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**PRIVATE PROFIT VERSUS PUBLIC SERVICE:
COMPETING DEMANDS IN URBAN TRANSPORTATION
HISTORY AND POLICY,
PORTLAND, OREGON, 1872-1970**

**by
MARTHA JANET BIANCO**

**A dissertation submitted in partial fulfillment of the
requirements for the degree of**

**DOCTOR OF PHILOSOPHY
in
URBAN STUDIES**

**Portland State University
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DISSERTATION APPROVAL

The dissertation of Martha Janet Bianco for the Doctor of Philosophy in Urban Studies was presented on March 4, 1994, and accepted by the dissertation committee.

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ABSTRACT

An abstract of the dissertation of Martha Janet Bianco for the Doctor of Philosophy in Urban Studies presented March 4, 1994.

Title: Private Profit Versus Public Service: Competing Demands in Urban Transportation History and Policy, Portland, Oregon, 1872-1970

This dissertation is a case study of the history of urban transportation policy in Portland, Oregon, between 1872 and 1970. The emphasis is on mass transit policy formulated and implemented by the private and public sectors as response to crises within both the local transit industry and the urban political economy. These crises are placed in the context of the continuing conflict between the industry's right to profit and its obligation to meet the competing demands of its constituencies: ridership's demands for low fares and comprehensive service; labor's demands for competitive wages; downtown businesses' demands for peak-hour service; and the regulatory demands imposed by the city and state. The development of Portland's mass transit policy is presented within the larger context of urban transportation policy and planning in general and is compared with the experiences of other cities throughout the country.

This study concludes the primary crises that defined urban transportation policy in Portland can be divided into two types. Those that existed during the period of private ownership arose from the conflicting demands of the various actors in the transportation policy process. There were also those crises that arose just prior to and during the transition to public ownership: in addition to the traditional conflicts that

had been present -- labor, ridership, the city -- there were new elements of conflict between the central city and the growing suburbs.

This study also concludes that the decline of transit began in 1919 and that the roots of this decline lie in the structure of the industry, its place in the local political economy, and in its inherently antagonistic relationship with the city. While the use of the automobile, suburbanization, and highway development were all significant factors in accelerating transit's decline, they alone do not explain transit's decline.

Finally, this study concludes that in the Portland case, it was a combination of several factors that worked together to facilitate the implementation of public ownership and operation of transit in Portland, including growing concern about the weakening economic strength of the central city and the availability of new sources of implementation funding.

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I wish to thank the members of my dissertation committee for their guidance, encouragement, and patience in reading many, many pages of material: Carl Abbott for his careful and thoughtful review of theoretical and historical concepts, for his almost-immediate turnaround in reviewing my chapters, and for his previous research for his own books *Portland* and *The New Urban America*, both of which served as a frequent source of reference and example of analytical approach, theory, and style; E. Kimbark MacColl for his endurance and for sharing his primary sources and, most importantly, for the original research he conducted for *The Shaping of a City*, *The Growth of a City*, and *Merchants, Money and Power* -- I would never have known where to begin my research had it not been for his thorough and detailed research on Portland's history; Craig Wollner for his helpful advice and for the original research he conducted on the history of Portland General Electric in *Electrifying Eden*; and Gordon Dodds, whose incredible attention to detail and swift turnaround in reading my lengthy chapters was a constant source of amazement, and whose own work, *Oregon: A Bicentennial History*, clarified some important issues regarding the very early period of my study.

I would especially like to thank my committee chair, Sy Adler, who has been a constant source of inspiration and encouragement throughout my graduate education. It was my reading of his article, "The Transformation of the Pacific Electric Railway," that prompted me to do a history of Portland's transportation policy in the first place. His own dissertation, published as *The Political Economy of Transit in the San Francisco Bay Area*, was frequently the only theoretical source for reference of many important conceptual points in my work. His work and his teaching have served as the

highest example of scholarship, and I have been most fortunate to have had the opportunity to work with him.

I would also like to thank the following librarians and archivists, without whose help this work would have been impossible: Marcus Robbins and the gang at Portland City Archives; Bob Weber at Portland General Electric Corporate Library; Judy Weinsoft, Andrea J. Drury, and Mark McGrath at Tri-Met Library; Victoria Jones, manuscript librarian for special collections at the University of Oregon's library; and all of the librarians at the Oregon Historical Society, particularly assistant manuscripts librarian Todd Shaffer.

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Finally, I would like to thank my husband, Jackson, for his remarkable patience and support. He cooked for me and kept the house clean and quiet while I wrote, assisted in data entry and research, made many, many special trips to the library, and read portions of the dissertation, providing many helpful comments and suggestions.

Needless to say, I take full responsibility for the views expressed and any factual errors that remain.

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CHAPTER I

INTRODUCTION

In many areas of public and private policy involving the provision of services, there has historically been a conflict between providing service equitably, so that all potential consumers have equal access to that service, and providing that same service profitably and efficiently, so that the service provider realizes a reasonable return on investment. When services such as education, health care, and transportation are provided by the private sector, imbalances in the equitable distribution of these services to all sectors of society may result. By the same token, when such services are provided by the public sector, inefficiencies due to overbureaucratization and hampered inventiveness may render the service-provision system equally as inadequate.

The case of urban mass transit provides an excellent example of just how this conflict between equitable access and profitable efficiency is manifested. As with many services, provision of mass transportation in the United States began as a private enterprise and remained that way for well over half a century. Conflict existed from the very beginning, and it was this conflict that shaped and defined urban mass transit policy, both within the private industry and from without, in the public arena.

The history of urban transit is the story of an industry struggling to respond to competing and often conflicting demands: ridership's demands for low fares and comprehensive service; labor's demands for competitive wages and decent working conditions; downtown businesses' demands for advantageous routings and peak-hour service; and the regulatory and punitive demands imposed by state and local bodies, voters, and the courts. Against all of these lay the premise of the transit companies'

right to profit. This conflict between making a profit and meeting the demands of various sectors of society resulted in a pattern of crisis and response-to-crisis that gave form and substance to emerging transit policy.

This dissertation is a case study of the history of urban transportation policy in Portland, Oregon, concentrating on the period between 1872 and 1970. The emphasis will be on mass transit policy formulated and implemented by both the private industry and the public sector as response to crises within both the local transit industry and the urban political and economic environment. These crises will be placed in the context of the continuing conflict between the industry's right to profit and its obligation to meet the competing demands of its constituencies -- ridership, labor, downtown business interests, and the regulatory bodies. Portland's mass transit policy will be examined within the larger context of urban transportation policy and planning in general and will be compared with the experiences of other cities throughout the country.

