

Economic Prospect

163 CEOs Say “Fix New York City”

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On September 11 we remember the terrorist strike on New York City and the amazing response of New Yorkers to the crisis and its aftermath. In 2020 New York City was Ground Zero of the Covid-19 pandemic in America. Both the immediate and later responses were tragically different. Today 163 CEOs sent a letter to Mayor DeBlasio urging him to relent of his strict (I would call them autocratic) pandemic controls.

There are many legitimate complaints about life in America as revealed by the Covid pandemic, the loss of many jobs and businesses, and by ongoing urban riots. Many call for a change of America at its root based on 400 years of flaws. Since the 1960s, the Civil Rights and Great Society programs have provided the laws, agencies, and trillions in cash that we imagined would make America a land of equity. Despite progress that equity has not become reality as income and wealth disparities are a major concern of many. The proposed solutions appear to be not only radical, but likely more disruptive than the problems we are trying to cure.

Radical change needs a starting point. I suggest, almost seriously, that we make New York City a model of change since that is where the most income and wealth inequalities plus racial disparities exist. Then, once NYC has fine-tuned its successful plan, the other states and cities can follow their example.

Income inequality: Fix NYC First: Manhattan’s top 1% earned \$8.98 million in 2015 which is 113 times the average of the other 99% (\$79,528). This is Ground Zero of income inequality in a large city. When Governor Cuomo and Mayor DeBlasio fix that then the rest of us can consider adopting their solutions.

Wealth Concentration of the 1%: Fix NYC First: There are 525 American billionaires and 77 of them live in NYC. That is an unfair share of billionaires for its GDP. All this greed makes NYC the most economically unjust city. NYC has 51 more billionaires than is fair. The NYC Covid response incentivized the wealthy to leave.

Fair Housing: Fix NYC Second: Rents in NYC average from \$2500 to \$6500 for two bedrooms and 30% of all residents spend half their income on housing. The top 10% can afford immense rents, but the poor including Hispanics and African American cannot. San Francisco is even worse due to regulations.

Minimum Wage: Fix NYC First: The minimum wage is \$12.50 and will rise to \$15.00 in 2022. Along with Seattle, NYC has a high minimum wage, yet it is laughably low considering the cost of living/housing. The minimum wage not only means that people will live a long way from their jobs, but that many will be unemployed as businesses either automate or go out of business due to labor costs.

Poverty Measure and Inequality: Fix NYC First: In NYC about 45% of the residents live below or near the federal poverty level. In a technical measure NYC has a Gini Coefficient of 0.55 which is 25% higher (worse) than the 0.43 in America as a whole. Gini is similarly high in Illinois, Louisiana and Alabama.

Murder and Civil Unrest: Fix NYC First: New York (with 49,000 police) had been a fine example of low crime and murders leaving Chicago (14,500) with the dishonorable lead. However, 2020 has seen a dramatic spike in civil unrest and gun violence. That is why 163 CEOs asked the mayor to fix New York now.

Education Inequality: Fix New York Second: The mayor will open the 1,606 NYC public schools with a blended format on September 21. This is much better than Chicago’s closed schools. NYC has about 26% (293,000) Black students and 41% (462,000) Hispanic students of whom nearly 80% live in poverty.

Green Agenda; Fix NYC First: Clean streets: Fix NYC First: Tax the Rich: Tax NYC First.