THE DAILY CALLER

# Experts At Odds Over Whether To Regulate Ridesharing Or Deregulate Taxis

**By Peter Fricke**

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Considerable disagreement continues over whether or how to regulate ridesharing companies, but both sides concur on the need for regulatory parity between taxis and ridesharing services.

Policy experts on both sides of the debate met Tuesday for a discussion hosted by the Cato Institute, a libertarian think tank, and while they generally agreed that the same regulatory framework should apply to both taxis and ridesharing services, this was the extent of their accord.

Brink Lindsey, Cato's vice president of research and the moderator of the discussion, framed the issue by saying that, "ridesharing is the hot new industry of the last few years," but has come under fire from traditional taxi operators, who claim it has attained success mainly by "evading existing taxi regulations."

Lindsey also pointed out that since 2012, when Uber and Lyft began operation, the market valuation of both companies has increased substantially, while the markets for taxi medallions in New York City and Chicago have all but collapsed, suggesting that ridesharing enjoys certain advantages over traditional taxis.

According to Marc Scribner, a research fellow at the Competitive Enterprise Institute, modern taxi regulations date back to the 1920s, when streetcar operators "first began lobbying for anti-competitive regulations."

By the 1940s, those restrictions had been adapted for the taxi industry in most cities, primarily in the form of taxi medallions, minimum fares and geographical service requirements, all of which, he claimed, serve to limit competition, and thus service quality, in the industry.

Dean Baker, co-director of the Center for Economic and Policy Research, acknowledged that ridesharing is “a great innovation,” but said it is also important “to decide what legitimate regulation is,” especially when it comes to passenger safety.

He claimed, for instance, that, “it doesn’t make sense not to have a uniform policy for insurance,” because ridesharing passengers should be entitled to the same reasonable expectation of compensation in the event of an accident that taxi passengers already enjoy, even if the requirement does impose some costs on business.

Similarly, Baker also asserted that ridesharing companies should be required to perform background checks on drivers, just as taxi companies must, saying, “It seems reasonable to ensure that drivers don’t have a violent criminal history.”

Besides, he added, “I would hate the idea of my 87-year-old mother driving an Uber.”

In addition, Baker proposed that, “minimum wage and overtime rules should apply, and ridesharing drivers should be able to bargain collectively,” claiming those steps would help to ensure commensurate pay rates for both taxi and ridesharing drivers.

However, Matthew Feeney, a Cato policy analyst, countered that ridesharing companies have been impressively responsive to concerns such as those Baker raised, which Feeney takes as evidence that the market is better able to handle such challenges than is the government.

“Before we ask if government should regulate,” he said, “we should ask if companies will regulate themselves.”

“Insurance is a legitimate concern,” Feeney granted, but he said ridesharing companies have already taken steps to address that shortcoming. In the case of Lyft, for example, “a $1 million insurance policy takes effect as soon as a driver accepts a passenger.”

There is a “gray area” in that coverage when a driver has their ridesharing app turned on and is not carrying any passengers, but Feeney said that in most major cities, companies have already sprung up to “fill the gaps” by offering per-mile insurance coverage.

Moreover, Feeney maintained that ridesharing services are inherently safer than traditional taxis for both drivers and passengers.

Driving a taxi, he explained, is essentially the same as “picking up hitchhikers for a living,” with the predictable result that it is among the more dangerous professions an individual can engage in. In fact, in all but two years between 2006 and 2013, “more taxi drivers were killed on the job than police officers or firefighters.”

The occupation is so risky, he said, not only because taxi drivers are known to carry large amounts of cash (“the mother’s milk of crime”), but also because “their job consists of giving rides to anonymous strangers.”

With ridesharing services, in contrast, “drivers and passengers are not anonymous, and they rate each other,” which serves to deter crime by making it easier to identify and apprehend perpetrators.

“Taxis are not destined to go extinct,” Feeney concluded, “but to maintain relevance they must tap into what makes ridesharing so popular.”