A leading economist who took Uber’s money and delivered favorable results sees his reputation tarnished

A year ago, I described how the controversial and well-financed ride-hauling platform Uber pays economists with data and money to do Uber-related research. This research invariably leads to favourable results, which can be used to fend off criticism and regulation. One such study has now been ripped apart in the *Industrial & Labor Relations Review* (ILR), a top journal in labor-economics.

Two fearless economists, Janine Berg, senior-economist at the International Labor Organisation (ILO), and doctoral candidate Hannah Johnston submitted an extremely critical comment on a paper by Uber’s chief economist Jonathan Hall and Princeton economist Alan Krueger, which portrayed Uber as a good company to work for and its “driver-partners” as very satisfied and earning good money. The comment recently appeared in ILR, the same journal in which the Hall-Krueger paper had appeared. Notably, there is no reply by Krueger.

While I cannot be specific about the history of this comment, for fear of legal complications, I judge it as almost a miracle that it made it into the journal, despite strong adverse winds. The elephant in the room could not be mentioned in that article, though: the strong conflict of interest that arises if an Uber-employee and a prominent economist on an Uber consultancy-contract use confidential Uber-data to research an issue in which Uber has an elementary business interest. This omission is not surprising: at the time of my critical report, the editor in chief of ILR had also declined to talk about this issue, insisting on keeping the discussion to the substantive arguments.

Hall-Krueger 2017 ILR-article.

2015 Working-paper version

Berg and Johnston point to a whole battery of rather blatant biases in th article of Hall and Krueger that led to their convenient (for Uber) results. Part of their data comes from an Uber sponsored survey of active drivers. The return rate in the survey was very low. Berg and Johnston point to evidence that implies that contractors not very satisfied with their conditions declined to take part in the survey for fear of negative consequences of unfavourable answers. There are many more weaknesses of the Hall-Uber-paper that should have prompted referees and editors of any self-respecting journal to reject it , especially in light of the obvious conflict of interest. Given this potential for embarrassment, the decision of ILR to run this crushing 30-page comment deserves praise.

To give you a flavour of the critique: Berg and Johnston also find fail with the calculation of net-earnings of Uber drivers, as certain categories of costs are missing, and with the comparison group of taxi-drivers. Hall and Uber compare with employed taxi-drivers, even though the vast majority of taxi-drivers are independent and the group of employed drivers is polluted by chauffeurs and such. Berg and Johnston critisize „unsubstantiated claims that parrot Uber’s corporate narrative, not grounded in the authors’ research and at odds with a growing body of literature, not cited by the authors, that presents a more critical analysis of the working conditions fo Uber drivers.”

Besides a potentially severe non-response bias in the Uber-survey, they point to questions that are inappropriately framed and misleading. For example, the question that led to a 79%-preference for an independent contractor-relationship gave the following two options:

> “being classified as an employee of Uber, so you could be eligible for a minimum wage, health care and

> other benefits, but you would not have the flexibility to set your own schedule; or being classified as an independent contractor for Uber, so you would have the flexibility to set your own schedule, but you are not eligible for a minimum wage, health care or other benefits.”

This highly problematic wording is not in the paper of Hall and Krueger. It wrongly presupposes that an employee-relationship with Uber could only be a full-time relationship with no flexibility of working hours or a part-time relationship with rigorously set hours. However, employers are perfectly free to contract flexible hours with employees. Labor laws in the US do not even guarantee minimum hours for employees. As a further issue, survey participants are not informed that a minimum wage for an employee would include time spent driving to pick up a passenger and that they would be reimbursed for their expenses, if they had employee status. Berg and Johnston write:

> “The framing of these questions does not meet the academic rigor expected in peer-reviewed research and seems better suited to the purpose of public relations. And indeed, the company has disseminated widely the finding that drivers prefer their current contractual status as independent contractors, likely with a view to influencing policymakers as they grapple with regulation.”

The following is he abstract of Berg und Johnston’s comment:

[Too Good to Be True? A Comment on Hall and Krueger’s Analysis of the Labor Market for Uber’s Driver-Partners]

> In their comment on the article on Uber driver-partners by Jonathan Hall and Alan Krueger, the authors analyze the article’s methodological problems, including sample bias, leading questions, selective reporting of findings, and an overestimation of driver earnings, which do not account for the full range of job-related expenses and is based on outdated data. The authors also argue that Hall and Krueger make unsubstantiated claims that extend beyond the scope of their research and ignore a rapidly growing literature that is critical of the Uber model as well as the broader for-hire vehicle industry in which Uber operates. As policymakers grapple with how to respond to transport network companies, the authors argue that a fuller understanding of the costs and benefits of services such as Uber is critical for making informed policies.

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See also:

[How Uber money dominates and distorts economic research on ride-hailing platforms] 8. December 2017