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The Blown Head Gasket Effect: Rise and struggles of The Drivers Cooperative in New York City

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Abstract: This paper presents an in-depth case study of The Drivers Cooperative (TDC), a driver-owned ride-hailing platform based in New York City, to examine the challenges faced by multistakeholder platform cooperatives. Drawing on 16 semi-structured interviews, six months of participant observation, and extensive desk research, the study traces how TDC's growth efforts ultimately led to a fracture between its cooperative membership and its platform infrastructure. This dynamic – conceptualised as the Blown Head Gasket Effect – illustrates how diverging stakeholders can fracture during the development of democratic platform alternatives. Factors such as limited access to capital, political divergence among stakeholders, and temporal pressures are identified as key drivers of this effect. The paper concludes by discussing TDC's legislative achievements and offering practical recommendations for cooperative practitioners and policy interventions. By situating TDC within broader debates on platform cooperativism and the digital solidarity economy, the study underscores the importance of learning from defeats to enhance cooperative business resilience.

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Introduction

From the early days of the internet, digital commons and alternative economies have developed alongside capitalist platforms, driven by values of democratic participation and collective ownership (Benkler, 2007; Pazaitis & Kostakis, 2021). These initiatives have continued to evolve in different directions – from platform cooperatives (Scholz & Schneider, 2017), to some Decentralized Autonomous Organizations (Hassan & De Filippi, 2020, 2023; De Filippi et al., 2024), and more recently, people-centered approaches to artificial intelligence (AI for the People, see: Hung, 2025; AI Cooperatives, Terras et al., 2025; Scholz & Tortorici, 2025a&b) – signaling the emergence of an ecosystem grounded in the principles of solidarity technologies. Now increasingly grouped under labels such as *Digital Solidarity Economies* (Albornoz et al., 2024) or *Solidarity Tech* (Scholz et al., 2024), these efforts challenge dominant narratives of innovation and ownership, and raise critical questions about how digital infrastructures can be designed to serve people and the planet over profits (Rikap et al., 2024).

Despite considerable media attention, a few notable case studies, and some scholarly engagement, these alternative digital enterprises remain underexplored in concrete terms. The literature still lacks comprehensive knowledge about their dimensions, operational challenges, and collective identities.

Among the most prominent and widely covered examples is *The Drivers Cooperative*, a New York City-based platform cooperative that has attracted international media coverage – including *The New York Times*, *Curbed*, and *Bloomberg* –, has received public endorsements from figures such as Congresswoman Alexandria Ocasio-Cortez, and features prominently in recent books on platform cooperatives (Scholz, 2023; Bunders, 2024). However, this visibility culminated in a recent *Documented* article titled, "The Rise and Fall of NYC's Driver-Owned Ride-Share" (Khafagi, 2024). Beyond journalistic clickbait framing, The Drivers Cooperative continues to operate and is expanding into a federation.

This paper presents an in-depth investigation of The Drivers Cooperative in New York City (hereafter TDC) as an emblematic case of a challenge of multistakeholder platform cooperatives especially operating in highly competitive urban markets. Its trajectory reveals a critical dynamic: while seeking to scale its operations and technological infrastructure, the cooperative experienced a separation between its cooperative base, and the platform itself. As a result, the cooperative ended up without accessing the very app that was developed under its initiative – an app at least till April 2025 administered as a digital commons, and used to support new cooperative initiatives .

Taking a "learning from defeats" approach, the article argues that fractures among diverse stakeholders in platform cooperatives can be driven by the pressures of platform development. The phenomenon can be compared to a blown head gasket in an engine: when the seal between the cylinder head and engine block fails, oil, coolant, and combustion gases mix, causing overheating and severe damage. In the context of a cooperative, this "blown head gasket" represents a breakdown of coordination and trust between core groups — such as engineers and drivers — under the pressure to scale and develop competitive technology that ultimately lead to the separation between the cooperative and its own platform. I term this dynamic the *Blown Head Gasket* (BHG) *Effect*.

After presenting the methodology and theoretical framework, the first section provides a brief overview of taxi drivers' working conditions and the state of the industry in New York City. Section two examines the inception, composition, and values of the cooperative, offering a concise history as narrated by its workers and managers. Section three outlines some of the key challenges the cooperative has faced. Section four focuses on the platform-related problems. Section five introduces the fractures between stakeholders in platform development under market pressures and resource scarcity, illustrated through the metaphor of the blown head gasket. Section six highlights some of TDC's legislative achievements. Sec-

tion seven explores various factors that may influence the emergence of the BHG Effect, suggesting where policy can intervene. The conclusion underscores the importance of adopting a learning-oriented approach when analysing the struggles and setbacks of digital solidarity economies.

Methodology

This study is based on three months of fieldwork conducted in New York City from April 26th to July 26th 2024, and more than six of non-participant observation (appendix a). Despite having gatekeepers and recognising my privileged positionality as a white male from high-ranking Global North universities with funding and reputation, access to the field was challenging. The structural conditions of New York City – a large, fast-paced metropolis where everyone has everything but time – played a significant role in this difficulty. Additionally, the sector investigated, where drivers operate with high flexibility, low incomes, and long working hours, further complicated access. The cooperative was also experiencing a deep crisis at the time, which made individuals hesitant to discuss ongoing issues.

Over time, I established informal conversations and conducted sixteen semi-structured interviews with co-founders, drivers, and staff, each ranging from 40 to 100 minutes; including a group interview with five board members (Appendix b). I conducted interviews using a snowball sampling method. While I obtained explicit consent from managers and publicly recognised figures within the cooperative to use their real names, I did not offer this option to drivers and staff. To protect their anonymity – especially given the sensitive nature of discussing their working conditions – they are referred to using pseudonyms.

