

The Great Trillion-Dollar Swindle



National City Lines frontman, Minneapolis lawyer Fred Ossanna and Minneapolis Twin City Rapid Transit Company treasurer James Towey exchange a handshake and a cheque in front of a pile of burning TCRT streetcars, June 1954, courtesy Minneapolis collection, Hennepin County Central Library.

By the later years of the 1910s, demand for automobiles was basically flat. Ford's Model T, first produced in 1908, had basically saturated the market (it would continue to be produced until 1927, by which time advances in technology made it obsolete).¹ There had been nothing in the automotive market to really fire the imagination since the introduction of the Ford-Edison partnership that promised an affordable battery-powered electric car, and public "recharge stations" to run them with. Henry Ford and Thomas Edison even went so far as to purchase Detroit Electric, a maker of battery-powered automobiles. This remarkable development captured the imagination of the popular press at the time, and with it, the attention of the public, and the executives of General Motors.

In December of 1914, a disastrous and mysterious fire destroyed Thomas Edison's "fireproof" laboratory complex in West Orange, New Jersey, taking with it much of the prototype work that might have made such a scheme possible. The lab, thought to be impervious to fire because of its construction and the private fire brigade that was always on duty, was not insured, and Edison personally sustained a \$5M loss.²

Meanwhile, by the early 1920s, General Motors had put in place a strategy for increasing the general demand for automobiles, rapidly expanding its business, and achieving dominance in the automobile, truck, bus, and rail hardware markets.³ GM's plan was manifold and breathtaking in scope, and included acquiring other companies in targeted sectors, building new plants all over the world, and a massive marketing, PR, and lobbying campaign that was one of the single-biggest promotional ventures in history. This systematic programme for shaping public demand and consensus must have run into the billions of dollars between 1930 and 1960 alone.

For example, an internal sales film from 1935, *Pontiac Advertising*⁴, outlines a staggeringly large marketing campaign – and the film details only marketing activities for the Pontiac product line. There were campaigns for Cadillac, Buick, Oldsmobile, and Chevrolet as well. According to *Pontiac Advertising*, Pontiac purchased an estimated “three billion, four hundred million reader impressions going into the home ... just through newspapers alone,” with ads appearing in 2500 US daily and weekly newspapers. They also ran “thirty-four pages” of ads in the *Saturday Evening Post*, with a circulation of 3 million, for a calculated 12 million ad views; twenty-one pages of advertising in *Collier’s*, with a readership of 10 million; twenty pages of ads in *Time*, aimed at half a million readers; thirteen pages to pitch Pontiacs as the “ideal second car” in the *New Yorker*, circulation 130 000 (“second car market” ads also appeared in *Harper’s Bazaar* and *Fortune*); and print ads also appeared in *The American Weekly*, the largest-circulation weekly in the US at the time, at 5.5 million. Unusually (and expensively), *American Weekly* ads were also in “full colour – big, beautiful [and] arresting.” A “women’s appeal advertising” blitz placed ads in *Good Housekeeping*, “with its 2 million readers.” The “selling impressions” numbers are no doubt inflated, but even adding up the circulation totals yields impressive statistics. The film claims that the magazine campaign alone would reach 13 850 000 people for “365 million reader impressions.”

Based on a combination of the print ads plus Pontiac ads on 5000 billboards around the US, and radio commercials on NBC’s Red Network, the film boasts a total of “7 560 000 000 selling impressions” for the 1935 campaign alone. A similar film called *Helping You Sell*⁵, produced in 1937 by the Jam Handy Organization for Chevrolet, details similar extremely aggressive salesmanship and marketing. Although this particular film primarily shows the details of Chevrolet’s film-based ad campaign, it does mention print ads, paper catalogues showing all available Chevrolet models, dealership sales, flyers to be inserted into newspapers, and what appears to be a brief depiction of door-to-door car-selling procedure. Chevrolet’s 1937 filmed-materials strategy involved campaigns in schools, community organisations, inside industry (for commercial, industrial, and fleet sales), and in movie theatres.