The beginning and ending years of the period under examination mark crucial developments in Portland's transportation history. Eighteen seventy-two marks the year that the first horse-drawn street railway was inaugurated in Portland, predecessor to a flurry of competitive expansion and consolidation among a number of later street railway companies. By 1904, after several decades of consolidations, the city's mass transit would be provided by only one street railway company; within two more years, this company, the city's interurban lines, and the city's major producer of electricity would all merge into one powerful monopoly, the Portland Railway, Light & Power Company.

The end of the period to be studied, 1970, marks the first year of public operation of Portland's transit system after takeover from the single private company, the financially beleaguered Rose City Transit, which had been losing the battle in a

persistent conflict with labor.¹ Nineteen seventy also marks the end of a decade during which Portland's central city no longer housed the majority of the population; by the end of the 1960s, in fact, over 60 percent of the population was living outside the central city. A new breed of political actors was looking for ways to harness the suburbanization process and breathe life back into downtown Portland. By 1970, a regional agency, the Tri-County Metropolitan Transit District (Tri-Met) was running the city's buses, providing transportation for three counties to and from the center of downtown Portland.

RESEARCH PURPOSE

Importance of this Study and Research Questions

Most of the case studies of a particular city's transportation history have focused on older rustbelt cities or on larger cities in California. Although the focus on these cities has provided a generic framework for analysis of other cities, there has been perhaps too much of a tendency to assign a national history to an industry that is in many respects very local in nature, to assume homogeneity where there is in fact diversity, to obscure local responses to changes and crises, and to minimize the importance of local political economies in the policy-making process. In addition, the period covered by most historical case studies is confined to a thirty- or forty-year time span, typically prior to World War II. In the Portland case, the era of private ownership lasted nearly one hundred years. The developments in urban transit over such a long period of time have not been addressed in a single case study.

¹Rose City Transit Company was the primary private operating company in Portland; however, four other small independent operating companies (the "Blue Lines") operated in and around Portland, serving primarily suburban areas.

This dissertation will explore the role played by local political, business, and economic factors in shaping the entire history of Portland's transportation policy during the years of private ownership and the first year of public ownership. How important were factors internal to the transit industry -- both those unique to Portland and those uniform industrywide -- in affecting this history? What sorts of crises -- social, political, cultural, and economic -- affected transportation policy decisions? How were these crises a manifestation of the conflict between the transit industry's right to make a profit and its obligations to its constituencies? Which of the various responses to crisis did Portland and its transit industry embrace? Why were certain responses chosen and not others? And why was one of these possible responses -- public ownership -- embraced when it was? What factors precipitated the relatively late move toward public ownership? What role did Portland's economic competitiveness with the growing suburbs play in determining transportation policy?

Statement of Hypotheses

Conflict, Crisis, and Policy Response in Portland. This dissertation looks at the Portland case for evidence that continuing conflict characterized the transit industry and resulted in a series of crises and policy responses to crisis. This analysis is based on the work of David Jones, who identifies three major sources of continuing conflict and crisis for transit: (1) the burdens of meeting conflicting constituency entitlements (demands for low fares on the part of the ridership, for higher wages on the part of transit labor, and for advantageous routing on the part of downtown business interests); (2) the destabilizing effects of consolidation and overcapitalization resulting from

profit-seeking on the part of the industry; and (3) the regulatory and punitive constraints imposed by the city and the state.²

This study explores how these factors identified by Jones and others interacted in Portland to result in an industry that was too static, inflexible, and encumbered to adapt to changing technological, economic, and social conditions.³ This dissertation also explores the extent to which a range of policy responses was implemented in Portland in light of this inability of the industry to adapt.

The range of possible policy responses that will be explored in this study falls into two main categories: those that might be implemented from within the industry (cost-cutting measures, service and equipment improvements, pricing mechanisms, and public relations efforts) and those potentially implemented from without (relieving the private company from franchise obligations, transportation rationalization in the form of city-sponsored plans and studies, public subsidy, and outright public ownership and operation of transit).

The Roots of the Decline of Private Transit in Portland, Oregon. This dissertation also looks at the Portland example to seek evidence supporting the theory set forth by David Jones that the roots of the transit industry's decline lie in the first decade of the twentieth century and were primarily industry-internal, reinforced and accelerated by prevailing business practices that emphasized profit-accumulation, by

²David W. Jones, Jr., *Urban Transit Policy: An Economic and Political History* (Englewood Cliffs, N.J.: Prentice-Hall, 1985).

³Paul Barrett, *The Automobile and Urban Transit: The Formation of Public Policy in Chicago, 1900-1930* (Philadelphia: Temple University Press, 1983); Scott L. Bottles, *Los Angeles and the Automobile* (Berkeley: University of California Press, 1987); Edward S. Mason, *The Street Railway in Massachusetts: The Rise and Decline of an Industry* (Cambridge, Mass.: Harvard University Press, 1932); Glenn Yago, *The Decline of Transit: Urban Transportation in German and U.S. Cities 1900-1970* (New York: Cambridge University Press, 1984).

public attitudes antagonistic toward the transit industry, and by restrictive governmental sanctions. Based on the works of Jones and others, this dissertation explores the extent to which it was true that suburbanization, highway expansion, and the widespread availability of the auto can be seen as crises that accelerated, but were not the root cause of the decline of the industry in Portland.⁴

The Public Ownership of Transit in Portland. The pattern and causes of the transit industry's decline were much the same in Portland as they were elsewhere. What varied more than the pattern and causes of decline was the type and timing of local response. As in cities elsewhere, Portland's transit industry, along with local political and business leaders, responded over a fifty-year period with a variety of mostly unsuccessful devices. Overall decline in Portland was finally arrested through public ownership in the form of a regional transit agency.

In addition to exploring the extent to which the range of possible policy responses was implemented in Portland, this study analyzes the Portland case for evidence supporting theories set forth by Adler and Edner⁵ and others⁶ that certain

⁴Barrett, *The Automobile*; Bottles, *Los Angeles*; Mason, *Street Railway in Massachusetts*; Yago, *Decline of Transit*.

⁵Sy Adler and Sheldon Edner, "Governing and Managing Multimodal Regional Transit Agencies in a Multicentric Era," *Public Policy and Transit System Management*, ed. George Guess (Westport, Conn.: Greenwood Press, 1990).

⁶Carl Abbott, *The New Urban America: Growth and Politics in Sunbelt Cities* (Chapel Hill: The University of North Carolina Press, 1981); Carl Abbott, *Portland: Planning, Politics, and Growth in a Twentieth-Century City* (Lincoln: The University of North Carolina Press, 1983); Sy Adler, "The Transformation of the Pacific Electric Railway: Bradford Snell, Roger Rabbit, and the Politics of Transportation in Los Angeles," *Urban Affairs Quarterly* 27 (September 1991): 51-86; Charles Cheape, *Moving the Masses: Urban Public Transit in New York, Boston, and Philadelphia 1880-1912* (Cambridge, Mass.: Harvard University Press, 1980); E. Kimbark MacColl, *The Growth of a City: Power and Politics in Portland, Oregon 1915-1950* (Portland: The Georgian Press Company, 1976); Paul E. Peterson, *City Limits* (Chicago: The University of Chicago Press, 1981).

conditions in the local political economy were necessary in order for public ownership of transit to be finally feasible.

