Platform Cooperativism Consortium

INSTITUTE FOR THE COOPERATIVE DIGITAL ECONOMY

TOP DEAD CENTER: THE DRIVERS COOPERATIVE, CAPITALISM, AND THE NEXT REVOLUTION

An Article by

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About the Institute for Digital Cooperative Economy (ICDE)

The Institute conducts cross-disciplinary research about the emerging cooperative digital economy, which is relatively uncharted territory in anthropology, political science, sociology, history, law, and economics. This rapidly expanding field is also inextricably linked to labor and cooperative studies. This work is concerned with finance, entrepreneurship, and organizational studies in business schools. Governance and corporate structure are critical subjects in law schools. The Institute's mission, in recognition of existing research gaps, is to provide applied and theoretical knowledge, education, and policy analysis.

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1.

INITIAL PUBLIC OFFERING

On May 1, 2021, a crowd cautiously assembled beneath the Unisphere, a giant steel modernist globe left over from the 1964 World's Fair held in Queens, New York. Beneath its giant mass, the people gathered looked small—but from far away it looked as if together, they were holding up the world.

One by one, the speaker called out names and handed out certificates. If it was a graduation, it would be for the most diverse high school of all time. Each person who came to the stage seemed to be from a different home country. Composed of mostly middle-aged men, each person stopped, smiled, shook the speaker's hand, and posed for a photo. It was a proud moment—but it wasn't a graduation—it was the inaugural distribution of the 'Member Shares' of The Drivers Cooperative, a worker cooperative launched by over 2,500 for-hire vehicle drivers to go into business for themselves—and against their would-be masters: Uber and Lyft. You could call the event the "Initial Public Offering" of the cooperative, but instead of selling shares to buy out and enrich early-stage investors, the founders of the cooperative (which include the author), were literally giving away equity in a park to the workers who move New York City.

The drivers were ready to take on the world.

Weeks later, the cooperative would launch the app-based service Co-op Ride, driver-owned ridehailing for New York City. This was platform cooperativism—the creation of a worker-owned platform to compete with the venture-backed rideshare companies that dominate the industry.

How did we arrive here? And maybe more importantly—why did we start this strange trip in the first place?

The answers are not to be found in theory—the genesis of the cooperative has its roots in the daily lived reality of the 91% immigrant workforce of over 65,000 workers who drive New York City's black cars, green taxis, and yellow cabs. To understand their reality, and the choice of platform cooperativism as a strategy to change it, we have to turn to the longue durée of the political economy of New York City's for-hire vehicle industry, open up the hood to lay bare the secrets of its operation, and as far as possible—try to see through the eyes of these workers who hold up the world, and retrace their steps.

2.

INTERNAL COMBUSTION

"An alienation of the motor-car takes place if after driving a modern car for a long while we drive an old Model T Ford. Suddenly we hear explosions once more; the motor works on the principle of explosion. We start feeling amazed that such a vehicle, indeed any vehicle not drawn by animal-power, can move; in short, we understand cars, by looking at them as something strange, new, as a triumph of engineering and to that extent as something unnatural."

"Because things are the way they are, things won't stay the way they are." – Bertolt Brecht

The first motorized taxi fleet hit the streets of New York City in 1907. It featured two major technological innovations: first, the use of a motorized vehicle instead of a horse-drawn hansom cab (although there had been an electric taxi fleet in operation a decade before, interestingly), and the use of a meter to relieve customers' anxiety of haggling with cabbies over the fare.

Within a year, the drivers went on strike, lit the cabs on fire, threw one in the East River, and tossed a bomb in the company garage.

The issue was how much drivers would be paid—they worked on a commission for each ride—and how much they would be responsible for paying for maintenance of the vehicles. The tocsin of class war would sound these notes over and again for the following hundred years.[1]

Blowing up over and over again from inside, change in the for-hire vehicle industry has been propelled for over a century by an irreconcilable struggle between a class of capitalists who seek to devise new ways to extract profit from the labor of drivers, and the drivers themselves, yearning to breathe free. The political theorist Karl Polanyi coined the term "Double Movement" to describe this constant cycle of commodification and social resistance.

What would it take to break the cycle?

The largest strike occurred in 1934. Immortalized by the play Waiting for Lefty, during the Great Taxi Strike thousands of drivers clogged the streets of New York and beat up scabs who sought to keep operating. The impetus for the strike was the saturation of the industry by workers who lost their jobs in the Great Depression. The glut of labor supply and low levels of demand for rides meant that more drivers were competing for fewer fares, often undercutting each other. Drivers responded by striking for pay regulation to stop the race to the bottom between drivers.

The Mayor of New York City at that time, Fiorello Laguardia, had come into office on promises to improve conditions for workers. In a move that is nearly unimaginable today, he took away the NYPD's billy clubs during the strike so that they would not beat up strikers. As a result, drivers were relatively free to beat up scabs, and effectively shut down the industry.

While the strike did not succeed in winning the regulations it sought immediately, in 1937, the City Council passed the Haas Act, which limited the number of taxis on the street by creating the medallion system. The medallion is a permit that is required to pick up street hails in New York City. The City issued around 12,000 medallions initially, selling them for $10 each. Around 50% of medallions were issued to fleet owners, and 50% to owner-drivers. The medallion system permanently capped the number of yellow cabs, and the City regulated fares to end laissez-faire pricing.

While the medallion guaranteed its owner the exclusive right to pick up street hails, in the outer boroughs, a different order prevailed. As taxi driver Charles Vidich describes in *The New York Driver and His Cab*, drivers practiced a system of racial discrimination called "screening" in which they refused to pick up Black and Latino passengers. Reflecting the geography of segregation in the city, some drivers claimed this was because they expected they would want to go to the outer boroughs where they would not be able to get a fare to go back to lower Manhattan, while others said it was because they feared being assaulted. The result was decades of racial conflict between taxi drivers, and Black and Latino communities, and the growth of a system of unlicensed "Gypsy" cabs in the outer boroughs.

The most lucrative area for cabs was, of course, lower Manhattan. Medallion owners defended this area as their turf from outer borough drivers, winning a system of city penalties and fines for unlicensed cabs that dared cross into the "Exclusion Zone": below W. 110th St. and E. 96th St.

