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The Rise and Fall of Mass Rail Transit

FROM *Building American Cities: The Urban Real Estate Game*

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There are more automobiles than people in Los Angeles. Is this a consequence of the preferences and choices of individual consumers, a reflection of the so-called American love affair with the automobile, or is it the result of structured choices? The authors show that farsighted corporations found common cause in organizing transportation to suit their interests, and the romance of Americans and their cars began a new chapter.

Most U.S. cities have become *multinucleated*, with major commercial, industrial, and residential areas no longer closely linked to or dependent upon the downtown center. Decentralization has become characteristic of our cities from coast to coast. Essential to decentralization has been the development and regular extension of an automobile-dominated transportation system serving businesses and the general citizenry, but mostly paid for by rank-and-file taxpayers. With and without citizen consent, corporate capitalists, industrialists and developers, and allied political officials have made key decisions fundamentally shaping the type of transportation system upon which all Americans now depend.

THE AUTO-OIL-RUBBER INDUSTRIAL COMPLEX

The auto-oil-rubber industrial complex has long been central to both the general economy and the urban transportation system in the United States. Automobile and auto-related industries provide a large proportion, sometimes estimated at one-sixth, of all jobs, although this proportion may be decreasing with the decline and stagnation in the auto industry over the last two decades. An estimated one-quarter to one-half of the land in central cities is used for the movement, storage, selling, and parking of automobiles, trucks, and buses. The expanding production of automobiles and trucks has been coordinated with the expansion of highways and freeways and has facilitated the bulging suburbanization around today's cities.

Because of the dominance of autos and trucks in the U.S. transportation system, the traditional social scientists * * * have typically viewed that transportation system as preordained by the American "love" for the automobile. For example, in a recent book on Los Angeles, historian Scott Bottles argues

that "America's present urban transportation system largely reflects choices made by the public itself"; the public freely chose the automobile as a "liberating and democratic technology." Conventional explanations for auto-centered patterns focus on the response of a market system to these consumers. Auto-linked technologies are discussed as though they force human decisions: Thus "the city dweller, especially in recent times, has been a victim of the technological changes that have been wrought in transportation systems." * * * [T]raditional ecologists and other social scientists view the complexity and shape of cities as largely determined by technological developments in transportation—a reasonable view—but these technologies are not carefully examined in terms of their economic contexts, histories, and possible technological alternatives. For example, unlike the United States, numerous capitalist countries in Europe, including prosperous West Germany, have a mixed rail transit/automobile transport system. There interurban and intraurban rail transit remains very important. For this reason, the U.S. system cannot be assumed to be simply the result of "free" consumer choices in a market context. The capitalistic history and decision-making contexts that resulted in the positioning of automobiles at the heart of the U.S. transportation system must be examined.

EARLY MASS RAIL TRANSIT

Rural and urban Americans have not always been so dependent on automobiles for interurban and intraurban transport. In the years between the 1880s and the 1940s many cities had significant mass transit systems. By 1890 electric trolleys were in general use. Indeed, electric trolley routes, elevated railroads, and subways facilitated the first urban expansion and decentralization. Some investor-owned rail transit companies extended their trolley lines beyond existing urbanized areas out into the countryside in an attempt to profit from the land speculation along the rail lines. Glenn Yago has documented how transit owners and real estate speculators worked together to ensure the spatial and economic development of cities by private enterprise. Transit companies were a significant force in urban sprawl. The suburban spread of Los Angeles, for example, got its initial push from the expansion of trolley rail lines. Not initially laid out as an automobile city, this sprawling metropolis developed along streetcar tracks; only later was the streetcar network displaced by automobiles.

The reorganization and disruption of mass rail transit that took place in the early 1900s did not result just from the challenge of improved automobile technology. Rather, capitalist entrepreneurs and private corporations seeking profits reorganized and consolidated existing rail transit systems. Electrification of horse-drawn streetcars increased investment costs and stimulated concentration of ownership in larger "transit trusts" of landowning, finance, and utility entrepreneurs. Mergers of old transit firms and the assembly of

new companies were commonplace, and there was much speculation in transit company stock. Yago has provided evidence on the corrupt accounting practices, over-extension of lines for real estate speculation, and overcapitalization which led to the bankruptcy of more than one-third of the private urban transit companies during the period 1916-1923. Sometimes the capitalists involved in the transit companies were too eager for profits. "These actions in turn," Charles Cheape notes, "drained funds, discouraged additional investment, and contributed significantly to the collapse and reorganization of many transit systems shortly after World War I and again in the 1930s."

