

# The Political Economy of St. Catharines' Illicit Taxi Trade

By

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Abstract*Abstract*

The global restructuring of production has led to increasingly precarious working conditions around the world. Post-industrial work is characterized by poor working conditions, low wages, a lack of social protection and political representation and little job security. Unregulated forms of work that are defined as “irregular” or “illegal”, or in some cases “criminal,” are connected to sweeping transformations within the broader regulated (formal) economy. The connection between the formal and informal sectors can more accurately be described as co-optation and, as a subordinate integration of the informal to the formal. The city of St. Catharines within Niagara, along with much of Ontario’s industrial heartland, has been hard hit by deindustrialization. The rise of this illegal service is thus viewed against the backdrop of heavy economic restructuring, as opportunities for work in the manufacturing sector have become sparse. In addition, this research also explores the paradoxical co-optation of the growing illicit taxi economy and consequences for racialized and foreign credentialed labour in the taxi industry. The overall objective of this research is to explore the illicit cab industry as not only inseparable from the formal economy, but dialectically, how it is as an integrated and productive element of the public and private transportation industry. Furthermore the research examines what this co-optation means in the context of a labour market that is split by race.

Key words:

informal/illicit economy, taxi work, political economy, critical criminology, labour markets, social closure

## Chapter One: Introduction

The global restructuring of production has led to increasingly precarious working conditions around the world. Post-industrial work is characterized by poor working conditions, low wages, a lack of social protection and political representation and little job security (Chen, 2007; ILO, 2008). In addition, corporate strategies of industrial “adjustment” and state policies promoting their implementation have encouraged the growth of unregulated work. This “underground” or “informal” sector provides large segments of the global population with supplementary income and acting as a “social safety” net in face of the states’ rollback of Keynesian welfare policies (Castels and Portes, 2008). It is also suggested that economic activities within this informal sector are congruous with the sphere of production of the “legitimate” or formal economy (Castels and Portes, 2008; Cox, 1987; Ruggiero, 2000). In this regard, unregulated forms of work that are defined as “irregular” or “illegal”, or in some cases “criminal,” are connected to sweeping transformations within the broader regulated (formal) economy (Chen, 2007). This connection between formal and informal sectors can more accurately be described as co-optation and, as a subordinate integration of the informal to the formal (Ruggiero, 2000, p. 90). The very fact that enterprises within the formal economy can both give rise to conditions where informality will occur and then subsequently benefit from its existence presents a contradiction within political economy. I explore and describe this contradiction in relation to Canada’s underground taxi industry by focusing on illegal taxis operating in the city of St. Catharines, Ontario.

While research has suggested that responses by displaced workers to the restructuring process in Canada has been somewhat limited (Dunk, 2002; Gordon, 2006), case studies in the United States have indeed noted that some groups have turned increasingly towards irregular,

illegal, and even “criminal” means in order to sustain themselves (Gordon 2005a; Rifkin, 2005; Vankatesh, 1997; Willhelm, 1982; Waquant, 2009). This push away from the wage form for economic subsistence or supplementation can be viewed as both a response to and result of the economic restructuring and neoliberalism. A particular example of this informal economic activity is the illegal “gypsy cab” industry or illicit cab drivers, as I refer to them, which have emerged in Niagara, Ontario.

The city of St. Catharines within Niagara, along with much of Ontario’s industrial heartland, has been hard hit by deindustrialization. The rise of this illegal service is thus viewed against the backdrop of heavy economic restructuring, as opportunities for work in the manufacturing sector have become sparse. In addition, this research also explores the paradoxical co-optation of the growing illicit taxi economy and consequences for racialized and foreign credentialed labour in the taxi industry (Xu, 2012; Foster, 2009).

There are five objectives to this exploration of the political economy of the illicit taxi industry in St. Catharines. First, to understand how unregulated labour is connected to transformations in the broader formal economy; second, to explore how this illegal industry becomes co-opted for the benefit of firms within the formal taxi industry; third, to define what this co-optation means for licit and illicit labour competing between these two economic spheres and, in particular, how racial competition is connected to market barriers and by-law restrictions; fourth, to explore how the formal taxi industry’s parasitic relationship to individual units within the illicit taxi industry is realized through the transfer and distribution of risk, and; finally, to define the contradictory role of the state in targeting, yet also tolerating illicit taxis. The overall objective of this research is to explore the illicit cab industry as not only inseparable from the formal economy, but dialectically how it is as an integrated and productive element of the public



and private transportation industry. Furthermore the research examines what this co-optation means in the context of a labour market that is split by race. Despite being focused on a particular economic activity within a single midsized city, the results of this research are suggestive of much larger national projects of neoliberal economic restructuring and the reconstituting of the working class into a peripheral labour force for the purpose of capitalist profit maximization.

To fulfill these research objectives, I consider the following questions: a) To what extent has the economic upheaval associated with major plant closings influenced the growth of this underground industry?, b) Are the majority of drivers unskilled, “uneducated” or lacking the necessary skills to partake in new knowledge-based economies?, c) How is risk “transferred” onto drivers and experienced by them within the illicit taxi industry?, d) What impact does this illicit industry have for drivers working the legitimate taxi industry? For example is risk shared by drivers in competing industries?, e) To what extent do individual license holders benefit from the existence of the illicit taxi industry? And, f) How is the policing of the illicit taxi trade implicated in the process of devaluing labour? As economic transformations precipitated by neoliberal policy drive participation in the underground taxi market, the subordinated role that marginalized labour plays in relation to the formal market structure is subsumed under neoliberal strategies of risk management aided by the repressive apparatus of the state. The task of this project, then, is to investigate and define the argument that the co-optation of illicit cabs by the legitimate taxi industry is a consequence of the neoliberal agenda that contributes to monopolistic control over the taxi industry.

My primary research method for this project is critical social analysis. Exploratory individual interviews with three licit and three illicit cabbies were also used to gain insights into

the social dynamics of illicit taxi industry and to provide a counter narrative to state and media representations of illicit cabbings in St. Catharines. As research on criminalized and illicit activity is often difficult to gather due to ethical and methodological complications, these select interviews provide a preliminary sketch of illicit cabbings based on the knowledge of informed experts. My research primarily draws on Marxian political economy, Marxian theories of crime and the state and Neo-Weberian theories of social closure. Of the six participants, five are middle aged white males and one is a middle aged white female. The sample was accessed through a method of convenience sampling due to the logistical difficulties associated with recruiting individuals who participate in clandestine work. Three of the six participants are current or former workers in the illicit taxi economy while another three are employed, or have been employed in licensed taxi work for a period of over ten years. From the interview data, I combine the perspectives, knowledge and experiences of regulated and unregulated cabbies in detailing their particular struggles in and against the contradictions of capital. Though the original intent of this project was to explore and analyze the experiential data of both white and “non-white” foreign-credentialed licit and illicit cabbies, difficulties in accessing particular racialized participants have limited my supplementary interview analysis to an exploration of displaced white labour working in the illicit taxi economy. An analysis of race as it applies to economic exclusion and credentialism in taxiing factors heavily in the early sections of my critical social analysis. As such, no official data actually exists on the proportion of “non-white” immigrant cabbies working in St. Catharines' licit and illicit taxi economies. In spite of their whiteness, interviewees provided substantial anecdotal evidence to suggest that, as one cabbie puts it, “its getting to be that way, that a lot of foreigners have come into the [licensed] taxi industry”. Similarly, illicit taxi drivers who were interviewed for this research have suggested

that “non-white” and immigrant cabbies are increasingly working for clandestine cab companies. When I asked a participant about his perceptions on the racial composition of illicit cabbies he replied that, “it’s a mixture. I’d say mostly black. Or some are from different countries. I don’t know where but—the night shift? Mostly white.” In relation, research on immigrant taxi drivers working in Canadian census metropolitan areas revealed that as of 2006 over “50,000 taxi workers were working in Canada; two out of four were immigrant drivers” (Xu, 2012, p. 1). In Toronto, more than 80% of all taxi drivers are immigrants. 46% of drivers working in Hamilton (the closest CMA listed in the study to St. Catharines) are also disproportionately made up of immigrants (Xu, 2012, p. 10). Moreover, the proportion of overqualified immigrants working as taxi drivers in Canada is another growing trend gaining attention in Canadian research. As of 2006, for example, 255 taxi drivers in Canada held a PhD or MD while a larger number of drivers held bachelor degrees and technical diplomas (Xu, 2012, p. 1). Thus, rather than abandoning the issue of race, I incorporate it into my critical social analysis with reference to secondary research and news reports on Canada’s taxi industry, particularly so, in sections where I draw on Neo-Weberian theories of social closure. Although only white licit and illicit taxi workers were interviewed for my research, the theoretical arguments surrounding race which I provide throughout my critical social analysis are intended to serve as conceptual tools upon which to build future research in relation to the differential experiences of “non-white” and foreign credentialed immigrant licit and illicit cabbies. Throughout the body of my interview analysis I also make reference to race, however, only where particular racist attitudes are prevalent among participants, or, when I suggest questions and possibilities for future research. The issue of race is also discussed in the interview analysis in regards to whiteness. As my interview data and news reports seem to suggest, the owners of many illicit taxi companies in St.

Catharines are middle-aged white men. One participant has specifically stated that dispatchers and core operators behind the original “Speedy” company have gone on to create new companies after the police shutdown of Speedy (Illicit Cabbie, November 2012). Thus, throughout the analysis I argue that whiteness becomes elevated to the status of property where illicit entrepreneurs lack legitimate means of formal market entry in the form of the taxi license where their entry is validated through police tolerance.

*Situating the Emergence of Illicit Taxis in St. Catharines in the context of Neoliberalism and Social Closure within the Licensed Taxi Industry*

Bluestone and Harrison's (1982) research on deindustrialization has suggested that corporate strategies since the “profit squeeze” of the 1970's have been designed to revoke the “old post-war social contract between capital, labour and the state” in order to restore acceptable levels of profitability (p. 29). By replacing domestic investment and production with foreign investment, an increasing number of firms in the manufacturing sector have sought out cheap sources of labour abroad and hollowed the North American productive economy (Alderson, 1997; Bluestone and Harrison, 1982). The social consequences of this hollowing out have been enormous and widely documented, including the rise of illicit economies (Cox, 1987; Rifkin, 2005; Ruggiero, 2000; Wilhelm, 1982). I argue that the existence of the illicit cab industry in St. Catharines is in part due to the industrial ‘adjustment’ process that has greatly affected the structure of the city's working class.

St. Catharines' motto, “Industry and Liberality” reflects its longstanding reputation as a manufacturing center. General Motors of Canada, Ltd., the Canadian subsidiary of General Motors, operates two plants in the city which, until recently, was the city's largest employer. This distinction is now held by the District School Board of Niagara (Community Explore, 2013).

TRW automotive also operates a plant in the city, though in recent years employment has shifted from heavy industry and manufacturing to services. As of 2007 Ontario had lost more than 171 600, or fifteen percent of its manufacturing jobs (St. Catharines City Council, 2007). In 2007, 42 jobs were lost at St. Catharines' Canada Hair Cloth plant and another 26 lost at Cadbury Schweppes (St. Catharines City Council, 2007). Three major plants closed in 2006 (Port Weller, Newville Candies, and Affinia) with a combined total of 560 jobs lost. Since 2000, thirty-five plants have closed in Niagara, eliminating a total of 5,952 manufacturing jobs (St. Catharines City Council, 2007). These numbers do not paint a completely accurate picture because the number of jobs lost from plants downsizing are not included within these figures. As of 2010 and 2011, "the rate of unemployment for males went up markedly in Niagara— in part accounted for by the closing of many larger manufacturing companies during that period that employed males in Niagara" (Living in Niagara, 2011). The website "Living in Niagara" also states that "in the first quarter of 2011, the St. Catharines' unemployment rate was the highest of all Canadian CMAs as a percentage of the population" (Ibid). These figures are unable to express the multiplier effect and collateral social consequences.

The emergence and growth of illicit taxis is an example of a negative social consequence that is intimately tied to economic fallout within the region. The number of charges laid against drivers of illicit taxis in recent years suggests either a growing underground industry amidst an unstable economy, or greater by-law enforcement. In 2009, Niagara Regional Police conducted a successful raid at a house where an illegal taxi company was based, arresting three people and charging them with breaching St. Catharines' taxi licensing by-law. Niagara Regional Police claim that over \$1.5 million in income goes unreported from these operations and that they "threaten the viability of licensed operating taxi cab operations" (Downs, 2010).

In 2010, Mr. Wayne R. Whiteman, the owner of Speedy cab delivery, an illicit taxi company based in St. Catharines, pled guilty to violating the taxi licensing by-law and was fined four thousand dollars and ordered to keep unlicensed cabs off the road (Downs, 2010). Following the trial, Chris Clarke, a spokesperson for Speedy stated that despite the order to desist, a number of other companies exist in the city that will continue to absorb the fares of the taxi industry (Ibid). According to an article from Sun Media, Mr. Whiteman claimed that there were “about fifty” unlicensed taxi companies operating in St. Catharines and the Niagara Region (Downs, 2010). While Mr. Whiteman’s claim may be based on anecdotal evidence, subsequent arrests made each year following the Niagara Regional police shutdown of “Speedy Cab” suggests that an underground economy dealing in illicit taxi services continues to thrive despite increased police attention. For example, a more recent case in December 2011 saw a police sting operation lay eleven charges against ten drivers operating unlicensed taxis (Bajer, 2011). Based on empirical data of the sort just described I connect the emergence of illicit taxi labour to economic transformations in the local economy. I argue that the displacement of industrial labour contributes to the formation of an illicit taxi economy. Also intricately tied to the emergence of illicit taxi labour are the market barriers and by-law restrictions that regulate the taxi industry, effectively amounting to “exclusionary social closure”, a term coined by Frank Parkin (1974) and defined in detail in subsequent sections.

### *Overview of Licit and Illicit Cabbings in St. Catharines*

Presently, St. Catharines’ has a taxi cab quota of 90 regular cars and 13 para-transit vehicles. Over 200 registered taxis operate within the Niagara Region, yet due to boundary restrictions on the number of registered taxis per district, the city’s supply of available taxis is

limited. Licenses in St. Catharines are distributed among four major taxi providers: 5-0 Taxi, Central Taxi, St. Catharines' Taxi and Brock Q Taxi. The two largest companies, Central and 5-0 Taxi, have been consolidated by the Ottawa based holding company, Coventry Connections, which owns an overwhelming majority of medallion plates. Brock Q Taxi currently runs a fleet of nine cars while St. Catharines' Taxi operates a total of six owner-operated vehicles (meaning that the primary taxi operator owns his or her own license). The remaining majority of licenses are thus divided between 5-0 and Central Taxi.

The Niagara Regional Police Services Board sets the fare structure for all licensed taxi services within Niagara. The initial taxicab tariff fee is \$3.50 upon pickup with an additional .25 cents per every 110 meters. Although drivers are required to activate the taximeter to compute fares to be paid in accordance with distance travelled and time elapsed, section 30 (d) of St. Catharines' municipal licensing by-law 300-2010 permits a taxi owner or his lessee drivers to charge flat rates for all fares crossing regional borders provided that the fare has been agreed upon between the driver and the passenger (By-Law 300, pg. 21). Flat rates must however be in accordance with the rate schedule set out on the tariff card outlined in by-law 300-2010. Under newly established leasing arrangements lessee drivers are thus permitted to charge flat rates in accordance with the tariff card so long as they maintain a trip log of all their fares. A basic estimate of a trip from Brock University to 198 St. Paul Street (a destination located within the heart of downtown St. Catharines) would roughly cost a passenger \$15.50 in accordance with these rates. The distance between these two destinations is 5.3 kilometers. This same trip would cost between \$8.00 and \$10.00 for a passenger using illicit transportation.

In light of these costs, participants have suggested that illicit taxi ridership is related to “economic reasons for a big part of the population”. The client base of illicit taxi services largely includes students, “people who are on assistance, lost jobs...don’t have a lot of money,” and are in need of a means of “transportation other than buses because it’s not available or it doesn’t go to the area they need it at or they can’t walk that distance to the bus stop so they will use a Speedy cab, or illegal cab service” (Licensed Cabbie, November 2012). Furthermore, licensed taxi drivers have stated that, “as it stands now, they [passengers on a fixed income] use Speedy pretty much exclusively other than when they’re super busy they will call us [regular cab] and spend the extra three, four dollars, if it’s in that range” (Ibid). Small-scale operations and independent illicit taxi drivers are of little concern to licit taxi drivers and companies. Organized companies such as Speedy, however, are perceived to be a greater threat to overall wages and profitability. Unlike independents, illicit companies demonstrate a greater degree of sophistication as companies typically operate from a centralized control center where they use a systematic cell-phone based dispatching system to alert their drivers to a fare. These companies also benefit from an underground advertising network and have the ability to charge considerably lower rates than licensed taxis. Clients generally pay eight to ten dollars to travel anywhere in the city and fifteen to twenty dollars to surrounding cities such as Niagara Falls and Welland. Drivers pay out a dollar of the fare to the company and keep the rest, yet are responsible for paying their own maintenance, gas and insurance.

Regarding the number of illicit taxi services in the city, one participant suggests a relatively large number of grey market enterprises offer illicit transportation services. One participant states, “there’s ‘Ride-Low’ ... ‘Get-a-Ride’, there was Speedy, and there’s still Speedy in the Falls, and there’s still Speedy in Welland.” (Illicit Cabbie, November 2012) The



entrenchment of illicit taxis as a primary source of competition to St. Catharines' dominant taxi providers is witnessed in the extent to which illicit cabbings has become somewhat normalized as an alternative mode of transportation to combat long wait times and high fare rates of regular taxi. According to both licensed and unlicensed drivers, the presence of organized illicit services and their increasing ridership has encouraged a number of independent and co-operatively based "business ventures" among drivers who are not affiliated with any given illicit taxi company. Participants mentioned for example, that one senior citizen operates a pay-for-transport service for fellow seniors. It has also been suggested that some licensed taxi drivers commonly exploit the licensing gap in the downtown core, using their personal vehicles to pick up student passengers during the bar rush hours. The proliferation of the illicit market has in some cases led to the passengers of regular taxis attempting to negotiate prices below the recommended flat rates and student rates introduced by licensed taxi companies to compete with the competitive prices set by their illegal competitors. One need only look at the statement painted above the rear bumper of all the taxi cabs owned by Central Taxi and 5-0 Taxi—which reads, "this is a legal taxi"—to gain a sense of the extent to which illicit cabbies have become a main competitor to the relative monopoly enjoyed by Coventry Connections. The extent of this "problem" has been recognized and discussed at length by representatives of the municipal licensing commission and transportation officials in the city.

In November 2010, a local meeting for St. Catharines' Planning Services Department suggested that the inadequate supply of taxis and the absence of public transport after 11:45 pm in the downtown entertainment district have resulted in illicit cab companies seeking to meet the transportation needs of local patrons (Regional Municipality of Niagara Police Services Boards, 2008, p. 3). Defined by city councilors, Niagara Regional Police and the taxi industry as "high

volume” and “high risk,” the downtown entertainment area presents a site where drivers of formal and informal taxis directly compete for fares. In 2008, during a public meeting of the Niagara Regional Police Services Board licensing unit, Mr. Mark Stewart, a partner of Central Taxi estimated that illegal taxi operators do between 500 to 1000 fares on Thursday and Friday nights in those areas deemed “high risk”. Representatives from the taxi industry including the Niagara Regional Police have identified the illegal taxi industry as “a huge underground industry that threatens the safety and well-being of the public and substantially undercuts the financial returns to both the region, at all government levels, and the private taxi sector” (Regional Municipality of Niagara Police Services Boards, 2008, p. 3). As suggested earlier, it has been estimated by the media that the illicit taxi industry is made up of more than 50 micro-enterprises. Representatives from the taxi industry have made submissions to the Ministry of Transportation to help deal with illicit services. Mr. Stewart has requested changes to be made to the Highway Traffic Act (HTA) to allow police the option to seize illegal taxis, as well as giving them the ability to include charges of fraud or theft under \$5000, or an increase in fines (Regional Municipality of Niagara Police Services Boards, 2008, p. 3). Given that no official data exists on the exact size and scope of illicit taxi services in St. Catharines the estimates provided by the representatives of the state, media and the licensed taxi industry would appear as a purely rhetorical means for advancing the demands of taxi license owners. That is, to increase fines and punitive measures for illicit taxi drivers under the HTA instead of releasing new licenses into the market.

Submissions that have been made to the city calling for an increase in the supply of taxis in the city have been put forth specifically by the owners of BrockQ and St. Catharines' Taxi ((Bajer, 2010). As it stands, the current cars per resident ratio is one taxi for every 1,444

persons, indicating a real shortage compared to other districts. In stark contrast to St. Catharines, the city of Hamilton has one taxi for every 1,216 people and issues new licenses every year (Regional Municipality of Niagara Police Services Boards, 2008, p. 4). This disproportionate rate of one taxi per 1,444 residents has in effect created a large pool of surplus fares left unserved thus enabling illicit taxi services to carve a space within the market to absorb this surplus.

Despite the surplus of fares created by the licensing quota, an alternate effect has been the exclusion of legal competitors from the market, amounting to essential monopoly control for St. Catharines' largest taxi providers. As the restricted supply of taxi licenses and their burgeoning cost aims to entrench the taxi market into the hands of St. Catharines largest taxi providers, the competition for a share of the market takes place both inside and outside the licit economy. The emerging dynamic I investigate in this thesis is that of the competition between and exploitation of, licensed and unlicensed taxi labour in their subordinate position to capitalist surplus accumulation and monopolistic market control.

A project of this nature, which is original and preliminary, has specific caveats. Given the lack of official data on illicit cabbings it is not my intention to produce research that is to be profited from by one or any of the competing interest groups or to achieve the particular institutional goals that have been put forth by taxi industry representatives. Ethical issues specifically relating to the confidentiality of participants involved in illegal activity is a topic I return to at a later point in this thesis. Yet, upfront, I must address ethical issues as they pertain to my responsibility as a critical criminology researcher who provides insight into an illicit economy that runs counter to official representations and orthodox views on the social reality of crime. As the debate intensifies surrounding licensing quotas involving St. Catharines' four

major taxi companies as well as the municipal licensing branch of the Niagara Regional Police, it is nowhere my intention to contribute to this internal debate. Rather than contributing to a “hierarchy of credibility” among “legitimate” eligibles, my research provides an *external* critique of the political and economic framework that has transformed taxi licenses into property and examines the extent to which state regulation intercedes in working lives of both licit and illicit drivers. Thus, I seek to capture how the *personal* problems of licit and illicit cabbing are shaped by the larger public issues of neoliberalism, the crisis of profitability and intensified capital accumulation.

### *Situating Myself*

My own experiences as a resident of St. Catharines have, along with erudition, ultimately shaped the social ontology which I present throughout this research. Clearly I lack the qualifications and corpus of research necessary to adequately produce a social ontology that is independent of the ideas of those great thinkers, Marx and Weber. Despite the lack of “official” academic qualification (or credentials) as an “organic intellectual” in Gramscian terms, my life experiences, interpersonal networks, and curiosity regarding illicit cabbing have led me to critically explore methods of conceptualizations beyond dilettantism and speculation. By engaging with these classical thinkers I have assembled a critique of social structure as well as an exploration of agency relative to irregular and precarious work. And while I have refrained from explicitly inserting my personal politics into this work I believe my experiences and social position are implicit within my choice of research topic and setting. That is, the very research design that sets as its focus the city in which I was born and raised was not simply a choice for the sake of convenience. My own autobiography is etched into the questions that drive my

research and is evident in my incessant attempts at theorizing the structures and social relations which bare meaning for me. My grandfather, an immigrant to Canada in the 1950's, made his living at Niagara Steel until his retirement some years ago. While St. Catharines, once a vibrant industrial centre, enabled my grandfather to build a comfortable life, my father's own experiences finding work were much more difficult. He worked for most of his life as independent tradesmen often having to travel long distances to find work that was piecemeal at best. I have witnessed him struggle throughout the years and without trivializing his experiences I can in some sense identify with the precariousness that has so often defined his workaday existence. Growing up in St. Catharines' has also partially informed my views on crime, informality and illicit cabbing. Indeed, my basic research questions were germinating throughout my years in secondary school. This thesis then, is as much scholarly inquiry as it is the personal journey of a working class man making sense of work and capitalism.

### *Setting the Scene: The Neoliberal Context*

It was no secret that illicit cabs were relied on to a great extent by the student body in both high school and university. David Gordon's (1973) observation concerning the ubiquitous nature of crime is revealing here. That the President's Crime Commission reports that a startling rate of 91% of individuals have admitted to committing "acts for which they might have received jail or prison sentences for" speaks to the bi-product, no, express *purpose* of a criminal justice system that operates through hyperlexis in as much as it speaks to the widespread demand for illicit goods and services in liberal democratic societies (Gordon, 1973, pg. 165). As official data on the exact size and scope of informal activity is often difficult to ascertain empirically, the "official" estimations as to the size, scope and overall dynamics of the illicit taxi market

represent justifications for punitive sanctions to be taken against this industry. The state outwardly adopts a “law n’ order” agenda with respect to illicit cabbings, yet behind this façade lurk competing private interests vehemently engaged in debates over the distribution of taxi licenses in the market. These competing interest groups have been at the forefront of producing literature about the illicit taxi industry so as to incite compliance from the state to satiate their desires for market control (take for example, the flyer produced by Coventry Connections outlining the “dangers” of illicit cabbings in appendix I).

Suggestions made by the taxi industry to increase the powers available to police in dealing with illegal cab drivers represents, on the one hand, an aspect of neoliberal policing designed to herd illicit forms of labour towards market discipline (Gordon, 2006). On the other hand, I explore the contradictory nature of co-optation as it relates to illicit cabs. The existence of unlicensed taxis is tolerated, yet only to the extent that their labour is co-opted and thus can become strategically managed to benefit taxi license owners. While this process appears inherently irrational, it is the nature of this contradiction that is explored throughout this thesis and how the selective criminalization/strategic co-optation of illicit taxis serves to reconstitute unregulated labour into a mechanism for profit maximization, risk management, monopoly privilege, and exclusionary market closure.

Seizing the cars of individual drivers or increasing fines will arguably have little to no effect on the existence of illegal cab operations as evidenced by the number of arrests made and continued presence of illicit taxi firms after the shutdown of Speedy cab. Regulation against illegal taxis resembles Canada’s illicit drug enforcement policy. To be fully rid of illegal cabs would be to incorporate them into the structure of the formal economy just as legalizing a drug such as marijuana would halt its illegal sale and distribution. I argue that illegal cabs are given

the opportunity to exist in so far as they become incorporated into the neoliberal model of “lean production” for the benefit of the formal taxi industry—keeping taxi supplies at a profitable minimum while also absorbing the surplus of fares, and thus, risk. Furthermore, criminalization and zero tolerance policing of illegal cab drivers enables the state to mete out citations and to reinforce its coercive power as well as its ideology of market economics as it seeks to criminalize alternatives to wage labour for subsistence. In this way, any real threat of illicit competitors growing too large can be curbed.

Structural changes in the Canadian economy have given rise to the downsizing of the industrial workforce, plant closures, and the exploitation of labour through new production techniques and strategies (Dunk, 2002, p. 878). In the effort to maintain profitability, corporations have implemented strategies leading to the displacement of living labour<sup>1</sup> all across Canada. The Canadian state has been involved in:

retraction of the social wage as embodied in such things as unemployment insurance, welfare, and public pensions and a tightening of labour legislation, effectively increasing workers' exposure to market forces while simultaneously restricting their ability to organize and resist these changes. (Dunk, 2002, p. 878)

According to David Harvey (2005), the concept of neoliberalism is defined as a theory of political and economic practices proposing that, “human well-being can be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, free markets and free trade” (p. 145). Thus, the role of the neoliberal state is to construct a political and economic framework where such conditions of market freedom can exist and where individual attitudes towards work must reflect industry, self-discipline, and an unflinching willingness to conform to such principles.

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<sup>1</sup> The concept of “living” labour as opposed to “dead” labour is derived from Marx's Labour Theory of Value in

What this means for Canada's post-industrial worker is that s/he must become as "flexible" as the industries s/he works for. In short, the economic stability and relative prosperity of the post-Fordist era have become nothing but a fleeting memory for much of the working class. By comparison, displaced "non-white" workers have encountered much harsher realities leading some scholars to argue that these workers have been situated in a state of "economic uselessness" (Rifkin, 2005; Wilhelm, 1982). By virtue of the "wage of whiteness" the white working class, can incorporate itself into the Canadian economy by becoming "flexible" (Dubois, 1995; Rifkin, 2005; Wilhelm, 1982). Furthermore, given the weakness of labour movement consciousness and complicity of labour unions with the neoliberal agenda, informal work and the turn to the illicit economy can itself be viewed as a form of resistance to the passivity and neoliberalization of workers' traditional representatives (Dunk, 2002).



### Thesis Statement

In this thesis I will situate the emergence of illicit taxis in St. Catharines within the context of neoliberal economic restructuring, which I conceptualize through Marxian theories of political economy and critical criminology that explain the state's response to non-wage forms of subsistence (Chambliss, 1974; Gordon, 2006; Miliband, 1967; Ruggiero, 2000). I adopt the Marxian criminological perspective to describe police enforcement of illicit taxis and how such enforcement constitutes a neoliberal agenda of public order policing, emerging across Canada in the wake of economic restructuring, and, intended to drive labour back towards the wage relation (Chambliss, 1974; Gordon, 2006). I incorporate Neo-Weberian theories of social closure as a supplement to this Marxian framework to describe how taxi regulations become a market barrier designed by the state to sustain monopoly control over the taxi industry. I argue that the licensing system and taxi regulations in St. Catharines serve as a strategic mechanism for the devaluation of taxi labour as such regulations create a gap in market demand which illicit taxis have sought to "usurp". This usurpation is tolerated, however, in so far as illicit labour can become productive for capital. To this end the absorption or co-optation of illicit labour becomes a strategic mechanism used by capital to enhance its rent-seeking opportunities. Given, however, the dynamic interaction between labour's usurpation for higher wages and capital's social closure for purposes of capital accumulation, increased racial tensions intervene to undermine labour solidarity and organizing among taxi workers in St. Catharines.

