

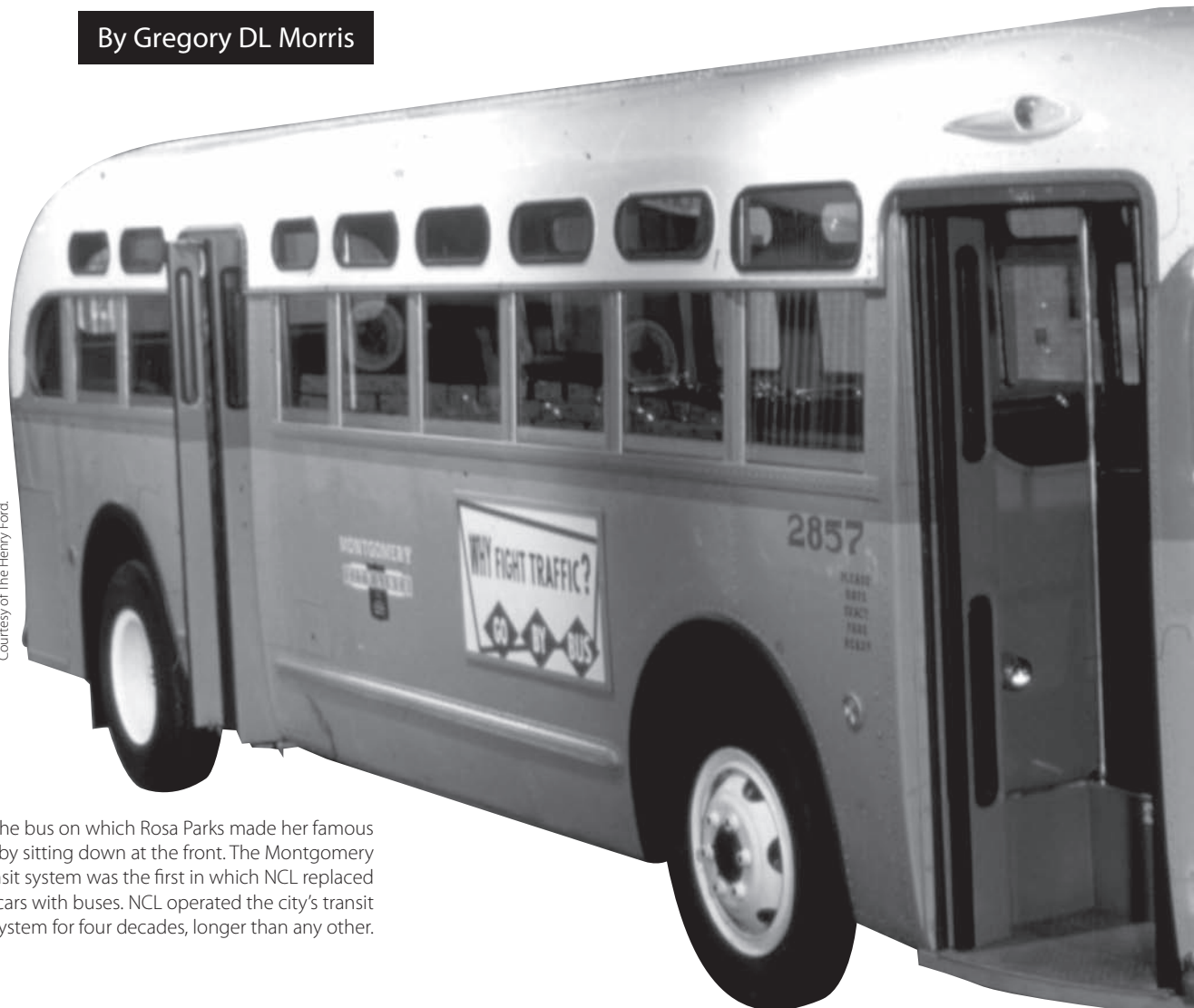
THE

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How Ralph Kramden brought down Casey Jones, in which a cartoon rabbit and a very real civil-rights heroine also appear

By Gregory DL Morris

Courtesy of The Henry Ford.



