

MUNICIPAL REFERENCE  
LIBRARY  
RECEIVED

NOV 25 1932

MUNICIPAL BUILDING  
NEW YORK CITY

Copy 1

NEW YORK CITY

M45.66

II9

RECEIVED  
NOV 25 1932

**Report of the Mayor's Commission**  
**on**  
**Taxicabs**

# Minutes of Meeting of Mayor's Commission on Taxicabs

---

September 23, 1930.

At a meeting of the Mayor's Commission on Taxicabs, held at Room 3903—225 Broadway, City of New York on above date, all of the members being present, the following proceedings were had:

It was moved by Commissioner Le Boutillier and seconded by Commissioner Reardon that the following should be adopted as the final report of the Mayor's Commission on Taxicabs.

Unanimously carried.

G. W. MIXTER,  
*Secretary, Mayor's Commission on Taxicabs.*



# Report of the Mayor's Commission on Taxicabs

## The Commission

FRANK P. WALSH      GEORGE W. MIXTER  
Chairman                      Secretary

LEONOR F. LOREE  
PHILIP LeBOUTILLIER  
DANIEL L. REARDON

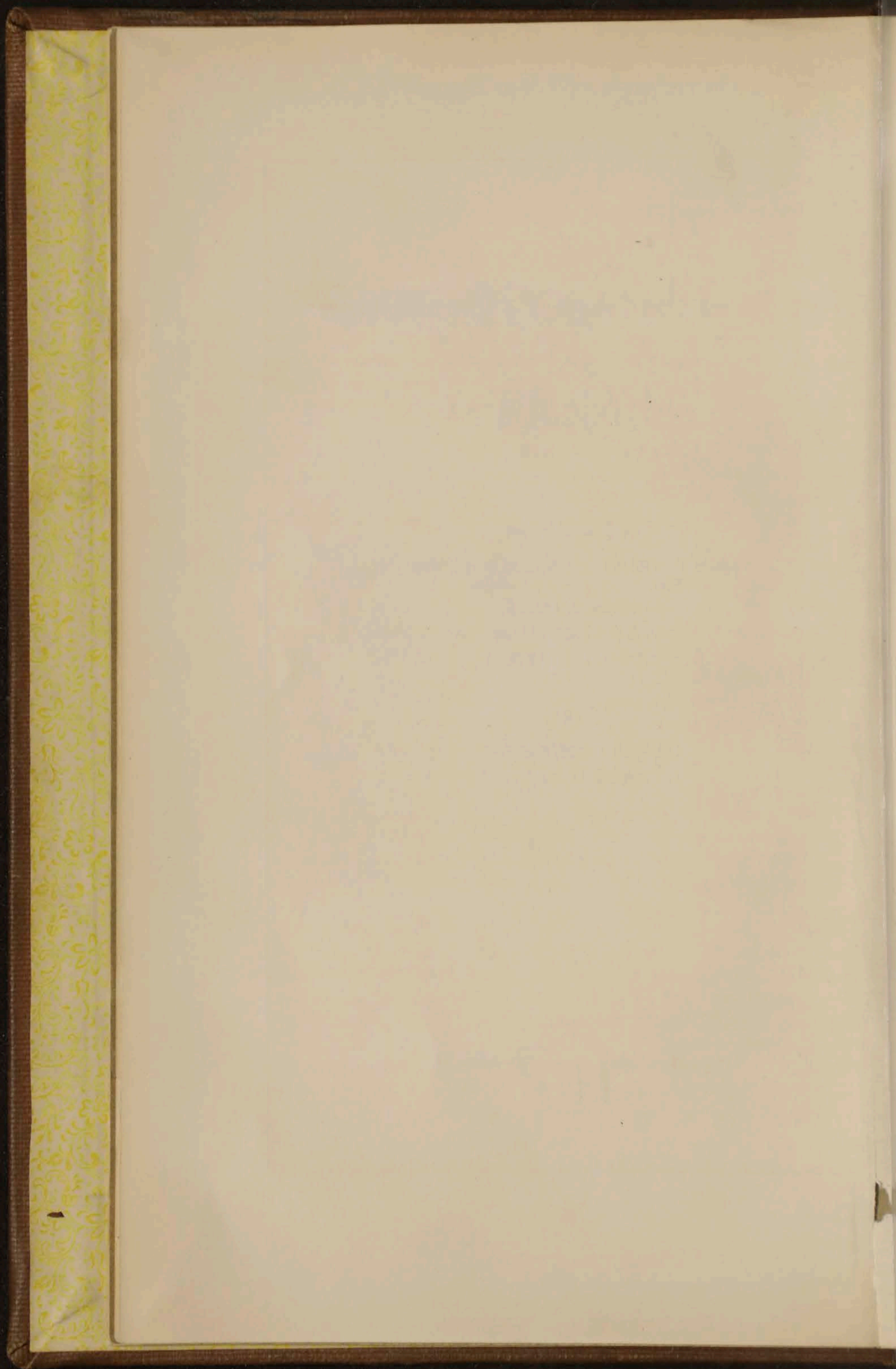
## Staff

LELAND OLDS, Economist  
J. I. METCALF, Engineer

+

SEPTEMBER 23, 1930

- NEW YORK CITY



## REPORT OF THE MAYOR'S COMMITTEE ON TAXICABS

TO THE HONORABLE JAMES J. WALKER,  
Mayor of the City of New York.

Sir:

Your Commission appointed to inquire into the taxicab situation in the City of New York has held twelve public hearings which afforded all interests involved an opportunity to present their views. In addition it has examined a considerable number of extensive written briefs and analyzed statistical information gathered from all available sources.

Your Commission finds the taxicab industry in the City of New York to be in a thoroughly unhealthy condition.

It is responsible for many avoidable accidents.

It is largely in the hands of operators without the financial responsibility necessary to assume full liability for such accidents.

It is responsible for excessive cruising with the resulting addition to traffic congestion, added hazards and unnecessary costs. It is uneconomical and inefficient in the utilization of its cabs.

It is further characterized by financial insecurity and offers no assurance of steady employment to its drivers. The drivers have no stability of earnings and are compelled to operate an excessive number of hours per day, the resulting fatigue tending to increase accidents.

In short, it fails to provide the safe, economical and available transportation which the public has a right to demand, at the same time that it fails to provide sure, remunerative employment to the workers and stable returns to the investors.

Drastic changes in the organization of the taxicab industry in New York City are necessary to cure these ills. But the attempt to cure will miscarry if the real nature of the ills is not recognized. A true diagnosis would point out that they are merely the ills of adolescence. They must be treated as such and the industry stabilized.

The taxicab industry in the City of New York has been growing very rapidly. In this it is merely paralleling similar growth throughout the country. It has outgrown the stage in which a host of individual, competing operations are desirable and yet it still retains the old form of organization.

It must be encouraged in its inevitable transition to a full grown member of the public utility family.

In turning to discuss specific problems in greater detail we may note Commissioner Whalen's testimony as to the conclusion to be drawn from evidence offered at a previous hearing over which he presided. He said:

"There was a compelling conviction at the end of the hearing that the taxicab industry in New York was the most poorly operated from

a business standpoint of any industry of its magnitude that could be found anywhere in the world, and the economic loss that was sustained through the method of operation was very severe."

In emphasizing this statement we do not condemn the many taxicab owners who are honestly endeavoring to afford the city satisfactory service at reasonable rates in the face of these adverse conditions. On the contrary, we feel that they, along with the city as a whole, are the victims of a situation which is in turn a product of the transitional stage in which the industry finds itself.

The problem, then, is not to find ways and means of extending public control over a disorganized industry. It is rather to provide a basis upon which, under public control, the taxicab industry can proceed to organize along lines which have been followed by other public utilities.

With this brief statement as to point of view we proceed to summarize our conclusions and recommendations. Following this summary you will find the detailed report.

### SUMMARY OF CONCLUSIONS

(1) The taxicab industry in the City of New York from a business standpoint is one of the most poorly operated industries of its size in the country, due largely to excessive competition between approximately 10,000 separate owners who operate its 19,500 cabs. The duplication of equipment and management which results from this competitive situation is the cause of most of the problems of the industry.

(2) The excess of drivers, totalling 68,397 for 19,507 taxicabs or about 3.5 drivers to each taxicab operated in the city, is a feature of the competitive situation which serves to undermine the efficient conduct of the industry. The resulting high labor turnover, amounting in the case of one important fleet to 460 per cent annually, is an outstanding obstacle to the development of a responsible operating personnel. It serves to undermine the safe and efficient conduct of the industry.

(3) Excessive cruising is a significant factor in the traffic congestion of the mid-Manhattan area. It is also an important obstacle to the safe and economical operation of the taxicab industry, involving an unnecessary amount of unpaid mileage. The solution of the cruising evil cannot be found in provision for more hackstands unless this is coupled with elimination of competition to such extent as may be necessary to make possible a planned and controlled cab distribution on the basis of known frequency of demand.

(4) Reduction in taxicab accident frequency and assumption by the industry of full liability for all accidents for which it is responsible can only be obtained by encouraging the development of large scale responsible operation. This will make possible the enforcement by management of

perfectly possible standards of safety now rendered almost impossible by the disorganized competitive state of the industry. It will assure the conduct of the industry by corporations capable of meeting all financial obligations.

(5) The present rate of 15c for the first quarter mile and 5c for each succeeding quarter, which is the basis for the charges of 91 per cent of the cabs operating in New York City, is adequate to cover the cost of operation if 50 per cent paid mileage can be obtained. Failure to operate at a profit on this rate is due largely to the competitive and disorganized condition which reduces paid mileage to an average of about 44 per cent of total mileage. The placing of the industry on a business basis, with unnecessary costs due to present unorganized conditions eliminated, would make possible lower operating costs which could be shared with the public either in better service or further reductions in fare.

(6) The taxicab industry is in process of transition from small scale individual luxury service to an essential part of transit systems. The present magnitude of the industry in New York City, with its 346,000,000 passengers a year and its annual income of \$120,000,000, or approximately \$144,000,000 including tips, warrants its recognition as a full-fledged public utility. As such it requires provision for both proper organization and public control. This has been recognized by resolution of the National Association of Taxicab Owners.

(7) The unifying of the city's taxicab service under a single franchised corporation offers manifest advantages, many of which cannot be fully attained so long as diversity of operation remains. The advantages of unified operation in terms of economical utilization of cabs and reduction of traffic congestion are especially noteworthy.

(8) The possible advantages of coordinating taxicab operation with the city's general rapid transit system should be further explored. In Philadelphia, Kansas City and Grand Rapids such coordination has been adopted as a definite public policy, while the trend seems in that direction in Cincinnati. The theory is that the general transportation needs of a city can be most economically and satisfactorily met by the combined operation of all transit facilities in which each supplements the other in resources and service.

(9) The major problem is clearly that of facilitating the transition to unified taxicab operation under a single franchise with due regard to the interests of all parties at present engaged in the industry.

(10) The prevailing trend in both municipal and state legislation is toward placing the taxicab industry under regulatory authority with power to control the number of taxicab operations and the number of taxicabs through certificates of convenience and necessity.

(11) The desirable features of coordinated taxicab operation may be obtained through a cooperative association of owner drivers as well as through a single privately owned corporation, provided that such an associa-

tion incorporates along the lines of the Chicago and Detroit Checker cab operations and proves its ability to meet all financial obligations including the assumption of full liability for accidents. Existing associations of owner drivers in New York City might serve as the basis for such a cooperative corporation.

On the basis of these conclusions, supplemented by the outline of facts and the evidence analyzed in the body of the report, we make the following recommendations:

### RECOMMENDATIONS

(1) That the present ordinance relating to Hacks, Cabs and Taxicabs be repealed and a new ordinance enacted along the lines indicated in the ensuing recommendations.

(2) That the taxicab industry of New York City be declared to be a public utility and be placed under the jurisdiction of a Taxicab Control Bureau in the Board of Transportation, with authority to assure proper control of the entire industry.

(3) That operation of taxicabs on the streets of New York City be subject to the grant of a certificate of public convenience and necessity issued by the Taxicab Control Bureau on the basis of conditions subsequently enumerated, with power of revocation.

(4) That existing cab owners licensed to operate cabs on the streets of New York City be granted such certificates covering the operation of cabs now operated, but terminable as to each such cab with its life, and not in any case for more than three years.

(5) That when there is failure to operate any cab for any reason over a period of 60 days or at the end of the three-year period, the certificate covering the operation of that cab shall lapse and shall be awarded as a new certificate only to the operation capable of demonstrating that public convenience and necessity require such additional cab and that it possesses the ability to utilize it economically and efficiently.

(6) That the granting of new certificates be based upon demonstrated need for the number of cabs for which certificates are requested as well as upon the operator's establishing the following:

(a) Ability to assume full financial responsibility for all liabilities incurred;

(b) Ability to conduct an efficient and economical operation along good business lines; and

(c) The adoption of a color scheme or emblem or both not encroaching on the established good will of any existing operation.

(7) That the Taxicab Control Bureau given jurisdiction over the industry be given power to:

(a) Grant and revoke certificates of convenience and necessity as defined above.

(b) Approve and revoke transfers of certificates of convenience and necessity.

(c) Determine prior rights to color scheme or emblems and protect operators in their rights to such distinctive markings.

(d) Fix uniform rates and service standards. To start with, the uniform rate should be the present 15-5 cent rate with prevailing extras.

(e) Prescribe the submission of regular reports from all taxicab operations.

(f) Require a uniform system of accounts to be kept by all taxicab operations.

(g) Require access to accounts and records necessary to the carrying out of its functions and powers.

(h) Investigate accidents.

(i) Establish specifications for taxicabs and their condition, including safety equipment, taximeters, etc.

(j) Prepare a program for hack stands and establish methods of operation which will eliminate unnecessary cruising.

(k) Establish employee working conditions necessary to safe and efficient operation.

(l) Establish qualifications for drivers.

(m) Conduct such investigations as are necessary to the exercise of its regulatory powers.

(n) Employ a staff necessary to the performance of its functions.

(o) Exercise any other powers necessary to its function and not in conflict with powers granted to any other governmental authority.

(8) That the annual license fee for each taxicab be raised to \$50 with proportionate reductions for the last half and last quarter of the fiscal year.

(9) That the annual license fee for hack drivers be raised to \$10 for the first year and \$5 for each renewal thereof.

(10) That the hack bureau of the Police Department shall be continued with its present organization and exercise the following powers:

(a) To issue and revoke drivers' licenses in accordance with the qualifications laid down by the regulatory body and with additional power to refuse to issue a license where a personal record in their judgment renders the applicant undesirable.

(b) To issue hack licenses in accordance with the proper certificate of convenience and necessity and in conformity with the specifications laid down by the regulatory power.

(c) To prescribe the kind and location of license plates, medallions, badges, etc., for both hacks and hack drivers.

(d) To carry on the periodic inspection of hacks at intervals determined to be necessary by the regulatory body.

(e) To authorize and designate hack stands upon recommendation of the regulatory body, where the location of such stands does not interfere with police control of traffic.

(f) To continue their present power of disciplining drivers for violations of traffic regulations, dishonest practices and such other operating rules as the regulatory body shall establish.

(g) To enforce the provisions of this ordinance and such regulations as the regulatory authority may determine in conformity with it.

(11) That all duties and authorities now resting with the police department and not in conflict with these recommendations shall continue as defined in the present ordinance.

(12) That certificates of convenience and necessity issued by the Taxicab Control Bureau be assignable with the consent of such body, but that in no instance shall this body give its consent to such assignment where the consideration for the transfer is in excess of the price fixed by the regulatory body.

(13) That a single rate of fare be established for all taxicabs operated in the City of New York and that for the present this be the prevailing rate of 15 cents for the first quarter mile and 5 cents for each succeeding quarter mile, with prevailing extras.

### SUGGESTIONS

While it is our opinion that the taxicab ordinance should be limited to defining the general powers of regulation rather than the specific details of their application, we believe that the regulatory body should consider the following:

(1) That the taxicab industry should be treated as a vital part of the city transit system and as such should be favored rather than tolerated.

(2) That every step in carrying out this scheme of regulation should be guided by the belief that the best interests of the city would be served by encouraging the trend toward unified operation under a franchise.

(3) That speed governors limiting the speed of taxicabs to a maximum of 35 miles an hour be required as a safety provision in the cab specifications.

(4) That the present number of taxicabs is excessive to provide the necessary service under present conditions and that under unified control the number licensed might be further limited to something in the neighborhood of 14,000 cabs.

(5) That meters be required which will provide a permanent printed record of each transaction affording the patron a printed receipt setting forth the amount of fare, date, time and identification number of the cab.

(6) That taxicabs be equipped throughout with non-shatterable glass.

(7) That the regulatory body, with the co-operation of the Police Department, initiate and carry through a comprehensive investigation of taxicab traffic in all parts of the city with a view to developing a program for the most efficient utilization of taxicabs with especial reference to the establishment of hackstands, the institution of a telephone and call box system, and to the regulated movement of empty cabs.

(8) Street traffic congestion, especially on important traffic thoroughfares, would be greatly reduced if street openings, street repairs, pavings, etc., were prosecuted in shifts working the whole 24 hours.

(9) That, so long as diversity of ownership prevails, the name of the individual or corporate owner shall appear on the door of every taxicab in letters at least 2 inches high.