### Chapter Outline

This thesis is divided into two halves and is composed of seven chapters in total. The first half, comprising the first four chapters, is a critical social analysis that outlines and explains the major theoretical arguments relevant to the issue of illicit cabbage in St. Catharines. The second half of this thesis, comprising chapters five through seven, connects interview data to my critical social analysis. Donald E. Comstock outlines a “method” for critical social research in which he suggests that, “method’ is not to be confused with specific research techniques involved in data collection and analysis.” Instead, Comstock (1982) uses the term critical social research to mean:

the general procedure which we go about studying society, including selecting research problems, constructing and evaluating theories and disseminating our findings...Analytically, critical research must, first, provide an account of the dynamics of the social situation of its subjects, that is, a theory of the genesis and maintenance of both social conditions and intersubjective understandings, and, second, must offer a critique of the ideologies based on a comparison of the social structure with participants’ understandings of it. (p. 370-379)

Thus, in the first half of this thesis I provide a critical social analysis structured around Marxian political economy and Neo-Weberian theories of social closure to conceptualize and critique the existing regulations and licensing structure of the taxi industry. The first half of this thesis builds the conceptual tools from which I understand the issue of illicit cabbage in St. Catharines’ while also situating this issue at an intersection between literature on the informal economy, sociological literature on Canadian taxi work and Marxian theories of political economy. The second half of the thesis then builds on these arguments through data provided by participants who have worked for either licit or illicit taxi companies. The views and experiential knowledge of licit and illicit taxi workers are connected to these political economy arguments in viewing how their working lives are impacted by various regulations that enhance strategies for exclusion and profit maximization and exclusion. As such, this thesis does not distinctly separate

conventional “theoretical framework” and “literature review” sections. The first four chapters instead review literature and news reports in a thematic fashion as a way of elaborating my theoretical arguments.

Specifically, in chapter two I explain how illicit taxis in St. Catharines are situated within the context of neoliberal economic restructuring. Here I utilize theories of Marxian political economy and Marxist criminology to conceptualize the state sanctioned response to non-wage forms of subsistence (Chambliss, 1974; Gordon, 2006; Ruggiero 2000; Miliband, 1967). I use the Marxist criminological perspective to describe how police enforcement of illicit cabs is commensurate with a neoliberal agenda of public order policing, consistent across Canada in the wake of economic restructuring, and, intended to drive labour back towards the wage relation (Gordon, 2006; Chambliss, 1974). I also apply Neo-Weberian theories of social closure to the exploitative nature of the Canadian taxicab industry in general and the strict regulations surrounding St. Catharines' taxi companies in particular. A third section within this chapter attempts to synthesize the Marxian and Weberian frameworks and to tie together loose ends, so to speak, concerning the involvement of the state in the enactment of social closure. Val Burrell's (1978) arguments on the synthesis of Marx and Weber along with Ralph Miliband's (1967) theories of the state in capitalist society will be discussed in this section. The incorporation of the Neo-Weberian theory of closure into a Marxian framework is utilized to further explain the split labour market aspect of licit and illicit cabbage. Drawing on the work of Sidney Willhelm (1971), Jeremy Rifkin (1995) and Todd Gordon (2005), a qualified variant of Bonacich's (1982) “split labour market theory” is applied to St. Catharines' taxi industry to describe the racial competition between licit and illicit taxi labour.

Chapter three discusses the industrial “adjustment” process in North America and its relationship with crime and illegal forms of wage subsistence. The first section, for example, discusses the policing of informal and illegal market alternatives in Canada against the backdrop of neoliberalism and economic restructuring. This section draws from Marxian theories of criminology as discussed by Todd Gordon (2005a, 2005b, 2006) in particular. The next section in this chapter reviews sociological literature surrounding Canada’s formal taxi industry, its peripheral position within the local labour market, and the hidden injuries of race that are bound to it. Furthermore, I discuss race and its subordinate position within Canada’s taxi industry by focusing on research concerning Toronto’s taxi drivers of “colour” and how social closure is enacted within this industry (Abraham, et al. 2008; Foster, 2009).

The third section of chapter three utilizes critical criminological theories related to the informal economy to explain the concept of subordinate integration (“sub-integration”) and how labour in the informal economy becomes co-opted for the benefit of firms in the formal economy (Cox, 1987; Ruggiero, 2000). This section examines research from the European context that explores the opportunity-seeking nature of some “legitimate” firms who look to procure and co-opt cheap labour from the illicit economy. One example of this research illuminates how certain European firms subcontract labour from underground sweatshops. The European study serves as an indication of how the formal economy parasitically feeds off the labour of the informal economy (Ruggiero, 2000). The significance of this section is to present existing research on the co-optation of labour in the illicit economy by firms in the licit economy so as to connect such examples to the subordination of the illicit cab drivers to St. Catharines licensed taxi industry. One particular example of research from this section was the New York’s “gypsy cab” ‘problem’ from the 1960’s and 70’s and the way that taxi fleet owners strategically managed this illicit

sector to weaken taxi drivers' unions bargaining power (Vidich, 1973). The way in which illicit taxi labour become a tool for the devaluation of all taxi labour within St. Catharines is related to the aforementioned examples. In this case, the limited competition for St. Catharines largest taxi companies exists primarily in the form of illicit cabbies undercutting their legal counterparts.

Chapter Four discusses the exploratory interviews that I used for this thesis. This section describes how I accessed my sample and outlines certain limitations associated with an all white sample. The individual interviews provide data in support of my critical social analysis and political economy arguments but also help document the impact of deindustrialization as well as the risks and exploitation experienced by participants. Interviews in this instance provide a subversive account of the orthodox and "official" representation of illicit cabbings. Moreover, the interviews help to provide a human face and voice to the objects of the neoliberal economy. Interviews are supplemented with arrest/citation rates, official estimations, and data gained from various local news sources to contextualize both the nature of the illegal cabbings industry and the shared experiences of the drivers affected by it.

Chapter Five is the first of three chapters devoted to a detailed analysis of the interview data and represents the start of the second half of my thesis. Following Vincenzo Ruggiero (2000), the preliminary analysis focuses on and is critical of the notion of "deficit"—the idea according to conservative criminology that, in order to partake in illicit activities one must necessarily lack something in the way of access, resources, skills, educational qualifications, colour of skin, ethnicity, or, possess some other "deficiency". Furthermore as Steven Spitzer (1975) argues,

theories that locate the source of deviance in factors as diverse as personality structure, family systems, cultural transmission, social disorganization and differential opportunity

share a common flaw—they attempt to understand deviance apart from historically specific forms of political and economic organization (p. 639).

As local news media and police have vehemently oppose and attempt to demonize, illicit cab drivers painting them as “unsafe”, “unqualified” and in some cases “dangerous”, the first section of this analysis subverts the notion of “deficit” in conservative sociological theories of “deviance” by situating the position of the illicit cab driver within the context of the neoliberal economy. As a reaction to the devaluation of this form of labour, illicit cabbng serves as a necessary means of social reproduction or, at the very least, of income supplementation where labour might otherwise be rendered “useless”. Thus, this chapter represents the individual experiences of drivers’ attempts to find work in the city and how their involvement with illicit cabbng represents individualistic adaptation to significant economic transformations, and in the case of St. Catharines’ taxi industry—regulatory barriers. Theoretically, this chapter is linked directly to Marxian theories of political economy and corresponds to the sociological literature as an intersecting point between political economy and criminology. Important to this analysis is the refusal of drivers to be reconstituted as “cheap”, “flexible” sources of labour and how the impact of industrial “adjustment” encourages growth of illicit activity (Gordon, 2005a) in contradistinction to labour that have passively accepted the conditions of their devaluing (Dunk, 2002).

Chapter Six serves as a transitory stage in the overall thematic arc of this thesis’ argument. Chapter Six analyzes how the existence of the illicit cab industry is subordinately linked to the licit cab industry. The analysis thus shifts towards the opportunism of capital and the formal market structure in its utilization of the illicit market as a risk-transfer mechanism and labour-saving strategy. This section combines interview participants’ experiences of risk and

competition with media reports. I demonstrate how the existence of the grey market is primarily beneficial to license owners through the occurrence of an inequitable trade-off. This selective co-optation of the illicit taxi industry sees risk transferred to the drivers of illicit cabs who, in turn, undercut the drivers of legal taxis. By serving as an illicit form of competition to the legal cab industry, it is argued that this illicit market is tolerated to the extent that it enables taxi companies to keep taxi supply levels at a profitable minimum while ensuring that monopoly rents can continue being collected by the owners of taxi licenses. New legal competitors lack potential to enter St. Catharines' taxi market because of the existence of illicit cabs and their subordinated relationship to the licit taxi industry.

In view of the competition between licit and illicit taxi labour, the second section in Chapter Six analyzes the extent to which sub-integration of the informal taxi economy deflects risk (occupational and financial) onto illicit and licit taxi labour. Underpinning this analysis is the theoretical argument associated with exclusionary and usurpatory social closure as a strategy used by capital to maintain its privileged position within the licensed taxi industry. This section also views the experiences of licit taxi labour in relation to their illicit counterparts in mitigating these risks. In these discussions, the issue of gender is raised as it relates both to the moral panic around imperiled white womanhood and the risks faced by women working for licensed and unlicensed taxi services.

Chapter Seven presents the final piece to the overall thematic arc of my argument. This chapter deals specifically with the policing of illicit cabs and theoretically with how the repressive arm of the state becomes implicated in neoliberalism and the devaluation of taxi labour in general. Here I combine interview data concerning drivers' views and experiences with the police along with arrest/citation rates and other public documents related to the policing and

public scrutiny of the illicit cab industry. This section builds on Todd Gordon's research on neoliberal policing and public order offenses in Canada and explains how drivers in the illicit taxi industry are targeted by the state to reaffirm its ideological and substantive compulsion toward market wage forms of employment—in so far as productive labour within the illicit cab industry is useful for the owners of the legal taxi industry. Given the selective co-optation/criminalization dynamic appears paradoxical, it is important to connect such contradictions back to the Marxian analysis. Marxian theories of crime and deviance are important here for explaining the nature of contradictions and paradoxes that are inherent to the internal logic of capitalism (Spitzer, 1975). While contradiction serves as an important aspect within the overall economic structure of capitalist societies, the management and control of such contradictions delineates the underlying dialectical nature of Marx's argument concerning the expansive movement of capital where it is involved in a constant state of flux, ever expanding and changing the character of the capitalist system—along with the “nature of its impact on social, political and intellectual activity” (Spitzer, 1975, p. 641). The way in which deviance and “problem populations” are produced, defined, identified and subsequently controlled is an enduring characteristic of capitalist societies and in the neoliberal era comes to represent what Spitzer defines as a “rationalization of deviance”. The selective co-optation of illicit taxis and their tolerance represents a distinct example of how the contradictions of capital in the rise of particular “problem populations” come to be managed through a process of rationalization.



## Chapter Two: Critical Social Analysis Part One

### *Marxian Theories of Political Economy and Crime*

As I argue here, the rise of illegal taxi companies in the localized setting of this research reflects the turn to wage alternatives created by neoliberal economic restructuring. Moreover, the steps that are taken to integrate this form of unregulated work into the formal structure benefits license holders in the taxi industry through the transfer of risk. The illegal taxi operation as an alternative to the wage relation will be further conceptualized through the Marxian analysis of “crime” and the state.

As a starting point, Structural Marxian criminology borrows from Marxist theory the idea that people’s consciousness, lives and behaviour are intimately connected to the mode of production. The mode of production consists of: a) the means of production (conceived of as the technology involved in the production of goods and services) and b) the relationship between those who own such means (the owners of production) and the classes of people who do not (Chambliss, 1974, p. 191). Those who do not own the means of production are in essence forced to sell their labour power to work for a wage so that they might reproduce their labour (Reiman, 2007; Chambliss, 1974). Labour power—or, the capacity for the labourer to sell the “expenditure of his [sic] vital force” is the commodity that the capitalist seeks to purchase (Marx, 2008, p. 124). While productive labour can be differentiated based upon a different skill type (i.e. the labour of a spinner produces different commodities than that of a weaver), the use-value of the commodity of labour remains consistent for all labour. This use-value is the expenditure of socially necessary labour-time in the creation of value (Ibid). By using the capitalist’s instruments (which have already been imbued with socially necessary labour time) to produce commodities, new socially necessary labour time is added to the commodity by the labourer

during the production process as she expends her labour power. The socially necessary labour time that is imbued in the instruments of labour and means of production are subsequently preserved by the labourer who transfers a fraction of this value to the commodities in production. Thus as Marx suggests, “the value of labour power, and the value which that labour power creates are two entirely different magnitudes” (Marx, 2008, p. 127). For the purposes of capital accumulation, labour power has “the unique capacity to produce more value than its own value” as once labourers have worked long enough to pay for their reproduction any further commodities produced in the time after their necessary labour become surplus for capitalist owners (Reiman, 2007, p. 217). This surplus value becomes the source of profit and is essential to the reproduction of the capitalist class. Often in capitalist societies where the means of production are controlled by a small minority of private owners it becomes inevitable that conflict will arise through contradictions that stem from the ruling class's relations with the working class.

With regards to the state and law, according to Marxian theories of state power, the state is formed and developed out of the contradiction that “labour is both in and against capital” (Bonfeld, 1993; Gordon, 2005). The paradox of labour is that it is both necessary for the production process and capitalist accumulation, yet is also the main source of antagonism to the capitalist order through its struggle for better working conditions and wages, if not more radically to create a labour based political economy (Bonfeld, 1993; Gordon, 2005). The role of the state then is to become engaged in this class antagonism as it both responds to and shapes the “struggles of labour through its historic role of enforcing capitalist reproduction” (Gordon, 2005, p. 57). In effect, this suggests that in capitalist societies, behaviour and actions that come to be defined as criminal or illegal are always the result of the political and economic considerations.

As a result, Chambliss (1974) suggests that “the single most important force behind criminal law creation is doubtless the economic interest and political power of those social classes which either 1) own or control the resources of society, or 2) occupy positions of authority in the state bureaucracies” (p. 196). The role of the state in capitalist society is adopted from Marx’s position that “the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie” (Marx, 2002, pg. 221). Where and when the state weighs in against the capitalist class, this is either a function of temporary concessions to social movements or the state defending capitalists against predatory segments of the economic elite (Fox-Piven, 1992).

This theoretical framework can be applied to the emergence and policing of illegal taxi industries for two central reasons. The first point of connection is that by maximizing surplus value through super-exploitation arising from the technification of production, labour becomes disorged from the economy thereby producing the paradox of a surplus labour pool who also populate the informal economy. Second, illegal taxis constitute a type of informal or unregistered work that represents an alternative to the wage relation. As economic restructuring and neoliberalism are dependent on the steady supply of cheap and flexible labour, the state becomes responsible for herding individuals who survive outside of the formal economy back towards the wage relation. Pushing these individuals back towards low paid work within peripheral job markets leads to a depressing of industry wage standards due to the swelling supply of readily available workers willing and able to take the next position that becomes available. As expressed by Marx, (in Chambliss, 1974),

‘crime takes a part of the superfluous population off the labour market and thus reduces competition among the labourers—up to a certain point preventing wages from falling

below the minimum—the struggle against crime absorbs another part of this population' (p. 193).

The existence of illegal cab companies reflects the ability of some individuals to live outside of legitimate means of work (however poorly paid some jobs might be) where the state becomes tasked with ensuring that exploitative relations between capital and labour can be maintained for the extraction of surplus value.

Another important aspect of the Marxian framework of crime is the existence of a contingent of “moral entrepreneurs” who work in association with, or in favour of ruling class interests. This group of moral crusaders use mechanisms such as moral panics to increase society's subjective insecurities surrounding a particular issue so as to influence the creation of laws that will protect those interests (See Appendix 1). The demonization of the illicit cab driver in local media stems from moral connotations surrounding ideas of “legitimate” work that are inextricably linked to neoliberal doctrine. Any form of wage alternative is perceived as a threat to the moral order. Despite the fact that illegal cabs are a productive element of sub-integrated labour for license holders and insurance brokers within the taxi industry, the state becomes responsible for reasserting its authority over any form of work that violates its ideological stance against alternatives to wage labour, especially when such alternatives are used by marginalized labour to escape market discipline, or, supplement wages in the low wage service sector (Gordon, 2005; 2006a 2006b).

Marxian criminology provides a useful explanatory tool for describing the state's stance against market indiscipline as a means of maintaining an adequate supply of “cheap” labour for the neoliberal economy. This Marxian framework alone does not however, adequately explain the exclusionary market mechanisms that feed entry of racialized labour into low pay sectors by

blocking access to white collar professions. Furthermore, the taxi industry's licensing restrictions constitute a form of mobility closure within the taxi industry itself. Taxi industry regulations and its licensure structure have been shaped by state regulation to benefit taxi license owners while also paradoxically creating a gap in the market to be usurped by illicit taxis. In the section below I will view these phenomena by expanding on the Marxian framework to incorporate the Neo-Weberian concept of social closure. In supplementing the Marxian framework to include an analysis of social closure, I explain how the taxi licensing system and the regulations upholding it are part of a larger exclusionary strategy aimed at blocking avenues for licit competition thereby increasing the value of the taxi license on the open market. In this sense, the contradiction of the counter-intuitive value of illicit cabs can be emphasized in view of the productive criminalization of unregulated labour. Theoretically, the synthesis of Marxian and Weberian frameworks is meant to account for gaps within Marxian theory concerning the "boundary problem", as well as providing an explanatory framework for the equation of race and foreign credentialed labour as it occurs as a related dynamic in the process of social closure and labour exploitation. The Weberian focus on market relations particularly enables a more nuanced analysis with regards to the exclusion efforts of privileged groups in securing advantageous positions for themselves at the expense of "non-white" labour who become forced by racist exclusion into low-pay sectors. But also, the incorporation of Neo-Weberian theory becomes a conceptual tool for how whiteness constitutes a form of property (Harris, 1995) that substantiates the inclusion of white illicit entrepreneurs into the taxi market—despite whether or not their inclusion is of a legal nature.

A particular issue complicating the "boundary problem" within Marxian theory is pointed out by Sidney Willhelm concerning the issues of racism as well as the class position of

unemployed African Americans within an economic system that no longer deems them necessary for surplus extraction. As Wilhelm (1980) states,

permanently unemployed blacks are *declassed* persons inasmuch as they hold no relationship to the means of production and therefore cannot possess a class position within the Marxist perspective; being out of the class system they cannot be under the...class structure. Consequently, declassed blacks confront an entirely different set of economic conditions for survival than do white workers, for they are experiencing poverty which must be resolved not by recourse to employment but, at a minimum, through fiscal policies which assure a decent living standard even for those not employed (p. 108).

Thus a purely Marxian analysis alone cannot account for the class position of the “declassed” African American whose labour is altogether dislocated from the normal relations of capitalist exploitation. Through their relationship to the distributive system, however, the position of the declassed African American is affected and can perhaps be analyzed when taken in relation to dispossessed white workers. Both super-exploitation and commodification through the criminal industrial complex arises from the declassing of African Americans. For example, in contrast to the declassed position of unemployed black labour, the unemployed white worker is more often only temporarily separated from the relations of exploitation through lay-offs or temporary spells of unemployment while a host of “cheap” black labour are in some cases permanently separated from the sphere of production and forced into a state of dependency, although of course, recent transformations indicate precarity is now also becoming a permanent reality for white labour (Wilhelm, 1980; Wilhelm, 1982; Rifkin, 2005). With respect to being forced into a state of dependency, this is not always the case for declassed African American labour. Following Kelley (1997), Gordon (2005) suggests that in the “context of economic restructuring where much of the higher paying and more secure wage work has evaporated in working-class communities—especially in communities of colour—people often turn to different strategies to avoid some of

the more unfulfilling jobs” (p. 69). Studies have thus documented that marginalized blacks and Latinos also exercise agency and have often accessed the underground economy as an alternative means of survival (Vankatesh, 2008). As I mentioned earlier, anecdotal evidence ascertained from my participants suggests that the number of foreign and racialized illicit cabbies has grown in recent years, likely reflecting disproportionate rates found in Canada’s licensed taxi industry (Galabuzi, 2001; Foster, 2009; Xu, 2006). While research demonstrates that racialized groups have also accessed the informal economy for survival, an important point can be taken from Willhelm’s arguments concerning the distinction between white and “non-white” groups in terms of formal market integration and participation.

As a 2001 report from the National Anti-Racism Council suggests, “racially visible persons in Canada earn almost 30% less on average than other native born persons” (Foster, 2006, p. 288). Despite in many cases being better educated than Canadian-born whites, “racially visible persons, native-born or not...are underemployed to a disturbing degree, creating a large pool of overqualified labour, ripe for exploitation” (Ibid). Race is also a variable in when considering the credential barriers facing educated immigrants from the global south (Galabuzi, 2001; Foster, 2006). Following Smith and Jackson (2002), Hou and Balakrishnan (2004), Foster (2006) suggests that, along with lower income returns, “visible minority immigrants are at a greater risk than non-visible minority immigrants to experience higher underemployment and unemployment levels... due to credentials devaluation” (p. 288). While credential devaluation has excluded a number of foreign credentialed immigrants from the professions, a primary distinction between displaced white and the declassified “non-white” labourer can perhaps be located where whiteness itself constitutes a form of property (Kitossa, 2005). Although both groups may be alienated from the relations of production, by viewing the social relations of the

market and how particular forms of property become actualized by state- market forces, one can perhaps analyze the distinction between declassed white, black and immigrant labour.

In Weberian theory, one's class position is determined by their market position in that, the 'life chances' of individuals (and class position) are determined by the way property and skills are distributed and valued by the market (Campbell, 1977). In terms of market relations, even the most dispossessed white worker is provided a more advantageous position in the market than the unemployed black worker due to the way that whiteness is actualized as a form of "property" that is worn on the body. As Cheryl Harris writes of poor whites in the U.S., "a great many whites with relatively little property of a traditional kind: money, securities, land— come to view their whiteness as a property right" (Harris, 1995, p. 286). Moreover, as Harris maintains, the "wage of whiteness" is "available to all whites regardless of class position, even those whites who are without power, money, or influence, whiteness, the characteristic that distinguishes them from blacks, serves as compensation even to those who lack material wealth" (Harris 1995, 286). Where labour power is the base commodity possessed by all living labour, its alienation from the production process has left a large number of displaced black labourers in a state of disutility, while the displaced white labourer still possesses property in the form of his whiteness and still depends to a greater extent on wage labour—however piecemeal that work may have become (Willhelm, 1980).

To illustrate this point, Willhelm (1980) offers a quote from "Where do We Go From Here?" a piece written by Martin Luther King Jr. :

Now we realize that dislocations in the market operation of our economy and the prevalence of discrimination thrust people into idleness and bind them in constant or frequent unemployment against their will... We have come to the point where we must make the non-producer a consumer or we will find ourselves drowning in a sea of



consumer goods. We have so energetically mastered production that we now must give attention to distribution. (p. 109)

The exclusion of “non-white” groups from the formal market economy leads to the realization that a Marxian analysis alone is insufficient for both locating the class position of the unemployed black worker, or de-credentialed immigrant worker, as well as for analyzing how dominant groups use the relations of the market via social closure to recruit, legitimate, and reproduce their privileged positions at the expense of taxi labour. Furthermore, the closure of mobility opportunities for “non-white” groups are prevalent both within the taxi industry as well as through the racist policies limiting or restricting entry into professional positions that has relegated overqualified workers into the structure of Canada’s secondary labour markets (Foster, 2006; Xu, 2006).

#### *Social Closure within the Canadian Taxi Industry*

The rigid structure of Canada’s taxi regulations and the monopolistic nature of the industry itself will thus be viewed through the Neo-Weberian concept of social closure. As Parkin (1979) suggests, social closure is a theoretical framework that explains modes of exploitation that don’t necessarily relate to the Marxist conceptualization of the mode of production as a deeply and structurally rooted cause of social stratification. Social closure instead becomes a conceptual tool from which to build theories of social stratification and inter-group exploitation as well as inter class hegemonic racial collaboration. Following Weber, Parkin (1979) describes social closure as the process by which,

social collectives seek to maximize rewards by restricting access to resources and opportunities to a limited circle of eligibles. This entails the singling out of certain social or physical attributes as the justificatory basis of exclusion... virtually any group attribute - race, language... may be seized upon... for ‘the monopolization of specific, usually economic opportunities’. This monopolization is directed against competitors who share some positive or negative characteristic; its purpose is always the closure of social and

economic opportunities to *outsiders*. The nature of these exclusionary practices, and the completeness of social closure, determine the general character of the distributive system. (p. 44)

Parkin (1979) outlines two directions in which closure can occur; from above, where opportunities and resources may be excluded from disadvantaged groups through erecting exclusionary barriers, or, from below, where those groups who have been excluded from full social or economic participation act in direct response to their exclusion by attempting to usurp the resources that have been barred from them. Thus, the Canadian taxi industry, aided by state regulation, can be conceptualized as enacting exclusionary social closure through the use of power in a downward direction. Furthermore, the use of this power to close off opportunities for certain marked individuals “necessarily entails the creation of a group, class, or stratum of legally defined inferiors” (Parkin, 1979, p.45). Consequently then, these “negatively privileged” actors involved in illegal taxi operations will necessarily be viewed as performing a “countervailing action, [that] represents attempts by the excluded to win a greater share of resources” and “bite into the privileges of legally defined superiors” (Parkin, 1979, p. 45). Usurpation becomes a strategy used by the legally defined inferiors of the illegal cab industry where power is exercised in an upward direction in order to take back that share of the market that has been restricted to them. Within this framework, usurpation is used to the extent that illicit cabs do not seek formal recognition and do not constitute a politically organized movement beyond their inchoate status within the capitalist structure. Their usurpation, rather, is a modified form that is strictly economic and individualistic adaptation.

The framework of social closure is appropriate for discussing the monopolistic environment created by collusion between municipal governments in Canada and the formal taxi industry. Canadian municipalities regulate taxi markets to control for price, quantity and quality;

changes that occur as a result of this regulation are changes in the market structure as well as the creation of bylaws to enforce certain restrictions (Seymour, 2009). Regulations controlling price structure involve municipalities setting the fare structure for taxi operators and include setting prices for the initial pickup, a per unit distance and miscellaneous fees (Seymour, 2009).

Quantity regulations are also set by municipal governments to put a cap on the number of cabs allowed per district. The setting of these price and quantity regulations becomes the subject of “periodic political disputes between politicians who attempt to mediate the competing interests of the industry... and the public” (Seymour, 2009, p. 7). While taxi regulations are intended to set the price of taxi services at a natural market equilibrium (where demand meets supply), in many cases, as in the case of this research, if the quantity of licenses supplied to the market does not meet market equilibrium, then the market comes to a point where consumers must pay higher prices (Seymour, 2009). Limited entry into the taxi industry through controlling the supply of taxi licenses enables producers in the market to collect ‘monopoly rents’<sup>2</sup> “by virtue of restricting competition. [Furthermore] placing caps on cab numbers creates a transfer of wealth from consumers to producers” (Seymour, 2009, p. 9).

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<sup>2</sup> Rent seeking is the process by which opportunities to create new wealth are limited due to a manipulation of the social and political environment. Gordon Tullock (1998) defines rent-seeking as “the outlay of resources by individuals and organizations in the pursuit of rents created by government” (p. 2). Rent seeking behaviour then is the attempt by individual firms or organizations to capture monopoly privileges that arise through Government regulation over “free” market competition. As David Seymour notes, the taxi industry has long been accused of rent-seeking behavior. As taxi representatives lobby governments for a regulatory environment that limits or blocks the active supply of taxis in a given region, the transfer of wealth from consumer to producer becomes realized at the expense of creating new wealth that would only occur by allowing increased competition to enter the market.

Evidence across Canada points towards taxi supply numbers that have remained static for long periods. These numbers suggest the price of buying a taxi license plate is well out of reach for the average person. For example, Saskatoon has had 160 cars for twenty years in which time its workforces have grown by 39 percent; by no coincidence, an average license in Saskatoon is worth approximately \$80,000 and are rented to drivers for \$9,100 per year (Seymour, 2009, p. 9). To further illustrate this point, before the introduction of Toronto's Ambassador Lease system in 1997 taxi licenses rose from \$45,024 in 1982 to \$80,000 (Abraham et al., 2008, p. 4). The Ambassador program has increased the number of driver-owners and has created a new class of taxi vehicle intended to reduce the monopoly created by the leasing system before introduction of the program. The leasing system is still being practiced throughout the majority of other Canadian cities and municipalities, including St. Catharines. Prior to the start of Toronto's Ambassador Program, the plate leasing system generated over \$30 million dollars in annual income for the owners of licenses and for the owners of taxi brokerages (considered middlemen within the industry) (Abraham et al., 2008, p. 5). As Seymour (2009) argues, "the nature of taxi regulation is to impose constraints on the market quite unlike those imposed on almost any other industry. The practical result is the possibility and, in many cases, the reality of monopoly rents due to limited competition in the market" (p. 9). Thus, taxi regulations act as an exclusionary strategy to increase opportunities for propertied classes to maintain complete control and full ownership over the means of production—in this case, the license of a taxi.

