

Hyper-Secretive Economists Are Transforming How Amazon Does Business

By Clara Knapp, J.D. Candidate 2021 | March 25, 2019

Amazon is fueling the growth of an expanding workforce: tech economists. Although economists have long worked in the tech industry assisting with economic forecasting and market strategy, in recent years “[PhD economists](#) have started to play an increasingly central role in tech companies, tackling problems such as platform design, pricing, and policy.” Using machine-learning algorithms, economists assist with decisions ranging from selecting real estate to consumer preferences, creating [systems](#) that are used to “address fundamental business questions.”

As one of the [predominant](#) recruiters for PhD economists, Amazon hired more than 150 in the past year, making it likely the second largest employer in the U.S. for these experts behind the Federal Reserve. One of Amazon’s primary draws for economists is the massive amount of data the company has amassed in its [24 years](#) of existence. In fact, the availability of data is the key factor driving the growing supply and demand of tech economists throughout the tech industry. According to Beatrice Cherrier, an economics historian at the university of Cergy Pontoise, the role of economists today is changing: in the past, “economists used to work on public data ... now, if they want to study behavior, the tech companies have [that data], and it's [proprietary](#).”

However, Amazon also stands out because of its lack of transparency. The company keeps the work of its economists highly secret and protected by non-disclosure agreements, which makes it difficult to determine exactly what they do for the company. One project that we do know about is Amazon’s initiative to develop a new system for measuring inflation. By analyzing transaction data and product descriptions on its platform, Amazon’s economists have [teamed up](#) with outside researchers to build “a more accurate, up-to-date index of how much things cost.” This would be a more efficient method of measuring inflation than that used by entities like the Bureau of Labor Statistics, which sends people to stores to record prices and calls consumers to learn about how much they spend.

Although it is impossible to know for sure what Amazon’s army of PhD economists is tasked with, the company does [credit](#) economists with playing an integral role in its growth and success.