(10) That appropriate uniforms for summer and winter wear be prescribed for all taxicab drivers.

## THE TAXICAB INDUSTRY IN NEW YORK CITY

### PART I

#### OUTLINE OF FACTS

A. The taxicab industry is afflicted with excessive competition, which results in excessive labor turnover and excessive cruising. These costly evils can be overcome only by substituting coordinated operation for the present lack of business organization. In this connection the following facts are important:

1. The taxicab industry in the City of New York, from a business standpoint, is one of the most poorly operated industries of its magnitude in this country.

2. The taxicab industry in the City of New York is characterized by the evils which result from excessive competition. The industry has outgrown the highly subdivided ownership which it inherited from the days of individually owned horse drawn hacks.

3. The 19,500 hacks operating in the City of New York are controlled by approximately 10,000 separate owners. More than 60 per cent. of all the cabs are operated in units of from 1 to 25 cabs. This makes for duplication of equipment and management with resulting uneconomical operation.

4. There is also an excessive number of drivers, the number licensed having increased from 2 per cab in 1925 to approximately  $3\frac{1}{2}$  per cab in 1929.

5. This excess of drivers takes away from drivers all sense of security in their jobs and reduces the feeling of responsibility desirable in men operating a public motor vehicle. Instead of the present 68,397 a total of 40,000 drivers would be sufficient to provide the present hack service if it were properly organized.

6. Limitation of the number of drivers, however, is impracticable in the present highly competitive situation. It can be effectively accomplished only by the business judgment of a large operation.

7. High labor turnover, amounting in the case of one important fleet to 460 per cent. resulting from the competitive situation, is perhaps the foremost obstacle to developing a responsible and stable operating personnel.

8. Excessive cruising is simply one phase of the problem of excessive competition. Its elimination would be a step toward both safer and more economical operation, as well as toward relief of traffic congestion.

9. Lack of adequate provision for hack stands is one of the factors forcing cabs to adopt cruising. But the police department has no specific authority to originate hack stands nor is it possible to assure the use of such stands if once established so long as the present competitive situation prevails.

10. The present extent of cruising appears in the fact that 2,000 empty cabs have been counted passing a single 5th Avenue corner in one day. Police efforts to reduce cruising on 5th Avenue have failed. Police Department counts also show that 71.5 per cent of the cabs operating in the Pennsylvania Station zone between 8:30 and 9:30 A. M., and 64.6 per cent of those operating between 5:30 and 6:30 P. M., are empty. Similar figures are available for other areas.

11. Elimination of excessive cruising requires cooperation between the city and a taxicab organization sufficiently inclusive to make possible a

planned distribution of cabs. President Draper of Cincinnati's largest taxicab operation describes the possibility of substituting controlled cab movements, scheduled to meet a known demand, for unregulated cruising. Full development of this program would require unified operation of all taxicabs in the city.

12. The mere provision of hackstands without coordinated operation is insufficient as a cure for excessive cruising because of the futility of placing upon Police Traffic Officers the additional burden of supervising the operation of 20,000 taxicabs, a duty properly in the sphere of management.

B. The taxicab accident situation is serious but the figures show the taxicab driver, even under present conditions, to be slightly safer than the average driver of other motor vehicles. Reduction in accident frequency and assumption of full liability for such accidents as are unavoidable can only be obtained by encouraging the development of large scale responsible operations. In this connection the following facts are important:

1. Taxicab accidents figures supplied by fleet operators indicate an average of 9.5 accidents per taxicab per year with 2.8 per cab per year involving injury to persons.

2. Personal injury statistics for New York City compiled by the State Motor Vehicle Bureau indicate that taxicabs representing 3.75 per cent of all motor vehicles operating on the streets are involved in 15.8 per cent of all fatal automobile accidents and in 27.4 per cent of all non-fatal personal injury accidents.

3. Further analysis of the figures indicates, however, that taxicab drivers on a mileage basis are, if anything, relatively safer drivers than the average drivers of a private car. This is borne out by insurance rates in which the difference between taxicabs and private cars is roughly in proportion to the difference in mileage operated per year.

4. Analysis of fatal motor vehicle accidents involving pedestrians also tends to show the average taxicab driver a somewhat safer driver than the average driver of a private car. A larger proportion of pedestrians killed by taxicabs had disregarded traffic rules. Taxicab operators also are responsible for the deaths of a smaller proportion of children playing in the street than are other car drivers.

5. The per cent of fatal motor vehicle accidents involving taxicabs to the total is, if anything, decreasing.

6. The impression that the taxicab driver, made reckless by low rates, is responsible for an exorbitant number of accidents is apparently unfounded.

7. Similarly the impression that individual owner drivers are the safest drivers is apparently unfounded, if the mileage factor is taken into consideration.

8. Furthermore, the inability of fleet operators to enforce perfectly possible standards of safety is due chiefly to the disorganized competitive state of the industry.

9. Factors in safe operation which could be developed by large scale taxicab operation include (a) Regular inspection of rolling stock similar to that carried out by railroads. (b) Personnel methods involving selection and supervision and training of drivers and assurance of stable employment at fair wages with reasonable hours of work.

10. Additional safety factors should include all shatterproof glass and speed governors limiting speed of cabs to 35 miles an hour.

11. Attempts to assure full liability for accidents through raising insurance requirements is not a remedy.

12. The question of full liability can only be assured by assuring operations capable of carrying full financial responsibility. To the extent that such capable operations are not assured the general public is forced to shoulder some of the obligations of the industry.

13. Full financial responsibility can only be attained through the organization of the entire industry on a proper business basis.

C. The present prevailing 15-5 cent (30/20) rate appears adequate to cover all costs and a profit under proper control and organization of the industry. Certainly present conditions are not a proper basis for determining whether the public should pay more or less for taxicab service. On this subject we note:

1. The rate of 15 cents for the first quarter mile and 5 cents for each succeeding quarter, called the 30/20 rate is at present the basis for the charges of 91 per cent of the cabs operating in New York. It is the rate charged almost universally by fleet operated cabs while a considerable number of individual owner driver cabs still charge the higher 40/30 rate.

2. The 15-5 cent rate, with waiting time charged at \$1.50 per hour, produces an average of 27.5 cents per paid mile for the average trip which means from 11 cents to 16.5 cents per total mile as the paid mileage varies from 40 per cent to 60 per cent of the total.

3. The present average paid mileage is not more than 44 per cent which would produce at the 15-5 cent (30/20) rate a revenue of 12.1 cents per total mile.

4. Under the present conditions, the 15-5 cent (30/20) rate leaves little or no profit.

5. A lesser number of cabs properly managed under consolidated or completely unified operations as a regulated public utility will provide reasonable service, and under such conditions revenue and cost factors will be affected in various ways, including the following:

6. With some reduction of idle cruising, a paid mileage of 50 per cent of the total miles traveled seems conservatively attainable. This would increase the revenue per total miles traveled by from 1.25 cents to 1.75 cents.

7. Drivers compensation for total mile would be increased to a figure which would assure a reasonable wage.

8. Efficient operation presupposes a taxicab actually designed for economical taxicab service in contrast to the so called purpose-built taxicab. A truly purpose-built cab would include only such size, weight, and power as is necessary to provide satisfactory service at reasonable cost. Such a cab would cost financially responsible operators at least \$500 less than the prices that have generally prevailed for new taxicabs.

9. The cost of supplies per cab mile would be reduced by large scale purchasing and by the somewhat lower consumption of gasoline, oil, and tires by the truly purpose-built taxicab.

10. The maintenance cost for a truly purpose-built cab should be less than that required to keep heavier and more luxurious cabs in first class condition.

11. Insurance, bond, or claim cost should be less than the present cost to the financially responsible large fleets, primarily because better supervision of drivers and less cruising would reduce accidents.

12. Administration and General Expenses would be increased to provide proper control of taxicab movements, including telephone call system and dispatching services and to pay the proposed increased license fees.

13. The charge for depreciation would be lower with the use of lower cost truly purpose-built cabs, well maintained and not superseded as a result of change of style before the end of their useful life.

14. While exhaustive analyses have been prepared, the Commission considers that the possible conditions are too varied to permit any final conclusion as to the total effect of all of these elements. It does, however, appear probable that under proper operating conditions the 15-5 cent (30/20) rate of fare, with waiting time added at the present rate of 5 cents for each two minutes, is sufficient to attract good management and the necessary capital. Certainly no change of this prevailing rate either upward or downward is justified until the situation has been constructively developed and all the facts ascertained under improved conditions of organization and management.

15. Better organization of the Taxicab industry presumes a single legal rate of fare. Such a uniform rate should be determined by the regulatory body on the basis of the costs of efficient and economical operation.

D. The Taxicab Industry has developed into a full-fledged public utility with a distinctive function in the general scheme of city transit. Important facts in this connection are:—

1. The taxicab industry throughout the United States is in process of transition from small scale individual to large scale mass transportation. In this it is following the historical trend which has characterized most modern industries.

2. This transition is taking it out of the class of a luxury service to the well to do classes and transforming it into an essential part of the city's transit system.

3. In this process cut rate operations have been a constructive force. They have served to usher in modern taxicab operation producing an economical service available to hundreds of thousands.

4. The present magnitude of the industry in the City of New York with its 346,000,000 passengers a year and its annual income of \$120,000,000 or about \$144,000,000 including tips, is the best evidence of its right to join the other utilities as a part of the city's regular transit system.

5. The taxicab industry in the City of New York is already carrying more than one-third as many passengers as the street surface lines while its total revenue is almost in a class with the gross revenues of all other transit services combined.

6. The taxicab industry is receiving increasing recognition from organized capital. The largest operation in the City of New York under one control comprises over 2,000 cabs, and there are two other operations with about 1,000 cabs each.

7. The 1929 convention of the National Association of Taxicab Owners adopted a resolution describing the industry as a public utility and advocating the requirement of a certificate of public convenience and necessity.

8. General Manager Ehrman of Taxicabs of Cincinnati, Inc., expressed the demand of the industry for recognition as being on the same high plane as other agencies serving the public. He asserts that failure to grant such recognition is responsible for the unsatisfactory cruising situation.

9. There appears a growing tendency to merge the taxicab industry with the general system of street transportation through direct or indirect affiliation with the street railways. In Philadelphia, Grand Rapids and Kansas City this has become definite public policy. The theory is that the general transportation interests of a city can be most economically and satisfactorily served by the combined operation of all transit facilities.

10. Such a combination assumes the proper development of the newer transportation agencies with a minimum dislocation to the older but still essential services.

11. In any such merger the distinctive function of the taxicab industry must not be forgotten.

12. The Street Railway Association has issued a bulletin analyzing the importance of the recent low rate taxicab development as a potential competitor for street railway traffic.

13. The problem of taxicab regulation is to fit public automotive vehicles giving individual service at low rates into the general city transit system without unduly congesting the streets.

E. The trend of opinion toward the franchising a single taxicab operation under public utility regulation appears to afford the best hope of solving the problems of providing safe, efficient taxicab service with reasonable returns to all involved. Important facts in this connection are:

1. The trend in the taxicab industry is toward limitation of competition through controlling the right to put more cabs upon the streets.

2. At present New York City has more taxicabs per square mile than any other city and more per 1,000 of the population than any city except Boston. But there is no exact basis for drawing conclusions from these comparative figures as to the desirable number in any given city. Conditions as to demand and cab utilization are variant elements.

3. The prevailing trend in both city and state legislation is to place the taxicab industry under regulatory authority with the right to operate a taxicab subject to the securing of a certificate of convenience and necessity.

4. The certificate of convenience and necessity requirement bridges the gap between unregulated competition and regulated monopoly. It must be carefully handled if it is not to deprive the public of the benefits of competition without giving them the advantages of a single unified operation, under municipal regulation and control.

5. Provision must be made to prevent domination of a single cab manufacturer from being furthered by the certificate requirement unassociated with the franchise of a regulated monopoly operation.

6. For more than a year Seattle has debated the proposition that the city grant a franchise authorizing a single company to operate its entire taxicab system.

7. Competition of owner drivers is not a force tending to keep down the rates charged for taxicab service.

8. Pennsylvania Public Service Commission discusses the evils of irresponsible competitive taxicab operation without any co-ordinated telephone service. It calls attention to its consistent refusal to let competition

enter. It quotes court decision to the effect that "Unrestricted competition in such utilities has been, by experience, definitely shown to be ultimately unwholesome for the community."

9. The Pennsylvania Commission quote the court further to the effect that restricted competition would be impracticable.

10. The Pennsylvania Commission proceeds to show the advantages in the way of co-ordinated taxicab distribution derived by Philadelphia from unified operation as contrasted with the lack even of telephone service in New York City.

11. City Manager Sherrill of Cincinnati, with wide experience in dealing with the taxicab situation, says: "With a single responsible company operating the taxicabs of a city on a public utility basis, rigid regulations could be enforced preventing cruising and keeping the major part of the taxis off the streets and in garages."

12. The dispatching system of the Yellow & Checker Cab Co. of San Francisco reveals the possibility of economical use of cabs, elimination of unnecessary cruising, etc., possible under unified management. It suggests that the cruising, individually controlled cab system is merely an early, primitive stage of the industry.

13. Co-ordinated operation might be obtained through a co-operative association as well as through a single privately owned corporation.

14. Unified operation would open the way to the establishment of better working conditions not possible in the present disorganized competitive situation. Interesting steps in this direction have been taken by large operations in other cities.

15. Practically all of the ills characterizing the present state of the industry could be cured under unified operation.

## ORGANIZATION OF THE INDUSTRY

### *Excessive Competition Outstanding Problem.*

The taxicab industry in New York is characterized by all the evils which result from excessive competition. The service has outgrown the possibilities of the highly subdivided ownership and responsibility which it inherited from the days of individually owned horse drawn hacks. It has become a great public utility without receiving the recognition and consequent organization and control necessary to assure satisfactory service to the public.

The commission has before it a mass of testimony suggesting that there are too many taxicabs on the streets of New York, or at least that no additional cabs should be licensed until the number necessary to serve the city's needs can be determined by some extended survey. It is contended that the over-supply of cabs is responsible for the inadequate returns produced by the industry.

Far more significant, however, is the excessive number of owners and drivers. The question of the number of cabs necessary to serve New York can never be properly settled so long as this extreme competitive situation prevails. Potentially there are two or more different cab owners competing for the trade of every fare that is offered. In other words it is impossible

to have competition without duplication of equipment and management with all the waste which that entails.

The cost of this duplication makes it practically impossible to secure the effective organization of service which would be possible under something approaching unified operation.

Figures furnished by the Police Department showing the ownership of cabs in New York City as of May 6, 1930, reveal the extent of the disorganization which characterizes the industry. In round figures they show that the 19,500 taxicabs which compose the service are controlled by nearly 10,000 separate owners. Not only are there 9,257 owners of single cabs but there are also 390 owners of fleets of 10 cabs or less. Considerably more than 60% of the cabs operated in the streets of New York are in fleets of less than 25 cabs. Only 26.6% of the cabs are in fleets of 100 or more and these are divided among 11 different operations.

The statistical picture of lack of organization in the New York taxicab industry appears in the following figures taken from the records of the Police Department:

OWNERSHIP OF TAXICABS IN NEW YORK CITY  
(May 6, 1930)

Classification	Owners	Taxicabs Licensed	
		Number	Percent
<i>Fleets</i>			
Over 100 cabs.....	11	5,193	26.6%
50 to 99 cabs.....	16	1,048	5.4
25 to 49 cabs.....	27	930	4.8
11 to 24 cabs.....	90	1,453	7.4
6 to 10 cabs.....	102	769	3.9
2 to 5 cabs.....	288	857	4.4
Total fleets .....	534	10,250	52.5%
<i>Single Cabs</i>			
Total .....	9,257	9,257	47.5
Grand Total .....	9,791	19,507	100.0%

The lack of organization revealed in this widely distributed ownership is fundamental to all the other problems connected with taxicab operations in New York City. From it spring most of the evils which will be discussed in the later sections of this report. It has rendered the task of regulations a stupendous one and the Police Department deserves great praise for the degree of success attained in the face of such a situation.

*Too Many Drivers Render Employment Unstable*

The extremely competitive situation is also reflected in the excessive number of drivers who hold hack drivers licenses. These drivers are competing for such total wages as the industry can pay with the result that the average earnings of the individual driver tend to be less than adequate. The problem of an excessive number of drivers is really a reflection of the

excessive number of separately owned operations and the two aspects of excessive competition must be dealt with together.

Figures obtained from the Police Department indicate that while the average number of cabs operating was increasing from 13,632 in the year ended March 31, 1926, to 19,337 in the year ended March 31, 1930, or about 42 per cent, the number of hack drivers' licenses increased from 29,896 to 68,397, or about 129 per cent. In other words, the number of hack drivers has increased from a little more than 2 per cab to approximately  $3\frac{1}{2}$  per cab.