As Parkin (1979) suggests, the institution of property is one form of exclusionary device "by which the bourgeoisie constructs and maintains itself as a class" (p. 47). In its application to the taxi industry, monopolistic control over the market itself rests on the ability to control

licenses. As the supply of licenses that are issued determines competition levels within the market, and thus, the ability for profit to be made from monopoly rents, the leasing of licenses and the license itself can be conceptualized as a form of property-as-capital. Parkin (1979) distinguishes between two types of property: a) “property-as-capital” and b) “property-as-personal possession”. The distinguishing feature of “property-as-capital” however is its ability to provide (or through exclusion, deny) the “means of life and labour” (p. 53). In conceptualizing the taxi license as a form of property-as-capital, it follows that the taxi license and the formal regulatory environment excludes those social strata that are either financially restricted from entering the market, or, restricted from leasing due to a limit on the number of cabs permitted in a district. For the purposes of this research, this form of property-as-capital will be referred to as the “license-as-property.” This idea of the license-as-property is given credence when considering the fact that in Canada, the taxicab plate has become primarily an investment opportunity. In Toronto for example, over two thirds of plate owners are in the leasing business (rather than the taxi industry) and by some estimates the total market value of Toronto plates are worth some \$300 million (Abraham et al. 2008, p.5). Similarly, by other estimates, the value of taxi plates is roughly ten times the annual rate of return—suggesting that plates have become similar to a long term investment opportunity (Seymour, 2009, p. 9).

The burgeoning price of the taxi license has effectively amounted to its elevated status as a form of property-as-capital in effect barring entry for groups less privileged due to their position within the distributive system. The license-as-property has become a means of social closure within the Canadian taxi industry entrenching the privileges of a taxi monopoly into the hands of those who own the majority of these licenses. Within the taxi industry, social closure via the license-as-property has perhaps had the most profound effect on foreign credentialed and

“non-white” labour—already excluded from the economic core by credentialist social closure<sup>3</sup>.

For Parkin, credentialism is of equal importance as an exclusionary mechanism as property.

Credentialism is here defined as “the inflated use of educational certificates as a means of monitoring entry to key positions in the division of labour” (Parkin, 1979, p. 147). For Parkin, credentials are largely accorded their importance in society due to their simplification and legitimation of the exclusionary process (p. 148). As a result of credentialism and discriminatory immigration policies in Canada and Ontario, foreign trained labour is blocked from the economic core and forced into the low-pay service sector. According to one study for example,

between 1991 and 1994, 10,279 immigrants arrived in Canada who listed civil, mechanical, chemical, or electrical engineering as their intended occupation. But by April 1996, according to Statistics Canada, only 5,770 of the immigrants who arrived between 1991 and 1996 were practicing these professions. The rest are unaccounted for, meaning that nearly half (44 %) of the immigrants who came to Canada between 1991 and 1994 intending to work as civil, mechanical, chemical, or electrical engineers were not so employed in 1996. (Galabuzi, 2001, p. 72).

It should also be noted that the data does not disaggregate by race, suggesting that European immigrants are far more easily integrated than immigrants from the global south (Hou and Balakrishnan, 2004, p. 276). What these statistics imply is that credentialism within Canada has amounted to a means of exclusionary social closure that, in effect, creates a virtual declassed and “underclass” of wasted immigrant talent. As argued by Galabuzi (2001), such exclusionary mechanisms have led to the flight of human capital, contributing to Canada’s perceived “brain drain” (Galabuzi, 2001, p. 71). Ontario comprises 37 percent of the total population of Canada and in turn houses 54 percent of the immigrant population. Over 26 percent of Ontario’s people are immigrants yet the province also accounts for 57 percent of the annual influx for which the

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<sup>3</sup> Ironically, Toronto’s first cab company was owned by Thornton Blackburn and his wife, an African American couple who escaped slavery in the U.S. (Smardz-Frost, 2007)

majority of recent immigrants have come from non-European countries (Galabuzi, 2001, p. 26).

As Grace-Edward Galabuzi suggests, racialized group members are over represented in a number of low paying and precarious occupations, where 36 percent of taxi and limo drivers are drawn from racialized groups (Galabuzi p. 15) Similarly, Foster suggests (2009) that “the province of Ontario and its capital Toronto is purported to have more foreign-trained doctors driving taxis than any other place in the world” (p. 135).

Hence, what this license-as-property means in relation to exclusionary closure through de-credentialism is that the regulation of the taxi industry discriminates against Canadians of colour and other “non-white” immigrants where opportunities for “petty capitalism” are “artificially closed down” (Foster, 2009, p. 150). Walter E. Williams (1982) reminds us that where cab ownership was traditionally used by immigrants to climb the social ladder, in recent times, the enormous increase in the price of licenses has “entrenched the privileges of existing owners” in the hands of the few due to a substantive assistance from the regulatory regime (Cited in Foster, 2009, p. 150). Following Walter Williams (1982), Foster (2009) further argues that “the most recent immigrants have far less hope than their predecessors had to escape becoming a ‘captive market of owners and drivers’ susceptible to exploitation by brokers, finance companies, and license holders” (p. 150). Taxi licensing and the regulations that hold the system in place demonstrate Parkin’s (1974) argument that property-as-capital is the “most important single form of social closure...[and that] the state confers rights upon a limited circle of eligibles to deny access to the means of life and labour to the rest of the community” (p. 53). When these strategies of exclusion “are legally guaranteed and enforced, [then] an exploitative relationship prevails as a matter of definition” (Parkin, 1974 p. 53). In effect, the regulatory regime of the taxi industry has entrenched the ownership of licenses in the hands of investors and insurance

companies while blocking the “means to life and labour” for disadvantaged groups—in many cases, negatively racialized African Canadians and immigrants who must compete daily for jobs in the peripheral labour market against the displaced members of the domestic, white, working class. This dynamic has the effect of creating a contradiction where labour is split by race.

The process of exclusionary closure enacted by the taxi industry and the usurpation by illicit taxi organizations as a consequence can be viewed within the overall context of a split labour market. The split labour theory, originally formulated by Edna Bonacich (1972), proposes that two groups of labour with different racial, ethnic, or national origins occupy a single labour market. The higher priced labour, or dominant group, so-called due to its advantageous position and historical development within world capitalism, competes with groups of subordinate labour. Subordinate labour is historically imbued with a lower price and value and is thus more attractive to the capitalist owners of production who seek to appropriate such labour for profit maximization. Consequently, the dominant labour group employs tactics to enhance their positions within the labour market for fear of their displacement. In order to avoid the threat of their displacement, the dominant group attempts to “exclude members of ‘cheap’ labour groups from full participation in the labour market. That these exclusionary efforts have a ‘nationalist’ or ‘racist’ character is a product of historical accident which produced a correlation between ethnicity and the price of labour” (Bernstein, 1996, p. 245). According to Bonacich (1972), dominant labour is often “threatened by the introduction of cheaper labour into the market, fearing that it will either force them to leave the territory or reduce them to its level” (p. 553). As such if the labour market is split according to race or ethnicity, then “class antagonism [will necessarily] take the form of ethnic antagonism” (Ibid).



There are, of course, various critiques and theoretical issues concerning the implications put forth by the split labour theory that are especially pertinent to its incorporation within the nature of this research. In particular, Deborah Bernstein as well as a number of scholars have suggested that Bonacich's split labour theory does not adequately address the role of the state in relation to the split labour market. Bernstein (1996) argues that the state should be considered in two capacities. Primarily, the state should be viewed through its, "institutions, as a determiner of policy for the economy in general such as labour legislation, immigration policy, extent of state intervention vis-à-vis private enterprise" (p. 247). Secondly, the state should also be seen as an employer, yet "in both capacities the state has a wide range for influencing the very form of the split of the labour force and the actions and reactions of both groups of workers" (Ibid). As I have discussed earlier, along with credentialism racist immigration policies enacted by the state have added to the creation of a split labour dynamic within Ontario's labour markets and should be taken into consideration as a factor influencing the form and shape that a split labour market can take. The role of the state in legally enforcing regulations over the taxi industry is an important issue that I will return to in subsequent sections. While Bernstein's critique focuses on the role of the state in influencing the dynamics of split labour markets, other significant critiques also point towards the over-exaggerated power of the "labour aristocracy" in creating the split market.

Geschwender (1978) and Willhelm for example, criticize Bonacich for distorting the historical record with regards to the evolution of capitalism regarding the power that she attributes to higher paid labour groups. Willhelm suggests that the split labour market is itself borne out of capitalist economic configurations and not, as Bonacich claims, the creation of the "labour aristocracy" (P. 104). Geschwender (1978) similarly argues that capital, and not white

labour, was responsible for the creation of slavery that stands as the primitive accumulation of capital from which the present economic system finds its roots (p. 217). The racial antagonism that emerges out of economic competition is thus rooted in capitalist economics rather than rooted in the dynamics of labour. Furthermore, Willhelm (1980) argues that,

if labour, as Bonacich claims, had sufficient power to fulfill its own aspirations for higher wages by creating and legislating a caste system upon blacks—that is, the entire labour system marking race relations for almost a century following the demise of slavery—how, then, could it remain (as Bonacich acknowledges) so impotent in its efforts to establish labour unions until 1930? (p. 103)

Willhelm maintains that neither organized labour nor labour in general has “*ever* been in a position to dictate the *kind of labour market* which will be available for exploitation by capitalists” so as to gain a significant advantage over non-white labour (p. 103). Willhelm instead argues that capitalist economics, and not the aristocracy of labour (as Bonacich would maintain) is responsible for the split labour market which is itself a configuration rooted in the dynamics of the capitalism (p. 104). Thus, in adopting this line of reasoning, it becomes necessary to modify the split labour theory along with social closure as a framework that can be incorporated into a Marxian political economy. Where the taxi licensing system stands as a means of exclusionary closure that leads to a market based on racial competition, it is still initially based around property ownership whereby individuals privileged by their position within the productive sphere are those who are able to monopolize resources through the purchasing of licenses. Furthermore, that these licenses have been legitimized, rationed and regulated by the state suggests an instrumental role taken by the state in its relationship to taxi industry and license owners. In this manner, it is capital and not labour that dictates, “the *kind of labour market* which will be available for exploitation by capitalists so as to reap the rewards of higher pay at the expense of black people” (Willhelm, 1980, p. 103). The emergence of an illicit

market and the split labour dynamic is thus partially the result of exclusionary closure based around the ownership of licenses and their strictly regulated supply set in motion by owners of capital. Complicating the issue of taxi regulations is the influx of displaced domestic labour into secondary labour markets as a result of post-industrial changes in the structure of the economy.

In St. Catharines deindustrialization has resulted in a flooding of higher priced labour into secondary labour markets that have traditionally been overrepresented by “non-white” and immigrant labour. Thus, where the advent of deindustrialization and the accompanying industrial “adjustment” process has meant that the industrial working class in Canada has had to reconstitute itself as a “cheap” and “flexible” source of readily available labour, the same cannot always be said for racialized group members already relegated to these sectors. For example, an analysis funded by the City of Toronto in 1996 found that “racialized group members living in Toronto, Ontario’s capital and biggest city, are three times more likely to live in poverty and two times more likely to be unemployed than other Torontonians” (Galabuzi, 2001, p. 26). The influx of higher priced labour into secondary labour markets and the ability to be reconstituted into a “cheap” and “flexible” labour supply appears a phenomenon limited largely to white workers—even in the case of St. Catharines where the form and shape of their reconstitution becomes limited to the illicit market. As the license-as-property and its attendant by-law regulations have effectively restricted open market competition, the outflow of displaced industrial labour into the private transportation industry creates a contradiction. That is, the selective co-optation of unregulated labour serves as the means by which social closure can be exacted and maintained over the taxi industry. As the selective co-optation of unregulated labour provides an assured mechanism for limiting legal avenues for competition, unregulated labour becomes a new low-cost alternative for taxi industry owners. Rather than choosing to increase the active supply quota

for legal cars and thus allowing legal competitors to enter the market, in turn lowering the value of the license-as-property, illicit taxis are tolerated to the extent that they become productive for the legal taxi monopoly. As the entrance of unregulated labour into the market becomes a new competitor to the taxi industry—and in a sense their only competitor—these unregulated competitors consequently aid in restricting legal forms of competition from entering the market. As such, illicit competitors are perhaps better viewed as a subordinated extension of the formal taxi industry. The lack of legal competitors within the taxi industry ensures that the taxi medallion, or “license-as-property”, maintains its high value on the open market while allowing taxi industry owners to sustain their relative monopoly privileges and enhance rentier opportunities over taxi labour. While illicit taxis may serve as the industry’s primary means of competition, their inchoate and illegal status prevents them growing in size and stature as a true competitor to the taxi industry’s monopoly.

The legal stance taken against illicit taxis in St. Catharines reaffirms the exclusionary tactics employed by license owners; with representatives from the taxi industry imploring the Niagara Regional Police to increase fines and introduce new sanctions, it becomes clear that consolidation of the formal taxi industry strengthens the exclusionary boundaries against those who seek entry to the market. Hence, the license-as-property becomes a form of exclusionary closure in which license owners “attempt to secure a privileged position at the expense of some other group through a process of subordination...giving rise to a social category of ineligible or outsiders” (Parkin, p. 144). In this situation the state dually upholds the property rights of the formal taxi industry while also creating a monopoly environment that ironically contradicts the “free-market” logic of neoliberalism. Through this contradiction, however, the market opens new opportunities for unregulated labour to emerge only to become subsequently re-appropriated by

the formal taxi industry. While the illicit market provides the capacity for displaced labour to subsidize their earnings during a time of economic malaise, licit taxi labour is consequently subjected to labour devaluation and super-exploitation.

The aforementioned super-exploitation as a consequence of illicit usurpation represents a central tenet in Parkin's social closure thesis concerning the downward spiraling process of exclusion/usurpation. Parkin suggests that usurpation tactics used by excluded groups are themselves intrinsically forms of exclusionary closure working to deny resources to new groups of ineligibles. While the illicit market serves as the medium through which displaced labour attempts to regain what was stripped from through the industrial "adjustment" process and moreover as an economistic response to the license-as-property, their resulting usurpation in effect becomes an exclusionary barrier against new groups of ineligibles. As Parkin (1979) states, "the excluded in their turn also succeed in closing off access to remaining rewards and opportunities [for a new group of ineligibles], so multiplying the number of substrata" (Parkin, 1979). Through absorbing surplus demand and risk, thus becoming productive for the taxi industry, the usurpation of illicit taxis in effect becomes a means of exclusionary closure against taxi labour. The emergence of illicit taxi services in St. Catharines represents displaced labour's phoenix-like rise from redundancy insofar as their productive capacity can be tapped into, ensnared and utilized as a cost cutting apparatus for taxi industry owners. The strategic co-optation of illicit taxi labour ensures that taxi supply levels remain static thus barring market entry for legitimate competitors; thus maintaining the high value of the taxi medallion. The illicit market emerges and is maintained through strategies of closure that are set in motion by owners of the "license-as-property" and the state bodies who afford the license its legal status and enforce its by-laws.



*A word on Parkin: Marxian and Weberian Conceptions of Class and the Synthesis of Marx and Weber*<sup>4</sup>

In order to integrate the theory of social closure into an overall Marxist framework of the state and productive relations, this section will first outline the major critiques of the Weberian notion of the market at which are levied major critiques of Parkin's neo-Weberian theory of social closure. After discussing the theoretical issues surrounding Parkin, I will turn to an argument made by Val Burris (1978) (suggesting that there has been a synthesis of Marx and Weber in the work of a number of contemporary Marxist scholars. After making a case for the synthesis of seemingly incompatible theorists (those of Marx and Weber), I will attempt to describe how the research problem of illicit taxis is best approached from a framework that emphasizes Parkin's social closure as a *process* or *strategy* used by groups privileged due to their class position within the productive relations of capitalist society who then use such closure strategies to maintain their privileges. This synthesis requires the subordination of social closure into an overall Marxian framework that emphasizes the mechanics of exploitative productive relations and the state's bureaucratic shielding of the rights of private property.

Parkin's theory of social closure has been met with numerous critiques from Marxist scholars. A central criticism of Parkin's theory is that it relies on Weber's untheorized view of the market. Campbell (1977) critiques Parkin for example, for rejecting any structural basis to

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<sup>4</sup> The "synthesis" of these two seemingly divergent theoretical camps has recently been undertaken by certain Marxian scholars who have incorporated Weberian conceptions of the market into their analyses where the "boundary problem" has presented an issue in determining the class positions of salaried professionals and the managerial stratum in relation to working class membership. In some cases, Weberian elements have also been incorporated into Marxian class analysis to discuss the class position of unemployed racialized groups. As has been a recent trend among contemporary Marxian theorists, I incorporate relations of the market to view how "the closure of mobility opportunities through credentialism play an important role in the recruitment, legitimation, and reproduction of" particular class positions. Furthermore, I view how this theoretical analysis applies to the manipulation of market forces by owners of the "license-as-property" to solidify and reproduce their privileged position within St. Catharines taxi market (Burris, 1978, p. 86).

the formation of classes. Parkin instead insists that the agency employed by certain social actors or collectivities to exclude access and restrict resources is *the* determining factor in class formation. As Campbell (1977) notes, Parkin's argument would seem to suggest that "class relations are seen as providing the bases of power that are mobilized in exclusionary actions, which in turn produce social classes" (p. 12). The tautological nature of this argument stems from Weber's untheorized view of the market that disregards productive relations as a determining factor in class formation. While the exclusion/usurpation dynamic represents an ideal theoretical tool to discuss social closure as strategy used by owners of the "license-as-property", it is not my intention to wholly adhere to this concept as an absolute dictum of class formation and the stratification order as per Parkin. Rather, it is my intention to modify social closure as a conceptual tool that can supplement a Marxian framework of political economy.

Ken Campbell's unpublished article on the theoretical deliberations between Marx and Weber's ideas of class employs a very similar argument against Parkin (and other Neo-Weberian writers). The central issue that is in focus here is the problem that arises from the original Weberian conception of the social relations of the market as *the* determining factor in class formation (Campbell, 1977; Burris 1987). The Weberian conception of class views an individual's class position and "life chances" as being determined by the property and skills that they possess or bring with them to the market. The way property is utilized and distributed amongst people in the market creates specific life chances (Campbell, pg. 5). Based on this view, the internal logic of an "inherently rational" market favours those with property and skills. Thus, class is created and defined according to the skills and property that are given value according to the working of market forces. For Weber, an individual's 'life chances' are determined by competition within the arena of market exchange. Thus, one's class position is dependent on the



type of property or skills he/she possesses and the way in which these “potential resources are actualized by the market” (Campbell, 1977, p.4). As the market determines what property and skills will have the greatest competitive advantage, it becomes evident through the Weberian conceptualization of class that one’s class position is also related to one’s market position. The major critique levied against this view is that the indeterminate nature of distributive relations overlooks or completely disregards “underlying structural determinants of class which lie in the sphere of production” (Campbell, pg. 1). For Campbell, Weber fails to “link market relations to their foundation in the productive structure of society” (pg. 5). The distribution of resources and the valuation of property and skills according to market relations appear as given and is an issue according to Campbell and Burris that plagues the writings of scholars who partake in speaking with the "ghost of Weber". By not linking market relations with their foundation in the productive structure of society it follows that there is an “inability to theorize the conditions giving rise to distributive inequalities” (Cambell, 1977, p. 5).

In the case of Parkin, the problematic issues of his theory stem directly from Weber’s untheorized view of the market. Within Parkin’s social closure argument, productive relations are given no weight in his analysis of class formation. For Parkin, according to Campbell (1977), closure strategies are what “distinguish social classes... and determine the class character of groups” (Campbell, 1977, p. 12). It is Parkin’s contention that closure strategies are determinants of class formation. What this analysis fails to point out is how some groups come to own property in the first place and how these resources are valued above others so that they might be used to affect social closure and thereby exclude non-privileged groups from tapping into certain resources or occupational structures. As Campbell (1977) suggests, “Parkin thus presents property ownership as yet another market advantage and we are left with the understanding that

for both Marx and Weber class formation was a phenomenon within the distributive system (the market)” (p. 9). In Parkin’s theory of social closure, groups attain self-awareness/class consciousness due to their being excluded from particular resources and thus attempt to organize so as to usurp the resources and privileges that have been restricted from them. This view presupposes, however, that distributive relations should be taken as given and that the dichotomous relation of exclusion/usurpation is the sole process by which classes become formed within society. Moreover, given the supposed indefinite nature of stratification, it is unclear how class consciousness can in fact emerge to manifest itself in strategies of closure.

The focus on the distributive system as opposed to productive relations directly corresponds to the Weberian notion of class position as determined by market position, in that the ‘life chances’ of individuals and their class position are determined by the way property and skills are distributed and valued by the market. The major problem with the Weberian conception of class is, according to Campbell and other Marxist scholars, that class position as determined by distributive relations (i.e. the market) leaves open the possibility for an indeterminate number, or indeed even a plurality of classes to possibly exist at any given time. Campbell’s critique of the Weberian concept of class is given more weight when considering that Weber had at one point concretely identified a number of classes that he outlined in *Economy and Society*. In *Economy and Society* Weber outlines four distinct social classes including: the working class, white collar workers, petty bourgeoisie and large propertied landowners (Campbell, 1977, p. 6). As Campbell (1977) maintains, Weber’s concrete set of classes does not logically derive itself from his earlier position—that class is determined by market relations. A similar critique of the Weberian notion of class is outlined by Crompton and Gubbay (1977),

[their] major criticism of the Weberian approach to social class centers on the starting-

point of his theoretical analysis of the class structure of capitalist societies—the market. . . . Property relations logically precede market relationships, and therefore in order to understand the nature of class structures we must direct our attention in the first place to this underlying structure—the capitalist mode of production, and its associated relations of production. Putting the same thing in a slightly different and simpler way, we feel that to study the market without also taking into account the relations of production which underlie the market gives at best an incomplete, and at worst a misleading, account of the class structure (p. 17-18).

The image, therefore, conveyed by the Weberian position is that of a number of groups competing for resources within a society whose “structure is indefinite” and where productive relations have no grounding in determining the overall class positions of different groups (p. 13). While the process of social closure as a strategy used to limit social mobility and restrict entry to occupations can theoretically stand as reflection of class differences, it is difficult to argue against its inadequacies as theory of class formation.

To resolve the inherent contradictions that arise from Parkin's argument for the purposes of my theoretical framework, it is necessary to incorporate the *process* of social closure into a framework that emphasizes its use as a *strategy* by propertied classes to maintain their privileges—albeit, in a framework that sees class position as already structurally determined by the relations of production within an overall Marxian framework. Parkin's argument is contingent on distributive relations (i.e. the social relations of the market) and thus suffers from the problems discussed by Campbell in the preceding paragraphs. Parkin, as with other Weberian writers, refuses to accept structural determinants such as property relations in determining class position and as such overemphasizes market relations and the agency of actors in determining class position. In focusing solely on distributive or market relations, the distribution of property and the existing occupational structure is taken as given. Although using market relations as a starting point to class formation is problematic, it has also been argued that a number of

contemporary Marxist scholars have actually incorporated Weberian notions of market relations to supplement to their analyses (Burriss, 1978).

The incorporation of Weberian elements into various Marxian theories of class initially stem from insufficiencies within Marxian class analysis. In particular, the “boundary problem” within Marxian class analysis has been met with various and often inconsistent theorization on the part of Marxian scholars. This “boundary problem” presents a point within class analysis where the introduction of Weberian themes (i.e. domination and market relations) often serve as a point of convergence between the two seemingly divergent perspectives. Whether intended or not by Marxian theorists, the incorporation of the market on the one hand and authority relations on the other has become a recent trend in various explanatory models of the class structure.

Regarding authority relations, Parkin (1979) for example argues that:

The most striking example of this [incorporation of Weberian elements] is the tacit acknowledgment of the role of *authority* in the determination of bourgeois status. This arises from the need to find some theoretical principle by which the managerial stratum, in particular, can be assigned to the same class as the owners of capital (p.143).

Parkin's critique here is levied at the overemphasis placed on the role of authority by Marxian theorists in determining one's class status. Where Marxian class analysis has historically relied on exploitation and surplus value extraction as the determining factor for working class membership, the overemphasis placed on authority relations has seemingly come to replace exploitation in determining class status. What this seems to suggest about contemporary Marxian class analysis is that some authors have strayed from the class primacy argument. Some Marxist scholars have thus blurred the lines between relations of domination (Weberian concepts) and relations of exploitation (Marxian concepts).

Burriss (1987) similarly argues that contemporary Marxist work on the class position of

salaried professionals and managers has subordinated the Marxist notion of exploitation to the Weberian concept of domination. In Marxian theory, exploitation refers to the capacity of an individual or class to appropriate the labour of another, whereas domination refers to the ability to command the obedience of another (Burris, 1987, p. 79). Traditionally for Marxists, relations of ideological and political domination arise as a means of securing the rights of property and conditions of exploitation. Domination according to Weberian theory is often an end in itself and is not subordinate to the relations of exploitation, but is instead connected to status and party.

In many theories of the "new middle class" Marxian theorists have incorporated Weberian notions of domination and subordination to explain the boundary problem, or where the line is to be drawn between the working class and the salaried professional and managerial classes. Many writers have sought to describe authority relations as those separating the working class from the managerial class. In particular, those contemporary Marxian theorists who have subordinated the relations of exploitation to the relations of domination can be found in the class theories articulated by Guglielmo Carchedi, Nicos Poulantzas, and Erik Olin Wright: all of which point toward the existing "boundary problem" in class theory. Those workers who oversee and direct production or those that are directly involved in investments are seen by such writers as belonging to altogether separate strata as that of the working class. This argument, as described by Burris leads to the problem of relations of domination seemingly overtaking exploitative relations and moreover replaces the "primacy of economic relations" as being *the* determining factor of class position according to Marxist theory. For, if authority relations are the determining factor in class position, then economic relations and exploitation become subordinate to degrees of domination (thus subordinating the Marxist primacy of class argument to the Weberian notion of domination). According to Burris (1987), Poulantzas conceptualizes

the class position of managers and salaried professionals as being determined insofar as they control or supervise part of the work process, or, whether they are directly involved in the domination of workers beneath them within the hierarchical structure of a particular organization.<sup>5</sup> For example, Burris (1987) suggests that,

In Poulantzas' (1975) theory the working class is distinguished from the new middle class (or what he calls the "new petty bourgeoisie") by three criteria. In addition to the basic economic criterion of class position (which he defines as the distinction between productive and unproductive labor), Poulantzas maintains that political and ideological relations also enter into the structural determination of class. (p. 81)

By political and ideological relations, Poulantzas refers to the forces that secure the reproduction of the dominant mode of production in capitalist societies. At the political level, Poulantzas identifies the managerial stratum of capitalist enterprise as a key figure in supervising and controlling the labour process so as to ensure its reproduction. This analysis suggests an inherent antagonism between worker and manager, as the latter are intent on intensifying worker productivity and thus maximizing surplus extraction. Ideological relations on the other hand refer to the division between the working class and "new petty bourgeoisie". This division in Poulantzas theory is based on the divide between manual labour and mental labour, in which case technicians, professionals, and other mental workers form a separate stratum from manual labourers due to the specific knowledge and skills that they possess. The fundamental determinant of class position here is the degree of domination that becomes exercised in the supervision process and not necessarily the classic Marxist notion of exploitation. The degree of

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<sup>5</sup> Furthermore, according to Burris, those scholars who subordinate the Marxist "primacy of economic relations" to relations of domination in determining the class position of salaried professionals and managers inevitably leave open the possibility for an indeterminate number of class positions to exist and in this case fall victim to the same arguments that are posed against the Weberian concept of market relations. For example, Burris argues that there are varying degrees of authority relations/domination by which workers control or are controlled by their superiors. Because of this gradational nature, domination as the determining factor in the class position of managers and professionals leaves open the possibility for an indeterminate number of class positions to exist.

domination that is exercised by workers in this part of the labour process appears to determine (as opposed to whether these managerial classes exploit those workers beneath them or not) whether they can be included in a general definition of the working class or whether they form part of the new middle class.

Similarly, Burris (1987) argues, “for Carchedi (1977), the criterion that divides wage and salary earners into working-class and new- middle-class components is the distinction between what he calls the ‘function of the collective worker’ and the ‘global function of capital’.” (p. 80) According to Burris, Carchedi’s analysis focuses on the separation between the working class and the new middle class in so far as this middling class has a role in contributing (to varying degrees) to the supervisory control over labour and global functioning of advanced capitalism. Although both the working class and the new middle class in this analysis are separated from ownership of the means of production, the key feature which demarcates their boundary is the degree to which control over the labour process is exerted. Inherent within this analysis is the less than tacit assumption that relations of domination, rather than relations of exploitation (vis a vis the direct extraction of surplus value) are given the particular status of class determinant.

Regarding Erik Olin Wright, Burris (1987) suggests,

In Wright’s original theory of contradictory class locations, class positions are defined by a combination of three criteria: control over investment capital, control over the physical means of production, and control over labor. Among wage and salary earners, this yields three types of class locations. (p. 82)

According to Wright’s theory, working class membership is defined as occupying a subordinate position in relation to the three criteria listed above. That is, the wage earner possessing no control over investment, the physical means of production, or control over labour, is defined by Wright as occupying a position within the working class. Those of the managerial

class occupy contradictory class locations in that, they control the labour process and have some *degree* of control over the physical means of production, yet have *no* control over investment capital. Mental labour or, “semi-autonomous” workers (in Wright’s terminology) also occupy contradictory class locations in that they control *some* of the physical means of production through the process of their labour activity, yet possess *no* control over investment capital. The gradational nature of Wright’s analysis is called into question here. For example, Burris argues that there are varying degrees of authority relations/domination by which workers control or are controlled by their superiors. Because of this gradational nature, domination as the determining factor in the class position of managers and professionals leaves open the possibility for an indeterminate number of class positions to exist. If there are varying degrees of control that can be exerted over particular areas of the labour process and given that class boundaries are delineated by control over these areas, instead of having clear cut divisions between these boundaries we are instead left with an indeterminate structure of the stratification order. Thus the potential for an indeterminate number of positions to exist, according to Burris’ critique, is based on the varying degrees of authority/control that a particular actors can possess within different areas of the labour process. Those Marxian scholars who subordinate the Marxist “primacy of economic relations” to relations of domination in determining the class position of salaried professionals and managers inevitably leave open the possibility for an indeterminate number of class positions to exist, and, in this case fall victim to the same arguments posed against the Weberian concept of market relations

Burris suggests that “the problem of the political disunity of the working class, which... has been addressed through the concept of labor market segmentation” has taken on a distinctively



Weberian form with regards to the emphasis placed on market relations (Burris, 1987, p. 86). Fragmentation theories of the working class and split-labour market theories are, for instance, based around such distributive relations. Labour segmentation theorists suggest that segments of the labour market become inaccessible for particular groups based on market relations rather than solely on cultural divisions or false consciousness. According to labour segmentation theories, the failure of workers to unite as a class is rooted in “objective differences in the conditions under which various fractions of workers sell their labour power and corresponding differences in the nature of jobs they come to occupy” (Burris 1987, p. 84). According to Burris (1987), Edna Bonacich's split labour theory is one example that follows the traditional Weberian perspective of attributing a split market based on the exclusion efforts of privileged workers, and is one that features prominently within this thesis. Regardless of whether labour segmentation theories follow structural lines of argument in which case the split labour market is seen as a derivative of the underlying productive system, or whether labour segmentation is viewed as a result of market competition, “market relations per se occupy an important place in the analysis, as only through the segmentation of labor markets are differences in the nature of jobs translated into divisions between concrete fractions of workers” (Ibid).

