

INVESTIGATIVE REPORT

THE DARK SIDE OF ALGORITHMS: UBER RIDESHARE

An Investigative Report on Algorithmic Exploitation of Drivers and Passengers

Report date: March 2026 • Investigation period: 2024–2025 • Public interest investigation

PUBLIC INTEREST INVESTIGATION
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EXECUTIVE SUMMARY

As someone who has spent years exposing how algorithms manipulate human behavior—from my 48-hour deep-dive into TikTok's dark underbelly to investigations into Meta, X, YouTube, Snapchat, and DoorDash—I can tell you that Uber represents perhaps the most sophisticated example of "algorithmic capitalism" I've encountered. This isn't just about a ride-hailing app. This is about a company that has weaponized behavioral data to create a perfectly opaque marketplace where neither driver nor passenger understands the true cost of the transaction. What I've found is disturbing: Uber has deployed what researchers call "algorithmic price discrimination" and "algorithmic gamblification"—systems that simultaneously exploit drivers' economic desperation and passengers' trust, while extracting record profits for shareholders. The company has perfected the art of being the invisible middleman that takes an ever-growing cut while claiming to simply "connect" riders and drivers. This report examines how Uber's algorithms function as tools of workplace control for drivers and psychological manipulation for passengers, creating a two-sided market where both parties are optimized for extraction.

PART I: THE DRIVER ALGORITHM — LABOR EXPLOITATION BY DESIGN

- 1. The "Upfront Pricing" Deception: How Uber Decoupled Transparency from Fairness

In 2022, Uber rolled out "upfront pricing" in the United States, claiming it would provide "clarity" and "transparency" for both drivers and passengers. What actually happened, according to research from Columbia Business School and the University of Oxford, was the largest known implementation of algorithmic price discrimination in the gig economy.

The Numbers Tell the Story: Uber's take rate (the percentage of each fare kept by the company) jumped from 32% in 2022 to over 42% by end of 2024 [^0^] In the UK, Uber's median take rate increased from 25% to 29%, with some trips seeing Uber take over 50% of the fare [^1^] Driver gross earnings decreased 17% between 2022 and 2023 while total trips increased 24% [^2^] Global driver income loss estimated at \$8.7 billion annually due to algorithmic pay changes [^3^] The Columbia study, analyzing 24,532 trips from a single "power driver" between 2018 and February 2025, revealed that Uber's algorithm now determines what a passenger is willing to pay and what a driver is desperate enough to accept—decoupling the two entirely. As researcher Len Sherman noted: "Uber says 'we know more about driver and rider behaviour, so we can figure out who is willing to pay more [as a passenger] or accept less [as a driver].' I'm in awe of what they have been able to accomplish." [^4^]

What This Means in Human Terms: I spoke with drivers who described the "bait-and-switch" of upfront pricing. A driver in New York explained: "They'll tell you that they paid Uber 60, and you're lucky if you get 20." [^5^] The algorithm has effectively created a black box economy where drivers no longer understand the relationship between their labor and their pay.

- 2. Algorithmic Deactivation: The "God View" of Employment Termination

Perhaps the most chilling aspect of Uber's driver management is its automated deactivation system—what I call "algorithmic firing." A comprehensive 2025 survey of 727 deactivated drivers by the Asian American Legal Defense and Education Fund (AALDEF) and PowerSwitch Action revealed: 96% of

drivers reported their deactivation was unfair [^6^] 85% received no prior warning before deactivation [^7^] 87% described the process as unclear [^8^] 90% never got their jobs back [^9^] Black drivers face disproportionate impact: 73% unable to pay bills, 47% went into debt post-deactivation [^10^] The Story of Bernard Moses: Bernard Moses drove for Uber for 8 years, completing 20,000 trips with a 4.99 rating. In April 2024, mid-shift, Uber deactivated him without explanation. After hundreds of calls, he never spoke to a human. His wife, a nurse, had to take a second job working 12-hour shifts, six days a week. "Uber promises flexibility and pay—but to have it snatched away leaves drivers in some very bad situations," Bernard said [^11^]. The algorithmic deactivation system relies on: Facial recognition technology with documented racial bias [^12^] Automated fraud detection that flags GPS glitches as "manipulation" [^13^] Passenger complaint algorithms that treat customer reports as fact without investigation [^14^] "Risk Entity Watch" systems that profile drivers without transparency [^15^] An Amsterdam Court of Appeal found that Uber's "human review" was "not much more than a purely symbolic act"—meaning drivers are essentially at the mercy of automated decision-making with no meaningful recourse [^16^].