While there were few fares even in Manhattan during the Great Depression, the post-war boom brought a golden age for New York City taxi drivers. As stipulated by the Haas Act, at this time around half of the drivers in the city owned their medallion, and around half worked for a fleet as employees. Fleet drivers were paid a percentage of the meter, a "commission," usually around 50%. As employees, fleet drivers were able to use the National Labor Relations Act to unionize.

By the mid-1960s, drivers successfully formed an independent union, which they asked IBEW Local #3 and NYC Central Labor Council President Harry Van Arsdale Jr. to preside over. The result was Local 3036, which grew to over 30,000 members by the late 1960s. It succeeded in forcing the installation of bulletproof partitions in vehicles, created a retirement pension fund, and won fare increases that gave drivers more money for their labor. It succeeded in establishing a system of more-or-less stable collective bargaining in the taxi industry, mirroring the development of more-or-less stable unionization in other industries during the postwar wave of growth.[2]

Of course, unionization did not solve all of the problems drivers faced, and in some cases, created new ones. Local 3036 created a two-tier system of membership, where part-time drivers ended up paying into benefits funds that they would never be able to access. Some left-wing rank-and-filers complained that Van Arsdale espoused an anti-Communist form of unionism that sought accommodations with employers and limited rank-and-file involvement in their organization. In response to this, in the late 1960s, drivers created the "Taxi Rank-and-File Coalition" which advanced a vision for the socialist transformation of the industry, direct-democratic operation of the union, and militant class struggle for bread and butter gains.[3]

Van Arsdale eventually resigned as leader of Local 3036, but the Rank-and-File Coalition was ultimately unable to take over the union to enact their vision for a socialist reorganization of the industry.

Transformation of the industry would be led not by labor, but by capital.

In the pro-business climate of the late 1970s, fleet owners began conspiring to overturn 1930s legislation that had banned leasing out cabs to drivers by the day, a practice called "horse hiring." In 1979, they were successful in enlisting support from Mayor Ed Koch and the NYC City Council to re-legalize horse-hiring. The leadership of Local 3036 was too corrupt and short-sighted to rally opposition, and drivers were in short order reclassified as independent contractors, while the union continued to

collect dues and force drivers to contribute to a benefit fund that many complained they would never be able to access.

Reclassification as independent contractors had immediate and profound implications for drivers. As independent contractors, drivers were no longer covered by provisions of the National Labor Relations Act or Fair Labor Standards Act, and were now required to pay employer-side contributions to Social Security and Medicaid. Garage owners were also no longer legally required to pay unemployment benefits or disability, and did not have to recognize the union. The union was no longer regulated by the Landrum-Griffin Act, which provides recourse for rank-and-filers seeking to advance union democracy. Now, under the re-legalized system of "horse-hiring," drivers would be required to pay garage owners to use a cab for the day.

All of the risk of doing business was displaced from the owner of capital to the worker. Driving a cab became one of several forms of labor in the United States where workers are required to pay for access to the capital needed to do their jobs.

Working conditions deteriorated rapidly. This coincided with a massive demographic shift in the industry. Many drivers who had bought medallions began going into retirement, and leased their medallions to brokers who in turn found drivers willing to pay by the day, week, or month to drive them. Medallion owners in effect constituted a new class of capitalists in the industry. Following changes in US immigration policy in the 1960s, the driver workforce became constituted mostly by new immigrants from South Asia, Africa, and Latin America. As is so often the case, as the workforce became racialized, working conditions became intensely exploitative. 12-hour shifts for six or seven days per week became the norm.

Global shifts in the system of production in the 1970s led to the creation of a new product line in New York City's taxi industry as well. By the mid-1970s, New York City had completed a transformation from an economy based on a large unionized workforce in manufacturing, to a global center for finance, what sociologist Saskia Sassen would term a "Global City."[4] Globalization led to transformations of New York City's local transportation economy.

Seeking to reduce operating costs and cash in on a lucrative new market segment, one taxi base owner took a CB radio out of a medallion cab and put it in a black luxury sedan. The "black car" industry was born. Black cars are high-end vehicles

that serve corporate clients seeking to shuttle their personnel to the airport or to their homes in Westchester, Long Island, or New Jersey. Because dispatches are "prearranged," black car services are able to skirt most regulations that apply to taxicabs. By 2012, there were over 8,000 black cars licensed to operate in New York City.

While the clientele are better off than the average taxi fare, and while the work itself had a more leisurely pace of 2-4 dispatches per day compared to the dozens of trips taxi drivers must make, black car workers remained severely exploited. Bases charged workers "franchise fees" of up to $80,000 to affiliate their vehicle and receive dispatches—a pay-to-work scheme. Drivers were responsible for all of the capital costs—a luxury vehicle, gas, insurance, and maintenance.

Both the "black" and "yellow" (taxi) sides of the industry were based on pay-to-work schemes, and severe exploitation of immigrant workers. Union organization under Local 3036 had become a dead letter by the late 1980s. But in the late 1990s, workers began organizing anew. In 1998, a small cadre of taxi drivers formed the New York Taxi Workers Alliance.

Playing on racist tropes and denouncing the predominantly-Muslim taxi driver workforce as "terrorists," in 1998 Mayor Rudy Giuliani proposed draconian new taxi regulations that would saddle drivers with thousands of dollars in fines for minor infractions. His code sought to reassert racial and class hierarchies that gave middle- and upper-class, mostly white passengers power over drivers by creating financial penalties for drivers for being rude to passengers, overcharging passengers, and even for forgetting to check the trunk of their vehicles for luggage at the airport. The Taxi and Limousine Commission began issuing thousands and thousands of summonses for these infractions—each requiring that drivers take a day off work to fight the ticket in court, which would cost as much in lost wages for the day as drivers might save by getting the ticket dismissed.

