Why uber is an economist's dream

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1.   Uber

- Uber is privately owned, it's threatning to destroy the car and taxi industry.

- The details of the transactions are captured in a data base, this is useful.

- The demand curve:

  - What is a demand curve?
  - No definitive specific answer.
  - It's an artifitial construct to analyse and organise the world around us.
  - Real world examples.
  - Not faked, we understand what it is but we havent' figured out how to actually see it.
  - Uber allows us to see a demand curve come to life.

- Data:

  - Uber refused for a year to hand it's data to economist's to analyse.
  - This is a instance of a real life demand curve.
  - This data tells people what price is right.
  - Consumer surplus, the benefits derived from a transactions.
  - For so much of what we buy we would be willing to buy it for so much more; example: water.
  - Measurement of the willingness to pay; there is no way to surely measure willingness to pay.
  - Example:
    - universe 1: 1$
    - universe 2: 2$
    - ...
    - Some universe the consumer will not be willing to pay for that apple.
    - Take in to account **marginal theory of value.**
  - Measurement:
    - Search prices: the demand is visualized when the app is opened to tell the price according to the demand of the area and the time.
    - When people open the app and see the prices and don't make the purchase thus visualizing the price searcher's dilema.
    - How often does someone take the trip with diferent prices? now we can visualize this.
    - This helps the price searching at the market with very efective measurement.
    - Two people can be shown diferent prices for the same ride.
    - Uber always rounds the price.
    - At these discontinueties we can predict the perfect search price.
    - Regression descontinuety analysis, these are ways to discretely measure and make the best represention of a demand curve.

2. Price searching

- The price spikes are justified, example: hurricane. This is a break down of market phenomenon, the market should be able to provide to all consumers.

- Arbitrage, like people to go across state lines to sell goods that are on low demand.

- The total Uber consumer surplus added up to 7 billion dollars.

3. Consumer surplus

- How much utility you actually get from something minus what you payed for it.

- Expected big numbers of consumer surplus for Uber.

- UberX, it's 80 % of the rides you use, the over all consumer surplus 7 billion and spent 4 billion, they would be able to pay 11 billion, win for everyone, the consumers got twice the benefit, and Uber kept a fraction profit, the consumers got to keep almost six times the profits. This only un the US alone.

- The consumer surplus influences policy, there is some enfasis that Uber could have monopolic powers.

- Monopolies are very powerful, when they are broken the loss is great, this is what happened with taxies charing the market for Uber.

- The people who are loosing are the people that have taxy medalions; this is natural destructive creation phenomenon of the market.

4. Uber perks

- The median driver drives an average of 10 hours per week. Other costs such as ensurance.

- Problems with jobs as traditionally worked, is that they don't have an option to do in the modern labor market, this gives flexibility to the worker.

5. Self driving cars

- Now implemented in Pitsburg self-driving cars, these services lower even more the transaciton costs.

- Replacing human drivers with self driving cars, is another topic.

6. Have we found the perfect demand curve?

- It's a very close aproximation.

- Usefull for long term aproximation, for better strategy, for better price searching.

- How does price searching effect uber:

  - The elasticity of demand is estimated in a -0.6, this is very unelastic, people are not very reactive to price.

- Is this to create an equilibrioum?, it is easier for uber to have less responsive people so that this inelastic demand.

- We can measure the surplus with pokemon go data.