- 3. Gamification as Labor Control

Uber has pioneered what researchers call "algorithmic gambification"—using casino psychology to keep drivers on the road longer for less pay [^17^].

The Psychological Weapons: Quests and Streaks: Drivers are offered bonuses for completing ride targets, but the algorithm manipulates ride assignments to make targets harder to hit without extra hours [^19^] Forward Dispatch: Uber sends the next ride opportunity before the current trip ends, using "fear of missing out" to prevent drivers from logging off [^20^] Variable Reward Schedules: Like slot machines, Uber's "pull to refresh" feature offers unpredictable rewards that trigger dopamine responses and addictive behavior [^21^] Earnings Goals: The app exploits drivers' tendency to set daily targets, nudging them to "just drive a bit more" to reach goals that the algorithm has made artificially difficult [^22^] As one researcher explained: "The unpredictability of these challenges mimics the mechanisms used by casinos to promote addictive behavior." [^23^] Drivers report working 12-hour days, seven days a week, chasing algorithmic incentives that never quite materialize.

PART II: THE PASSENGER ALGORITHM — MANIPULATION BY DESIGN

- 1. Personalized Price Discrimination: You Are Not the Customer—You Are the Product

While drivers face algorithmic wage suppression, passengers face algorithmic price inflation. The Columbia Business School study found that Uber's upfront pricing uses machine learning to determine "who is willing to pay more" based on: Trip origin/destination characteristics Rider price sensitivity (based on trip behavior history) Real-time market conditions Competitive landscape [^24^] The "Bait-and-Switch" Dark Pattern: Uber's algorithm engages in what researchers identify as deceptive design patterns: Advertising discounted rides while charging higher base prices on those "discounted" trips compared to regular trips of similar distance [^25^] Forward dispatch trips cost passengers 6-11% more than equivalent non-forward-dispatch trips [^26^] Surge pricing opacity: The algorithm has made surge "less frequent" but extracts more profit when it does activate, while paying drivers less during surges [^27^] Seattle was recently named the most expensive city for a 30-minute Uber ride at \$60 average—a price point that reflects algorithmic optimization, not market efficiency [^28^].

- 2. The "God View" Legacy: Surveillance as Business Model

Uber's history of data exploitation dates back to 2011 with "God View"—an internal tool that allowed employees to track any rider in real-time without consent. The tool was reportedly shown off at launch parties, displaying the real-time locations of "notable riders" including Beyoncé, to impress guests [^29^]. While Uber claimed to have restricted "God View" after a 2016 FTC settlement, the company's data appetite has only grown: In 2024, Uber was fined €290 million (\$324 million) by Dutch regulators for illegally transferring EU driver data to US servers without adequate protection [^31^] The company tracks location data for five minutes after drop-off "to improve service" [^32^] Uber's 2024 safety report revealed it receives sexual misconduct reports every 8 minutes—raising questions about whether surveillance actually improves safety or merely documents systemic failures [^33^]

- 3. Safety Algorithms: Risk Prediction Without Risk Prevention

Perhaps most disturbing is Uber's "Safety Risk Assessed Dispatch" algorithm. Court testimony in 2026 revealed that Uber's internal safety algorithm rated a specific ride as 0.81 out of 1 risk for sexual assault—yet dispatched it anyway without warning the passenger [^34^]. Uber has tested female-to-female matching to reduce assaults but delayed US rollout citing "potential legal and cultural backlash" following the 2024 election [^35^]. This means the algorithm identified a safety solution but political calculus prevented implementation—prioritizing corporate risk over passenger safety. The company's matching algorithm now considers "additional signals" like late-night trips in entertainment districts, but this "safety" technology serves a dual purpose: it reduces Uber's liability while collecting more behavioral data to optimize extraction [^36^].

PART III: THE ALGORITHMIC ARBITRAGE — EXPLOITING BOTH SIDES

The Decoupling of the Marketplace What makes Uber's algorithmic manipulation unique is its two-sided opacity. In a traditional market, buyers and sellers negotiate a price. In Uber's algorithmic market: Passengers see an "upfront" price based on what the algorithm thinks they'll pay Drivers see "upfront" pay based on what the algorithm thinks they'll accept Uber keeps the difference, which has grown from ~10% (2012) to 42%+ (2024) [^37^] This is not a "marketplace connecting riders and drivers"—this is an algorithmic arbitrage engine that extracts value from information asymmetry. The Regulatory Response (and Uber's Resistance) When Colorado passed legislation in January 2025 requiring Uber to disclose driver pay percentages, Uber filed an injunction and threatened to cease operations in the state [^38^]. The company has also: Stopped disclosing global rideshare take rates as of Q1 2025 [^39^] Blocked third-party apps that provided drivers pricing transparency tools [^40^] Issued cease-and-desist orders to data transparency initiatives [^41^] This is not the behavior of a company confident in its fairness. This is the behavior of a company that knows its algorithms cannot withstand scrutiny.

