

U8216 Microeconomics and Policy Analysis
Fall 2000
Group Project 8

To: Group Eight
From: George Rupp
Re: Taxicabs

I need your help. I have been invited to a meeting with Donald Trump, Archbishop Egan, Kofi Annan, NYU, and the Durst and Rudin families. The subject of the meeting is taxicabs. We are concerned about the effects the current taxicab situation is having on the real estate we own (which is an awful lot) in New York City. I've attached some recent articles to remind you of what is going on.

The immediate problem, of course, is the mayhem that taxis are causing on the roads and sidewalks (and sometimes inside the buildings) of New York. We haven't lost many people yet in taxicab accidents, and some of them are economists so that that hardly counts, but the high probability of getting mowed down by taxi on Broadway dissuades students and faculty from coming here. The medical costs of accidents are driving up health benefit premiums, and the damage that out-of-control cabs cause to our storefront properties is appalling. All the other parties to the meeting are facing similar problems.

But even though they cause accidents, we don't want New York to be without taxi service — good, reliable, and reasonably cheap service. Just think of what would happen at Columbia couldn't get taxis to the airport and so had to show up in class regularly. Indirectly all of the parties to this meeting are major consumers of taxi service; our customers and suppliers use taxis a lot to get around town and to the airports. A rise in the price of taxi service or a deterioration in its reliability will hurt us, too.

Your reputation as experts on risk-sharing, incentives, and contracts has prompted me to ask for your help in formulating policies for this group to advocate or carry out.

I need to understand the current situation first. Why are cabs leased? Why aren't cabbies paid wages as they were before 1979? Or why don't the people driving the cabs own them? What are the labor supply effects of the leasing system? What are the effects on cab usage? What are the effects on drivers' incentives to exercise care? What about drivers' incentives to maintain the cars well? How would these change if cabbies were owners, or if they were employees?

I also need to understand about medallions. They're pieces of tin, but they're selling for hundreds of thousands of dollars. Columbia has lots of pieces of tin lying around, but they aren't worth anything like that. What makes the medallions so valuable? What determines their value? Can we make Columbia tin equally valuable?

What purpose do medallions serve? Yellow cabs — the cabs that operate in Manhattan below Harlem — have to have medallions, but livery (or car service) cabs — the cabs that

operate in the rest of the city — don't. (Neither do black cars or limousines.) Yellow cabs can cruise and pick up street hails, and liveries aren't supposed to, but it doesn't seem that medallions are physically necessary for the operation of cabs.

I'd also like your thoughts on a number of different ideas that have been proposed for this group to talk about. But feel free to develop other ideas as well.

First, of course, there are the city initiatives of the last several years — a lot of fines against drivers, a four-year replacement requirement on cars, minima for liability insurance, maybe a bonding requirement. Who bears the burden of these measures? Do any of them change the amount of care that drivers exercise? More important, do they get drivers to exercise the right amount of care? (Remember that we lose if drivers exercise too little care — people get run over — and we lose if they exercise too much care — our people can't get around fast enough or they have to pay too much.)

Then of course there is the libertarian solution — allow anyone to drive a cab and charge any price; in effect scrap the medallions. What happens to injured pedestrians if there is no liability insurance requirement? What happens to average reputation for trustworthiness of hail cabs? Will on-the-spot negotiations produce the right prices?

(Please don't pay attention to medallions or their prices. I have another task force working on the issues surrounding the medallion and its finances.)

Someone on Archbishop Egan's staff has suggested the "purple bicycle solution." At a time when a large proportion of cab riders can drive, why do we need drivers? Why not just buy a bunch of pretty old, battered cars, paint them some garish color, and leave them around the city? If you need to go somewhere, you hop into one of these cars, drive it to your destination, and leave it there for the next person to pick up. The city government wouldn't even have to buy cars for this purpose — it could just take abandoned cars, stolen cars, and maybe towed cars. (In fact, if the city just towed parked cars around randomly, which is a good approximation of current policies, no one could claim ownership and everyone could always find a car to drive.)

A lot of other, less revolutionary ideas focus on insurance. One idea would be to ban liability insurance, since it creates a moral hazard problem. The problem here is bankruptcy and being judgment-proof. One suggestion is to make the medallion subject to judgments, and restrict liability insurance to amounts in excess of the value of the medallion.

Other people have said that it should be the drivers who are responsible, rather than the fleet owners. After all, it is ultimately the drivers who must exercise care or not. But the bankruptcy issue is even more severe with drivers than it is with owners. If drivers had to buy insurance, who would pay for it?

Other suggestions deal with the contract between owners and drivers. Some people have suggested outlawing leasing and requiring that cabbies either be workers or owners (or maybe sharecroppers). Would this work, or would the medallion owners find a way of getting around it? More seriously, would it help in getting the right level of care and output, or would it just

result in a lot of cabbies stealing and whole lot less availability of cabs? If some other form of contract is better than leasing, are there ways of encouraging that form that are not so heavy-handed?