Additionally, I attended numerous public events featuring co-founders Erik Forman, Ken Lewis, and Minsun Ji (Founder of TDC Colorado). I was a non participant observer at various internal online “Sunday Huddle” meetings among cooperative drivers. In New York, I engaged in informal conversations with sector experts from Cornell University, ILR School, The New School, the Platform Cooperativism Consortium (PCC), and representatives from driver unions such as the Independent Drivers Guild (or IDG) and the New York Taxi Workers Alliance (or NYTWA), as well as with random Uber and Lyft drivers. I further attended a NYTWA demonstration against Uber lockouts in July 2024 (on drivers' de-activations see Lung et al., 2024). Finally, I conducted desk-research and reviewed some documents (Bylaws v 1.6., internal letters, financial statements), media outlets from 2020, and internal channels of the cooperative from March 2023 till April 2025.

Theoretical framework & relevant literature

Since 2014, a distinct subfield on platform cooperatives has emerged (Scholz, 2014; Schneider, 2014; Schor, 2014), frequently cited in studies on digital labour (Srnicek, 2017; Schor, 2020; Muldoon et al., 2024; Casilli, 2025). Scholarship has recently expanded beyond strict platform cooperatives, reflecting both non-cooperative initiatives (Grohmann, 2023) and alliances with solidarity-oriented technologies (Scholz et al., 2024). This has sparked interest in digital solidarity economies – tech arrangements serving their workers and communities rather than maximising shareholder value.

Within this developing subfield, this paper focuses on the challenges faced by a platform cooperative and the broader lessons it may offer to other digital solidarity economies. Following Mayo (2019), Scholz (2023), and my own survey (Tortorici, 2025), platform cooperatives are primarily digital businesses that intermediate between different types of users, often by leveraging user data. These organisations adhere, at least partially, to the principles of the International Cooperative Alliance (ICA): they are collectively owned, democratically governed, and frequently co-designed by their workers and users.

To understand their challenges, I draw on cooperative literature highlighting the dual nature of cooperatives as both economic entities and vehicles for social transformation (Marshall, 2014; Ratner, 2015 a&b; Jossa, 2019; Vieta & Llonais, 2022; Kasparian, 2022)—a tension that frequently underpins the dualities of their political and business challenges (Tortorici, 2026).

More specifically, this paper engages with the emerging scholarship that directly addresses the unique constraints of platform cooperatives. Early and pioneering works in this space have begun to explore issues such as limited member participation, organisational sustainability, institutional challenges, and sectoral viability (Penztien, 2020; Scholz et al., 2021; Bunders et al., 2022; Mannan, 2022; Grohmann 2023; Mannan & Pek, 2024; Bunders, 2024a&b).

This paper, part of my ongoing PhD research, contributes to a broader effort to better understand how platform cooperatives respond to the challenges of scale and finance. Based on a preliminary global survey exploring the identities, dimensions, and challenges of platform cooperatives, TDC – despite its relatively recent foundation – initially emerged as one of the most developed cases for studying these dynamics. Media coverage and scholarship reinforced the survey findings, but fieldwork showed TDC was struggling. I therefore focus not on a scaling suc-

cess story, but on tensions emerging during the cooperative's platform development.

Existing cooperative literature highlights already how diverging interests among stakeholders, under the pressure of market demands, can ultimately lead to tensions among members (Cornforth, 2004; Iliopoulos & Valentinov, 2022), and fractures especially in multistakeholder cooperatives (Tomas, 2004; Münkner, 2004; Lindsay & Hems, 2004; Leviten-Reid & Fairbairn, 2011). However, this issue has not been explored in depth within the context of platform cooperatives, despite pioneering works that hint at potential tensions among stakeholders (Bunders & De Moor, 2023; Mannan & Pek, 2023; Ghirlanda & Kirov, 2024). This article argues that, as shown by the case of TDC, the pressure to develop competitive technology can trigger the Blown Head Gasket Effect.

Both ethically and methodologically, this paper seeks not to further harm the cooperative under study but to contribute constructively by reframing their challenges and so-called failures as defeats, approached through a learning perspective. This reframing shifts the focus to what can be learned from the struggles of platform cooperatives and how such defeats might be prevented in other digital solidarity economies. In doing so, the paper draws on a substantial body of literature that highlights the value of "learning by doing" or "learning in struggle" within cooperatives (Vieta, 2014), learning "in conflict" (Kasparian, 2022), and, more broadly, processes of collective learning within social solidarity and postcapitalist economies (Gibson-Graham, 2006).

In particular, Marcelo Vieta (2014) explored how Argentina's recovered worker-run cooperatives (ERTs) generate learning "sobre la marcha" (by doing). He shows that workers acquire skills and knowledge not through formal education, but by actively engaging in the challenges of running and managing their cooperatives. This "learning in struggle" occurs both within individual cooperatives and through exchanges between cooperatives and communities, inter and intra-cooperatives, producing transformative outcomes: workers gain empowerment and agency, organisations become more democratic and self-managed, and local communities benefit from cooperative engagement. Vieta emphasises that this experiential, collective learning links economic survival with social and political change, highlighting its transformative potential beyond conventional educational settings.

Before me, Grohmann (2025) emphasised the importance of learning from so-called "failed" platform cooperatives, which he originally termed "Dead Star Platform Coops" (Casilli, 2025). It is through the lens of lessons learned that I have ex-

amined TDC's challenges and defeats. This paper shows how TDC's workers are learning how to manage themselves and gradually figuring out how to develop their platform – though not without tensions, as illustrated by the BHG Effect. In doing so, they have acquired new skills, developed a deeper understanding of the market and business model, and cultivated collective knowledge that can inform and inspire future cooperatives. This paper, however, does not seek to provide an exhaustive account of the lessons learned, nor does it focus on changes in subjectivities or the community in which TDC operates. Instead, it concentrates on the lesson TDC has drawn from managing its technology, and in particular on the fractures that can emerge – namely the BHG Effect.