The corresponding figures for cabs and hack drivers licensed in New York City for the years 1926 to 1930 are:

Fiscal Year Ended March 31	Average Number of Cabs Operating	Hack Drivers Licensed
1926.....	13,632	29,896
1927.....	16,917	53,015
1928.....	18,297	61,432
1929.....	20,617	65,147
1930.....	19,337	68,397

This excess of drivers licensed is an obstacle to the safe and efficient operation of the taxicab industry. It is an evil principally because it tends to take away from drivers all sense of security in their jobs or of the dignity and responsibility of their calling. But it is questionable whether it would be possible for outside authority to limit the number of drivers licensed without at the same time curtailing the supply of drivers necessary to enable fleet operators to keep their cabs consistently in operation. Even today with the seeming oversupply of drivers the larger fleet operators assert that it is difficult to secure enough drivers to handle the cabs which they would keep on the streets during the week ends.

Sufficient figures are available to permit a reasonable estimate of the number of drivers necessary to provide for constant operation of the taxicabs now in service if employment could be regularized by efficient management.

There are 19,507 cabs. With an operating factor of 90 per cent there would be a total of 35,100 possible shifts per day. From this must be deducted 6,000 to make allowance for cabs operated on a single shift basis, which leaves a balance of 29,100 representing the average number of daily cab shifts in the present New York City taxi service. To allow drivers one day off a week the total must be increased to 33,000, which would be the number of drivers necessary if no allowance was necessary for illness or other special causes for absence from work. Taking these special causes of absence into account, an outside figure of 40,000 drivers would probably be more than ample provision for the present cab service.

We must, however, reassert our belief that direct limitation of the number of drivers licensed to this figure would not work without establishing the basis for a proper organization of the industry. If the entire taxicab industry in New York City were controlled by one or more responsible

operations the business judgment of these operations could make such a limitation effective. It would do so, without compulsion, in the interest of maintaining a stable, responsible, self-respecting force of drivers.

### *Huge Labor Turnover*

An element in this situation is the huge labor turnover which characterizes the taxicab industry in New York City under present conditions. Drivers are constantly shifting from one operation to another, the best drivers tending to go to the operator with the most recently acquired rolling stock. Other drivers for fleets decide to try owning their cabs, while there is a counter shift back into the ranks of the fleet drivers on the part of those owner drivers who have failed to make a success of their venture. In addition there is a constant shifting from fleet to fleet of drivers who fail to find satisfactory conditions anywhere.

We have had access to the employment figures of one large fleet, covering the first three months of 1930. They appear typical of fleet operation in New York City.

At the beginning of the period this fleet employed 3,528 drivers and at the end of the period it had 4,320 in its roster, giving it an average force of 3,924 drivers. To maintain this force it was necessary for the company to hire 5,310 new drivers during the 3 months. The number of drivers either discharged or simply failing to report for work during the period was 4,320 or 115 per cent of the average force employed. On a yearly basis this means an annual turn-over of 460 per cent. In other words, to maintain an average of 3,924 drivers it would be necessary for this fleet to hire approximately 18,000 new drivers.

Such a condition renders the proper selection, training and supervision of drivers from a safety standpoint a hopeless proposition. It means that in the course of the year a fleet operating perhaps 10 per cent of the taxicabs in New York City must deal with about 30 per cent of all the taxicab drivers licensed. They come and go.

This constant shifting of the 60,000 or more taxicab drivers who hold hack driver's licenses in the city is a result of the competitive situation. It is perhaps the foremost obstacle to developing a responsible and stable operating personnel in the taxicab industry of New York City.

We are convinced that the taxicab driver is potentially the safest driver in the world and that a proper systematizing of the industry alone is necessary to realize on this potentiality. While the taxicab driver remains just one of many individual drivers of high powered motor cars operating on the streets, the problem of weeding out the chronically careless driver is practically insoluble even with the most effective police supervision. But when taxicab drivers become the responsible employees of a large scale operation, in the same sense as a railroad locomotive engineer, then experience has proven that the management of that operation will take such steps as will reduce taxicab accidents to a surprisingly low minimum.

## CRUISING AND HACK STANDS

Excessive taxicab cruising is universally recognized as a problem which must be dealt with. It is involved in the problem of assuring safer operation with the consequent reduction in damage costs. It is also important from the more general point of view of cost of operation as well as in terms of traffic congestion. But it is really part of the fundamental problem of excessive competition and can be solved only to the extent that large scale operation is substituted for the present disorganization which prevails in the taxicab industry.

Driver fatigue is more than anything else a result of enforced cruising, and driver fatigue is held the most important cause of otherwise avoidable taxicab accidents. This is emphasized in the testimony of President Paul Geyser of the Terminal Cab Co. He said:

"Driver fatigue represents a high percentage of the causes for accidents, and there can be no solution other than by limiting the number of hours that a man can remain on the seat of a taxicab. Driver fatigue is not limited to any particular type of driver, but rather results from unsound operating practices which the operator is responsible for, or in the case of the individual owner, from the necessity of increasing his earnings."

Commissioner Whalen testified that the unproductive time in cruising was a serious menace to the City of New York in that it seriously congested traffic and added to the cost of operation of vehicles other than taxicabs.

### *Cruising Defined*

Cruising means simply travelling slowly along a street or streets looking for a sidewalk call. It means additional unpaid miles adding to costs and hazards. It represents the unaided efforts of individual drivers to find fares. In its present form it is a makeshift substitute for the organized direction of taxicab distribution with a central office controlling the dispatching of cabs on the basis of known frequency of demand.

Excessive cruising is in large measure the result of the lack of organization which prevails in the New York taxicab industry. It represents a problem whose solution can only be found in the substitution of organized taxicab operation for the present chaotic condition. Eventually the City must come to a unified plan for the economical utilization of cabs at every hour of the day based on a study of public requirements.

Any effort, however, to handle the distribution of taxicabs in accordance with such a unified plan of operation will require proper provision of cab stands. Today cruising is practically forced upon taxicab drivers by the fact that they are prohibited from soliciting business by standing at any other place than a designated hack stand. The present ordinance reads: "No public hack, while waiting employment by passengers, shall stand on any public street or place other than at, or upon a public hack stand, designated or established in accordance with this article."

### *Hack Stand Situation in New York*

There are at present in the City 591 hackstands exclusive of those in public parks, having a designated capacity of 2,112 hacks. In addition to the stands there are 149 designated feed lines. Of the 591 stands, 21 are for an unlimited number of hacks and are not included in the designated capacity of 2,112. Certain of the stands are for limited hours only, some day-time and some night-time. Certain stands are only for special events, such as baseball games.

Taking all these facts into consideration, the average effective parking capacity of all stands and feed lines in the City probably does not exceed 2,500 hacks. This means that parking space is provided for only about 12.7% of the licensed hacks. Coupled with the fact that taxicabs are prohibited from soliciting business by standing at any other place than a hack stand, the present condition is such as to make cruising to all intents compulsory.

The following table shows the distribution of hack stands and hack stand capacity among the five boroughs:

HACK STANDS AND HACK STAND CAPACITY

Borough	Number	Capacity
Manhattan .....	281	926
Bronx .....	79	361
Brooklyn .....	175	621
Queens .....	41	129
Richmond .....	15	75
Total .....	591	2,112

The power to locate hack stands and to designate their capacity rests with the Police Commissioner with the consent of the property owner. But we are informed that actually the department seldom originates stands, confining its activities to acting on requests. Each request must first be approved by the precinct commander and forwarded to the Hack Bureau. It must then be approved by the Traffic Department and the Bureau's investigating squad, after which it is placed upon the list of designated hack stands.

It appears that under the present ordinance the power of the Police Commissioner to designate hack stands is not sufficiently general, being practically limited to spaces adjacent to hotels, restaurants, theatres, subway entrances, elevated stops, public parks, public buildings and railroad and steamship terminals. Furthermore, there is no specific provision in the ordinance for relating hack-stand distribution and capacity to the needs of the riding public and the taxicab industry.

Officials of the police department, who were consulted, were unanimous in their opinion that regularly stationed traffic officers, who are responsible for the orderly flow of all vehicles using the streets, as well as the safety of pedestrians, cannot neglect their major duties to exercise supervision over cruising cabs and hack stands. In other words, it would be futile to place

on their shoulders the burden of enforcing additional legislation aimed simply at outlawing cruising.

Consequently the mere establishment of a large number of additional hack stands will prove no solution of the cruising problem unless coupled with the development of unified operation.

*Two Thousand Empty Cabs Pass Single Fifth Avenue Corner*

Evidence of the extent of the cruising evil in one section of the City has been offered the commission by the Fifth Avenue Association. It says:

"Our association is concerned with the taxicab problem chiefly because of congestion which exists in streets of our section, much of which congestion is caused by the cruising taxicab. In the first place, the empty taxicab cruising on the streets is responsible for more congestion than ordinary vehicular traffic because the cruising taxicab will move through the streets slowly, will endeavor to park at as favorable a location as possible, and will pull both from and to the curb as often as possible \* \* \*

"Multiply the congestion caused by one cruising taxicab by 2,100, the number of empty taxicabs passing a Fifth Avenue corner over a business day, tabulated in a recent count of the association, and you will appreciate the annoyance caused to business and the actual loss suffered by some businesses as a result of this particular traffic evil."

The Fifth Avenue Association gives the following as the number of empty taxicabs cruising by a Fifth Avenue corner between 10 A. M. and 5 P. M. on the dates indicated:

Date	Empty Taxicabs
April 8, 1929.....	1,884
April 23, 1929.....	1,004
June 6, 1929 .....	650
October 10, 1929.....	1,524
October 31, 1929.....	1,137

It is explained that the decrease on June 6th came as a result of a sustained drive on the part of traffic officers under directions from their inspectors. Apparently the effects of the drive were very transitory. The association says:

"Immediately after the October 10th and 31st counts were made, an effort was again made by the traffic department to cut down the number of taxicabs by turning them off the avenue. For a while this was successful, but sustained efforts of this kind are impossible on the part of all the officers, and unless the full cooperation of all the officers on the avenue is secured, the work is fruitless. A count made by the association on March 27, 1930, revealed that 2,095 taxicabs cruised, empty, past one corner, the greatest number ever tabulated by us. This would indicate that the efforts of the officers to cut down the movement of cruisers has not had any permanent effect."

There is now in existence a police regulation prohibiting the operation of empty taxicabs on Fifth Avenue. The complaint of the Fifth Avenue

Association shows clearly the futility of attempting to control this problem by outside regulation. Only through effective organization within the industry can control of empty cab movements be achieved.

#### *Other Evidence of Excessive Cruising*

The Commission also has figures prepared by the Traffic Division of the Police Department showing the extent to which the streets in important areas are now occupied by empty cabs. Thus between 8:30 and 9:30 A. M. 639, or 45.1 per cent, of the taxicabs passing at 72d Street and Park Avenue were empty. The count at the same place between 5:30 and 6:30 P. M. showed 752, or 44.6 per cent, of the 1,684 taxicabs empty. In the Pennsylvania Station zone the morning hour count showed 1,024 out of 1,432 cabs empty, 71.5 per cent of the total. While in the 5:30 to 6:30 P. M. period 738, or 64.6 per cent, of the 1,220 cabs on the streets were empty.

The taxicab counts at five different points in the morning and evening were as follows:

TAXICABS			
Location	Total	Empty	Per Cent Empty
		8:30-9:30 A.M.	
72nd and Park.....	1,414	639	45.1%
59th and 6th Ave.....	1,122	252	22.4
57th and Broadway.....	1,220	517	42.3
Canal and Lafayette.....	632	136	21.5
Total .....	4,388	1,544	35.2%
Penna. Zone .....	1,432	1,024	71.5%
		5:30-6:30 P.M.	
72nd and Park.....	1,684	752	44.6%
59th and 6th Ave.....	1,357	434	32.0
57th and Broadway.....	1,586	726	45.7
Canal and Lafayette.....	620	320	51.6
Total .....	5,247	2,232	42.5
Penna. Zone .....	1,220	738	64.6%

Commenting on similar counts in Cincinnati, E. D. Gilman, Director of Public Utilities in that city, says:

"A check over a 10-hour period on a busy corner in Cincinnati showed 2,300 taxicabs moving in one block in one direction on a one-way street. Of this number only 400 had passengers and 1,900 were empty. This is unnecessary from the viewpoint of the person desiring service and is an interference with the rights of other citizens in the utilization of the streets. \* \* \* Empty taxicabs cruising on the streets are not rendering service of a public nature and are occupying time and space on already crowded streets, that might be utilized for constructive public service. If the taxi riding public is not unreasonably delayed in securing a taxicab at the depots, hotels and in the congested areas, the public convenience and necessity for additional cabs has not been shown."

*President Draper of Cincinnati Cab Company Discusses Cruising*

The most suggestive discussion of ways and means to the elimination of unnecessary cruising through effective organization within the industry comes from W. A. Draper, President of Taxicabs of Cincinnati, Inc., and President of the Cincinnati Street Railway Co., which controls 285 of the 375 cabs operating in that city. In a letter to City Manager C. O. Sherrill, based on a special report by H. A. Inness Brown, he says:

"The report points out that the taxicab must seek its business where individuals desire and that it can only be partially controlled by its management, because it is subject to the desires of the passenger and is required to come and get him when the passenger desires and to go where he desires to have it take him. *The use of the city streets in giving service of this kind requires a cooperation between the management of the taxicab companies and the city in controlling traffic on the streets.*"

This necessary cooperation is really fully recognized only in the franchising of any operation, which is in fact a partnership arrangement between the city and the company. Draper continues:

"The report points out that one of the necessities for supplying taxicab service is having taxicab stands where they will be available to the greatest number of people. Such stands, therefore, in all cities of the country, are placed in the most congested area. \* \* \* These stands must necessarily be protected from pleasure car parking or the result will be to drive taxicabs to cruising. \* \* \* *It has been estimated that a taxicab replaces from 20 to 40 private cars in our large cities by reason of the fact that it is used over and over again by many times the number of people served by a private car in the same length of time.*"

"This suggests the possibility that properly co-ordinated city-wide operation may be expected to furnish a service which will prove attractive to patrons who now prefer their own cars. Certainly on grounds of economy and the handling of traffic there is no question as to the prior right of the taxicab industry to the streets in congested areas."

Draper next turns specifically to cruising and suggests the possibility of controlled or regularized cruising. He says:

"While the location of taxicab stands in front of hotels will make it possible for cabs to be available for the use of guests at hotels on call, there is some advantage to the public in having empty taxicabs move through the congested section at frequent intervals subject to call from convenient locations as they pass. This would not necessarily result in cruising, as a method of dispatching could be installed which would provide for the movement of cabs, although in much fewer numbers than at present, past given points within given times."

Here we begin to get a picture of the possibilities in the way of cutting down cruising offered by responsible unified operation co-operating with the city administration. Instead of the hit or miss stream of competing cabs cluttering the streets we would have single cabs dispatched through certain streets at planned intervals determined by actual statistics of demand. The

cruising cab would operate to schedule in the same sense that the frequency of subway service at different hours is based on known traffic demand.

### *Draper's Recommendations*

These possibilities, latent in unified operation, become even more clear from two paragraphs which follow Draper's recommendations. We will note just two of these recommendations and then pass on to his plan of operation. He recommends:

"(1) Sufficient taxicab stands to provide (a) for hotels, stations and public buildings where there may be concessions or contracts entered into between a taxicab company and the owners of such places, and (b) at other points where the public will know it can secure taxicabs as needed.

"(2) Additional taxicab stands should be provided just to the right of the entrance to important office buildings and other places visited by large numbers of people, with the space immediately in front of the entrance to such buildings left open at all times for the free movement of all other vehicles and into which taxicabs could move from the stand in order to receive prospective passengers."

Draper continues, indicating the possibility of well organized service:

"This company serves practically all of the hotels, stations and public places, requiring continuous, dependable, adequate and reliable taxicab service, which can best be secured by contract with one company. *If the above recommendations can be put into effect this company will find it unnecessary to operate its cabs as at present continuously through the congested district* past the hotels and other public places with which it has contracts to provide taxicab service and instead thereof will locate its cabs in the stands provided for taxicabs in front of these buildings, thus having them available on call. Its operation will then be conducted as follows:

"Taxicabs will be kept in the taxicab stands in front of the particular hotel or other public place in sufficient numbers to meet requirements. As they are required for service they will be replaced by other taxicabs from the garage or other stands by means of the company dispatching and starting system. *A plan will also be put into effect by which cabs will move up as frequently as may be found necessary from one stand to the next nearest stand in the regular trend of traffic, thus providing a movement of taxicabs which will make them available for people desiring to hail them as they pass, but at the same time substituting for continuous cruising a regular movement which would mean one cab every few minutes instead of a continuous stream of many cabs at the same time.*"

Here is the only sound answer to the question of how unnecessary cruising can be abolished. But it presupposes the substitution of co-ordinated operation for the present competitive chaos. Neither the independent individual owner driver nor the small fleet owner has a place in such a program.

This co-ordination need not necessarily mean the elimination of the driver who has also a owner interest in his operation. The Checker operations in Chicago and Detroit have indicated that a co-ordinated system may be achieved on a co-operative basis in which owner drivers pool their interests

in a single company. But in whatever form it is achieved unification of operation in a single area is necessary to afford a solution to the cruising problem.

The mere provision for hack stands is not sufficient. There must also be provision for the co-ordinated use of such hack stands as part of a system of making taxicabs available on a business basis.

