

## ***Hardfire TV***

**Today's Topic: "What is to be Done with the NYC Subway?"**

### **DRAFT**

Show to be recorded on Zoom [Proposed recording time, Th, March 9, 2023, 5pm EST (?)]

Producer, Host: Cameron Weber

Director: Chelsea Long

Guests: Matthew Morgan and Erik Frankel

For subtitles and credits:

**Matthew:** Candidate for NYC City Council in District 39, Chair of BLP,  
VoteMatthewMorgan.nyc

**Erik:** Entrepreneur, proprietor of Frankel's, Candidate for NYC City Council in  
District 38, ErikFrankel.com

**Cameron:** Economist and historian, cameroneconomics.com

**Method:** We record around 27 minutes of straight-to-digital conversation and meet on Zoom at showtime and director checks visuals and sound. Host and guests ensure correct identification for subtitles and credits. We agree after soundcheck to start recording by consensus. Director tracks time and gives 10 minutes and one minute left.

Producer will make the edited (opening / closing credits, soundtrack, subtitles) show available on YouTube soonest, and will provide to BRIC Arts Media for the April 2023 monthly program. Each monthly episode appears 6 times the third week of the month on Brooklyn Free Speech cable and synchronous streaming through BRIC Arts Media. (See <http://cameroneconomics.com/hardfire%20renewal.png> for broadcast info).

## ***Hardfire TV***

### **Today's Topic: "What is to be Done with the NYC Subway?"**

#### **Introduction**

##### **Host (Cameron):**

Welcome to another exciting edition of *Hardfire TV* on Brooklyn Free Speech Media. My name is Cameron Weber, I am an economist and historian and the producer of *Hardfire*. Thank you for watching.

This is our April 2023 show and today's topic is "What is to be Done about the NY Subway?". To help discuss this topic I welcome to the show [host introduces guests].... Thank you for joining us.

**Guests (Matthew and Erik):** [Thank you and good to be here, or something like that]

**Cameron:** First I would like to make the case that something must be done with the MTA and the subway. The MTA currently has \$40 billion in debt and loses about \$1 billion per year. This even after receiving \$15 billion from the US government as covid 'relief'.

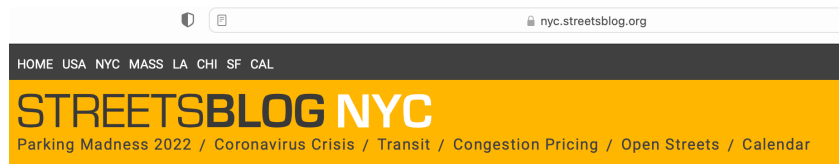
The MTA spends \$20 billion a year loses at least \$1b per year. This means it makes an annual return of around -5%. This unsustainable debt and unprofitability would mean bankruptcy for a private business. *This problem is exacerbated today in that ridership on the subway is only 70% of what it was prior to the lockdowns.*

My question is this, is the subway supposed to be a business or a public good? The same way to ask this question, should the MTA be operating at a profit, or is the intent to subsidize the subway at a loss?

**Guests:** [ discussion ]

Points to consider:

- 1) Yes the total subway system is down 30% since covid, however ridership for stations in lower income neighborhoods has increased. This means that *de facto* the subway acts as a transfer of resources from the rich, who are riding the subway less, to the poor who are riding the subway more. If redistribution is what government does, then we can say the subway is fulfilling its purpose?



## More Than 20 Subway Stations Exceeded Pre-Pandemic Ridership Figures in December

By Dave Colon | Jan 10, 2023 | 10 COMMENTS



If you live in some neighborhoods around the city, this is back.



Almost two dozen subway stations ended 2022 on a high note, with subway swipes and taps exceeding the numbers in the halcyon pre-pandemic days of 2019.

According to Comptroller Tom DiNapoli's [subway ridership dashboard](#) — which tracks ridership by station and compares the numbers each month to the number of riders in February 2019 — there are 21 stations around the system that had more riders in December 2022 than in February 2019.

