

Excerpts from the Film by Jim Klein and Martha Olson

"Taken for a Ride"

The Pacific Electric Railway served the Los Angeles basin with trolley service through World War II. In 1950, it abandoned most of its lines. The "Red Cars" were junked, stacked and left to rot. Similarly, General Motors targeted over 100 other U.S. cities through its front company, National City Lines.

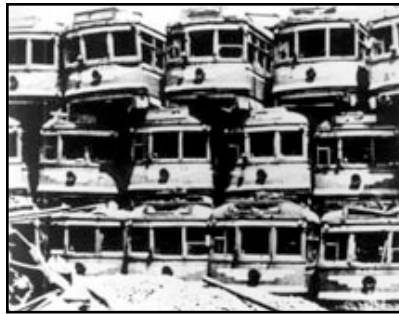
This is a story about how things got the way they are. Why sitting in traffic seems natural. Why our public transportation is the worst in the industrialized world. And why superhighways cut right through the hearts of our cities.

Narrator: When you're talking about public transportation in America, for the first part of this century, you're talking about streetcars. Trolleys ran on most major avenues every few minutes. Steel track and quiet electric motors made the ride smooth and clean and comfortable. The center of the road was reserved for streetcars, and the new automobiles had to move out of the way.

Bradford Snell, who has made a career researching the auto industry for 16 years: In 1922, only one American in ten owned an automobile. (Everyone else used rail.) At that time Alfred P. Sloan (President, General Motors) said, 'Wait a minute, this is a great opportunity. We've got 90 percent of the market out there that we can somehow turn into automobile users. If we can eliminate the rail alternatives, we will create a new market for our cars. And if we don't, then General Motors' sales are just going to remain level.'

They had to get rid of the streetcars. They wanted the space that the streetcars used for automobiles. They had to find something they could put in place of the streetcar. Sloan had the idea that he wanted to somehow motorize all the major cities in the country. That meant replacing all the street railways with busesóultimately thinking that no one would want to ride the buses and therefore they would buy General Motors automobiles.

Sloan wanted to get in very big in this field. What he bought was phenomenal: the largest bus-operating company in the country and the largest bus-production company. And using that as a foothold, GM moved into Manhattan. They acquired interests in the New York railways and between 1926 and '36 they methodically destroyed the rails.



When they finally motorized New York, General Motors issued ads throughout the country. And this is important, because they are trying to show that motorization is the wave of the future. They issued these ads and they said, 'The motorization of 4th and Madison is the most important event in the history of community transportation.'

Narrator: In the mid-1930s, GM worked hard to create the impression of a nationwide trend away from rail. But there was no trend.

Buses were a tough sell. They jolted. They smelled. They inched through traffic. City by city, it took the hidden hand of General Motors to replace streetcars with Yellow Coach buses.

In 1936, a company was founded that would grow to dominate American city transportation. National City Lines had no visible connection to General Motors. In fact, the director of operations came from a GM subsidiary, Yellow Coach, and members of the Board of Directors came from Greyhound, which was founded and controlled by General Motors.

The money to start this new company also came from Greyhound and Yellow Coach. To hide these

connections the company needed a front man.

Roy Fitzgerald got his start in Northern Minnesota where he hauled miners and school children in a couple of buses. General Motors would groom him to become president of National City Lines.

Over the next few years, Standard Oil of California, Mack Truck, Phillips Petroleum and Firestone Tire would join GM in backing this venture.

The Plot Thickens...

Jim Holzer, L.A. railway worker: All of a sudden you get these fellows with fedora hats, the spatsóI'm not making that upóthe two-toned shoes, the broad ties, the black shirts, the white Panamas. All of a sudden they show up and of course the word goes out: 'Hey, we're being bought.'

Business Week (voice over): Fitzgerald, big name in buses. National City now in top place as operator of city route miles. Prime mover is E. Roy Fitzgerald, who describes himself as one of five farm boys trying to run a few buses.

Holzer: The Fitzgeralds came in here just like they did in every city they ever went to. They destroyed an established public-transit system that had been built to meet the needs of the people.

Former Streetcar Rider #1: Those streetcars, we loved riding in them. It was fun because it was big, you know; there was plenty of room and all that.

Rider #2: We'd catch them at the same time every day. We'd know the same conductor and you'd meet people that you'd see every day. And you weren't afraid to talk to someone.

