

Grasping Reality with Both Hands

The weblog
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Husak: Uber’s CEO Says Uber Is a Value-Subtracting Firm—Noted from Equitable Growth

If Uber cannot be profitable if the government requires it to pay its workers enough that they make at least minimum wage, than Uber is not a value-adding firm. It is, rather, a value-destroying firm—like the state-owned enterprises of behind the Iron Curtain. Capital should flow to something that can be profitable when it pays workers minimum wage. Workers should take up better-paying options. If Uber needs a playing field especially tilted towards it to survive, it is a net negative for the economy. That's just Econ 1:

Corey Husak: *'Uber’s CEO... [is] asking for a complete re-shaping of labor law* <https://twitter.com/CoreyHusak/status/1293630881349992449> just to fit their profit scheme.... Their real innovation was finding tricks to pay drivers less than their competitors... [by] making workers contractors instead of employees.... Larry Mishel at EPI found that after deducting expenses, Uber fees, taxes, and the benefits they’d make as employees, Uber drivers take home only \$9.21/hr, of the \$22/hr they generate in fares.... A lack of benefits makes them among the most exposed to the effects of the #coronavirus recession. A normal person looks at this and thinks “Drivers need support. Uber should follow minimum wage laws.”... However, paying workers more would hurt profits, so Uber claims they *couldn’t possibly* provide their drivers the same rights and benefits as most other employers...

.#equitablegrowth #noted #2020-08-14

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