Finally, a number of the power brokers are concerned about racial discrimination. Minorities, and African-American men in particular, report great difficulties in hailing yellow cabs. Is there anything in the current system of medallions and price-setting that encourages this behavior by cabbies? (Cabbies in an unregulated market will pick up every ride that has positive expected profit; cabbies in a regulated market, to earn the lease payment to maintain the price of a medallion, pick up only rides that earn them the greatest expected profit.) Does the experience of Washington, D.C. tell us anything useful? Does the experience of livery cabs, many of whom operate in minority neighborhoods, tell us anything useful? Would abolishing medallions or lowering the fare (or increasing it outside of Manhattan) help? Could the power brokers establish a cab company (with or without medallions) that would do better (and still make money)? Should livery cabs be allowed to cruise in Manhattan? Whatever your recommendations are, please be sure to describe their effects on this problem.

I will be meeting with the others in a few weeks. I'd like you to brief me on what to say. I'd also like a one- or two-page summary I could bring to this meeting.

Thanks.

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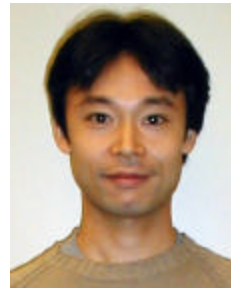
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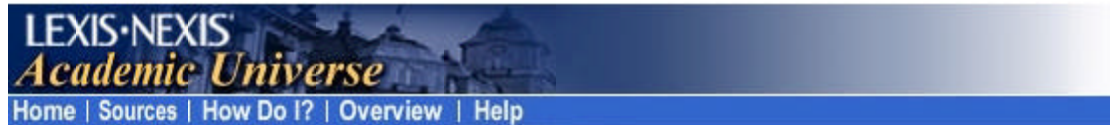
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When Harry Met Sally



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Search Terms: riders know, study confirms

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March 17, 2000, Friday, Late Edition - Final

SECTION: Section B; Page 1; Column 2; Metropolitan Desk

LENGTH: 1033 words

HEADLINE: Riders Know, Study Confirms: Taxis Are Harder to Find

BYLINE: By RANDY KENNEDY

BODY:

It's not your imagination. Hailing a yellow cab really has become a lot harder.

According to an analysis of a decade of taxi meter and odometer readings, obtained recently from New York City by a transportation consultant, the availability of cabs over the last seven years has fallen sharply, by 13 percent -- even with an expansion of taxi medallions, two fare increases and the introduction of subway and bus fare discounts.

The analysis confirms what anyone who relies on cabs almost anywhere in Manhattan already knows: the city's surging economy is increasing the demand for a taxi supply that has not increased in several years. And the imbalance is beginning to show.

Taxi experts add that the effect on minorities and people seeking to travel outside Manhattan is probably much worse, because as competition for cabs increases so do refusals -- cabdrivers ignoring some hailing passengers or refusing to take them to certain destinations.

"The bottom line here is that the anecdotal stories about how it's much harder to catch a cab are more than borne out by the objective data," said Bruce Schaller, a former policy analyst for the city's Taxi and Limousine Commission and now a private consultant, who obtained the cab data through Freedom of Information laws.

Mr. Schaller said he thought the cab shortage had become so pronounced that the city "really needs to start looking at how to make cab service more readily available."

The analysis, conducted on data that is collected three times a year by the taxi commission during cab inspections, found that the number of passengers in yellow cabs, the most frequently used means of traveling within Manhattan after the subway, had increased 17 percent over the decade. Ridership rose from 206 million a year in 1990 to 240 million last year, the 1999 figure equivalent to more than three-

quarters of the population of the United States.

Passengers last year paid an average metered fare of \$6.85, or \$8.07 with the night surcharge and a 15 percent tip. The length of the average trip -- three miles -- was also greater than in years past, partly because of more airport trips.

Revenue for the taxi industry rose 46 percent in the 1990's, from \$949 million in 1990 to \$1.39 billion in 1999 -- roughly the amount that investors paid for Rockefeller Center four years ago.

But the statistic that means the most to taxi riders is the number of "dead miles," an estimate of how much time cabbies spent cruising for passengers and the best indicator of how readily a cab can be hailed. As cruising miles increase, a person standing on a street corner is more likely to encounter an available cab. When the miles decrease, finding a cab becomes harder.

In 1992, when cab availability was at a high during the recession, the number of cruising miles was 310 million. The figure decreased to 271 million last year, out of 772 million miles driven on duty.

The records also show that last year, 65 percent of the average cabby's time was spent with a passenger, up from 57 percent in 1992. Because these numbers are skewed by graveyard-shift drivers, who can cruise for long periods without a fare, the percentage of time cabs are occupied during business hours is probably much higher, Mr. Schaller said.

The analysis found that a 1990 fare increase of 11.5 percent was one of several factors that helped taxi availability rise during the first three years of the decade. As the economy heated up, more people were willing to pay the higher fares, and availability began to drop rapidly, hitting a low in 1996.