The bus on which Rosa Parks made her famous stand by sitting down at the front. The Montgomery transit system was the first in which NCL replaced streetcars with buses. NCL operated the city's transit system for four decades, longer than any other.

CONSPIRACY

CONSPIRACY THEORIES are endemic to politics and big business. Vast library shelves groan under the weight of hundreds of volumes revealing “the truth” about or debunking lurid tales of assassinations, movie stars, organized crime and smoke-filled rooms. Most of the theories fall flat after a moment’s sober reflection, but the stories seem deathless.

A great irony of the unending fascination with conspiracies is that one of the very few that was not just proven, but for which the perpetrators were tried and convicted, lies forgotten. Among a dedicated few the debate over the National City Lines (NCL) continues to rage. But few people outside the wonkish world of transit advocates know that for the middle half of the 20th century a coalition of oil, tire and automobile companies created a front company to buy up municipal streetcar lines and convert them to buses.

Eventually they were indicted for conspiracy in restraint of trade. The companies were fined \$5,000 each, and the individuals just a dollar. But like unraveling the thread on the cuff of a sweater, the national system of streetcars and inter-urbans had already become tattered as Americans by the millions bought cars.

The closest approach the NCL story came to wide attention was when a variation on the theme provided the plot line for the film, *Who Framed Roger Rabbit?* In the movie, an evil judge arranges to buy and close the famous Red Cars in Los Angeles, thus forcing the good citizens of the city to drive and patronize the chain of highway service centers the judge happens to own.

Transit advocates argue passionately that the NCL conspiracy has cost the American economy billions of dollars, not just as people sit unproductive in traffic, but in the huge capital expenses cities are now incurring to re-create some basic mass transportation in their communities.

The counter argument is that the streetcars themselves, as well as their infrastructure were worn out, and that it was less expensive to

replace them with more flexible buses than to rebuild so many miles of track and catenary. Also, people were buying cars and moving to the suburbs anyway, so investment in inner-city and inter-city transit would not have served a growing portion of the population. The NCL kerfuffle was just a footnote in a much wider, inexorable trend of demographics.

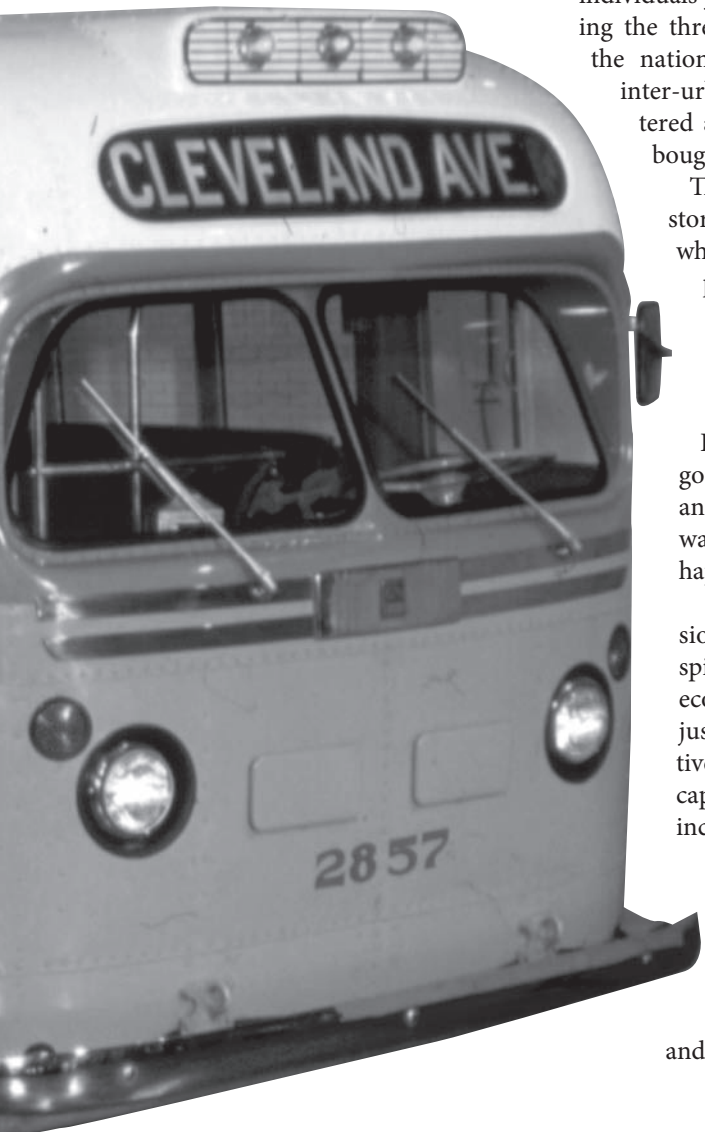
But at the time, the debates—and indeed the legal dispute—were not about deployment of capital, or demographics, or returns on investment. The conviction was on restraint of trade: not that NCL was shredding the transit infrastructure, but rather that as an operating company, NCL only bought vehicles, fuel and components from its owner companies, not from other suppliers that competed with them. The debates over public policy came later.

