

Don't Buy Uber's \$70 Billion Claim

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The founder of Uber has "resigned". The creature, Uber, will escape its creator, Travis Kalanick.

Uber gave the word "uberization", as the refrigerator became frigidaire by the name of its manufacturer, or as a sturdy shoe became a godillot, named after the imperial army supplier.

But Uber is more than a shoe or a refrigerator. It is a "phenomenon of society".

Wikipedia on this topic:

"Uberization is a recent phenomenon in the field of economics, consisting in the use of services enabling professionals and customers to get in touch, almost instantaneously, through the use of new technologies.

*The pooling of administrative management and heavy infrastructure makes it possible in particular to reduce the cost of this type of service and the weight of formalities for **users***

The technological means allowing "uberization" are the generalization of broadband, mobile internet, smartphones and geolocation.

***The uberisation** is part of the collaborative economy. This concept **opposed** in fact to the one known for generations, and especially since the glorious Thirty, that is to say **The fixed and regulated world of wage labor**"*

Note in this definition the use of the word "users" and not "customers". Very often, a user is a user who has no choice ... The "users" of public transport, for example.

Land tax: too many errors!

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Uber is valued at \$ 70 billion while the company is not listed. Uber is at a loss. What customers pay is not enough to pay for infrastructure and administrative management.

But Uber shareholders believe that they will one day earn money. In the summer of 2014, they contributed \$ 1.2 billion and the company was estimated between \$ 6 billion and \$ 17 billion. New capital increase 15 months later, to raise \$ 1 billion. This time, the estimate of \$ 70 billion is given for Uber who loses money.

What is this estimate based on? Essentially on business growth, turnover: Uber triple size each year. [Editor's note: Colossal capital gains outside stock markets are obviously possible. But it is better to participate in the capital increases of companies that have clients AND make money. This is exactly the type of companies we are looking to select for you. [Discover this exclusive new service and its enormous potential here.](#)

This brings me back to the subject of the day. Uber shareholders may earn money with money ... but Uber does not win and they have no dividends!

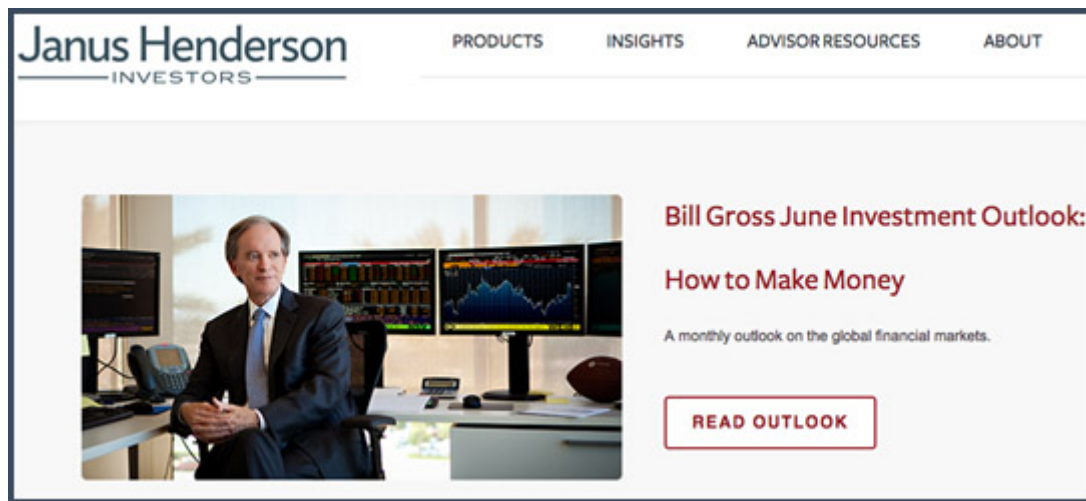
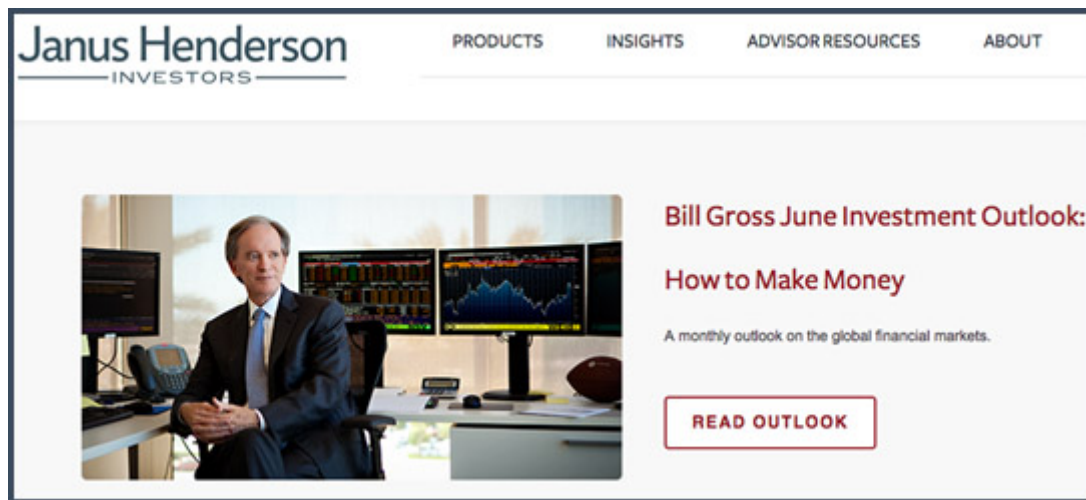
Uber is not, as Bill Bonner would say, a win-win concept. Making money with money does not enrich all the protagonists of the exchange.

How do you make money with money?

Bill Gross, the former manager of the biggest bond fund Pimco, is a character I admire. He is one of the few fund managers who is sufficiently honest to have resigned, considering that the monetary policy of the central banks no longer allowed him to properly perform his job - to find income and provide income for future retirees and retirees Managed the money.

Bill Gross joined a small management fund, Janus Capital. His last monthly score is masterful. If you are comfortable with English, you can get it [right here](#)

This note is entitled "How to Make Money".



It's a three-page document that deserves to be ruminated to be digested but rest assured, no jargon, everything is understandable.

Here are two key points:

"Savers / investors make money with their money (cash, cash) as long as the economy grows and inflation remains at a reasonable level. There is nothing new in this but it helps to understand a fundamental point: how is today's economy so different from the economy of a few decades ago and why there is Risks that did not exist before?"

[...]

Investors have discovered that making money with money is a profitable business and they have switched the support of central banks against the old religion of productivity growth as the basis of their strategy. The financial economy has usurped the real economy."

In other words, valuations completely dipped profits and earnings growth. **And healthy and robust benefits are gained from productivity gains.**

Price tags in financial markets are false because they have earnings and profits. Uber is not worth 70 billion dollars because Uber does not make any money. Uber grew up without making any money. Uber is - for now - a creature of the unreal economy.

The growth of non-productive credit or capital is not the growth of wealth. Otherwise, Uber's drivers would be rich and Uber's customers would pay enough to reward Uber's shareholders for dividends and not for virtual capital gains.