An additional fare increase in 1996, of about 20 percent, had little effect on availability -- even with the competition from discounted subway and bus fares for Metrocard users and with the auction of 400 more taxi medallions, the first expansion of the cab fleet since the Depression. (A medallion is the badge that gives a cabdriver the right to pick up riders; there are now 12,187.)

Those factors caused taxi availability to rise for just one year, from 1996 to 1997. Then it began to drop again because, Mr. Schaller theorized, tremendous demand was spurred by the creation of many more jobs in the city and a rise in tourism.

Allan J. Fromberg, a spokesman for the Taxi and Limousine Commission, said the numbers "show what we've believed to be true for some time, which is that the industry has never been more viable."

"This is probably the strongest taxi industry in many years," Mr. Fromberg said.

But the increase in demand, and in industry revenues, has not been as big a boon to cabdrivers, the report found. The average driver grossed \$1.80 per on-duty mile, or \$254 for an average shift of 141 miles. The figure includes the additional money from night surcharges and an estimated 15 percent tip, but does not take into account what the drivers must pay for gas and to fleets to lease their cabs.

In 1990, cabbies made about \$196 on an average shift. But Mr. Schaller said that in general, increased fare revenue for drivers had been offset by inflation and by higher lease fees.

Mr. Schaller added, however, that the report also showed that the expansion of the taxi fleet in 1996 did not have the dire effect that many drivers feared: driving down their income. And he said he thought this was an argument for increasing the fleet more, a decision that would be up to the State Legislature.

"There's a reservoir of unmet demand for taxis, both through the boom times and the recession, that has absorbed every single mile of additional service," he said.

But others who have studied the taxi industry make an analogy to a rule used by traffic planners -- that cities can never build their way out of traffic congestion by adding roads -- and say that increasing the number of medallions will probably never have any appreciable effect on increasing taxi availability.

"Let's suppose you added 50,000 medallions," said Edward G. Rogoff, a professor of management at Baruch College in Manhattan who has studied the industry for many years. "What's going to happen? The area they serve is just going to push out to a larger part of the city, the places that livery cabs serve now."

<http://www.nytimes.com>

GRAPHIC: Photos: Drivers of yellow cabs in New York are spending less time looking for riders. (Nicole Bengiveno/The New York Times)(pg. B1); With the demand for cabs going up, and the supply of cabs hailing a ride is hard work in New York, especially during peak hours. (Angel Franco/The New York Times)(pg. B3)

Chart: "Keeping Track"

The total number of miles medallion taxis in the city traveled without passengers has declined since 1992.

(Source: Schaller Consulting)(pg. B3)

LANGUAGE: ENGLISH

LOAD-DATE: March 17, 2000

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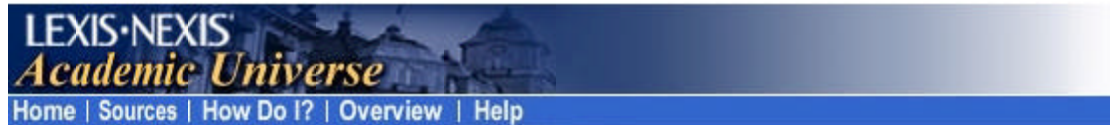


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January 2, 2000, Sunday, Late Edition - Final

SECTION: Section 14; Page 4; Column 2; The City Weekly Desk

LENGTH: 1158 words

HEADLINE: NEW YORKERS & CO.;
Fed Up With Lean Pay, Cabbies Head to Court

BYLINE: By EDWARD WONG

BODY:

RIZWAN RAJA always considered himself good at keeping track of money. As an accountant in his Pakistan, he was hired to help audit large companies, calculating their earnings with pen and paper.

But as the driver of a yellow cab in New York, Mr. Raja said, he watched helplessly as his hard-earned cash slipped away like the ticking of a meter. The industry has bled him for money, he said, and he has decided to sue his former leasing company in Queens Civil Court for \$20,700 in damages and lost earnings.

Mr. Raja, 28, is the first of eight taxi drivers who are suing or planning to sue such companies over what they call unfair business practices, including the fees they charge drivers and the conditions under which they repossess the cabbies' lease-to-own cars. Mr. Raja filed his suit early last year. Another driver, Malik Majeed, filed his in State Supreme Court on Dec. 20. The others are expected to bring their suits in various courts before March.

Industry experts and lawyers say these are among the first instances of drivers, generally considered the weakest figures in the taxi industry, taking legal action against lease companies, commonly known as taxi brokers or medallion agents. Many of the drivers are being represented pro bono in their attempt to identify and hold accountable certain parties within a multilayered business fraught with financial pitfalls.

"This happened to me because I'm a new person, I'm an immigrant here," said Mr. Raja, who moved to New York in 1996. About two-thirds of the city's cabbies come from the Indian subcontinent. "I didn't know all the laws then, or the people to turn to, or the agencies I can look for if I'm being cheated."

For many drivers, the \$1.5 billion taxi industry can be a morass of multilevel companies, arcane contracts and medallion owners whose names sometimes remain veiled by bureaucratic paperwork. There are 12,187 medallions -- essentially cab-operating licenses -- that have been auctioned off by the city and are

worth an average of \$275,000 each.