Rider #3: The streetcar was fast. It just jumpedóthe cars like thatóit was so fast. And then the conductor, every time he would come to a crossing, he would go 'clang, clang, clang, clang, clang.'

Rider #4: That was the best form of transportation. Then somebody had the bright idea to take up all the tracks and get rid of all the trolleys. That's when the headaches started.

Interviewer: Weren't those streetcars making money in Los Angeles?

Barney Larrick, Fitzgeralds' operations manager: Well, after I got done chopping their heads off we made money. Cut the miles down. Sell off the properties. Pull the company down.

Holzer: They don't take the service out, they just cut it back. They'll take and cut it from 10 minutes to 12 minutes, from 12 to 15, from 15 to 20, from 20 to 30. So they reduce the service.

And every time you reduce the service you make it less attractive. And the less attractive the fewer riders. And then they say, 'Well see, we can't make any money.' So they abandon it.

Narrator: National City Lines grew quickly. By 1946 it controlled public-transit systems in over 83 cities. From Baltimore to St. Louis, Salt Lake City to L.A., two buses in Eveleth, Minnesota, had grown into an empire.

Snell: The appearance was always that this was only a company that was owned by the Fitzgeralds. You know, these people had come from Minnesota with no money at all, and all of a sudden they were in control of this multi-million-dollar enterprise.

But, in fact, the money was coming from the corporate sponsors.

Quinby Memo (voice over): To the Mayor, to the City Manager, to the City Transit Engineer, and to the taxpayers and the riding citizens of your city. You are entitled to this warning: There is a carefully, deliberately planned campaign to swindle you out of your electric

railway system...

Narrator: Edwin Quinby was a rail buff with a talent for financial sleuthing. In 1946, he mailed a warning to influential people in hundreds of cities across the country. His 33-page broadside was filled with surprisingly detailed research. It brought to light what GM had worked hard to hide.

Edwin Quinby (voice over): The plan is to destroy public utilities, which you'll find impractical to replace after you discover your mistake. Who are the corporations behind this? Why are they permitted to destroy valuable electric railways?

Mass Transportation Magazine (voice over): Queer Case of Quinby, by Ross Schram. Edwin J. Quinby took full advantage of the great American privilege of the free press to feed the lunatic fringe of radicals and crackpots springing up like weeds in the United States today. The document, printed on cheap paper, is natural fertilizer for suspicions, for disunity. What is the Quinby pattern? Was he used by some strange political influence?

Narrator: Edwin Quinby's efforts did not stop National City Lines, but the cat was out of the bag. In 1946, the Justice Department began an antitrust investigation into National City Lines, General Motors and the other investors.

Justice Memo (voice over): Memorandum to the United States Attorney General: It appears that National City Lines and its manufacturing associates have entered into a plan to secure control over local transportation in important cities throughout the United States. If these companies are permitted to

continue their program, they will soon have a stranglehold over the industry.

Snell: The key lawyers involved in the case told me there was not a scintilla of doubt that these defendants, General Motors and the others, had set out to destroy the streetcar system.

But since there was no antitrust law on the books at that point saying, 'Thou shalt not destroy streetcar systems,' the best way, the only way they could get them on a violation was to proceed along the criminal antitrust, conspiracy route. And that's what they did.

Narrator: The government's case was straight forward. National City Lines, General Motors and the other defendants were found guilty of conspiracy to monopolize the local transportation field.

Snell: These companies, that had probably eliminated systems that in order to reconstitute today would require maybe \$300 billion, these companies were individually fined \$5,000.

And the individuals involved like the treasurer of General Motors who had actively run Pacific City Lines, one of the subsidiaries, and was a major moving factor in all of National City Lines' operations she was fined the magnanimous sum of \$1 at the conclusion of the trial.

Narrator: The Justice Department would spend the next 25 years trying to limit GM's influence on transportation. It would begin three major investigations into monopoly practices: two were settled out of court; one was eventually dropped. An effective way to rein in GM was never found.

"Taken for a Ride," a 55-minute film was shown on PBS in August 1996 and is available for purchase (\$29.95) from transitmedia.net. The film was produced by [New Day Films](http://NewDayFilms). The director, James Klein, can be contacted at 314 Dayton St. #207, Yellow Springs, OH 45387; (937) 241-9620. Why not organize a showing in your community?

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<http://www.culturechange.org/issue10/taken-for-a-ride.htm>