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## Companies look set to be around for a while yet

Sir, Yochai Benkler argues that so-called on demand services, which enhance direct communication between individual customers and service providers, will disintermediate the corporation (“The death of the company reignites the battle between capital and labour”, January 24). But his contention is undermined by the very example he cites.

Professor Benkler writes that Uber “exemplifies” the pattern of work that will be wrought by the new paradigm. Just what sort of new work pattern does he have in mind? Uber is a fast-growing corporation that currently employs more than 1,000 people and plans to increase its employee count significantly. Uber’s technology links passengers with taxi drivers, who have always been independent operators. That doesn’t look anything like a portent of the demise of the corporation to me.

Prof Benkler reduces Ronald Coase’s theory of the firm to the crude notion that firms exist only because of communications costs, from which he issues the incredible prediction that corporations will soon disappear. That is a caricature of Prof Coase’s subtle analysis, which launched an entire sub-discipline in economics devoted to exploring the multitudinous reasons that some exchanges are conducted across markets and others inside organisations. Economists have identified many reasons, unrelated to information costs, for the continued viability of the corporation.

Finally, Prof Benkler cites Henry Ford, and states that we are headed toward “a form of economic co-operation that Ford could not have imagined”. Gosh, last time I checked, Mr Ford’s company is still around and doing better than ever.

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