In the conclusion, I clarify my terminology: rather than framing these dynamics as "failures," I prefer to speak of "defeats," drawing on the insights of Hardt (2023) and Negri (1991). While failures signal the internal collapse of a movement and its end, defeats occur when actors lose because external forces are too powerful to overcome; yet they open the possibility of struggling again and, when recognised, can foster collective learning and guide future efforts. As Hardt (2023) notes, "a defeat, however devastating, is never an endpoint. Future projects of liberation begin from where it ended, taking its achievements and the power of its vision as the point of departure for new struggles", defeats are "projects well begun that have yet to be completed." In a similar vein, Nathan Schneider (2018) was stressing that the key question is no longer whether platforms can be made more democratic, but rather how. This paper acknowledges that such approaches, which view platform cooperatives' struggles as archives of experience, can offer valuable insights into how to successfully democratise platforms and improve workers' conditions.

The theoretical contribution of the paper to the field of digital solidarity economies is thus twofold. First, it highlights the tensions among diverging stakeholders involved in platform development, thereby contributing to the broader literature on the challenges faced by platform cooperatives. In doing so, it refers to the Blown Head Gasket as a metaphor to understand how organisational fractures can be triggered by platform development efforts. Second, it underscores the value of learning from defeats within the context of digital solidarity economies for both researchers and practitioners.

1. Taxi drivers. Organising a fragmented migrant sector in New York City

Drivers in New York City play a vital role under precarious conditions. Danny, a pseudonymous member of TDC, frames driving proudly as a vocation with civic

and moral weight: "If you're a driver, you can cause somebody their life. That's how important driving is" (Interview 4). Yet David, another TDC driver, highlights the profession's exhaustion: "70 hours a week, 80 hours a week, just because they don't have a choice … really because of the exploitation by these app-based companies, like Uber and Lyft" (Interview 5). Together, these voices reveal a central contradiction: drivers' labor is structurally vital, yet the political economy imposed upon them renders it a site of vulnerability.

More broadly, the *Green Transition Authority Act,* a law introduced in the senate of New York to support the green transition of drivers in May 2024, portrays well the condition of for-hire drivers and the state of the industry in the state of New York in 2024. In New York City, the industry employs over 60,000 drivers, 91% migrants, who face persistent poverty and spend substantial earnings on job-related costs such as vehicles, fuel, repairs, and insurance. At the same time, the sector contributes significantly to greenhouse gas emissions and remains largely inaccessible for people with disabilities.

Historically, NYC taxi drivers have been predominantly poor immigrants – from Italy and Ireland in the early 20th century to the Global South later – exploited by the city, garage owners, and medallion holders (Mathew, 2008). The Haas Act of 1937 capped yellow cab numbers, laying the groundwork for a deeply unequal system of "taxi owners" and "lease drivers". By 2019, approximately 80% of medallions were owned by entrepreneurs who leased them to largely migrant labour, while around 1,000 driver-owners had purchased their own medallions through loans (Forman, 2022). This exploitative (Marx, 1867) system did not go uncontested. Resistance has a long history: drivers organised and struck repeatedly since the first taxi appeared in 1908, though, as Wolf (2024, p. 16) notes "the history of organized labor in the New York City taxi industry is largely one of failure" until the steady and multiple victories achieved by the New York Taxi Workers Alliance.

Before platforms, mid-20th-century radio dispatch systems fragmented the workforce giving rise to a split between "dispatchers", directed and monitored by radio, and traditional taxi cab drivers compounding the regulatory divisions introduced by the Haas Act between taxi owners and lease drivers. Today, a similar divide persists between medallion owners (the traditional yellow cab drivers) and a newer group of FHV drivers working for platforms like Uber and Lyft, a division common in all the major US cities (Borowiak & Ji, 2019).

All Black Car and Taxi drivers are required to be licensed by the Taxi and Limousine Commission (TLC), the city's regulatory body since the 1970s – and, by the

2010s, its second-largest source of revenue (Mathew, 2008; Wolf, 2024) – in order to operate in the city. This includes completing a mandatory one-day course that costs USD 200 (Forman, 2022). Yet, unlike earlier unions such as the Taxi Drivers Union (TDU) of the 1970s, NYTWA, founded in 1998 by immigrants – primarily from South Asia, the Caribbean, and Muslim communities – harnessed drivers' associational power to gain stable representation within TLC.

Uber entered the NYC market illegally in 2011, bypassing medallion regulations (Wolf, 2022). Initially, many drivers turned to the platform to escape exploitative leases, drawn by higher earnings (Wolf, 2024). As dependency grew, Uber increased commission fees, significantly reducing income. Medallion values collapsed from USD 1.3 million in 2014 to USD 200,000 by 2024, less than one-sixth of their former value (Davis, 2024), contributing to nine driver suicides between 2017 and 2019 (Pager & Palmer, 2018; Forman, 2022; Wolf, 2024).

Despite tensions between yellow cab and FHV drivers, NYTWA strategically represented both groups. This inclusive approach enabled landmark gains: capping ride-hailing drivers, establishing a minimum wage for app-based drivers, limiting work hours, and securing unemployment benefits (Wolf, 2024). These achievements were realised through tripartite bargaining involving city regulators, platform companies, and labour representatives, echoing European-style industrial relations (Mathew, 2008; Forman, 2022; Wolf, 2024).

Yet, conditions on the ground remain precarious. As Brendan Sexton, the president of the Independent Drivers Guild (a rumored company-union), remarked: "There are too many drivers on the road chasing after the same amount of rides" (Interview 12). In the summer of 2024, a new wave of protests erupted in response to "lockouts" – a practice in which platforms like Uber and Lyft arbitrarily deactivate drivers from their apps, preventing them from working and earning income (Brachfeld, 2024; Lung et al., 2024).