Keep in mind that while they were mounting this enormous ad campaign to sell cars, these same players, General Motors, Greyhound, Hertz, Firestone Tire, and serial antitrust violator Standard Oil⁶ among them, were also involved in actively removing alternatives -- buying up and systematically shutting down street and interurban rail systems all across North America.⁷ Everyone profited from these transactions -- the automakers, the bus-builders, the road lobbyists, the tire companies, the owners and shareholders of municipal transit companies (who were, as the photo shows, compensated heavily in cash -- and sometimes other perquisites) -- everyone but the riding public and the large industry that made and serviced the electric rail coaches that were rapidly being replaced by automobiles, buses, and diesel locomotives. (General Motors had a very large freight business, and was a major supplier of diesel rail equipment and parts, and so was not afraid in the least to throw its weight around to ensure that railroads purchased its equipment.⁸)

At one time, there had been a thriving market in resale streetcars and parts. As "[Good Used Cars](#)" notes, "In the 1950's, [Philadelphia] bought forty ex-Kansas City Missouri [streetcars], and another fleet from St. Louis. Eleven more ex-Kansas City cars came to Philadelphia, by way of Toronto, in 1976."⁹ Toronto had been a major buyer of decommissioned streetcars,

when decommissioned streetcars were available, since Toronto has managed to keep its streetcar culture intact since the inauguration of (horse-drawn) streetcar service in 1873.¹⁰ University of Pennsylvania professor [Vukan Vuchic](#), UPS Foundation Professor of Transportation Engineering, puts some more numbers to the ever-mounting dollar figures involved: "The U.S. had 72,911 streetcars in service in 1917; by 1948, there were 17,911."¹¹ What happened to those other fifty-five thousand streetcars?

You can see from the picture accompanying this essay what happened to some of them. These streetcars were soaked in kerosene and set alight¹², some were hauled away, shredded, and sold for [scrap](#), and others were sold and sent to cities with still-operating streetcar service. Still other transit companies merely towed the streetcars to out-of-the-way places and left them to rust.¹³

Which leads, of course, to the obvious next question: How much exactly *was* all that streetcar/interurban rail rolling stock worth? Many of those streetcars and interurban rail cars were electrically powered (few moving parts and cheap to operate), in the first decade or so of their thirty- to forty-year operational lifespan, and a significant capital expenditure on the part of their former owners. Rebuilding existing streetcars and interurban cars was a common occurrence. In his article in *Trains Classic*, "What was it about the interurban?", transit historian William D. Middleton provides an excellent example accompanying a photograph taken in 1951: *Originally a Jewett Car Co. open trailer of 1916, [Bamberger Railroad] interurban 365 had been rebuilt more than once over its 30-plus years, emerging from a final 1946 rebuilding as a modernized, high-speed car good for a top speed of close to 75 mph.*¹⁴ Even assuming all else being equal (and they were a long way from, in fact) that represents a significant destruction of *wealth*, in classical economics terms.

How much money got burnt, shredded, melted, scrapped, dismantled, ditched, and dumped? Add it up. Between the ad campaigns, the secret backroom deals, and the destruction of tens of thousands of pieces of rolling stock, just in terms of gross wealth destruction, this was the great trillion-dollar swindle.

¹ "Showroom of Automotive History: The Model T." The Henry Ford: America's Greatest History Attraction. 11 May 2005. The Henry Ford Museum. 5 Apr 2007
<http://www.thehenryford.com/exhibits/showroom/1908/model.t.html>.

² Black, Edwin. Internal Combustion: How Corporations and Governments Addicted the World to Oil and Derailed the Alternatives. First. New York: St. Martin's Press, 2006 (pp. 1-2).