The critical factors instigating public ownership that are raised in the literature and that will be explored in this study include a significant change in the composition of the city's political leadership and in the political culture in general,⁷ the availability of federal funding and the device of the special service district,⁸ and the potential of significant economic crisis in the central city resulting from declining mass transit service and impaired access to the central city's core.⁹

Chapter Outline

As a historical study, the substantive body of this dissertation is arranged in a chronological fashion, with chapters corresponding to certain stages in the history of Portland's transportation policy. Within these historical chapters, the conceptual issues of decline, conflict and crisis, and policy response to crisis are addressed as subsections of the historical narrative. The outline for the chapters succeeding the current chapter is as follows:

⁷Susan S. Fainstein et al., *Restructuring the City* (New York: Longman, Inc., 1986); John P. McKay, *Tramways and Trolleys: The Rise of Urban Mass Transport in Europe* (Princeton, NJ: Princeton University Press, 1976). Also, Abbott, *New Urban America*; MacColl, *Growth of a City*.

⁸Michael N. Danielson, *Federal-Metropolitan Politics and the Commuter Crisis* (New York: Columbia University Press, 1965); Barbara Pate Glacel, *Regional Transit Authorities: A Policy Analysis of Massachusetts* (New York: Praeger Publications, 1983); Annmarie Hauck Walsh, *The Public's Business: The Politics and Practices of Government Corporations* (Cambridge, Mass.: The MIT Press, 1978). Also, Abbott, *Portland*; Fainstein et al., *Restructuring the City*; MacColl, *Growth of a City*.

⁹Adler, "Transformation of Pacific Electric"; Adler and Edner, "Governing and Managing"; Abbott, *New Urban America*; Abbott, *Portland*; Peterson, *City Limits*; Jon C. Teaford, *The Rough Road to Renaissance: Urban Revitalization in America, 1940-1985* (Baltimore: Johns Hopkins University Press, 1990).

Chapter II: The Roots of Decline. This chapter reviews the various theories regarding the forces behind the decline of transit, presenting in some detail the hypothesis set forth in the literature that the roots of the decline of the private transit industry lie in the first two decades of the twentieth century and can be characterized by the conflicting and competing demands identified by David Jones. This chapter also discusses how certain factors that made the transit industry so profitable and attractive to begin with, accounting for the industry's early success, came ultimately to contribute to its eventual demise.

Chapter III: Policy Alternatives in Response to Crisis. This chapter addresses conceptual issues involved with placing transportation policy -- formulated and implemented by either the industry or the public sector -- within the context of response to crisis. The emphasis will be on identifying the range of possible policy responses and on delineating the conditions that made certain policy responses practicable when others were not.

Chapter IV: In the Pursuit of Profit: Transit as Private Enterprise, 1860 to 1890. This chapter is the first of the historical-narrative chapters, covering the first thirty years of transportation in Portland, including the implementation of new technologies such as steam, cable, and electricity. Through the narrative a context will be provided for a discussion of the hypotheses developed above. The particular hypotheses addressed in this chapter are those set forth by Jones and others, dealing with the roots of decline (conflicting constituency entitlements, consolidation and overcapitalization, and regulatory and punitive constraints). It will be shown how these conflicting demands competed with the profit motive of the early transportation entrepreneurs.

Chapter V: From Optimistic Expansion to the Beginning of Decline: 1890 to 1924. This second of the historical chapters traces the history of Portland's transit

system through rapid consolidation and ultimate monopoly operation by the Portland Electric Power Company (PEPCO), which served as a holding company for Portland General Electric (PGE) as well as Portland's interurban and city streetcar lines.

This chapter addresses the hypothesis that the decline initiated in the first two decades of the century was manifested during this period through continuing conflict inherent in an interaction of the following factors: Progressive reform in the guise of more stringent city and state regulation as a reaction to the monopoly consolidations of the previous period; the interrelationship and effect of wage increases and fare increases; the role of horizontal urban growth, increased automobile use, and jitney competition; and the growing emphasis on automobile accommodation, including city plans that focused on street paving and widening.

Chapter VI: Mass Transit Maladies, Motorization, and Making Do. The period covered by this chapter extends from the continued decline of the private industry experienced during the 1920s through its struggles to survive during the early 1930s. This struggle, which Jones labels "embattled attrition," is characterized by an industry -- crippled by heavy bond indebtedness, burdensome regulations, and declining ridership -- that continued to fight for survival in the face of growing competition from the automobile. Transportation planning and policy increasingly focused on the automobile, while transit planning was left unattended except insofar as regulation of the private industry would have an effect.

Many companies across the nation could not survive, and bankruptcy resulted. Another manifestation of industry decline is what Jones calls "elective disinvestment," involving the disinvestment of transit properties by the holding companies and their electric-company affiliates. Although the history of the Portland company during this period may be cast primarily in the light of "embattled attrition," this was also a case involving elective disinvestment, as the traction company and the electric company

were formally separated as two distinct corporate entities. PEPCO's concern came increasingly to be its light and power division (PGE); the traction company had become an unprofitable and encumbering burden.

Chapter VII: Through Depression and War, 1932 to 1946. Since the twenties, transportation policy had emphasized the automobile, but there was increasing concern on the part of city politicians, planners, and business leaders regarding the decline of transit and the effect on the viability of the central city. In Portland, the city became more actively involved with the *transit* aspect of transportation planning, although the prevailing emphasis was on highway and road building. This chapter surveys the city's involvement with both transit and automobile planning, as well as the company's efforts to meet the exigencies of the Depression and World War II.

World War II saw a great rebound in transit ridership, which had reached its lowest point during the Depression. Even during those difficult years, transit and auto planning continued, although many proposals were deferred. A number of companies throughout the country could not survive the Depression and were thus prime targets for General Motors and National City Lines, which affiliated during the 1930s and began a program of buying up failing transit companies and replacing outmoded streetcars with diesel motor buses. This chapter also explores General Motors' unsuccessful attempt to take over the Portland company, and the company's continued decline in the mode of embattled attrition.

Chapter VIII: The Portland Transit Company and Precipitous Decline, 1946-1963. This chapter focuses on the manifestations of decline in the industry during this period, when the company was sold to San Franciscan interests and the name changed to Portland Transit Company in 1946, then reorganized in 1956 under the new name of Rose City Transit. This chapter will explore the continuing effects of the conflicting pressures identified in earlier chapters, particularly those resulting from regulatory

obligations and constituency entitlement to low fares and improved service, increased wages, and comprehensive routing.

