

# THE GENERAL MOTORS CONSPIRACY

*By Ed O'Rourke*

Our automobile dominant society did not become that way by open market forces. The General Motors Corporation led a conspiracy to make this happen. GM set up a shell company, National City Lines, that endeavored to convert cities' transit systems from electricity driven street cars to petroleum driven vehicles and give the conspiring companies an exclusive market over their competition in the gasoline, tire and bus business.

An excerpt from an October 2, 1946 letter of the Department of Justice to J. Edgar Hoover, director of the Federal Bureau of Investigations, describes the illegal activity:

“Investigation of the complaints disclosed the probable existence of a systematic campaign by National City Lines, acting with its manufacturing shareholders, to secure control over local transportation systems in various cities. As soon as the control is secured, the local transportation company is directed to buy buses, petroleum products, and tires from the manufacturing shareholders of National City Lines in accordance with the contracts between the manufacturers and National City Lines. The purpose of the plan is to set up an integrated scheme of control whereby manufacturing stockholders furnish supplies of buses, tires, and petroleum products to local transportation companies on terms agreed upon by the National City Lines and manufacturers....It appears that National City Lines and its manufacturing associates have entered into a plan to secure control over local transportation systems in important cities in the United States....One result of the plan for integrated control over local transportation has been the elimination of electric railway cars in city transportation controlled by these companies.”

On April 9, 1947, a federal grand jury unsealed two counts of criminal conspiracy against General Motors Corporation, National City Lines, Firestone Tire & Rubber

Company, Phillips Petroleum Company, Mack Manufacturing Corporation, Standard Oil Company of California and others. The defendants hired some of the best defense lawyers in the country in the most complex and precedent-setting conspiracy trials in memory.

On March 12, 1949, the jury delivered its decision:

Count 1: Conspiracy to secure control of transit systems. Not guilty.

Count 2: Conspiracy to monopolize the transit business for their own oil, tires, and buses. Guilty as charged.

The defendants appealed all the way to the Supreme Court but the convictions from the second count stood.

In 1936, GM formed a holding company, National City Lines (NCL), for the express purpose of acquiring local transit systems throughout the country, mostly in medium-sized cities. In later years, other members of the conspiracy joined. One of the benefits was that National City Lines would buy their products almost exclusively. NCL did buy some products from non-participants to give the appearance of competitive purchasing.

NCL's procedure was to acquire trolley lines, let them deteriorate, institute unpopular bus lines eventually cutting their routes leaving automobiles as the only remaining desirable alternative.

Streetcars were popular but the people running the transit companies were often greedy, stupid, and corrupt.

The public liked the smooth riding, quiet, spacious trolleys. They were a welcome alternative to filthy, cinder-spewing, coal burning railroads. They were cheap to ride and operate. Sometimes they were social centers. Trolleys inspired movies and songs, with possibly the known "The Trolley Car Song" sung by Judy Garland in the 1944 movie *Meet Me In St. Louis*.

The demise of the streetcar was brought on by the short-sightedness, greed and corruption of their owners. In many of the larger cities, transit companies were municipal agencies. In most cities and towns, transit companies were privately owned enterprises often controlled by the local utility but too often engaged in "theft, bribery, embezzlement, and public deception."

What made NCL's effort easier was that buses were the most economical choice in the short run. They cost between \$3,500 and \$8,000 while a streetcar would cost two to three times as much. Buses could run on the streets for free while trolleys had to build and maintain the expensive track and overhead wires.

In the long run, buses could run only six or eight years while a streetcar could run for two or three decades. Streetcars were the better investment in the long haul.

When Dwight Eisenhower became president, he chose Charles Wilson, GM's president from 1941 to 1952 to be his first Defense Secretary. Driven by his military experience, Eisenhower wanted an Interstate Highway System that would speed up the movement of troops and supplies in an emergency.

There was never any serious consideration for subsidizing mass transit in the cities or railroads between cities. There was no calculation of the health costs, environmental effects, or the effort to keep a military presence in the Middle East. There is no serious consideration today of the cost of maintaining 737 military bases in foreign countries.

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Main source: Edwin Black, *Internal Combustion: How Corporations and Governments Addicted the World to Oil and Derailed the Alternatives*, St. Martin's Press, 2006, 408 pages.

Additional information:

[www.wikipedia.com](http://www.wikipedia.com), entries, "National City Lines" and "Great American Streetcar Scandal."