Taxi brokers lease a medallion from its owner and then rent it to a driver. Sometimes the broker and medallion owner are two separate companies with the same owners. The brokers charge drivers an average of \$650 to \$750 a week for a medallion and around \$250 per week for a cab, which the driver usually gets to own after about two and a half years.

This system has its roots in the 1970's, after many of the city's large garage fleets, for whom taxi drivers worked as employees on commission, shut down because of the recession and a move to unionize drivers, said Bruce Schaller, an industry consultant and a former policy analyst with the city's Taxi and Limousine Commission. The current setup, with the drivers working as independent contractors, emerged after the medallions from those fleets entered the marketplace.

BUT for years, some drivers have complained that their leases have unforgiving terms. Mr. Schaller said the high cost of medallions often leads brokers to insist on cab-leasing contracts that put drivers at a disadvantage. Add to this the immigrant drivers' limited economic clout, he said, and what you often get are contracts that allow a leasing company to repossess a car if the driver is even a single day late with a payment.

"It's legal because that's what the lease agreement says," Mr. Schaller said. "But it's certainly not appropriate or a good way of doing business."

The drivers' lawsuits cover a variety of issues. In the complaint filed in his case against a leasing company called Tri Star Operating, for example, Mr. Raja claims that Tri Star seized his lease-to-own cab in September 1998, informing him that the medallion he was driving under had been sold. Tri Star, according to the complaint, informed Mr. Raja that he would have to drive a replacement car until the original one got a new medallion.

The complaint says Tri Star violated the lease agreement by taking back the original cab and medallion, an action that would result in Mr. Raja having to pay "considerable amounts of money" so that his original car could pass an inspection required by the Taxi and Limousine Commission for all cabs getting a new medallion. In his complaint, Mr. Raja said that a similar situation had happened to him before at Tri Star.

But Richard R. Rio, a lawyer for Tri Star, says that it is customary to have medallions sold in the industry, and that the broker had a right to take the original cab off the road temporarily as long as Mr. Raja was given a replacement. As for re-inspection costs, "Tri Star was willing to do everything for him to get his old car re-hacked," Mr. Rio said. If Tri Star mistreated drivers, he added, "they would be out of business."

In an answer filed with the court, Tri Star asked to have the suit dismissed and countersued the cabbie, saying Mr. Raja defaulted on his payments, failed to repair the vehicle and didn't pay tickets.

Meanwhile, the New York Taxi Workers Alliance, an 1,800-member drivers' advocacy group, has been helping the other six disgruntled cabbies with their lawsuits. "You would think that an industry that is publicly scrutinized and regulated would not have these kinds of violations," said Bhairavi Desai, the organizer of the group.

Ms. Desai said that drivers are often reluctant to complain to public agencies because they perceive groups to be hostile. That perception has grown with rules adopted in 1998 which, in part, set stiffer fines and higher insurance premiums for cabbies.

The Taxi and Limousine Commission rarely receives driver complaints against brokers, according to Allan J. Fromberg, a department spokesman. He added that the disputes often involve contractual disagreements that are best settled in court.

Such was the advice that one of the other cabbies planning to sue, Vivian Borges, said she received from the commission when she complained about her taxi broker. Ms. Borges became a cabbie to prove to her father, a driver of 36 years, that she, too, could succeed in the business.

Instead, she said, after paying King Brokerage in Brooklyn almost \$120,000 toward a medallion and a car for two and a half years, the company repossessed her cab in November 1998. During that time, she said, she often worked 100-hour weeks but averaged only \$100 a week in profits. She said the company overcharged her by \$16,000 and repossessed the cab because she had refused to sign another financing agreement.

"What they did to me, they ripped my heart out," Ms. Borges said. "I had my blood, sweat and tears in that car."

Nadeem Waen, Ms. Borges's lawyer, said he planned to file a suit this month.

"Let her take me to court," said Angel Oswald, who owns King Brokerage. "I've got nothing to hide." He said he repossessed the cab because Ms. Borges owed him \$10,000 in back payments.

As for Ms. Borges' car, he said simply that "it's back on the street."

<http://www.nytimes.com>

GRAPHIC: Photo: Rizwan Raja, a Pakistan native, is the first of eight taxi drivers who are suing or planning to sue leasing companies. (Chester Higgins Jr./The New York Times)

Chart: "LEDGER: Money In, Money Out"
Here are some of the financial facts of life for yellow-cab drivers.