PART IV: THE HUMAN COST — BEYOND THE DATA

Driver Stories: The Algorithm's Victims Magda Aguilar (Bay Area): Deactivated after a passenger falsely accused her of driving under the influence. She paid \$100 for a drug test (which Uber didn't reimburse), was reactivated before results came back, and never received an explanation. "I lost work, I lost money, and I lost faith in Uber." [^42^] Mohammad Shareed Hotak (Adelaide, Australia): Deactivated for two months after reporting a passenger assault. A landmark 2025 Fair Work Commission ruling ordered Uber to pay lost wages—the first successful unfair deactivation case securing compensation [^43^]. A.G. Egwim (NYC): Deactivated for canceling a ride to attend a doctor's appointment. "Do the Uber and Lyft people see us as human beings at all, or just money-making machines for them?" [^45^] **Passenger Impact: The Normalization of Surveillance** For passengers, the cost isn't just financial—it's the normalization of being data-mined. Every trip contributes to a behavioral profile used to extract maximum payment. The "convenience" of Uber normalizes the idea that our location data, travel patterns, and willingness-to-pay are corporate assets to be exploited.

CONCLUSION: THE ALGORITHMIC POWER IMBALANCE

What I've found in this investigation confirms a pattern I've seen across Big Tech: algorithms are not neutral tools. They are power structures encoded in software. Uber's algorithms serve one master—shareholder value—while claiming to serve two constituencies (drivers and riders) who are actually the product being sold to investors. The 2024-2025 data reveals a company that has achieved profitability not through innovation, but through algorithmic extraction: ****6.9 billion in cash generation**** in 2024 (up from losing 303 million in 2022) [^46^] ****7 billion stock buyback program**** launched 2024, with 2.2 billion spent in Q3 2024 and Q1 2025 alone [^47^] \$136 million CEO stock options awarded in 2024 [^48^] Meanwhile, drivers face debt, deactivation without due process, and algorithmic wage theft, while passengers pay inflated prices based on opaque "willingness-to-pay" calculations.

The Fundamental Question: As I asked in my TikTok investigation: "On the platform, you're not the user—you're the product." With Uber, this is doubly true. Both drivers and passengers are raw material for an algorithmic refinery that produces corporate profit. The difference between a taxi company and Uber isn't "innovation"—it's the algorithmic opacity that prevents both sides of the transaction from understanding they're being exploited. At least with a taxi meter, you knew what you were paying. With Uber, the meter is hidden inside a machine learning model trained to extract maximum value from your data.

What Must Change:

1. Algorithmic transparency—drivers and passengers deserve to know how prices are calculated
 2. Just cause protections—drivers cannot be "fired by algorithm" without human review and evidence
 3. Rate caps—legislation guaranteeing drivers a minimum percentage of each fare (80-85% as proposed in Chicago and Connecticut) [^49^]
 4. Data rights—passengers must have the right to opt out of behavioral profiling for pricing
- This investigation will continue. As I learned from my 48 hours in TikTok's algorithmic maze, the first step to resistance is understanding the machinery of manipulation. I found this important. Maybe you will too.
- Christopher Schroeder Ethical AI Advocate | Algorithmic Investigator The Dark Side of Algorithms Series

Sources Consulted:

Columbia Business School: "Uber's Algorithmic Price Discrimination" (2025) University of Oxford/Worker Info Exchange: "Not Even Nice Work If You Can Get It" (2025) AALDEF/PowerSwitch Action: "Driven Out by AI" (2025) Cornell ILR School: "Just Cause for NYC Gig Workers" (2025) Australian Fair Work Commission Rulings (2025) Uber US Safety Reports (2024-2025) FTC and EU Regulatory Filings (2024-2025) Court Testimony and Legal Proceedings (2025-2026) This report was prepared using publicly available academic research, regulatory filings, court documents, and investigative journalism. All statistics and quotes are sourced from reputable institutions and verified publications.

Editorial note

This rebuilt edition preserves the supplied report text while applying a consistent, print-ready visual system: colored section hierarchy, improved spacing, readable typography, and page-level navigation.