Despite the unparalleled successes of NYTWA in the city's labour history, drivers' conditions remain dire – as documented in detail by Danny and David at the micro level and more broadly by the legislative Act referenced above. TDC, as co-founders explains, was founded precisely to find a way to effectively organise drivers and raise their working conditions at the same time (Interview 1 & 2).

2. A new star is born. The rise of The Drivers Cooperative

While startups are often mythologised as emerging from garages, platform cooperatives can originate in union offices and incubators. This was the case for both a

new driver cooperative launched in Colorado in June 2024, TDC Colorado, which was developed by the Rocky Mountain Employee Ownership Center; and for TDC, which grew out of educational workshops organised by the IDG – a local affiliate of the Machinists Union – beginning in 2016. IDG has often been characterised as a company union financially supported by Uber in an effort to diffuse driver resistance and weaken collective power (Forman, 2022; Wolf, 2024).

The IDG classes were led by Erik Forman, a licensed TLC driver, labour organiser, and researcher. By late 2019, he secured a participatory action research grant to explore the feasibility of worker ownership, and a core group of about two dozen drivers – motivated to "build our own app" – transformed the idea into TDC. According to Sexton and Forman, this course marked the divergence of TDC from IDG, with TDC evolving into an autonomous driver cooperative (Forman, 2022; Interviews 1, 2, 12).

In May 2021, TDC held its public launch in Queens, where hundreds of drivers formally received ownership certificates. The founding leadership team included Forman, who became the cooperative's first president; Ken Lewis, an experienced Caribbean black car driver; and Alissa Orlando, a former Uber manager in East Africa (Conger, 2021; Forman, 2022).

When interviewed in the summer 2024 about the founding values of TDC, Forman responded:

> "[…] it was a vision of, I guess what people call system change in the For Hire Vehicle industry. And so to be the best company for workers that can exist within this market context, but also to use the fact that we are bringing drivers together in an industry where the workers are very atomised as a way to build political power. And we would achieve some success with that."

From its inception, the cooperative pursued an ambitious mission to improve labour conditions, promote disability-inclusive transportation, and advance climate justice (TDC, 2023a). These values were embedded in bylaws version 1.6, adopted in February 2022, reflecting a commitment to minority representation and gender equality in an industry historically dominated by men (TDC, 2022).

TDC was not solely a driver-owned cooperative. It was a multistakeholder platform cooperative, uniting primarily male and diverse migrant drivers, administrative staff, dispatchers, and engineers, both members and external contractors. Its by-

laws granted staff two board seats and riders a consultative role, with the option to include external experts. These board members formed management, holding roles such as president, vice president, financial officer, and general manager.

The board and the annual general meeting were meant to function like parliaments in liberal democracies: as a space for negotiating compromises among different interests and making collective decisions. As known in the literature (Cornforth, 2004), differing positions resulted in notable tensions between groups – such as management and drivers, or engineers and drivers. One major challenge for management was developing the app while keeping the cooperative financially and legally viable; for drivers, the main concern was earning a living. In practice, these roles were not always clearly separated: many managers sometimes also worked as drivers.

A particularly significant divergence of interests arose between engineers and drivers. While engineers understandably sought fair compensation in line with market rates, drivers were deeply concerned with protecting their wages and ensuring that the cooperative's financial capital was not entirely consumed by app development. This tension was heightened by a stark pay disparity in New York City: while a reasonably priced engineer typically charges USD 150–200 per hour, drivers can earn roughly USD 20–40 per hour.

In line with the principles of the ICA, the cooperative committed to democratic governance and community benefit. In its early phase, monthly assemblies were held, and a number of specialised boards were established to address key issues – including a deactivation review board, a drivers' board to represent drivers' interests, and an election committee. The main board was elected by members during the general assembly. The bylaws allocated a portion of revenues to initiatives such as "funds for drivers mostly in need" and support for "social movements for justice all around the world".

TDC's reports and outlets describe a company in steady growth, driven by an ambitious vision to "take the world" and challenge global big tech competitors (Conger, 2021; Forman, 2022; TDC, 2023a). The cooperative quickly gained support from its networks and local progressive political figures. Notably, its first official ride transported Congresswoman Alexandria Ocasio-Cortez to vote in 2020. She subsequently promoted the app to her 8 million followers even before the cooperative formally launched its business-to-consumer operations in 2021 (Forman, 2022).

By 2022, the app had recruited over 9,000 drivers and had been downloaded

40,000 times. In the same year, drivers completed 165,000 trips, and the cooperative's revenue grew twelvefold, reaching USD 6.1 million in its first year of full operation (TDC, 2023b). In addition to the initial USD 300,000 raised from cooperative-aligned foundations, TDC secured an additional USD 1.6 million through a successful crowdfunding campaign (TDC, 2023b), securing the capital for app development.

The growth strategy included three key phases: (1) consolidating and expanding its driver base by capturing a significant share of the paratransit and Non-Emergency Medical Transportation market – an MTA-administered service subcontracted to firms that oversee over 30,000 daily rides and offer comparatively higher compensation; (2) launching an AI-assisted "Co-op 2.0" app for New York City; and (3) developing a federation of cooperatives in major U.S. cities in 2024, with the long-term goal of becoming a global alternative to dominant platform companies (TDC, 2023a; TDC, 2023b).

No one expected launching a driver-owned platform cooperative in New York City to be straightforward. The challenges were well documented from the outset (Conger, 2021; Forman, 2022). Nevertheless, for the two dozen founding drivers and for Forman himself, there was a shared "sense of necessity" (Forman, 2022). For Lewis, it represented a final but worthwhile attempt to transform working conditions in the industry (Jones, 2020).

At the end of 2022, Forman was closing his report for the Platform Cooperativism Consortium:

> "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."

