Twitter Thread by oliver beige



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"It’s hard to explain just how much economists love Uber."
Jftr, I don't love Uber in the least, and I'm not only saying this as an economist, but also as someone who knows more about this particular subject than 95% of economists. Unlike Google, Uber was never not evil.

> Uber\u2019s secret weapon is its team of economists https://t.co/4Lvqr1hTC2
>
> — Quartz (@qz) October 14, 2018

"Economists love Uber because it’s the closest you can get to taking the pure economic theory of textbooks and summoning it to life."
The problem with that is 1. Uber's business model is straight up monopoly rents or bust, 2. textbook economics is toxic waste in mobility.

"Uber created a massive open market, governed first and foremost by the forces of supply and demand."
Probably the biggest piece of bunkus. Transportation is first and foremost governed by the things transportation science looks at, a field quite distinct from economics.

Clearly @qz has never heard of it, and I from my experience most economists haven't either. One of the things transportation science deals with is the prevention of bodily harm, not in small part bc cars can become dangerous weapons in the wrong hands.

"Along the way it broke up the taxi monopoly"
There was never a taxi monopoly. Indeed the taxicab industry was dominated by small players. Inefficiencies and the need for regulation in taxicab are largely the result of circumstances "textbook economics" doesn't address.

"and ushered concepts long confined to econ 101 into the popular discourse"
[Narrator voice:] And that was the crux of the problem.

“Uber is, in many ways, the embodiment of what the economists would like the economy to look like” says Stephen Levitt of @freakonomics fame, which pretty much summarizes why you shouldn't trust Levitt, Uber, or economists. And I say that as an economist.

Uber is the embodiment of Oskar Lange's famous claim that a price-setting central planner can more efficiently run an economy than a polypolistic system — a claim that drew an even more famous retort from Friedrich Hayek.

Except Uber has no public interest in mind at all, which was Lange's original intent. Uber is mostly interested in monopolizing the core data streams: matchmaking, reputation, transactions, to maximize its own interest.

Also keep in mind that any calculations of economic benefit provided by Uber ignore that Uber is still subsidized by risk capital. The SV model of subsidize adoption > create lock-in > extract rents in full force.

Fwiw, the point here is not that economics is useless (much of the "business logic layer" of the internet was built by economists), nor that economists shouldn't work for private companies (I do that myself)...

...but that it's disingenuous to claim that "Econ 101" solves the persistent problems in transportation, or to simply ignore the clearly monopolistic (and data-hogging) intent of a company with a track record of opportunistic behavior towards all of its stakeholders.

Oh, and all of the preceding was a comment about the conduct of Uber the company, and not the various business models Uber adopted, most of which have been around long before Uber existed or "Uberonomists" moved into the space.