Some major expenses

Cost of leasing a medallion: \$650-\$750 a week
Vehicle rental: An average of \$250 a week
Vehicle maintenance: An average of \$175 a week

Income and Workload

Average pay, after expenses, of a cabbie with a long-term lease: \$90 per shift
Average shift length: 10-11 hours
Average number of fares per shift: 30
Average number of miles driven each year by a cabbie with a long-term lease: 33,000
(Source: Schaller Consulting)

LANGUAGE: ENGLISH

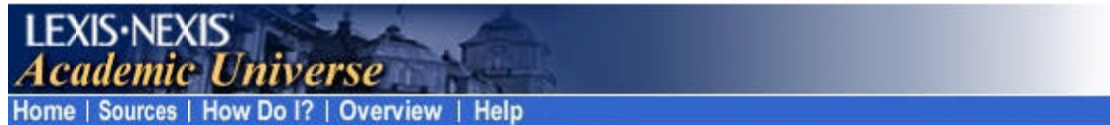
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November 17, 1998, Tuesday, Late Edition - Final

SECTION: Section A; Page 1; Column 1; Metropolitan Desk

LENGTH: 1891 words

HEADLINE: **Livery Cabs Get the Blame** For Increase in Accidents

BYLINE: By ANDY NEWMAN and JOSH BARBANEL

BODY:

As taxi accidents have risen steadily in New York City over the past decade, the most recognizable image of the danger has been that of a yellow cab wrecked on a Manhattan sidewalk, debris strewn about, perhaps a pedestrian pinned against a light pole. But an analysis of newly released accident data shows that car services and livery cabs are actually responsible for the increase.

The New York Times analysis of more than 100,000 accidents reported to the state found that crashes involving livery vehicles -- which include call-for-pickup car services, corporate "black cars," some commuter vans and vans for the handicapped -- increased by 60 percent from 1990 to 1997.

The number of yellow-cab crashes in the city, the analysis found, has dropped significantly since 1994 after rising during the early 90's and is now only slightly above what it was at the start of the decade.

Serious injuries in yellow-cab accidents are down by more than 20 percent since 1990, even including the rash of disfiguring facial injuries caused by partitions affixed to the driver's seat since they became standard equipment in yellow cabs in 1994.

The number of livery cars has increased significantly over that period while the number of medallion cabs is up only slightly. On a per-cab basis, livery-car accidents were still up 25 percent while yellow-cab accidents were virtually the same in 1997 as in 1990.

The analysis sheds light on an overlooked sector of the transportation industry that does most of its business in the boroughs outside Manhattan and that regulators have only recently begun to take seriously, even though livery cars outnumber yellow cabs more than three to one.

The diverging trends had been hidden because the State Department of Motor Vehicles lumps all for hire together as "taxis" and because the city's Taxi and Limousine Commission did not track accidents at all from 1990 until it passed a broad package of new rules in May.

The state agency turned down repeated requests from The Times for data on individual accidents for eight months, saying that generating the data would require an extensive computer run that was beyond the requirements of the Freedom of Information Law. It finally released the data last week, but still has not furnished it to the taxi commission.

Earlier this year, the only data available from the state showed a 40 percent increase in accidents involving all "taxis" from 1990 to 1996. This, along with several high-profile yellow-cab crashes, prompted a spate of news articles, including several in The Times, and helped spur a crackdown by the city that included a ticket-writing blitz against yellow cabs and much steeper fines and insurance requirements for all kinds of taxis.

But the trends are sharply different in various parts of the city. In Manhattan south of 96th Street, where yellow cabs predominate, accidents involving all "taxis" have increased 17 percent since 1990, although in recent years the numbers have declined. But outside Manhattan, where yellow cabs are seldom seen except at the airports, accidents involving all cars classified as "taxis" have increased by 53 percent since 1990. "Taxi" accidents in Brooklyn have jumped even more dramatically, by 81 percent over the decade.

Experts and officials offered several possible explanations for the accident pattern. Livery cars, which are only allowed to pick up riders by prearrangement, have been far less regulated over the years than yellow cabs, which can cruise for fares, and several police and taxi commission initiatives during the 90's have applied only to yellow cabs. And Bruce Schaller, a former regulator for the taxi commission, has produced a study showing that the economic boom of the last few years may have done more to increase wages for yellow cabbies than for livery drivers, leading them, he concluded, to drive less recklessly.

Eugene Pero, the president of the Livery Owners Coalition of New York, said that much of the increase in livery accidents was due simply to the increase in livery cars -- to about 41,000 in 1997, up from about 32,000 in 1990, according to the commission. (There are 12,187 yellow cabs, up 400 since 1990.)

But the increase in accidents has outpaced the growth in the fleet, with the accident rate per livery car up by about 25 percent, the analysis showed. The accident rate per yellow cab, by contrast, was virtually the same in 1997 as in 1990.

The accident rate per car for yellow cabs is somewhat higher than that for liveries, but most yellow cabs are driven round the clock while most livery cars are driven less than 12 hours a day.

Whatever the reason, the analysis was greeted with an "I-told-you-so" by yellow-cab executives, who, along with their biggest insurer, American Transit Insurance Company, asserted for months as they fought the new rules that yellow-cab accidents were dropping.

"I think we've been unfairly blamed and targeted," said Ronald Sherman, president of the Metropolitan Taxicab Board of Trade, which represents big fleet owners. "We would hope that the T.L.C. and the city adjust their enforcement accordingly."

But the chairwoman of the taxi commission, Diane McGrath-McKechnie, said the agency would not change course.