This chapter focuses on the increasing antagonism between the city and the transit company and the marking off of the battle lines among the three major actors in the descent toward private-industry demise and public takeover: the city, the company, and the union. The weakening of the central city vis-à-vis the growing suburbs is also explored, and it will be shown how the urgency associated with this central city weakening came increasingly to influence the Portland city council's decision making.

Chapter IX: Saving the City: Transportation Policy during Decades of Desperation, 1950 to 1970. This chapter investigates the factors present in Portland that precluded public ownership as a policy response until the late 1960s, even though the extent of industry decline in the periods preceding the sixties was significant. This chapter addresses the hypothesis that certain conditions were necessary in the local political economy and culture to make public ownership not only possible but inevitable. In the case of Portland, these conditions included changes in the political culture, the threat of place competition, and a crisis in the relations between the transit company, the union, and the city government. This chapter also presents a historical narrative of the continuing struggles and crises present in evolving transportation policy, particularly the persistent conflict with labor and the relationship between the company and the city. The narrative will trace the events leading up to the last days of private company operation.

In addition, this chapter discusses the city's attempts to reverse central city economic decline through comprehensive transportation policy and regional planning. The political struggles surrounding certain aspects of the policy and planning initiatives of this period -- such as expressway-loop construction -- are also covered. A primary focus of the chapter is the type of transportation planning that resulted from an

increased awareness of the role of mass transit in improving the economic viability of the central city. This awareness compelled the city to intervene more forcefully than ever in directing transit policy, illustrated most pointedly when the city council stepped in to force the public takeover of the transit system, ending a decade of labor dispute and seven decades of private ownership and operation.

Finally, this chapter discusses the political struggles involved with the implementation of the new regional transit authority, Tri-Met.

Chapter X: Conclusion. This last chapter summarizes the research, relating the historical evidence presented in the substantive chapters to the questions and hypotheses raised in this introductory chapter and the conceptual issues discussed in the review of the literature.

This chapter also provides a transitional connection between the history of the private transit industry set forth in the preceding chapters and the current era of transit-service provision by a regional agency.

Methodology

The preliminary research for this dissertation involved the study of primarily secondary sources. These are listed in the bibliographical section, but may be grouped as follows: general and specific transportation history, transportation policy and planning, urban policy and politics, urban and transit economics, utility history and economics, labor issues, and Portland history (general and utility-specific).

The bulk of the research involved study of primary sources, which, again, are listed in the bibliographical section. These included local transit company papers, such as annual reports, communications, and various other publications; court documents; Public Utilities Commission documents; Portland City Council minutes, franchises, ordinances, and various other reports and papers; publications of city organizations

such as the Portland Chamber of Commerce and the City Club; industry journals; newspaper articles; papers of industry and public officials, as well as local-area businessmen; and the reports and documents of numerous agencies, committees, and individuals charged with some aspect of transportation planning or policy analysis.

CHAPTER II

THE ROOTS OF DECLINE

Some of the prevailing theories regarding the decline of transit focus on the widespread popularity of the automobile, suburbanization, the federal emphasis on highway development, and a conspiracy within the automobile industry to undermine transit and bring about the ascendancy of the auto. But by focusing on a single force -- the automobile, for example -- that was not a widespread phenomenon until well after the private transit industry had already begun its decline, attention is diverted from those factors that were at play in the earlier years of transit's decline, before the automobile or any of these other factors became a real threat.

For instance, in Portland, industry decline began between 1917 and 1919. Yet, in 1915 -- just prior to this decline -- only six thousand Portlanders owned an automobile, representing a little less than 3 percent of the population.¹ The jitney, which appeared on the Portland scene in 1914, had a very short life span -- four years at the most. Thus, during the beginning years of transit's decline, there was very little in the way of alternative modes of transportation available to the public. Clearly, the automobile, whose growing availability no doubt hastened the decline of transit, was not a root cause of this decline.

Those who see the rise of the auto, highway expansion, suburbanization, and the corporate conspiracy as primary factors in transit's decline also tend to see the "transit problem" as primarily a phenomenon that began after World War II: "In the

¹E. Kimbark MacColl, *The Shaping of a City: Business and Politics in Portland, Oregon 1885-1915* (Portland: The Georgian Press Company, 1976), 15, 492.

years before 1945 little or no thought was given to the urban transport problem for fairly obvious reasons. First, the problem had barely become apparent by 1930 . . .”²

Economists John Meyer, John Kain, and Martin Wohl concentrate on the period after World War II for most of their discussion in *The Urban Transportation Problem*. They do note that the extent of the decline after 1945 “is almost surely magnified by the comparison with swollen wartime usage,” and they provide prewar ridership figures to illustrate the nearly 100-percent increase in total ridership between 1935 and 1945. However, no mention is made of the industry peak and decline that had occurred *prior* to 1935 -- again, leaving the impression that the decline was purely a postwar phenomenon.³

While Michael Danielson’s emphasis is on the lack of an urban transit agenda at the federal level prior to World War II, he also gives the overall impression of transit’s decline beginning well after the war and primarily as a result of highway development:

Concern over the troubles of public transportation was not widespread in postwar America. . . . In the newer urban areas, particularly of the West and Southwest, public transportation’s role had never been very significant, since development had been influenced strongly by the highway from the beginning. As a result, in most [of these] metropolitan areas few business interests were dependent upon public transportation, and transit riders were a small and uninfluential minority . . . ⁴

This study will present evidence showing that transit was in fact a very important local issue in Portland, Oregon -- one of the “newer urban areas” of the West -- and that it played a significant role in the development of the city. Portland

²Hugh S. Norton, *National Transportation Policy: Formation and Implementation* (Berkeley: McCutchan Publishing Corp., 1966), 76.

³John R. Meyer, J.F. Kain, and M. Wohl, *The Urban Transportation Problem* (Cambridge, Mass.: Harvard University Press, 1965), 58.

⁴Danielson, *Federal-Metropolitan Politics*, 14.

riders constituted something quite different from a “small and uninfluential minority” -- particularly in the years prior to World War II.

As David Jones convincingly argues, the transit industry was already in trouble before 1920 -- in fact, as early as 1908 investors were beginning to have serious concerns.⁵ Glenn Yago, although concentrating primarily on post-World War II decline, agrees that transit “began to decline immediately before World War I and stagnated throughout the twenties. This decline was hastened by the rapidly rising transit failures of the thirties. The decline leveled off during World War II, but ridership fell sharply and consistently afterward.”⁶

This study will show that in Portland, the “transit problem” did in fact exist well before World War II and was of serious concern to a number of different parties: the ridership, city and state politicians, industry management and labor, the media, and downtown business interests. In Portland, the beginning of the end was in 1916, when Portland Railway, Light & Power’s operating costs had risen and earnings had fallen to the point that president Franklin T. Griffith set out to seek the first in a series of fare increases. Before discussing the forces of decline that had their roots in the early twentieth century, a discussion of the alternate theories of decline -- when and how it occurred -- will be presented.