TDC exhibited a strong sense of resilience, marked optimism, and a determined drive to grow and outcompete big tech rivals.

3. Challengers. The struggles of The Drivers Cooperative

The initiative did not unfold as originally envisioned, as my fieldwork revealed from the moment I arrived in the city on April 26, 2024. I attempted to book a ride from the airport, only to find the cooperative's app was not functioning due to a

technical failure. I later learned that TDC was undergoing a severe crisis that led the organisation to not pay for its Google API services, rendering the app inoperable. The app became functional again in May 2024, but the cooperative in New York remained embroiled in a deep crisis. Any ambitious plans were temporarily suspended in an effort to simply keep the cooperative afloat.

By the summer of 2024, TDC was operating as a small-scale cooperative sustained by three overworked full-time staff and a handful of volunteers. Within six months, the cooperative had lost about 60% of its revenue compared to 2022 (Interview 2). Contrary to the widely publicised figure of 12,000 recruited drivers, fewer than 50 were working full-time, with another 50 driving part-time or occasionally (Interviews 3, 6, 14, 15).

Democratic governance had also deteriorated. The board elected in June 2023 was largely inactive and failed to provide meaningful deliberation. Day-to-day operations depended heavily on the former General Manager, Shaun Beckles, together with the treasurer and dispatchers. During this period, members began drafting new bylaws and preparing fresh elections, which took place in September 2024 (Interview 4, internal chats). The bylaws had long been a source of contention, with several drivers stressing that power in a driver cooperative should rest primarily with drivers rather than being equally distributed among all stakeholders (Internal chats; Interviews 1, 4, 5, 12, 15).

Notably, TDC was no longer dispatching rides through its own platform but instead relied on Lymosis – a third-party system used to fulfill trips subcontracted through Arrow, a contractor under the MTA's Access-A-Ride programme. It was no longer competing directly with Uber or Lyft (Interview 5). Rather, a small group of drivers made their livelihoods exclusively from subcontracted MTA rides, often facing poor conditions, delayed payments, and a breakdown of internal democratic processes – all without developing a ride-hailing cooperative platform of their own. Of the original leadership featured in the New York Times article announcing TDC's launch, Orlando had moved on to other projects; Forman stepped down in October 2023; and Lewis, no longer on the board, supported efforts to revise the bylaws and organise new elections. By this stage, the cooperative had shifted into survival mode.

At the time, my research focused heavily on the challenges faced by TDC. The interviews (appendix b) revealed a complex web of nuance, incomplete information, and internal tensions that cannot be fully addressed here. Union leaders, drivers and co-founders interviewed pointed to structural constraints: operating in a low-

margin sector dominated by platforms like Uber and Lyft, lacking sufficient financial resources, and functioning in a regulatory and cultural context largely unfamiliar with the cooperative model. Others highlighted governance and democratic deficits, including inadequate bylaws and internal power struggles. Forman emphasised the need for highly skilled personnel capable of managing such a complex enterprise. Numerous missteps were acknowledged, such as a lack of transparency and modest educational investments. Still, when asked to identify the cooperative's most significant challenges, most members pointed to the technical development of the platform itself as the turning point that precipitated the organisation's contraction.

4. The platform. The greatest stake and the biggest mistake

Danny stated it bluntly: "That is one of the mistakes, that's the biggest mistake that we have made: the platform. It was built in a bad way. […] We spent millions on Co-op Drive [the app]." Similarly, Robert, another TDC's driver, remarked, "The money wasn't spent strategically at that time – even the hiring of the developer teams was so high, you get to think it was above market […]." The platform's development emerged as a recurring point of critique during interviews with David and Frank, two drivers of TDC, and was consistently acknowledged in discussions with Forman and Lewis, as well as in their public speaking engagements.

While early findings suggested a relatively harmonious workplace, tensions consistently surfaced around platform development. The platform became a central point of contention – fueling driver debates in internal chats and straining relations between engineers, drivers, and management. Its development history has been marked by ups and downs, with repeated trial and error.

Despite spending USD 600,000 in the platform development in 2022 only – primarily through grants (Interview 2) – the app suffered from critical flaws that made it unsuitable for drivers. As Forman emphasised in conferences held in both New York and Mombasa (Event 3 and 12), building an app to attract consumers comparable to those used by Uber and Lyft proved to be significantly more complex than initially expected. A drivers' app operates as a real-time, two-sided marketplace requiring continuous matching between riders and drivers. It depends on dynamic geolocation, live dispatching, GPS tracking, and algorithmic tools like route optimisation and heat maps. High-frequency use, constant driver availability, and fast response times are essential to balance supply and demand efficiently. Moreover, user friendly and simple interfaces were highlighted as very expensive

and complex to realise (Event 12). They required a highly skilled – and therefore expensive – team of engineers. Without sufficient capital, TDC struggled to attract and retain this talent, and as initial funds dwindled, the situation rapidly deteriorated.

Many drivers, unaware of the behind-the-scenes challenges in platform development – led by Forman, who was simultaneously attempting to navigate democratic governance while making urgent executive decisions (Interview 2) – began to grow frustrated and distrustful of their leadership. After an initial resignation letter from nine members of the operations and platform team in June 2022, a second letter followed in May 2023. The mounting pressure culminated in Forman's resignation from the board at the end of October 2023.

As one driver summarised in an internal chat from December 2023, the platform had become a financial drain: it created trip-related bugs, could not support shared rides, and lacked verification tools for completed jobs – permitting brokers (those who subcontract access-a-ride rides) to withhold payments. With engineering and maintenance costs reaching nearly USD 50,000 per month, and post-driver-payment revenues amounting to just as much, there were no funds left for dispatch, finance, or support operations. "If this keeps up, we won't have a co-op," a driver warned, emphasising how the platform's cost threatened the organisation's very survival.