The Taxi Worker Alliance was able to trigger an industry-wide strike of over 20,000 drivers in response to this attack, but the regulations were nevertheless promulgated. The mobilization did cement the Taxi Worker Alliance as a militant voice for taxi drivers—a role it continues to fill to this day.[5]

Black car drivers began organizing as well, eventually reaching out to the Machinists Union. With the IAM,[6] they built a union local, and succeeded in winning collective bargaining rights by threatening lawsuits over misclassification of drivers as independent contractors unless base owners negotiated a union contract that contained raises, job protections, and benefits.In effect, this reconstructed what was lost by the switch to independent contractor status piecemeal through union organizing.[7]

Unfortunately, organizing efforts on both sides of the industry were stymied by the wave of xenophobia that swept New York City after 9/11. The immigrant workforce that powered the taxi and black car industries was decimated by deportations and subjected to racist attacks, while the economic slowdown following 9/11 put many out of work.

For the following decade, the organizational forms and technological basis of the for-hire vehicle industry in New York City remained largely unchanged, while unionization stalled. Drivers remained exempted from most labor laws by their status as independent contractors. Workers labored in conditions of debt servitude—leasing taxicabs by the shift, day, or week, or taking on enormous debt to buy a luxury vehicle and affiliate with a black car base in the hopes of a slower pace of work picking up high-dollar dispatches to shuttle around Goldman Sachs employees and their like.

Reflecting the status of the medallion as a form of capital, while working conditions remained abysmal, medallion values soared to over $1 million by 2014.[8] Some drivers took out mortgage-style loans to finance a medallion in the hopes of getting rich or retiring by selling it at a profit, but most medallions at this point were in the hands of investors like Michael Cohen and Michael Bloomberg. The owner-driver is nearly extinct in the taxi industry, replaced by a new class of medallion-owner capitalists. According to a new analysis of TLC data I performed (2019), of the 13,587 medallions issued by the TLC, over 80% are owned today by fleet-owners or leased out by brokers, leased by the shift, day, or week to immigrant workers who had to pay to work.

This was the totality in which Uber intervened.

3.

KILLER APP

"I'm going to start by telling you what Uber is not. Uber is not a taxi company. Uber is not a car service. Uber is not a fleet owner. Uber is not your employer and you are not an employee. Uber is a technology company."

We were being addressed by a company representative from Uber. It was day one of the 24-Hour Universal License Course at a private school licensed by the Taxi and Limousine Commission to charge would-be for-hire vehicle drivers in New York City $200 to get a city-mandated license to drive a yellow cab, black car, or for an app-based service like Uber. The whole place smelled like piss. The classroom was full of around 40 people, almost all men, almost all people of color, mostly immigrants. Everyone was there because they had seen ads on buses promising an income of $5000 per month driving for Uber. I was there because I was about to start a job as the education director of a unionization effort of Uber drivers, a fresh attempt by the Machinists Union in the black car industry through a new organization called the Independent Drivers Guild (IDG). After over a decade as a rank-and-file organizer in the labor movement (as a fast food worker, and later as a teacher in the NYC public schools), it was my first time on staff with a labor organization.

Many of my mentors had encouraged me not to work for the IDG because they had cut a deal with Uber in 2016 that traded away the right to challenge worker misclassification and organize strikes for a foot in the door and funding from the company—but it seemed to me that more militant organizing efforts had failed to gain traction in the five years since Uber had arrived in NYC, and that labor education could provide exactly the opportunity for workers to self-organize that was needed for a breakthrough in the sector. I had seen it when I lived in China, where workers in captive state-run unions launched the largest strike wave the world has ever seen in the early 2000s. In any case, I was committed to rank-and-file unionism. If I was going to work for a labor organization in the for-hire vehicle industry, I wanted to understand the work from the inside out. So here I was, becoming an Uber driver.

I naively thought I might be able to drive for Uber part-time to pay down credit card bills I had accumulated since being pushed out of my previous job as a teacher for union militancy. I was about to find out how wrong I was.

Uber, of course, was much more than a "technology company." To borrow the parlance of Silicon Valley capitalism, in the six years at that point since it had entered the New York City market, it had "disrupted" the taxi industry. At the time I got my TLC license in 2017, Uber's ascendancy had already reached a tipping point; there were around 400,000 dispatches per day on the Uber platform, and around 300,000 fares on yellow cabs per day.[9] Uber's technology was part of the story, but it is not the whole story. Uber is not just another firm operating in the capitalist marketplace, it is a machine anointed by billions in investment capital to destroy and create worlds.

Under the guise of a "technology company," Uber set these billions of dollars to work in an effort to reroute the circuits of capital of the taxi industry, and rewire the local transportation ecosystem itself.

The technology itself was relatively straightforward—a smartphone app that allows you to place a request for a dispatch. The reasons for Uber's success lie not so much with technological innovation per se, but with specific factors in the conjuncture in which it emerged—a fact that has escaped most critics.

At the time of Uber's expansion, consumer demand for for-hire vehicle transportation was increasing due to declining real wages, which meant that fewer young workers in the United States could afford cars, and must rely on this country's famously inadequate and underfunded public transit, and the occasional taxi instead. Even in New York City, which has the best public transit system in this car-obsessed nation, decades of government divestment from public transit and geographical patterns of development that leave the outer boroughs of New York City underserved have created a captive market for alternative private transportation, which had been served by neighborhood car services ("livery cabs") and "dollar vans" in the past. Finally, there were long-standing complaints about the unreliability of taxi services and racism against passengers, with taxi drivers gaining reputation for unwillingness to travel to the outer boroughs.

Uber capitalized on this antipathy toward cab drivers by offering what appeared to be a more transparent service—an app with a map that tracks the arrival of a car, and a short profile of the driver. But ironically, in another fact that escapes many critics, in every single market except New York City, Uber and its copycat competitors are far less regulated, and hence, far less safe than taxicabs. But appeal to consumers is only half the equation to explain the rise of Uber. What virtually no one is aware of

is that Uber was forced to compete with medallion owner capital in the market not just for consumers, but for labor. And here lie the true roots of its ascendancy in New York City.

By 2014, as medallion values hit $1 million, drivers were paying over $1000 per week to lease a cab, and usually near $150 for a 12-hour shift. When Uber entered the New York City market, it not only refused to buy medallion vehicles, it claimed exemption from TLC regulation entirely, and encouraged private drivers to simply download the app and begin picking people up for hire—in the same manner that taxi drivers had before the first wave of regulation in 1913.