"This is not a numbers game for the T.L.C.," Ms. McGrath-McKechnie said. "This is about public safety. Whether the numbers go up a little bit or down a little bit, there are still too many accidents, and we need safe drivers for medallion cabs and for livery vehicles."

The Police Department, however, said it would consider cracking down on livery cars. This spring, when attention was focused on taxi dangers, a special police department unit that focuses on yellow cabs stepped up its enforcement sharply; tickets written by the unit rose 36 percent for the first eight months of this year over the same period in 1997.

"We have had focused enforcement on livery cabs and will continue to do so," said Lieut. Stephen Biegel, a police spokesman. "We'll also review the data and see if a formal unit would be in order."

Ms. McGrath-McKechnie said the commission's new rules, most of which apply equally to yellow and livery cabs, should bring the two industries into line with each other. And she said she planned to call for votes at the next commission meeting on Thursday on the two proposed rules that the commissioners balked at passing in May.

One rule would require all yellow-cab owners to post a \$100,000 bond for accident victims to collect against. The other would lower the penalty-point threshold at which drivers lose their licenses.

The Times analysis found that yellow cab accidents reported to the state increased from about 3,850 in 1990 to a peak of about 4,850 in 1994, then decreased to about 3,950 last year. Accidents involving livery cars rose steadily from about 6,300 in 1990 to about 9,050 in 1994 and 10,150 last year. The analysis used statistical methods to estimate the distribution of accidents where data was incomplete.

Serious injuries in livery accidents, including severe cuts, broken bones, and other internal injuries also increased during the decade, to about 800 in 1997 from 675 in 1990. During the same period, serious injuries in yellow cabs dropped to about 350 in 1997 from about 450 in 1990.

The Times analysis found that in 1994, when the partitions became standard, the number of yellow-cab accidents in which the most serious injury was to the face or eye jumped drastically, to 81 from 52. But those accidents represent such a small portion of the total -- 2 or 3 percent -- that the increase was swallowed up by the overall decrease.

And by the end of 1997, yellow-cab accidents in which the most serious injury was to the face or eye had dropped below the 1990 level of 46, to 36, due at least in part to an aggressive campaign by the taxi commission to get passengers to wear their seat belts.

Fidel F. Del Valle, the chairman of the taxi commission from 1991 to 1995, said that until the new rules were passed, most of the enforcement against livery cabs consisted of making sure the cars were properly registered and were not cruising for fares. He said that holders of livery licenses often allowed friends or relatives to work their cars when they were not using them, whether or not they had hack licenses.

"Until the recent rules," he said, "there have been no real rules as to the behavior of for-hire vehicle drivers."

Yellow cabs, meanwhile, have been held to a standard that, whatever its shortcomings, has become strict over the course of the decade. In 1990, the commission began a persistent-violator program for yellow cabs that has resulted in hundreds of suspensions. In 1995, the police took over enforcement against yellow cabs from taxi commission inspectors and began writing what many yellow-cab drivers complained was a blizzard of nuisance tickets for minor infractions.

In 1996, the commission passed a rule requiring owners to buy new cabs every four years at most. Some livery drivers, Mr. Pero said, keep their cars on the road for up to 15 years.

"I see cars on the road in the livery industry that I'd be ashamed to put in my fleet," said Mr. Pero, who runs a fleet of 42 car-service and black cars.

Mr. Pero agreed that regulation of liveries had been too lax, but like many yellow-cab owners, he said that the commission and the police had gone overboard since the new rules were passed in the spring, and said he was worried that it could get much harder for him to make a living.

"What has happened in past administrations is that they haven't corrected the industry," he said. "The T.L.C. hasn't protected the public until now. But all of a sudden they implement this stuff on both industries and it becomes chaotic."

Analysis Methods

The Times analysis was based on an examination of a state database of nearly 120,000 taxi accidents involving 127,000 cabs, 133,000 other vehicles and 320,000 people, more than half of whom were injured, across New York State between 1990 and 1997.

The database, compiled from police reports, included the license plate number of each vehicle. The Times classified each New York City taxi as either a yellow cab or a livery car based on unique sequences of plate numbers assigned to each type.

In roughly 15 to 20 percent of all New York City taxi accidents, the plate number was missing from the state files, typically because the plate number reported by the police did not match state license records.

The analysis found that the pattern of missing records strongly matched the pattern of medallion taxi accidents across the city. As a result, The Times classified these accidents based on a statistical model that considered the number of medallion and livery plates in each precinct.

Over all years, 80 percent of the missing cases were allocated to yellow cabs. Experts said yellow cab license plates were complicated, often containing a small subscripted number that caused errors in state accident reports. The model assumed that there were no other factors that might explain the pattern of missing plates. But even if all the missing plates were livery cars or taxis, the pattern the analysis found -- a decline in yellow cab accidents and an increase in livery car accidents -- was still valid.