People who grew up during the Great Depression insist it was possible to travel from New York to Chicago strictly by taking inter-urban lines end to end. If one was wandering in search of work and had no money for the direct passenger train service, there was even an advantage of being able to stop in towns along the way.

In retrospect, it is amazing that the mass transit infrastructure of the early 20th century was so comprehensive. Today the only true inter-urban connection left is travel from Pennsylvania Station in New York to 30th Street Station in Philadelphia, taking New Jersey Transit to Trenton and switching there to the South East Pennsylvania Transit Authority.

According to the Historical Statistics of the US (1975), streetcar ridership peaked in 1920 at about 14 billion rides. At about the same time, General Motors and other automobile manufacturers saw flattening revenues as well, and sought to diversify into other forms of motor vehicles, primarily trucks and buses, but they also became military contractors.

Those early buses enhanced the existing rail system by providing feeder service; they also provided service in small towns that did not have the revenues or density





Courtesy of Hennepin County Library, Special Collections Department.

A streetcar burned for scrap in Minneapolis. NCL was the biggest player in replacing streetcars with buses, but many cities did it on their own, as this ghoulish scene attests. NCL operated transit systems in Illinois, Wisconsin and Iowa, but not Minnesota.

to justify the capital investment in even a light trolley line. There was enough of a growth market to go around until the early 1930s, when the bite of Depression was hitting municipal coffers as well as corporate bottom lines.

“On June 29, 1932, the GM-bus executive committee formally resolved that ‘to develop motorized transportation, our company should initiate a program of this nature and authorize the incorporation of a holding company with a capital of \$300,000,’” according to the 1973 report to the federal government titled, “American Ground Transport, A Proposal for Restructuring the Automobile, Truck, Bus, and Rail Industries,” by anti-trust attorney Bradford C. Snell.

The report continued, “Thus was formed United Cities Motor Transit (UCMT) as

a subsidiary of GM’s bus division. Its sole function was to acquire electric street-car companies, convert them to GM motorbus operation, and then resell the properties to local concerns which agreed to purchase GM bus replacements. ‘In each case,’ [GM General Counsel] Hogan stated, GM ‘successfully motorized the city, turned the management over to other interests and liquidated its investment.’ The program ceased, however, in 1935 when GM was censured by the American Transit Association (ATA) for its self-serving role, as a bus manufacturer, in apparently attempting to motorize Portland’s electric streetcar system.”

The following year, building on its earliest forays into buses, GM formed NCL, together with Firestone Tire & Rubber, Standard Oil of California (today Chevron), Phillips Petroleum and Mack Truck.

The venture was wildly successful. In the January 1951 appeal of their conviction, which was denied, the three judges of the United States Court of Appeals Seventh Circuit wrote:

“It is undisputed that on April 1, 1939, NCL had grown from a humble beginning in 1920, consisting of the ownership and operation of two second-hand buses in Minnesota, to ownership or control of 29 local operating transportation companies located in 27 different cities in 10 states. At the time the indictment was returned, the City Lines defendants had expanded their ownership or control to 46 transportation systems located in 45 cities in 16 states. The supplier defendants are manufacturers and marketers of buses, tires, tubes and petroleum products necessarily used by the local operating companies of the City Lines



A passenger nails a sign reading "Goodbye Forever" on a streetcar for its last run on November 13, 1939, in Seattle, Washington.

defendants and others. The value of their products introduced in commerce and sold to the City Lines defendants and their operating companies for the year 1946 was over \$11 million and, for the period from 1937 to May 1, 1947, over \$37 million."

