



Written by [Bob Adelman](#) on June 29, 2015

Courtney Love Got “Ubered” in Paris

Courtney Love (shown), the widow of rock star Kurt Cobain, [got caught in the middle](#) of a taxicab strike that turned violent last week, and had to be rescued by motorcycles after her Uber driver’s car was attacked.



She tweeted:

They’ve ambushed our car and are holding our driver hostage. They’re beating the cars with metal bats. This is France? I’m safer in Baghdad.

The irony is that Uber, the ride-sharing service, got its start in Paris in 2008 when company founder Travis Kalanick was attending a web conference and couldn’t get a cab. In 2009, he and Garrett Camp started Uber, unleashing the avalanche of Joseph Schumpeter’s “creative destruction” that often follows a massive shift in public perceptions about new technology.

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This time that perception is about how to get from one place to another. For years “Big Taxi,” especially in big cities such as Paris, New York, and Boston, have held taxi-drivers hostage with a business model that requires them to incur substantial costs related to doing business, including the purchase of taxi medallions. Those costs by necessity are passed along to their fares.

Enter Uber: Private individuals, with a company-developed smart phone, are able to receive requests for rides from customers. Within 15 seconds, the customer will know an Uber driver is headed his way. He knows that his ride will be cheaper, likely to be faster, friendlier, and safer. All financial transactions are done in advance by credit card, with his card only being charged when he reaches his destination. He is invited to rate his “experience,” including the driver, his car, his skills, and his courtesy. All this feedback allows the next customer to have increased confidence that his ride will also be safe, cheap, pleasant, and uneventful.

It has worked so well in cities such as Paris — Uber drivers carry 400,000 customers there every month — that the local taxi cartel has been physically assaulting Uber drivers in attempts to keep their turf for themselves. The anti-capitalist mentality that rules in France has led to a new law that prohibits private individuals from using the Uber smartphone app to offer rides to customers, under penalties of heavy fines and having their vehicles seized and impounded. On Friday, June 26, France’s Minister of the Interior Bernard Cazeneuve announced: “I have given instructions, considering the grave problems with public order and the development of this illegal activity [of Uber’s] to the police ... in Paris to ban Uber activities.”

Uber went to court over the new law, and the court is seeking a ruling on it from a higher court before proceeding. In the meantime Uber drivers, at risk to their safety, are continuing to offer their services. Taxi drivers are punishing their own customers in order to pressure the government to ban Uber from operating there. As the head of taxi company G7 said on French television, “We are truly sorry to have to hold clients and drivers hostage. We’re not doing this lightly.”



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When a 26-year-old-man in Lyon told his taxi driver that he would be calling up an Uber driver, he was attacked. In Strasbourg, taxi drivers posing as Uber drivers picked up fares, drove them to isolated locations, and assaulted them.

From 1811 to 1816, similar scenes were enacted in London with the entry of new stocking frames, spinning frames, and power looms into the textile manufacturing industry. One of the attackers was allegedly Ned Ludd, whose name has followed the resistance to new technology down to the present day: Luddites.

Luddites attacked threshing machines in southern and eastern England in 1830, and now taxi drivers in Paris are burning automobiles and tires and blocking traffic into and out of Charles de Gaulle airport. Riot police were called out to quell the riots as taxi-drivers dumped flour onto Uber drivers' cars, overturned them, and blocked on- and off-ramps to the airport.

The AP reported that nearly 100 Uber drivers were attacked in the melee, sometimes while carrying customers (such as Courtney Love). One passenger was beaten so badly that he posted his swollen face and black eye on Facebook, an image that took on a life of its own.

Those taxi drivers are protesting the new technology that has not only reduced their revenues by between 30 and 40 percent over the last two years, it has also greatly reduced the demand for licenses, which cost up to \$270,000 to keep the cartel profitable by restricting entry.

Uber is having similar effects in New York and Boston, provoking similar if less violent protests. Taxi medallions in New York City peaked above \$1 million in mid-2013, but have dropped by 20 percent since. In Boston the cost of taxi medallions to enter its "big taxi" cartel have dropped from \$700,000 to \$500,000 just over the last year, and are headed even lower, according to industry sources.

Even the Medallion Financial Corporation, whose stock is traded on the Nasdaq, has been "Ubered." The company originates, acquires, and finances the purchase of taxi medallions and has seen its stock fall by more than one-third in the last 18 months.

As economist Mark Perry, an observer of Schumpeterian creation and destruction for years, noted:

In the battle between the new, innovated economic entrepreneurs like Uber and the traditional business like Big Taxi, I predict that innovation will be victorious. When it comes to the "power of the people" versus the "power of the regulators," I'll put my money on the power of consumers to empower the new entrepreneurs and overcome the regulatory [and thuggish] roadblocks....

The sharing economy is the biggest story in a generation and the regulators won't be able to stop it. Consumers have already gotten a taste of the significant benefits of the sharing economy and they won't go back to "business as usual."

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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