

Uber's constant overreach



A protest by taxi drivers against Uber in Madrid in October. Most nations have rules to introduce a taxi service, but Uber's standard operating formula is to argue that no laws apply to the company. PHOTO: AGENCE FRANCE-PRESSE

By STEPHAN RICHTER

DON'T get me wrong. Real innovations are important – and increasingly hard to come by. In a never-ending flood of app offerings created in Silicon Valley, Uber seems to be one of the few based on a really good idea.

Unfortunately, the way in which Uber is going about its business expansion globally is reminiscent of the operating style of the George W. Bush administration in Iraq and elsewhere. He was famous for the “invade first, ask questions later” model.

The most breathtaking element of the Uber standard operating formula is to argue, as the company's top executives regularly do, that no laws apply to the company. Why? Because – get this – the sharing economy wasn't invented yet when the relevant laws and regulations for taxis were written.

Uber's basic proposition is to argue that any business has the right to tell the national authorities of the markets it chooses to operate in precisely what it is – and whether or not it should be regulated. Ayn Rand, the godmother of all libertarians in America, must feel like resurrecting herself in excitement.

It also argues that it is a “technology company” and therefore cannot be held accountable for Uber's car fleet since it doesn't own or operate vehicles or employ drivers. In other words: Rake in the money – but not be responsible for anything, other than taking a 30 per cent share of any fare off the top.

Is that the new American Dream? Maybe not, but it definitely is the dream of the many Silicon Valley-based libertarians, from Mr Peter Thiel on downwards.

Equally breathtaking is Uber's standard refrain when courts – from Germany, India, Spain and onwards – issue injunctions against the company. Under those circumstances, Uber very benevolently offers to engage in more dialogue to “help the authorities better understand” what the company is all about. Mind you, it's not that the authorities don't understand – it's that Uber simply cannot fathom that it is not getting its way.

‘What me? I'm just an app’

UBER'S mantra – saying it's an app and therefore it's different – begs disbelief. Most nations have established rules to introduce a taxi service. And that is exactly what Uber offers, no matter how much the company tries to spin itself away from that basic fact of life.

Uber can file applications, and once it meets the standards and tests others have to meet, it can start operating. But whenever companies – as Uber does – argue that they are preternaturally above the law, that unfortunately demonstrates exactly the type of hyper-arrogance which much of the world by now has come to expect from US businesses. Such an attitude, while perhaps pleasing private equity company investors, ultimately helps neither Uber's, nor America's, principal causes.

Make no mistake, Uber must follow nationally established laws and regulations, provided they are not overly onerous or a tool to protect market insiders.

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Good for entrepreneurial ecosystem?

ACCORDING to the apostles of the sharing economy, Uber will also do wonders to promote micro entrepreneurship. The basic hoax behind this claim, as far as the field of car-sharing is concerned, has been exposed in plenty of news stories.

This is true even in the United States itself, where Uber is also running into a barrage of problems in a whole host of cities. There, fleet drivers are still essentially at-will employees whose services can be easily terminated.

Another country resisting the Uber invasion is Germany. The taxi business there also happens to be plenty entrepreneurial. Many operators are family-owned businesses – and hence represent a true blue case of entrepreneurship. Uber's entry into that market will thus not really add to more “entrepreneurship”, as it claims.

Note that none of the arguments presented above is a case against Uber per se. It can – and, in all likelihood, it will – find its place in the marketplace, whether in the US, Germany, India or elsewhere. But it needs to observe global differences, cultural preferences and applicable legal obligations.

In the US, Uber has been a success largely because many cab systems in major cities feature outdated clunkers as cars. Standard cab service in many a city amounts to a Soviet-style approach in terms of product diversity – and service reliability.

For example, in Washington, DC, the capital of the mighty US where I live, cabs literally disappear when it starts raining. Cabbies here also still resent the introduction of metered fares, a rather recent innovation.

Uber has also helped me out of a pinch many times when I had to make sure that dinner guests could get a ride back from my home to their hotel and there were no cabs to be found. I haven't seen that to be a problem in many other countries I am familiar with.

No doubt, in such a country, Uber can be put to good use. Contrast that with the basic situation in Germany or Delhi. Taxi service there basically runs like clockwork. When you need a cab, you call a phone number and reliably expect a cab in front of your door within five to 10 minutes.

Plus, Uber isn't such an innovation. Chinese cities have plenty of black cabs – and India has its Toyota Innova white cars.

One thing is for sure after the recent rape incident in Delhi as well as courts standing in the way of Uber's global victory tour in Germany and elsewhere: Uber's current stance – “My way or the highway” – won't fly.

Yes, we definitely need constant innovation to find a suitable way to a prosperous future. But we also need a better balance between the need to innovate and the need to have everybody play by the same rules.

That's a lesson Uber – and indeed other imperial-ly acting, made-in-the-USA businesses like Google and Facebook – still have to learn.

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