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The Upshot

RIDE-SHARING REGULATION NYT NOW

Uber Improves Life, Economists Agree

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It's like Uber, for economists.

Simply click on the website of the Economic Experts panel hosted by the Initiative on Global Markets at the University of Chicago, and it will immediately summon an easily digested summary of the insights of mainstream economics into continuing political controversies. As with Uber, the results are convenient, reliable and mobile-friendly. All of this is powered by a network not of drivers looking for riders, but of leading economists from an array of schools of thought and political persuasions willing to be surveyed about controversial public policy issues.

The latest survey asked these economic experts about ride-sharing services, like Uber and Lyft. These services are popular with customers, but are despised by their competitors. The incumbent taxi and limousine services have largely eschewed trying to compete with lower prices or better service, instead working behind the scenes to persuade regulators to banish ride sharing. Their arguments dress their naked self-interest in the guise of public policy concerns. But do the economists buy it? Should regulators restrict the prices, the number of drivers or the available routes available to Uber and its brethren?

In a word: No.

When asked whether “letting car services such as Uber or Lyft compete with taxi firms on equal footing regarding genuine safety and insurance requirements, but without restrictions on prices or routes, raises consumer welfare,” the responses varied only in the intensity with which they agreed. Of the 40 economists who responded, 60 percent “strongly agree,” 40 percent “agree,” and none chose “uncertain,” “disagree” and “strongly disagree.” On this issue at least, it’s time to retire the caricature of the two-handed economist.

Oliver Hart of Harvard, who is widely tipped to be a potential future Nobel laureate, laid out the basic argument, stating that “I don’t see any externalities." He added, "According to standard economics, competition enhances welfare, and I believe that would be true here.” Austan Goolsbee, a University of Chicago economist who also previously served as the chairman of President Obama’s Council of Economic Advisers, was more emphatic: “Yes. Yes. A thousand times yes.”

The only real note of caution came from Richard Thaler of the University of Chicago, one of the founding fathers of behavioral economics, who added that “Uber needs to be careful about surge pricing in emergencies,” because “people care about fairness as much as efficiency.”

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