THEORIES OF DECLINE

The Automobile as Villain Theory

The traditional explanation regarding the demise of transit attributes the decline to competition from the automobile. According to this theory, as incomes rose and

⁵Jones, *Urban Transit Policy*, 12.

⁶Yago, *Decline of Transit*, 10.

automobiles became more affordable and available, consumers chose the automobile as their primary mode of transportation, abandoning the streetcars and trolleys. As transit lines lost ridership, revenues plummeted, and the companies became increasingly unable to provide service; eventually the private transit operations were acquired by public transit agencies, which, through subsidy, were able to provide the service that the private industry had found unacceptably unprofitable.

This is the position taken, for example, by Charles Lave and Hugh Norton. “The villain responsible for the long-term decline in transit patronage is easy to identify: the increase in per capita income.”⁷ And, speaking of the fate of the interurbans, Norton says: “The collapse of the interurban was due of course to the rise of the automobile and the generally great attraction which personal transportation had for the public.”⁸

The opposing position, and the one that is taken in this study, is represented by Glenn Yago, who maintains that the automobile-as-primary-force theory is not only the traditional explanation, but also the most misleading.⁹ As noted above, not only was the automobile not a widespread, viable transportation alternative in the beginning years of transit’s decline, but the focus on the automobile diverts attention from those forces that had an equally as, if not more direct role in transit’s decline: conflicting constituency entitlements, regulatory constraints, and other factors that will be discussed in this study.

⁷Charles A. Lave, “The Private Challenge to Public Transportation -- An Overview,” in *The Private Challenge to Public Transportation*, ed. Charles A. Lave (Cambridge: Ballinger Publishing Company, 1985), 3.

⁸Norton, *National Transportation Policy*, 76.

⁹Yago, *Decline of Transit*, 8.

The Highway Growth and Postwar Suburbanization Theory

Like the automobile-as-villain theory, the theory of highway growth and postwar suburbanization also sees transit as a victim of external forces. The theory holds that with suburbanization and federal government-sponsored highway expansion, transit lost much of its competitive edge. The theory has an element of cyclical inevitability to it: as people acquired automobiles, they used these to move out to the suburbs -- a move that encouraged and was in turn facilitated by postwar highway expansion programs. Highways made suburbia all the more accessible, so more people bought automobiles and left the central city and its transit system behind.

George Hilton is among those subscribing to this theory, citing two forces working at "cross purposes" to hasten the decline of rapid transit: "the drift of passengers to the highway and growth of population in the suburbs."¹⁰ George Smerk agrees: "Perhaps most damaging [to mass transportation] has been the federal policy of appropriating transportation funds only for highways."¹¹

Like Smerk, Herman Mertins, Jr., also identifies the early federal propensity for highway support as a force behind what many would consider a national transportation imbalance that would have a disproportionately strong highway-versus-mass transit bias.¹² The federal government did not begin granting financial support to mass transit until the 1960s, by which time the private industry's decline was a *fait accompli*. But it is argued by the highway-bias advocates that federal support for the

¹⁰George W. Hilton, "The Decline of Railroad Commutation," *Business History Review* 36 (Summer 1962): 172.

¹¹George M. Smerk, *Urban Transportation: The Federal Role* (Bloomington: Indiana University Press, 1965), 56.

¹²Herman Mertins, Jr., *National Transportation Policy in Transition* (Lexington, Mass.: D.C. Heath and Company, 1972).

highways, dating back to the Federal Aid Highway Act of 1916, deflected moneys and energies from the urban transit system, thereby allowing it to lapse into decline.

Danielson also sees highway expansion as a significant factor in the decline of the private transit companies. Where private transit companies once ruled, he notes, by the 1950s, highway agencies were ascendant, "their central role assured by public preferences, user charges, profitable toll facilities, state and federal aid, and well-organized political pressures."¹³

Charles Dearing and Wilfred Owen also note that one of the failings of the highway promotional policy has been lack of concern for maintaining the rail transit system. They add that one of the main differences between privately financed rail transit and publicly financed highways is the heavy debt structure of the former, putting it at a general economic disadvantage.¹⁴

Lyle Fitch also assigns blame to weaknesses in public policy, which he says has put too much emphasis on highway construction and not enough on comprehensive transportation planning: "Public policy had hastened the decline of mass transportation in many cities, sometimes by positive measures such as taxes and harmful regulation, sometimes by simple failure to consider and provide for its role in urban-development plans, highway-development plans, and traffic-control systems."¹⁵

Alan Altshuler downplays any purposeful or conspiratorial motives on the part of the government in its highway promotion, noting that when it comes to the question of whether any public policies or institutions deliberately sought to advance the decline of transit and the ascendancy of the auto, "as near as one can tell, these were not

¹³Danielson, *Federal-Metropolitan Politics*, 11.

¹⁴Charles L. Dearing and Wilfred Owen, *National Transportation Policy* (Westport, Conn.: Greenwood Press Publishers, 1980), 127, 137.

¹⁵Lyle C. Fitch and Associates, *Urban Transportation and Public Policy* (San Francisco: Chandler Publishing Company, 1964), 54.

deliberate policy objectives.” He defends the highway promotional campaign, along with the general neglect of mass transit, as “squarely in the American public tradition of following the private market.” Further, he notes, there was widespread public support for highway expansion and little opposition to the promotional campaigns of the auto industry.¹⁶

It is true that federal funds for highway expansion far outweighed any support for urban transit, which was considered a local concern until the 1960s. However, this study looks beyond the highway expansion/suburbanization argument and maintains that transit’s decline was rooted in forces that were present long before highway expansion and suburbanization were significant factors. However, insofar as these factors accelerated the decline of transit, this study will address the nature and extent of the local response to federal action and the unique manner in which suburbanization and highway expansion in the Portland area impacted transit’s development.

The Corporate Conspiracy Theory

There are also those who see transit’s decline as resulting from a well-thought-out corporate conspiracy on the part of automobile interests. These theories cast doubt on the notion that, unassisted by corporate collusion, the automobile alone could have been successful in forcing the end of private industry. George Smerk, for example, claims that even though street railways and trolley buses may have been more efficient, they “were doomed in favor of the vehicles and material produced by the conspirators.”¹⁷

In *Superhighway-Superhoax*, Helen Leavitt also puts forth a conspiracy theory, naming those forces responsible for the increased reliance on the automobile as “the

¹⁶Alan Altshuler, *The Urban Transportation System* (Cambridge, Mass.: The MIT Press, 1979), 24, 26.

