



Written by [Bob Adelman](#) on January 2, 2017

## Another Setback for Big Taxi: Uber, Lyft OK'd to Serve Atlanta Airport

Following months of negotiations with Uber, Lyft and other ride-sharing (e-hailing) companies, the city of Atlanta, which owns and operates the Hartsfield-Jackson Atlanta International Airport, [is allowing them](#) to serve passengers effective on Sunday, January 1, 2017.

They have been serving them for months despite restrictions, but those rules were rarely enforced. Now it's legal.



But not without costs. First, e-hailers cannot park in cell-phone areas waiting to be called: They must wait in another distant location. Second, for the privilege, they must pay a \$2.35 "security surcharge" — something the city says will be used to pay for "regulatory and security activity" but not to raise revenue.

The companies have agreed to the fee (that won't raise revenue for the city!) and will pass it on to their customers. Even so, e-hail customers will pay *half* of what regular taxi services have been charging for a ride into town.

Big Taxi charges a flat \$30 for a trip downtown, while Uber and Lyft estimated their passengers, even after including the fee that doesn't raise revenue for the city, will pay around \$15, depending on demand. And even though the e-hailers' staging area is several miles away, they still expect that waiting time will be less than five minutes.

That could, within a very few years, spell the end of Big Taxi in Atlanta.

The math is instructive: Hartsfield-Jackson Atlanta International Airport is the world's busiest, serving more than 100 million passengers every year, 90 percent of whom are domestic. That's 260,000 passengers every day. Granted, most of those passengers are going through Atlanta on their way to their final destination (an old joke in the South quips that, upon one's death, regardless of whether one goes to heaven or hell, one will have to connect in Atlanta to get there), some sizeable percentage will need a lift into town. Since the airport can be accessed directly from I-75 and I-85, visitors can arrange to have family, friends, or business associates pick them up.

Or they can take MARTA, the city's rapid transit system.

Or, upon deplaning they could call up Uber or Lyft and have their ride waiting for them at the baggage claim area.

And pay half the going fare.

The math is likely to spell the end of Big Taxi in Atlanta. A \$15 savings on thousands of passengers wanting a ride into the city will impact that cartel greatly. How will they compete when their competitors are charging half for the same (some claim better) service? Lyft's Atlanta general manager, Sam Bond, has already done the math: "There's so much more potential now. With pickups [now being



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allowed], we really think that things are going to take off [pun intended?] at the airport. I think [lifting restrictions is] really going to be a huge driver of Lyft's growth in 2017."

The phony "security surcharge" of \$2.35 isn't nearly as egregious or outrageous as the 20-cent charge levied by Massachusetts' authorities under a similar agreement concluded with Logan International Airport in Boston last summer. First, authorities are calling it a "fee" and not a "tax." Second, the fee must be paid directly by the ride-sharing service and not charged to either the driver or his customer. Third, a nickel will be spent to shore up the existing taxi cartel, updating their equipment and providing for other "infrastructure improvements."

In other words, the "fee" will be levied indirectly on every other ride-sharing customer using Uber or Lyft *not living in Massachusetts*. In October *The New American* summarized the fleecing of all Americans living outside Massachusetts with this nasty little non-"tax":

The political powers that be in Massachusetts have found a way to apply a "fee" on all Americans living outside the state who use ride-sharing services. [The state] use a part of those new revenues not only to rescue [its] failing tax cartel, but to pay for its own internal infrastructure improvements.

Ridesharing services have been fighting, and largely winning, battles with Big Taxi all across the land. Two cases were won on the same day in a ruling by the U.S. Court of Appeals for the Seventh Circuit in October. The Institute of Justice (IJ) fought for ride-sharing services faced with governmental restrictions favoring the existing taxi industry in Milwaukee and Chicago and both cases landed on the docket of Richard Posner, a judge of immense prestige and influence. He explained in his decision that there would be some costs to the taxi drivers operating under the old rules:

Undoubtedly, by freeing up entry into the taxi business, the new [freedoms to operate in Milwaukee and Chicago] will reduce the revenues of individual taxi companies; that is simply the normal consequences of replacing a cartelized [market] with a competitive [one].

He expanded on the principle, and pain, of the creative destruction wrought on fossilized members of an industry that has failed to keep up with new ways to serve their customers:

When new technologies or new business methods appear, a common result is the decline or even disappearance of the old. Were the old deemed to have a ... right to preclude the entry of the new into the markets of the old, economic progress might grind to a half.

Instead of taxis we might have horses and buggies; instead of the telephone, the telegraph; instead of computers, slide rules....

The Institute for Justice continues to press the matter, with momentum on its side. Said IJ's senior attorney:

With similar cases [being] brought by entrenched interests ... elsewhere, we're confident [October's decisions] will lead the way toward greater economic liberty for transportation entrepreneurs across the country.

The implementation of new freedoms by the Hartsfield-Jackson Atlanta International Airport on New Year's Day will no doubt hasten the moment in time when "headless," "driverless," autonomous vehicles (AVs) will replace the drivers in not only the old taxi industry but the new e-hailing industry. It's inevitable as the free market and its entrepreneurs continue to seek ways to serve their customers better at even lower costs.



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