## ACCIDENTS AND SAFETY

### *Taxicabs Responsible for a Great Number of Accidents*

The number of accidents caused by taxicabs is obviously a serious matter. Taxicabs constitute only 3.75% of the total motor vehicles in operation, but comprised 15.8% of all the motor vehicles involved in fatal accidents and 27.4% of all the motor vehicles involved in non-fatal personal injury accidents during 1929. Such figures indicate the extent to which better taxicab operation might serve to cut down the steadily mounting numbers of deaths and injuries due to motor vehicle operation in the streets of New York City.

Detailed accident statistics, supplied by Commissioner Charles A. Harnett of the State Motor Vehicle Bureau, cover only such accidents as involve injury to persons. They show that in 1929 of the 19,337 taxicabs operating in the streets of New York City, 184 were involved in fatal accidents and 23,122 in non-fatal accidents, compared with 982 in fatal accidents for all motor vehicles other than taxicabs. The significant figures for 1929 may be tabulated as follows:

#### NEW YORK CITY MOTOR VEHICLE ACCIDENTS IN 1929

Total motor vehicles registered.....	737,062
Estimated average number in operation.....	516,000
Number of taxicabs operating.....	19,337
Total motor vehicles involved in fatal accidents.....	1,166
Number of taxicabs involved in fatal accidents.....	184
Number of persons killed in motor vehicle accidents.....	1,056
Number killed in accidents involving taxicabs.....	177
Total motor vehicles involved in non-fatal accidents.....	84,170
Number of taxicabs involved in non-fatal accidents.....	23,132
Number of pedestrians killed by motor vehicles.....	854
Number of pedestrians killed by taxicabs.....	144

A further study of Commissioner Harnett's figures reveals that the situation is far from hopeless. When we take into account the vastly larger mileage travelled by the taxicab as contrasted with the private car, it appears that the taxicab driver is certainly as safe a driver as the average operator of a private motor vehicle. If this is true, under circumstances which fall far short of encouraging careful operation of taxicabs, it is probable that a careful organization of the industry with a view of safe operation would mean a very material reduction in automobile casualties.

It is fair to assume that the average taxicab travels about 40,000 miles in a year on the streets of New York, or probably ten times as far as the

average private car travels on the streets of New York City. Of course, the average pleasure car probably travels considerably more than 4,000 miles in a year, but a considerable amount of this private car mileage is likely to be outside the city limits where it will not affect the city accident figures. Taxicab mileage, on the other hand, is practically all within the city limits and to a very considerable extent within the most congested areas in the city.

A very broad estimate might place the total motor vehicle mileage per year on the streets of New York City at 2,800,000,000 of which 900,000,000 would represent the taxicab mileage. Making our comparisons on this basis would show taxicabs, with slightly more than 32% of the total motor vehicle mileage, involved in slightly more than 27% of the non-fatal personal injury accidents and only 15.8% of the fatal accidents.

We feel that this presents a much fairer picture of the taxicab accident situation than the one which paints the taxicab operating on the present rate basis as a juggernaut hurtling through the streets of New York without regard for life or limb. It is borne out by the fact that the difference between insurance rates on taxicabs and private cars is roughly proportional to the difference in average mileage per year travelled by each. The high taxicab insurance rate cannot be cited as indicating that the average taxicab driver is a more dangerous driver than the average operator of a private automobile.

Analysis of the fatal motor vehicle accidents involving pedestrians also tends to show that the average taxicab driver is, if anything, a somewhat safer driver than the driver of a private car. In other words, a larger proportion of the pedestrian deaths due to taxicabs involved disregard of the traffic rules on the part of the pedestrian, while the reverse was true in the cases where private cars killed pedestrians. Thus the figures show that 86 or 60% of the pedestrians killed by taxicabs in 1929 were either crossing the street against the signal or between intersections or were coming from behind a parked car or were riding or hitching on a vehicle. On the other hand, 330 or only 46% of the pedestrians killed by all other motor vehicles can be classified in these categories including in addition 9 who were killed trying to cross an intersection diagonally.

In this connection, it is interesting to note that although taxicabs were responsible for the deaths of about 17% of the pedestrians killed by motor vehicles in 1929, they were responsible for the deaths of only about 11% of the children killed while playing in the street. In other words, children playing in the streets constituted 21% of the pedestrian deaths attributable to other motor vehicles but only 12½% of the pedestrian deaths due to taxicabs.

The figures supplied by Commissioner Harnett showing fatal motor vehicle accidents involving pedestrians in 1929 are:

PEDESTRIANS KILLED BY MOTOR VEHICLES IN NEW YORK CITY IN  
1929

Classification	Involving Taxicabs	All Other Vehicles
Crossing at intersection:		
(a) With signal .....	2	15
(b) Against signal .....	18	48
(c) No signal .....	28	141
(d) Diagonally .....	..	9
Crossing between intersections.....	52	204
Waiting for, getting on or off street cars....	2	7
Standing on safety isle.....	..	1
Getting on or off other vehicle.....	..	5
Children playing in the street.....	18	152
At work in roadway.....	2	26
Not in roadway.....	6	33
Coming from behind parked cars.....	15	49
Riding or hitching on vehicle.....	1	20
	<u>144</u>	<u>710</u>

It is also noteworthy that the proportion of motor vehicle accidents involving taxicabs does not seem to be increasing. In fact the proportion of fatal motor vehicle accidents for which taxicabs might be held responsible has decreased slightly in the last 3 years as follows:

FATAL MOTOR VEHICLE ACCIDENTS IN NEW YORK

Year	Taxicabs Involved	All Motor Vehicles	Per Cent Taxis
1927.....	163	1,002	16.3%
1928.....	164	1,033	15.9
1929.....	184	1,166	15.8

The percentage of taxicabs to the total number of motor vehicles involved in non-fatal accidents has remained fairly constant, as follows:

NON-FATAL MOTOR VEHICLE ACCIDENTS IN NEW YORK

Year	Taxicabs Involved	Total Motor Vehicles Involved	Per Cent Taxis
1927.....	16,943	62,018	27.3%
1928.....	19,252	71,327	26.9
1929.....	23,122	64,170	27.4

In citing these figures which seem to absolve the taxi driver from some of the blame with which he has been saddled in connection with accident frequencies, it is not the intent to condone the present accident rate in the industry or to suggest that it cannot be materially reduced. As in the case of other motor vehicles there is a large percentage of avoidable accidents that should be eliminated and probably a definite percentage of unsafe drivers that should be completely eliminated.

Our purpose is simply to counteract a false impression concerning the irresponsibility of the taxi driver and especially to question the validity of the frequently raised contention that low rates, by creating a pressure on the driver to speed, are responsible for a high accident rate for taxicab

operations. The average taxi driver is apparently a little less reckless than the average driver of motor vehicles who is certainly under no such economic pressure.

*Individual Owner Operations not Necessarily Safest*

There is another contention, frequently reiterated during the hearings, which we believe would leave to a false conclusion and thus tend to defeat the efforts to bring the taxicab industry out of its present chaotic condition. This is the contention that individual owner operation is the safest operation. Lower insurance rates for individual owner driver cabs than prevail for cabs engaged in double shift fleet operations are cited to substantiate this contention.

The popularly conceived explanation of this premium differential in favor of the owner driven cab is that the owner driver, being directly responsible and directly affected by any lack of care on his part, is a more careful driver than the employed driver of a fleet operation who has no real interest in the cab which he is driving.

The logic of this contention would seem to favor recommendations which would tend to encourage the predominance of the owner driven cab as against the large fleet operation. But this is erroneous.

In the first place, cognizance must be taken of evidence indicating that the owner driven cab averages fewer hours per day and fewer miles per day than the cab which forms part of a fleet operation. On the basis of a considerable amount of data at the commission's disposal the following figures representing the average mileage per day of cabs in different classes of operation have been derived.

<i>Average Daily Mileage</i>	
Large Fleet .....	140
Small Fleet .....	177
Owner Driven .....	80

On the basis of these figures we are driven to the same conclusion arrived at in connection with the attempts to compare taxi drivers with the drivers of other motor vehicles in the matter of safety.

The fleet operated cab is, in general, a two shift cab. The owner driven cab is to a large extent a single shift cab, although in order to make his daily quota the owner driver may operate a rather long shift. Exact figures are not available, but there is probably validity to the contention that fleet operation is not more hazardous per cab hour or per cab mile and that fleet insurance is not higher per cab hour or per cab mile than are the same factors in individual owner operation.

Furthermore the fact must be faced that the inability of the fleet operators to enforce perfectly possible standards of safety is due chiefly to the disorganized state of the industry which rests in large measure on

the continued predominance of the small transitory operation including individual owner operation.

### *Factors in Safe Operation*

Safe operation of taxicabs in the streets of a city presumes a safe cab and safe operator. Considerable progress toward assuring safer cabs has already been made as a result of the establishment of police department specifications. The effect of these specifications has been to hasten the elimination of converted passenger automobiles from the industry as evidenced by the reduction in the number of such converted cars licensed for taxi service from 9,583 in 1929 to 4,477 in 1930.

Certain additional measures are necessary to assure a cab satisfying at all times the requirements of maximum safety. These include:

(1) *Inspection.* The proper condition of brakes, steering gear, etc., is essential to safety of operation and can only be assured by frequent inspections. At present due to the predominance of small scale operation inherited from the days of horse drawn hacks this inspection in many cases devolves entirely upon the police department. With the resources at present allotted to the police department it can complete the inspection of 20,000 cabs only once in four months. Inasmuch as this means that between inspections the average cab must travel 10,000 miles or more, such inspection is obviously inadequate. Under unified fleet operation this inspection would be regularly and adequately carried out by the company in the same way that railroads assure the safety of their rolling stock. Numerous instances of successful large fleet operations throughout the country and in the City of New York show the care with which rolling stock is kept in condition.

(2) *Shatterproof Safety Glass* is required by present specifications in all windows of the passenger compartment. We see no reason why this requirement should not apply to all glass used in taxicab construction.

(3) *Governors*—Speed governors limiting the speed of taxicabs to a maximum of 35 miles an hour should certainly be made mandatory. A study of the industry throughout the country reveals instances in which such governors are successfully used to reduce accidents.

Thus the Louisville Taxicab & Transfer Co., with about 250 cabs, controls the speed of its drivers in two ways. In the first place it has installed low gear rear axle ratios and in the second place it has something similar to speed governors in the way of a 5/8-inch choke on the intake manifold. The company has increased its mileage per accident from 12,000 to 17,000 and has a striking record for operation without fatalities.

Portland, Oregon, has at least three operations equipped with speed governors. The Brown & White Cab Co. operated a total of 450,000 cab miles in its first year with a clear accident record. Duggan's Dollar Transportation Co., operating 42 cabs with 110 drivers reported only 15 accidents

for the entire year. Its governors are set for a maximum of 30 miles an hour. There is also the Union Cab Co. which is operating successfully with governors.

In December, 1929, South Bend, Ind., amended its cab ordinance to require speed governors. The amendment reads:

"Section 31-b. Every taxicab licensed under the provisions of said ordinance shall have firmly attached to it and in good working order a mechanical device known as a governor which device controls the speed of such taxicab. Said governor shall be set so as to prevent said taxicab from being driven faster than 30 miles per hour and it is hereby made the duty of both the owner and the driver of such taxicab to see that said governor shall be set so as to prevent said taxicab from being driven faster than 30 miles per hour and it is hereby made the duty of said owner and driver of such taxicab to see that said governor shall be in good working order at all times said car is used for taxicab purposes. The tampering with said governor so as to render it ineffective in its control of the speed of said taxicab and the preventing of the same from being driven at more than said 30 miles per hour shall be a violation of said ordinance and such driver or operator shall be subject to a fine of not less than \$10 and not more than the penalty provided in said ordinance."

In New York City an outstanding example of the successful use of governors is found in the U. S. Trucking Corporation which has equipped each unit of its large fleet with this device and has obtained remarkable results in the reduction of accident frequency.

*The assurance of safe drivers* depends upon the proper organization of the industry. It involves selection, supervision, and ability to assure stable employment at satisfactory wages without excessive hours of work. With the industry disorganized, this responsibility devolves to a considerable extent upon the police department. With taxicab operation in the hands of a well organized industry it could be handled by the industry itself.

Perhaps the most important discussion of the problem of eliminating avoidable taxicab accidents is that by John W. Greene of the Dartmouth faculty. Approaching the problem from the psychological viewpoint, he puts chief emphasis upon the importance of sharp increases in pay and reduction in the number of hours worked per day. He also recommends legislation eliminating the floaters who operate in the industry, reduction in the number of drivers licensed, raising of qualifications and license fee and a unifying of the industry through a taxicab board of trade and of the drivers through some kind of union. He says:

"What is needed is the normal man, well fed, well clothed, comfortable and sure of his job, with a feeling that the work he is doing is vastly important to the world and to himself."

#### *Experiments at Safe Operation in Other Cities*

Various experiments in assuring a safer driver personnel carry interesting suggestions.

*Cleveland*—Every driver has a card on record in the manslaughter squad of the Police Department. When a driver is dismissed the reason for the dismissal is entered on the card. These cards are a source of information to every operation in the city. As soon as a man has had 2 or more accidents depending on their seriousness, he is called into the office for trial. Representatives of the employer, the insurance companies and the police department are present in addition to a chief examiner. The man may get either a reprimand, a partial layoff, suspension or revocation of license. Thus operators get to know what drivers are potential accident makers. As a result fatalities due to taxicab accidents have been cut to 1/3 of the number in the previous year, according to the Commissioner L. C. Cukr.

*San Francisco*—The Yellow & Checker Cab Co. has a safety court. A driver involved in an accident is tried by a jury of drivers who have shown inability to avoid accidents. This court has been in operation for 4 years and has increased the miles travelled per accident.

*Boston*—The Boston Elevated Railway, representing an industry allied to taxicab operation, has adopted a system which suggests the advantage of having a large enough operating company to permit of the hiring of a safety adviser. Under the direction of such an adviser the operators were divided into two groups on the basis of accident frequencies. Personal studies were made of the high accident men in order to find correctives. Of 472 high accident men 312 showed great improvements. About 73.6% of the operators were found first rate—never having more than a few minor accidents. Only about 2% were found incapable of improvement.

The safety adviser also made a careful study to determine especially hazardous spots and routes and provided for supervision at such points during high accident periods of the day.

Such measures resulted in material decrease in all kinds of accidents involving Boston elevated rolling stock between 1927 and 1928. It suggests the possibility of similar provision under large scale taxicab operation.

*Stockton, California*—The Yellow Cab & Baggage Company approached the problem of encouraging safe driving by cancelling its property damage insurance and charging each driver 10c per shift for property damage insurance. For each dime paid by the drivers the company pays the same amount and thus creates an insurance fund. All property damage accidents are paid out of this fund, and at the end of the year the balance in the fund is divided among the drivers, pro rata to the length of time they have been in service during the year.

*Omaha*—The Yellow Cab & Baggage Co. has quite an elaborate scheme for reducing accidents. Before any driver is employed he undergoes a test by the Snow method. If he passes he is given 3 days of special training

before he is allowed to take charge of a cab. In addition the drivers are divided into six teams for a contest to cut down accidents, which is run as follows:

Each driver pays 35 cents a week into a fund. At the end of the month the company adds one third for the fund and \$1 for every day in the month in which there has been no accident. The funds amount to from \$300 to \$510 a month.

The teams start with 1,000 points apiece which are reduced by accident demerits. At the end of the month the three best teams are given the money in a ratio of 50, 30 and 20 per cent. This money is divided equally among the drivers in the winning team who have had no accidents during the month. The captains and lieutenants of the various teams make a jury to hear all cases involving accidents.

The no-accident driver each week gets a bonus amounting to 3 per cent of his earned commissions. The cost of all accidents not exceeding \$5 is borne by the company. Over that amount is taken from the bonus of the guilty driver, provided the court says he is to blame.

It is interesting to note that in spite of flat and cut rate operations, only 18 of the 375 auto accidents in Omaha in the 6 weeks preceding the middle of August, 1929, were chargeable to the taxi business.

#### *Large Scale Operation Necessary*

The conclusions derived from these references to efforts at safer operation in other cities is that large scale operation is necessary to consistent attack on the problem. This impression is confirmed by the testimony of President Geyser of the Terminal Cab Corporation. In the section of his presentation entitled "Accidents and the Employment of Drivers," he says:

"The prevention of accidents is a matter of education of drivers and driver control. Effective efforts in this direction require a sizable and efficient organization, and ample finances to carry on the work."

The Terminal Cab Corporation, according to Mr. Geyser's testimony, has established a central employment bureau, the affairs of which are administered by an employment expert. He stated that this method of employment immediately eliminates the practices which have for a long period of time been used in New York City.

This emphasizes an important point of view. The solution of the problem of excessive accidents is in reality chiefly a problem of driver control, *i. e.*, an employment problem. All attempts to weed out the incompetent drivers, the reckless drivers, or to control the number of hours that a driver is on the streets in order to eliminate fatigue, without some unified employment control, are likely to prove futile.

The employment practices which Terminal Cab Corporation has attempted to eliminate are indeed calculated to increase the hazards of the industry. President A. S. Freed of the Paramount Cab Manufacturing Company testified:

"At the present time probably three-quarters of the owners of cabs in New York have no permanent record of even the address of their own employees. A man is hired because he presents a badge, which may and in many cases does not even belong to him. There is no such thing as checking up of references; a man may steal from the operator next door, and he is hired the next day by the neighbor, without even a telephone call to check him up. And to such a man is entrusted the lives of 12,000 passengers per annum. \* \* \* At the present time there is no training of the employees whatsoever.