¹⁷Smerk, *Urban Transportation: Federal Role*, 50.

auto manufacturers themselves, labor unions, engineers, road contractors, truckers, steel, rubber and petroleum producers, buslines and highway officials, and congressmen who protect and parcel out the Highway Trust Fund . . .”¹⁸

The most celebrated advocate of the conspiracy theory is Bradford Snell, whose *American Ground Transport* makes up part of the Senate Judiciary Committee’s 1974 report, *The Industrial Reorganization Act*. Snell’s “hypothesis,” as explained by David St. Clair, is that the demise of the private transit industry “was significantly influenced by a concerted campaign or ‘conspiracy,’ organized and directed by General Motors Corporation, which sought to destroy urban public transit systems as viable competitors of the automobile.”¹⁹ The four other actors charged with the conspiracy were Standard Oil of California, Phillips Petroleum, Firestone Tire, and Mack Truck.

The alleged campaign involved the creation of “subsidiary” transit companies such as National City Lines, . . . and others, which then acquired electric transit companies, scrapped the electric equipment, replaced the electric vehicles with motor buses (supplied by General Motors), and then sold the motorized transit systems with the stipulation (placed in the sales contract) that non-petroleum-using vehicles never be restored.²⁰

Like Snell, Yago maintains that the auto-oil-rubber interests were instrumental in bringing about the decline of transit. He argues that in geographical areas where the economy remained more diversified and less dependent on the auto industry, mass transit was more likely to survive. Like Snell, Yago contends that National City Lines (NCL) was created for the express purpose of dismantling electric transit.²¹

¹⁸Helen Leavitt, *Superhighway-Superhoax* (Garden City, NY: Doubleday & Company, Inc., 1970), 11.

¹⁹David J. St. Clair, “The Motorization and Decline of Urban Public Transit, 1935-1950,” *Journal of Economic History* XLI (September 1981): 580.

²⁰Ibid.

²¹Yago, *Decline of Transit*, 19, 24.

Yago notes that it was the auto-accommodating approach of the various levels of government, combined with the absence of effective organized labor that allowed the pursuit of motorization to go unchecked. In addition, both Yago and Paul Barrett characterize automobile investment and accommodation as much less “politically problematic” when compared to transit, a feature that encouraged the diversion of capital away from the transit industry to the automobile industry.²²

Yago’s argument is that the rail transit industry of the late 1920s served to limit the expansion of the automobile and auto-dependent industries, “which were the centers of capital accumulation during this period. For this reason, American street railways were dismantled.”²³ Like Snell, he contends that the plan was to replace urban rail with inferior buses, which would promote the diversion of riders from urban transit to the automobile.

As David St. Clair points out, Snell’s conspiracy theory rested primarily on the argument that the motor buses that replaced the electric equipment were inferior from both an economic and service standpoint. “Since motor buses were inferior to streetcars, Snell argued that the replacement of streetcars with motor buses, far from postponing the inevitable decline of urban public transit, had been in fact a significant factor in that decline.”²⁴

St. Clair maintains that if the motor buses were not in fact technologically and economically inferior to the electric equipment they replaced, “then Snell’s ‘conspiracy’ allegations are groundless and there is nothing left to explain.”²⁵ St. Clair then goes on to show that for the period 1935 to 1950 -- assuming that motor buses,

²²Barrett, *The Automobile*.

²³Yago, *Decline of Transit*, 58.

²⁴St. Clair, “Motorization and Decline,” 581.

²⁵Ibid., 582.

streetcars, and trolleys were each filled to capacity -- of the three, motor buses “were consistently the least economical transit vehicle . . . The economic analysis does support Snell’s argument of motor bus inferiority.”²⁶ Although the economic inferiority of the motor buses is essential to Snell’s argument, nevertheless, as St. Clair points out, showing that economic inferiority was in fact the case is not enough to validate the entire conspiracy theory.

David Jones takes up the conspiracy issue, arguing that the so-called “insidious industrial conspiracy” might better be characterized simply as a “corporate strategy to sell diesel buses” and that the most important result was not the annihilation of the streetcar, but rather “the dominance of a single manufacturer [General Motors] in the diesel bus market and the preemption of routes and markets that might have been more economically served by the electric trolleybus.”²⁷

Scott Bottles dismisses Snell’s theory even more vehemently. He notes that on the issue of timing, “Snell’s argument falls apart. . . . the decision to remove streetcars in favor of buses had been made years earlier.”²⁸ Rejecting the transit-as-victim theory, Bottles adds: “The real irony of Snell’s report was that he portrayed the traction companies as virtuous, responsible public utilities trying to provide a public service on the one hand while fighting off the evil designs of the automobile manufacturers on the other. In reality the situation was just the opposite.”²⁹

In fact, Bottles goes so far as to credit General Motors, through NCL, with providing necessary capital for *saving* the industry.

This is not to say that General Motors was completely selfless in its actions. It sought to drive its competitors out of business by securing

²⁶Ibid., 599-600.

²⁷Jones, *Urban Transit Policy*, 63.

²⁸Bottles, *Los Angeles*, 3.

²⁹Ibid., 4.

advantageous supplier contracts from its affiliates. Still, the assertion that the General Motors conspiracy led to the decline of the American transit industry is patently absurd. By the time the NCL was founded in 1936, the industry had already suffered two full decades of severe financial problems.³⁰

In his discussion of the fate of Pacific Electric (PE) in Los Angeles, Sy Adler also critiques Snell's account of the playing out of the alleged automobile-oil conspiracy. Like Bottles, Adler notes that rail abandonment and bus substitution had been initiated by PE before General Motors ever arrived on the scene. In addition, Adler argues that by focusing on theories of conspiracy and modal conflict, Snell's explanation neglects the role of politicoeconomic competition at the local level.³¹

While Joshua Freeman clearly does not dismiss the conspiracy theory, noting the "nation-wide effort to undermine passenger rail and trolley systems," like Bottles he sees a positive, reinvigorating aspect: "In spite of the success of the large financial interests in capturing the bulk of the rapidly growing bus industry, the introduction of this new, relatively low-cost technology did create the opportunity for some smaller companies [e.g., in New York City] to enter the field."³²

MacColl quotes a local Portland engineer as remarking in an interview that by 1946, when the San Francisco-based Portland Transit Company acquired the Portland Electric Power Company's transit lines, "there had already been some 'deal' made with General Motors to buy gasoline-operated city buses."³³ The evidence shows that General Motors never made any headway into the Portland market, although the Portland Motor Coach Company, financially backed by a subsidiary of General Motors

³⁰Ibid., 242.

³¹Adler, "Transformation of Pacific Electric."

³²Joshua B. Freeman, *In Transit: The Transport Workers Union in New York City, 1933-1966* (New York: Oxford University Press, 1989), 7.

