Out With The New And In With The Old? One City Struggles To Accept The Gig Economy

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Philadelphia, our nation's fifth largest city – aptly nicknamed The City of Brotherly Love – just couldn't decide whether it wanted to embrace the ride-sharing sector of the gig economy. Or, rather, like an ex-boyfriend or ex-girlfriend that you just can't shake, Philadelphia seemed to embrace the ride-sharing sector of the gig economy only when it benefitted Philadelphia. Luckily for Philadelphians, however, on November 4, 2016, "progress" ultimately would prevail.

The story begins in the Fall of 2014 when UberX and Lyft entered the Philadelphia market. The Philadelphia Parking Authority (PPA), which has oversight over taxicabs and limousines in the city, declared that UberX and Lyft were operating in Philadelphia without the PPA's authority and, therefore, without legal authority. These ride-sharing services, however, continued operating in Philadelphia despite the PPA's position and at risk of receiving fines from the PPA. The PPA's actions were a result of pressure from the city's taxi and limousine drivers – the group that stood to take the biggest hit in their wallets.

Fast forward to July 2016 and the occurrence of two events that would have a significant impact on Philadelphia's public transportation sector. First, the Southeastern Pennsylvania Transportation Authority (SEPTA), which operates the city's subway lines and the metropolitan area's Regional Rail lines, discovered a defect in 120 of its Regional Rail cars and was forced to pull those cars out of service, causing a major disturbance in its Regional Rail services. Second, the 2016 Democratic National Convention was being held in the city. Faced with a transportation nightmare that would be amplified by the national spotlight, the PPA reached a "truce" of sorts with UberX and Lyft to allow those services to operate legally in Philadelphia. Pennsylvania Governor Tom Wolf thereafter signed a bill allowing ride-sharing businesses, including UberX and Lyft, to operate legally in Philadelphia for 90 days. The gig economy was, albeit briefly, finally embraced by a city struggling with technological progress.

Fast forward another 90 days to October 6, 2016, when Gov. Wolf's temporary bill was set to expire. In predictable fashion, that deadline came and went without a permanent resolution and UberX and Lyft were once again considered "illegal" in Philadelphia. These companies continued, again, to operate at their own peril and at risk of incurring significant fines from the PPA . . . until the onset of yet another crippling event to the region's transportation services. On November 1, 2016, SEPTA workers went on strike. Subways literally came to a screeching halt. Regional Rail service faced weighty interruptions and figuratively came to screeching halt. Downtown rush hour traffic was gridlocked. From the onset of the SEPTA strike, the city turned a blind eye to the ride-sharing giants and allowed them to service commuters faced with limited transportation options.

Then, three days into the SEPTA strike, on November 4, 2016, Gov. Wolf signed legislation making it legal for ride-sharing companies to operate throughout the Commonwealth, including Philadelphia. Once again, when Philadelphia faced a transportation crisis, the legislature took action – this time permanently.

Why does this story matter? It's illustrative of the struggles that a city faces in accepting and absorbing the gig economy. Naturally, the party in control of City Hall wants to protect the jobs occupied by the members of its voter base. It is clear that cities such as Philadelphia are unsure whether these ride-sharing companies will supplement and enhance their pre-existing transportation services, or cannibalize those pre-existing services and cause citizens to lose money and jobs. It is also clear, however, that cities such as Philadelphia want to keep commuters happy and, to that end, have turned to ride-sharing companies in times of need. In only a four-month span, Philadelphia was hit with three events that could have had a significant negative affect on commuters and the local economy and, during those times of need, ride-sharing companies helped ease the burden.