GRAPHIC: Graph/Map: "BY THE NUMBERS: Look Both Ways"

Graph shows number of livery cabs and yellow cabs in New York City and indicates how many of each were involved in accidents, plotted from 1990 through 1997. Map of New York City indicates where the accidents occurred. (Source: N.Y.C. Taxi and Limousine Commission; New York Times analysis of State Dept. Motor Vehicles data)(pg. B14)

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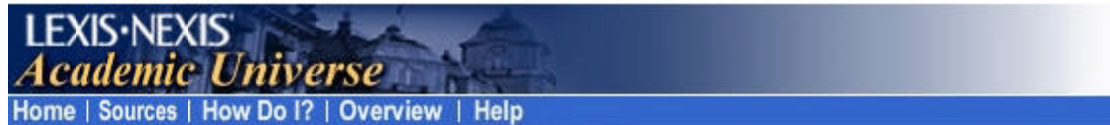
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HEADLINE: Taxi Crackdown Could Backfire, Critics Warn

BYLINE: By CHRISTOPHER DREW with ANDY NEWMAN

BODY:

When Yakub Sachakov, a cabdriver, came off the Manhattan Bridge into Chinatown on Aug. 10, a police officer spotted him making an illegal right turn. After barking orders to stop through a loudspeaker, the officer handed Mr. Sachakov, an emigre from Kazakhstan, a fistful of tickets -- four for failing to follow traffic rules and one for taking too long to pull over.

Mr. Sachakov, 52, was so stunned and demoralized by the blizzard of tickets that he has worked only two days since then. Because of two prior violations, his hack license is almost certain to be suspended or revoked, and he will have to pay hundreds of dollars in fines.

As Mr. Sachakov has learned, the rules of the road -- and the consequences of violating them -- have changed drastically for cabbies since Mayor Rudolph W. Giuliani began his crackdown last spring amid growing concerns about taxi safety. Police figures show that ticketing of cabbies is up 36 percent over last year's pace, and city officials acknowledge that it has become fairly common for officers to write multiple tickets for some offenses. In addition, stiffer fines and penalties took effect late last month, and fleet owners are expecting a wave of drivers to be suspended as the latest tickets are processed.

Taxi regulators say this hard-nosed campaign is making cabbies more cautious and should help bring down the accident rate among a class of drivers who have long been criticized for their risky antics. "I think we've got everyone's attention," said Diane McGrath-McKechnie, chairwoman of the Taxi and Limousine Commission. "They know we're serious."

But many drivers and fleet owners, and even some judges in the commission's own court system, say some aspects of the enforcement initiative amount to overkill, and are likely to worsen a shortage of full-time drivers. Other critics say that it is cabbies' desperate need for fares that leads some to drive recklessly, and that if the city wants to improve taxi service and make the largely immigrant driving corps more professional, it must also find ways to make getting behind the wheel more profitable.

"The city's approach is really to use negative reinforcement on the industry, to do tougher enforcement and higher fines," said Edward G. Rogoff, a professor of management at Baruch College in Manhattan who has studied the taxi industry. "It seems to me that encouraging a system where drivers can make it a profession and earn a living and stay in the industry awhile would have a much better effect."

Surveys by the taxi commission show that the drivers who receive the fewest traffic tickets are generally those who have been in the business for five years or more and are used to its pressures. So one of the most difficult questions now is whether it is wise to chase drivers out of the business after two or three tickets and replace them with inexperienced drivers who may be no better.

City officials, who regulate nearly every aspect of the taxi business, say they are aware that more needs to be done, and are readying a second round of changes. Last week, the taxi commission announced plans to require more extensive training for new cabbies. It has also scheduled a hearing for tomorrow on one of the most basic aspects of the industry's economics: the fees that most yellow-cab drivers pay to lease their medallions, or licenses, from the cabs' owners.

Ms. McGrath-McKechnie would not say whether her agency is considering major changes. But another new rule, requiring taxis to carry much more accident insurance, takes effect tomorrow. And veteran drivers, especially those who own their medallions, say they fear that insurance costs, which are to jump 40 percent, coupled with the new fines of up to \$1,000 for each violation, could drive them out of the business.

Indeed, industry officials said, the next major battle might be over whether there should be a fare increase to pay for the safety improvements. The industry would like an increase, but Ms. McGrath-McKechnie has said she sees no need for one. City officials say medallion owners should absorb the costs of the safety improvements and find ways for drivers to make more money.

But so far, the early results of the Mayor's actions are most visible in the tensions on the streets, where the Police Department's taxi unit is monitoring cabbies more closely at busy locations like Pennsylvania Station and other checkpoints.

In interviews, a number of drivers said they recognized the city's need to tighten enforcement of traffic laws, and some said they are driving more carefully now. But city statistics show that the number of tickets issued to cabbies had already doubled from 1995 to last year. And in recent months, the cabbies say, police officers have been issuing tickets that classify many common violations as more severe infractions.

For instance, cabbies complain that police officers have been classifying violations like stopping more than a foot from a curb or driving alone in a restricted lane where cabs must carry passengers as "reckless driving," which carries the highest fines and adds the most penalty points to a driver's record.

