New York taxi union declares victory with agreement that leaves drivers deeply in debt

Philip Guelpa
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Following a two-week hunger strike by a dozen cab drivers, the New York Taxi Workers Alliance (NYTWA), New York City, and Marblegate Asset Management (Marblegate) have announced an agreement that supposedly will substantially ameliorate the crushing debt burden suffered by many of the city's approximately 6,000 medallion taxi owner-drivers. There is no doubting the bravery and determination of the hunger strikers, who for two weeks risked their health and lives to protest the gross injustice done to them and thousands of other cab drivers. However, their sacrifice has not led to a true resolution of their claims.

In reality, the changes to the city's original debt relief scheme, proposed last March, will leave the drivers deeply in debt for the rest of their lives. Despite the NYTWA's triumphal claims, this revised agreement falls far short of even the union's own, already inadequate proposal. As previously described by the *World Socialist Web Site*, thousands of individual New York City cab owner-drivers were swindled into taking out hundreds of thousands of dollars in loans to purchase taxi medallions.

In what amounted to gigantic Ponzi scheme, the price of the medallions required by the city to allow cabs to pick up passengers who hail them on the street was massively inflated. It rose from $200,000 in 2002 to over a million dollars each over the next decade. This took place through the combined machinations of the city, cab fleet companies and finance companies, who used false and deceptive advertising, market manipulation and predatory lending practices to victimize a largely immigrant work force.

The price of the medallions collapsed precipitously in 2014 to below $100,000, due to the unsustainability of the artificially created price bubble, combined with growing competition from app-based ride hailing services such as Uber and Lyft. The drivers, who are independent operators, were each left holding huge debts, while their revenues declined markedly. This situation has been exacerbated by the drop in ridership caused by the pandemic.

However, despite the plunge in the value of the medallions and of drivers' incomes, the loan companies, Marblegate being the largest, continued to demand full payment on the debt. Indeed, Marblegate only began acquiring these loans from other lenders—at bargain prices—after the bubble burst, presumably in order to profit from the difference between the face value of the original loans and their discounted purchase price. In any case, this left the drivers in an impossible situation, holding an average debt of $550,000. Many were forced to declare bankruptcy, and some were driven to suicide.

Protests demanding relief have included demonstrations temporarily blocking the Brooklyn Bridge with cabs and, more recently, protesters camping out in front of city hall and a hunger strike by a dozen cabbies organized by the NYTWA. For its part, the NYTWA has based its entire strategy on attempts to pressure the city's Democratic administration. It has made no real effort to broaden the fight of taxi drivers or join forces with Uber and Lyft drivers, who are also brutally exploited. This has forced drivers to take desperate and isolated actions such as the hunger strike.

In March, the city proposed a debt-relief program that would provide individual medallion owners with $29,000 grants that supposedly would enable the drivers to negotiate with their lenders to reduce overall loan amounts. A small number of drivers accepted this offer, reducing their average outstanding loan amounts from $310,000 to $180,000—still an unsustainable level

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of debt for drivers whose income has been severely impacted by the pandemic and competition from ride-hailing services. Neither was the deal widely accepted by the lenders.

In response, the NYTWA made a counter proposal. All loans to be reduced to a principal amount of $145,000 that would be paid off at the rate of $800 per month, and with a guarantee that the city would pay off the outstanding amount for any driver who defaults. At that rate of repayment, the driver would be paying down the debt for much of the rest of his or her life.

In a move being hailed by the union and its pseudo-left supporters as a great victory, the city has come up with a new program that does not even meet the levels proposed by the union. In this scheme, Marblegate would restructure the outstanding loans it holds to a principal balance of $200,000, consisting of $170,000 to be repaid by the driver at five percent interest and a $30,000 grant from the city. The driver would be responsible for payments of $1,122 per month, for "eligible medallion owners," with full repayment projected in 20 years.

Given that the pandemic has reduced the overall revenue for the industry by 52 per cent, slashing the income of drivers who are already forced to work long hours, their ability to maintain payments at the specified level is doubtful. They would effectively still be placed in debt servitude for much of the rest of their lives. It should be noted that, although Marblegate is the largest holder of taxi medallion debt, other such companies, collectively holders of about 60 percent of the loans, are not currently party to this agreement and may not accept its terms.

The union, Marblegate, government officials and the media painted an entirely different picture of the situation. The *New York Times*, the ruling class's "paper of record," praised the agreement as "a major win for drivers…" US Senator Chuck Schumer, Democrat from New York, known as the "Senator from Wall Street," was reportedly a major player in the negotiations which led to this new deal. He heaped praise on both Marblegate and the union for their collaboration in "reach[ing] an equitable, sustainable solution…"

Bhairavi Desai, Executive Director of the NYTWA, extolled the agreement, saying, "Today marks a new dawn, a new beginning for a workforce that has struggled through so much crisis and loss. Today, we can say owner-drivers have won real debt relief and can begin to get their lives back. Drivers will no longer be at risk of losing their homes, and no longer be held captive to a debt beyond their lifetime." She praised both New York City Mayor Bill de Blasio and Marblegate for "working with us in good faith to reach a resolution."

The Twitter feed of the New York City Democratic Socialists of America (DSA) was flooded with laudatory tweets and videos of people dancing in celebration of the agreement. In fact, the NYTWA and its pseudo-left supporters advance the perspective that workers must accept the limitations of what capitalism condescends to grant rather than what workers need. This agreement is, in effect, a bailout for the financiers who have created a situation in which they were likely to lose large amounts of money due to their corrupt speculative schemes to entrap the drivers into huge debts which they could not repay. The drivers, on the other hand, will continue to be burdened for the rest of their lives due the financial schemes of the super-rich.

Marblegate and the other loan sharks, along with the city officials who promoted the criminal practices that created the bubble in medallion prices and hoodwinked the drivers into taking out exorbitant loans to purchase those medallions, should be thrown in jail, not bailed out by the city.

To fight against these conditions, taxi drivers should form their own, independent, worker-controlled rank-and-file committees to join their fight with that of workers coming into struggle across the US and around the world.

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