Ironically, one consequence of the so-called "progressive" political reform movement in cities in the first decades of the twentieth century was that supervision of rail transit systems was often placed in the hands of business-dominated regulatory commissions, many of whose members were committed to the interests of corporate America (for example, transit stock manipulation for profit, rather than to the welfare of the general public. In numerous cases the extraordinary profits made by rail transit entrepreneurs, together with their ties to corrupt politicians, created a negative public image—which in turn made the public less enthusiastic about new tax-supported subsidies and fare hikes for the troubled rail transit systems. Moreover, as the profits of many of the private transit firms declined, public authorities in some cities, including Boston and New York, were forced to take over the transit lines from the poorly managed private companies in response to citizen pressure for mass transportation. This fact suggests that there has long been popular *demand* for publicly owned rail transit that is reliable, convenient, and inexpensive. Indeed, during the period 1910-1930 a *majority* of Americans either could not afford, because of modest incomes, or could not use, because of age or handicap, an automobile.

A CORPORATE PLAN TO KILL MASS TRANSIT?

By the late 1910s and 1920s the ascension of the U.S. auto-oil-rubber industrial complex brought new corporate strategies to expand automobile markets and secure government subsidies for road infrastructure. Mass rail transit hindered the profit-oriented interests of this car-centered industrial complex, whose executives became involved not only in pressuring governments to subsidize roads but also in the buying up of mass transit lines. For example, in the early 1920s, Los Angeles had the largest and most effective trolley car system in the United States. Utilizing more than a thousand miles of track, the system transported millions of people yearly. During World War II, the streetcars ran 2,800 scheduled runs a day. But by the end of that war, the trolleys were disappearing. And their demise had little to do with consumer choice. As news analyst Harry Reasoner has observed, it "was largely a result of a criminal conspiracy".

The way it worked was that General Motors, Firestone Tire and Standard Oil of California and some other companies, depending on the location of the target,

would arrange financing for an outfit called National City Lines, which cozied up to city councils and county commissioners and bought up transit systems like L.A.'s. Then they would junk or sell the electric cars and pry up the rails for scrap and beautiful, modern buses would be substituted, buses made by General Motors and running on Firestone Tires and burning Standard's gas.

Within a month after the trolley system in Los Angeles was purchased, 237 new buses arrived. It is important to realize that, for all the financial and management problems created by the private owners of the rail transit firms, the old transit systems were still popular. In the year prior to the takeover, the Los Angeles electric lines made \$1.5 million in profits and carried more than 200 million passengers. The logic behind the corporate takeover plan was clear. The auto-related firms acted because a trolley car can carry the passengers of several dozen automobiles.

During the 1930s GM created a holding company through which it and other auto-related companies channeled money to buy up electric transit systems in 45 cities from New York to Los Angeles. As researcher Bradford Snell has outlined it, the process had three stages. First, General Motors (GM) helped the Greyhound corporation displace long-distance passenger transportation from railroads to buses. Then GM and other auto-related companies bought up and dismantled numerous local electric transit systems, replacing them with the GM-built buses. Moreover, in the late 1940s, GM was convicted in a Chicago federal court of having conspired to destroy electric transit and to convert trolley systems to diesel buses, whose production GM monopolized. William Dixon, the man who put together the criminal conspiracy case for the federal government, argued that individual corporate executives should be sent to jail. Instead, each received a trivial \$1 fine. The corporations were assessed a modest \$5,000 penalty, the maximum under the law. In spite of this conviction, GM continued to play a role in converting electric transit systems to diesel buses. And these diesel buses provided more expensive mass transit: "The diesel bus, as engineered by GM, has a shorter life expectancy, higher operating costs, and lower overall productivity than electric buses. GM has thus made the bus economically noncompetitive with the car also." One source of public discontent with mass transit was this inferiority of the new diesel buses compared to the rail transit cars that had been displaced without any consultation with consumers. Not surprisingly, between 1936 and 1955 the number of operating trolley cars in the United States dropped from about 40,000 to 5,000.