Ultimately, the platform became unsustainable. In an attempt to preserve what remained, the cooperative took a step back. As Ben, another driver from TDC, put it: "They [the board] have to get money back up. So until you get money back up, you can't spend money you don't have. Basically, you run out of fun at one point, right? That's what happened." Lacking resources and a platform manager, TDC was reduced to a small driver cooperative – no longer operating its own platform.

The objective of this paper is not to determine the reasons behind the cooperative's contraction, nor to attribute it solely to the failure to build a viable platform. Rather, it aims to highlight platform development as a key site of organisational tension – one that reveals a potential broader structural challenge faced by digital solidarity economies.

5. The Blown Head Gasket Effect. Fracture under platform pressure

From October 2023 to June 2024, TDC experienced a striking paradox for a plat-

form cooperative: a cooperative without an app, and an app without a cooperative. In fact, on one hand, the cooperative in New York City chose to disregard the app and even stopped paying for the Google API that enabled its functionality; on the other hand, Forman continued collaborating with engineers through a new tech company on the platform's backend. They fixed many of its bugs, customised it, and made it available to other cooperatives across the US. In June, drivers in Minneapolis began using the app to recruit, and just a few months later, the same technology – rebranded in blue – was adopted in Colorado, effectively reviving what had been abandoned in New York.

As Cornforth (2004) observes, diversity among members and roles within cooperatives can create governance tensions by pulling organisations between democratic and business imperatives. The board faces tensions between representing specific membership groups and acting as expert managers, balancing the dual roles of driving organisational performance while ensuring accountability, and simultaneously controlling and supporting management. Leviten-Reid & Fairbairn (2011) note that the increased governance challenge has been well documented in multistakeholder cooperatives: Tomas (2004) argues that governance costs in Italy are likely high due to conflicts among groups of actors; Münkner (2004) observes that such organisations are often slower in decision-making and prone to domination by a single stakeholder group; similarly, Lindsay & Hems (2004) warn that dominant groups may emerge within multistakeholder structures. Yet, Leviten-Reid & Fairbairn (2011) identify cases where multistakeholder cooperatives successfully balance diverse interests, while Sacchetti and Tortia (2014) highlight their potential to enhance cooperative social values.

All these factors – slow decision-making, higher communication costs (Interview 2), and the drivers' desire to assert control over the cooperative (Interviews 4, 5, 14) – played a decisive role in the fracture of TDC. However, I argue that TDC demonstrates how, in platform cooperatives, this potential quest for dominance and fragmentation can be further exacerbated by the additional burden of platform development. In contrast to early optimistic views about the relatively low cost of technology (Benkler 2017; Martin 2017; Scholz 2017), in newly established multistakeholder platform cooperatives operating in highly advanced global cities, the combination of limited resources and the costly demands of building technological infrastructure can trigger the Blown Head Gasket Effect: a fracture between diverging stakeholders that emerges during the platform development that ultimately leads to a fracture between the cooperative and its platform.

In multistakeholder driver platform cooperatives, the relationship between engi-

neers and drivers can be conceptualized through the mechanical metaphor of an internal combustion engine, wherein each component is indispensable yet functionally distinct. Drivers, embodying the engine block, provide grounded force, collective energy, and sustained movement – the material basis upon which the platform operates. Engineers, by contrast, assume the role of the cylinder head: a complex and precise component responsible for directing flow, enabling ignition, and managing the technical sophistication required for the platform's development. While drivers seek to minimise spending on technology (Internal chats, interview 2, 4, 5, 15), engineers expect market-level pay and require resources to purchase software and adapt the app to drivers' needs (Interview 2, event 3 & 12).

Crucially, these two components are joined by a fragile yet essential intermediary: the head gasket. This thin layer – representing shared trust, collaborative design, and mutual understanding – seals the system, enabling compression and pressure to build, thus converting cooperative energy into coordinated technological motion. It is this thin interface that allows the cooperative to function as a unified socio-technical system. In practice, this interface is embodied in the board, where different members represent distinct stakeholder interests.

However, as platform development accelerates – driven by feature proliferation, tightening production cycles, and mounting demands from competitive and institutional environments – the system experiences rising thermal stress. Rapid iteration and technical ambition generate friction between stakeholder groups: drivers and engineers, workers and founders, users and developers. The very process of development, under pressure, becomes a source of strain. Bugs prevent drivers from working and cause them to lose rides. Having already invested most of their resources in the platform, with the cooperative financially unstable, tensions escalate, and the gasket blows. Engineers complain about demands and workload; drivers blame engineers and app management. The seal ruptures. Coordination mechanisms disintegrate. Communication channels degrade (Participant observation and interviews). And critically, the components fracture.

TDC's engineers, retaining control over the codebase and infrastructure, continued development trajectories – coding independently of the drivers. In effect, the cylinder head continues to operate, seeking new "engine blocks" – new user bases or institutional partners – to sustain performance (Interview 2, 13). Meanwhile, drivers, left disconnected from the technical apparatus they helped bring into being, returned to external, non-cooperative platforms to sustain the cooperative, while another consistent part of drivers left in the process (Interview 2, 4).

What remained in the summer of 2024 was a platform technically operational, yet severed from the social base that once endowed it with legitimacy and traction. The rupture is not attributable to inherent weakness in either party, but to the cumulative effects of developmental pressures that exceeded the cooperative's institutional capacity for coordination and mutual comprehension.

6. Worker power and legislative achievements

The cooperative literature and platform cooperative experiences have already indicated that supportive legislative interventions have the potential to alleviate external pressures significantly (Penztien, 2020; Scholz et al., 2021), thereby mitigating the risk of the BHG Effect. Legislation can alleviate structural pressures, but cooperative organisations also have the capacity to shape and improve legislation. It is important to highlight some achievements alongside the fracture faced by the cooperative. Some drivers reported improvements in their earnings and working conditions (Interview 5), while others felt that their voices were included in the development of the app (Interview 14).