"Capital has been made of the risk an operator takes in letting a \$2,000 car be turned over to a driver who has not been investigated. I say the \$2,000 risk is infinitesimal compared to the risk of lives of passengers carried by the man hired in a way that not even a street cleaner would be employed."

Proper organization of the employment of drivers requires large scale operation by financially responsible companies.

### **LIABILITY AND LIMITED FINANCIAL RESPONSIBILITY**

Closely associated with the problem of taxicab accidents is the financial ability to pay judgments resulting therefrom. A large number of taxicabs operate under conditions that amount to a limitation of liability for serious accidents. The law requires insurance per cab sufficient to pay \$2,500 for injury to one person and \$5,000 for injury to two or more persons, with \$500/\$1,000 property damage coverage. When judgments for serious accidents exceed these figures such insurance appears entirely inadequate protection for the victims of taxicab accidents, and with the exception of the largest operations, the assets of the owners of taxicabs on the streets of New York are insufficient to meet judgments above the insurance maximum, or are not collectible due to financial evasion.

As long as the industry remains in its present disorganized state the problem of providing for full liability for taxicab accidents appears insoluble. For it must be remembered that the cost of insurance enters into the determination of the fare which the taxi user must pay as part of the cost of operation. Any increase in the required coverage would tend to make increased fares necessary and would, if small operators were unable to make sufficient bookings to cover the extra cost, tend automatically to eliminate such operators. In fact, raising the insurance requirements has been one of the devices advocated in certain cities for eliminating the threat of cut rate operation.

The present insurance requirements, including those operations which carry surety bonds and the claims paid by those fleets which are attempting to meet in full claims against them, are costing from \$1.07 to \$1.76 per cab per day according to the size of the operation. The figures range from .67 cents to 1.34 cents a mile. For the various classes of operation the costs of insurances and bonds or claims are:

## COST OF INSURANCE, BOND OR CLAIMS

Operation	Per Cab Day	Per Cab Mile
Large fleets (fully able to pay) .....	\$1.76	1.27¢
Small fleets .....	1.18	.67¢
Individual operator .....	1.07	1.34¢

These figures indicate that while the cost per day for the individual owner operator is lowest, the cost per cab mile for this same individual owner operator is highest. Insurance costs the small fleet operator least per mile. This is chiefly because of the fact that cabs owned by small fleet owners make the greatest daily mileage. The high cost of the large fleet operators of paying claims is a result of their ability to meet in full damages assessed against them, regardless of amount.

*Question of Liability Involves General Financial Soundness*

We are not impressed with the proposals to raise the insurance requirement, especially in the face of information to the effect that the complicated legislative changes necessary would be most difficult to consummate. Such a step would simply mean a compromise tending to bring the assumption of liability to a somewhat closer approximation to the full liability which alone should prove satisfactory. In fact, the question of liability is only a part of the larger problem of securing financially sound and responsible operations capable not only of assuming their full liability for accidents but also of meeting all their obligations.

There is apparently ground for the testimony offered by certain witnesses to the effect that the financial instability of the industry has been a burden on other parts of the community. Taxicabs purchased with a cash down payment are turned back in a badly depreciated condition when bookings prove insufficient to enable the owner to meet his note payments. Operations fail, leaving bills for supplies unpaid. Taxicabs are purchased with money borrowed from friends or relatives and when no adequate depreciation reserve is accumulated, at the end of the cabs usefulness it is impossible to replace the capital. In these and other ways, lack of financial responsibility appears to characterize the existing organization of the industry.

*Public Is Unwitting Partner in Taxi Industry*

To all intents and purposes the present lack of organization in the taxicab industry, exemplified by the large number of owners, has forced the general public, through the agency of the police department, to bear the lion's share of the cost and responsibility for driver selection and taxicab safety. In addition to the failure of the industry to meet its full financial responsibilities, just noted, there is the fact that a large portion of the industry depends upon the police department for both its employment and its inspection service.

The license fees collected by the Police Department are in no sense sufficient to cover the cost of this service. The charges are \$10 per cab

per year, \$1 for the first year for a driver's license and only 50 cents for each subsequent year for renewal.

During the fiscal year ended March 31, 1930, the total of such fees collected by the Police Department amounted to \$308,000 while the salary cost alone for this phase of police activity exceeds \$700,000. If it were possible to include other expenses such as office space and general overheads the total cost of this service to the industry could be estimated at a much higher figure. Thus the public is paying directly considerably more than \$400,000 annually for supervisory functions which should legitimately be borne by the industry itself.

Of far greater importance is the burden which the public is carrying due to unsatisfied judgments and inadequate recoveries for injuries to person and property under the present system. There is the further burden due to the continuing entrance and exit of financially unstable and poorly managed operation. Lumping all these public burdens together, the public's unwitting partnership in the taxicab industry of New York City extends to very sizable proportions.

The lack of such financial responsibility is attributed by many witnesses to the inadequacy of the present rate level. Discussion of the question of rates and costs will come in a subsequent section of the report. Here we will only indicate our belief that the problem of financial responsibility in its broadest sense is a problem of proper organization of the industry. In fact we believe that practically all of the problems confronting the taxicab industry must be approached as parts of the larger problem of securing the organization of the taxicab service on a proper business basis.

Only such operations must be permitted as can demonstrate their ability to assume all the liabilities incident to carrying on the business.

The limitation of taxicab operation to such responsible organizations would not only assure injured persons full damages as at common law but would also tend to reduce these elements in the cost of operation. Presumably such an operation would be a self insurer, eliminating commissions and cutting down accidents to the minimum of unavoidable ones through the development of a stable and responsible driver personnel.

### **THE PURPOSE-BUILT CAB**

Consider the present cab itself. There has been considerable testimony as to the desirability of the so-called purpose-built cab as contrasted with the converted pleasure car. By police regulation as of November 1, 1929, the issuance of hack licenses to other than purpose-built taxicabs was limited to those in service prior to that date.

The general character of the purpose-built cabs has changed radically in recent years. The 4 cylinder, limited wheel base cab, built primarily for rugged economical service, has been supplanted by powerful 6 cylinder cars of long wheel base, luxuriously fitted with every conceivable comfort and

trimming likely to attract riders. The public demand for luxury, the cab owners' efforts to attract riders, and the manufacturers' efforts to secure added volume by bringing out new types and colors, the expense of selling on deferred payments and costs of collection and repossession, have materially increased operating costs and are outstanding characteristics of the period from 1925 to date.

The size of the purpose-built cab as it exists today may be pictured by the range of weights, overall length, etc. for the three most popular models, indicating the extent to which competitive conditions have influenced the design of a large cab.

#### *Purpose-Built Taxicabs*

Weight .....	4,750 to 5,200 pounds
Wheelbase .....	122 to 127 inches
Overall Length .....	15 ft. 2 in. to 15 ft. 6 in.
Overall Width .....	70 to 72 inches
Turning Radius .....	20 to 25 ft.
Horsepower—S. A. E.....	27.0 to 28.4
Horsepower—Brake .....	57.0 to 80.5

President Markin of the Checker Cab Manufacturing Co. described the outstanding characteristics of the purpose-built cab as follows:

"Heavier frames, 8-inch heavy pressed steel construction with box type reinforcing cross members in place of 4-inch steel construction.

"Running boards of heavy, solid steel construction in place of the usual wood with light steel frame.

"Brakes of the best and strongest type, the present equipment being oversize Lockheed hydraulic type.

"The body of unusually heavy construction reinforced with angle irons over most joints and using approximately 500 feet of selected lumber.

"A specially designed, extra heavy tire carrier and bumpers attached to the rear of the body as a protection against rear end collisions.

"Interior upholstery of leather, all readily removable to provide sanitation and enable the interior of the cab to be flushed daily.

"Oversize motor, transmission, axles and all other units in connection therewith."

Many of these items are excellent, but we feel that the present purpose-built cabs are probably far more a product of the competitive situation than of the economic requirements of good service. A truly purpose-built cab should be designed to include only such size, weight and power as are necessary to provide satisfactory service at reasonable cost. It would be purpose-built, even to the motor, which would unquestionably not be oversize.

While it is not within our province to go into the details which should enter into a truly purpose-built cab, we may remark that the old Yellow 0-5 model was probably much closer to being a purpose-built cab than those

prevailing today. When the so-called public demand for more luxurious cabs forced the Yellow Cab Company of Chicago to get rid of this 0-5 model, Vice-President and General Manager Thomas B. Hogan said:

"Personally I am sorry to see the 0-5 go, because we have found them to be the most economical for any operator \* \* \* By actual records of ours, as well as those of other taxicab organizations, it is found to be much cheaper."

Considering all the evidence, the Commission concluded that a thoroughly comfortable and acceptable cab, built for economical operation, should be obtainable in quantity for cash at a price \$500 or more less than the prices that have generally prevailed for new taxicabs. Such lower cost of the cab would reduce the total costs of depreciation and its stability of design should spread the depreciation over a greater mileage. Furthermore, the cost of operating supplies for such a cab should be lower.

#### *Rates of Fare*

The question of rates for taxicab service in the City of New York cannot be discussed apart from the general problem of the proper organization of the industry. If the present competitive condition is to continue, the public will have to pay in fares the excessive costs of such competition. If, on the other hand, competition is limited or abolished, rates of fare must be determined through modern regulatory practice by the costs of the most economical operation possible with large scale organization.

The Commission has been offered a considerable amount of testimony to the effect that the prevailing rate of fare is not adequate to support proper taxicab service and we find this to be true in certain cases under the present disorganized and competitive condition of the industry, although during the last year an application has been made for the right to operate cabs at even lower rates than those now prevailing.

Evidently the condition today is confused and it is the belief of the Commission that present conditions are not a proper basis for either increasing or decreasing the prevailing 15c.-5c. (30/20) rate.

#### *Present Rates*

Since 1925 the maximum legal rate of fare has been 20 cents for the first third of a mile and 10 cents for each succeeding third. This is known as the 40/30 rate because it produces 40 cents for the first mile and 30 cents for each succeeding mile. This maximum rate was established by ordinance approved on March 17, 1925.

Lower rates became general in 1925 following a rate war, these rates being 15 cents for the first quarter mile and 5 cents for each succeeding quarter mile. This is known as the 30/20 rate, and is now charged by 91 per cent of the cabs.

Today practically all fleet operated cabs are operated on this lower

rate which produces 30 cents for the first mile and 20 cents a mile thereafter. Commissioner Whalen testified that of the 17,445 cabs operating at this rate, 9,580 are fleet operated and 7,885 are individually owned and operated. On the other hand, of the 1,480 cabs charging 40 cents for the first mile and 30 cents a mile thereafter, only 258 are fleet operated while 1,222 are individual owner operated. There are also a scattering 412 cabs operating on the basis of 15 cents for the first fifth of a mile and 5 cents a fifth thereafter, or 35 cents for the first mile and 25 cents a mile thereafter.

At one time or another during the hearings it was contended that the cure for practically all of the industry's ills would be found in establishing a single rate of fare which would provide more revenue than the present 15¢-5¢ (30/20) rate. In fact, this rate was held responsible for many unnecessary accidents, for unnecessary cruising, for the long hours of work and consequent driver fatigue, for speeding, for driver irresponsibility and instability of employment and for the general failure of the industry to assume all its financial responsibilities. Almost without exception the witnesses advocated increased rates.

In view of the importance attached by various representatives of the industry to this question of rates, we have made detailed studies of costs and revenues in the industry, the results of which are summarized herewith.

#### *Revenue Per Paid Mile*

The amount of revenue derived per paid mile from the 15¢-5¢ (30/20) rate is determined by two factors. The first factor is the length of the trip, because the shorter the trip the greater the proportion of it operated at the 30 cents a mile rate as distinguished from the 20 cents paid per mile for subsequent mileage. The second factor is the proportion of waiting time revenue to total revenue. Waiting time is recorded by the taximeter whenever the car stops in traffic or the curb, at \$1.50 per hour or 5 cents for each 2 minutes. A large amount of waiting time per trip will obviously add to the revenue per paid mile.

Taking into account both the average length of a trip and the average amount of waiting time under the existing conditions, the present 15¢-5¢ (30/20) rate produces an average revenue of 27.5 cents per paid mile. This average may be calculated as follows:

Average length of trip.....	2 miles
Revenue for first mile.....	30 cents
Revenue for second mile.....	20 cents
Waiting time (10 per cent).....	5 cents
	—
Total .....	55 cents
Average per paid mile .....	27.5 cents
	=====

The calculated revenue as shown above is consistently upheld by analysis of fleet operating results wherein the revenue per paid mile is found to fluctuate between 26 cents and 29 cents over various periods. In fact, the

figures furnished the Commission show an average slightly above the theoretical 27.5 cents per paid mile.

#### *Revenue Per Total Mile*

An additional factor enters into the amount of revenue per total mile of taxicab operation, which is the ratio of paid mileage to total mileage. Naturally, a low percentage of paid mileage cuts down the average revenue per mile operated.

On the basis of the figure for average revenue per paid mile, it is possible to determine the average revenue per total mile for any given operation on the basis of the ratio of its paid mileage to its total mileage. It is at this point that the question of excessive cruising comes in, for excessive cruising tends to reduce this ratio.

In concrete terms, with an average of 27.5 cent per paid mile, the revenue per total mile would vary from 11 cent up to 16.5 cents as the ratio of paid mileage to total mileage varies from 40 per cent to 60 per cent. With an average of 50 per cent paid mileage, there would be an average revenue of 13.75 cent per total mile and a figure in this order appears practical under the 15 cent-5 cent (30/20) rate by well regulated operations which practice a certain amount of control over the movements of their drivers. On the basis of the fleet operating costs discussed below this would apparently provide sufficient revenue to make fleet operation profitable.

#### *Cost of Operation*

The large fleets conduct their cost accounting on per mile basis, the mileage including the total of both pay miles and cruising miles. The Commission has had access to the figures of various large fleets and considers this information as an accurate reflection of the facts. The small fleets generally consider their costs on a per diem basis as most easily indicating whether or not they are earning enough to meet the deferred payments on the equipment. Exact information concerning the average costs of all the small fleets cannot be obtained because of the large number of such fleets and because, in many cases, of the lack of accurate accounting. The Commission's estimate of small fleet costs is based on access to the costs of a few fleets and on general information. In the case of the owner driver, no exact cost figures are available. The Commission has set up estimates of the costs of such operations, but is inclined to believe that the actual net return to owner drivers exceeds these estimates, principally because of personal care of the car and the low cost of the second hand car usually purchased by owner drivers. The costs of the three types of operation are tabulated hereafter both on the mileage and per diem basis. When examining these tabulations it should be remembered that the figures for both large and small fleet operations assume two drivers each day while individually owned cabs are assumed to be driven single shift by their owners. Furthermore 20 per cent of gross income for tips must be added to Drivers' Compensation, which figure is supported by accurate information.

The following tables show the results derived from an analysis of operating accounts in the classes indicated, and are based on an average per car owned as distinguished from the actual figures per car operating:

COMPARISON OF TYPICAL OPERATING RESULTS  
PER MILE

	2 Drivers Large Fleets	2 Drivers Small Fleets	1 Driver Individual Owner Driver
Tariff Revenues .....	\$.1214	\$.1200	\$.1250
Driver's Compensation (exclusive of tips)...	.0486	.0480	.0437
Net Revenues .....	<u>.0728</u>	<u>.0720</u>	<u>.0813</u>
<i>Operating Expenses</i>			
Gas, Oil, Tires, etc.....	.0204	.0206	.0250
Maintenance and Garaging.....	.0178	.0121	.0188
Insurance, Bond or Claims.....	.0127	.0067	.0134
Administrative and General Expenses....	.0058	.0047	.0041
Total Operating Expenses.....	<u>.0567</u>	<u>.0441</u>	<u>.0613</u>
Balance Available for Depreciation, Interest, Etc. ....	.0161	*0279	.0200
Depreciation on Cabs.....	.0200	.0200	.0200
Balance Available for Return on Investment..	<u>\$.0039*</u>	<u>\$.0079</u>	<u>\$.0000</u>
Average Daily Mileage.....	140	177	80

\*Indicates deficit.

COMPARISON OF TYPICAL OPERATING RESULTS  
PER DAY

	2 Drivers Large Fleets	2 Drivers Small Fleets	1 Driver Individual Owner Driver
Tariff Revenues .....	16.95	21.10	10.00
Driver's Compensation (exclusive of tips)...	6.78	8.50	3.50
Net Revenues .....	<u>10.17</u>	<u>12.60</u>	<u>6.50</u>
<i>Operating Expenses</i>			
Gas, Oil, Tires, Etc.....	2.85	3.65	2.00
Maintenance and Garaging.....	2.48	2.14	1.50
Insurance, Bond or Claims.....	1.76	1.18	1.07
Administrative and General Expenses....	.82	.82	.33
Total Operating Expenses.....	<u>7.91</u>	<u>7.79</u>	<u>4.90</u>
Balance Available for Depreciation, Interest Etc. ....	2.26	4.81	1.60
Depreciation on Cabs.....	2.80	3.54	1.60
Balance Available for Return on Investment..	<u>.54*</u>	<u>1.27</u>	<u>.00</u>

\*Indicates deficit.