The TLC responded with heavy fines, and seizing vehicles operating for-hire without a license. In other cities, Uber had simply paid drivers' fines and continued to operate in order to build a base of service users who could effectively lobby the city government to legalize Uber. This is what Uber did at the statewide level in New York, winning exemption from TLC regulation in every city—except New York City. Here, the company was forced to acquiesce to regulation by the TLC. This meant that drivers have to apply for a special TLC driver's license, and that vehicles must be licensed. Uber chose to classify itself as a black car service because this category has no limit to the number of vehicles, and few regulations for fares or driver pay—unlike medallion cabs where nearly a century of worker struggle has led to the codification of the balance of power between labor and capital (in ways generally unfavorable to labor, but codified nonetheless), or livery cab companies, which must prove that they have sufficient parking available to accommodate their vehicles.

As a black car service, Uber is able to pick up dispatches anywhere in the city—including the "Exclusion Zone" that had reserved Manhattan below W 110th St. and E. 96th St. for taxicab pickups. This was obviously a direct threat to the interests of medallion owners, who mobilized through their industry association, the Metropolitan Taxi Board of Trade, claiming that an Uber electronic dispatch was equivalent to a street hail. They lost their case. TLC data shows that over half the company's dispatches are in Manhattan, a direct threat to the yellow cab monopoly.

Uber has sought to buy the market, using Wall Street cash, and an intensive marketing campaign to drivers to increase the number of black cars in New York from 8,000 in 2012 to over 80,000 six years later, and acculturate New Yorkers to relying on car services on a greater scale than ever before. It constructed a recruitment pipeline that brought over 3,000 new workers into the industry every

month for nearly five years, lured by false promises of incomes of $5,000 per month.

These treacherous misrepresentations were effective only because they promised to relieve real pain that drivers and working-class New Yorkers experience. Drivers were drawn not only by promises of higher pay, but also the possibility of lower expenses. Thousands of career taxi drivers gave up on leasing out a medallion for over $100/day, and instead, either leased or bought a vehicle to drive for Uber with costs of closer to $50/day. It was a better deal for workers, and because one did not need a medallion, and workers were able to buy the capital (the vehicle) themselves. By owning the vehicle themselves, workers also gained more freedom to decide when they would work—only initially. This appealed to the hundreds of thousands of working class New Yorkers who don't make enough money at one job to survive after decades of declining real wages. At the beginning, Uber used its piles of Wall Street cash to subsidize low fares for customers and relatively high pay for drivers in order to undercut taxis and gain market share.

The company's strategy for disruption worked. By early 2020, there were around 600,000 rides on the Uber and Lyft platforms per day, and less than 300,000 in yellow cabs, down from 500,000 tax trips per day in the years before Uber's ascendancy. But the initial subsidization is now over—pay has now dropped, and fares generally match what taxis cost. In 2020, Uber took advantage of perceived labor shortages to fleece consumers even more—inflating prices and taking a huge cut under the guise of increased labor costs. Uber has lost its aura, and is widely regarded as a predatory company. But the damage to the value of the taxi medallion is probably permanent. From peak prices of $1 million, medallions now trade for closer to $150,000. Banks foreclose on dozens each month. Lease prices for medallions are down to $800 per week. Since the early 2000's, all but approximately 12-15% of all medallions have been owned by capitalist investors and brokers who lease them out by the day, week, or month to drivers. However, around 1,000 taxi drivers have bought their own medallion, often financing hundreds of thousands of dollars or even in debt, seeing the investment as akin to a mortgaged home that they could sell to retire. These drivers need help.

The fact that some drivers own medallions, and other drivers rent them to work, creates contradictory interests amongst the taxi driver workforce. For drivers who financed medallions, the collapse in value was catastrophic. The New York Taxi Worker Alliance successfully organized a hunger strike in 2021 to pressure the City of New York to restructure and guarantee the debt of drivers who were under water on

their medallions—a tremendous victory.

But in a complicated irony, a decline in medallions prices is good for workers who do not own one—because it results in lower prices to rent or lease a cab for a day or week—cheaper access to the means of production in an industry where workers have to pay to work.

But whether taxi drivers own a medallion and make financing payments, or rent one, or drive for Uber and Lyft with a rented car, or their own car, Uber's intentional saturation of the market, and race to the bottom for fares has been catastrophic for working conditions. Today, drivers work 60 hours per week, booking $50-60,000 in fares per year, but with a minimum of $30,000 per year in expenses. The result is a poverty wage earned through extremely long hours of emotionally grueling work ferrying customers around New York City, with little to no social safety net.

The results have been lethal. Since 2017, at least nine drivers have taken their own lives, victim of a maelstrom of circumstances that can be traced back to Uber's disruption of the social reproduction of the working class communities that power the for-hire vehicle industry. Unlike the myopic middle-class subject of Marcuse's One-Dimensional Man, who experiences systemic failures as personal shortcomings, working class drivers are largely self-aware that their problems are of the making of corporate and state bureaucrats driven by greed.

In the words of the suicide note of Doug Schifter, a career black car driver:

"I have been financially ruined because three politicians destroyed my industry and livelihood and Corporate NY stole my services at rates far below fair levels. I worked 100-120 consecutive hours almost every week for the past fourteen plus years. When the industry started in 1981, I averaged 40-50 hours. I cannot survive any longer with working 120 hours! I am not a Slave and I refuse to be one."[1-]

Doug Schifter tragically took his own life with a shotgun blast, in his car, steps away from City Hall in 2018. He left his fellow drivers with a call to action: "Wake up and resist!" His call to resist the restructuring of the for-hire vehicle industry by politicians acting at the behest of Uber resonated with drivers across the industry.

