

TIME-MACHINE MILLIONAIRE, EP 4: “ELON MUSK AND HIS TRANSIT TRUST”

Two years ago (2016), Elon Musk announced his new pet project: the Boring Company. Yes, it was a play-on words. The company sought to make drilling underground tunnels (“boring”) less expensive. The goal would be to use the tunneling innovations for commercial transportation. Musk thought of the idea after spending so much time in traffic (and in planes) between his two work locations in California (I think LA and San Bernardino) and to business meetings across the US.

If you do not know Elon Musk, you probably know one of his companies: he first started as one of the core owner of PayPal, and went from there to found the electric car company Tesla and the private spaceship corporation SpaceX. He also helps run one of the most innovative solar-panel companies, SolarCity. Musk is an innovator, an entrepreneur, a start-up legend. He is also a workaholic, a stress maniac, and an unpredictable timebomb. He blows up on his employees and on twitter, causing reactions, lawsuits, and stock market divebombs.

Once the Boring company had set up operations, they sought clients. Their first attempt was the city of Los Angeles, to which they proposed a series of underground tunnels for a hyper-metrorail. Los Angeles wanted nothing to do with the proposal. So Musk turned to Chicago. He proposed that the city allow him to build a “hyperloop”—a single, direct tunnel from the airport (O’Hare) to the center of downtown. Look at the articles below to see how he proposed to make this tunnel five times faster than anything currently in existence (the BlueLine is the current track, which costs \$5 a ride and takes 45 minutes).

In June of this year (2018), Chicago’s Mayor Rahm Emanuel announced that the city accepted Elon Musk’s proposal. Here was the agreement: The Boring Company would front *all* of the money needed to build the tunnel but, in return, would have exclusive control of the track and be able to set prices and retain all profits. Not everyone was as excited as the mayor.

By the end of the next month, the non-profit “Better Government Association” had filed a lawsuit against the city of Chicago and what they called the “Chicago Infrastructure Trust.” The BGA argued (see the BGA formal complaint attached) saw Chicago working with the Boring Company without giving other companies a chance for such a bid. How could democracy and the free market be so rejected? Worse, such hidden complicity might only be the beginning of a much darker and longer process. What would happen once the tunnel was completed? Would prices be hiked? Would Musk be able to strong-arm politicians in graver ways?

A nearly-identical scenario happened just over a hundred years ago. In 1896, a Boston transit company called the “Boston Elevated Railway” began to expand their subway and railway system throughout the city of Boston. They were even consolidating lines from other companies by buying them out. One of the leaders of the BER began to work with the state legislature, drafting a bill. The bill would give the Boston Elevated Railway complete control over the city’s public transportation system.

A young lawyer with his own practice was highly concerned. Louis Brandeis was the young lawyer: he had been born and raised in Kentucky, studied law at Harvard, and then settled down in Boston where he opened a firm. Brandeis had been increasingly concerned about what he called “concentrated capital,” his term for the large companies such as those controlled by Rockefeller, Carnegie, and the train-and-bank magnate JP Morgan. Brandeis (as you will see in the Strum article) was concerned about the way that just companies used their money to gain

political power, enrich themselves, alienate workers, and end democratic practices. Indeed, JP Morgan was one of the principle backers of the Boston Elevated Railway!

Brandeis won the case against the Boston Elevated Railway, but knew that this was but a single battle in a longer war. So he went forward. Brandeis began a protracted legal battle against the New Haven Railroad, which was the “trust” of JP Morgan’s train companies that just kept expanding, until they controlled most railways throughout New England.

Your job is to read about Brandeis and his larger battle. Figure out what his concerns are. Why does he see “concentrated capital” at odds with democracy? What exactly can rich megacapitalists do with their money that limits freedom, hurts democracy, and corrupts politics? Point to specific examples. In this episode of Time-Machine Millionaire we will try and figure out what similar situations could happen if Musk is allowed to move forward with the Chicago Hyperloop. Hopefully we can come up with an answer to the legal battle between Chicago’s Better Government Association and the so-called “Chicago Infrastructure Trust.”

Cast:

Elon Musk

Mayor Rahm Emanuel

BGA leaders (2)

BGA lawyer for Loevy & Loevy (the firm representing BGA)

Louis Brandeis

JP Morgan (funding BER)

BER leader

Boston Mayor

Required Reading:

1. Strum, “Brandeis”

2. BGA vs “Chicago Infrastructure Trust” (just read the first pages until you feel familiar with the basic complaints of the case, and also to give you exposure to reading a lawsuit. This is great experience and will allow you to have a better understanding of the news in the future!

Works Cited and Articles to Check Out:

Farhad Manjoo, “How Tech Cities Conquered America” *New York Times*, June 20, 2018.

Sarah McBride, “How Musk’s Hyperloop Became Just a Loop,” *Bloomberg*. June 14, 2018.
<https://www.bloomberg.com/news/articles/2018-06-14/how-musk-s-hyperloop-became-just-a-loop-in-chicago-quicktake>

Laura Bliss, “Craziest Thing About Elon Musk’s ‘Express Loop’ is the Price.” June 15, 2018.
<https://www.citylab.com/transportation/2018/06/for-1-billion-elon-musks-tunnel-to-ohare-would-be-a-miracle/562841/>

Brian Pascus, “A Non-Profit is Suing Chicago Over its Proposed Hyperloop,” Aug 27, 2018.

Ashlee Vance, *Elon Musk: Tesla, SpaceX and the Quest for a Fantastic Future*. (Musk Bio)