

ED WALLACE

## A Sucker Born Every Minute

BY ED WALLACE  
DECEMBER 18, 2020 12:00 AM



Only have a minute? Listen instead

-09:02

Powered by [Trinity Audio](#)

It may seem like it was only yesterday Uber announced it was partnering with Bell Helicopter and NASA to create flying taxis that would one day become self-flying, but it was actually 2016. Then in April of 2017 we were informed that testing for this futuristic system of transportation would take place in Los Angeles and Dallas Fort Worth. The Perot family, through its Hillwood Properties, and local governments claimed they would hunt for suitable locations around the Metroplex to build the Vertiports for Uber Elevate. Even as late as September of 2019, one headline proclaimed, “The First Test Site for Uber’s Flying Taxis is in Frisco.” It even quoted Frisco’s mayor as saying, “The next leap is going vertical and into the air.” (And yet Igor Sikorsky managed to do that first in 1944.)

A few months earlier the *Dallas Morning News* showed Dallas architects BOKA Powell and Gensler’s stunningly beautiful designs for that Uber Elevate terminal. And all of this needed to happen very quickly by then, because Uber said the first test flights of these flying taxis were going to take place in 2020.

Still at this point we needed to start calling this the Panther Island of the Sky.

Everyone’s initial excitement about this fly-in-the-sky scheme was understandable. After all, Uber was the darling of the business media; its IPO last year floated into the stratosphere. And certainly when you throw names like Bell Helicopter, the Perot family, and NASA into discussions about your proposed business, it sounds like it was legitimized by the best of the best.

Still, for whatever reason, everyone seemed to overlook the fact that the head of this Uber division, Eric Allison, said that Uber Air would be “cheaper than driving a car.” And that statement alone proved everyone was being taken for a ride, because Uber Air was never going to happen.

## TX Politics newsletter

Get government and election news that affects our region, plus a weekly take exclusive to the newsletter.

**SIGN UP**

This site is protected by reCAPTCHA and the Google [Privacy Policy](#) and [Terms of Service](#) apply.

Doubt that? One could have asked their “partner,” Bell Helicopter, what a 20-year-old used Bell 206B III would sell for. As of last weekend, one with 3,000 hours on it was listed for \$795,000. Or one could have asked the crews that did helicopter maintenance at Grand Prairie what maintaining those machines costs per year. Compare those costs to the price of a brand new 2021 BMW 7 Series — just \$86,800, and with free maintenance for three years. The very fact that Uber was claiming a flying taxi would end up “cheaper than driving a car” was the liar’s tell: That was a financial impossibility.

But Uber was also working on self-driving cars. In fact, just last September, the *Dallas Business Journal* said Uber was about to map the Dallas region for its first testing of Uber’s autonomous cars in our market. And, like Uber Elevate’s flying taxis’ being cheaper than driving a car, as far back as 2014 Uber founder Travis Kalanick told the Recode Conference that he saw Uber’s fares as being too high because “passengers were paying for the other dude in the car.” Again, the Who’s Who jumped on board, including Toyota and Softbank. Two years later Kalanick told *USA Today* that Uber’s only chance of survival was getting self-driving cars to happen. According to *Vice* magazine, that same year Uber made a presentation saying that not only would it have driverless cars quickly, but they would be profitable for Uber by 2018. In September of that year, Uber claimed it would have 75,000 self-driving taxis on the road by 2019.

You will notice that, as of December 2020, Uber does not have a self-driving taxi to take you to the testing of its flying taxi in DFW that’s supposed to have already happened.

For the record, we discussed the financial insanity of self-driving taxis vs. Uber’s current business model years ago in this column. Today Uber pays a fraction of what it charges per mile to its drivers, who in turn carry all of the expense of being a taxi owner — gas, insurance, vehicle depreciation, maintenance, tires, cleaning, and so on. But self-driving cars, if they even existed, would require far more capital tied up than an Uber driver has in their 200,000-mile Nissan Altima. As it turns out, MIT studied just that issue last year; and it showed that, even if a self-driving taxi was being used 100 percent of the time by paying passengers, it was still fiscally uncompetitive with a vehicle and a driver. More to the point, MIT showed that costs per mile in San Francisco for a self-driving car would be anywhere between \$1.58 and \$6.01. As *Vice* points out, the Bureau of Transportation pegs the ownership of a private car at just 59 cents per mile. Again, we have done that calculation in this column, also.