³ See: "GM - Corporate Info - History - 1920." GM Cars - General Motors Corporate Website. General Motors Corporation. Accessed April 4, 2007
http://www.gm.com/company/corp_info/history/gmhis1920.html, and

Doyle, Jack. Taken For a Ride: Detroit's big three and the politics of pollution. New York: Four Walls Eight Windows, 2000, and

Mintz, Morton. "GM Still Faces Monopoly Suit." Washington Post 24 May 1974. Cited in Doyle, 2000, and

Snell, Bradford C. "American Ground Transport" Part 4A of Hearings in S. 1167, The Industrial Reorganization Act, before the Subcommittee on Antitrust and Monopoly of the Committee of the Judiciary, U.S. Senate, 93rd Congress, 2nd Session, 1974.

Snell, Bradford C. "The StreetCar Conspiracy: How General Motors Deliberately Destroyed Public Transit." TomPaine.com 10 Sep 2001. Accessed 1 July 2006
<http://www.loveearth.net/gmdeliberatelydestroyed.htm>. (Originally at <http://www.tompaine.com/history/2001/09/10/index.html>.)

Snell, Bradford C. Telephone/e-mail interview (with Rustin Wright). 16 Mar 2006.

⁴ Helping You Sell. Film. Jam Handy Organization, 1937. Accessed 6 April 2007, Archive.org. <http://www.archive.org/details/HelpingY1937>.

⁵ Pontiac Advertising. Film. 1935. General Motors Corporation (?) Accessed 6 April, 2007, Archive.org <http://www.archive.org/details/1935PontiacA>.

⁶ Bowen, John, editor. "STANDARD OIL CO. v. U. S. 221 US 1." Supreme Court Antitrust Debates. 12 Nov 1997. Ripon College. Accessed 27 May 2006 (now at archive.org)
<http://www.ripon.edu/faculty/bowenj/antitrust/STDOILNJ.htm>, and

"Standard ogre." The Economist Millennium issue 23 Dec 1999. Accessed 4 April 2007
http://www.economist.com/diversions/millennium/displayStory.cfm?Story_ID=34725
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⁷ *idem* Snell, "American Ground Transport"

⁸ *idem* Snell, "American Ground Transport," and

"Is EMD a Monopoly?." Trains (magazine) June 1961: 6, 11.

"U.S. Supreme Court, UNITED STATES V. NATIONAL CITY LINES , 334 U.S. 573 (1948), 334 U.S. 573, UNITED STATES v. NATIONAL CITY LINES, Inc., et al. No. 544." FindLaw for Legal Professionals. FindLaw. 26 May 2006 <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?navby=case&court=us&vol=334&invol=573> (link dead).

⁹ Szylagi, Mike. "Philadelphia Trolley Tracks: Good Used PCC Cars." Philadelphia Trolley Tracks. 30 Nov 2003. Accessed 5 Apr 2007. <http://www.phillytrolley.org/tracks4.html>.

¹⁰ Wyatt, David. "History of Regional Transit in Toronto, Ontario." David Anthony Wyatt, BSc. 2 Feb 2007. University of Manitoba. Accessed 6 Apr 2007 <http://home.cc.umanitoba.ca/~wyatt/alltime/toronto-suburbs-on.html>.

¹¹ "Streetcars Derailed Canada Escaped Plot That Scuttled US Transit." Toronto Star 27 June 1999, Sunday 1: Context.

¹² Taken For A Ride. Dir. Jim Klein and Martha Olson. Videocassette. New Day Films, 1996.

(This film actually shows footage of streetcars being burnt in Philadelphia.)

and *idem*, Black, Edwin. *Internal Combustion* (photographic plates showing burning of streetcars in Newark and Minneapolis).

¹³ "How a Fleet of Vintage Streetcars Became Stranded in the Snows of Lake Tahoe." [Weblog Telstar Logistics] 22 Mar 2007. Telstar Logistics. 6 Apr 2007 http://telstarlogistics.typepad.com/telstarlogistics/2007/03/the_lost_street.html.

¹⁴ Middleton, William D.. "What was it about the interurban?." Trains Classic 1999: 82-92.