Even when platform cooperatives do not thrive, TDC demonstrates that they can still help build worker power, which, in turn, can support unions and advance legislation. As Vieta (2014) highlights, workers learn through struggle – by managing their cooperative and gradually deepening their class consciousness. In doing so, they become more politically engaged in their communities and actively contribute to their transformation. This dynamic has also been evident in the case of TDC, where internal chats often served as echo chambers for union events and rallies. For instance, TDC actively joined rallies organised by the NYTWA against driver lockouts (Event 8).

TDC further extends Vieta's findings on worker buy-outs by showing how community learning and political involvement can also unfold in the legislative arena. The Green Transition Authority Act – discussed in Section 1 – stands out as a significant policy achievement supported by the cooperative. The Act emerged from a joint effort involving Sunrise NYC partners, TDC, and New York Lawyers for the Public Interest (Green Transition Authority Act, 2024). Championed by Senator Julia Salazar and Assembly Member Jessica González-Rojas, it was formally "read twice" in the New York State Senate on May 16, 2024, and is now at the beginning of its legislative journey. As Forman emphasised, this achievement would not have been possible without the cooperative:

> "We actually just got the introduction of a legislation that I started working on literally five years ago. It was just introduced in the state Senate and will provide a pathway for shifting from gas-powered vehicles to electric, building out a charging infrastructure, and providing assistance for drivers into green jobs if they want to leave the industry. So we just won the introduction of that. That would not have been possible without the power that we built by building the co-op." (Interview 2).

A similar legislative achievement was made in Colorado, where TDC Colorado contributed to reducing the registration fee for Transportation Network Company (TNC) from USD 115,000 to USD 16,000 – lowering the barrier to entry for cooperatives and SMEs across the entire state (Interview 13).

7. Organisational and structural factors trigger the BHG effect

The BHG Effect may have already manifested in other platform cooperatives around the world. During a survey on the identities, dimensions, and challenges of platform cooperatives, I identified more than 60 that are currently inactive or defeated (Tortorici, 2025). Previous case studies – such as Fairbnb in Italy – have highlighted various governance challenges faced by platform co-ops (Tortorici, 2026). However, further in-depth research is needed to assess the extent to which these issues stemmed from the pressures of platform development itself.

The case of TDC brings into sharper focus several factors that appear to have exacerbated internal fractures during efforts to scale and develop a competitive platform. Specifically, at least, three dimensions seem to have played a decisive role: (1) the intensity of the capital conundrum (Borkin, 2019) associated with platform development, (2) the sharpness of diverging stakeholder interests, and (3) the acceleration of the platform development process.

1) New York City represents one of the most competitive and expensive labour markets in the world, where the cost of developing platform technology is significantly higher than in many other contexts (Autviz, 2025). There is a stark difference, for instance, between hiring high-cost engineers in New York and accessing more affordable and abundant tech talent in regions such as India or other parts of the Global South (Codesubmit, 2025). The structure of the local labour market can critically shape the scale of the capital conundrum, intensifying the difficulties faced by cooperatives operating in high-cost environments.

2) Although the goal of building a cooperative ride-hailing business was broadly shared, TDC experienced significant internal divergences between management, and its driver-owners. The leadership pursued an ambitious and politically radical agenda – including goals related to racial justice, climate action, and multistakeholder governance – which was not always mirrored in the priorities of its driver base. Many drivers were primarily focused on securing immediate material improvements, such as more reliable dispatch, better pay, and consistent earnings. These differences in vision and expectations amplified the tensions within the organisation.

3) Time also emerged as a critical variable in the unfolding of the BHG effect. On the one hand, TDC's commitment to democratic governance and inclusive deliberation reflects the cooperative ethos. On the other, the dynamics of platform economies – especially in hyper-competitive markets – tend to reward speed, scalability, and rapid network effects. The time required to build consensus and align interests internally often clashed with the urgent need to develop a working platform and capture market share. This temporal disjuncture further strained the cooperative's cohesion.

It is evident that several factors contributing to the BHG Effect can be categorised as organisational – ranging from building trust among diverse stakeholders to member education – while others are structural, including market pressures and capital constraints. A single in-depth case study cannot definitively determine whether internal organisational factors or external pressures are most decisive in enabling platform cooperatives to thrive, nor can it assess whether structural constraints are too great for them to succeed in the market. As the literature has already emphasised (Scholz et al., 2021; Bunders et al., 2022; Grohmann, 2023; Mannan & Pek, 2024), any answer to these questions must account for a multiplicity of factors – including geography, sectoral differences, and context-specific missteps. However, my findings emphasise that structural pressures of developing the highly costly platform played a decisive role in the case of TDC, and policy can play a decisive role in preventing the BHG effect by providing financial support to cooperatives and alleviating the market pressures they face.

Conclusion

While some Documented journalists interpret the myth of Icarus as a tale of failure – quick to dismiss those who pioneered TDC in the United States – I find it far more productive to engage with digital solidarity economies as Rafael Grohmann (2025) suggests: by learning through their failures.

In terms of lessons for practitioners, Minsun Ji, founder of TDC Colorado, emphasises that the experience of TDC taught them a great deal in Colorado, and that thanks to it, they are doing things differently there. She suggests that careful drafting of bylaws, building stronger leadership among drivers, and establishing the cooperative with the support of an incubator – such as the Rocky Mountain Employee Ownership Center (RMEOC) – can help raise capital, provide legislative backing, and create a stronger internal organisational system. Their strategy in Colorado, she notes, seeks to strike a balance between developing a reliable platform and expanding the consumer base by emphasising the unique values cooperatives bring to their cities – for example, by supporting marginalised communities (Interview 13).