Workers have fought back—with wildcat strikes, protests, litigation, legislation—the entire repertoire of the class struggle. But the very atomization of a workforce, which

is, by definition, mobile and dispersed, has proven to be a terrible barrier to effective organization. Strikes have usually mobilized less than 1,000 drivers. Litigation has won gains—notably the New York Taxi Worker Alliance's campaign to establish a right to unemployment assistance for drivers. And legislation has also blunted the edge of the most intense exploitation. In the early 2000's, the Machinists Union won the creation of a workers' compensation fund for black car drivers called the Black Car Fund. In 2019, based on recommendations from The New School economist James Parrott, the Taxi and Limousine Commission passed rules that require Uber and Lyft to pay a minimum wage that takes into account the expected number of trips drivers will receive ("utilization rate" for each company), drivers' expenses, and the burden of paying self-employment tax– which resulted in a pay increase of nearly 40% from the lows of 2017-18.[11]

But even with this increase, pay remains low, working conditions remain abysmal, and addressing the crux of driver exploitation has remained elusive. Attempts to re-establish the basic employment rights that drivers were robbed of in 1979 by the taxi industry's move to reclassify drivers as independent contractors have been unsuccessful. In California, in 2019 a labor coalition won the codification of an "ABC" test that would clarify drivers' status as employees with basic rights, only to see this gain reversed by a $200 million astroturf campaign that saw Uber, Lyft, and Doordash lie and manipulate their own workforce and customer base into voting away workers' rights through a referendum. And of course, the visionary call for a socialist reorganization of the industry first issued by the Taxi Worker Rank-and-File Coalition remains unanswered.

For every step toward, capital pushes labor two steps back.

It became clear to many drivers in New York City that a new approach was needed.

4.

CLASS POWER

"Why don't we start our own app?"

From my first day on the job as a labor educator in the for-hire vehicle industry, this was the refrain I heard from drivers. While unionization held a clear appeal—the words on the tip of every driver's tongue were: why don't we start our own app?

It is clear to New York City drivers that the app itself is the keystone of an arc of exploitation that is supported by their labor. And ironically, by calling forth an exodus from the taxi side of the industry, where vehicle ownership is far out of reach because of steep prices for medallions, to the black car side of the industry, where drivers more frequently own their own vehicles, Uber left itself vulnerable to exactly this kind of mass movement of drivers.

Since Uber came on the scene, there were many attempts to launch driver-owned rideshare services, none of which received substantial support from US labor's institutions. For most of the 20th century, the mainstream of the US labor movement accepted parameters granted to it by US capital—from the Treaty of Detroit onward, labor bargained for better wages, working conditions, and benefits, and occasionally took a stance on issues outside the workplace, but accepted management prerogative over the production process, accepted capitalist ownership of the means of production, accepted a pale version of representative democracy as the form of government, and accepted (and in its darkest moments– actively abetted) the bipartisan consensus on imperialism as US foreign policy. Unions followed an arc of organizational development described by the sociologists Offe and Wiesenthal, evolving away from reliance on mass disruption driven by a mobilized rank-and-file, to seeking "external guarantees" for survival– ranging from long and often concessionary contracts with employers, to writing themselves into legislation governing industries.[12] Starting and running worker-owned businesses was not in the repertoire for most unions—save perhaps the Machinists Union, which had recently launched a cooperative of Lobstermen in Maine, an example of using cooperatives to empower independent contractors.[13]

Despite the evolution of much of US labor to accommodate capitalism, a red thread has always persisted that sought a farther horizon—transformation of our economic system. From the Knights of Labor and the Industrial Workers of the World that called for the creation of "Industrial Democracy" and a "Cooperative Commonwealth" in which all workplaces were cooperatives, to the stubborn advocacy for workers control of many early American Federation of Labor craft unions described by David

Montgomery, to the socialist, anarchist, and communist experiments of the 20th century, and on to advocacy for worker and community ownership by giants like Staughton Lynd and the United Steelworkers in the era of plant closings; the dream of workers' control of the means of production has persisted as a north star for many in the labor movement for over a century.

But The Drivers Cooperative was not dreamed up by labor or the left. It was dreamed up by drivers as a logical response to the contradictions of their own daily lives.

As a dutiful union staffer, I felt I should do what I could to help make this dream come true.

The tool I had was education. Starting companies was outside my mandate as a labor educator, and wasn't exactly on the roadmap for the nonprofit I worked for, but I didn't need to start a company—I had to help drivers gain the knowledge, power and resources to start their own.

I applied for and won a $25,000 grant from The Workers Lab and Capital Impact Partners to run a participatory action research project with two dozen drivers focused on the question of how worker ownership could transform the for-hire vehicle industry. Participatory action research is a fancy term for involving the people who face a problem in researching the problem and trying out different ways to solve it. The class was housed at the Independent Drivers Guild, which, as-described, had a deal with Uber for some of its funding, so the class had to tiptoe around the idea of starting a direct competitor with this killer app. But there were plenty of other use cases for cooperatives that we could focus on—50 cents of every dollar that drivers make in New York City is eaten up by expenses for vehicle financing, insurance, repairs, car washes, gas, and phone data, so we began with an expansive look at how drivers could use their purchasing power to negotiate reduced costs for their inputs as owner-operators.

The class divided up into groups to analyze each one of these industries—looking at problems that it created for drivers, for its own workers, for the community, and the environment—and develop a workable strategy for achieving worker ownership in each sector. One group looked at the app itself.

Through the research, we found that New Yorkers spent about $5 billion on the for-hire vehicle industry in 2019, of which Uber and Lyft took around $1.5 billion, leaving the average driver with a gross income of around $45,000 for completing 3000 trips over the course of the year. It doesn't sound so bad—except that this gross income has to cover expenses. While every driver's situation is a little different, around 30,000 drivers were renting their vehicles from fleet operators—paying $400/week, or $20,800 per year. This expense alone would push driver income down to $25,000 per year for a more than full-time job.

Drivers who were able to own their own vehicles were able to reduce their expenses to closer to $1000/month sometimes. Many drivers were trapped in predatory financing arrangements for their cars due to a lack of credit history—sometimes paying $75,000 over five years for a $25,000 Toyota Camry.

Even worse,the "ancillary sectors" of the for-hire vehicle industry—banks, insurance brokerages, repair shops, and car washes—often themselves relied on an exploited immigrant workforce.

Some drivers felt that if drivers owned these ancillary sectors, it would be in their interest to continue to exploit workers in order to keep prices low for drivers, and even generate profits or dividends for drivers. We were visited by members of the Carwasheros, an RWDSU union campaign in NYC car washes. They described the dangerous, illness-causing conditions they worked in. No one left the class that day believing that it would be enough simply to replace single-stakeholder capitalist ownership with single-stakeholder driver ownership—we needed to create a new model of multi-stakeholder management and governance across the entire for-hire vehicle ecosystem.

