

‘It’s the tragedy of our industry’: Debt-saddled taxi drivers struggle to compete with new tech

It’s a slow Monday afternoon for 82-year-old cab driver Mark Gruberg, who rolls to a stop in front of Ryan’s Laundry in San Francisco’s Tenderloin neighborhood for his second pickup of the day.

The woman who called the cab, Amanda, struggles with her ramen-stuffed grocery bags. Gruberg, a tall man with a jumble of wiry-gray hair, climbs out of the cab and gingerly takes her bags.

“Here let me get those, I’ll put it on the other side,” he tells her.

Amanda winces as she settles into the cab – she was hit by a car, she tells Gruberg. When Gruberg reaches her destination, she hands him a \$20 bill as Gruberg gets out to help with her groceries again.

Gruberg started driving taxis 40 years ago, when the industry and the city looked much different than it does today. In those decades, he’s carried bags up flights of stairs and helped elderly and disabled passengers, which make up a significant portion of his clientele. This type of service, Gruberg argues, cannot be recreated by so-called “robotaxis” like Waymo’s autonomous vehicles. But the rapidly changing face of the city, beginning with the internet boom in the 1990s to today’s artificial intelligence windfall, has shaken San Francisco’s taxi industry.

Autonomous taxis are just the latest threat to taxis after Uber and Lyft launched publicly in the city in 2011 and 2012, just as hundreds of drivers had purchased medallions — permits issued by the San Francisco Municipal Transportation Agency — for a hefty \$250,000. It was a good

investment at the time, so drivers took out loans to pay for them, not anticipating the looming threat of ridesharing companies.

“Then pretty soon, the roof caved in,” Gruberg said.

Of the 700 drivers who purchased medallions, around 300 defaulted on their loans, losing their medallions and leaving them saddled with debt and a decimated credit score. SFMTA made [\\$63 million in profits](#) due to the medallion program.

Remaining drivers with outstanding debt face a competitive industry where self-driving taxis only [continue to expand](#) their reach in San Francisco. But proponents of the new tech argue autonomous vehicles are safer, more climate-friendly and a natural consequence of innovation.

San Francisco has long been a battleground for new technology. In 2000, activists [protested the dot.com boom](#) by slashing luxury car tires and spraying graffiti on company buildings. But tech persisted, and San Francisco soon became a [hub for major companies](#) like Airbnb and Twitter, in part due to tax breaks and other efforts of the city’s mayor after the 2008 recession.

Waymo, owned by Google’s parent company Alphabet, launched fully autonomous rides in San Francisco in 2022, though not without challenges. In February, a Waymo vehicle [collided](#) with a cyclist, and federal safety regulators opened a [preliminary evaluation](#) into Waymo in May following reports of crashes and traffic violations.

Lauren Christopher, an electrical and computer engineering professor at Indiana University Purdue University Indianapolis, said autonomous vehicles work by identifying objects through a combination of sensors — Waymo’s vehicles have lidar, radar and cameras — based on learning

from prior simulated and real experiences. It can try to predict the behavior of humans, but it is limited by the information it's been fed, Christopher said.

In response to an interview request, Waymo pointed to its [website](#), which describes an array of safety mechanisms including a secondary computer, backup collision avoidance system and a second steering and braking system. It boasts 20 million miles in real driving and 20 billion simulated miles, arguing that Waymo is safer than human drivers and better for the climate now that they've fully electrified their fleet.

As Gruberg stops at a light, he watches a Waymo on Eddy Street attempt to turn left onto Cyril Magnin Street as pedestrians are about to cross. The vehicle abruptly stops when it identifies the pedestrian, then completes the turn. The awkwardness is because Waymo cannot yet identify body language and gestures like humans can, Gruberg said. It's not the first time he's seen a Waymo act strangely or hold up traffic.

But while ridesharing and robotaxis have been disruptive to the labor market, some argue taxis are [inefficient](#).

"The only reason the taxi industry works is because it was the only option," said Max Huffman, an IU McKinney School of Law professor who researches antitrust law and the gig economy.

Huffman said the taxi industry has always been heavily regulated by cities, while companies like Uber managed to avoid local control in favor of state regulation. In California, attempts by the taxi industry to ensure Uber had to follow all the same regulations failed, partly due to a [concerted lobbying effort](#) by Uber in 2014.

The company's model of offering software for people to essentially run their own business by using their personal vehicles also gives it an advantage over taxis, Huffman said. Another edge

ridesharing has is the ability to treat its employees as independent contractors, a distinction Huffman said Uber defends by [settling lawsuits](#) to avoid an unfavorable ruling.

Tired of driving, Gruberg parks in Japantown, hoping he'll garner customers if he's the only taxi waiting in the neighborhood. But after idling for around 15 minutes, it's clear no one is coming. Gruberg has only picked up two riders in two hours, but he recalls an era when he could get 20-25 riders in a 12-hour shift.

Gruberg, who is also a board member for the San Francisco Taxi Workers Alliance, could retire by now but said he continues to drive because he feels a commitment to taxis and the livelihoods of drivers. Though tech marches forward, many taxi drivers are still held "hostage" by the medallion, Gruberg lamented, unable to sell for anything less than the \$250,000 purchase price.

"It's the tragedy of our industry," he said.