Related to the issues of labour market segmentation, Burris notes that contemporary Marxist scholars have similarly begun placing increased emphasis on market phenomena such as the closure of mobility opportunities through credentialism to reproduce certain professional and managerial class positions. Randall Collins (1979) is one example of a critical approach that discusses the inflation of educational credentials to the point where they become a cultural stratification system aimed at restricting entry into white-collar positions. However one chooses to define the boundary between these class positions within the social relations of productions, it

is often the case that the recruitment, reproduction and legitimation of these positions are linked to social and mobility closure and thus, the relations of the market. When viewing political disunity and fragmentation among the working class, market relations again play a large role in regards to the concept of labour market segmentation. Similarly, in discussions of racial and gender conflicts, mobility closure again becomes an issue that connects non-class issues to the structure and mechanics of capitalist class formations (Burriss, p. 86). Essentially as Burriss suggests,

market opportunities have been seen as a crucial link between non-class forms of inequality and the structure of class positions. One occasionally hears solemn pronouncements from certain Marxist quarters to the effect that market relations belong to the realm of 'mere appearances,' whereas only production relations reveal the "inner essence" of capitalist society. If this is true, however, then Marxism itself has become increasingly entangled in the web of 'mere appearances' (p. 87).

Thus, as Burriss argues, the lines between opposing theorists have become blurred as contemporary Marxist scholars have turned increasingly towards the Weberian notion of distributive relations (i.e. the market) for the purposes of expanding their theoretical analysis and research on contemporary capitalism and its socio-political consequences. Once subordinated to a Marxian analysis of political economy, the process of social closure can become an explanatory tool for strategies used by the ruling class to sustain their privileges. In the specific case of this thesis, the taxi licensing system is one such example where the distributive system and market mechanisms are used to restrict access to those without property. It is my intention to expand on the Marxian framework utilized within this thesis to incorporate the process of social closure as tool used by taxi license owners and legally enacted by the state to maintain their monopolistic control over the market. Synthesizing the Marxian and Weberian frameworks in this case is intended to account for the use of market mechanisms by owners of taxi licenses to

limit competition and restrict access to license ownership. This synthesis combines Marxian and Weberian notions of both structure and agency, respectively, in viewing the current ownership of property as being rooted in the structure of the capitalist economic system. The synthesis of Marxian and Weberian theory in this framework is intended to view the process of social closure as a strategy used by taxi-license owners, and sanctioned by state regulation in the form of municipal licensing commissions to maintain their privileged control over taxi licenses by restricting access to the market. This framework views the current ownership and non-ownership of licenses as being based on productive relations in the strict Marxian sense as one's class position is determined by ownership. Given the majority of licenses belong to select few individuals who own the resources and capital required to purchase them, it also follows that individuals drawn from the opposite end of the class spectrum are barred from entering the market due to their lack of property and resources. It is in this sense that this framework employs the Marxian conception of the class structure in determining who owns taxi licenses and who does not.

Turning now towards the Weberian notion of agency and market relations, the closure strategies that are called for by proponents of the taxi industry and then legally enforced by the state represent the way in which license owners "maximize rewards by restricting access to resources and opportunities to a limited circle of eligibles" (Parkin, 1979, p. 44). The supply limit placed on taxis in St. Catharines represents a strategy used by the taxi industry to block competition and access to the market and as such cannot be taken simply as a structural barrier in the Marxian sense. Though once this limit has been set, the class position and material conditions of individuals at the low end of the class structure becomes a major factor in preventing them from tapping into the market. Concerted efforts are taken by the state and taxi industry lobbyists

to ensure that this barrier exists. The regulations restraining the supply of licenses also works to ensure that the taxi-license-as-property maintains its high value on the market, in effect meaning that the license has become a market-barrier in itself.

In order for the license-as-property to acquire legitimacy, it must first become actualized through state sanction. In this case the state serves an instrumental role in conferring the rights of property to members of the ruling class. To state in a more concrete manner: market mechanisms such as the taxi supply limit become closure strategies utilized by license owners to maintain their grip over the taxi market. As the value of licenses has skyrocketed due to their limited supply set by the municipal licensing commission, individuals drawn from lower economic strata are unable to access the market or even from owning their own taxis. The combination of structural forces (related to ownership of property rooted in the productive relations of society) with the strategic legitimation of the taxi license as a significant barrier to competition (representing the Weberian notion of agency), sees Parkin's original theory of social closure modified to fit within an overall Marxian account of political economy. As it is my intention to incorporate social closure into a framework emphasizing Marxian political economy, it then becomes necessary to clarify how the formal taxi industry in conjunction with the state is involved in manipulating the market to effect social closure on the taxi industry.

#### *The Involvement of the State in Enacting Social Closure for the Creation of Monopoly Ownership*

In conceptualizing how the formal taxi industry enacts social closure through erecting the taxi license-as-barrier, it is necessary to discuss the involvement of the state in establishing a formal regulatory environment that solidifies the rights of taxi plate ownership into the hands of private investors. While I have already discussed the state's approach to crime in capitalist

societies as means of pushing illicit labour towards the licit economy while also reasserting its defense of wage labour, this next section is devoted to discussing the administrative arm of the state and its involvement in entrenching the taxi license-as-property into the hands of existing license owners. The state's involvement in establishing a regulatory environment essentially allows taxi license owners to collect monopoly rents at the expense of "free" market competition. Taxi regulations will be conceptualized through Marxian theories of the state as initially proposed by Marx and developed by Ralph Miliband.

In writing on the state, Marx's early views were primarily lodged against Hegel's view of the state as an arbitrator between the collective will of society and the private individual. Against the view that Marx declared as Hegel's "abstracted" notion of the state, in the *Critique of Hegel's philosophy of Right*, Marx writes that the state is always formed by human actions, activities and decisions (Cited in Miliband, 1965, p.3). According to Hegel, civil society and private man are intrinsically separated from the state due to their own competing interests, resulting in man's [sic] political alienation. Civil society however, finds resolution in the state becoming the expression of man's [sic] "ultimate reality" (Miliband, 1965, p. 3). For Hegel, this political alienation necessarily arises from the separation between man's private condition and his role as a servant to civil society. This contradiction becomes resolved by the mediating influence of the state on civil society—the state coming forward as the general will of the society (Miliband, 1965, p. 3). Opposing this view, Marx's early writing on the state is lodged primarily against this supposed idea that a resolution occurs. Marx suggests that this resolution is but a mystification and that the only "ultimate reality" is that of man's private and material condition. Where Hegel deems the state to voice the collective will of civil society, Marx views the state as arising from, and subordinate to, private property. Furthermore, in the *Critique of Hegel's*

*Philosophy of Right*, Marx views the state as being determined by private property. Marx states for example, that the state, given time, “may subdue private and social wills but only to give substance to the will of private property and to acknowledge its reality as the highest reality of the political state, as the highest moral reality”(cited in Miliband, 1965, p. 4).

In *The German Ideology*, Marx further defines his view of the state. According to Marx, the state is “nothing more than the form of organization which the bourgeois necessarily adopt both for internal and external purposes, for the mutual guarantee of their property and interest” (p. cited in Miliband, p.59). And again in the *Communist Manifesto*, the “executive of the modern the state” is further articulated as “but a committee for managing the common affairs of the whole bourgeoisie” where political power is “merely the organized power of one class for oppressing another” (Marx, 2002, p. 221).

In order to demonstrate how Marx's view of the state would apply to contemporary capitalist society, Ralph Miliband's (1969) *The State in Capitalist Society* is a useful tool that builds from the basic tenets of Marx's work to address the relationship between the ruling economic classes and the modern bureaucratic structure of the state. Like Weber, Miliband (1969) explores social stratification and the bureaucratic structure that is inherent to modern capitalist society. Quite different from Weber, however, Miliband's (1969) work analyzes how the structure of the bureaucratic state in capitalist societies is first and foremost composed of individuals drawn from the upper echelons of capitalist society where the state functions as an instrument of the ruling economic classes. While members of the “state elite” remain politically separated from the business and large scale property owning classes, Miliband (1969) argues that many members of the “state elite” are indeed drawn from the ranks of upper-middle and large scale property owning classes and are thus ideologically influenced by their class positions.

Miliband's (1969) research demonstrates that in almost every level of the state's bureaucratic structure (government, judiciary, and administration), recruitment to the highest positions is often limited to individuals who are drawn from the same socio-economic backgrounds as members of the business and professional classes (p. 59). While the ruling economic classes themselves are not a "governing class" *per se*, as they might have been in pre-industrial times, Miliband (1969) suggests that the recruitment of the state elite from "the world of business, property, or from the professional middle classes" is one factor that enables the holders of state power to become the quintessential "agents of private economic power" (p. 55).

According to Miliband (1969) the state in capitalist society ultimately serves the function of advancing the economic interests of the heads of industry and, most importantly, exists to ensure the survival and perpetuation of the capitalist system and its existing productive relations. Furthermore, advancing the interests of capital is done under the ideological auspices of advancing the "national interest"—the long held liberal view that by supporting the economic interests of the business elite, the state is also helping civil society and the private individual to meet their needs. Contrary to this liberal view, Miliband (1969) argues (while citing a host of research and statistics on advanced capitalist countries), that by advancing the "national interest", the state is primarily involved in advancing the economic interests of the ruling economic class. Through reading Miliband, it is evident that he never departs far from Marx and Engels' view that "in capitalist society the state [is] above all the coercive instrument of the ruling class, itself defined in terms of its ownership and control of the means of production" (cited in Miliband, 1969, p. 5). Miliband's objective is to instead define the role of the state in light of the "concrete socio-economic and political and cultural reality of actual capitalist societies" and to advance a theory of the state where such area of study had been largely ignored or underdeveloped by the

various Marxist scholars and sociologists preceding him.

Miliband (1969) analyzes the bureaucratic structure of the state and the multiple sites from which the state assists in the management and reproduction of capitalist society. One such area of importance is the state's administrative branch from which it regulates particular social and economic matters. Miliband (1969) conceptualizes the administrative branch of the state as encompassing a, "variety of bodies, often related to particular ministerial departments, or enjoying a greater or lesser degree of autonomy—including public corporations, central banks, regulatory commissions, etc.—concerned with the management of economic, social, cultural and other activities in which the state is now directly or indirectly involved" (p. 50).

An important theoretical component of my thesis is to conceptualize how the state becomes an active participant in the closure of work opportunities within the formal taxi industry by authorizing municipal licensing commissions that limit taxi supply levels and serve as barriers to competition. It is through the administrative involvement of the state that the process of social closure can become actualized for the benefit of multiple license owners within the formal taxi industry.

In St. Catharines, the municipal licensing commission sets the supply number for available plates in order to ensure that profit levels for the existing taxi businesses remain high. The process of social closure within the taxi industry has been discussed at length in preceding sections; however, it is through the involvement of municipal licensing commissions, as an administrative branch of the capitalist state that closure can become legally enacted. Through this process the state creates a circle of "legally defined inferiors" by way of restricting access to those without licenses (Parkin, 1975, p. 45). By imposing closure as a market strategy to restrict competition, the state enables existing license holders to enjoy a relative monopoly over the



market.

A perfect example of such monopoly control over the ownership of licenses can be found within Toronto's taxi industry. An article from the Toronto Star published in 2010 discusses Toronto's largest multiple plate owner Mitch Grossman and the enormous sums of money collected from the leasing of taxi licenses. Grossman owns as many as 143 licenses through five separate taxi companies. Toronto's strict supply over taxi licenses has meant that the options for purchasing a plate are limited with a large number of potential taxi drivers instead having to become lessees. Drivers who wish to lease one of Grossman's plates are generally forced to join his dispatch service where they are required to pay \$400 a month including interest charges. According to Sara Abraham and Dale Whitmore's (2008) study on the Toronto taxi industry, a driver looking to rent a plate is subject to signing over the ownership of his or her car to the plate owner so that the name on the plate and car match. By signing over ownership, the drivers have no title over the cars that they've paid for and continue to pay for through maintenance, insurance, and gas fees. Despite being lessees, drivers incur the full brunt of risk should anything happen to their cars or should the license owner choose to cancel the lease agreement. Should the license owner find a better deal or lose interest in the lease, they may fully cancel the lease agreement so long as the leaseholder is provided seven days' notice. The lucrative appeal of the license-as-property is given additional weight when considering Abraham et al.'s (2008) estimate that plate leasing brought in a total of \$30 million in annual income for plate owners and middlemen in Toronto. The plates themselves had a total market value of \$300 million.

In St. Catharines, a similar situation is becoming increasingly apparent due to the state's involvement in limiting competition within the taxi industry. The establishment of an

“administrative monopoly”<sup>6</sup> where the majority of licenses are concentrated in the hands of a few individuals can be witnessed throughout recent business transactions that have been occurring within the St. Catharines taxi industry over the past few years. In 2010, Coventry Connections Inc.—a holding company based in Ottawa and one of Canada’s largest and most sophisticated taxi operators—purchased Central Taxi in a bid to “consolidate and improve taxi services in the Niagara Region” (Coventry Connections, 2010). Coventry Inc. is also currently undergoing negotiations for the acquisition of St. Catharines other major taxi provider, 5-0 Taxi (Ibid). The corporation plans to overhaul St. Catharines taxi industry by introducing new technologies—such as computer systems, cameras, GPS navigating systems, point of sale credit card facilities, as well as newer cars<sup>7</sup>. While the consolidation of taxi companies under Coventry Connections promises increased “efficiency” and “safety” for drivers and patrons, its presence within the city as the dominant taxi provider is also a clear indication of the monopolistic and rent-seeking behaviour of multiple license owners that is fostered by the limits imposed by the municipal licensing commission.

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<sup>6</sup> The creation of an “administrative monopoly” is the end result of by-laws regulating taxi-licenses in China and is defined by Jiefen Li (2010) as the, result of imposing regulations or exercising specific administrative actions to preclude or restrict competition. It is the result of non-economic reasons including legal monopoly granted by law and the monopoly formed from administrative interference, mainly in restricting market entry, imposing local protectionist measures and fixing prices...such government granted monopoly can easily lead to the formation of interest groups between governmental agencies and the monopolistic sector that represent a formidable force against competition (p. 286).

Although Li’s research focuses on the administrative monopoly established within Beijing’s taxi industry, the resemblance to St. Catharines taxi industry could not be more similar.

<sup>7</sup> Research on the introduction of GPS navigation systems in the Canadian Taxi industry has suggested that such technologies have increased feelings of driver alienation and exploitation by giving taxi brokers a greater level of control over their drivers through constant monitoring. The GPS system is intended to make for greater efficiency in vehicle dispatching and in many cases requires drivers to incur the costs of installation themselves. Please see Gramp et al. (2009) for further discussion.

As the ownership of licenses in St. Catharines is becoming increasingly concentrated in the hands of large scale business owners, opportunities for individuals to enter the market are becoming increasingly scarce. Individuals without adequate resources to purchase a taxi license, let alone pay for vehicle ownership and repairs, license renewal fees and insurance are left with little alternatives but to become lessees. The monthly costs associated with leasing and maintaining a licensed vehicle, however, barely enables drivers to cover their expenses. Independent owner-operators (those who actually own their own licenses) must also pay dispatching fees to taxi brokers in order to receive calls and do not fare much better financially than lessees.<sup>8</sup> Such restrictions imposed on the taxi industry by the municipal licensing commission effectively amounts to a closure of opportunities for non-license holders.

The quota for available licenses set by the municipal licensing commission has worked to drive up the price of the taxi license in St. Catharines, meaning that access to taxi-ownership has effectively become closed save for those few individuals and corporations possessing substantial resources to purchase pre-existing licenses. The cost of a taxi license in St. Catharines is \$1,250 when purchased from the licensing commission, yet can cost upwards of \$100,000 when purchased from an existing owner (Licensing By-Law 300, City of St. Catharines, 2010). Although not as expensive as a Toronto taxi license (which can cost upwards of \$9,000 dollars

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<sup>8</sup> For information on the earnings of different classes of license owners and licensees please see Abraham et al (2008) on Toronto taxi drivers. Their research documents the financial risks associated with owning and operating an independent taxi compared to lessee-drivers and shift work drivers who rent their cars. The introduction of Toronto's Ambassador License system has allowed for more drivers to purchase licenses and is intended to break the monopoly created by the city's longstanding leasing system by introducing a two-tiered approach. Their research demonstrates that the influence and control of multiple license owners has made it difficult for independent owner-operators to make a living from cabbing and has instead increased taxi worker fragmentation and acted as an impediment to unionization attempts within this industry. The research from Toronto gives a general impression of the low earnings and exploitation faced by different classes of license owners, lessees and shift workers.

and close to \$300,000 dollars when purchased from an existing owner), a number of associated fees and restrictions make it nearly impossible for an independent owner to begin a taxi venture in the city. Owners of taxi licenses who plan to operate their own cars must pay an additional \$75 dollars for a taxi driver's license and pay another \$25 dollars to take a mandatory taxi school course (Licensing By-Law 300, City of St. Catharines, 2010). Another \$600 dollars is required for a designated spare tire. The active quota on available licenses in St. Catharines also means that would-be buyers are required to put their names on a waiting list while the quota remains static. In order to even enter this waiting list, potential buyers are required to pay the wait fee of \$1,350 (Licensing By-Law 300, City of St. Catharines, 2010). Such fees make it difficult (if not nearly impossible) for independent owner-operators to compete with large scale taxi operations such as Coventry Connections Inc., in which case drivers, like those in Toronto, are often left with little opportunity but to enter into exploitative lease agreements with pre-existing license owners, or to rent their cars on a monthly basis. Should a driver own her or his own license, then they are required to pay fees to brokers for dispatch calls or to join the fleet of larger taxi operation.

This section has attempted to demonstrate how St. Catharines licensing by-law 300 further entrenches the taxi license-as-property into the hands of multiple license owners in order to limit avenues to competition and to sustain the high value of the taxi license by restricting its supply on the open market. In this manner, the municipal licensing commission fulfills an instrumental role of state administration (as conceptualized by scholars of the Marxian tradition), by serving the interests of capital. To return to Miliband (1969),

capitalist enterprise...*depends* to an even greater extent on the bounties and direct support of the state, and can only preserve its 'private' character on the basis of such public help. State intervention in economic life in fact largely *means* intervention for the purpose of

helping capitalist enterprise (p.78).

The state thus serves existing license owners by effecting social closure through the enactment of Licensing By-Law 300, ensuring that the taxi license-as-property maintains its high value and that its privileged owners maintain monopolistic control over the taxi industry. As Marx proclaimed in his 1847 work, *The Poverty of Philosophy*, “legislation, whether political or civil, never does more than proclaim, express in words, the will of economic relations” (cited in Miliband, 1965, p. 6).

### Chapter Three: Critical Social Analysis Part Two

#### *Situating the Problem of Illicit Taxis in St. Catharines amidst Deindustrialization, Neoliberal Restructuring and the growth of Illicit Economies*

This section reviews the literature surrounding economic restructuring in the U.S. and Canada and the resounding effect such changes have had on the working and non-propertied classes, as well as “crime” and illegality. The effect of neoliberalism on workers and the industrial adjustment process in Canada is directly reflected in St. Catharines with regards to a significant number of plant closings implicated in the process of deindustrialization. According to Willhelm (1971), Rowthorn (1982), and Rifkin (1995) the process of deindustrialization is one where technological innovation increases productivity, and thus per every unit of capital, a greater output of use value can be achieved within manufacturing industries. However, despite this increase in efficiency, technology comes to replace human labour and decreases what is known as the Organic Composition of Capital (OCC), and thus surplus value (Smith, 1999). As Smith (1999) posits, the OCC is a measurement from the Marxist critique of political economy defined as “the ratio of the value of the constant capital stock to the ‘new value’ embodied in profits and the wages of productive workers” (p. 110). As living labour (variable capital) is

displaced by new technology (constant capital), the OCC decreases. According to Marx's Labour Theory of Value then, living labour is the "sole source of new value at the level of the capitalist economy as a whole," and as such, once living labour becomes replaced by machinery, the greater physical output will hold less value and so to less surplus value (Rowthorn, 1982; Smith, 1999, p. 109). This decrease in the OCC in turn leads to crisis tendencies within the capitalist system (compounded by declining profit) while also acting to change the composition of the labour force. Anticipating Smith's analysis of the falling rate of profit as a result of the displacement of living labour, Sidney Willhelm's (1971) *Who Needs the Negro and Black in White America* (1982) provides a similar thesis yet introduces race as a prominent correlate in the process.

In the United States, the introduction of automation into North American manufacturing industries has been outlined by researchers and theorists as one particular strategy implicated in the devaluation and eventual displacement of living labour, and in particular, the labour of African Americans (Rifkin, 2005; Willhelm, 1982). In describing the impact of deindustrialization on the composition of the working class, Rifkin (2005) and Willhelm (1982) maintain that the advent of automation within American industry rendered the labour of unskilled black laborers virtually useless. The corporate drive for profit, by replacing human labour with computer automated technology, led to a nationwide loss of jobs essentially spawning a classless group of people within the ghettos of America. As the Great Migration of the 1920's initially led millions of African American's out of the South's exploitative sharecropper systems due to the introduction of mechanized cotton pickers, the Northern industrial states soon absorbed the influx of cheap black labour deemed unnecessary by southern capitalist producers. With the subsequent advent of automation in the American North and Mid-

West in the 1950's, cheap labour would become increasingly unnecessary to the production process thereby pushing the labour of blacks towards a state of disutility, into the reserve army of labour, and thus a drag on all worker wages overall. While both Rifkin and Willhelm allude to the burgeoning relationship between illicit activity, "crime" and growing rates of unemployment, it is Willhelm in particular who argues that civil unrest and revolts by African Americans are an outgrowth of the unwillingness to be condemned to a state of uselessness. Willhelm (1983) further suggests that an increase in revolts by young Black men especially in the form of reactions against their forced redundancy, is not simply an effect of being unemployed, nor are acts of militancy the result of feelings of relative deprivation by poor Blacks in comparison to the success of their middle and upper income counterparts. Instead, Willhelm (1983) argues, the revolts of prisoners and ghettoized individuals alike represent insurrection against capitalism, state (and more recently state-corporate) repression and racism. Though at times inchoate, ghetto rebellions voiced "deep discontent" with deteriorating socioeconomic conditions, and other social injustices that befall the economically useless Black community (pg. 250). The rise in illicit economic activity (especially drug-related), relative to the rise in unemployment, as documented by Willhelm and Rifkin, suggests that without access to work, individuals within America's lumpenproletariat are denied the ability to sell their labour power. A factor that is necessary for social reproduction and for the ability to provide themselves with basic subsistence. Left jobless and "economically useless", the inequality that stems from automation allows for conditions to arise where "crimes" of social reproduction become a form of subsistence. In an article written for the LA Times, Rifkin (1995) further maintains that,

the same technological and economic forces are beginning to affect large numbers of white male workers with potentially ominous consequences for society at-large. Sophisticated computers, telecommunications, robotics and other Information Age

technologies are fast replacing human beings in virtually every sector and industry. Near workerless factories and "virtual" companies loom on the horizon.

What such an observation means for Canada in the context of this research is that participation in various informal economies becomes an increasingly viable option as an alternative to the wage relation for large segments of the white working class population. As the Canadian working class is becoming reconstituted into a "cheaper, more flexible labour force," the heightened incidence of turning to alternatives to wage work can be considered as a necessity but also resistance by labour against the deskilling process and the unfavourable working conditions in the low wage service sector. This form of resistance (through informal work), however, bears little resemblance to traditional means of resistance posed by organized labour and class consciousness en masse. Rather, illicit labour's form of resistance is absent class consciousness, organized informally at best, is largely economistic and is unrecognized by the state as a "legitimate" means of contention against devaluation and exploitation. Moreover, faced with competition from negatively racialized labour already forced by racist exclusion into low pay and the illicit economy and by foreign credentialed labour cut off from the economic core due to de-credentialism, a dynamic of racial conflict further complicates this picture. Particularly so, where whiteness itself constitutes a form of property.

The withering of the welfare state is another such strategy implicated in the devaluation of labour. This withering is enabled by the neoliberal state in order to offset the benefits that were amassed by organized labour through Keynesian monetary policies implicit in the social contract between the state, capital, and labour during the relatively "prosperous" post-war period occurring in the time before the economic crises of the 1970s. "Keynesianism" has been described as an attempt to "integrate labour into the capital relation on the basis of full



employment growth policies and institutionalized forms of redistribution of wealth” (Bonefeld, 1993, cited in Gordon, 2005, p. 57). The unionized working class had been afforded the power to collectively bargain and had gained relative increases in the social wage while also being graced with low levels of unemployment. As Keynesianism was based on raising consumption, however, debt and credit were inevitable outcomes. Once the debt crisis of the 1970's had impacted a global decline in the rates of profit, governments began to abandon their Keynesian economic policies and take altogether harsher methods to ensure that the relationship between capital and labour remained exploitative. “Tight money” monetary policies would be adopted as a way of forcing capital to “relink accumulation with the exploitation of labour, a connection that was weakened by capital's reliance on the ready availability of cheap credit to sustain accumulation in a period of declining profit rates” (Gordon, 2005, p. 58). Thus, with stagnation in wages (and hence super exploitation) and the availability of credit, Keynesianism in the context of declining profitability is a noose around the neck of the working class.

It is also important to note here that the catalyst for such drastic economic actions were influenced by the rise of right wing politics in the U.S. and U.K. David Harvey (2006) discusses how, in the U.S., the “systematic capture of the Republican Party as the unique class instrument of collective (rather than particular and individual) corporate and financial power began” in the late 1970's (p. 150). The combined interests of business leaders across the U.S. became conjoined with the leaders of the Christian Right—entailing a “moral majority” that would help sway the votes of a large segment of the insecure white working class. By voting against their own interests, this disaffected contingent of the working class afforded power to the Republican Party to the extent that, by the mid-1990s, the Republican Party “had lost almost all of its ‘liberal’ elements and became a homogenous right wing machine connecting the financial

resources of large corporate capital with a populist base among a 'moral majority' that was particularly strong in the U.S. South" (Harvey, 2006, p. 150).

Canada, too, mirrored the neo-liberal take over taking place in the UK and US. Following Sears (1999), Gordon (2005b) suggests that the introduction of lean production techniques by capital was but one strategy intended to create a new cheap and flexible working class. Along with the industrial "adjustment" process, what was needed to reconstitute the working class was a "dramatic readjustment of expectations and work experience" in which the welfare state, along with union rights and any opportunity to subsist outside of the wage relation would be vehemently opposed (Gordon, 2005b, p. 60). Following a political and ideological attack on welfare recipients and those groups receiving other benefits, the Canadian federal government along with the majority of advanced capitalist states have sought to "increase the compulsion to work and reduce incomes at the lower end by dramatically diminishing alternatives to the wage for subsistence" (Gordon, 2005b, p. 60). This attack on labour entails the passing of neoliberal policies aimed at slashing the welfare state to ensure that workers, even at the low skill, low wage sector of the labour market remain committed to working undesirable jobs. The intended consequence of this neoliberal restructuring is the reorganization of the Canadian labour force to suit the flexible needs of the changing market. Working class militancy and the labour movement in general have acquiesced to the reconstitution of the working class into a cheap, and flexible supply line, in some cases as a result of micro-power inherent in structural adjustment and workplace retraining programs (Dunk, 2002). Other groups or individuals, however have sought to defy their reconstitution and the wage relation altogether as they participate in Canada's illicit taxi, squeegee, or drug economies (Gordon, 2005; O'Grady Bright and Cohen, 1998). Such forms of informal and illicit employment arise to help supplement the incomes of individuals

who refuse to accept the conditions of their devaluation while also providing social reproduction for those at the margins of society.

This deskilling of the working class can be viewed as another strategy used by capital against labour to separate the worker from control over the labour process (Wright, 1979, p. 65). This process was originally used by capitalists to strip skilled labourers of the little autonomy they had during the production process and was initiated through a fragmentation of the production process with the introduction of technological innovations that tended to reduce the skill levels of workers (Wright, 1979, p. 65). The introduction of automation in manufacturing industries and the more recent form of deskilling associated with the industrial adjustment process in Canada has sought to produce a class of wage labourers ready to take on low paying work in the peripheral labour market. Along with the deskilling process, the coercive arm of the state has been used to limit alternative forms of wage subsistence that have emerged in lieu of work in the licit economy. Scholars such as Todd Gordon have described the implications of neoliberal policing strategies as an attempt to reconstitute labour in the informal economy into a readily available source of cheap labour. Like Wilhelm (1982) and Rifkin (2005), Gordon (2006) explore how neoliberal restructuring and policing have negatively impacted racialized communities as a result of Canada's need for cheap immigrant labour.