The ridership recovery was found in all four boroughs with subway service, although the Manhattan stations that saw the boost were far from the borough's core. Per DiNapoli's office, the stations that saw more December ridership compared to the more bustling pre-pandemic days were:

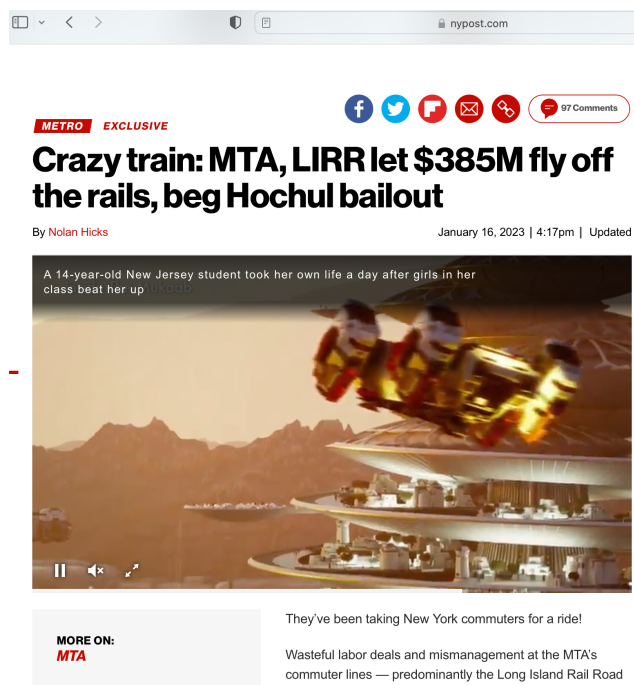
- Bronx
  - 233rd Street (2,5)

- 2) If the purpose is overt redistribution, then why not just make the subway free for everyone instead of offering discounts to some people for example if they have the MTA app or something? For example buses are free in DC, Boston, Olympia and KC. And some cities are considering make the subway free as well.

**Guests:** [ discussion ]

**Cameron:** Now I want to turn to why the MTA and subway is so inefficient.

It is well-known that NYC is a “union town” as the previous mayor said. Nolan Hicks of the *NY Post* reports that union rules for the MTA inflate labor costs by about \$200m per year. For example the MTA subway trains have two conductors and assistant conductors per train, as opposed to the one each used elsewhere.



MTA union jobs of course a great source of patronage, political campaign donations and votes. We can see this by the \$15 billion the current US administration sent to the MTA prior to the 2022 midterm elections under the guise of ‘covid-relief’. Most of this bailout money has not even been spent yet even though the pandemic is over (has become endemic).

Despite the federal bailout the current governor of NY wants to raise the MTA payroll tax by \$800m. This is something (of course) we don’t want as NYC has some of the highest unemployment in the US and is seeing a mass exodus of entrepreneurs due to the high tax-high regulation environment in NY. (One of our most popular Hardfire shows is “Why People Want to Leave NY”)

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KATHY HOCHUL

## Gov. Kathy Hochul's \$227 Billion State Budget Helps NYC Transit, Migrant Response

By Michael Hill and Maysoon Khan • Published February 1, 2023 • Updated on February 2, 2023 at 2:37 am



NEW YORK, UNITED STATES — 2023/01/31: New York Governor Kathy Hochul speaks during President Joe Biden Jr.'s remarks to highlight Bipartisan Infrastructure Law funding for the Hudson River Tunnel project at West Side Yard gate.

New York Gov. Kathy Hochul proposed dramatic spending to help New York City handle a wave of international migrants and to stabilize its reeling public transit system with her \$227 billion state budget Wednesday, even as she warned of tougher economic times ahead.

The wide-ranging spending plan also includes a public university tuition hike, a 10% jump in school aid and a proposal to yet again revise state bail law, which is expected to meet resistance

Lev Radin/Pacific Press/LightRocket via Getty Images

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Given our discussion so far, what if anything do you think can and should be done about the NYC subway?

**Guests:** [ discussion ]

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**10 minutes left**

**Cameron:** For the last part of our show today I would like to discuss the idea of the privatization of the subway. I first got interested in this idea in 2010 after the financial crisis, when NY finances were almost as in as bad shape as they are today, when the MTA debt was only \$25b and not the \$40b it is today.

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# Seaf City

New York Politics from a Libertarian Perspective

Volume 6 Issue 1

## MTA – Be Wise and Privatize

by Cameron M. Weber

Yes, it's true the Metropolitan Transportation Authority (MTA) is severely in debt, one of the top five public debts in the U.S., depending as usual on how you measure it, around \$25 billion in debt, with its bond rating recently downgraded (but not yet to junk status).