The class ended in December 2019, but the dream of worker ownership had gotten stronger. While starting a driver-owned app had been one of several research areas in the class—after the class ended, and I reached the limits of what I could do as a labor educator at IDG, creating a driver-owned platform became the focus of a group of drivers who I began helping take the next steps to make the dream come true on their own.

5.

BRICOLAGE AND ENGINEERING

While most companies start with capital, we began with labor. It was our task to assemble the factors of production needed to stand up a company. This difference in origins required a completely different approach to entrepreneurship, and has cast the bones of The Drivers Cooperative in a very different form from conventional enterprises. To understand these differences, we first need to walk through the process by which most startups originate.

The "startup," and arguably, "venture capitalism" itself are relatively novel historical forms. The term "startup" dates back to the primordial dawn of our neoliberal age and its conjuncture with the rise of informatized global capitalism; it first appeared in 1976 in an article in Forbes magazine describing investment in the then-novel field of data processing. The "startup" concept hearkens to the core features of capitalist ideology- a belief that the system promotes beneficent creativity, unlike capital's allegedly fuddy-duddy interlocutor– socialism, with its dreary focus on the universality of human potential and mandate to achieve dignity for all through planned cooperation, rather than riches and glory for a few through ruthless competition. The ideology of startup culture is a new mutation of a very old social Darwinist ideology. It draws on Ayn Randian fantasy of the individual genius creator– be they an engineer, entrepreneur, investor, or artist.

This ideology is so toxic and so wrong, it is hard to even know where to begin. First, all production is of course inherently social, and to celebrate private appropriation of socially-created wealth is to misrecognize pathological behavior for virtue. Second, despite the romanticized picture of startup-land as a small-is-beautiful utopia where supposed geniuses invent the future, startups in fact have always been creatures of an ecosystem born of and fully integrated within monopoly capitalism, of the Baran and Sweezy sort. Startup culture is the progeny of an unholy alliance between Silicon Valley and Wall Street. In their standard form, they serve no function other than to expand the domination of these two institutions of American capitalism over our lives.

Since the 1970s, a system has developed where founders live on "friends and family" money (which, by the way, isn't available if all your friends and family are as poor as you are) while tinkering around to create a company that could make a lot of money, create a "Minimum Viable Product" (MVP) which they, then, go to market with, try to demonstrate that they have achieved "product-market fit" resulting in "traction" (measurable sales or growth of different kinds), and then, use this to demonstrate to funders that their company has potential to turn into the next big

thing. They, then, pitch investors in successive "rounds" of funding that uses a more-or-less standardized set of equity instruments, sell off ownership of their company over time as it grows. Investors seek an "exit" generally through a "secondary sale" of their equity stake in later rounds of fundraising. Throughout all of this, it is entirely possibly that the company sustains only by drawing in more and more investment capital to cover its operating losses. The process takes on some of the aspects of a pyramid scheme, except that it is transparently a bet on a future that may never come—in the case of Uber, that of driverless cars, or the achievement of a monopoly, or a rewiring of the circuits of daily life through the coffers of whatever system the startup is selling. Ironically, it becomes a self-fulfilling prophecy. Capital is largely able to call new worlds and ways of life into being simply by massively funding them. The most important audience for a conventional startup is its funders.

The riches that startup founders make are generated from secondary sales of their equity (ownership) of the company. "Ownership," while naturalized as a concept, is in fact a chimeric idea. Lawyers refer to "ownership" as a "bundle of rights" to control and appropriate profit from an entity. The rights can be re-bundled creatively by entrepreneurs, but fundamentally, cooperative ownership is antithetical to the typical practices of the startup funding ecosystem. If the entire point is for workers to own and control the entity, then selling off equity in the company risks turning the cooperative into exactly what you oppose—an enterprise controlled by investors that seeks to extract maximum profit from workers.

This introduces another complexity—workers, by definition, do not have capital. That is why they are called workers and not called capitalists, because workers, by definition, can only survive by selling their labor to other people who own capital—capitalists. One needs capital to start a business. But workers don't have capital.

To solve this problem, we had to step back, and assess from a level of abstraction what it would take to start a rideshare business, and find new pathways to achieve the same results as competitors that have much more resources than us.

Simplifying greatly—one would need five things: drivers, riders, an app, people who know how to put those three things together to generate business, and capital, to pay for the first four inputs.

A Silicon Valley startup usually begins with capital, and uses it to pay for everything else. In this sense, businesses emerge synthetically—they are engineered by entrepreneurs and investors who often have no relationship to the social activities they intend to invest in other than that of seeing them through the lens of the typical MBA: how can an activity be monetized and then scaled? For example: Jeff Bezos didn't start amazon.com because he liked books or liked mailing things to people. He started amazon.com because he likes making money.

We are now reaping the whirlwind of putting all of our society's systems in the hands of people who primarily look to run them in the interests of making as much money as possible. But it is never too late to change. What would happen if we created companies that were just supposed to be really good at the thing they do—rather than really good at making huge profits from the thing they told people they do? We would probably have some great companies. In any case, I digress from my main point—how can people, without capital, build systems that are owned, operated by, and for the people who use them, to meet their needs?

It requires a different kind of entrepreneurship, beyond even what people call "social entrepreneurship," and certainly radically different from what people usually think of as a startup founder. The lionization of capital-centric entrepreneurs calls to mind a dichotomy once proposed by the anthropologist Claude Lévi-Strauss in his now-discredited tome *La Pensée Sauvage*, a double-entendre in French, which was first translated as "The Savage Mind," now more generously translated as "Wild Thought." Lévi-Strauss theorizes two different modes of thought, symbolized by two different figures– that of the "engineer" who designs complete systems, creating abstract representations—blueprints—to build optimal solutions from whole cloth, counterposed to the "bricoleur," a French term akin to someone who makes collages from whatever is lying around. The engineer creates the new, while the bricoleur is in some sense captive of what already exists.

The dichotomy falls apart on a logical basis alone—engineers borrow concepts, vernacular, designs from the entire patrimony of human history. We are all creatures of our environment. Engineers are also bricoleurs, even if they may be lionized as creators. And bricoleurs are also engineers who bring existing elements into a novel relation and create something wholly new. Operating within constraints often requires the greatest creativity of all.