An example of such research is Gordon's (2006) *Neoliberalism, Racism, and the War on Drugs in Canada* in which he describes Canada's drug war policy as having been inspired by deep-seated fears of the non-British immigrant "Other". Having historically relied on cheap immigrant labour for the building of the nation, Canada's drug laws have been imbued with the specific function of constituting the immigrant non-white other as a "reliable and disciplined class of wage laborers dependent on market relations" (p.59). Thus, the drug war in Canada

represents a neoliberal policing strategy over strategic sectors of the informal market to re-impose the wage relation to 'troublesome populations'. The targeting of small time dealers suggests that the aim of the police is not to stop the drug trade per se, rather, as Gordon (2006) argues, to stop small time dealers who come to symbolize the immoral character of indolence, disorder and "moral laxity" (p. 70).

Over the last twenty years, Canada has seen the rise of a law and order policing agenda designed specifically to help the state reconstitute any poor, able-bodied member of the working class into a cheap source of labour. Ontario has, in particular, adopted a host of anti-panhandling bylaws whose primary function eerily mirrors the vagrancy statutes and new poor laws of the late nineteenth century (Gordon, 2005a). The Safe Streets Act in particular is one example of a statute passed by the Ontario government whose explicit function is to criminalize the act of "aggressive" panhandling while also implicitly criminalizing the able-bodied poor and ideologically asserting that "gainful employment signifies moral discipline...[while all other alternatives] constitute disorderly behaviour under the law" (Gordon, 2005a, p. 77). With the rescinding of Keynesian monetary policy and the deterioration of the job market as a result of economic restructuring, attitudes towards the able-bodied poor among Canadian policy-makers has been one of "zero tolerance."

Gordon (2005a) reveals historic continuities in Canadian policy-making that target the poor dating back as far as the passing of the anti-vagrancy statute of 1892. In the second half of the nineteenth century as laws against vagrancy evolved in cities like Halifax and Toronto, it became evident that "the incidence of vagrancy fluctuated with economic conditions" where an increasing number of charges were in effect laid during economic downturns (p. 78). The purpose of these laws, as argued by Gordon, was to compel the able-bodied poor back toward the

wage relation while also serving to reassert the state's ideological stance against indolence. Aggressive policing tactics would be utilized by the state when rates of unemployment were rising. Such tactics were introduced in order to ensure that the bourgeois notions of "industry and sobriety" were not undermined (p. 78). As the capitalist system requires low paid wage labour, it becomes the responsibility of the state to ensure that what alternatives exist are either criminalized or subordinated to the licit economy.

In the wake of neoliberal restructuring in Canada, the passing of the Safe Streets Act, and many other law and order policing agendas that target the able-bodied poor signify for Gordon (2005b) "one component of a broader monetarist and neoliberal state strategy geared towards inhibiting working peoples' opportunities to avoid the worst forms of wage labour and diminishing their expectations with respect to wages and job security" (p. 53). As the need for cheap labour sources become integral to the design of the neoliberal project, specific groups such as the able-bodied poor and "Third World" migrant labour become extensively targeted by coercive policies like the Safe Streets Act and the war on drugs, respectively.

In view of neoliberal restructuring, the illegal taxi industry can be classified as a type of informal wage employment in which unprotected workers sell their labour power to an undocumented enterprise without any formal contract (Lund, 2009). Alternately, illicit taxi providers may work as part of a loose "federation", cooperatively or even independently. While many cities including St. Catharines impose municipal by-laws against illegal cab services, such works are not considered "criminal" by standard definitions. As Martha Chen (2007) suggests "wage workers in the informal economy are deprived of secure work, worker's benefits, social protection and representation... moreover, both groups receive little (if any) legal protection through their work or from their governments" (p. 4). Although one might suggest that workers

choose to work in the informal taxi industry to avoid taxation, Lund (2009) suggests that, “the overwhelming majority of informal workers are constrained by their choices” (p. 70). Rather, against the backdrop of neoliberalism, the existence of the informal taxi industry essentially subsidizes “*de facto* a low-cost welfare system bearing little relation to the actual costs of living” (Centeno & Portes, 2003, p. 37). This form of informal work essentially arises to help individuals cope with the risks associated with unemployment that have increased since the 1970s in Canada due to shifting technologies, a general movement away from stable employment, the political de-skilling of labour unions along with many other socio-economic factors. In attempting to manage risks associated with unemployment, workers in the informal sector face new risks in the face of the rising number of clandestine jobs lacking adequate social protection. As will be argued in subsequent sections, labour within both legal and illicit taxi industries becomes devalued as labour within the informal industry become subordinated to those in the formal industry.

#### *The Formal Taxi Industry in Canada, Occupational Risk, and “Brown Collar Ghettos”*

This section discusses racialization within Canada’s taxi industry, its position within the global labour force, and the occupational risks facing Toronto taxi drivers. Canada’s taxi industry is just one example of a “secondary labour market” within the economic core. While media portrayals and indeed even research on the taxi industry the past 25 years has presented the taxi driver as a white working class male, it is becoming increasingly evident that the “21<sup>st</sup> century taxi industry in urban Canada has become a reservoir for the reserve-army of wasted immigrant talent, and an insignia for current forms of transnational stratification and labour segmentation” (Foster, 2009, p. 137). As economic globalization destabilizes local economies within the global south, the migration of black and brown populations to urban centers all across

the “Global North” has led to a massive influx of non-white immigrants into Canada’s secondary labour markets. As competition for low skilled and menial occupations rises, employment norms and industry wage standards become eroded creating what some have described as “job ghettos” (Allahar and Cote, 1998, p. 132 cited in Foster, 2009, p. 137). As research shows, the “brown-collar ghettos” of Canada’s taxi industry have become a reflection for the nation’s treatment (or lack thereof) of non-white immigrants. The foreign credentials gap, a protectionist and exclusionary measure of policy, has left an ever increasing number of overqualified immigrants relegated to the margins of Canada’s taxi industry and other secondary labour markets, where workers are met with poor working conditions, occupational risks and hazards (Foster, 2009, pg. 138; Abraham et al, 2008, p. 22)

Early research on the Canadian taxi industry generally describes the exploitative relations between white drivers and taxi brokers while also documenting drivers’ collective response to labour devaluation (Davis, 1998; Hoffman, 2006). The limitation of some of these earlier studies is the tendency to overlook significant changes in the racial composition of Canada’s secondary labour force, how these changes have been fostered by alterations in the structure of the global labour market, and how exclusionary policies have come to play a large role. Lorne Foster’s (2009) “The 21<sup>st</sup> Century Taxi Driver: An Examination of the Hidden Injuries of Race in Urban Canada” provides a rethinking of taxi culture by examining the complications that arise when conservative immigration policies impose strict conditions on the credentialed knowledge of immigrants from the global south. Such conditions contribute to what Foster describes as a “brain drain” in that a wealth of “immigrant talent” becomes wasted as ever more foreign PhD’s are relegated to driving taxis (p. 133). Foster argues that many credentialed immigrants involved in low skill low wage work, such as driving a cab, are essentially left out of all forms of public

discourse and become erased from the public's imagination. Public ignorance towards the underutilized foreign credentialed knowledge and the fact that a host of wasted immigrant talent fills a large portion of unwanted jobs in Canada's secondary labour market, can in some cases promote the passing of injurious social policies that are harmful to these racialized groups.

Foster (2009) critiques the earlier research of Davis (1998) and Hoffman (2006) on Canadian cab drivers. Early research tended to present the cab driver as a white working class "cowboy" whose knowledge of the street would help him deal with the public devaluation of his work. In contrast, Foster (2009) suggests that the new metropolitan cabbie, or more specifically, the immigrant cab drivers that comprise the "brown collar job ghetto" of the big city cab industry, are not in a similar position to channel the performance of the rough and rugged street-wise cabby as are white cabbies of American mid-west. The inability of the taxi driver of "colour" to form an immediate political response against their deskilling and devaluing also speaks to the challenges facing occupations that have "low social position". Furthermore, this research reflects how transformations in white public discourse have changed since September 11, 2001, further rendering the needs of the "other" as a non-issue (for non-persons) in Canadian politics (Foster, 2009, pg. 152). Compounded with the fact that driving a taxi no longer presents a viable opportunity to enhance one's social position, the process of social closure that is enacted through the erection of regulatory boundaries has especially hindered the driver of "colour" who is not only frozen out of the professional sphere as a result of credentialism (another form of social closure identified by Parkin), but whose interests have also been frozen out of the public's social and political imagination.

Abraham, Sundar and Whitmore's (2008) study is another example of research that explores the hidden injuries of race associated with the Canadian taxi industry. Their research



suggests that the “values of the dominant white culture are embodied, objectified and institutionalized in the occupational structure of the taxi industry in a way that acts to ‘peripheralize’ minorities as inferior or irrelevant (making driver interests invisible in favour of the focus on city tourism” (Foster, 2009, pg. 150). Abraham et al’s (2008) report on Toronto’s taxi industry aims to make visible the poor and unsafe working conditions faced by Toronto’s 10,000 or more taxi drivers. The report signifies the various economic risks associated with the different forms of taxi work. Toronto’s taxi industry is structured into hierarchical categories including Ambassador Owner Operators, Standard Plate Owner Operators, Lease Drivers, Brokerages and shift drivers. Their research findings show that shift workers in particular (the lowest driver-types in the hierarchy and predominantly “non-white” immigrants) make a net profit of two dollars and fifty cents an hour (pg. 18). Abraham et al (2008) also report on drivers’ perceptions of their treatment by police and city council. Only 21% of Toronto drivers rated officer/driver relations as being positive (pg. 12). Reasons cited by drivers include the perception that police officers gave tickets “for no legitimate reason”, where some drivers felt that they were being targeted by police as a form of racial profiling (Abraham et al. 2008, pg. 12). The research also notes a lack of organization surrounding Toronto drivers and as such, past attempts at unionization have failed due to the strong influence of brokers within the city (pg. 22). Without a strong political voice, drivers have typically had to rely on the support of social networks, especially in the case of ethno-racial networks (Ibid). The growing political awareness of taxi drivers in Toronto and their failed attempts at usurpation/unionization, represents a form of social closure through their political deskilling in lieu of the resources used by brokers to lobby and gain political support for their interests over that of the drivers.

Although the research implies that ethno-racial support networks factor strongly in Toronto's taxi culture, the lack of political organization has, along with other factors, worked to impede the passing of labour policies that might alleviate some of the economic risks as well as some of threats to health and safety that are associated with operating a cab. As noted by Abraham et al (2008) and Foster (2009), the city of Toronto has actually opted against passing bylaws that would see the mandatory insertion of bullet-proof protection shields being placed in all Toronto cabs. The reason behind this decision was that "mandatory shields would convey a terrible image of Toronto to tourists" (pg. 24). While the city has mandated cameras to be placed in all taxis, Abraham et al's (2008) research suggests that drivers feel this step is hardly a proactive one and contributes less to the immediate safety of drivers than it does to providing police with evidence after the fact. The costs of security camera upgrades are also incurred by driver-owners themselves (pg. 24). Abraham et al's report on Toronto's taxi industry demonstrates the invisibility of non-white immigrant interest in the face of a white hegemonic order disguised beneath a mixture of cosmopolitanism and multiculturalism. Furthermore, the rendering invisible of minority interests in the cab industry stands as a broad reflection of non-white exclusion from "political, social, and economic institutions, as well as from the official history of Canada" (Foster, 2009, pg. 148).

Similar themes are apparent throughout early literature that exists on illicit taxis. Charles Vidich's (1973) research, *Union Taxies and Gypsy Cabbies*, describes the conflicts surrounding New York Taxi unions and "gypsy" cab drivers. Vidich (1973) suggests that the devaluation of New York's taxi medallions can be primarily attributed to the emergence of unlicensed cab operators (pg. 44). The research is quick to acknowledge the fact that many illicit drivers come from "mostly poor" and ghettoized neighbourhoods and are predominantly African American or

Puerto Rican (citing a proportion as high as ninety-five percent) (Vidich, 1973, pg. 45). Vidich (1973) points towards the lack of transportation services offered to poorer areas of the city as part of the explanation for the rise in illicit cab services. Robert Moses, the architect of New York's transit system, explicitly designed the city's physical infrastructure to exclude easy access to African American and Latino areas. The study also suggests that the lack of ownership over private vehicles has increased the need for grey cab services as families living in these areas do not make wages that are sufficient to typically afford a family vehicle (Ibid). Although the author does acknowledge that public and private transportation services were not being provided to low income areas, Vidich (1973) avoids any explicit discussion of racial discrimination that underlined the lack of transportation provisions to low-income and racialized areas.

A sharp contrast to Vidich (1973), Peter Suzuki's (1982) ethnographic overview of illegal taxi providers in five American cities (New York, Chattanooga, Chicago, Philadelphia and Omaha) explicitly acknowledges the issue of racial discrimination and its influence on the emergence of illicit cab services. Suzuki (1982) found that illegal taxis emerged in cities where regular taxis neglected to provide their services to residents of low-income neighborhoods, in particular, African Americans and other ethnic citizens living in these areas. As American cities became dispersed due to de-industrialization and suburbanization during the 1950s, localized car service companies with telephone switchboards and radios became the basic model of for-hire services in many suburban communities. Increased segregation brought with it the abandonment of low-income communities by legal taxis, influencing the rise of locally based and semi-legal enterprises that often worked to provide mobility to the illegal companies' own neighbours. From the literature it becomes clear that the issue of race is tightly bound to the Canadian taxi industry as well as to the rise of illegal taxi services. The next section will provide examples of

other markets where the existence of an informal or illicit sector directly benefits particular actors in the formal sector due to parasitism or co-optation.

*Subordinate Integration: Linkages between Informal and Formal Economies seen through a Marxist Criminological Perspective*

This section describes the parasitic relationship that exists between informal and formal economies and how the existence of some informal sectors directly benefits owners of capital within the formal sector. Alejandro Portes' (1989) discusses this linkage between the formal and informal, describing the informal economy as a form of "disguised employment" in the sense that it is "an explicit component of the formal economy's arsenal of cost cutting mechanisms," and that as the informal sector gains increased participation it allows for firms in the formal sector to "cut labour and fringe costs directly, and further depress industry wage standards" (Edgcomb et. al, 2002, p. 10). Thinking and research based on the informal economy has changed significantly over the years. Robert Cox (1987) describes the informal or illicit sector as one that is interdependently linked to the formal economy where the informal sector had initially been viewed by scholars as a mutually exclusive sphere of economic activity (usually seen as criminal/illegal) in relation to the formal sector. Research such as Cox (1987), Castels and Portes (1989), and Ruggierro (2000) have uncovered strong linkages between the two sectors to suggest that, in some cases, the informal is subordinately bonded to transformations and permutations in the formal.

According to Castels and Portes (1989), "the informal economy is characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated" (Castels & Portes 1989). Grey market, underground, illicit or informal economies consists of many different types of work, including licensed

workers that take unreported jobs on the side, craft workers who trade work in kind, as well as marginalized native workers who, because of cutbacks in welfare programs, must accept any work they can find. Informal economies are rapidly expanding in free market nations throughout the Western world in the large urban centers of North America.

Much of the ethnographic and sociological research on informal economies in North American cities focuses on the setup of “survival economies” by marginalized social groups (Henry and Sills, 2006, p. 265 cited in Vande Walle, 2008, p. 654). Such research also focuses on the impacts of capitalism and exclusionary mechanisms on urban social classes (Mollenkopf and Castells, 1991 cited in Vande Walle, 2008, p. 653). While much of the aforementioned research tends to describe informal economies as forming a structurally dynamic relationship with the formal economy, such research can be assessed as portending to what Ruggierro (2000) calls an “aetiology of deficit”. The notion of deficit that has come to characterize socio-criminological views on crime and informality has influenced the portrayal of the typical “criminal” as an individual suffering from some form of relative deprivation; a deficiency in the sense that an individual lacks resources, opportunities, or socialization (p. 7). As Ruggierro (2000) suggests, “if we focus on variables such as lack, deficiency, deficit...we end up excluding from the criminal rubric all those illegitimate practices caused by abundance, wealth and access” (Ibid). Ruggierro (2000) suggests that relative deprivation is inadequate as a variable of crime causation because it suggests that those of “relative affluence” are less likely to be implicated in the commission or involvement of criminal or illegal acts.

With this aetiology of deficit in mind, Ruggierro (2000) differs from previous research on informal economies. He does not simply view the informal as a hidden welfare system arising to cope with the fallout from neoliberal restructuring. Much more than simply a hidden form of

employment, Ruggiero (2000) documents many instances of informal economic activity and empirically demonstrates how illegal markets and “crimes of the street” become co-opted and absorbed into the formal market structure. As the informal becomes absorbed into the formal it becomes increasingly evident that “hidden practices, parallel procedures, and forms of illicit economic conduct are increasingly required to bear fruit for the official economy...the alleged threats posed by the informal tend therefore to be turned into opportunities for the formal” (Ruggiero, 2000, p. 64). As formal, informal, legal and illegal markets all begin to operate within the same arena due to the transition to post-industrialism becoming ever pronounced, the distinction between these markets becomes blurred.

Both Ruggiero (2000) and Robert Cox (1987) document the parasitic relationships that form between formal and informal markets where licit firms subcontract undocumented migrant labour from clandestine factories established through the transnational slave trade. Research into underground production within Naples garment industry reveals the revival of sweatshops where it is estimated that 100,000 people or more are organized for the production of shoes, gloves and textiles that will eventually be sold on the open market (Cox, 1987, p. 325). Further research reveals more cases from the “dirty economies” of Europe where, in Milan, clandestine factories housing thousands of undocumented Chinese workers are smuggled into the country through the transnational human trafficking syndicate working daily to produce “handbags belts and clothes... manufactured under slave conditions [and] bought by leading companies operating in Italian international fashion trade” (Ruggiero, 2000, p. 95). The exchanges, partnerships and “mutual promotions” that exist between actors in both formal and informal sectors demonstrate how the overlap between economies delegitimizes the freemarket dogma of “legality and fair competition” (p. 91). What at first appears to be a mutual exchange of services between the two

sectors becomes more akin to the unwillingness of industries in the formal sector to share “the benefits of the dirty economies in which they operate with outsiders” (Ruggiero, 2000, p. 105).

To provide an example of Ruggiero's notion of mutual exchange of services, research by Mars (2006) conducted on illegal immigrants filling job vacancies in the Belgium labour market suggests a similarly parasitic relationship. Free market advocates have initiated a debate over whether to allow these immigrants into the formal market to fill the jobs vacancies that locals are unable or unwilling to take. Fuelling this debate is whether or not illegal immigrants will be afforded the same social rights afforded to the citizens (p. 21). Such a relationship might at first appear beneficial through the provision of work to illegal migrant labour, however, this relationship necessarily entails a form of super-exploitation. Super-exploitation comes about through the way that workers in the informal labour market are used to the benefit of their employers who forgo the provision of the same social protections they provide to members of their domestic workforce. Migrants in Britain similarly pay a fee to enter the country to work on the North Sea oil rigs wherein they are paid ‘slave wages’ and forced to work long stretches before being given a break. Some reports even suggest that their own employers will report them as “illegal” should they complain about their wages or working conditions (Nelson, 1999; found in Ruggiero, 2000, p. 95). What these examples suggest is that the relationship between formal and informal markets should not simply be seen through the notion of “deficit” or relative deprivation. Instead, such literature demonstrates how the deficit of the many can be turned into opportunity for the few. Where the formal economy preys on activities of the informal economy it also ironically structures it.

Hadfield and Sanders' (2007) paper on the London taxi and private hire industry similarly focuses on the mutual exchange of services within London's informal taxi. Their research,

suggests that strict regulation over London taxis has led to the creation of a market of unregistered taxi drivers. The authors assert that these unregistered drivers “fill the niches in the regulated system: they drive at night, they drive in unsafe neighbourhoods and offer to drive prostitutes to and from customers” (found in Vande Walle, 2008, p. 659). The relationship suggested here between formal and informal is one of symbiotic nature; both sectors benefit from the other's existence. Related to the concept of symbiosis, my research uses the example of illicit taxis but merges Cox and Ruggiero's concept of co-optation (by the formal over the informal) and deficit to describe how the existence of the informal is subsumed by the neoliberal project to become a mechanism for the devaluation of labour. Rather than being symbiotic in nature, the structure of the relationship between legal and illegal cabs represents a relationship that is based on parasitism and subordinate integration of the informal to the formal where labour in both sectors are burdened with risk, devaluation, exploitation, public degradation and public ignorance.

An example of how this sub-integrated relationship applies to illicit taxi labour is evident in research exploring the competition between New York taxi drivers and the illicit taxis (or “gypsy” cab operations) that emerged in great number during the mid 1960s. Vidich (1973) for example describes the rate and ease at which residents of urban racialized communities as well as disillusioned taxi drivers could enter into the illicit cab trade. As such, the emergence of illicit taxis in New York had a pronounced effect on the bargaining power of taxi drivers' unions. Union membership began to grow more unstable than it had ever been in the past and provided fleet owners with a strategy to weaken the collective bargaining agreements between themselves and taxi unions. As the strike power of the unions had become undermined by the existence of the illicit taxi, fleet owners were able to accrue an advantageous bargaining position (Vidich,



1973, p. 45-47). While unions attempted to increase driver wages through implementing higher taxi fares such methods would ultimately prove ineffective as increasing fares would only make illicit taxis appear more attractive to taxi clientele disenchanted with rising service costs. As Vidich (1973) suggests, “under these conditions taxi fleet owners hesitated to ask the city of New York for a raise in fares; they know full well that the higher fares will simply aggravate the rate war with the gypsies and price taxi service out of business” (p. 47). While the aforementioned research does not explore the range of theoretical issues I am dealing with, they are meant to convey the strategic co-optation of illicit cabs as a tool to weaken the bargaining power of the unionized taxi labour.

#### Chapter Four: Reflections on the Interviews Process, Ethics and Epistemology

*The question whether objective truth can be attributed to human thinking is not a question of theory but is a practical question. Man must prove the truth — i.e. the reality and power, the this-sidedness of his thinking in practice. The dispute over the reality or non-reality of thinking that is isolated from practice is a purely scholastic question.*

-Karl Marx

In the following chapters I connect the theories described in earlier parts of this thesis to exploratory interview research that focuses on three licit and three illicit cabbies' experiences with economic restructuring, precarious working conditions and risk. In many areas, interview data enabled for a rounding out and triangulation of my initial research on the structure of illicit cabbing.

I was initially introduced to licit and illicit cabbies through a mutual acquaintance which helped me to gain access to the participants. I described my research to potential participants during initial contact and provided a letter of invitation to participants who declared their interest in the research. During this recruitment phase, many prospective participants were unwilling to provide an interview for fear of police citation, despite my guarantee of confidentiality. Some prospective participants were at first willing to provide an interview although later cancelled due to time constraints.

Many of the sampling difficulties I had faced speak to the practical and ethical difficulties associated with conducting research on individuals involved in illicit activities. The ethics process became a fairly rigorous process that included having to stand before the Research Ethics Board (REB) to defend the research design. Major ethical concerns were reflected in researcher responsibility to protect the confidentiality and identities of individuals. Risks of social harm to participants was contingent on the possibility that, should participants be identified from the

study, their admission of involvement in the unlicensed taxi industry could potentially draw attention to the Niagara Regional Police municipal licensing unit. The rare possibility existed that I might be approached by police for questioning, or in the extreme case, subpoenaed to compel disclosure of pertinent research materials that could possibly identify participants involved with illegal work. To manage these risks I agreed to provide my utmost guarantee of confidentiality even under threat of subpoena. I removed all personal identifiers from the research and aggregated particular responses to create composite responses where particular information had the potential to reveal important information about a particular participant. The names of participants were not included in the thesis nor were the actual names of participants' respective organizations. This project has received ethical clearance from the Research Ethics Board at Brock University. All modifications to the research design have also received clearance.

The first participant, a middle aged white licensed taxi driver, provided me with the opportunity to snowball sample the rest of the participants by introducing me to cabbies in his interpersonal network. Illicit taxi drivers that were included in the sample also originate from this first participant (perhaps ironically given the nature of competition between illicit and licit cabbies).

Once acquired, I engaged with participants in individual one-hour interviews that were digitally recorded. Interviews covered a range of topics corresponding to my research questions. For the three illicit cabbies, each interview was divided into thematic sections, the first of which consisting of questions designed to elicit background and demographic information concerning participants' recent career histories and their current occupational situation while also looking to explore how and why the participants first became involved in unlicensed taxi work. Topics in this first section investigated the extent to which economic uncertainty and the lack of well-

paying, stable employment in the region influenced involvement in the unregulated taxi industry. In the second section of the interview, I then asked participants to become informed experts by discussing their involvement within their respective unlicensed taxi services. Questions in this section were designed to inquire into participants' knowledge of the existing organizational structure as well as procedures and strategies used by drivers working within the unregulated taxi industry. Topics included determining the overall size and scope of the industry in general, drivers' client base, and also their interaction with other institutions (i.e. The Niagara Regional Police) and businesses within the city (i.e. legitimate taxi enterprises). Participants were asked about their interactions with other unregulated drivers, police, taxi drivers and the community they service. In humanizing unregulated workers who have otherwise been demonized by police and media, the interviews also explored the productive nature of illicit cabbage. Interview questions were thus designed to construct a narrative based around experiences of work, competition, and exploitation in order to present this alternative form of wage labour as a productive element within the context of neoliberalism. The interview process aimed to outline the economic significance of illicit cabbage by bringing to the fore experiences and activities that are inseparable from particular socio-political and economic forces—namely, labour exploitation, deindustrialization and social closure within the taxi industry.

The third section of the interview dealt with the risks that are displaced onto drivers due to their absorption of high risk fares. Topics here included inquiries into the potential safety and occupational risks that participants face or are exposed to as a result of absorbing fares from the downtown entertainment district on weekend nights.

Interviews with the licensed taxi drivers dealt with different issues than those faced by illicit drivers. Participants were asked about the effects of illicit taxis on their livelihood, the

extent of their financial burden, and the extent to which they felt that action was being taken against illicit taxis by their employers and police. I also asked these participants whether illicit taxis have had any impact on the cohesiveness of licensed cabbies to the extent that collective action might be used by cabbies to mitigate their losses against illicit taxis.

In certain sections of my interview analysis I have combined the comments of two or more participants to protect participant confidentiality where some statements had the potential to reveal their identity. I refer to illicit taxi participants interchangeably as “illicit cabbie” and licensed taxi participants as “licit cabbie” throughout the body of the analysis to further ensure confidentiality. Data gained from various local news sources was also used in conjunction with interview data to create fuller narratives with the intent of encompassing the productive nature of the illicit cab industry, the experiences of drivers operating within it and the effects that illicit cabbings has on licensed taxi labour.

As a major limitation, the absence of individual narratives that would represent the views of “negatively racialized” taxi labour (both licit and illicit) leaves a large gap when attempting to explore some of the earlier theoretical arguments made surrounding the impact of illicit sub-integration on racialized drivers. Two potential participants (one licit and one illicit cabbie) that would have represented “negatively racialized” taxi labour were initially approached for recruitment and were provided with letters of invitation in the hopes of acquiring their participation for this study. Although both individuals had expressed their initial interest in this research project, due to time constraints (for both the potential participants as well as myself) these individuals were unfortunately not able to be included in the sample. Thus, when discussing racialization in relation to illicit taxi sub-integration, analysis is only provided in the context of comments made by the present sample that express particularly racist attitudes or

beliefs. In this context, analysis of race is limited to discussions of whiteness where racial prejudices are implicitly or explicitly expressed by some participants. As the voice and phenomenological experiences of racialized licit and illicit cabbies are absent from this analysis, the interview data of the present sample focuses on displaced domestic labour who access the illicit market as a means of coping with temporary workplace displacement and as an informal and unorganized response to the consequences of neoliberalism. I also pose questions for future research at particular points in the analysis as it is my intention to formulate research questions for a larger project aimed at comparing the views and experiences of “non-white” and foreign credentialed licit and illicit cabbies with those of displaced white illicit labour.

Difficulties accessing individuals involved in illegal activities also reflect the overall challenge of performing critical criminological research of this nature. The clandestine nature of the illicit economy presents a number of epistemological and ethical challenges to researchers. Critical research must also tread lightly so as not to produce research that serves the agenda of an “administrative apparatus” (Mills, 1959, pg. 65). Thus, as I describe in my introduction, my research is not intended to produce knowledge for any one competing interest group. It is instead to connect private problems to public issues in such a way that seeks to avoid “methodological inhibition” produced by dogmatic adherence to canonical standards of the social scientific method (Mills, 1959, pg. 57). Both the professionalization of ethics and the expanse of the “philosophy of method” in the discipline of sociology are related to the very same processes of neoliberalism that have been so markedly described in this work.

C. Wright Mills’ stinging observation that contemporary sociology “is now split into statistical stuff and heavy duty theoretical bullshit” speaks to the increasing professionalization of the social sciences and the consequent bifurcation of theory and method/ social physics and

social phenomenology/ quantitative and qualitative research (Mills and Mills, 2003, pg. 155). Mills' seminal work, *The Sociological Imagination*, provides a damning critique of the social sciences of his day, yet applies perhaps to an even greater extent to the contemporary moment where academic institutions have become increasingly outfitted as extensions of the market (Connell, 1997). Mills' disillusionment with institutional sociology, or more accurately, the institutionalizing of sociology to become a tool of administrative power and private interest, was partially reflected in his idea of "abstracted empiricism". The divorcing of theory from method, and moreover, the separation of empirical research about social issues from the socio-historic and socio-political context from which they worked to create a factual (yet farcical) representation of reality contingent upon "commonplace" perspectives of the world. In place of a philosophy of the social world, what developed among social scientists was a new theory of Method. Through rigorous compliance to this dogmatic philosophy of methodology the sociologist would ultimately be able to excise his chains and follow the natural scientist out of the cave; to finally realize that the shadows on the wall were merely reflections of a once-thought unknowable reality outside of the cave. As Mills argues, adherence to the scientific method which is so liberally preached and so conservatively followed by the social scientist, is itself an intellectually stifling and methodologically inhibiting program. Methodology, Mills suggests, can determine the social problems to be studied, though this is only insofar as analysis is limited to the extent of the method. For the social scientist who subscribes to the scientific method more than to the study of society, he/she can study only what his method allows for and only in so far as it is rigorous (Mills, 1959).