But none of this matters, because it’s all over. The Great Transportation Pipe Dream for the World is finished, at least with Uber. Because Uber has sold off Uber Elevate to Joby Aviation and its self-driving division to Aurora; Uber had to pay Aurora \$400 million to make it happen, but that gave Uber 26 percent equity in that company. Now, Uber employs lots of accountants and truly smart people who apparently couldn’t do basic math and left that to MIT, the *Financial Times* and certainly this column, all of which explained why flying drones, autonomous or not, or even affordable flights, by this company were not a possibility. The same is true for Uber’s creating and owning hundreds of thousands of self-driving taxis. But you know what those claims did accomplish? They hyped the company; and even today, in spite of heading for another multi-billion-dollar loss and admitting these two ventures were not financially feasible, the company still has a \$93 billion market cap.

## \$2 for 2 months

Subscribe for unlimited access to our website, app, eEdition and more

**CLAIM OFFER**

But the low point came over the past week. Uber asked the federal government to declare its drivers essential workers to receive the Covid-19 vaccine early. According to *Driving magazine*, Uber then sent letters to every governor making the same request for early access, as if Uber drivers were equal to American healthcare workers or those living in long-term nursing homes.

At that point it became obvious that this company is out of touch with reality. Right now Uber's taxi business is not all that, certainly due to the pandemic. But Uber Eats' business is growing — although, like everything else this company does, it is highly unprofitable. (DoorDash, in business since 2013, never made a profit, lost \$600 million in 2019, and floated stock to the public recently; at the high that day its market cap was over \$70 billion ... or worth more than GM.) So how does Uber come to believe the kid driving eight hours on the weekend for extra cash, delivering Frostys and Whoppers at ten o'clock at night, is as critical to America as a registered nurse working an ICU ward? Or is that kid handling your takeout as important as a loved one in a nursing home who's truly vulnerable to Covid 19? How about our policemen who keep us safe, or firemen?

In fact, a young firefighter on their first day on the job deserves that vaccine more than any Uber driver. If you doubt that, if your home catches on fire call the Fire Department and an Uber driver at the same time and see who saves your property. Those who work in food processing plants are more important, as are those in grocery stores or pharmacies. In fact that list, of workers all of us depend on simply to live, is extensive. And Uber's part-time drivers don't even come close to earning a place on it.

I even pointed out, if they got the vaccine and their driver was safe, that doesn't mean they might not pick up an infected person, whose virus stays in their car infecting everyone else catching a ride the rest of the day. And it's a sure bet they won't be sanitizing their cars between riders — and Uber hasn't volunteered to pay for that, either.

When Uber said it would make flying taxis cost less than driving a car, that should have been everyone's warning that this was a pipe dream and not reality. When it claimed it would have 75,000 self-driving taxis on the road by 2019, when everyone else in the industry said those cars are a decade or decades out, that too should have been a major warning to everyone. When Uber said those self-driving taxis would be so cheap that they would obviate private car ownership, again 4th-grade math confirmed that would never happen, either. And people inside of Uber should have known that, too.

But one has to draw a line somewhere, and asking every governor in America to treat Uber drivers as among the most essential workers crossed that line for me. The arrogance of that was colossally offensive. And now Uber is down to the business it started with. An Internet taxi company that has never made money but had a spare \$100 million or so to make sure it could keep its drivers classified as contract labor in California — and promises to spend more to make that a reality nationwide. But, as founder Travis Kalanick said years ago, that business model was not sustainable for the future.

*Ed Wallace is a recipient of the Gerald R. Loeb Award for business journalism, bestowed by the Anderson School of Business at UCLA, and hosts the top-rated talk show, Wheels, 8:00 to 1:00 Saturdays on 570 KLIF AM. Email: [edwallace570@gmail.com](mailto:edwallace570@gmail.com)*

 [COMMENTS](#) ▼

**Comments have been disabled for this story.**

ED WALLACE

READ NEXT

## Driving Off into the Sunset

BY ED WALLACE  
FEBRUARY 12, 2021 12:00 AM



It never occurred to me that one day I might be at a loss for words, but here we are. This will be my last column for the Fort Worth *Star-Telegram* after nearly 20 years, almost 1,000 columns and of those only six were rejected.

### Local Spotlight

- CEMENT WORK DN

CEMENT WORK DNV Concrete driveways sidewalks & patios also roofing & tree service free est we acceptCC 817-323-8432

- PLUMBING All ty

PLUMBING All typesl repair, bthrm remodels, gas leaks, water heaters 817-715-6747 m-38813