But the more profound critique is what the construction of this entire false dichotomy says about its author and the readers who receive it as truth. In a world steeped in Eurocentric racism, it is impossible not to see in this imagined dichotomy a mirror of the blind spots of white, western ideology itself—an ideology which believes that the new and the good can only come from the minds of Ayn Randian geniuses, or the startup ecosystem fertilized by Wall Street's masters of the universe, or the supposedly exceptional rationality of Western scientists. It is an ideology unable to acknowledge that the "West" is originally and continually based on theft, extraction, and colonialism, and fails to recognize the interdependency of all things. This distorted and inaccurate leads to many failures and mistakes. But it also becomes its own self-fulfilling prophecy, where the bar for success gets continually lower for those with access to the most resources, and the bar gets continually higher for those who have been dispossessed.

So how can workers start companies?

The answer has a lot to do with bricolage, or as we might call it in English, *Macgyvering*.

We pursued four strategies to "bootstrap" The Drivers Cooperative (this means starting a company without much capital), each based on a different theoretical insight, drawn heavily from the tactical repertoire of social movement organizing:

1. Labor creates all wealth. Marx noted that capital is simply "congealed" labor. We don't have capital (the capitalists took it), but we have labor (we are, in fact, labor), so with enough time and the tools, we can make the capital we need. Taking this idea to its next logical step with an example—you might not have money to buy a bagel, but your friend works at a bagel shop, and knows how to make bagels. You can't afford the bagel, but you can afford the flour and water, and your friend will donate their knowledge and labor to make you a bagel at home with your kitchen stove. There's your MVP—a homemade bagel at a fraction of the cost than your venture-backed competitor. There are of course limits to this—just ask the Communist Party of China about how backyard pig iron production turned out—but you can get surprisingly far.

2. Leveraging Relationships. By the same token, much of what venture-backed startups pay for are things that those of us who live in the actual world already have, like relationships. Uber paid thousands of dollars on "customer acquisition"

of drivers and riders. We have our own networks of drivers, and would-be riders. All we need to do is reach out, and ask for help for riders, for drivers, and for the small amounts of capital we need for the things we can't do ourselves.

3. Momentum. In union organizing, there is usually a first circle of workers who will feel the need for a union, and believe it can happen immediately. Others will need to see their own power have an impact on reality in order to believe it. We were lucky to have early supporters who believed in the idea from the beginning—as we grew, we were able to show "traction" to successively wider circles, which then unlocked more resources, which allowed us to begin a virtuous cycle of growth.

4. The Free Market. While there is a lot of Karl Marx in The Drivers Cooperative, there is also a lot of Adam Smith. Former Obama administration official and economist David Weil provides a bridge between the two. Weil theorized that in our current movement of late-stage capitalism,[14] the workplace has become "fissured" through outsourcing, subcontracting, temp labor, and finally, the Uberification of work, all intended to separate workers more effectively from the value they create and isolate the command-and-control centers that appropriate profits from the workers who they employ Other theorists have named a similar phenomenon "Post-Fordism," the breakup of large corporate structures into market-based networks of smaller firms, each providing services on the market that were previously internal to large firms. While this phenomenon has been catastrophic for labor,it opens up a potential pathway for a worker-owned entrant in the capitalist economy. Put simply: with a relatively small amount of capital, you can rent or buy the resources that larger incumbents have spent billions to develop. This second-mover's advantage is particularly salient in software development, and other service-based enterprises. Combined with the natural competitive advantage that worker-owned firms have in customer acquisition, it becomes possible to achieve explosive growth with virtually no resources.

We needed drivers, riders, an app, a management team and staff, and capital to get us started. It was a big 'chicken-and-egg' game—every piece was dependent on the other. So we built in stages, starting with what we had.

We had drivers—our founding team mostly was drivers plus a few allies like me. We reached out in our own networks to sign up more drivers—drivers are heavily networked through social media due to years of organizing in New York City.

We didn't have an app, management team and staff, or capital. Our core group grew when Alissa Orlando, a former General Manager for Uber in East Africa, was introduced to us by a colleague in the co-op movement. Together with Ken Lewis, a current driver and former transportation manager in New York City, the three of us formed a core team that took leadership in assembling the resources that we would need to launch.

We had relationships. Around election day in 2020, we realized that there was a need to provide transportation to the polls for voters, due to the 'Early Voting' that had been set up to allow for social distancing during the election. We reached out to the politicians we looked up to, and the phenomenal Alexandria Ocasio-Cortez, Nathalia Fernandez, and Jamal Bailey responded by contracting with us to run a shuttle to the polls in the Bronx. Ocasio-Cortez was our first customer.

We didn't have money for staff, so we put out a call for volunteers and started crowdfunding donations. We were overwhelmed by the response, and our team grew to around 100 people working on various aspects of the project. We raised about $25,000 in donations. Combined with a grant from The Workers Lab that Alissa was able to repurpose, it was enough for us to buy a rudimentary off-the-shelf app, and implement a "from each according to their ability, to each according to their need" compensation plan for members of our slowly expanding core team

We received no material support from any of the entities that receive about $4 million in grant funding from the City of New York to develop cooperatives, but we did get support and encouragement from many individuals and entities that were inspired by our mission, and were willing to contribute on a pro-bono basis. The historical conjuncture of an increasingly restive professional-managerial class allowed us to expand our coalition from drivers to include workers with many of the expert skill sets needed to launch. A volunteer team of software developers began putting together the customizations needed for New York City. We were joined by the phenomenal worker-owned design studio, Partner & Partners, which contributed their artistic creativity to create our brand identity. We received legal support from Gowri Krisha's legal clinic at the New York Law School to incorporate, and then from Jonathan Askin's Brooklyn Law Incubator and Policy Clinic (BLIP). We got early support and advice, and testing of our technology from our friends at Cooperative Home Care Associates, the largest worker co-op in the United States, based in the Bronx, New York City.

At this point, we began gaining traction. With an app in the app store, starting in December 2020, we began running online orientations to bring more and more drivers into the project. Our numbers began to swell—soon we had over 1,000 drivers in our networks.