While I claim no monopoly on truth, I refuse to limit my analysis of the problem of illicit cabbage to the limits of methodology. Furthermore, as a result of the divergent voices and

perspectives that I bring to this research and in light of a number of competing interests of which I have at length described, the production of knowledge that I have undertaken here does not view “truth” as symbolic property to be monopolized by any one individual or group—all parties would claim the truth to their own social realities whether the state, licensed cabbies, illicit cabbies, license owners etc. Just as, for example, I cannot speak to the experiential knowledge of racialized cabbies, neither can illicit cabbies speak to the experiential knowledge of licit cabbies and vice-versa. Here, “truth” becomes inhibited by a cursory adherence to the “scientific method”. I began this work by situating illicit cabbieing within the structural dynamics of the neoliberal economy from which I offered analysis that drew together from various strands of information including: “official” estimations, media reports, as well as from personal experience and observation. Corresponding to my theoretical framework—the synthesis of structure and agency, the combinations of theory and interview data and the re-theorization based on participants’ experiences is a process that incorporates various voices and “truths” in light of particular structural phenomena; it is to connect the various *personal* troubles of cabbieing to the larger *public* context from which these troubles emerge and to situate these issues amidst the political, historical and social structural milieus to which they relate.

I have not, as such, produced a “grounded theory” from the interview data that might have the quality of raising any one given side of “truth” above others, or that might deny the existence of an external truth altogether. There are clearly objective facts such as capitalism, with a prior history of ideology and coercion, which cannot be denied as a basis to determine the objective validity of truth claims. The methodological inhibition of which Mills describes and which arises from the wooden adherence to particular canonical methods in the social sciences has some potential to obscure “big picture” problems. I have thus unapologetically strayed from



the methodological canon in order to connect theory with method, structure with agency and to view the social milieu of licit and illicit cabbage as it is shaped by and dialectically re-shaping capitalist productive relations. I have thus combined my own life-world experiences and observations with those of the participants and have done so in a way that does not attempt to hide some beneath-the-surface constructivist design.

To further expand on the discussion of the analytic “method”, I turn to the oft-quoted second thesis on Feuerbach (stated at the beginning of this chapter) to capture an important guiding principle, adopted from Marx’s social ontology, that might help better explain choices made in the course of my research. Unlike the German idealists and against Kantian rationalism, Marx repudiated the notion of *a priori* categories of the mind which were assumed to filter thought of the external world—that is, that the external world could not ever be known outside of our individual representation and intuition. Against these claims Marx argued that human consciousness, truth and knowledge were instead visible in language, in productive activity, and in critical-negative thinking. For Marx, Man [*sic*] is a social being who forms a dialectical relationship between his individual-self and his connection to the broader communal whole. Man exists in reality both as the representation and the real mind of social existence, and as the sum of human manifestation. It is men who, in developing their material means of subsistence change, and in doing so, change their real existence as well as the product of their thinking. For Marx, the everyday use of language signifies the “practical use of language behind the mundane use of language” (Alasuutari, 2004, pg. 56). The mundane notion of language is described by Alasuutari (2004) as representing the true nature of an object being described. That is, unlike the natural sciences where language is often taken for granted, the mundane notion of language describes things as things-in-themselves. There is not some obscure phenomenal realm that presupposes

our knowledge of the noumenal<sup>9</sup> world for Marx. Instead, practical language (along with social production) serve major creative-constitutive functions—thought becoming into reality through language. The creative-constitutive function of language can also be represented when “our theories actually work in practice, and that theories not only account for past events but also predict things to come” (Alasuutari, 2004, pg. 56); this aspect of language is taken “as proof of the truthfulness of the theory being formulated...we are briefed about what took place in a meeting, told how to drive to a particular place...[and]...since, for instance driving instructions lead to the right place, it is only natural to assume that they correspond to an objective reality”(Ibid). While there is undoubtedly more to Marxian praxis theory than just the aforementioned example, at base, the ability for practical language to express truth coincides with “our everyday tacit understanding of language: it doesn't matter how it works, as long as it works in practice” (Ibid).

Thus without denying the “subjective” truths of participants, I have also not denied my own. After all, truth through language, as in the sense described above, is thought actuated in reality— through practical language, thought becomes actually what it always was potentially—that is, truth in reality. In accordance with these epistemological principles I have attempted to breathe life into my own understanding of the particular broad structures that have shaped my social reality over the past twenty seven years of my life. Through the interview process I have connected my own understandings and personal travails with those of the participants, who are themselves experts in the realm of cabbing. By means of the interview process I thus attempt to capture how actors constitute their own social realities within a particular socio-political milieu

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<sup>9</sup> Noumena were described by Immanuel Kant as any and all objects that are external to and independent of the mind—that is, things, or, a things-in-themselves.

in a context that I have understood and have given life to earlier sections of this thesis. In turn, this approach was not to deny agency as the respective knowledge of participants has also become incorporated into this work to ultimately shape and the overall conceptualizations within this analysis. I now turn to the interview analysis where I put theory into practice.

### Chapter Five: Supplementary Interview Analysis Part One

#### *Structural Adjustment, the displacement of the Working Class in St. Catharines and Illicit Cabbing as a Coping Mechanism.*

A common theme drawn from the interviews with illicit taxi participants concerns the piecemeal and transient nature of contract work that many drivers are currently, or, have temporarily experienced. Representative of the growing insecurities plaguing the low-skilled segment of the displaced working class in St. Catharines, illicit cabbing becomes a means of adaptation and resistance to the general plight of the working class. Furthermore, the relationship between illicit cabbies and their fares—of which many are drawn from the local community facing similar economic problems—speaks towards the harsh economic realities faced by vulnerable segments of the population. Participation in the informal taxi economy has thus become for many drivers, a means of adaptation and income supplementation for labour that has been disgorge or temporarily displaced from the wage relation; for their fares, the informal taxi economy becomes an accessible and affordable means of transportation where alternate (licit) means of private transportation have otherwise alienated large segments of the faring population from their services.

As one illicit cabbie suggests, “It's [illicit cabbing] helped us, it's helped them. It's providing a service that's cheaper than the taxi service, that's better for people who don't have money and better for us. If we're busier, then people don't have it [money], I guess” (Illicit Cabbie, November 2012). The informal taxi economy, its drivers, the “companies” which offer its services and the majority of fares who use them form a complex and intimate relationship that is based on adaptation, usurpation and necessity. The first part of this analysis is thus devoted to

describing these relationships before describing how key participants within the informal taxi economy become ensnared in a complex relationship of subordination and risk.

The illicit taxi workers interviewed for the research reflect those cabbies who have been temporarily displaced from the production process. From the interview data it becomes clear that illicit cabbieing serves as a means of subsidizing income during temporary spells of job displacement. For example, when asked how illicit cabbieing has allowed cabbies to cope with economic uncertainty, one participant states that illicit cabbieing allows for

... a steady income coming in that you can rely on to pay bills, rent, insurance, you know everything else. It's the only one that is feasible that I see. The only region in Ontario that's worse than Niagara is Windsor. So, when you take away the main source of employment that's kept families going and provided security, you know like benefits packages and stuff like that, and there's been no other growth or investment opportunities to develop the area, where else do you go? ... Yeah, basically the backbone is getting weak, and it's ready to snap.

Interviewer: So how must it be trying to find other forms of employment?

Illicit Cabbie: Oh, you find them, but they're just seasonal, they're not something that you can rely on—contract basis. Since GM went under the way the Ontario government basically and the Canadian federal government have encouraged growth is they tell you to start a small business. But a small business doesn't pay what a GM job would pay. Like the security, you have to rely on that. Starting a small business like any other business is not like [pause] you can't rely on it, it's not guaranteed. Like any other business in a free capitalist society you either reap the rewards or you go under and you claim bankruptcy if you try to keep alive. (Illicit Cabbie, November 2012)

These comments indicate the extent to which illicit cabbieing becomes a means of coping with financial hardships associated with local economic restructuring. The participant's comments also indicate a very real understanding that economic participation in the post-fordist era requires an individualized re-adjustment whereby the worker must adhere to government incentives emphasizing "the individual responsibility of workers to adjust themselves to labour-market realities through continuous training and education" or through creative entrepreneurial

innovation (Dunk, 2002, p. 883). At the individual level, illicit cabbings is to some extent a rejection of post-fordist provincial and federal incentives towards labour market re-integration. It is understood by the cabbie that such re-integration is contingent upon pragmatic and individualized moral retooling—to adopt a new way of being in relation to the demands of the post-industrial labour market, and to accept that “the main source of employment that's kept families going and provided security, you know like benefits packages and stuff like that” are no longer sustainable in the post-Fordist era. The illicit market provides a space where one might hope to avoid the atomizing logic of “a free capitalist society [where] you either reap the rewards or you go under” (Illicit Cabbie, November, 2012).

Ironically, illicit cabbings does not completely eschew all of the values espoused by neoliberalism. At least on some level, illicit cabbings champions creative entrepreneurial innovation and extols “free market” competition. In terms of entrepreneurialism, it is not only the largely white owners of illicit cab organizations, but also the drivers themselves who appear to view illicit cabbings as providing some measure of entrepreneurial freedom. More specifically, illicit cabbies do not perceive an exploitative relationship as occurring between themselves and their employers. They own their own means of production (unlike licit cab drivers) and only pay out a dollar of each fare to the company.

One cabbie in particular views his vehicle as his “office” while another claims that his vehicle is his “bread and butter”. These drivers keep a clean working environment while investing in repairs and maintenance on a regular basis to encourage clients that their car will provide a safe trip across the city. This practice also serves as a form of marketing to encourage the growth of a personal client-base. The cabbie also carries company business cards on which he writes his personal contact information should a customer wish to seek future transportation

from the driver himself. To some drivers, illicit cabbings thus represents a form of individualized resistance against state-incentivized programs for structural adjustment and low wage work in the secondary labour-market. Despite rejecting official channels for labour market re-integration, illicit cabbings also paradoxically encapsulates the rhetoric and values of neoliberalism including the spirit of entrepreneurialism, open market competition and a defiance of state interventionist policies.

Returning to the notion of formal market re-integration, participants suggest that some drivers may turn towards illicit cabbings to supplement their incomes, while for others illicit taxi work becomes a necessity during transitional phases of contract labour or seasonal work. Participants suggest that their length of stay with their respective “companies” often depends on the availability of other contract work. One driver, for example, states, “I’m in a union so I can, uh, go from there, and I’m just waitin’ in between jobs for them to call me” (Illicit Cabbie, November 2012). This comment illustrates the possibility that some illicit cabbies are in some ways still connected to the formal market structure—if only sporadically. That some cabbies are represented by a formal labour organization suggests that the transition between formal and informal markets by temporarily displaced workers is made somewhat easier compared to drivers who might lack particular skills, or access.

Although some illicit cabbies are able to transition between formal and informal employment, insecurities associated with the neoliberal project to reconstitute the displaced industrial class into a cheap flexible labour supply becomes again evident in the cyclical turn back towards illicit cabbings for individuals during periods of redundancy. According to one participant,

have been here [working for an illicit taxi service] three, four years. Others have been most

often in between jobs, like three four months you know. They're gone back to work again, or something else comes up and they're gone. Hopefully I'll be one of these guys. But I did three weeks worth of work [formal employment] 'bout a month ago and I was just like going maybe a day or two a week. Not steady, I was just keeping my nose in there so I got something to [pauses].... 'cause I know that job wasn't going to last for me. I just thought I'd keep my face around this company. (Illicit Cabbie, November 2012)

Due to the piecemeal nature of work on a contract-to-contract basis, the illicit cabbie maintains a position within his respective unlicensed taxi organization to ensure that he has a steady means of income during periods of redundancy. For drivers who have no access to formal employment, the transition between informal and formal spheres is obviously much more difficult. One driver who has been looking for formal employment suggests that "I've tried [to find employment], but it's mostly seasonal whether it's, uh, industrial shops, or construction, but the main employment over my sixteen years has been related to delivery of food, people or whatever" (Illicit Cabbie, November 2012). Thus while illicit cabbie provides financial relief for some drivers during temporary spells of unemployment, for others the length of reprieve from the formal economy may last much longer making the illicit economy a primary source of employment. While some drivers have cited the greater sense of autonomy afforded by illicit taxi work as reason for resisting the wage relation, others have outright abandoned the formal economy altogether as a retaliation against redundancy and structural adjustment. In O'Grady, Bright and Cohen's (1998) ethnography of squeegeers in Ontario, the researchers found that squeegeers perceived their work as more enjoyable than low wage formal market employment. Similarly, illicit cabbie "can be regarded as a form [of] resistance to low wage employment" (O'Grady, Bright and Cohen, 1998, p. 322).

The insecurities associated with redundancy and temporary displacement is echoed in the voice of the participants where the "choice" to participate in the informal economy is one



constrained by economic privation. This “choice” is one based on economic necessity, as a means of income supplementation in times of temporary job displacement is a practical tool in the resistance of displaced labour against uselessness. As one illicit cabbie suggests,

I had no job, I had no choice... It's your only means of income, it's your only means of income you do it because you have to do it... You have to do what you have to do. I don't want to rob a bank! You know what I mean?! But, I'm working; you have the right to work! (Illicit Cabbie, November, 2012)

As evident from the passage, the choice (or lack thereof) to participate in illicit cabbage is one born of frustration and necessity. The choice to turn towards illicit cabbage in particular, rather than other sectors of the illegal or even criminal market, is an important point deserving of attention. "Orthodox" criminological discourse surrounding the notion of choice would have it that illegal or criminal behavior is shaped primarily by an agent's economic calculus of the costs and benefits associated with committing a criminal or illegal offence—the opportunity cost of "crime". As Becker (1968) contends,

a person commits an offense if the expected utility to him exceeds the utility he could get by using his time and other resources at other activities. Some persons become 'criminals', therefore, not because their basic motivation differs from that of other persons, but because their benefits and costs differ (p. 176).

Accordingly, a conventional criminological analysis would view participation in the illicit taxi economy as inherently rational in which the "details of occupational choice in illegal activity are no different from those encountered in the legitimate professions" (Stigler, 1970, p. 530 cited in Gordon, 1971, pg. 198). The decision to enter into illicit taxi work over other illicit activities might be viewed from this perspective as a decision based on an individual's skill-set or based on a cost benefit analysis of the risk and returns that are associated with this type of work.

This notion of "choice", as it is posited by the orthodox economic analysis of crime, however, seeks to rip the individual from his or her surrounding social and economic relations. In atomizing the individual, the orthodox analysis neglects the basic structure of capitalist societies. As Gordon (1971) contends the structure of capitalist economics depends, "upon competitive forms of social and economic interaction and upon substantial inequalities in the

allocation of social resources” made all the more difficult by some groups or individuals outright denying access to particular resources (p. 197). Since capitalist societies do not guarantee economic security, individuals must fend for themselves and are often “driven by the fear of economic insecurity and by a competitive desire to gain some of the goods unequally distributed throughout the society” (Ibid). As the participant’s above comment suggests, the “choice” to participate in illicit taxi work was an inherently rational one—rational in the sense that cabbing becomes an informal response to the social and economic insecurities driven by neoliberalism; yet rational also, in the economic sense. Where particular market contradictions have created conditions necessary for illicit usurpation to thrive, an individual’s turn to the illicit market becomes an economically rational one. This rational choice thus represents a twofold response on the part of illicit labour in that it becomes both: a) a means of economic adaptation through usurping the resources that they have been denied, and; b) a means of informally refuting their reconstitution as a “cheap” and flexible supply of labour.

This notion of rational choice in the context of capitalist inequality and exclusion can be extrapolated from individual drivers to the much larger illicit taxi organizations. Akin to organized criminal activities such as prostitution and gambling, illicit taxi services “represent perfectly rational kinds of economic activity” especially when considering the high demand, restricted availability of licenses and astronomical insurance fees associated with operating a taxi company. In some ways illicit cabbing even upholds certain neoliberal values as I argued earlier. Usurpation on the part of illicit taxi services is thus a rational attempt to secure a section of the market that has been disregarded as a result of bureaucratic regulations and monopolistic control over licenses. Before describing how illicit taxis are managed and tolerated, I analyze the extent to which exclusionary mechanisms in St. Catharines’ taxi industry have limited or outright

denied the “legitimate” market entry of potential competitors while subsequently influencing the generation of illicit taxi work.

### *Exclusionary Social Closure and Usurpation*

The way in which the restricted supply of licenses and the regulations surrounding them have impacted the entrance and thus usurpation of illicit taxi services is discussed in this section. According to Vaughn Stewart, a member of the police services board who sits on the licensing committee, questions over raising the licensing quota have created tension amongst a number of competing interest groups. From an article in the St. Catharines Standard, Stewart was quoted as saying, "people on the waiting list are dying for more licenses and the people that have licenses are dying to have more fares," (Bajer, 2011). This sentiment has been expressed by some of the taxi drivers interviewed for this research who express a general concern that increased competition would cut into their business, especially considering the extent to which illicit taxis have flooded the market. In the same news article, Glenn Wade, a representative of Central Taxi, underscored the desire to limit open market competition, saying "it doesn't make sense to put more plates on the road for a few hours...we don't need anywhere near that many cabs on Monday, Tuesday and Wednesday" as the heavy demand for rides occurs for a few hours mainly on weekend nights (Bajer, 2011).

Not all licensed taxi owners have expressed the public position of Central and 5-0 Taxi—the two companies that are jointly owned by an Ottawa based holding company and which represent the largest taxi providers in St. Catharines. For example, the owners of St. Catharines' two smaller companies, Brock Q Taxi and St. Catharines Taxi have lobbied for an increase in licenses so that they might expand their businesses to help absorb the surplus of fares that have been left unserved due to restricted taxi supplies. At present, Brock Q Taxi runs a fleet of nine

cabs where St. Catharines Taxi owns the licenses to six cabs. Mr. Sardar Sayed, owner of Brock Q Taxi has stated that, "it's [the present license quota] not enough. It gets so busy...we definitely need extra licenses to keep up with these people. They wait for hours" (Bajer, 2011). Similarly, Vali Vowlatkahi, owner of St. Catharines Taxi, has stated that his fleet is simply inadequate for keeping up with demand. According to Mr. Vowlatkahi, the six taxis in his fleet are always busy even outside of peak hours in the downtown core (Bajer, 2011).

While some taxi drivers are concerned over the increase in legal competition that might flood the market with an increase in licenses, others view the quota as the primary reason behind the usurpation of illicit taxi services. One licit driver states that,

cabs are relied on and we only have a hundred something cabs for a city of one hundred thousand, with a fifteen thousand influx of students. It's not enough cabs. It should be at least one hundred thirty cabs for one hundred thirty thousand and fifteen thousand extra students should bring in fifteen extra cabs for at least six months, so we should be around 145 cabs for St. Catharines and we're around less than one hundred and five... We're the lowest cab population in Canada I believe... They haven't given enough licenses. They need more taxi licenses... that's probably the biggest reason why there are illegal cabs... from May to August, the 120 they have is 60 too many cars. But from September to March there are 60 cars less, so I don't know how they would run it (November 2012).

The desire to limit open market competition through the regulation of the license supply represents an aspect of social closure that has disadvantaged small-scale taxi operations. By denying these companies the opportunity to expand, regulations have unfairly disadvantaged companies like Brock Q as they are unable to adequately compete with Coventry Connections, the city's largest taxi providers. While serving to disadvantage smaller companies within the taxi industry, the licensing quota also blocks the entry of new licensed competitors into the market.

The municipal licensing commission has also issued a number of specialty plates to St. Catharines Taxi and Brock Q. Participants suggest that these specialty plates carry a number of restrictions including the inability for drivers to pick up roadside fares unless they are called in

for dispatch. According to licit research participants, there exists a general awareness that these specialty plates restrict full market participation for these smaller companies that are disadvantaged by the restrictions placed on specialty plates. The drivers working for these companies are often the first to feel the effects. For example, as one licit cabbie states,

like I know BrockQ and St. Catharines cab, they're hurtin'. Like I know one of the guys and last week I seen his ticket, like for, say I seen him at about three or three thirty and he starts in the morning, and he only had a sixty dollar ticket-- now that's bad! (Illicit Cabbie, November 2012)

While these smaller independent companies have been placed at a competitive disadvantage due to licensing restrictions, the issue of acquiring liability insurance has further impeded the legitimate entry of potential competitors. While ownership over the license-as-property allows for legitimate entry into the market, a number of costs associated with its legitimate status have shut out potential competitors who are either unable to initially afford the license or bear the high costs of taxi insurance.

According to the municipal licensing commission's By-Law 300-2010, all taxi license owners must have "procured and maintained in good standing, a standard automobile policy of insurance providing for third party liability of at least two million dollars (\$2,000,000) insurance coverage for the use designated in the license" (Regional Police Services Board, 2010, pg. 40). The state thus compels by law that a taxi operator maintain liability insurance for his or her vehicles. The significance of insurance, as an associated barrier within the context of social closure, is that dominant taxi firms (those who own more than half the licenses within the market) become privileged in comparison to smaller companies who are unable to pay for heavy insurance premiums (Andres, 1950, pg. 566).

The high cost of taxicab insurance premiums is related to the lack of insurance

underwriters for taxicabs, which has led to a lack of open market competition among cab insurers and thus high premiums. According to Ontario Finance Minister Charles Sousa, cabbies all over Ontario have seen their insurance rates steadily increase. Complicating this issue is the recent withdrawal of a major insurance provider from the market. Arch Insurance Group of New York City, a large underwriter for cabs in Ontario, announced a decision on January 1<sup>st</sup> that it would no longer be renewing coverage for its clients. Recognizing this issue, Peter Karageorgos, a representative of the Insurance Board of Canada states that the “exit of a large underwriter of taxis in the market... has caused a further squeeze of availability, but it's indicative, I think, of the fact that auto insurance, whether it's commercial or private passenger, is still facing cost pressures” (Meckbach, 2010, p. 1). The insurance market for taxi companies operating in Ontario has thus seen a lack of open market competition leading to rising rates that only the largest taxi brokers have been able to afford and maintain.

The administrative costs associated with taxi license ownership have thus impeded the growth of both independent license owners and small-scale taxi operations working to further restrict new competitors from entering the market. The high insurance premiums and administrative costs associated with taxi license ownership helped influence the sale of 5-0 Taxi from its previous owner, Mike Maroni, to the Ottawa based corporation Coventry Connections. One licit cabbie suggests that 5-0 Taxi's previous owner was paying a rate of “over six hundred thousand dollars a year on all of his cars” (Licit Cabbie, November 2012). Along with municipal regulations that block smaller companies (Brock Q Taxi and St. Catharines Taxi) from expanding their businesses, the high rates of insurance have reduced opportunities for these fledgling firms, so discouraging independent operators seeking “legitimate” market entry.

The interconnected relation between municipal licensing regulations, dominant taxi brokers and the oligopolistic market for taxicab insurance underwriters demonstrates Miliband's (1965) conceptualizations of the state in capitalist societies as a mechanism purposed with advancing the interests of the economic elite. Through administrative regulations, the municipal licensing commission affords relative power of monopoly to multiple license owners while simultaneously benefitting insurance providers. The relationship between the insurance firms and multiple license owners can perhaps then be described as one of reciprocation in the sense that the overwhelming cost of insurance becomes manageable solely by those taxi firms which have—through the aid of municipal licensing quotas—consolidated their dominance over the market (Andres, 1950). In blocking legitimate competitors, exclusionary closure has seen independent drivers and firms (such as the now defunct Speedy) turn towards the illicit market in an attempt to usurp a share of resources that have been restricted.

As a result of such exclusionary mechanisms, licensed drivers have witnessed in the past three to five years, the flooding of illicit taxi services into the market to the extent that they have become entrenched as a primary competitor to the dominant firms controlling the majority of licenses in St. Catharines' taxi industry. Suggested by each of the participants who drive a licensed taxi, as much as half of the business that would typically be served by regular cab has become absorbed by illicit taxi services. For example, one licit cabbie states that,

when I first started with the company we used to get a lot of calls from the students and stuff eh. But the students learned very early that they can go anywhere in the city for eight dollars and so they do call illegal companies all the time and we're getting very few calls going downtown or wherever they're going...but yeah, wherever they're going every year it gets less and less that we actually take the people to the places...the illegal taxis who they are—a great number, even greater numbers over the years—are calling and we've seen our calls really lessen... At night I think they are generally young passengers and students. I think during the day obviously they'd be just regular people because I get almost I'd say, at least fifty percent of the people that in the cab now as opposed to five years ask for a flat



rate. They never used to do that. (Illicit Cabbie, November 2012)

While a large segment of fares absorbed by illicit cabs consists of student passengers and the young men and women who frequent the bars in the downtown core, as participants also suggest, illicit taxi usurpation has branched out from the downtown core towards territories and markets previously monopolized by the licensed taxi industry. In becoming a primary competitor, illicit taxis have also become sub-integrated into the structure of the formal taxi economy, a contradiction which I next describe.

## Chapter Six: Interview Analysis Part Two

### *Sub-Integration of the Illicit Taxi Industry*

The first section of this chapter describes the overall productivity of illicit taxis through their co-optation as a risk-absorbing mechanism to benefit St. Catharines' largest taxi firms. The illicit taxi industry stands as an altered reflection of the licensed taxi industry—a “carnival mirror” of sorts—in regards to the risks faced by drivers. Illicit taxis face altogether similar risks as licensed drivers, yet there is little recourse through official channels to mitigate these risks. Risk itself, according to Ericson (1997) “is an invention based on imagined fears and on imaginative technologies for dealing with them. Indeed the concept of risk is a construct of insurance technology” (p.39). In managing risk, police work together with other institutions to provide “a society-wide basis for risk management (governance) and security (guarantees against loss)” wherein the risk of loss becomes a moral imperative to be avoided or managed and, moreover, where “efficiency in loss prevention is *the* moral imperative” (Ericson, 1997, p. 124). As such, the illicit taxi industry and the labour that comprise it provide a strategic means for the licensed industry to offload some portion of risk.

In the passage below, a licit cabbie describes some of the risks and occupational hazards faced by taxi labour:

There's always going to be robberies, you know people get in the cab just to rob. Uh, traffic accidents, things like that. Uh, assaults from drunk people. You know how when people are drunk they think they're stronger than they are, they're more aggressive, more happy, more flirtatious...whatever kind of drunk they are, that risk always comes in place. Basically like the robbery/assault is your biggest concern (Licit Cabbie, Personal Communication).

Related to robbery and assault, risk factors for drivers often include working alone, dealing with intoxicated young male passengers, and driving long hours during nights and early mornings.

Furthermore, the interview data suggests that illicit cabbies face a higher prevalence of runaway

fares than licensed taxis. While the sample size of this research project is perhaps too small to make a generalizable argument concerning the higher frequency of runaway fares experienced by illicit cabbies in comparison to licensed drivers, illicit cabbies suggest that instances of theft and runaway fares most often go unreported because of the inchoate and illegal status of illicit cabs. Furthermore, their illegal status perhaps makes illicit cabbies a much more attractive target for premeditated or even random acts of theft. As an example, illicit taxi research participants note situations where groups of young male passengers have issued threats or sought to intimidate drivers in order to defer payment indefinitely. While licensed drivers have noted similar situations, they have suggested that runaway fares have become less frequent over the years. Along with the inability to seek formal recourse through official channels, illicit cabbies is also precarious in the sense that it does not afford the same protections and safety mechanisms found in regular cabs.

The safety mechanisms used by licensed taxis include the two-way radio and panic button installed in all vehicles. When operated, the panic button alerts all surrounding cabs in an area to the vehicle in distress. Research by Bidhu (2001) and Rathbone (1994) note the various material risks associated with taxi work in Canadian and American contexts. In particular, Rathbone's (1994) research on 606 taxi homicides in Canada and the US between 1985-1994 documents a number of concerns. Rathbone (1994) found that: 94% of attacks occur when the driver is inside the cab, 85% of fatal injuries are gunshot wounds; 82% of the assaults occur at night; 74% of the deaths are due to head and neck injuries; 64% of the deaths from gunshots are from shots to the head; and 66% of the assailants are under age twenty. Given these statistics, licensed drivers in St. Catharines face a number of risk factors associated with the absence of safety partitions in their vehicles. In comparison, illicit taxis have no formal means of protection.

The risk factors and lack of protection in unlicensed cabs has influenced one participant in particular to leave illicit cabbage for a job in the licensed taxi industry. As noted by one cabbie who previously worked for an unlicensed taxi service,

like I said the protection. I didn't like that idea, you know what I mean? Not having protection, at least you know you got the radio over there, the alarm system, like I push that button that goes all black and they know I'm in trouble. They didn't have that at Speedy. That's why I wouldn't drive nights at Speedy. (Illicit Cabbie, November 2012)

As suggested by the participant, nighttime drivers are prone to more risk factors and lack formal safety mechanisms. While the sample size for this thesis is obviously quite small, other research corroborate the notion that illicit taxis are more prone to risk—especially in relation to violent assaults—than their licensed counterparts (Marosi, 1996). Writing about New York, Richard Marosi (1996) suggests that, out of the 85 cab drivers killed in New York between 1992 and 1993, only 12 drove regular cab. Since 1994, no yellow cab drivers have been killed, whereas by comparison, 49 illicit cabbies were killed. Marosi (1994) cites the lack of safety mechanisms installed in cars along with the propensity for these illicit vehicles to enter what the author describes as “dangerous” neighborhoods.