Leonard Schwartz, 64, who has been driving a cab for 30 years and has a clean record, was pulled over in late June when passengers who were hurrying to catch a train hopped out of his cab at a red light near Penn Station. An officer issued him tickets for blocking a traffic lane and dropping off passengers more than 12 inches from the curb -- two of the violations that police are issuing more tickets for in an attempt to keep cabs from disrupting traffic flow.

Mr. Schwartz said he could not control the passengers' actions. But what bothered him most was that the officer designated both of the violations as "reckless," and the cabbie faces up to \$800 in fines.

"It's just harassment, that's all it is," Mr. Schwartz said.

Other drivers also say they have been treated harshly.

Anna E. Pellow, a 60-year-old widow who raised four children with her earnings as a cabbie, received a criminal summons, instead of just a traffic ticket, for reckless driving after making what a police officer considered an "improper turn" while changing lanes on Eighth Avenue in mid-July.

Ms. Pellow's passenger was so upset by the officer's actions that she wrote and signed a statement on the driver's trip log saying she "did not notice anything unusual re the driving of the vehicle." Ms. Pellow's case has not yet been heard in court, but she has filed an administrative complaint against the officer.

"The police are like wolves going after a bunch of little bunny rabbits," she said.

Taxi and police officials deny persecuting cabbies. "My sense is that the Police Department is not doing anything different than they've ever done," Ms. McGrath-McKechnie said. But some drivers are getting support from an unlikely quarter.

Several judges in the taxi commission's court system, which has a history of upholding the overwhelming majority of the tickets given to taxi drivers, said they have recently downgraded or dismissed reckless-driving charges or refused to accept guilty pleas from drivers who did not understand the seriousness of the consequences.

"Most of the senior judges are looking at these things and they're appalled by it," said one judge, who spoke on the condition of anonymity. "Most of the cops say they don't like it either, but they have to do what they have to do."

Still, the judges say they also expect many drivers to be suspended over the next few months as tickets written under the stricter laws are adjudicated. In addition to raising fines on July 26, the taxi commission created its own penalty point system, which has a much lower threshold for suspension than the state applies to all drivers.

The commission's new penalty system also applies retroactively to the last 18 months of a driver's record. So just one new ticket could push hundreds of drivers, like Mr. Sachakov, the Kazakhstan native who made an improper turn off the bridge, into 30-day suspensions or cause their licenses to be revoked.

The sting of the new rules is compounded by what drivers call the "double zap," an extra ticket from the commission that usually accompanies a regular traffic summons. Mr. Sachakov is likely to receive five tickets from the commission in addition to the five that the police officer wrote, giving him a total of 10 tickets for that one stop. Depending upon how the commission classifies the violations, his fines could total a few hundred dollars or as much as \$1,600.

Members of the Metropolitan Taxicab Board of Trade, which represents owners of the largest taxi fleets, said some drivers have begun to cut back their hours or look for other work. They said this partly explains why an average of 18.5 percent of their fleets' cars were idle each day in July, up from 13.8 percent each day in July 1997.

Allen Kaplan, one of the fleet owners, said: "There are guys coming in saying, 'Allen, I don't know if I can continue. Maybe I've had it.' And what's disheartening is that these are the veteran drivers, the type of driver we're all looking for."

The taxi commission judges and other analysts wonder whether the cabbies who replace the veterans will be better or safer drivers.

"It will be interesting to see who leaves the business and who comes in to replace them," said one of the judges. "I don't think it's going to be a higher-quality driver at all because nobody in their right mind would want to do this job."

Ms. McGrath-McKechnie said it would be a big step forward if the drivers who commit serious traffic violations moved on to other jobs. To improve the quality of new drivers, the commission last week proposed increasing the standard training course to 80 hours from 40, to teach drivers more about geography, courtesy and traffic rules.

But to make lasting improvements, Mr. Rogoff and other analysts say, the commission and industry officials will have to improve working conditions in a business often likened to a sweatshop on wheels.

Some industry officials say they believe that regulators want to reinstate the system that prevailed the 1970's. Under that approach, fleet drivers were employees with fringe benefits who split the fares with their bosses. Now they are independent contractors who pay \$90 to \$135 a day to lease their cabs and are then on their own: The more fares they collect, the more they make. Most cabbies say they take \$70 to \$100 a day.

Mr. Rogoff said he plans to testify at tomorrow's hearing that leasing is "a very poor system" that gives drivers "all the worst incentives to drive like crazy."

But the fleet owners say they like the way leasing guarantees their income and would resist substantial changes. The new rules have already made it harder to sell their lucrative medallions, some owners said, and they fear that prices would plummet if the city makes more changes.

Mr. Kaplan said he worries that the regulators are "overdoing it."

"There's an old saying that the operation was a success but the patient died," he said.

GRAPHIC: Photo: Many cabdrivers say Mayor Rudolph W. Giuliani's crackdown on reckless driving amounts to overkill. Those who discharge passengers more than a foot from the curb, as this cabby did last week at Pennsylvania Station, are getting bigger fines and multiple tickets for each traffic stop. (Frances Roberts for The New York Times)(pg. B3)

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