The next challenge was mapping out the steps to launch. The project required full-time attention from at least a small core of people, and we didn't have funding for any full-time staff. We needed at least some capital.

We were too edgy, and maybe too risky, for many philanthropies at that stage. And typical venture investors wanted deal structures that were incompatible with our commitment to worker-ownership.

We ultimately received breakthrough support from four funders: Shared Capital Cooperative, the LES People's Federal Credit Union, the Local Enterprise Assistance Fund (LEAF), and Start.coop. It was the co-op movement that came through for us. They saw our momentum, and decided to take a risk. Shared Capital invested $200,000, and we raised an additional $100,000 from the rest of the coalition, all as debt, rather than equity, which allowed us to maintain 100% driver ownership.[15] The LES People's Federal Credit Union adopted us as a partner organization, which allowed our members to escape predatory financing for their vehicles by becoming credit union members. This will be a key partnership that allows us to transform the for-hire vehicle ecosystem.

At this point, we had what we needed to get started. Development was taking longer than we had hoped on our own technology, so we formed a relationship with a software company based in NYC that had an off-the-shelf solution that would allow us to launch immediately.

This brought us to May 1, 2020. Standing in a park, distributing equity to drivers, ready to take on the world

We had a brand. We had an app. We had over 2,500 drivers ready to start. We had $300,000, about what Uber had when they launched, and we had a team of experts in all the areas needed to launch a rideshare company. All we needed was to start the engine.

6.

TOP DEAD CENTER

On internal combustion engines, 'Top Dead Center' refers to the position of the piston when it reaches the point of farthest extension at the top of the cylinder. From there, a new revolution begins.

In May 2021, we started the ignition, and hit our first power stroke.

Through our social movement relationships, word spread fast that the driver-owned anti-Uber had arrived. Our launch event was picked up by The New York Times, followed by dozens of other outlets.[16] Ocasio-Cortez shared our story with her 8 million Instagram followers.

Within two months, over 40,000 riders had downloaded our app, and our numbers grew to over 4,000 drivers, completing thousands of trips every month. We now process over $300,000 in pay for drivers every month, and we are growing steadily. We are delivering thousands of dollars in income to workers who have often been fired by Uber and Lyft over specious, often racially-biased complaints. Our research was validated: drivers make about 30% more than the TLC minimum wage (which is what Uber and Lyft pay) on each trip, while prices generally (not always) undercut our venture-backed competitors.

As we grew, our unique multi-stakeholder structure came to life, and evolved. We have had to balance democratic decision-making with the need to be able to make decisions quickly in a fast-changing environment. Our initial core group of Alissa, Ken, and I formed the 'Management Team,' which was accountable to a Board of Directors, and which hires and supervises the staff. At the beginning, the Board had two drivers, two staff (Alissa and I), and an outside advisor. As we grew, we formalized a second board of 18 members, elected entirely by drivers, which advises management and handles the issues that impact drivers most directly and deeply—adjudication of complaints. Racially-biased customer complaints combined with algorithmic management lead to the "deactivation" of thousands of Uber drivers every year. In The Drivers Cooperative, in contrast, drivers have due process rights—complaints are adjudicated by a jury of drivers' peers. The drivers who receive the highest number of votes for the Driver Board election are seated on the Board of Directors as well, providing direct accountability to the membership.

As a 'Worker Cooperative Corporation,' rather than common stock, we have "Member Shares," which entitle members to one vote each. Our Board decided to charge no fee for membership in 2021, and instead raise capital through revenue-based financing. In our fundraising strategy, we put our faith in people, and people put their faith in us. We were able to raise over $1.4 million through Regulation Crowdfunding, which will power us through the next phase of our growth.[17] We have partnerships in the works with co-ops and labor organizations across the world that will allow us to build a cooperative alternative to Uber and Lyft through the power of federation.

In 2021, the world learned that The Drivers Cooperative exists. In 2022, the world will learn that we are here to stay, and we are only growing. Buckle up. The next revolution has begun.

ENDNOTES

1. See: Graham Russel Gao Hodges' Taxi! A Social History of the New York City Cabdriver for a thorough history of the NYC taxi industry.

2. Gene Ruffini's Harry Van Arsdale Jr., Labor's Champion and Joshua Freeman's Working Class New York provide an overview of the story of Local 3036.

3. You can read the entire analysis and political program of this remarkable formation here: https://taxirankandfile.files.wordpress.com/2011/11/taxi-at-the-crossroads.pdf

4. See: Sassen's "Global City" for an overview of this concept. For a detailed look at the transformation of New York City in the second half of the 20th century, see Joshua Freemans' "Working Class New York" and Kim Moody's "From Welfare State to Real Estate."

5. For a detailed history of the NY Taxi Workers Alliance and the 1998 strike, see Biju Mathew's *Taxi! Cabs and Capitalism in New York City*

6. International Association of Machinists and Aerospace Workers

7. For a detailed history of organizing in the black car industry, see Chapter 6 of Manny Ness' *Immigrants, Unions, and the New US Labor Market*

8. https://www1.nyc.gov/site/tlc/businesses/medallion-transfers.page

9. Figures derived from publicly-accessible data from the City of New York, https://www1.nyc.gov/assets/tlc/downloads/csv/data_reports_monthly.csv

10. https://www.facebook.com/profile.php?id=100009072541151

11. http://www.centernyc.org/an-earnings-standard

12. See: Offe & Wiesenthal, *Two Logics of Collective Action.* https://www.hwiesenthal.de/publik/hw/2logics.pdf

13. https://labornotes.org/2022/02/how-lobstermen-formed-union-co-op-claw-back-fair-prices

14. I refer here to Smith's theory as articulated in The Wealth of Nations that the expansion of the market is linked to an increased division of labor, and attendant decline in prices for commodities. I do not endorse Smith's view that this is a natural process or that it has an ultimately positive outcome.

15. For a good overview of startup financing structures, and alternatives to the standard pathway, see Aunnie Patton Powers' "Adventure Finance"

16. https://www.nytimes.com/2021/05/28/technology/nyc-uber-lyft-the-drivers-cooperative.html

17. https://wefunder.com/driverscoop

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