In a lengthy report GM officials have argued that electric transit systems were already in trouble when GM began intervening. As noted above, some poorly managed transit systems were declining already, and some had begun to convert partially to buses before GM's vigorous action. So from GM's viewpoint, the corporations' direct intervention only accelerated the process. This point has been accented by Bottles, who shows that GM did

not single-handedly destroy the streetcar systems in Los Angeles. These privately controlled systems were providing a lesser quality of service before GM became involved. The profit milking and corruption of the private streetcar firms in Los Angeles were not idiosyncratic but were common for privately owned mass transport in numerous cities.

Also important in destroying mass transit was the new and aggressive multimillion-dollar marketing of automobiles and trucks by General Motors and other automobile companies across the United States. And the automobile companies and their advertisers were not the only powerful actors involved in killing off numerous mass transit systems. Bankers and public officials also played a role. Yago notes that "after World War II, banks sold bankrupt and obsolete transit systems throughout the country at prices that bore no relation to the systems' real values." Often favoring the auto interests, local banks and other financial institutions tried to limit government bond issues that could be used to finance new equipment and refurbish the remaining rail transit systems.

Because of successful lobbying by executives from the auto-oil-rubber complex, and their own acceptance of a motorization perspective, most government officials increasingly backed street and highway construction. They cooperated with the auto industry in eliminating many mass transit systems. Increased governmental support for auto and truck transportation systems has meant systematic disinvestment in mass transit systems. Over the several decades since World War II, governmental mass transit subsidies have been small compared with highway subsidies. This decline has hurt low- and moderate-income people the most. Less public transit since World War II has meant increased commuting time in large cities where people are dependent on the automobile, which is especially troublesome for moderate-income workers who may not be able to afford a reliable car; less mass transit has also meant increased consumer expenditures for automobiles and gasoline. Auto expansion has frustrated the development of much mass transit because growing street congestion slows down buses and trolleys, further reducing their ridership. As a result, governmental funding for public rail transit has been cut, again chasing away riders who dislike poorly maintained equipment. And fares have been increased. Riders who can use automobiles do so. And the downward spiral has continued to the point of extinction of most public rail transit systems.

Mass transit was allowed to decline by the business-oriented government officials in most cities. Consumer desires were only partly responsible for this. Consumers did discover the freedom of movement of autos, and even in cities with excellent rail transit systems many prefer the auto for at least some types of travel. But consumers make their choices *from the alternatives available*. With no real rail transportation alternative to the automobile in most urban areas, consumers turned to it as a necessity. Ironically, as the auto and truck congestion of the cities has mounted between the 1950s and the 1980s,

more and more citizens, and not a few business leaders, have called for new mass transit systems for their cities.

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MASS TRANSIT IN OTHER CAPITALISTIC COUNTRIES

Comparative research on U.S. and German transportation systems by Yago has demonstrated the importance of looking at corporate power and economic structure. Mass rail transport developed in Germany before 1900. In the 1870s and 1880s the German national and local governments became interested in mass transit; at that time the coal, steel, iron, chemical, and electrical manufacturing companies were dominant in German capitalism. Interestingly, corporate executives in these industries supported the development of rail transportation; by 1900 the national and local governments had subsidized and institutionalized intraurban and interurban rail transport systems, which served the transport needs not only of the citizenry but also of the dominant coal, steel, chemical, and electrical industries. These industries also supplied equipment and supplies for the rail networks. In contrast, in the United States early transport companies were involved in manipulation and land speculation; transit service was rarely the central goal of the early rail transit firms. In contrast to Germany, dominance of U.S. industry by a major economic concentration did not come to the United States until after 1900, and when it did come, the auto-oil-rubber industrial complex was dominant. There was no other integrated industrial complex to contest this dominance of the auto-related firms, and governmental intervention was directed at support of motorization and the automobile. In Germany governmental intervention for mass rail transit had preceded this dominance of the motorization lobby. This suggests that the *timing* of the implementation of technological innovations in relation to corporate development is critical to their dominance, or lack of dominance, in cities and societies.

Interestingly, it was the Nazi interest in motorization and militarization in the 1930s that sharply increased the role of auto and truck transport in Germany. Adolf Hitler worked hard to motorize the military and the society. After World War II, the German auto lobby increased in power, and an auto transport system was placed alongside the rail transport system. However, the West German government and people have maintained a strong commitment to both systems; and the OPEC-generated oil crises of the 1970s brought an unparalleled revival of mass transit in Germany, whereas in the United States there was a more modest revival. The reason for the dramatic contrast between the two countries was that Germany had retained a rail passenger transport system, one that is still viable and energy conserving to the present day.