The figures, which have been furnished the Commission, show definitely that large fleets under present conditions are operating at a loss of about 0.4 cent per gross mile after charging 2 cents per mile for depreciation or about 54 cents per day per cab. Small fleet operators, whose close personal supervision enables them to secure large mileage from their drivers, are probably making some profit. The results obtained by individual owner operators are so varied that dependable profit or loss figures cannot be arrived at.

#### *Present and Future Rates*

In considering these figures, indicating that a substantial portion of the taxicabs are now operating at a loss, however, it must be borne in mind that the average ratio of paid mileage to total mileage is considerably under 50 per cent—probably closer to 44 per cent. This is reflected in average earnings per total mile of only slightly more than 12 cents as compared with 13.75 cents possible with 50 per cent. paid mileage. It is due largely to the competitive situation, which makes for duplication of equipment and inability to provide planned cab distribution.

On the basis of the present uneconomical organization and highly competitive condition of the industry, therefore, it seems unfair to attempt to determine whether the public should pay more or less for taxicab service. In order to make this clear we have indicated in the following paragraphs some of the modifications in costs which might be expected to result from consolidated economical operation.

#### *Discussion of Cost Factors*

Assuming a reduction in the number of cabs to the minimum necessary to provide reasonable service with large scale operation or unification of operation on the basis of a regulated utility, various factors affecting the net return of the industry will be altered. Among these we note the following:

(1) With some reduction of idle cruising, a paid mileage of 50 per cent of the total miles travelled seems conservatively attainable. This would increase the revenue per total mile travelled by from 1.25 per cent to 1.75 per cent.

(2) The driver's compensation per mile would be increased to a figure which would assure a reasonable wage with fair driving conditions.

(3) The cost of supplies per cab mile would be reduced along two lines; first, because large scale purchasing would make it possible to secure lower prices, and, second, because a truly purpose built cab, such as previously discussed, would consume less supplies per mile.

(4) The cost of maintenance and garaging would probably be somewhat reduced both as a result of the lower cost of maintaining a more economical cab and because under unified management the location of garages would be the result of extensive study in relation to costs and distribution of service.

(5) Insurance, bond or claim costs should be somewhat less than the figure quoted for the present large fleet operations. This is based on the

assumption that consolidated operation would reduce the accident frequency through making possible proper selection, training and supervision of drivers, the consequent elimination of reckless drivers, the elimination of fatigue accidents due to excessive cruising, the installation of speed governors, etc.

(6) Administration and general expenses would be increased primarily as a result of the substitution of scientific control of taxicab movements for driver initiation. This would include a comprehensive call box system to reduce empty mileage to a minimum, service by telephone to residential areas now practically without taxicab service, and a continued study of traffic conditions and public demand in order to anticipate demand for cab service at various places and times.

(7) The charge for depreciation would be lower with the use of truly purpose built cabs, devoid of unnecessary luxury, well maintained and not superseded as a result of change of style before the end of their useful life.

(8) The cost of hack licenses and drivers' licenses should be increased to properly compensate the City of New York for the cost of supervising taxicab matters.

While exhaustive analyses have been prepared, the Commission considers that the possible conditions are too varied to permit any final conclusion as to the total effect of all of these elements. It does, however, appear probable that under proper operating conditions the 15¢-5¢ (30/20) rate of fare, with waiting time added at the present rate of 5-cents for each two minutes, is sufficient to attract good management and the necessary capital. Certainly no change of this prevailing rate either upward or downward is justified until the situation has been constructively developed and all the facts ascertained under improved conditions of organization and management.

Better organization of the Taxicab industry presumes a single legal rate of fare. Such a uniform rate should be determined by the regulatory body on the basis of the costs of efficient and economical operation.

### THE TAXICAB INDUSTRY AS A UTILITY

At the beginning of this report it was suggested that the problems of the taxicab industry in New York City were largely due to the fact that it was in a state of transition. This transition has been characteristic of the age and a majority of the industries which today constitute the economic organization of society have already passed through it. It is the transition from small scale individual production to large scale mass production. It is the same transition which began when the spinning wheel was first taken from the home to become the spinning jenny of the factories which built up industrial England.

The operation of hacks utilized by individuals was originally a luxury service to the well-to-do classes and was performed by hack drivers considered as belonging to the servant class. It was a luxury class service as

contrasted with the mass transportation provided first by horse cars, later by electric surface cars and finally by the modern subway transit systems. The latter were considered public utilities because they were essential to the economic life of the city in the matter of transporting workers to and from their work.

Within the last few years as a result of steady reduction in the cost of motor vehicles and their operation, making possible competitive reductions in the rates charged for hack service, the taxicab industry has been passing out of the class service status to become one of the city's essential public transportation services.

Today, competition for passengers who are attracted by the present rates results in accidents, in the excessive number of cabs which congest the streets in certain sections of the city, in lack of financial responsibility and in the many uneconomical practices which have been mentioned in connection with this investigation. It has produced from within the industry itself a desire to eliminate the undesirable features of competition by securing recognition and regulation as a public utility.

In spite, however, of the acknowledged evils which arise from this competition, it must be recognized that cut rates have been a constructive force in transforming the industry from an unorganized, antiquated and uneconomical individual service to an organized, modern and economical element in the city transportation industry.

To this extent the taxicab industry as we know it today may be termed a product of cut rate operation. General reductions in rates have been followed by a vastly wider use of taxicabs and by reductions in operating costs to make possible reductions in fares. Thus the Yellowgram, organ of the Yellow and Checker Cab Company of San Francisco, says:

"It was in 1923 when rates were cut and the charge for extras discontinued that the cab business began growing up. San Francisco began to ride in cabs, slowly at first, then more and more. That growth has never stopped. The operating companies were forced to add to their fleets, then add again and again. Business cropped up all over town. With bigger fleets and a business that was city wide the need for distribution became not only important but imperative.

"Cabs grew out of the luxury class. They became standardized as one of the important methods of city transportation."

The truth of this analysis is apparent to anyone surveying the effects of the wave of cut rate operation as it swept over the different cities. When the situation was brought under control it did not mean a restoration of the former situation, nor did it mean that the old exclusive rates were restored. It meant rather steps toward the proper organization of the taxicab industry as a popularly priced public service. The taxi driver moved up from the semi-servant class to a recognized status as an employe of a big modern industry.

### *Growth of New York Taxi Industry as a Public Utility*

The present magnitude of the taxicab industry in New York City is perhaps the best evidence of its right to join the other public utilities as a part of the city's regular transit system. That magnitude is a result of the rapid growth which has characterized the last ten years and which was accelerated immediately after the cut in fares to the present 15-5 cent (30/20) rate.

Complete figures tracing this growth are not available because it is only recently that the industry has been given the attention which its sudden growth to maturity has required. Probably the best indication of this growth will be found in the figures furnished by the State Bureau of Motor Vehicles showing the annual registration of vehicles in the omnibus class since 1919. All but a small minority of the vehicles in this group are taxicabs.

These figures show that the number of vehicles registered in this classification in New York City increased from 9,132 in 1919 to 40,939 in 1929, an increase of about 350%. In other words there are today about 4½ taxicabs on the streets of New York for every taxicab operating ten years ago.

Some conception of the present size of the industry will be obtained from the following figures which have been estimated on the basis of the best available information:

#### TAXICAB INDUSTRY IN NEW YORK CITY—1930

Number of cabs in operation.....	19,500
Average number of daily shifts .....	29,100
Number of drivers licensed .....	60,000
Number of trips per year .....	200,000,000
Number of passengers carried per year .....	346,000,000
Gross meter revenue per year .....	\$120,000,000
Revenue, including tips .....	\$144,000,000
Total mileage traveled per year .....	900,000,000
Capital invested in the industry .....	\$40,000,000

Thus the 19,500 taxicabs are providing annual service for 346,000,000 passengers at a total charge of \$120,000,000 or about \$144,000,000 including tips. For purposes of comparison it is interesting to note that all other forms of transit service in New York City carry about 3,200,000,000 passengers a year for an annual gross revenue of approximately \$160,000,000. The street surface lines carried slightly over a billion passengers for a gross revenue approximating \$50,000,000.

In other words, although the taxi industry is the youngest member of the transit family it is already carrying more than a third as many passengers as the street surface lines while its total revenue is almost in a class with the gross revenue of all the other transit services combined.

The extent to which the New York City taxicab industry has already stepped into the public utility class may be illustrated by two other factors;

first, the progress toward standardization of equipment, and second, the increasing recognition which it is receiving from organized capital.

According to the latest Police Department figures 15,030 of the 19,507 cabs operating on the streets are classified as purpose built. This means that more than 75 per cent of all the cabs in New York City were built for taxicab service, with 13,980 of them or about 70 per cent of the total built by three companies specializing in taxicab manufacture. These include 9,065 manufactured by the Checker Cab Manufacturing Corporation, 2,532 manufactured by subsidiaries of General Motors Corporation and 2,383 manufactured by the Paramount Cab Manufacturing Corporation.

The fact that the possibilities of this new utility are beginning to appeal to large aggregations of capital appears in the development of three large operations which between them control more than a fifth of all the cabs on the streets. These outstanding operations are either controlled directly by the leading cab manufacturing companies or are closely associated with interests financially inter-related with cab manufacturing companies.

The largest operation under one control in New York City is that of 2,050 cabs under the Motor Cab Transportation Company. This is a holding company owning all of the stock of the Black Beauty Cab Company with about 1,000 cabs operating largely in Brooklyn and the M. C. T. Company with 1,050 cabs operating in Manhattan. This holding company is dominated by officers of the Checker Cab Manufacturing Company with President Markin of the Checker Company reputed to be the largest individual stockholder.

Next in order of size comes the Yellow Taxi Corporation with 1,275 cabs. This company is owned by the Parmelee Transportation Company which by reason of its ownership of important cab companies in Chicago, Pittsburg, Cleveland and elsewhere, is the largest operator of taxicabs in the country. The Checker Cab Manufacturing Company owns \$1,000,000 of Parmelee preferred stock, probably an expression of sales interest.

A plan is now being carried out which will bring at least 3,325 taxicabs in New York City under the single control of the Checker Cab Manufacturing Corporation. In accordance with this plan the Checker Company will purchase control of the Motor Cab Transportation Company, which it will then turn over to the Parmelee Transportation Company along with certain senior Parmelee securities, receiving in return a majority interest in Parmelee common stock.

The Terminal Cab Corporation, a wholly owned subsidiary through General Motors Truck Company of the General Motors Corporation, with 968 cabs is the other large fleet. These largest fleets with their efforts to put into practice management methods calculated to insure efficiency and safety, indicate that the industry is preparing for the transition to coordinated operation.

### *Taxicabs Industry Recognizes Its New Status*

The extent to which the taxicab industry throughout the country has recognized the change in its status to a regular branch of the city transportation system is reflected in a resolution adopted at the 1929 convention of the National Association of Taxicab Owners, meeting in Chicago. This resolution definitely classifies the taxicab industry as a public utility and declares in favor of ordinances or laws requiring certificates of public convenience and necessity before taxicab operations are licensed. The resolution reads:

*"Resolved, that the National Association of Taxicab Owners are in favor of ordinances or laws covering the licensing of taxicabs requiring certificates of public convenience and necessity before such taxicabs shall be licensed, and that such laws shall look upon the taxicab in the light of a public utility requiring the protection of the city or state against unfair competition."*

A leading journal of the industry, speculating on probable developments in New York City, brings out some of the implications of this new status. It contends that increase in privately owned cars is banned by the nature of New York's development and that certainly the day will come when the private car may no longer be indiscriminately parked in any city street. Transportation, moving as it is toward motors, deprived by necessity of the use of private cars, will turn more and more to the bus and the cab. The writer holds that because of its greater flexibility motor prophets are unanimous in hailing the coming day as the age of the cab. He continues:

*"The cab, it is thought, may become somewhat more standardized in appearance than it is at the present time. It may, and doubtless will, eventually become somewhat smaller in size, perhaps even following the lead of English hacks or continental cycle and motorcycle cabs."*

*"Certainly the day is not far ahead when the cab will be recognized by law as a public utility; cabs will come under the regulation of some public service commission or like board. \* \* \**

*"The cruising cab, which now is a factor in congesting traffic and an expense to its owner driver, will probably be forced to disappear from the streets in the near future. In its place, expert opinion maintains, one will find the parked cab standing on small stands, placed at brief intervals, which will be easily accessible, both to pedestrians and by telephone."*

*"The abolition of cruising, which will be brought about as more and more cabs are put into service, will help to do away with traffic congestion by keeping all cars not actually in use off the streets." (6/24/29)*

Unquestionably recommendations for a satisfactory organization of the industry must be along the lines indicated in this suggestive forecast. The taxicab industry must no longer be dealt with as a tolerated nuisance. The taxicab and its driver must be assigned a regular place in street transportation with the necessary street facilities to make possible efficient, economical service.

The necessity of such recognition is stressed by Joseph Ehrman, Vice-President and General Manager of Taxicabs of Cincinnati, Inc., which dominates the business in that city. He says:

"As I look at the matter, the trouble with the taxicab business is that public officials and police powers do not recognize it as being on the same high plane as other agencies serving the public. They do not seem to realize that taxicabs are rendering a real service to the public the same as the street railways and bus companies. In most instances they legislate against them instead of aiding them so that they can better serve the public."

He notes the failure to provide sufficient taxicab stands as an instance and continues:

"As a result we are compelled to cruise almost continually and the public have to take their chances on hailing a passing cab. Such a situation is intolerable and it must be apparent to you that this incessant cruising by great numbers of cabs is not only an unnecessary expense with which we are burdened in the way of excessive use of gasoline, oil and tires, to say nothing of the depreciation of the vehicle itself, but is extremely hazardous to pedestrian traffic."

Ehrman has no doubt that if taxicabs were given the same parking privileges enjoyed by the private car, each cab would serve ten more passengers daily due to the greater availability and greater convenience to the public. He feels that the greatest advantage enjoyed by the taxicab operator in Cincinnati is the public convenience and necessity certificate requirement.

#### *Relation of Taxicabs to Other Transit Facilities*

We find that in several cities there has been a tendency to combine taxicab operation with other transit facilities through direct or indirect affiliation with the street railways. In Grand Rapids and Philadelphia this has become definite public policy. The theory is that the general transportation interests of a city can be most economically and satisfactorily served by the combined operation of all the transit facilities, including street railways, buses and taxicabs.

In Cincinnati, by September, 1929, 285 of the 375 cabs operating at the time had been brought under the control of interests associated with the Cincinnati Street Railway Company. President W. H. Draper of that company and of Taxicabs of Cincinnati, Inc., commenting on the possibility that the taxicab service would eventually become part of the public transportation system of the city, said:

"There is certainly a place for the taxicab business in public transportation. . . . Whether the taxicab business in Cincinnati will ever become a part of the public transportation system operated by the Cincinnati Street Railway Company cannot be said. If it does it will be because operating under a city controlled service at cost plan, the street railway system can better service the public by having all such forms of transportation centralized in one operation thus giving the city the right to regulate, etc."

Grand Rapids, Mich., has given the Grand Rapids Railroad Company a franchise which covers the whole of the common carrier transportation in the city including taxicab operation. As a result the Grand Rapids Railroad Company has acquired the Yellow, Checker, Red Top, Bird and Harry's cab companies. The legislation contains a provision that no future taxicab companies may be licensed unless the railroad is unwilling or unable to provide the necessary service.

This move in Grand Rapids was based on the recommendations of a special committee aiming to permit the common carrier system to grow, giving good service, tending to the elimination of street congestion, and especially to assure that such operations would be carried on at least possible expense to the public.

An important statement of the theory underlying the combination of the taxicab industry with the general transit system of a city comes from Philadelphia. The management company now operating the subways, street railways, buses and taxicabs of that city, in a statement on the Universal Ford Taxi application for the right to put a large fleet of cut rate taxicabs on the streets, asserted that it would be forced to purchase eventually any competitive taxicab operation franchised. It said:

"The request for new franchise rights for the operation of taxicabs here brings up the whole question of city company planning. When the taxicab companies were purchased by P. R. T. the city insisted that the combination of subways, street cars and buses be made to include taxicabs *so that the profits of the taxicabs would advantage the street car riders.* If taxicab competition is now permitted to change the present taxicab profit into a taxicab loss, this must also be borne by the car riders.

"Mitten Management recognized serious competition from taxicabs as soon as they began to carry five passengers for one fare. P. R. T. decided that the taxicab companies should be purchased and made a part of the subway—street car—motor bus combination.....P. R. T. since the purchase of the old line taxicab companies has been carefully surveying taxicab practices and prices elsewhere and from its own experience in operation has sought to determine the best kind of cab and the best method of operation to make the service here the most useful to the people."

Such a combination, of course, renders it imperative that the Public Service Commission provide an active substitute for competition. In other words, the regulatory body must see to it that the natural trend toward a more economical or adaptable form of transportation is not permanently held up by a heavy investment in a more out-of-date means of transit which it would eventually displace.