While independent illicit cabbies might seem at a greater risk than drivers working for organized illicit taxi services, participants have reported low levels of interaction and solidarity amongst drivers. The general lack of communication among drivers results from the clandestine nature of their work, in which some drivers prefer to remain anonymous. There appears to be a lack of mutual aid or co-operatively based practices used by illicit drivers to mitigate risk. One driver does suggest, however, that some illicit cabbies will use text messaging to inform fellow drivers of police presence in a particular area. This strategy is somewhat limited since not all drivers maintain contact with one another. Furthermore, due to a high turnover rate, drivers may

not have the opportunity to meet new colleagues, or may even be unwilling to. Consequently, illicit drivers have had to rely on independent strategies in order to mitigate certain risks.

Like the cabbies of the American Midwest who through dramaturgical performance channel the image of lone cowboy, illicit cabbies rely on a similar performance to lead them through the uncertainties of the night and against the potential “drug dealers,” “crack heads” (as one illicit driver labels them), and fare jumpers with whom they may come in contact. Hoffman (2006) describes,

like the cowboy, alone on the range, relying on horse and self, the cabdriver handles most difficulties of the job alone. Both the cabdriver and the cowboy uphold the ethics of their occupations, maintaining the street justice or the "frontier justice" of their respective occupational cultures, even when others of their occupation are not present (p. 32).

Like Hoffman's cabbie, the lone illicit driver is often left without means of “fight or flight” in the situation where he or she is confronted by potential danger. In the confines of the cab, the lone driver must instead rely on posturing—on channeling the grit and toughness of the streetwise cabbie against potential dangers, theft, and the public degradation of his or her work. Consistent with the lone cowboy persona, Hoffman's (2006) analysis also describes how cabbies mete out a form of ‘street justice’ to fare jumpers and passengers who either degrade or disrespect the cabbie, or who are perceived as being non-tippers. As an example, the passage below describes an occurrence where a passenger refused to pay an illicit cabbie a fare that had been pre-negotiated:

I lost my mind. I'm standing there in park and I ripped the handle off the stick. And I said, "buddy, you're going to pay tonight one way or another." I reached for my seatbelt and he throws twenty bucks in the car and he says, "you guys are all nuts!" I said, "no, I'm not nuts!" ...[laughs] I was gonna get my money. ...if he didn't want our car, he should've called a cab. After fifteen minutes waiting or whatever, he would've paid forty dollars instead of twenty. But I drove you to and from where I picked you up back to the place, and then I drive you here. I did my part, right, and you're home. That was that. I won't go there any more. (Illicit Cabbie, November 2012)

In dealing with potential fare jumpers, the participant is unwilling to go unpaid. Despite its illegality, the participant views his work as providing a service that is comparable to, if not more efficient than, a licensed taxi. Along with posturing, some cabbies ask for money upfront from their passengers (thus risking citation if witnessed by police) in order to avoid runaway fares. Another driver describes a situation where he kicked a young man out of his car for verbally abusing the young woman with whom he had initially entered the car.

Like Hoffman's cabbies, illicit cabbies also view the nature of their work as a form of distributive justice against the exploitative taxi industry—a 'robin hood' cab service against the corruption of taxi license owners—as they work outside of the law in order to provide affordable transport to the poor and destitute. For example, one illicit cabbie states,

we're a good service and we provide to the old, and the young, and to people who don't have the money for those guys to give them-- one person--all the money. And it's not even the cab drivers themselves; it's some rich Arab that's in Toronto right now laughing at everybody. (Illicit Cabbie, November 2012)

This illicit cabbie views his usurpation in lieu of and against monopolistic control over the licensed taxi industry and "some rich Arab in Toronto" whom he asserts owns the majority of taxi licenses in the city. The above passage also reflects the "wage of whiteness" in its relation to intra-class interracial conflict. As Harris maintains, the "wage of whiteness" is available even to those whites who are "without power, money, or influence," as "whiteness, the characteristic that distinguishes them from blacks, serves as compensation even to those who lack material wealth" (Harris 1995, 286). Whiteness in this case appears to provide the illicit cabbie with a sense of entitlement or right over a market that has become captured via monopolistic control over licenses. Though excluded from legitimate market entry, the cabbie's whiteness enables him to justify his organization's forced entry into the market. The participant justifies the act of illicit

cabbing as it intends to break the monopolistic hold over the market by “some rich Arab,” who has benefitted from exacting closure over the market. Though the illicit cabbie’s usurpation is of an illegitimate nature, he views Speedy as providing “a good service to the old, and the young, and to people who don’t have money”, yet also suggests that usurpation is directed towards and against a “non-white” monopolist. Without legitimate claim to entry in the form of the license-as-property, whiteness itself becomes a form of property that substantiates and justifies (to the cabbie) the forced entry of illicit services into the market—and, as is discussed in later sections, is tolerated as such. Furthermore, the cabbie’s statements can be taken to demonstrate that amidst interracial intra-class competition, usurpation by organized illicit taxi firms represents a symbolic act in the elevation of whiteness to the status of property where formal means of market inclusion are not possessed. Without the license as property, whiteness becomes the sole claim by which these clandestine organizations and their entrepreneurs force entry into the market to relinquish the control held by “some rich Arab” capitalist. Here, the wage of whiteness serves a compensatory function in absence of the “legitimate” right of entry afforded by the taxi license.

Despite the cabbie’s usurpation efforts, this illicit cabbie does not view his work as directly impacting on the work of licensed drivers. The illicit cabbie is sympathetic in his view towards the licensed cabbie whom he perceives as “starving”, yet is unwilling to be placed in the same subordinated position as the licensed cabbies. This sense of distributive justice as it is adhered to and practiced by illicit cabbies as well as the licensed drivers of Hoffman’s (2006) work, represents according to Foster (2009), the “social construction of their White working-class blue-collaredness” (p. 142). Acts of street justice and distributive justice “enhance the cab driver’s workplace solidarity in an occupation based on contingent employment and precarious work” (Foster, 2009, p. 142). While the white illicit cabbie may symbolically channel the white

working class (anti)-hero of Hoffman's (2006) and Davis' (1959) cabbies when dealing with risk and labour devaluation, the illicit cabbie is not, however, afforded with the same practical tools as licensed taxi labour and so absorbs risk unevenly. Against potentially volatile fare-types, the dramaturgical performance channeled by the illicit cabbie is purely symbolic and like all dramatic performance, is purely based in fiction—unsuited to the demands of reality should occupational hazards actually materialize.

While the two-way radio, GPS and panic button may alert other drivers to a potential assault, these safety mechanisms are easily by-passed should an assailant know how to disconnect them. Given Rathbone's (1994) research on taxi driver homicides (along with the host of research describing the risks and occupational hazards associated with operating a licensed taxis) the lack of safety partitions for licensed cabbies in St. Catharines suggests a lack of adequate protection from assaults, robberies, and homicide. An article from 2007 in the St. Catharines Standard describes the assault and robbery of a 64 year old driver for 5-0 Taxi who was held at knife point and beaten by two men after they had disconnected his radio (LaFleche, 2007; see Appendix II). While licensed drivers are provided with inadequate safety provisions at best, by comparison, illicit drivers are left to their own personal strategies in mitigating potential occupational hazards. In relation to Morasi's (1996) article on the heightened risk of violence and theft to illicit cabbies, Alexander, Franklin & Wolf's (1994) research suggests that there is a heightened risk of sexual assault for female (licensed) taxi workers. It seems logical to suggest that women in the illicit taxi industry are at even greater risk of sexual assault than women operating in the licensed taxi industry (p. 641).

*Yellow (cab) Peril!: A word on Moral Panic surrounding Imperiled White Womanhood, Female Drivers, and Surveillance in the Illicit Taxi industry*



In this section I describe risk as it pertains to female licit and illicit taxi drivers and conversely the media panic surrounding illicit taxi services which sets as its focus imperilled white womanhood. According to the informational webpage [banditcabdangers.com](http://banditcabdangers.com) (see Appendix 1), the “growing illegal taxi industry in Ontario...is putting you, your children, friends and elders at risk”. The webpage combines basic information on unlicensed taxis in Ontario with testimonials written by passengers who have used an illicit taxi service. The webpage’s sole image depicts a young woman seated in the back of a moving vehicle—presumably a “bandit taxi”. At the bottom of the page, the first testimonial listed (and perhaps strategically placed to emphasize the article’s overall tone and message) describes an instance where a female passenger felt threatened by an illicit driver because he would not unlock the vehicle doors until the fare was paid. The second testimonial similarly claims that an illicit driver reached out and touched a young woman as she was leaving the car. Although a link to a social media outlet appears at the bottom of the webpage, there is no authorial claim to the website, nor is there any detail of who or what organization has sponsored or created the webpage. Upon further investigation of the website’s domain ownership I found that the website belongs to Coventry Connections.

I argue that this website in particular, and the moral panic surrounding illicit taxis in general, can be seen as a reflection of broader racialized fears surrounding the threat of the racialized “other” to the sanctity of white womanhood. Similar to the message purported by the [banditcabdangers.com](http://banditcabdangers.com), licensed cabbies interviewed for this research have expressed similar attitudes about the risk that sexual harassment or sexual assault could occur in an illicit cab due to the general lack of governance and regulation over this industry. The issue of imperilled white womanhood, however, also applies to drivers in the licensed taxi industry.

Some of the licensed drivers interviewed for this thesis have expressed their outright unwillingness to pick up a young woman if she is by herself and intoxicated. These fears are echoed in a body of research that suggests that male taxi drivers are also at risk when transporting female passengers who could bring allegations of sexual advances against them unless the driver waives her fare and provides free passage to her destination (Radbone, 1998, p. 6; Stenning, 1996, p. 19; Mayhew, 2000, p. 2). A licit driver discusses this issue at length in the passage below:

male drivers with a single female in the car, you're always worried that she is at least cognizant to know where she goes, to converse with you so that when you get somewhere she doesn't try to accuse you of something, and we're trying to always worry.... that's always in the back of our mind, a single female that comes in the car if she says she did something, like uh, abuse-- now you have to prove your innocence. It's not the other way around. We're innocent until proven guilty, but with cases like that you're pretty much in the eyes of the police and the court justice system guilty and you have to prove your innocence. So that is a problem and a number of cases where drivers get drunken customers carried by bouncers, doormen, to the car and we refuse them because it's a single female and we ask the bouncer if he is coming with her or if someone is coming, in which case we won't take her, we don't have to take her, she can't stand, she can get sick in my car and for that reason I don't want to take her as well as my own personal safety as to being accused of something later that may have happened in their establishment. She gets abused in your establishment and now she's in my car, wakes up in the morning and thinks I did it! They have record of my car, where I drove, so I can't say that it wasn't me as a cab driver... Whether I did anything, that has to be proven later but just the impression is that you're guilty. That is a big problem, I've always refused it...it's always there whether you're proven innocent, it's plastered all over the TV and the news. You're innocent, but still, people have that thought. (Licit Cabbie, November 2012)

Due to a misconstrued negative public image towards licensed cabbies driven by the media panic surrounding isolated incidents of sexual harassment by drivers, cabbies often avoid picking up intoxicated female passengers. In the above passage, the cabbie explicitly expresses the notion of a collective fear among drivers surrounding the increased potential for allegations of sexual assault or sexual harassment to be levied against them.

Incidentally, on January 11 2013, a licensed cab driver working for St. Catharines Taxi was found guilty of sexually assaulting a 19 year old Brock University student. According to the article in the St. Catharines Standard, a major issue brought up in the trial was whether or not the sexual act was consensual. The driver of the cab, 49 year old Sittar Pilani, claimed that the woman, intoxicated at the time, offered to perform a sexual act as payment for her fare (Walter, 2013). Given a lack of evidence to prove consent, the decision of the trial judge was ultimately based on the credibility of the defendant's testimony which the judge declared as "incredible and unbelievable."

While I do not provide this example in an attempt to question the credibility of the decision against Mr. Pilani, it is instead my intention to emphasize the notion of a "reverse-onus" of the burden of proof that appears to apply to taxi drivers when allegations of sexual assault are brought against them. When I asked participants about the media panic surrounding sexual assault and unlicensed taxis, one illicit cabbie stated that,

the label I guess, is fifty-fifty. Because if it's not monitored than I guess its not certain. And uh, more people of different backgrounds are doing it. People keep coming to Canada you know they think they come here its all great, you make the money and that's it. People, like not just Speedy but like all the other spinoffs of it, its people from different backgrounds and, uh, look, not to stereotype and not to be racist but, you know, like uh, if its not a white driver than you know, some of the women, or kids, obviously— its just human nature you know? You got somebody and you're not accustomed to them and you know, like, they don't feel safe. They kind of like say, you know, its not safe or something like that. (Illicit Cabbie, November 2012)

This illicit cabbie relates heightened fears surrounding sexual assault and illicit taxi ridership to collective fears of the racialized immigrant "other". The participant believes that the growing ethno-racial diversity of illicit taxi drivers is a prevalent factor behind the socially constructed threat represented by illicit taxi drivers to white femininity. These remarks also implicitly reveal

how the cabbie is both situated in and complicit with these fears of the foreign and immigrant “other” that are propagated by and internalized within the white collective consciousness. For example, the participant suggests that fear of the unknown is a fundamental part of “human nature.” On the one hand the participant is referring to the unknown quantity represented by an unmonitored and unregulated organization. The unknown in these statements, however, also refers to the alienness of foreign and racialized bodies. The idea that it is “human nature” for women and children to fear the racialized “other” is presented here. In effect, such a view normalizes irrational fears of the unknown presenting the notion of “human nature” as an objective white human nature; that is, it is “natural” to fear or distrust the racialized immigrant illicit/licit cabbie because he or she is “foreign” to the status quo.

These remarks also relate on some level, to the collective xenophobic fears and growing suspicion associated with particular immigrant groups that has been researched with respect to immigrant and “non-white” taxi drivers in the US and Canada. Foster (2009), Abraham et al. (2008) and Das Gupta (2004) depict, for example, the “brown-collar ghettos” of North America’s taxi industry as a reflection for the nation’s treatment of “non-white” immigrants in relation to heightened public surveillance in the post-9/11 era. Interviews with racialized cabbies by Abraham et al. (2008) report that Toronto taxi drivers have experienced ongoing racial abuse from both the general public and the police post 9/11 (p. 21). Similarly, Das Gupta (2004) discusses how New York taxi drivers in the post 9/11 era have experienced an intensification of public surveillance into their lives as a result of racialization. The intensification of paranoia and xenophobia related to heightened surveillance has led to increasing incidences of verbal abuse, politically motivated assaults and threats leveled against immigrant taxi drivers of colour (Das Gupta, 2004). The moral panic surrounding the apparent threat of the racialized “other” to the

virtue of white femininity can thus on some level be connected to these xenophobic fears in an era of heightened surveillance due to irrational fear of the “alien” and unknown immigrant ‘other’.

According to Ericson (1997) “risk society operates within a negative logic that focuses on fear and the social distribution of ‘bads’ more than on progress and the social distribution of ‘goods’”, where, “collective fear and foreboding underpin the value system of an unsafe society, perpetuate insecurity, and feed incessant demands for more knowledge of risk” (p. 6). The relationships between the police, courts, media and the moral reformers who champion the sanctity of white womanhood perpetuates collective fear of the racialized ‘other’ as these institutions communicate and share knowledge of risk, disseminating information on risk (‘what’ and ‘whom’ to fear) to a much wider audience. The collective fears surrounding the growth of the licit and illicit taxi industry as a haven for “non-white” immigrants and the heightened public surveillance surrounding these groups has cast the immigrant taxi worker as a potential threat to the safety and security of the nation as well as to white womanhood. Similarly, the illicit taxi industry and its drivers represent an unknown quantity with regards to its clandestine nature. The lack of any formal information, standardization, regulation, governance and surveillance over this informal economy has thus underpinned the need for new knowledge and governance of risk in relation to illicit taxis. The moral panic surrounding illicit taxis embodied in the website [banditcabdangers.com](http://banditcabdangers.com) is thus an extension of the fears associated with the licensed taxi industry, which is itself related to the much larger racialized fears concerning the perceived threat of the racialized ‘other’. [Banditcabdangers.com](http://banditcabdangers.com) does not, however, provide any evidence of actual occurrences of sexual offences against women. It is also notable, and

perhaps ironic, that a segment of informal taxi workers are indeed women. As suggested earlier, female cabbies are often targets for sexual assault.

The illicit cab participants suggest that female illicit drivers are indeed prevalent within one or more illicit taxi services in the city. Participants have suggested that female drivers within the illicit taxi economy include single mothers, grandmothers, and middle-aged women seeking employment. For these women, the illicit taxi industry provides greater flexibility as these women are provided with a primary or secondary means of income that is flexible enough to allow them to alternate between cabbing and domestic care, or alternate between cabbing and shift work, for those who have jobs in the formal economy.

With regards to the risks faced by these illicit female taxi operators, one particular driver has stated that she had left the illicit taxi industry for another job because she felt that there was not enough protection in her vehicle. Although there is lack of safety mechanisms in the vehicles of illicit taxis, male drivers have expressed a paternalistic sense of duty and vigilance over their female colleagues. One illicit driver states for example that, "you're on your own. On your own. We got women drivers driving at night, so I mean...nothing happens to them...If anything was to happen I'd be the first one there if they needed me, you know" (Illicit Cabbie, November 2012). Although male drivers are quick to provide aid for their female colleagues, female drivers working for illicit taxi companies are left without any formal safety mechanisms. As the female participant states, "I know one girl...and she drove and one night she got knifed. When I told her I was going to Speedy she told me not to do it."

The participant describes only two occasions in her short tenure where she actually felt at risk carrying passengers; however, she also suggests that she refused to work at night citing a lack of protection and the potential to deal with higher risk fares.

This section has described the various occupational hazards as experienced by licit and illicit taxi workers in St. Catharines tourism and private transportation industry. The absorption of risk by illicit cabbies is representative of their subordinated relationship to the formal taxi economy. While there is significant overlap in the fares serviced by both illicit and licit taxi operators, it would appear from the interview data that illicit cabbies are burdened with a larger share of the population who have been disadvantaged or altogether priced out of the services offered by the licensed taxi industry. Furthermore, although both licensed and illicit taxis deal with similar occupational hazards, illicit cabbies, both male and female, lack the formal security mechanisms and risk mitigation technologies found in the vehicles of their licensed counterparts. Illicit labour becomes a productive element for the licensed taxi industry as they absorb high-risk fares from both, the downtown core where the restricted supply of licensed taxis is unable to meet demand, and in certain low-income territories where licensed cabbies have ceded their control. The ceding of fares to illicit usurpers thus represents the selective co-optation of illicit labour by the owners of the licensed taxi industry who may benefit by deflecting insurance risk away from their vehicles.

*Intensification of Exploitation in the Licensed Taxi Industry as a Strategic Mechanism for Risk Transfer*

This section details the relations between licensed drivers and the corporate restructuring of Central and 5-0 Taxi after their consolidation under Coventry Connections. The previous section sought to describe occupational hazards associated with operating a legal or illegal taxi in St. Catharines, this section describes the financial risks associated with operating a licensed taxi. The co-optation of illicit labour for the purposes of risk transfer is directly connected to these significant changes within the organizational structure of St. Catharines dominant taxi

companies. These changes have worked to intensify exploitative relationships between license owners and drivers and have allowed taxi industry owners to reap benefit from the existence of the illicit taxi economy and its alternate labour pool. In this section I argue that for co-optation of illicit cabs to occur, the reorganization of licensed taxi organizations by its new ownership structure has shifted tolerance away from licit drivers. This shift in tolerance is primarily aimed at intensifying the exploitative relations between license owners and drivers. This shift in tolerance becomes evident through the introduction of leasing arrangements and GPS systems which work to deflect loss onto cabbies. As a strategy for loss prevention, financial loss is transferred from license owners to taxi labour. Through these changes, St. Catharines' largest licensed taxi firm has intensified exploitative relations between capital and labour as it strategically manages the contradiction of illicit taxis.

In detailing this shift in tolerance, it is first important to describe how these significant changes have impacted licensed drivers in the face of illicit usurpation. The 2010 corporate consolidation of Central Taxi and 5-0 Taxi under Coventry Connections has seen the introduction of leasing arrangements for drivers operating under the banner of Central Taxi: the introduction of global positioning systems (GPS) installed in the vehicles of both companies, and, a drop in the commission split for 5-0 Taxi drivers, such that drivers who were previously earning thirty-five percent now earn thirty three percent. As suggested by licensed drivers, these changes have been implemented to reshape the exploitative relationships between capital and labour whereby drivers have become positioned as the frontline that absorb the financial shock from illicit usurpation. Under leasing arrangements, drivers pay \$3200 dollars per month to rent the taxi license and vehicle while also being responsible for gas and maintenance fees. Once the lease has been paid for, the driver becomes the new owner of the vehicle; however as drivers



have suggested, the mileage on the vehicle is so high at that point that it no longer becomes a logical option to continue driving the vehicle. As such, drivers will often enter into a new leasing arrangement.

For current lease drivers of Central Taxi, the “old cab way” entailed a commission based system where drivers paid out sixty five percent of the income made during shift while keeping thirty five percent for themselves along with any gratuities. According to licensed drivers, the leasing system provides a cabbie with less autonomy in comparison to the “old cab way”, where drivers could essentially come and go as they pleased. In the lease arrangements, drivers become independent operators, their “own bosses” so to speak, as they work towards paying for the ownership of their vehicles. These semi-independent operators have also become less reliant on the dispatch system to receive their fares. Under the lease arrangement, drivers have built steady client bases that they typically service, only relying on dispatched calls during hours where their business is slower. Furthermore, while being bound to the leasing arrangements, drivers have been the first to feel the financial loss associated with the decline in business due to illicit taxi usurpation. Regarding the leasing arrangement, a licit cabbie states,

I thought it would be [more lucrative in comparison to the ‘old cab way’] but like I said with the school runs and everything changing, uh, and business going down it’s not working out to what I thought it was. I’m working a lot more than when I did it the commission way. Know what I mean? But um, [sighs] it’s basically about the same right now, but I’m working more. Know what I mean?... It’s like, if you have a slow night the leasing way you’re screwed! You work for nothing, in fact you probably owe money! (Licit Cabbie, November 2012).

Licit drivers attribute a drop in business (especially in relation to student passengers) to illicit competitors and have consequently been forced to work longer hours in order to cover their monthly leases. Licit drivers suggest that under leasing arrangements the notable decline in business necessitates that they work longer hours. For example, one driver states that with, “the

way business is now, you're working a twelve hour shift for forty or fifty bucks, that's way less than minimum wage. The way things are going, it's bad." The leasing system has positioned licensed drivers on the frontlines against illicit taxi usurpation where they must absorb the brunt of the loss while still being subject to feudalistic leasing arrangements.

According to drivers, the leasing system was primarily introduced by the new ownership regime as a reaction to unregulated pickups, or, what licensed drivers refer to as "knockdowns". As a participant explains, "a knockdown is when you do a call and you don't report it to the office. So the office doesn't get their cut. You put it in your pocket. So hence, why the cab companies are doing leasing now." Under the "old cab way", before the corporate consolidation of Central and 5-0 Taxi, the knockdown served as a strategy used by taxi labour to retaliate against the exploitative 60-30 commission split. Taxi drivers who "knockdown" are subject to fines under the municipal By-law 300-2010. Section 33 specifically compels a driver to maintain a "trip record" of all fares charged along with the time and location of all pickups and drop-offs (Regional Municipality of Niagara Bylaw 300-2010 p.22).

Although illegal, the knockdown represented a customary and accepted practice often learned during drivers' training and tolerated to a certain extent by the previous owners of Central and 5-0 Taxi. The tolerance of unregulated pickups is described in the passage below:

In the old taxi days, like even the owner of 5-0, Mike Maroni who's passed away now, he's always got a saying, you know, "knock down your cigarette money and your gas money." He knew, you know what I mean, but he also knew he wouldn't have drivers. That little extra money helps!.. You couldn't probably live without them, you can't well live off of the thirty five percent they were giving you, less ten percent commission. You have to do them otherwise you wouldn't be able to sustain a life... It's accepted, even when a driver is trained, cabs are trained to knockdown! You have to in order to make money in this business. Or, you're working for three bucks an hour (Licit Cabbie, November 2012).

As taxi labour in St. Catharines is unorganized in the sense that cabbies are unrepresented by a

union, the tolerance afforded to drivers by the previous owners of Central and 5-0 Taxi served as an unofficial arrangement between labour and capital. Under the previous ownership structure, the unregulated pickup, or knockdown, permitted taxi labour to skim off the top a portion of income that would make his or her earnings more equitable. With the merging of Central and 5-0 Taxi and the subsequent introduction of leasing arrangements, the knockdown has since been rendered obsolete.

As drivers under lease arrangements work as independent operators, they are not required to take dispatch calls or report their fares. Once a driver can pay off her or his monthly lease expense, the rest becomes profit. While there are no longer repercussions for lease drivers who perform unregulated pickups, the lease arrangements have served the new ownership regime to offset financial loss onto these drivers in the face of illicit taxi usurpation. These lease bound taxi operators become the frontline shock absorbers for license owners against illicit taxi usurpation. The lease arrangements thus deflect financial loss away from owners and onto drivers, who as independent operators, are directly impacted by the undercutting of their business by illicit taxis. The co-optation of illicit labour by the formal taxi economy thus corresponds to a shift in tolerance through rendering the knockdown obsolete. In tolerating illicit taxis to the extent that they can become productive as units for risk transfer, licensed taxi labour has been subsequently stripped of the tolerance they were afforded under the previous ownership structure. Where taxi labour would in the past skim from the top a portion of income due their owners, the restructuring of the taxi industry has now allowed for illicit taxis to appropriate the profits of taxi labour. New methods and strategies of ownership over the taxi industry have sought to cut losses wherever possible in the quest for greater margins of profitability. Taxi labour is thus subject to the feudalistic leasing arrangements where they now compete directly against their illicit

competitors. In this manner, loss to taxi industry owners is minimized and absorbed by cabbies bound by leasing arrangements.

Furthermore, drivers working for 5-0 Taxi have experienced a similar intensification of exploitative relations. Although 5-0 has not yet implemented leasing arrangements, drivers have been subjected to constant monitoring through the introduction of GPS navigation systems. Gramp et al's (2009) research on the impact of GPS technologies on taxi work describes the sense of worker alienation experienced by the constant monitoring of which the GPS provides to dispatchers and taxi brokers. Similarly, licit taxi participants have emphasized their concerns over the financial implications of GPS monitoring due to constant monitoring and control by dispatchers. For example, the GPS has become something of a technological panopticon, preventing drivers working under the commission based system from performing unregulated pickups. According to one driver, the GPS directly impacts the ability to knockdown as,

they are able to locate you all the time. So, if you are driving all over the city, uh, they're going to realize that, okay he was obviously at Zehrs sitting here, he's obviously got somebody in his car, why would he be pulling into somebody's drive way on Glenridge? So they know that you've got somebody in the car (Licit Cabbie, November 2012).

Along with the leasing arrangement, the GPS represents an alternate mechanism in the corporate restructuring of taxi work purposed to target an overall intensification of exploitative relations between labour and capital. In the wake of illicit taxi usurpation, these strategies represent the reaction of multiple license and industry owners to restore profitability. For drivers working under the commission based system at 5-0 Taxi, Jim states,

It's going to be very, very tough to make a living right now...especially with the illegal cabs. Maybe without the illegal cabs you could make a decent living because then you could be busy somewhat all of the time. But, when you sit for more than an hour and uh don't get anything its very [pause] and you're only making thirty three percent now and the majority of the calls are ten dollars or under so that's only three dollars and thirty cents, so lets say you get two of those calls in three hours-- you get six sixty in those three hours. I

don't know too many people who work for only two dollars an hour. (Licit Cabbie, November 2012)

As the risk of financial loss is deflected from multiple license owners who may continue to exploit rentier opportunities, taxi labour's tenuous position under the restructured industry has seen them become primary targets of illicit usurpation.

Furthermore, drivers suggest in conjunction with increased competition from illicit taxis, leasing has increased taxi worker fragmentation. By renting the license, the rentier pits lessees against one other and, moreover, against the illicit competitors that are co-opted as a cheap labour source to deflect insurance risk. This fragmentation is also particularly prevalent across racial lines.

My interviews with licensed cabbies reveal that a number of racial tensions exist among white cabbies towards immigrant drivers suggesting a degree of intra-class interracial antagonism. According to licensed cab participants, some "non-white" immigrant drivers have refused to honor student rates or have been unwilling to negotiate flat rate fare prices with passengers on fixed incomes. White licensed cabbies have even suggested that immigrant drivers "hurt [their] company." One licit driver states that, "they [customers] don't think that this guy [implying immigrant drivers] is a jerk because they charge them twenty dollars to go from Thorold to downtown. They [instead] think that Central is bad, so they won't even call Central anymore." (Licit Cabbie, November 2012). In order to curb unwanted practices among their colleagues, veteran taxi drivers in St. Catharines observe a set of informal rules—a "cabbie code" of sorts—where those who don't adhere are in some cases ostracized. It would appear that this "cabbie code" is meant to serve as a means of informal social control, especially with regards to newly arrived immigrant cabbies. One licit cabbie in particular suggests that, among

'old school drivers' as we like to call them, there's the common courtesy among drivers, um, to not take someone else's fare that is—you know—justly theirs. Informal rules where you show up at a location and another guy shows up behind me, the one that's been waiting longest, you send the fare to him, things like that... though with newer drivers that aren't from here, they kind of don't agree with them, most of them, until they're very well explained to them. In terms that they will understand, and generally, I find that you have to explain it in their perspective, what's relative to them (Licit Cabbie, November 2012).