³³MacColl, *Growth of a City*, 604.

Corporation, made a strong effort to take over the city lines franchise in 1935, but to no avail.

Although in 1946 *The Oregonian* raised suspicions about the new California owners of Portland's transit system, this was more out of a distrust of the San Franciscans than from any real evidence of collusion.³⁴ In fact, neither National City Lines nor any of the other General Motors subsidiaries purportedly involved in the conspiracy actually acquired any of the electric properties in Portland. Mack Truck, on the other hand, virtually dominated the sale of buses *and* trolleys even before the San Franciscans and Portland Transit Company took over the city lines; according to Sebree and Ward, "Mack's biggest stronghold was Portland."³⁵ And it is true that in less than five years after Portland Transit took over, the trolleys and streetcars were completely discontinued. But these facts alone do not support a conspiracy in Portland.

In general, this study will show that the preponderance of the evidence supports the positions of David Jones, that the "conspiracy" to destroy the transit industry might be more accurately understood as a profit-seeking strategy to promote motor buses, and of Scott Bottles, that industry-internal financial problems and mismanagement had combined with the constraints of government regulation to weaken the industry long before NCL was on the scene. At any rate, this study does not seek to prove or disprove the acting out of any conspiracy in Portland, although it does investigate attempts by General Motors to take over transit in Portland during the 1930s. This study also addresses attempts by Mack Truck to dominate the Portland market in the

³⁴For example, a May 3, 1946, editorial in *The Oregonian* noted that "in fact the people of Portland know very little about the new owners."

³⁵Mac Sebree and Paul Ward, "The Trolley Coach in North America," *Interurbans, Special 59* 31 (September 1974): 219-223.

selling of gasoline and diesel buses and the effects their contract negotiations had on relations between the Portland transit company and the city.

THE FORCES OF TRANSIT'S DECLINE

As discussed, many of the theories attempting to account for the decline of transit concentrate on the decline that occurred after World War II. Alternate theories take the position that transit's decline really began shortly after 1915. The forces that account for the decline during the earlier period are most clearly set out by David Jones and can be grouped into three major categories: the burdens of conflicting constituency entitlements; consolidation and overcapitalization resulting from profit-seeking; and regulatory and punitive constraints.

This study maintains that the interaction of these forces, which conflict and compete with one another, resulted in an industry that was too rigid to be able to adapt to changing conditions within the industry and society as a whole. These factors, which accounted for what Jones calls "structural obsolescence," contributed greatly to the ultimate decline of the private transit industry. The roots of this obsolescence lie not in the years after World War II, but in the earlier years of the industry's development -- particularly in the first decade and a half of the twentieth century.

But before this early decline began, the industry was a profitable enterprise at least until the middle of the second decade of the twentieth century. By 1915 most companies had peaked in terms of ridership and profit.³⁶ A number of factors, working together, contributed to the successes of the transit industry during the first decade or so of the twentieth century. These same factors, however, also worked to contribute to the industry's demise.

³⁶There was another peak during World War II, but this is generally seen as an artifice of the war.

Conflicting Constituency Entitlements

Jones identifies three major constituencies whose entitlement claims would serve to bridle -- and ultimately extinguish -- the ascendancy of the private transit industry. One of these was the transit riders, who early on became accustomed to a low, flat fare. Another was transit labor, who, after years of disproportionately low wages and long hours, eventually came to demand and receive certain concessions -- including regular wage increases, which were not matched by an equally regular, commensurate increase in fares. The third constituent group holding sway over the industry was downtown businesses, which supported the early development of radial routing and peak-hour service.

It is tempting to see private transit as a victim of sorts, a slave to each of these constituencies. George Hilton expresses this viewpoint when he remarks: "In 1918 the industry was experiencing serious difficulties. Many of these were war-related, but others could be viewed only as a consequence of *secular forces operating against the industry.*" He goes on to name the five-cent fare, regulation, and labor demands as among these secular forces.³⁷

The transit companies initially fostered and encouraged each of these constituent relationships because, in the beginning, it was in the industry's best self-interest to do so. The transit industry did not see itself as providing a public service, unless it was advantageous for public relations purposes to do so. In a speech before a meeting of the Northwest Electric Light and Power Association, Franklin T. Griffith, president of the Portland transit company for twenty-seven years, declared, "We are, in the truest and perhaps one of the highest senses, public servants. . . . It should never be lost sight

³⁷George Hilton, "The Rise and Fall of Monopolized Transit," in *The Private Challenge*, ed. Charles A. Lave, 38. Italics added.

of for a single moment that our job is to do everything we can for the people we serve . . .”³⁸ Yet, just two years earlier, in testimony given during labor arbitration, Griffith presented a different perspective regarding the company’s public role: “We are not a humanitarian or eleemosynary institution; we are in a strictly competitive business; . . .”³⁹

In this latter statement, Griffith expresses the overarching intent of the transit industry as a profit-seeking business. Glenn Yago notes: “Transit service was rarely the primary goal of the firm.” Yet, as a utility upon which people had developed a dependency, the service the industry provided had many of the characteristics of a public service; as such, the industry developed an obligation beyond its original profit-seeking self-interest -- an obligation that it could not meet.⁴⁰

The Flat Five-Cent Fare. In the 1880s, franchises fixed fares at five cents. This was a constraint imposed by city franchises, but at the time it was actually welcomed by the transit company owners. The city saw the fixed five-cent fare as a means of controlling potential monopoly abuse; the companies saw it as a guarantee of profit, a means of protecting them against campaigns to lower their fares: “Indeed, many promoters sought a fixed fare so as to insulate their operations from political pressures for fare reduction.”⁴¹ When electrification of the rails started to occur,

³⁸Franklin T. Griffith, “Relation of Public Service Men to Public,” Excerpt from an Address before The Third Annual General Meeting of the Technical Section, National Electric Light and Power Association, Seattle, March 11-12, 1926, Box 265-4-2, Portland General Electric Library, Portland.

³⁹*Employees of the Portland Railway, Light & Power Company and the Portland Railway Light & Power Company*, Arbitration Proceedings, February 14, 1924 to March 16, 1924, 407, Box 265-5-2, Portland General Electric Library, Portland.

⁴⁰Yago, *Decline of Transit*, 181.

⁴¹Jones, *Urban Transit Policy*, 30.

investors became even more excited at the prospect that electrification would bring reduced operating costs, and the guaranteed five-cent fare even greater profits.

The five-cent fare became deeply entrenched because it was seen as having a “great social value,” facilitating mobility for all and preventing “the congestion of population in the cities and all the social and moral evils caused by congestion.”⁴² In 1911 the prominent transit engineer Delos Wilcox lauded the streetcar as a vehicle of democratization: “In it all classes and conditions of people ride together.” It was felt that the five-cent fare made this democratization possible.