The importance of such coordination was emphasized by Dean Henry Earle Riggs, head of the Department of Civil Engineering at the University of Michigan, in connection with the receivership of the street railways of Kansas City. Riggs is one of the outstanding consultants in connection with railroad and public utility regulation and valuation matters in the country, engaged in constant practice. During his investigation of the

Kansas City Street Railways for the U. S. Circuit Court in 1924-25 *he argued that a modern system was incomplete* without buses and taxicabs.

Recently, the Kansas City Public Service Company, operator of the city's street railways and buses, purchased the stock of the Yellow and Checker taxicab operation. It is now carried on as a separate, competing organization although probably with Public Service Company control of general policy, including rates of fare.

*Each Mode of Transportation to Its Proper Function*

The proposition to coordinate the taxicab operation of a city with the regular transit system is really based upon the theory that each mode of transportation should be held to its appropriate function while at the same time providing that any inevitable shift of popular demand shall be taken care of with a minimum of financial dislocation to the general transit facilities. From the city's viewpoint this is especially important when the city itself has a financial stake in the transit system.

In many cities which have experienced cut rate wars, particularly where flat zone rate operations have been introduced, an incentive to subject taxicab operation to utility regulation has been the large loss in revenue which the cut rate operations have occasioned the street railway system. Thus in Seattle, where the street railways are owned by the city, it was estimated that the growing use of cheap taxicabs was costing the street railways \$200 a day in revenue.

President Sam Taggart of the Red Top Cab Company of that city, speaking before the City Council Safety Committee, said that the city was very foolish to own the major portion of the street transportation system while permitting the private ownership of the minor portion. He pointed out that street railway transportation was growing less in volume and more difficult to operate without a loss, while taxicab business was growing more and more profitable. Taggart said:

"The street railway will never be made to pay until it is co-ordinated with the taxi system."

The Washington Forum, commenting on the situation, said:

"Rail transportation on city streets is certainly not growing. Street cars may continue necessary for many years. Improvements in the automotive industry may make them obsolete in the near future. The only way for the city to protect itself and its investment is for it to own all the transportation facilities. If the rail portion is to disappear gradually, the city should recoup its losses from the growing bus and cab business."

The implications of this theory are clear. They are that with proper co-ordination, instead of one mode of transportation fighting to the last ditch against the progress of a new rival in popular favor, it would be possible to substitute a unified system which would adapt itself to the inevitable

change. The change would be moderated, while the investment in the gradually superseded equipment would be amortized out of the joint earnings.

*American Street Railway Association Considers Problem*

The American Street Railway Association has, of course, been alive to the problem created by this new taxicab competition. It has issued a bulletin, No. 268, dealing with cut rate taxicab operation. This bulletin points out that jitney operations of pre-war days presaged the modern motor bus operations, now accepted as a logical part of the general transportation scheme, and suggest that this leads to the question: "Are the so-called cut-rate taxis of today the forerunners of another hitherto undeveloped mode in the modern pattern of public passenger transportation, and as such what effect will their development have on the existing modes of travel?"

An analysis of this bulletin in the evidence before the Commission may be quoted in part as follows:

"Until recently the taxicab was an individual unit in transportation catering to a clientele that was willing to pay higher rates for exclusive transportation. When compared with the masses of the people willing to pay only a fraction of the taxicab rates for their transportation and therefore patronizing the street cars and motor buses, the number of people constituting the taxicab clientele was only a nominal percentage of the total. This situation caused practically no conflict between taxicabs on the one hand and street cars and motor buses on the other. The wide difference in rates between transportation by taxicab and transportation by the carriers of the masses was accounted for by the economic difference between individual small scale production of transportation and mass or large scale production of transportation. Both cannot be produced at an equal cost; and, while both were engaged in public transportation, neither very seriously encroached upon the field of the other."

But the analysis notes that conditions have changed. After citing examples of cut rate operation in various cities with the resulting increase in taxicab patronage, partly from private automobile users and partly at the expense of other transportation facilities, it says:

"Thus have conditions changed as compared with a short while ago when there was practically no encroachment upon the patronage of each other by taxicabs on the one hand and street cars and motor buses on the other. By thus entering the field of cheap mass transportation the cut rate taxicabs have challenged the very regulations and law set up by our governmental authorities to preserve and protect in the interests of the public the existing facilities for cheap and adequate transportation so vital to the well-being of our country today."

The bulletin refers again to the period when buses cut heavily into street railway revenue and points out that, as buses were not capable of completely supplementing trolleys to give complete city-wide service as adequately or as cheaply as the street cars, there finally came out of the muddle the present

plan whereby the two modes of transportation are dovetailed and unified under single or affiliated managements. It suggests that the results have been beneficial to all concerned. The general conclusion is that the taxicab industry should be regulated in such a manner as to keep it to its proper province and to prevent it from jeopardizing the future of the street car and motor bus systems, which today handle the bulk of the necessity riding public.

It should be noted that the loss of traffic to street railways is not due to the fact that additional classes of people choose to ride altogether in taxicabs instead of street cars. It is rather due to the fact that certain classes of people, who might use both methods of transportation, turn more frequently to the taxicab because of its greater convenience when rates are low enough so that they can afford to avail themselves of this service.

*Distinction Must Be Borne in Mind*

In fitting taxicab operation into the general transit system as one of the utilities it is important to see clearly not only the increasing similarity between its service and the other transit services but also the lines of distinction which separate it from the others. This feature of the problem is emphasized in an address by E. D. Gilman, Cincinnati Director of Public Utilities, Gilman says:

"Transportation may be divided into two major classifications—mass transportation and individual transportation. Mass transportation is a service which holds itself open at all times to any number of persons. That is, any one utilizing such service knows and expects that it is not for his individual use and that other persons who are strangers to him may also come into the vehicle at the same time that he is being transported.

"Mass transportation must of necessity be adapted to the requirements of the majority of persons as to route and schedule . . . Because of these factors and because the cost of moving the vehicle can be divided among a large number of persons, the rates of mass transportation are relatively low.

"Contrasted with mass transportation is individual transportation which holds itself open to hire to any person as a common carrier, but when once hired must devote itself exclusively to the service of the renter and not hold itself open for hire to any other person until the prior engagement is completed."

Gilman believes that recognition of this distinction is of primary importance in building up the taxicab industry to the point where it can properly and adequately service the public. He holds that the regulatory provisions should recognize the lines of demarcation and should insist on each operation confining itself to the service for which it is designed.

It may be remarked, however, that the whole trend of the automotive industry has been to put the means of individual transportation service at the disposal of the masses. The automobile itself is recognized as a new method of mass transportation, revolutionary in its significance because it is individually operated. The problem of taxicab regulation is to fit public vehicles

of this type into the city transit system without dislocating other necessary facilities or unduly congesting the streets.

The general transit situation in New York City makes joint ownership of taxicabs and other forms of street transportation questionable at the present time. But we believe that the control of taxicab operation should be placed with the Board of Transportation in order to assure that it be regulated as one element in a unified plan covering all city transit facilities.

### TOWARD UNIFIED OPERATION

The trend of taxicab legislation is altogether toward preventing free entry into the industry. Limitation of competition with emphasis on control of the number of cabs licensed, in terms of the requirements of public convenience and necessity, has ceased to be a debatable point. Limitation of the number of cabs, however, is not fixed by legislation. Instead, the legislative body, whether municipal or state, confers upon the Public Service Commission, the Director of Public Utilities, the Mayor, or upon some other administrative body the authority to determine whether additional cab operation shall be permitted, and by whom.

A majority of the Presentations before the Commission suggested that the number of taxicabs on the streets of New York City should be limited. Many expressed the view that there are today too many cabs on the streets and that this results in excessive cruising coupled with failure of the drivers to secure the bookings which will provide them with a decent income.

Figures in evidence show that, except for Boston, New York City has more taxicabs per capita than any other city and that it leads all cities in number of cabs per square mile. But a glance at the following table, which shows the city and that it leads all cities in number of cabs per square mile. But a glance at the following table, which shows the figures for 1928 by cities, suggests how impossible it would be for a commission to determine in advance the proper number of cabs to meet requirements without waste:

RATIO OF CABS TO POPULATION AND SQUARE MILES

City	Sq. Miles	Population	Number Taxis in Use	Average Taxicabs per 1,000 Population	Average Taxicabs Per Sq. Mile
Baltimore .....	80	830,000	718	.86	8.97
Buffalo .....	45	555,000	450	.81	10.00
Chicago .....	211	3,157,000	5,000	1.58	23.70
Cleveland .....	71	1,008,000	588	.58	8.28
Kansas City .....	151	525,000	750	1.43	4.96
Los Angeles .....	29	1,365,000	580	.42	20.00
Pittsburgh .....	49	673,000	742	1.10	15.14
St. Louis .....	61	848,000	415	.48	6.80
Washington .....	62	552,000	1,600	2.89	25.80
New York .....	300	6,064,000	21,000	3.46	70.00
San Francisco .....	46	585,000	360	.96	12.18
Boston .....	44	799,000	2,961	3.80	67.29
Louisville .....	29	358,000	600	1.67	20.69
Cincinnati .....	72	456,000	390	.85	5.41

City	Sq. Miles	Population	Number Taxis in Use	Average Taxicabs per 1,000 Population	Average Taxicabs Per Sq. Mile
Milwaukee .....	58	544,000	255	.47	4.39
Columbus .....	36	299,000	291	.97	8.68
Minneapolis .....	59	456,000	565	1.23	9.57
St. Paul .....	55	358,000	265	.74	4.82
Detroit .....	155	1,379,000	3,000	2.17	17.50
Indianapolis .....	47	382,000	218	.57	4.64
Philadelphia .....	127	2,064,000	1,300	.63	10.23

These figures have been used to prove that Philadelphia has too few taxicabs and New York too many. In other words, such figures simply serve the purposes of those using them as a basis for argument. They can be interpreted only in terms of a far deeper understanding of conditions in the various cities than available evidence affords. Who can assert that the ratio of 1 taxicab to every 2,350 inhabitants prevailing in Los Angeles should be the standard for other cities in contrast with the 1 cab to every 270 inhabitants for Boston, or the 1 to 630 ratio in Chicago.

A rather interesting pronouncement on the point is found in a decision of the Connecticut Public Utilities Commission denying an application for the right to operate more taxicabs in Hartford. The commission says:

"Some communities have undertaken to determine the question of public convenience and necessity based upon the total population of the territory served, and the figure of 40 cabs for every 100,000 of the population has been suggested. This may be a convenient yardstick of measurement, but it is an indisputable fact that certain cities, on account of acquired riding habit, other convenient transportation facilities, social, commercial, industrial or other local conditions and the particular topography of the city may require more taxicab service than some other cities of equal or greater population."

The commission might have added one other very important factor in determining the number of taxicabs necessary to serve a given population, that is the effectiveness with which the cabs are utilized in the city under consideration. Unquestionably where there are a host of competing operations a much larger number of cabs is necessary to provide the same degree of availability than where taxicab operation is well organized under a few big operations. The highest degree of effective utilization would naturally result from the organization of this service into a single city-wide operation.

#### *The Certificate of Convenience and Necessity Requirement*

Where the final determination of the needs of a city in the way of taxicabs is left to governmental authority, the possibility of more than a single operation is assumed and the right to operate taxicabs is dependent upon the securing of a certificate of convenience and necessity. In other words, an existing operation wishing to place more cabs on the streets or a new operation desiring to place cabs on the streets must demonstrate before the designated authority that the public necessity and convenience requires more service than is being rendered by existing agencies.

The recently enacted Detroit ordinance is considered one of the most complete pieces of legislation designed to require this kind of certificate. This ordinance also contains a novel provision designed to prevent a monopoly of taxicab operation from getting into the hands of a single company. It provides that no more than 75% of the licenses in the city may be held by a single company, group or association of companies. The section of the ordinance covering the certificate of convenience and necessity requirement reads in part as follows:

"In determining such public convenience and necessity the mayor shall consider the number of taxicabs now operating in Detroit and shall in issuance of licenses prefer those now owning or operating such taxicabs and in the issuance of licenses in addition to the number now operating shall consider whether the demands of the public require the additional taxicab service; the financial responsibility of the applicant, the number, kind, type, equipment, schedule of rates proposed to be charged; traffic conditions on the streets of the city of Detroit, and whether the additional taxicab service will result in a greater hazard to the public and such other relative facts as the Mayor may deem advisable or necessary. Provided however that not more than 75% of the number of licenses issued during any one year shall be issued to any one licensee whether individual, copartnership, profit or nonprofit corporation or to any association composed of a group of individual licenses or to the individual members of such a non-profit corporation or such an association."

In Cincinnati the issuance of such certificates of convenience and necessity is in the hands of the Director of Public Utilities. In Los Angeles the authority is in the hands of the Board of Public Utilities. Other cities which limit the number of taxicabs licensed, generally by means of certificate of convenience requirements, include Akron, Chicago, Grand Rapids, Jackson, Michigan, Milwaukee, Minneapolis, Norfolk, Racine, Roanoke, St. Paul, San Francisco, Tacoma, Toledo and Washington.

In a number of states the certificate of convenience and necessity requirement is a matter of state legislation subjecting the taxicab industry to the jurisdiction of the state public service commission or other regulating body. Thus in May, 1929, Connecticut defined all persons, associations or corporations operating taxicabs as common carriers subject to the jurisdiction of the Public Service Commission and made a certificate of convenience and necessity a prerequisite to operation. The commission is given authority to issue and revoke certificates, fix reasonable maximum rates and charges, prescribe adequate service and to make and enforce reasonable rules and regulations with respect to fares, service, operation and requirements.

Montana, in August, 1929, gave the Board of Railroad Commissioners authority to supervise every transportation company, including taxicab companies, and on complaint to inquire into rates, fares and charges. The state requires a certificate of convenience and necessity from the board for taxicab operation, but provides that the board shall not have the au-

thority to limit the number of transportation companies operating within the limits of an incorporated city or town or to prescribe rates made by such companies.

Other states requiring a certificate of public convenience and necessity are Pennsylvania, Arkansas and Rhode Island.

#### *Certificate Without Monopoly a Compromise*

The theory underlying this requirement of a certificate without the definite franchising of a monopoly operation is indicated in a statement of the Connecticut Public Utilities Commission. It says:

"While the taxicab business has been considered a more or less competitive industry in which any one desiring might engage in cut rate or other form of competition with others, the legislative enactment creating state control and regulation over operation and limiting the service to the public convenience and necessity of the community, necessarily removes to a large extent the competitive feature and calls for only such adequate and dependable service at reasonable rates as the community may require. The requirement of public convenience and necessity removes the industry from destructive competition and from those desiring to engage for personal reasons or profit, when the field is already supplied with sufficient taxicab service."

The Connecticut commission believes that where the evidence favors the licensing of more cabs than are actually operating, companies already operating should have a preference. It asserts further that a single certificate holder may be awarded all the new certificates "because of type of equipment, superior competency of operators, and general character of service."

Interpreted in this light the certificate of convenience and necessity might well serve as a bridge from the present chaotic competitive condition to a monopoly of taxicab operation by a single responsible concern subject to full regulation as a public utility. It would mean that competition, so far as it still existed, would be transferred from the field of rates to that of efficient service, with the definite prospect that the operation producing the most satisfactory service would eventually absorb all the licenses.

#### *Possibilities of a Franchise Debated in Seattle*

Throughout the year 1929 Seattle debated the proposal of President Sam Taggart, of the Red Top Cab Co. of that city, that the city grant a franchise authorizing a single company to operate the entire taxicab system.

Taggart originally proposed that the city give him a 40-year franchise to operate the entire taxicab system, the city to receive 2% of the annual gross revenues and the entire property to revert to the city at the termination of the franchise. Taggart said the certificate of necessity "does stabilize the business to a certain extent, inasmuch as it stops the mushroom growth of irresponsible operation and it paves the way for the larger and stronger ones to freeze out and acquire the little fellows at

their mercy. The natural sequence follows and eventually all the certificates belong to one holding company who will then have a lifelong monopoly with very little compensation or obligation to the city."

Taggart's plan was revised in the city council to provide for a 25-year franchise, with possibility of additional 15-year grant, provided the grantee pays city in cash an amount equal to the reproduction cost of equipment less accrued depreciation. Provision was also made for maximum fares. Taggart also suggested that the company should afford one cab for every 2,500 of the population. This plan has never been accepted.

Later a Citizens' Committee, after a study of the situation, made the following recommendations to the Council's franchise committee:

"That Seattle grant taxicab franchises to not less than two nor more than three financially responsible concerns, a method calculated to prevent a monopoly and insure competition. That the franchise run for not more than 25 years. That the operation of all taxicabs, sight-seeing cars and for hire passenger vehicles be covered by such franchises. That the franchise holders shall acquire the equipment of other operators upon the basis of their market value. All vehicles and equipment to be subject to inspection by the City. Franchise holders shall be required to maintain a sufficient number of cabs. Fares shall be measured by meters. No increase in cost of present taxi service. Franchise holders will pay the city 2 per cent. of their annual gross receipts. All franchise holders to be bonded and carry liability insurance."

This program was based on a study of the administration of taxicab matters in ten large American cities. It was turned down by the Council Committee.

