ABSTRACT


Rapid transit is crucial to Metropolitan New York’s economy and quality of life. However, the long-term effectiveness of the city’s rapid transit system and the causes of its failures and successes are unknown. This research (1) examines the cost, capital investment, railway network, equipment, fares, and operations of rapid transit in New York from 1870 to 2010 and (2) examines long-term economic and political causes of effective and efficient rapid transit.

The figures reveal three distinct eras: 1870 to 1940, characterized by unprecedented expansion and improvement; 1940 to 1980, characterized by stagnation and decline; and 1980 to 2010, characterized by stabilization and rejuvenation.

Rising labor costs and declining productivity are the proximate cause of the system’s past and present failures. The central implication of this research is that—in the long-term—the best means of achieving effective and efficient rapid transit is via government establishment and protection of objective, secure, and just property rights for private ownership and operation. This is consistent with a substantial body of economic theory, albeit not conventional neoclassical economics, which frequently treats transit as a special case. This conflict is linked to faulty assumptions underlying neoclassical economic theory.