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Uber Cuts Prices—and Kneecaps Drivers

Slashing prices and wages is drawing comparisons to Walmart by striking drivers who say they are being treated like slaves.



DANIEL BATES 02.01.16 1:20 PM ET



NEW YORK — If anger sums up the mood of this election season, then some of it seems to have rubbed off on the city's Uber drivers.

A crowd of 600 drivers gathered outside the Uber office in Long Island City, Queens, to protest a 15 percent reduction in fares last month, which also means 15 percent lower wages. That pay cut is on top of Uber's 20 percent slashing of fares in 2014. All things being equal, drivers who began less than two years ago have seen their pay tumble a whopping 35 percent.

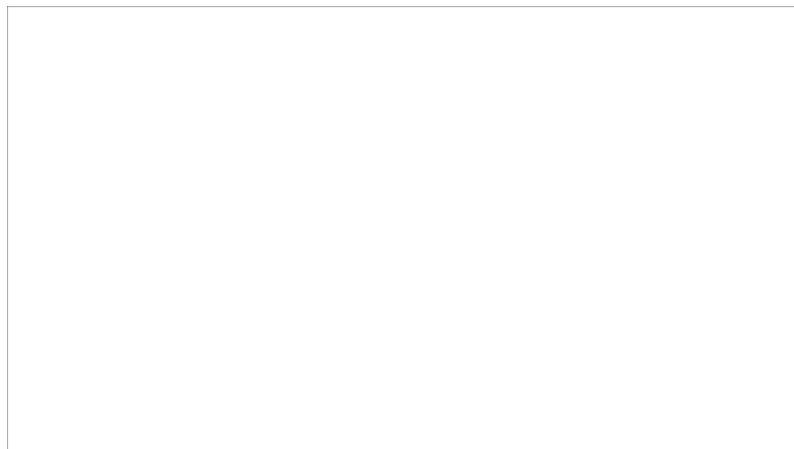
Having been promised the ability to earn \$90,000 a year if they drove for Uber, many now feel bamboozled and called on their fellow drivers to go on strike for 72 hours.

"I came to Uber for my freedom but now I'm a slave," said Masud Rana, 27, who said he was driving to help his wife, mother, father, and two siblings in Bangladesh.

Rana said expenses are \$3,000 a month and that he used to take home about \$5,600 a month working six days a week between 12 and 14 hours. Now he's working the same grueling schedule and making less.

"We are working like dogs," said Mohsin Alvi, 28, a Pakistani Uber driver for three years. "They used to call us partners. How can you come to your partner and do this? It's like a dictatorship."

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"We made them a \$60 billion company and now they do this."

“It’s like cyber slavery,” Alvi’s friend Bisram Gittens, a father of one from Aruba, added.

The protest organizers, which included members of the Taxi Workers Alliance and the Amalgamated Transit Union, claimed that 10,000 drivers were going to shut off their phones and not drive in solidarity.

Uber’s own statistics even back up the claim that drivers are getting screwed.

The company said that since 2012 the gross average wage for a New York City Uber driver has supposedly gone up from \$26.36 an hour to \$39.20 last year, a 48 percent increase. Meanwhile, the time drivers spent on a ride each hour has risen from 16 minutes to 32 minutes.

In other words, drivers are working 100 percent harder for 48 percent more money.

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When I showed the \$39.20 figure to drivers at the protest, the responses ranged from “bullshit” to “total bullshit” to mocking laughter.

One Uber driver showed me a fare from the previous weekend, after the price reduction came into effect. A ride from downtown Brooklyn to JFK airport cost a passenger \$70, but the driver earned just \$37.

Uber isn’t just slashing overall fares.

The base fare (the amount the meter starts at) dropped from \$3 to \$2.55 (17 percent) and the per-mile rate fell from \$2.15 to \$1.75 (23 percent). The per-minute rate (when the driver is idling or waiting) fell from 40 to 35 cents (14 percent). Even the minimum fare fell from \$8 to \$7 (14 percent).

Uber told The Daily Beast that drivers earn both the per-mile rate and the per-minute rate at the same time and that it works out at 15 percent in total, even though the numbers don't appear to add up.

Uber also pointed out that any decrease in the overall fee paid by riders will affect their bottom line, too; the lower the total fare, the lower their commission, which is usually 20 percent to 25 percent.

At least Uber gets to choose allegedly earning less money—drivers did not.

The drivers at the protest used parallels with other industries that are unionized and would not tolerate a similar war on wages.

If Delta Airlines, which is worth \$32 billion, can have regular flight sales and not reduce the amount it pays staff, why can't Uber, which is said to be worth twice as much at \$63 billion?

Whether or not the protest makes any difference remains to be seen, but it's a step toward trying to regulate Uber, something even New York's Mayor Bill de Blasio has shied away from.

Drivers rallied in San Francisco in September 2014 because the UberBlack and SUV drivers were being made to take riders from the less expensive UberX service.

A three-day nationwide strike last year calling for a \$7 minimum fare and the addition of a tip button on the Uber app got modest support.

But the latest round of anger suggests that there could be a time limit on how long drivers are prepared to be cannibalized by their employer to raise profits.