For example, the City of New York is about \$65 billion in debt, New York State about \$120 billion, and the state of California about \$160 billion, when you include both outstanding debt issues and the health and pension fund IOUs for the government (labor union) employees. (The federal government is \$13 trillion in debt, but of course that doesn't count as they have – and we pay for through a devaluing dollar – the Federal Reserve blank checks.) Every year the MTA needs a hand-out from the state of New York, this year over one billion dollars, or, of course, the ever-feared fare increases are on the horizon. Yes, the MTA is a bottomless pit.

However, what separates the MTA from other public debts is that it actually provides revenue-generating services, which are voluntary and non-coercively demanded, unlike many other government "services." This provides an opportunity to earn

some cash for our cash-strapped cities and state. The solution is to privatize the entire MTA. The MTA privatized some of its freight services in 1997, but just parts of it, skimming the cream so to speak. Perhaps now is the time to try to privatize the whole thing! There is nothing like a profit incentive to reduce costs and improve service and safety (safety being "reputational capital," which turns into more profit and more ridership when safety is improved). And costs rise quickly at the MTA; between 2003 and 2008 alone labor costs increased 16% and debt service costs increased 45%.



The way to be wise and privatize is quite simple and has been completed throughout the U.S. for certain highway systems. Just bid out a concession for the right to operate the system for, say 50 or 75 years. The first step is to get feedback from potential investors and to see what type of service, fee (train ticket) structures and safety requirements they would agree to. Then combine these ideas into a bid document and go to the market, with the winner take-all. Needless to say, the process would have to be monitored (no doubt best achieved by a libertarian oversight committee, or barring that, an independent

(continued on page 10)



## Rethinking Essential Government Services

by Jacquetta Szathmari

The media has made much ado about state, county and municipal budgets struggling under the crushing weight of pension obligations and compensation. The city of New York is no exception, as legislatures across the country consider closing budget shortfalls by making cuts to employee salaries and benefits.

Supporters of the status quo cry that generous benefits compensate for comparatively low salaries; union contracts must be honored, and that government employees provide necessary public services. They often fail to suggest a realistic source for funding. Opponents argue that government employee total compensation is out of step with the private sector, bankrupt coffers and raises taxes, and that government needs to take this opportunity to downsize.

There is a way to marry the two sides to achieve a socially economically favorable outcome: acknowledge that the

## A Free Society Would Have Safer Subways

by Darian Worden

The recent Moscow subway bombings brought out the

society likely would. Government can be seen as a game in which people scramble to rule over others. Losing factions des-

(you can find this article on my website [cameroneconomics.com](http://cameroneconomics.com))

Most economists agree that there is a role for state intervention when there is a public good that the market cannot provide for. Public goods are when you can't exclude people from consumption and you cannot divide up the good in question. The typical example here is "national defense." Everybody gains from national defense whether they pay for it or not. You can't exclude people from it. The subway is different. You can exclude people from it. So by definition it is not a public good (is a better category for the subway a "vital utility"?). In fact it is as we have discussed become a purposeful redistribution of resources from 'rich' to 'poor'.

Whether or not if it is a business or a vital utility, one way for people to get free of the wasteful union labor costs of a state-owned enterprise is to privatize it and allow the private owner free-reign to be efficient in how they provide the service, as long as they meet agreed-upon requirements such as frequency of trains and safety requirements.

If the idea is to make the service available at below cost or free as an overtly redistributive enterprise then this transfer of resources can be made transparent and upfront in the contract agreement and government budgets. If the private business doesn't perform to the requirements, the contract is voided. A long-term

contract would remove the uncertainty and politics surrounding the current state of finances for the MTA and subway.

What do you think of this idea?

**Guests:** [ discussion ]

**Cameron:** With this in mind there are many “social services” provided by the city which also are not public goods, meaning you can exclude people from using them. Why cannot we privatize them, with the same condition that if they are meant to be overtly redistributive then the city or state would provide a transfer to the private operator to make the goods available for free or below cost.

The list of “social services” which could be privatized includes libraries, parks, schools and streets. This might also include police and janitorial services as we see with the many decentralized neighborhood improvement districts funded by local business owners.

**Guests:** [ discussion ]

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**1 minute left**

**Cameron:** We have just one minute left. I would like to thank my guests Matthew and Erik for another excellent discussion on current events and political economy. I hope that we have given our viewers some new ideas about the challenges facing our NYC.

**Guests:** (thank you and/or some last words.)

**Cameron:** Thank you for watching *Hardfire TV* on Brooklyn Free Speech Media. We have more than 60 shows on our Youtube channel. Just search for “Hardfire and Brooklyn Free Speech.” See you next time.

Recording ends.