However, the term *failure* may be too strong to describe the story of some platform cooperatives. In this regard, I recall a distinction Michael Hardt once made during a book presentation on global justice movements between failures and defeats: failures signal the end of a struggle that has been internally lost, when the conditions that gave rise to it and the legitimacy of its demands are no longer in place; defeats occur when actors lose because external forces are too powerful to overcome. Hardt (2023) emphasised that defeats are not endpoints, and, recalling Negri (1991, p. 175), he suggested that "there must be a way of recognizing a defeat without being defeated," highlighting how defeats can generate collective learning to guide future successes.

In this sense, "failure" seems the wrong word for the struggles of some platform cooperatives. Even when not immediately successful, these experiences contribute to collective learning about building viable platform co-ops. Ken Lewis, TDC co-founder, emphasised in a recent conversation that running a platform cooperative in the ride-hailing sector was unprecedented: there was no history to draw from, no blueprint to follow – they were among the first to build such a model from scratch. Mistakes along the way are therefore natural. Even inactive platforms remain part of a broader collective struggle, enduring by informing new attempts and future successes. A research approach that learns from defeats – where *from* refers especially to setbacks or initiatives that are no longer present – can meaningfully guide digital solidarity economies, helping them address challenges while deepening our understanding of what works, under which conditions, and in what contexts.

I use "defeat" to refer to specific setbacks within a cooperative, while "defeated" describes initiatives that are no longer active. In TDC's case, however, it would be inaccurate to call the cooperative defeated. Despite the contraction in 2024, TDC

remains active in 2025, continuing as a driver-owned cooperative with ambitions to launch its own rideshare app. A new board, elected in September 2024, is navigating fresh challenges. Following Uber and Lyft's exit from Minneapolis in May 2024 – prompted by the City Council raising the minimum wage – the local union MULDA, in partnership with former engineers and TDC co-founders, began recruiting through the app to establish a new branch (Hadfield, 2024). In September, TDC officially launched in Colorado. By October, over 30 drivers from various cities attended a meeting to explore forming local chapters, with similar gatherings and expansion discussions continuing into 2025.

TDC demonstrates that pursuing scale and platform development can trigger the Blown Head Gasket Effect, offering a lesson for other digital solidarity economies. Policy can ease institutional, market, and financial pressures, while cooperatives can strengthen themselves by building member trust, promoting cooperative education, and carefully developing technology and bylaws.

The story of TDC has been marked by ups and downs. As of September 2025, the "engine" appears to be running smoothly, and TDC has reconnected with its app, while Uber announced a multi-million-dollar investment in the Israeli drone delivery firm Flytrex, directly supporting Palestinian genocide (Cohen, 2025). TDC's future remains unwritten, yet the legitimacy of its existence is clearer than ever. I would like to conclude with a final lesson shared by Danny:

> "Like anything in life, you know, you have to, I mean, you make mistakes. You've got to learn from your mistakes, right? And you can't quit, you can't give up. […] But I have always believed the idea of a cooperative is probably one of the most powerful idea in business. So if you can get it right that can really empower."

In the age of big tech empires (Hao, 2025) – a time of Davids facing Goliaths that often seem insurmountable – The Drivers of New York City remind us that moving from moments of defeat to cooperative business resilience demands a remarkable degree of perseverance – and that, despite the challenges, cooperatives can indeed offer an empowering worthwhile path forward "We can't quit, we can't give up".

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Appendices

a. Event Log (2024)

EVENT NO.	EVENT NAME	DATE (2024)	DURATION	ROLE
0	PCC Conference, India	4–6 November 2023	3days	Speaker, Participant Observer
1	Start.coop Event	2 May	4h	Participant Observer
2	Informal Meeting	25 May	12h	Participant

EVENT NO.	EVENT NAME	DATE (2024)	DURATION	ROLE
				Observer
3	The New School ICDE Symposium	8 June	8h	Participant Observer
4	Group Interview	18 June	1.5h	Moderator / Interviewer
5	UN Soft Launch of the International Year of Cooperatives	9 July	6h	Invitee
6	Informal Meeting	13 July	4h	Invitee
7	Sunday Huddle	14 July	1.5h	Participant Observer
8	NYTWA Demonstration	17 July	6h	Participant Observer
9	Sunday Huddle	21 July	1.5h	Participant Observer
10	Informal Meeting	23 July	2h	Participant Observer
11	Building TDCs in the States	10 October	1h	Participant Observer
12	PCC Conference, Keyna	6–8 November	3days	Speaker, Participant Observer

b. Interview Log (2024)

INTERVIEW NO.	NAME	ROLE (JULY 2024)	DATE (2024)	DURATION
1	Ken Lewis	Co-founder	22 May	1.20h
2	Eric Forman	Co-founder	24 May	55m
3	Shaun Beckels	General Manager	28 May	52m
4	Danny (Pseudonym)	Driver	5 June	1.3h
5	David (Pseudonym)	Driver	6 June	1.10h
6	Shaun Beckels (2)	General Manager	7 June	50m
7	Group (Mohammad Hossan)	President	18 June	Total 1.5h
8	G (Miriam)	Secretary and Vice President	18 June	-

INTERVIEW NO.	NAME	ROLE (JULY 2024)	DATE (2024)	DURATION
9	G (Shaun)	General Manager	18 June	-
10	G (Dionne)	Technical Expert	18 June	-
11	G (Michael)	Treasurer	18 June	-
12	Brendan Sexton	President – IDG NYC	10 July	50m
13	Minsun Ji	Founder – TDC Colorado	19 July	1.6h
14	Robert (Pseudonym)	Driver	24 July	1.2h
15	Frank (Pseudonym)	Driver	24 July	1.9h
16	Ben (Pseudonym)	Staff – Operation	25 July	40m

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