



Written by [Bob Adelman](#) on November 20, 2014

Taxi Union Flexes Its Muscle, Shuts Down San Francisco International Airport

Stung by increasing competition from ride-sharing services such as Uber and Lyft, independent taxi drivers in San Francisco — where Uber got its start in the summer of 2010 — decided to do something about it: They joined a union. And the first thing that union did was what unions always do: [They conducted a “work stoppage”](#) — right in front of San Francisco International Airport (SFO) — with more than 600 taxis blocking traffic, honking their horns and flashing their lights from 9 to 11 p.m. Monday night, while refusing to pick up passengers.



Most unions are wont to picket employers, hoping to blackmail them into giving in to union demands: higher wages, better hours, more benefits, etc. But in the passenger service business, there are no such employers, just customers. Unions, using outdated thuggish tactics that worked in the 1930s and '40s, decided to picket their customers!

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But it was the only way to get the message out, said Mark Gruberg, himself a taxi driver and board member of the San Francisco Taxi Workers Alliance:

We don't want to make people mad. But justice must be served. If we're not being treated the same, we have a right to speak out and make our case.

What Gruberg and his fellow taxi drivers were protesting was the airport's decision to allow ride-sharing services to pick up and drop off passengers, just like the taxi drivers can. But they did it without consulting with the taxi drivers' union, and that was deemed unfair.

Also unfair, they claim, is that Uber drivers, being self-employed individuals rather than employees of a taxi company, don't have to pay the airport's \$4 drop-off fee. And they don't have to follow the onerous regulations the cartel has inflicted upon itself over the years to protect itself from competition.

Now those chickens are coming home to roost.

Since Uber's launch in San Francisco in June 2010, the number of customers using traditional taxi services in the city has dropped off a cliff: down by almost two-thirds in just the last 15 months.

But instead of recognizing reality and adjusting to the new competition, the union has decided that since its shutdown of SFO worked so well Monday night, they're planning to do it again, only this time over the holidays. Skot Ballard, a cabbie working San Francisco for the last six years, explained: “Our income has been cut so bad, you'll definitely see more of this.”

So agreed Harbir Singh, another cabbie who is also a union board member:

That's just a sample that we showed them. We will do it again and again, every now and then. They



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have to listen to us.

Singh no doubt thinks that “they” is the airport authority, which had the audacity to allow competition to threaten their union-protected livelihoods. But it is the customers who are making the choices not to use taxis, not SFO.

Nevertheless, the unions consider those customer choices as “attacks” that must be answered, according to Bhairavi Desai, president of the National Taxi Workers Alliance:

San Francisco used to have progressive working conditions, in that every driver could earn a medallion and it was a very progressive model.

But in the last 10 years, San Francisco has been faced with very bitter attacks, with [ridesharing companies] being the latest of the attacks.

It's this old-fashioned perception that is spelling the death knell of the taxi unions. Hansu Kim, the owner of San Francisco's DeSoto Cab Company, can't fill his shifts: There aren't enough customers to keep his drivers busy. Sometimes entire shifts are being cancelled. And Kim isn't alone: “Every cab company I know of is having a huge problem filling shifts, including mine.”

Although the local taxi union doesn't understand what's happening, long-time taxi users do. Lee Houskeeper, a local publicist, event planner, and press agent, doesn't own an automobile. He used to prefer using taxis, but not anymore:

Aside from the convenience of hailing a [ride-sharing service] with your smartphone, they come rather quickly, you can tell when they're coming, and you get great [response] — these drivers are so enthusiastic. And most of them drive new cars.

He also saves a lot of money. A taxi ride from his home into town used to cost \$25, but now with ride sharing it costs between \$17 and \$18. Says Houskeeper: “I've weaned myself from taxis.”

The Big Taxi cartel has pushed back against the likes of Uber, Lyft, Sidecar, and others since they began, and continues to lose ground to the new reality. In the fall of 2012, the California Public Utilities Commission issued a cease-and-desist order to Uber but reversed itself a year later after creating a new category of service that covered ride-sharing companies.

The same thing happened in Massachusetts. In 2012, the state's Division of Standards issued a cease-and-desist order to Uber but then reversed itself just two weeks later.

Earlier this year the Seattle City Council voted to limit the number of drivers each ride-sharing service could operate in the city but customers — those who are ultimately in charge — became so outraged that they petitioned the body to put the question to voters in a referendum. The outcome of that vote is hardly in doubt.

Even those opposed to letting free markets operate, such as Andrew Leonard, writing in *Salon* magazine, has been forced to admit that Uber and its competitors are providing a benefit that traditional taxi services can't, or won't, provide: “Riders can only benefit from fierce competition for their services.” He added:

There's little doubt that Uber is the closest thing we've got today to the living, breathing essence of unrestrained capitalism.

This is like watching Andrew Carnegie or John D. Rockefeller in action.



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Leonard warned that such unrestrained capitalism will eventually result in a world-wide Uber monopoly, resulting in the destruction of taxi companies and the end of work for traditional cabbies in their bright yellow sedans. But Leonard then noticed how the free market works, when it's allowed to: When self-driving cars become commonplace, that will put Uber and its competitors out of business.

And that's the cycle of creative destruction that results in an ever-ascending standard of living for customers seeking their own best ends. In the end, what a customer wants is a low-cost, hassle-free way of getting from one place to another. Taxis served them well for years. Now it's Uber's turn. After Uber will come the next technology.

Mark Bruberg rejoiced at the decision of San Francisco's taxi drivers to join the union, exclaiming: "There's a new breath of life in unionism." No, Mark; it's more like a last gasp.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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