The earliest documented case where NCL removed streetcars in favor of buses was in 1935 in Montgomery, AL. Rosa Parks made her historic stand for justice in 1955 sitting at the front of an NCL bus.

From that start, NCL accelerated rapidly, converting five systems across Illinois: Bloomington, Champaign, Danville, Decatur and Kewanee. As noted by the court, growth was rapid, and NCL continued to acquire systems around the country through the 1930s and '40s. Eight of those were in California, of which six were converted: Eureka, Fresno, Glendale, Pasadena, San Jose and Stockton. For *Roger Rabbit* fans, the other two systems,

Burbank and Long Beach, were not converted. In California, NCL operated as Pacific City Lines.

On April 9, 1947, nine corporations and seven individual officers and directors of NCL and its affiliated companies, were indicted on two counts, the second of which charged them with conspiring to monopolize certain portions of interstate commerce, in violation of Section 2 of the Anti-trust Act, 15 U.S.C.A. § 2. The charges against one company were dismissed, but the remaining corporate and individual defendants were found guilty on that second count. They appealed in 1948 and again in 1949, and both times were denied.

The essential point is that the conviction was for anti-trust violations. As the judges wrote in the 1951 ruling: "There is no dispute that the City Lines defendants and the suppliers entered into various oral and written arrangements in accord with which the latter purchased preferred stock from the former, at prices in excess of the prevailing market prices, amounting in total cost to over \$9 million and that the money received from the sales of such stock was used by City Lines defendants to acquire control of or a substantial financial interest in various local transportation companies throughout the United States.

"The respective supplier defendants entered into separate 10-year contracts with City Lines under which all of the buses, tires, tubes and petroleum products requirements of the City Lines operating companies

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Bus driver Robert Cassagne tips his hat to the New Orleans streetcar named "Desire" before starting the route on one of the new buses that bears the same name, 1948.

Female Investment in America

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Note

1. Prudent mean voting rules increased the number of votes that a stockholder could cast at a rate less than one vote per share. Capped voting rules placed a maximum on the number of shares any one stockholder could cast in corporate elections

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The \$1 Conspiracy

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were purchased from the suppliers with an agreement not to buy any part of the same from any party competing with them. They provided, in short, that existing purchase contracts of all operating companies with other competitive suppliers should be terminated at their earliest possible moment; that the operating companies would equip all their units with defendant suppliers' products to the exclusion of any products competitive therewith and that City Lines and their operating companies would not renew or enter into any new contracts with third parties for the purchase of such products or change any then existing type of equipment or purchase any new equipment using any fuel or means of propulsion other than gas."

In short, it was an illegal conspiracy, but only to the extent that the vehicles, tires, fuel

and parts were only bought from within the cartel. The practice of replacing streetcars with buses was never at issue. At the time a considerable number of voters and elected officials considered that progress.

Unchastened, NCL went back to business. In 1950 it acquired the bus systems in Davenport, IA, Wichita Falls, TX, and even the railroad town of Rock Island, IL. The last acquisitions were in 1955, Peoria, IL, and a significant part of the Philadelphia bus system. Notably, Philly continues to operate one of the most extensive urban and suburban rail systems in the country, including that last inter-urban link to New York.

Although NCL had also shed some lines, a few as early as 1936, 1946 was a big year for divestitures, either to other operating companies, or to municipal authorities. There were a few divestitures in the 1950s

but the period 1966 to 1974 saw most of the operations unwound. Among the graduating class of 1974 was the Birmingham system. Interestingly, the vehicle thought to be the very Rosa Parks bus was recently discovered and is being restored. The last NCL operation, in El Paso, TX, ceased in 1976. The debate over its legacy continues to smolder as transit funding is argued in local, state and federal budgets. **\$**

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