Hundreds of Uber and Lyft drivers strike in Los Angeles

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Hundreds of Uber and Lyft drivers in Los Angeles held a 25-hour strike Monday to protest working conditions along with planned wage cuts. The strike, organized by a group called Rideshare Drivers United, was triggered by Uber's recent announcement to cut drivers' per-mile compensation in Los Angeles and part of nearby Orange County by 25 percent.

The striking drivers are demanding a cancellation of the 25 percent cut and the implementation of a $27.86 minimum hourly rate. The drivers are also demanding that ride share company commissions be capped at 10 percent for each fare, that emission standards be put in place for all new vehicles added to the platform, that there be a cap on the total number of rideshare vehicles operating in a given area and that a fare surcharge be instituted indexed to the cost of fuel.

Uber's per-mile decrease would reduce driver compensation from its current level of 80 cents per mile to 60 cents per mile. The drivers are also incensed that they were not told about the decrease until one hour before the public announcement. Rates paid to drivers by the competitor Lyft in Los Angeles have not increased for more than 12 months.

Rideshare Drivers United estimates that there are more than 100,000 rideshare drivers in Los Angeles alone. Of these 100,000, approximately 30,000 drive as their primary or sole source of income.

Uber drivers had been paid a 60 cents per-mile rate prior to an increase last September. Uber justified its proposed rate reversion in a press statement essentially telling drivers that they can always earn the money back by working longer hours. "These changes will make rates comparable to where they were in September, while giving drivers more control over how they earn by allowing them to build a model that fits their schedule best," the statement read.

Uber's decision to slash rates in Los Angeles follows the passage of a ride-share driver minimum wage of $17.22 per hour in New York City last year. In 2018, several New York City taxi drivers took their own lives after being subjected to financial ruin as a result of the growth of the ride share companies which have reaped immense profits from the growth of a more highly exploitable, temporary work force.

New York also placed a cap on vehicle licenses for new ride-hail drivers which is set to expire in August. Nonetheless, Uber filed a lawsuit in February hoping to overturn the cap prior to August. Lyft, which has been hailed by the media as a more worker-friendly option to the more scandal-prone Uber, also filed a lawsuit in February against the city's imposition of the driver minimum wage law.

Both companies are in an intensifying drive for dominance of the global ride share market.

While its drivers strike and protest in Los Angeles, Uber announced that it would close a $3.1 billion deal this week to acquire Dubai-based Careem Networks in order to expand its reach in the Middle East. The acquisition follows the company's purchase of 37 percent ownership stake in Russian company Yandex's ride-sharing subsidiary, a 28 percent stake in Grab in Southeast Asia and 20 percent ownership of Didi Chuxing in China. The company is expected to list an initial public offering (IPO) this coming April.

Competitor Lyft will begin trading as a public company on Friday. The Lyft and Uber IPOs are expected to kick off a wave of tech companies going public including Pinterest, Postmates and Slack.

Investments by US venture capitalists reached an all-time high of $130 billion in 2018. At the same time, 83 percent of US-listed companies actually lost money in the year prior to their debuts, another all-time high. The previous record had been set in 2000 during the bursting of the dot-com bubble. Lyft lost $1 billion in 2018 while Uber operates at an almost regular loss due in part to massive investments in autonomous vehicles as well as acquisitions of competitor ride-sharing companies.

Executives at Uber and Lyft nonetheless stand to reap millions or more from their respective IPOs. Lyft's IPO alone has a current valuation of $23 billion with company cofounders Logan Green and John Zimmer expected to make hundreds of millions each after the listing.

The fortunes reaped by a small layer of executives and investors stands in sharp contrast to the conditions experienced by drivers.

The average Uber driver in the US, for example, makes only $9.21 an hour according to a report released by the Economic Policy Institute last May. After expenses like gas, car payments and vehicle maintenance are factored in, the average Uber driver can expect to take home as little as $3 per hour. Drivers have reported that they don't make enough money from the service to afford rent and have to remain homeless while driving.

In order to defray growing anger over low wages, Uber has offered some long-term drivers stock options in advance of the IPO; however this action is almost totally meaningless as only 4 percent of Uber drivers continue driving for the company after only one year on the job.

The growth of companies like Uber, Lyft, Task Rabbit, Airbnb, Postmates and others is part of an overall trend in the US and world job market. Benefits such as health insurance, paid vacations and pensions are seen as unacceptable drains on profitmaking with the utilization of widely available technologies such as smart phones and GPS to better casualize the labor force.

There has been a significant upsurge in contract and temporary work over the past two decades. A recent NPR Marist poll found that more than 20 percent of the US labor force, or 30 million people, can be classified as independent contractors. This is nearly double the amount independent contractors in 2005. Little more than half of independent contractors received health insurance through their employers.

Drivers at Lyft and Uber are quite justified in their demands and should make every effort to organize a united fight against the giant tech behemoths. This fight must be organized independently of the trade unions, however, which only seek to utilize the organizations created by the workers to increase their dues base and act as attorneys for the corporations against the workers.

The experience of truck drivers as independent contractors, stretching back to the late 1970s, is an important lesson. During that entire time, the Teamsters and other unions representing truck drivers have done nothing to fight back against the difficult hours and poverty-level conditions experienced by drivers in spite of the pivotal role they play in the logistics industry and in the economy as a whole. The crucial task for Uber and Lyft drivers is to expand their struggles to include truck drivers, auto workers, tech workers and the working class as a whole.