#### *Competition of Owner Drivers Does not Keep Down Rates*

On the basis of an extensive study of the situation in Cincinnati, Director of Public Utilities E. D. Gilman says that the competition of single cab operators does not keep down this cost of taxicab service. He says:

"It is common belief that if it were not for the competition offered by the individual operator, the large taxicab companies would charge exorbitant rates. It is common belief that the large taxicab companies are charging exorbitant rates and the small operators are the one who are giving the low rates. It is well to look into the matter to see just what the facts are.

"It is interesting to note that the lowest rates are being offered by the fleet owners, and that the single cab operators are charging much higher rates."

Figures already cited from the records of the New York City Police Department substantiate this conclusion. Most of the high rate cabs in New York City are individually owned and operated while the fleet operators, with few exceptions, are operating on the lowest rate of fare.

Gilman follows with figures illustrating his point and then proceeds to the following interesting observations:

"It has been proposed that the city should set aside one single rate and require all operators to adhere to that rate. This cannot be done as long as the operation is based upon the theory that competition is the proper way to set rates for service. If the city did set rates it would destroy the major thing for which competition is said to have value. Also, rates must be set after consideration of cost. If the rate was set on the basis of the cost of the most efficient operation, it would destroy the least efficient. As long as competition is the theory on which the public feel that they are getting the best service at the lowest rates, it is not possible to set rates and keep that competition at the same time."

*Danger in Equivocal Position*

This brings out the real issue. There is grave danger that the public will secure the appearance of regulated competition without getting either regulation or competition. Perhaps the most accurate discussion is found in the decision of the Pennsylvania Public Service Commission denying the application of the Universal Cab Co. for a permit to operate Ford Cabs in Philadelphia.

The Commission went out of its way to state that its objection was not to the Ford cab nor to the financial structure or capitalization of the applicant but was based solely upon a consistent theory of utility regulation. The Commission said:

"Taxicab operations in Philadelphia were, until a comparatively recent period, in a most unsatisfactory condition, from the standpoint of the public interest. Six or eight rival companies, and a large number of individual operators, for years, competed for business. Rates were high and vacillating, rather than reasonable and stable; no co-ordinated telephone or other service was maintained, taxicabs on the streets were operated without any insurance protection to passengers or the general public in the case of accidents. In the bankruptcy of at least two of the companies, and the default of many individual operators, it is within the knowledge of the Commission that during the period of a few years, over 1,000 accident claims, some of them for deaths and serious injuries, went without redress. While the warfare between taxicab concerns during this competition era was disastrous to most of the operators involved, even a cursory examination of the results will demonstrate that the public was the chief sufferer."

The Commission described the condition before the certificate of convenience and necessity requirement became effective as one in which "taxicab operation involved no fixed or considerable amount of invested capital, and was devoid of the sense of obligation and responsibility of public service necessary to the proper conduct and administration of a public service company."

*Philadelphia Tried Certificate Without Monopoly*

When the requirement of a certificate was made effective approximately 300 certificates of public convenience were issued approving taxicab operation in the City of Philadelphia. Of these all but two were individual operators. The Commission says:

"It early became manifest to the Commission that the trade warfare between the various operators resulted in instability of service with little or no protection to the public in case of accident, due to lack of financial responsibility on the part of the operator. In the hope that the creation of corporate entities possessing the responsibility of corporate management would correct some of the deficiencies inherent to operations by individuals, a number of incorporations of taxicab companies were approved.

"Experience during the years 1920-25, however, demonstrated that unrestricted competition resulted adversely to the public interest and ruinously to taxicab concerns . . ."

The Commission then lists the series of cab company failures and calls attention to its consistent refusal since 1925 to permit new competition to enter. It refers to the broad grounds of public policy affecting the regulatory principle, which negatives wasteful competition between public utilities, and calls attention to decisions of the Pennsylvania Courts affirming and emphasizing that principle.

The Commission quotes the following from the decision of the Superior Court in Relief Electric Company's Application, 63 Pa. Superior Court, as a summary of these decisions. In this case the Commission had denied an application for approval of competitive service, and the argument had been used, as had been done in the present and many other cases that it would result in cheaper rates to the public. The court said:

*"Unrestricted competition in such utilities has been, by experience, definitely shown to be ultimately unwholesome for the community. The invariable rule in such cases, in companies of this character, is that in addition to the cutting and destruction of rates and other practices entirely outside of the range of sound business, one company is absorbed, and the surviving company recoups its loss through excessive charges, at the expense of the unprotected public . . . If the power to regulate does not include the power to prevent unrestricted competition, then much of the beneficial effect of the Public Service Act is lost. Unrestricted competition and regulation are inconsistent. Restricted competition, if there could be such a thing, in such a place as was here applied for would be utterly impracticable. The commission with all its powers could not reasonably control it."*

*Elimination of Competition Means Gain in Service.*

The Commission then goes on to answer the contention that a decrease in the number of taxicabs operated in Philadelphia was an evidence of curtailment of service to the public. After calling attention to corresponding decreases in the same years throughout the country and to the fact that there was a natural decline after the Sesqui-Centennial peak year, the Commission continues:

"But a still more important reason has been the development and extension of a telephone system, under which the city is divided into zones, with nearly 600 miles of special telephone lines, in which taxicabs are operated in a measure independent of other zones but coordinated with the entire system. Of the 339 public stands operated by the company, 228 are telephone call stands. One-third of the business of the company is derived

from telephone calls from patrons, there being over 2,000,000 of such calls a year. This serves to reduce dead mileage, increase efficiency of service to the public, and reduce the number of cars in service to an efficient operating minimum. It lessens the taxi cruising evil, and it is within the Commission's knowledge that the maintenance and extension of the telephone zoning system in Philadelphia has resulted in large measure from an attempt to conform with provisions of the city's anti-cruising ordinance.

"In this connection it is interesting to note that the three cities in which a base or flag taxicab fare of 15c is in effect—New York, Cleveland and Detroit—the public does not have the benefit of a taxicab telephone service such as exists in Philadelphia. The unlimited competition in New York, for instance, according to the record, obliged operators in that city to discontinue telephone service to the public, in order to shave down expenses in an endeavor to meet the losses to the taxicab companies occasioned by the 15c rate. Certainly the elimination of this service to the public and the substitution of such congestion in traffic and other notoriously troublesome taxicab conditions as prevail in the city of New York, would not advantage the general public in Philadelphia, even if such substitution were possible."

The problem in New York, in contrast to Philadelphia, is not so much the number of cabs as it is the number of competing owners of cabs. If the latter problem is dealt with, the question of the number of cabs on the street will be settled by business principles.

#### *Cincinnati City Manager Suggests Unified Operation*

An extremely interesting pronouncement dealing with the progress of the industry toward the status of a franchised utility is that of Colonel C. O. Sherrill, Cincinnati City Manager. Cincinnati has been through the typical rate war which ushers in the new taxi industry and the City Manager has had much concrete experience in bringing order out of the resulting chaos. Speaking in Seattle in August 1929 he said:

"The suggestion has been made by me on several occasions to the City Council that the only solution of the taxicab situation would be a franchise to one company under rigid rate and operating control by the city. \* \* \*

"This city recently adopted a new ordinance placing all taxicabs on the basis of public utilities and requiring a demonstration of public convenience and necessity before the issuing of additional licenses. This is a step in the right direction as it prevents the flooding of the city with uncontrolled taxis in rate wars against established organizations now in operation.

*"With a single responsible company operating the taxicabs of a city on a public utility basis, rigid regulations could be enforced preventing this cruising and keeping the major part of the taxis off the streets and in garages."*

#### *Possibilities of Unified Operation*

The possibilities in the way of economical use of cabs, elimination of unnecessary cruising, etc. available under unified management are perhaps most clearly indicated by descriptions of the operating methods of certain large, well organized operations.

The dispatching system of the Yellow & Checker Cab Co. of San Francisco shows how cabs can be distributed by a central office instead of left to pursue a hit or miss search for passengers dependent entirely upon the instinct of the individual driver for its success. *Taxi Weekly* describes it as follows:

"An order comes in—the receiver throws the switch in on that line. The girl repeats the address to make certain it is correct, writes it on a printed form, notes the time to the second, and drops the order slip in a tray in the center of the dispatching room. As fast as they come in the chief dispatcher sorts the orders, segregates them into districts and hands them to the dispatchers in whose districts they fall.

"Almost unconsciously as he notes the address, the dispatcher selects the stand from which the order should be sent. He considers, if several stands are almost equally distant from the patron, the direction the cabs are pointing, so as to avoid forcing a driver to make a U turn, traffic conditions, signals which might slow up one cab but not another and the easiest route if there is a hill to be considered. These things run through his head as he looks quickly over his board to see what stands are filled, as shown by drivers who have plugged in. Then he rings the stand from which the order is most accessible. Often he rings a stand where a light is showing and gets no answer. When the third buzz still brings no response, he passes on to the next nearest stand.

"When the order is given and repeated by the driver, the dispatcher slips the order form under an automatic stamp which registers the time the order was sent—again to the second. Then the order form goes into a pigeonhole to be held for half an hour for checking, should the patron call in again or the driver report a no-go. It is interesting to note that the time elapsing between the receiving and dispatching of an order is 30 seconds.

"The newest thing is the annunciation board—a glass box hung on the wall and full of blinking, winking electric lights that record fascinatingly and constantly the movement of the cabs over the whole city. Districts are outlined in paint on the glass and within each district is a light for every phone stand. All of these lights are repeated on the dispatcher board below, divided, however, so that the lines from each district go to their own board.

"Each time a plug goes in, two lights flash on, one over on the board in front of that district's dispatcher and one on the annunciator board. From the latter, thus, you can see instantly just what your distribution is, and when a pink is given, it is because the annunciator board shows that the vicinity of the spot where you are sent is minus cabs and in need of equipment. The big glass board has taken the guess out of pinking and made it scientific."

This description suggests that the cruising, individually controlled cab system is merely an early, primitive stage. Unquestionably a unified operation on such a basis for the city as a whole would materially reduce unpaid mileage and would tend to greater economy of operation. Unified operation would avoid all unnecessary duplication in the way of central dispatching stations, sub-stations, call boxes, etc. But if complete unification is not immediately possible, the need for compulsory organization into a few big groups is apparent. As rapidly as possible the individual owner operator and the cruising employee driver should be eliminated.

In this connection we may refer back to the quotation of President Draper of Taxicabs of Cincinnati, Inc., in the section of the report dealing with cruising. Draper suggested that a well organized operation, if granted adequate cab stand facilities, could regulate cruising in terms of the requirements of a given street or area. He said:

"A plan will also be put into effect by which cabs will move up as frequently as may be found necessary from one stand to the next nearest stand in the regular trend of traffic, thus providing a movement of taxicabs which will make them available for people desiring to hail them as they pass, but at the same time substituting for continuous cruising a regular movement which would mean one cab every few minutes instead of a continuous stream of many cabs at the same time."

Thus the cruising problem would be most easily solved under unified operation.

#### *Cooperative Association a Possible Means of Unification*

This emphasis upon the importance of unified, or large scale coordinated operation does not necessarily mean that all taxi drivers must immediately become employees of a single big corporation. A study of the industry throughout the country reveals the fact that equally successful coordination can be achieved through cooperative associations composed of owner-drivers.

The two outstanding examples of these owner-driver cooperatives are the Checker Cab Companies of Chicago and Detroit, each operating in the neighborhood of 2,000 cabs. In both cities these owner-driver cooperatives probably dominate more than half of the total taxi business. They have dispatching systems approximating that of the Yellow & Checker Co. of San Francisco. Thus *Taxi Weekly* says of the Chicago Checker:

"Ten years have passed since a handful of taxi drivers got together in the City of Chicago for the purpose of forming an association which would protect their mutual interests and make taxi conditions better for the driver in the city. . . . It is a man sized job running the Checker Taxi Co. of Chicago with its 93 telephone operators, 400 garage workers, 3,500 drivers, 2,500 cabs, 72 stands, 172 starters, 18 traffic supervisors, 7 garages and over 3,000,000 telephone calls a year to be received from the public and transmitted to the dispatcher's stations."

The officers of this company maintain that 69 per cent of the taxi riding public in Chicago use Checker taxis.

Similarly describing the merger of the Checker and La Salle Cab Companies of Detroit, creating a cooperative with 1,100 members of 2,100 cabs, the *Taxi Weekly* says:

"The Company is now handling 10,500 calls a day, which is expected to be increased to about 14,000 during the winter months. It has 60 trunk lines, 130 direct lines, and 200 taxi boxes. 115 telephone operators and 8 supervisors are employed to enable the company to give 5-minute service to any part of the City."

### *Unified Operation and Working Conditions*

An outstanding reason for the continued preference of a majority of drivers for individual owner operation is probably to be found in the fact that, under pressure of competition and with no chance to develop the coordination of service which makes for economical operation, the fleet owner could not maintain satisfactory working conditions. The fleet operator was under the constant necessity of goading his drivers into making use of their wits to pick up enough business to warrant continued operation.

There is evidence to justify the conclusion that a single operation, in the interest of the efficiency which comes from stable employment and low labor turnover, would develop employee relations which would be superior to those prevailing in any operation in New York City today.

Thus the Yellow-Checker Cab Co. of San Francisco, the same company whose complete dispatching system has been described above, has worked out a plan of employee welfare through which members of the benevolent society enjoy insurance, sick benefits, free medical service, dental service at low rates, etc. Similar developments in Philadelphia include an opportunity for employees to purchase securities of their company.

Discussing the taxicab industry, Vice President Barney Graves of the Yellow Cab Co. of Philadelphia said:

"The taxicab industry has as a whole suffered greatly from labor turnover. There has always been a class of so-called floaters operating cabs throughout the country, and this type of employee has been very expensive to the cab industry. This type of labor has greatly handicapped the success of many operators in that the employees have taken little interest in the welfare of the company. Our plan has made it much easier to meet these problems in the P. R. T. system. Through improved working conditions, insurance, helping hand fund, saving fund and sick benefits, Yellow Cab employees have been transferred into broad minded, self-respecting citizens, who, being interested in their own company, are naturally putting forth extra effort in order to see their company prosper."

In connection with the trend toward coordinating taxicab service with the other street transportation systems it is interesting to note a further statement in which Graves says:

"An additional incentive is the fact that all cab employees of one year's service are eligible for transfer to any branch of P. R. T. service in which they can qualify. This flexibility of departments is of tremendous value, for during the dull summer months, when cabs are not so busy, bus service is at its peak, and to be able to transfer from one branch of service to the other, as business increases or decreases, is of great help in rendering good service to the public."

These plans for their success, all imply some sort of a collective relationship between the men and the management. To an extent it is an attempt to approximate the owner driver interest found in such co-operative undertakings as the Checker Cab Companies of Chicago and Detroit. The Union

Cab Co. of Portland, Oregon, apparently represents a successful and growing operation with union drivers operating at the low rate of 25 cents for the first mile and 10 cents per half mile thereafter.

The essential factor in satisfactory working conditions is, of course, that the driver be assured adequate and stable earnings without excessive hours and that he feels that the company assumes responsibility for his steady employment under conditions which enable him to do his best. This in turn presupposes a financially sound company, capable of maintaining a well organized and stable service. It can best be achieved where the taxicabs of a city are under unified control with competition eliminated and a real service-at-cost basis of operation.

#### *Results Attainable With Unified Operation*

On the whole, then, it may be said with considerable assurance that a well conceived unified operation of all the taxicabs in the city under full public utility regulation offers a solution of most if not all of the problems which have been brought out in the recent hearings before the Commission. In brief, such unified operation would make possible the following desirable operating improvements:

- (1) Limitation of the number of taxicabs to the minimum required by a well planned and efficient service with full control of cab movements.
- (2) Limitation of the number of drivers to the minimum required for such service on the basis of stable employment.
- (3) Limitation of cruising by means of a study of the distribution of demand, the establishment of sufficient hack stands and directed cab movements.
- (4) The fixing of a single rate based on the actual cost of efficient operation.
- (5) Assurance of full financial responsibility by the industry for its costs including damages.
- (6) A comprehensive program for reducing taxicab accidents to the minimum.
- (7) Selection and control of driver personnel with a view to assuring a better morale and fine sense of responsibility.
- (8) Assurance of stable employment with reasonable hours at fair wages and working conditions.
- (9) Telephone and call box system extending the availability of the taxicab beyond the present limits of the business district.
- (10) Adaptation of the taxicab and its utilization to the real requirements of economical service.
- (11) Establishment of adequate cost accounting methods.
- (12) Elimination of the problem of poaching on color rights.
- (13) Relief of the police department and other city authorities from the necessity of detailed supervision over matters more properly within the province of management.

While many of these improvements may be partially secured without completely unified operation, they cannot be obtained even in part so long as the present diffused ownership maintains. Ultimately their full realization

depends upon the complete unification of taxicab operation, and this unification we unreservedly recommend as the ultimate accomplishment to be anticipated by the city authorities in establishing a regulatory body. Our suggested program, therefore, is not intended as a compromise between regulated competition and franchised monopoly, but rather to provide the mechanism for hastening an inevitable transition with the least harmful results to all concerned, and the assurance of ample grounds for judgment when the final step becomes desirable.

Respectfully submitted,

FRANK P. WALSH,  
Chairman.



M. B. Brown Printing & Binding Co.  
37-41 Chambers St., N. Y.