Here the cabbie's sentiments implies that cultural values are behind immigrant cabbies' unwillingness or inability to understand and conform to informal rules set by the cabbie hierarchy. The participant's statement appears to imply that white veteran cabbies engage in a patronizing explanation of the "cabbie code" to immigrant cabbies "in terms that they will understand." I argue that the enforcement of this white "cabbie code" acts as an informal barrier erected by veteran white cabbies over immigrant cabbies. These rules in many cases have the potential to regulate particular behaviours that are attached to clear material gains and which have the potential to upset a sense of order and established hierarchy among the veteran cabbies. In the passage below, for example, a licit driver describes the importance of adhering to the "cabbie code", where "them" specifically refers to newly arrived immigrant cabbies:

So when you tell them, that by you doing this—by sending the fare up to Bob, who may not be with *your* company, may not be *your* friend, he might be taking money out of *your* pocket but, one day, he may be driving by you when someone is beating on you and he wont stop because *you're* the guy that always takes the fare. And now he's like, why should I help this guy? He's taking food from my family to his and now he's being robbed. Will I help him or not? ...But the majority of people will look to the unwritten rule and once they know them and drive cab for a while they'll realize that yes, fair is better. (Licit Cabbie, November 2012)

The white "cabbie code" referred to by the licit cabbie in the above comment seeks to restrict particular actions that might upset what some veteran cabbies perceive as the natural order among licit drivers. These informal rules are in many cases directly attached to economic gains such as the cardinal rule to never steal the fare of a cabbie who is first to arrive on the scene. The

cabbie code can be viewed as a construct of the veteran white cabbie contingent—who also define and enforce the rules by threatening to withdraw mutual aid should any cabbie disobey. Here is another example of the “wage of whiteness” coming into effect as these informal rules serve as exclusionary mechanisms where “traditional” forms of property are not possessed. Veteran white cabbies engage in a type of informal social control through imposing a strict set of moral regulations intended to “educate” immigrant cabbies about a pre-existing cabbie culture which emphasizes the notion that “fair is better”. Nonconformity to the informal rules of a white “cabbie code” by “non-white” immigrant drivers might then itself be viewed as a form of usurpation given such statements. Regarding immigrant cabbies who defy such rules, one licit cabbie states that, “I don’t know what it is about their culture, but, they cheat people”, specifically referring to immigrant licit cabbies who do not honour student rates.

While racist attitudes are obviously not caused by an illicit taxi presence, it can be argued that racial tension and segmentation has been exacerbated due to the financial pressures associated illicit taxi sub-integration. While my sample can only tell one side of the story, some attitudes held by these participants suggest a projection of blame onto immigrant cabbies. Fragmentation across racial lines thus resembles the process of scapegoating especially where deteriorating economic circumstances have the potential to negatively influence individuals’ stereotypes of out-group targets (Poppe, 2001).

In terms of intergroup conflict, scapegoat theory has been used to explain the correlation between the targeting of out-groups for increased racial prejudice and periods of economic hardship (Poppe, 2001). The restructuring of taxi work has served as a strategic maneuver on the part of the rentier to pit cabbies against one another as well as against unfair illicit competition. Evident from comments made by licit cab participants (ie. “*they* hurt the company”), immigrant

taxi drivers become scapegoats by participants who project blame away from licensing regulations, taxi industry restructuring and even away from illicit cabbies. It is instead the “non-white” immigrant cabbie that becomes the object of economic frustration. It is in this sense that collective organization among cabbies is hindered and the process of “othering” exacerbated as an indirect result of these strategic machinations.

Such benefits acquired from illicit taxi sub-integration demonstrate an aspect of closure wherein “the excluded in their turn also succeed in closing off access to remaining rewards and opportunities [for a new group of ineligible], so multiplying the number of substrata” and is achieved by the intra class interracial dynamic of closure/usurpation amongst the rank and file licensed taxi workers (Parkin, 1979, p. 144). It should be again noted that this modified application of the closure/usurpation model does not imply an infinite regression nor does it only apply to property in a strict economic sense. Rather, the spiraling dynamic of closure/usurpation pertains to the closure of remaining resources by those veteran white cabbies who have imposed a set of informal rules (closure) on a new group of ineligible (immigrant cabbies). The white “cabbie code”, referred to by licit cabbies in above comments, seeks to restrict particular actions that might upset the established order imposed by veteran cabbies.

Next, it is to the question of contradiction within capitalism and social control as it applies to the sub-integration of illicit cabbie into the formal taxi economy that I turn and conclude this study.



### Chapter Seven: Interview Analysis part 3

#### *The Role of the State in the Devaluation of Taxi Labour*

The final chapter of this thesis deals specifically with the policing of illicit cabs and theoretically with how the repressive arm of the state becomes implicated in the policing of risk and the management of illicit taxi usurpation. The sub-integration of illicit taxis and tolerance of them represents a distinct example of how the contradictions of capital, in the rise of particular “problem populations”, come to be managed through a process of rationalization. Spitzer (1975) argues that with the emergence of state capitalism and the “growing interpenetration of political and economic spheres”, particular contradictions of capitalist societies come to be managed through an emphasis on “general-preventative (integrative), rather than selective-reactive (segregative) controls” (pg. 648). Related to the control of problem populations, Spitzer (1975) states,

instead of waiting for troublemakers to surface and managing them through segregative techniques, the state is likely to focus more and more on generally applied incentives and assimilative controls. This shift is consistent with state capitalism because, on the one hand, it provides mechanisms and policies to nip ‘disruptive influences in the bud’, and, on the other, it paves the way toward a more rational exploitation of human capital. Regarding the latter point, it is clear that effective social engineering depends more on social investment and anticipatory planning than coercive control, and societies may more profitably manage populations by viewing them as human capital than as human waste (pg. 648)

The selective policing and subsequent management of illicit taxis in St. Catharines represents an instance of the rationalizing tendencies inherent in advanced capitalist societies towards the management of particular problem populations for the purposes of extracting value from even illicit human capital. The “general-preventative (integrative)” feature of policing illicit cabbies is one that extracts productivity through integration and co-optation. As a parallel to illicit taxi organizations, Spitzer (1975) provides the example of the management and support of criminal

enterprises. While illicit taxi organizations are not criminal enterprises *per se*, there remains a parallel with regards to their management by, and benefit to, capitalist social relations.

According to Spitzer (1975), “although predatory criminal enterprise is assumed to stand in opposition to the goals of the state and the capitalist class, it performs valuable and unique functions in the service of class rule” (p. 649). Criminal enterprise creates “a parallel opportunity structure” and provides a means of “support for groups who might otherwise become a burden on the state” (Ibid). Furthermore, they function to pacify particular problem populations while also providing goods and services “which ease the hardships and deflect the energies of the underclass. In this role the ‘crime industry’ performs a cooling out function and offers a control resource which otherwise might not exist” (Ibid). The ‘crime industry’ also aids “the state in the maintenance of public order” insofar as criminal enterprises attempt to “reduce uncertainty and risk in its operations” (Ibid).

While previous chapters have described how the informal taxi industry entails both a “parallel opportunity structure” providing “support for groups who might otherwise become a burden on the state”, the illicit taxi industry and the labour operating within it also become a mechanism for order maintenance and risk management. Illicit cabbies have filled a role within the city’s tourism industry as they effectively transport surplus fares out of the entertainment district. By doing so, illicit labour absorbs and deflects insurance risk away from licensed taxis. Research by Gordon (2005a; 2005b; 2006) and O’Grady, Bright, and Cohen (1998) suggests the policing of illicit labour actuates a neoliberal agenda of public order policing. The aforementioned research, Gordon (2005a; 2005b; 2006) in particular, suggests that police target vagrancy and illicit economic activity as a means of herding labour towards the formal economy’s low wage sector where it can contribute to the reserve army of labour and further

depress industry wage standards. While this argument holds true for St. Catharines' illicit taxi industry, a measure of tolerance is also afforded to illicit taxis in order to derive particular utilities and benefit for capitalists and the state.

Although the notion of tolerance first appears counter-intuitive, the theme of tolerance with regards to this particular problem population is one that recurs throughout my interviews with both licensed and unlicensed drivers. The tolerance of illicit taxis to the extent that they can become productive for the formal taxi industry can be conceptualized with reference to Spitzer's Marxian theory of deviance (1975). According to Spitzer (1975),

problem populations are defined in terms of their threat and costs to capitalists relations of production, they are not threatening in every respect. They can be supportive economically (as part of a surplus labour pool or dual labour market)...Under certain conditions capitalist societies derive benefits from maintaining a number of visible and uncontrolled 'troublemakers' in their midst. Such populations are distinguished by the fact that while they remain generally bothersome, the costs that they inflict are most immediately absorbed by other members of the problem population. Policies evolve, not so much to eliminate or actively suppress these groups, but to deflect their threat away from targets which are sacred to the capitalist class. Vicimization is permitted and even encouraged, as long as the victims are members of an expendable class (p. 644-645).

In the context of my research, it is thus taxi labour that represents this "expendable class"; therein absorbing the costs inflicted by illicit usurpation. In affording a measure of tolerance to illicit taxis, police balance the risks of illicit taxi ridership against the risks associated with an overflow of intoxicated patrons concentrated in the public spaces outside of the many bars in the downtown core. In describing how they perceive the tolerance that is provided to them, illicit cabbies suggest that,

they're [police] aware of it and only if it's a danger to the customers, like too many people in the car, or uh, picking up underage people who are under the influence of alcohol or something like that, then you know they're not adults so they shouldn't be out after eleven o'clock. So uh, the police manage to monitor it somewhat like that. But other than that... Its tolerated, like not fully, but a little bit (Illicit Cabbie, November 2012).

As suggested from these passages, tolerance is shown to illicit cabbies provided that they are in compliance with the particular set of regulations that would allow for the orderly and relatively safe passage of patrons out from the downtown area; in essence, tolerated to the extent that illicit taxis become an alternative means of transportation consistent with the order maintenance agenda. While counter-intuitive as far as the social control function of the state is concerned, the need for public order maintenance is one that perhaps weighs heavier than regulating the illicit taxi industry for the purpose of capitalist surplus accumulation. In this manner, police tolerance is thus based on an inherently rational decision, a rational calculus of risk, and moreover, a cost-benefit analysis associated with public order maintenance. With the high concentration of intoxicated youth in the downtown core the potential for occurrences of vandalism to public and private property, drunken disturbances, fights, accidents, drunk driving and a range of other threats to local business interests, public and private property and to the general sense of order all weigh in against the policing of illicit taxis.

Furthermore, the bureaucratic organization of police services is one that assigns powers and duties based on jurisdiction. The directives and particular focus of police assigned to the downtown core are to primarily administer order and provide security. As such, police assigned to the downtown core are not primarily directed to regulate licensing infractions, although they may still mete out citations if they witness or suspect an illicit taxi pickup. While an earlier parallel was made to criminal enterprise in describing how the state actively maintains a number of visible troublemakers in its sights, illicit taxi services diverge from this parallel. Legally, illicit taxis contravene municipal by-law regulations and are primarily regulated by the municipal licensing branches of the regional police services. As such, their by-law infractions are not legally defined as criminal.

Municipal licensing officers are primarily responsible for enforcing By-Law 300, the policing of illicit taxi services is primarily undertaken through compliance-based law enforcement. According to Ericson (1997), compliance-based law enforcement is “a series of instructions to administrators, rather than a series of commands to citizens” where this type of enforcement is

markedly different from the model of deterrent law enforcement under criminal law, for it addresses undesirable organizational activity... The supply of undesirable activity is endless and is tolerated to a considerable degree. Tolerance is in part a result of moral uncertainty about the harms caused, balanced against the need for organizations to operate efficiently (p. 49).

By-Law 300-2010 attempts to regulate the licensed taxi industry it simultaneously attempts to regulate all those who do not comply, whether registered as a taxi license owner, driver-operator, or operating in an unregulated fashion. It has been suggested by licensed drivers that illicit taxis operate in a “grey” space with regards to policing. In this manner, licit drivers suggest that the bylaw enforcement and licensing branch is not equipped with the resources to adequately police illicit taxis, while other branches of the Niagara Regional Police and the Ontario Provincial Police have let illicit cabbies slip by in certain situations.

Furthermore, should police witness an exchange of money between driver and passenger they may levy a number of charges under the Highway Traffic Act and municipal Bylaw 300-2010. These charges often result in a driver receiving a \$300 dollar fine for her or his first offence although drivers can potentially reduce the fine should they fight it in court. Despite the range of charges available to police, licensed taxi interviewees adamantly state that the policing of illicit taxis has been altogether neglected, as one licit cabbie states,

You know, if they are not asked to police it, they are not going to police it. They don't see a problem with what's happening in front of their eyes... Basically they want the people gone from their area... the downtown area, they want them gone so they get into an illegal cab and they look the other way to get them out of their hair. They just want those people home. There's 200 people standing out there and the police just want them out of there. They don't care that they're getting into an illegal cab. It's not their big concern. Their main concern is getting them out of there (Licit Cabbie, November 2012).

While the balance of risks associated with illicit taxi ridership and public order maintenance provides some explanation as to why illicit taxis are tolerated in the downtown core on busy nights, drivers express concern that illicit usurpation continues to fall on deaf ears despite their concerted plea to the municipal licensing commission.

In attempting to retaliate against their illicit usurpers, licensed drivers have compiled information sheets on a number of individuals who they have witnessed picking up multiple fares from a particular area on more than one occasion. They have compared information sheets collectively and composed lists detailing the drivers' license plate, vehicle description, and the location where they were frequently seen picking up passengers. Drivers have presented these information sheets to their company owners, police and the municipal licensing commission. The concerted action of licensed drivers in attempting to gain support for their concerns has been altogether neglected by taxi industry owners and by-law enforcers. As one licit driver suggests,

We've tried a number of things but basically it has to be at the top, you have to have the help from the top and we don't get it from the cab companies. Traditionally we haven't gotten help from our companies, or the police, or the taxi commission so what we do—short of doing things illegal ourselves--isn't going to stop them [pause] isn't going to help. It gets to the point where we have to resort to violence to stop them, we are not going to do that or we are going to jeopardize ourselves. Anything less than that isn't going to stop them. So, any incentives or any initiatives we've started haven't gotten anywhere because we haven't had the support to get them going... we'll write those numbers and give them to the police commission have those cars watched, but...nothing ever comes of it, they say, "no, we don't care", or, "its not a big concern" (Licit Cabbie, November 2012).

The sense of futility apparent from the above passage demonstrates the extent to which the police

tolerance of illicit taxis directly impacts licensed drivers. Some licensed drivers have gone as far as using their vehicles to block illicit taxis into parking spaces to prevent them from picking up a passenger. Stopping short of violence, licit cabbies turn towards informal strategies such as blocking as a last resort against illicit usurpation. The lack of police enforcement demonstrates the extent to which police become implicated in the process of taxi labour devaluation through both willful ignorance and inaction.

Without union representation, licit taxi labour's concerns are ignored and altogether dismissed by taxi industry owners and the state agencies responsible for policing the issue. Tolerance of illicit taxi services demonstrates the failure of taxi brokers and regulators to address the concerns brought to them by licensed drivers. Like the foreign credentialed and racialized taxi workers in larger Canadian cities, St. Catharines cabbies have been directly subordinated to the interests of rentiers and for the purposes of public order maintenance. The white and "non-white" drivers operating in St. Catharines taxi industry have been reconstituted into frontline financial shock absorbers against illicit competition—facilitated and made all the more apparent by the State's tolerance of these illicit services.

The ease at which illicit firms are initially able to enter the market, operate with relative impunity and indeed prosper demonstrates a gross inequity when compared with the situation facing fledgling licit taxi firms such as Brock Q Taxi. Mr. Sadar Sayed the owner of Brock Q Taxi has been vocal in his lament of illicit taxis while also having criticized the licensing quota imposed by municipal regulations (Bajer, 2011). Small-scale taxi owners such as Mr. Sayed have been structurally denied the opportunity to expand their business ventures and so continue on an infinite ladder up social mobility. The illicit firm owner on the other hand, the figure who rounds out the *dramatis personae* of this narrative, bypasses this ladder completely. The illicit firm

owner has instead accessed a trap door allowing him to compete on a similar plane with the taxi monopolist. Though they do not own the means of property required to formally participate in the market, these firms are tolerated due in part to their propensity to recruit, organize and systematically feed non-wage labour into the structural relations of production; albeit, in a paradoxically unconventional manner. On some level the tolerance of illicit taxi firms can also be said to validate “whiteness-as-property” where these illicit firm owners do not own property as it is manifested in the taxi medallion. Given the earlier narrative of the “rich Arab” espoused by one of the illicit taxi participants<sup>10</sup>, a similar view can also be attributed to the illicit firm owner who operates under a similar mandate in attempting to break up monopolistic control over the taxi industry “by some rich Arab”. For example, a representative on behalf of the Speedy Cab company has argued that, “[Speedy] is being centered out as a bad guy when we are just trying to help people out, seniors and students” (Downs, 2011), and that “there are other companies doing it [illicit cabbng] now and will continue because there is a need for it” (Ibid). Although Speedy has been shutdown, tolerance of newer companies that have supplanted Speedy validates the claim of Speedy’s representative that illicit cabbng will inevitably continue as long as there is “a need for it” (Ibid). Tolerance of these illicit firms and their owners is thus the symbolic instantiation of the state selectively or temporarily conferring the rights of property to those who do not own property in its legitimized form<sup>11</sup>. By providing illicit taxi firms with a “free pass” so

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<sup>10</sup> See page 117 of this thesis.

<sup>11</sup> Although it could be argued that the shutdown of Speedy contradicts this point, the shutdown of Speedy can be viewed as an instance of the state weighing in on a segment of the illicit economy that has grown too large and represents a direct and unmanageable threat to capitalist relations of production. In a sense, Speedy had become elevated to the status of what Spitzer (1975) defines as “social dynamite”. According to Spitzer (1975), this term refers to individuals or groups who have the “potential to call into question established relationships, especially relations of production and domination. Generally social dynamite tends to be more youthful, alienated and politically volatile than social junk” (p. 120). Although Speedy was tolerated to some extent and was operating for



to speak, the state facilitates illicit sub-integration as a means of intensifying productivity relative to capitalist surplus accumulation while also serving as a much broader strategy reproduce exclusion.

From a broader perspective, such exclusionary strategies contribute to the maintenance of closure writ large, reproducing labour market segmentation as part of the neoliberal agenda against labour. Such strategies ultimately aim to reproduce existing structural relations where workers in the primary segment continue capturing “the ‘good jobs’ with stability, high wages and benefits, while workers in the secondary segment obtain either the ‘bad jobs’ with little job security, low wages and few benefits, or, where they are unemployed” (Foster, 2009, p. 149). As Foster argues,

Karl Marx famously referred to the workers in such employment relationships as a “reserve army” of labour. The workers in the secondary segment of the labour market absorb the shock of fluctuations in the general demand for labour. In other words, the availability of a pool of ‘flexible’ and ‘dispensable’ workers, who can easily be hired and fired, permits the relative stability of the primary segment, in which workers will keep their jobs when demand of labour temporarily declines (p. 149).

The strategies of exclusionary closure and tolerance have thus worked to maintain the privileges of monopolistic control for dominant taxi providers while serving on a much larger scale to aid in the reconstitution of labour into a “pool of ‘flexible’ and ‘dispensable’ workers” (O’Grady, Bright, and Cohen, 1998; Gordon 2005, Dunk, 2002; Wilhelm, 1982).

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over ten years in Niagara, its owner had publically challenged the state on a number of occasions in attempting to argue for Speedy’s legitimacy.

### Conclusion

Overall this thesis has described work: the lack of access to work; the regulation and restriction of work and the recognition that unregulated work; how, though untaxed and undocumented, illicit work is still productive in all of its capacity. Returning to the research objectives I set out in chapter one, the focus of this thesis has been to explore the illicit taxi industry as an inseparable and subordinated subsection of the formal economy. While illicit cabbings enables workers to cope with temporary workplace displacement, the sub-integration of this industry also benefits capital. Through critical social analysis supplemented by individual interviews I have investigated the socio-political and economic context through which illicit cabbings emerges and have explored how illicit taxi sub-integration, as a contradiction of social closure, impacts both licit and illicit labour given a labour market that is marked by racial competition as an outgrowth of such exclusionary mechanisms. Furthermore, I have approached the state through its dual role of both initiating social closure for capital accumulation and “policing” illicit labour. Through legitimizing the license as property and erecting market barriers to benefit individuals and firms that are privileged by their position within the productive sphere, the state confers power of monopoly, yet paradoxically, also affords tolerance to illicit usurpers to the extent that taxi industry owners may tap into the productive capacity of illicit labour.

In the first chapter I posed six major questions that would drive this research. My first question was concerned with determining the overall extent to which deindustrialization was associated with the growth of illicit cabbings. Secondly, I asked whether drivers lacked the necessary skills to seek full economic integration. Corresponding to these first two questions, Chapter Five analyzed the interview data of illicit cabbies to describe how illicit cabbings

becomes both a means of economic adaptation and form of resistance to neoliberal restructuring. The discourse surrounding resistance should perhaps be taken *cum grano salis*, however, as resistance to “peripheral” sector employment and the formal wage relation is potentially mediated by the aspect of whiteness. The “choice” to participate in illicit taxi work is perhaps open more to white illicit cabbies who, though temporarily displaced, may find it easier to transition between formal and informal employment. Although future research is needed to explore this argument in relation to “non-white”, immigrant and foreign credentialed illicit cabbies, the present research discussed the privileges afforded by whiteness, a fact that lays the foundations for future research.

The discourse surrounding resistance is also problematic given the sub-integration of illicit cabbie and its subordinated position in relation to the licensed taxi industry. As such, my third research question asked how risk was transferred to and experienced by drivers in both the licit and illicit taxi industry. Question four sought to determine the impact of illicit cabbie specifically on licensed taxi drivers. Question five was concerned with outlining how illicit sub-integration benefits monopolistic license owners. In Chapter Six I addressed these three questions through the narratives of illicit and licit taxi drivers. As illicit taxi firms have essentially become the primary competitor to dominant taxi firms in St. Catharines, the absorption of fares by illicit cabbies effectively serves to deflect insurance risk from the licensed taxi industry while also serving to maintain closure by allowing the market to flood with illicit contenders. Corresponding to the risks experienced by illicit labour, the corporate restructuring of dominant taxi firms has worked to transfer loss prevention onto taxi labour. Furthermore, feudalistic leasing arrangements and the introduction of GPS technologies have worked to

increase fragmentation, encouraging interracial intra class competition among taxi workers and serving to re-intensify exploitative relations between labour and capital.

My sixth research question queried the extent to which police were involved in the process of taxi labour devaluation. In Chapter Seven I addressed this question by describing how the policing/tolerance of illicit taxis is implicated in the process of exclusionary closure. By design, the management of this particular “problem” population through tolerance and sub-integration would seem paradoxical. But, as a corollary to the market contradictions created by social closure via the license-as-property, usurpation is tolerated in so far as illicit labour can become productive for capital. The licensing system and taxi regulations in St. Catharines serve as strategic mechanisms for the devaluation of taxi labour as such regulations create a gap in market demand which illicit taxi services have sought to “usurp”. The absorption or co-optation of illicit labour is furthermore a strategic mechanism used by capital to enhance its rent-seeking opportunities, in that it is targeted at blocking formal usurpation attempts by white and “non-white” taxi labour. These exclusionary strategies of social closure and the management of this “problem” population contribute to the larger policies of neoliberalism, labour exploitation and racist exclusion.

In describing experiences of racist exclusion, however, this research is limited as the voices of negatively racialized, immigrant and foreign credentialed licit and illicit cabbies are absent from this analysis. In effect, the exclusion of these voices, while not deliberate, limits analysis of the extent that racist exclusion functions in the structural relationships between licit and illicit taxi economies or how racialized cabbies experience and respond to risk and usurpation. Future research will inquire into claims of a growing proportion of “non-white” and racialized illicit cabbies and describe whether they face altogether similar or different economic realities in

comparison to their white counterparts. What is necessary to ask in future research is whether and how easily immigrant and racialized illicit taxi workers transition between formal and informal employment compared to their white colleagues—and, what race-related barriers exist to limit or deny their participation. Furthermore, it is necessary to determine whether the discourse surrounding resistance by illicit labour to the wage relation differs between white and “non-white” drivers. Where the resistance of white drivers is one centered in and against temporary job displacement and work in the low pay sector, further research is needed to define how “non-white” and immigrant illicit cabbies are blocked from the market both within and outside of the taxi industry.

Future research will also look to determine how immigrant and racialized illicit cabbies deal with racist passengers and the degradation of their work, as well as with occupational hazards. The symbolic and dramaturgical performance of the white working class streetwise illicit cabbie in the face of perceived threats is likely a defense mechanism open primarily to those cabbies who possess little in the way of actual material wealth but are compensated by the wage of their whiteness. As such, further research will describe the extent to which “non-white” and immigrant cabbies experience and face both real and symbolic threats associated with their work.

The reader will note I conclude this thesis with “limitations”. The purpose is not to flag deficits as such, though these certainly exist. Rather, my aim is to signal there are new and vast avenues for research that were not seen at the time and as well are the product of knowledge now transparent as a result of this initial inquiry. What remains now is a more intensive and nuanced account of the political economy of St. Catharines' illicit taxi trade.

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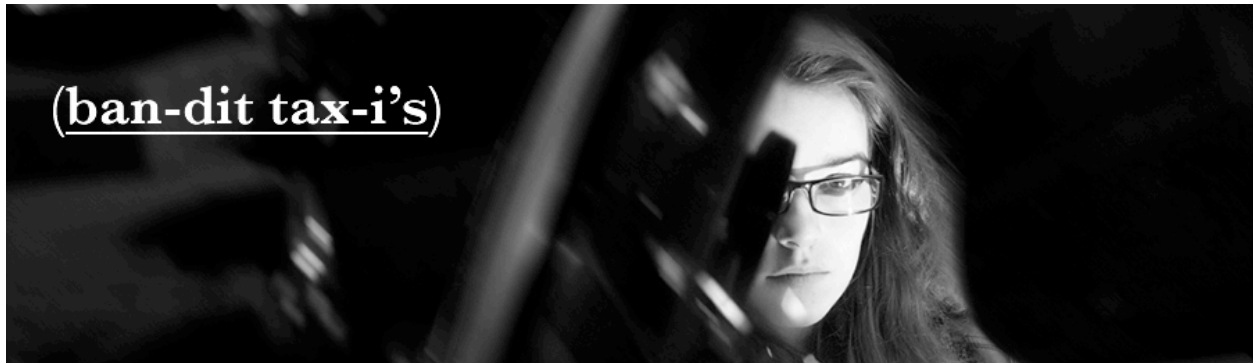
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## Appendix I



**This website was created to educate the general public of the growing illegal taxi industry in Ontario that is putting you, your children, friends and elders at risk.**

**THE TOURISM INDUSTRY, THE EDUCATIONAL INSTITUTIONS, AND  
TRANSPORT REGULATORS ARE ALL CONCERNED FOR YOUR SAFETY**

**WHAT YOU NEED TO KNOW...!!**

Bandit Taxis are companies or single vehicles operating a taxi or limo service without a City license - a legal authorization that protects you.

Without legal authorization to operate, there is no restitution if you are overcharged or receive poor service, nor is there any guarantee of vehicle insurance as drivers are not screened for prior criminal activity. These vehicles are never checked by taxi regulators for their working order.

A regulated taxicab company keeps a clear record of booked trips and knows which driver was assigned to a customer. Many regulated taxi companies even keep track of the trip route. This type of governance is simply not possible with the bandit cabs.....they are dangerous and totally unregulated. Bandit Cabs operate illegally.

How to recognize a licensed taxicab in most municipalities

- Well-lit taxi roof signs located on the top of each car
- Regional licence plate affixed to the rear bumper
- Identification number – inside and outside the cab
- Tariff card listing fees located inside the car
- Photo identification of the driver located inside the car bearing the municipal logo

- Working taxi meter set by the City.

### **THINGS TO KNOW ABOUT ILLEGAL TAXIS...!!**

- The drivers are unknown
- The drivers may be restricted of driving
- The drivers are not properly licensed
- The drivers are not screened
- The vehicles are not inspected
- The vehicles may not be properly insured
- Your trip has no traceable records
- Your safety is at risk

#### **Testimonials:**

I got the phone number of a guy who drove for flat rates from a friend on campus. I called and ended up waiting more than an hour in a place I had never been to before. The driver was sketchy but had no alternative as I was already late getting home.... He ended up charging me an extra \$5 because he said it was further than expected and wouldn't let me out of the car until I paid. I told my parents about it and thought of calling the Police but realized they couldn't do anything.... Lesson learnt! Pamela B. Student

I was the last of three girlfriends to get out of the so called "CAB", when the driver reached over and touched me. I darted out of the car and got the license plate as he sped away. It turned out the plate was registered to another car and was basically untraceable. The worst is that he now knows where I live... Brigit L. Student

Appendix II

## Another St. Catharines cabbie robbed, beaten



By [Grant LaFleche](#), The Standard

Monday, July 16, 2007 12:00:00 EDT AM

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For the third time in recent weeks, a St. Catharines taxi driver has been robbed.

But unlike the two previous incidents, this one involved violence, police said.

"We've got to put a stop to this," said Det. Const. Brian Bleich of the Niagara Regional Police.

About 1:55 a.m. Saturday, a 5-0 taxi was flagged down by a man near Glenridge Avenue and Riverview Boulevard, Bleich said.

A second man got into the back of the cab while the first slipped into the front.

The man in the back showed the driver a knife and the man in front demanded he turn over his money, police said.

The 64-year-old driver did, police said, but was hit in the face with a blunt object.

He was taken to St. Catharines General Hospital where he was treated for facial injuries and released.

Police did not have a description of the cabbie's attackers Sunday and were appealing to the public for help.

Detectives ask anyone with information about the attack to contact investigators at 905-688-4111, ext. 4272, or Crime Stoppers at 1-800-222-TIPS.



