

# Hunger strike by New York City taxi drivers against crushing debt nearing the end of its second week

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A group of a dozen New York City taxicab drivers, organized by the New York Taxi Workers Alliance (NYTWA), have been on hunger strike for nearly two weeks to protest the impossible debt burden to which they have become subject. Thousands of New York City cabbies are the victims of a combination of factors including financial manipulation by wealthy investors, “revenue enhancement” by the city, and predatory lending practices. This situation has been developing for years, but as with many other pre-existing problems, has become more acute due to the pandemic.

Last March, under growing pressure, the de Blasio administration announced a proposed \$65 million dollar rescue package, far below what is needed to address the economic conditions facing the cabbies, for which the city is in large part to blame.

New York City requires that taxis seeking to pick up fares on the street, yellow cabs, must display a medallion issued by the city. In the past, when medallions were less expensive and their value rose at a modest rate, driving a cab was one way in which members of the working class, frequently immigrants, could make a relatively decent living. Moreover, their purchase of the medallion represented a reliable investment that could be sold to another person looking to operate a cab upon retirement.

By 2014, however, the price of these medallions had risen to over a million dollars each, up from \$200,000 in 2002. This was caused by fleet owners who deliberately bid up prices in order to inflate the value of their own holdings and the manipulations of predatory lenders seeking new investment opportunities after the crash of the real estate market in 2008.

The city itself benefited from the inflated medallion

prices. Seeing it as an enhanced source of revenue, many more medallions were “minted,” a thousand during the Bloomberg administration alone. The city also engaged in direct mailings and ad campaigns to promote the purchase of medallions, especially among immigrant workers.

As a result, the purchase of medallions by individual drivers using their own resources became difficult, if not impossible. They were therefore forced to become employees of company-operated “fleets,” with large numbers of medallions, known for their corruption and the exploitation of drivers. In addition to the loss of their independence, cabbies suffered a significant reduction in income. Drivers also became highly debt-burdened, while their income remained stagnant. The loan companies exploited the drivers even more by adding a myriad of fees—origination fees, legal fees, financing fees, refinancing fees, filing fees, fees for paying too late and fees for paying too early, according to research by the *New York Times*.

The artificial bubble burst in 2014, dropping the price of a medallion to below \$100,000. In part, this was due to increasing competition from ride-hailing services such as Uber and Lyft, whose drivers themselves are even more highly exploited. The collapse has been compounded by the effects of the pandemic, which has significantly reduced ridership. While ridership has recovered somewhat from earlier in the pandemic, it is still far below pre-pandemic levels, with 50 percent fewer cabs on the streets and 52 percent less revenue for the industry.

However, the size of loans taken out by individual drivers, based on the previously inflated medallion prices, remained unchanged. Thus, cabbies carrying

huge debts have been forced to work increasingly long hours for diminishing returns, making it nearly impossible to provide for their families and make payments to the loan shark companies. Some finance companies, such as Marblegate Asset Management, seized the opportunity to profit from this misery by purchasing large numbers of existing loans at reduced prices, but demanding full payment from the drivers.

One driver reported that in 1981 he averaged 40–50 hours of work a week. He now can't survive even on 120 hours, or more than 17 hours a day, seven days a week, describing the situation as “slavery.”

These conditions have caused cabbies to suffer extreme emotional distress. A number have been driven to suicide.

In September of last year, drivers staged a protest by temporarily blocking the Brooklyn Bridge.

In response to this dire situation, the de Blasio administration has created a program, originally proposed last March, which provides individual medallion owners with \$29,000 grants that supposedly would enable the drivers, who have an average debt of \$550,000, to negotiate with their lenders to reduce the overall loan amounts. This is apparently based on the theory that the lenders would prefer to negotiate a reduced amount for repayment instead of being left with perhaps an even lower return if the driver was to declare bankruptcy.

News reports indicate that at least 155 drivers have so far accepted the deal. On average, these drivers have had their outstanding loan amounts reduced from \$310,000 to \$180,000. Approximately 1,000 more have expressed interest in participating.

The reduced amount, however, is still a crushing burden. The New York Taxi Workers Alliance (NYTWA), which covers approximately 21,000 drivers, including yellow cab, green car, black car, livery and app-dispatched drivers, rejected the city's deal as totally inadequate and urges drivers not to accept it. Instead, the NYTWA proposes that all loans be reduced to \$145,000 that would be paid off at the rate of \$800 per month, and with a guarantee that the city will pay off the outstanding amount for any driver who defaults. At that rate of repayment, the driver would be paying for the rest of his or her life.

The NYTWA, originally founded in 1998, states on its web site, “Our commitment to membership-driven

organizing model has made NYTWA unique.” It further states, “We bring to realization that worker centers can grow to large size and remain committed to grass-roots organizing.”

However, its approach to the taxi drivers' struggle is limited to putting pressure on the city's Democratic Party-controlled government, which has overseen a social disaster in New York City and has spearheaded the financial elite's reopening of schools and workplaces this year under the Biden administration.

As with the Amazon Labor Union (ALU) currently attempting to organize Amazon workers on Staten Island and Los Deliveristas Unidos for app food delivery workers, both of which style themselves as independent, grassroots efforts, the NYTWA is promoting the illusion that struggles which remain under the control of the pro-corporate trade unions will be capable of ending the extreme and intensifying oppression of workers. Indeed, the current rising tide of strikes, which the unions have sought to limit at every step, is clearly demonstrating that workers have to fight against both the corporations and their labor union stooges.

The pathetic and inadequate “reforms” granted by the city for app food delivery workers illustrate clearly that pressuring the capitalist-controlled political establishment is utterly futile.

Instead, taxi drivers should to form their own, independent, worker-controlled rank-and-file committees and link up with other such committees being formed across the country and around the world.



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