The five-cent fare, however, was not the great equalizer it may at first glance seem to be. The fare was, in most cases, a flat fare; i.e., the passenger’s fare was five cents, regardless of the distance traveled. Inherent in the flat-fare scheme is an economically inefficient and inequitable spatial cross-subsidization, with the short-haul riders subsidizing the ride of the long-haulers. In addition, coupon or ticket books were frequently sold for a discount, transfers were often free, and in many areas municipal employees were allowed to ride free. In addition, school children were often carried at a substantial discount. These devices provided even more avenues for cross-subsidy.⁴³

There is near unanimity regarding the role that the five-cent fare played in impairing the profitability and adaptability of private transit. Mason notes that in Massachusetts, between 1900 and 1914, operating costs had increased 20 percent, yet fares had not increased at all.⁴⁴ Jones emphasizes that it was the smaller companies that were most affected by wage increases not being accompanied by fare increases; the

⁴²Mason, *Street Railway in Massachusetts*, 119.

⁴³Smerk, *Urban Transportation: Federal Role*; Jones, *Urban Transit Policy*.

⁴⁴Mason, *Street Railway in Massachusetts*, 14.

demise of these smaller companies only decreased competition within the industry.⁴⁵ James Vance concedes that while the five-cent fare afforded great mobility, particularly for the lower class, the “enhancing” effects of the low fare were “highly differential,” producing benefits for the riders, but extreme hardships for the companies.⁴⁶ In a similar vein, Wilfred Owen says: “Overcrowding, inadequate equipment, rapid deterioration of travel standards, and excessive congestion often result from price policies designed to produce social benefits because financial support from other sources is not forthcoming.”⁴⁷

Paul Barrett blames the inflexibility of the local regulatory apparatus on the matter of fare increases as a major factor in crippling the industry during and after World War I.⁴⁸ George Smerk remarks that even in those places where the five-cent fare was not part of a franchise, “the emotional attachment of the public to the nickel fare made it impolitic to attempt fare increases until the revenue situation became intolerable during the First World War.”⁴⁹

George Hilton blames the flat fare for compromising the monopolistic structure that had evolved within the industry, which court decisions such as *Smyth v. Ames* (1898) had presumed to be a permanent feature: “The nature of the discriminatory fare structures of these industries, in effect, assured the eventual decline of their monopoly situations.”⁵⁰ As low fares were perpetuated, companies became increasingly unable to keep up with equipment maintenance or to provide adequate service. The transit

⁴⁵Jones, *Urban Transit Policy*, 43.

⁴⁶James E. Vance, *Capturing the Horizon* (New York: Harper & Row, 1986), 390.

⁴⁷Wilfred Owen, *Strategy for Mobility* (Washington, DC: The Brookings Institute, 1964), 127.

⁴⁸Barrett, *The Automobile*, 91.

⁴⁹Smerk, *Urban Transportation: Federal Role*, 45.

⁵⁰Hilton, “Rise and Fall,” 35.

industry therefore became unable to maintain its monopoly position in the face of growing competition in the field of transportation.

The devastating effects of the low, flat fare hit hardest in the years following World War I. By the time regulatory agencies did start to grant fare increases, it was essentially too late; the service provided by private transit had already deteriorated to such a point that the increasingly available automobile was becoming an attractive competitor. But even in the face of this competition, transit continued to be treated and regulated as a noncompetitive monopoly.

This study maintains that, as crippling as the effects of the low, flat fare turned out to be, initially the franchise provisions that fixed these fares were accepted and embraced by company promoters and investors. By the time industry officials realized the consequences of their earlier hastiness, the public had already developed such a mistrust of the companies -- whose financial books and old, dilapidated equipment only fueled the public's skepticism -- that it was very difficult for them to gain approval of requests for fare increases that might, in fact, have allowed them to provide continued and improved service. The continuation of low fares in the face of increasing costs was one of many nails in the coffin, but the onus must be shared by the transit industry itself, as well as to the citizens and public bodies that too grudgingly and sparingly granted fare increases.

Labor Demands. As David Jones notes, the transit system that evolved during the twentieth century operated with a wage and labor structure inherited from the horsecar era of the latter half of the nineteenth century. While the trackless carriage had been able to exist as an owner-operated enterprise, the trackbound horsecar companies employed wage labor.⁵¹ Undoubtedly, the operating costs associated with

⁵¹Jones, *Urban Transit Policy*, 29.

the tracks' right-of-way franchises would have been impossible for single, independent owner-operators to handle.

Early wages during this period, when the economy had not yet come to witness persistent inflation, were low; but as Jones notes, by the early 1900s wages for transit workers were not actually much lower than those for workers in the manufacturing industry. However, transit labor worked increasingly longer hours than did labor in other industries. Thus, by the early twentieth century, "the true hourly rate of compensation floated at only 70 to 75 percent of manufacturing wages."⁵²

Transit labor historian Joshua Freeman notes that because consumer demand was, in the early years of transit's history, relatively inelastic and because fares were more or less fixed, profits were highly dependent on the cost of labor. Therefore, the primary means of ensuring a profit was to keep labor costs low. The main devices used in this regard were work force reductions and greatly extended work hours, combined with low, subsistence-level wages.⁵³

In many parts of the country, an unending supply of immigrant labor made transit a buyer's market as far as the commodity of labor was concerned, thus helping to keep wages depressed.⁵⁴ In addition, labor activism was relatively minimal, since unskilled labor provided a ready supply of replaceable workers.⁵⁵ It wasn't until after World War I that transit labor began to realize any significant improvement in their working conditions or wages.

⁵²Ibid., 40.

⁵³Freeman, *In Transit*, 10-11.

⁵⁴New immigrant labor was not as available in Portland as it was on the east coast, so this was not as significant a factor in Portland and other "sunbelt" cities.

⁵⁵George W. Hilton and John F. Due, *The Electric Interurban Railways in America* (Stanford: Stanford University Press, 1960), 24; Freeman, *In Transit*.

Like Freeman, Jones also makes it clear that until World War I, relatively low wages and long hours, combined with a ready pool of unskilled workers, stimulated profits for the transit company owners. Unfortunately for the industry, these same factors would also engender an antagonistic relationship between labor and company owners. World War I brought inflation and, as a result, growing pressure by transit labor for increased wages. Local demands, combined with policy set at the national level by the National War Labor Board, resulted in higher wages beginning in the latter half of the second decade.

Yago remarks on the effect of labor's increasing demands in this period:

Between 1916 and 1920, the transit industry experienced the greatest number of strikes in its history. Labor costs in the transit industry increased faster than average wages. These higher labor costs . . . drove the ratio between operating costs and gross income of transit firms from 50 to 77 percent. As workers made gains through their trade unions and strikes, the profits of transit lines decreased.⁵⁶

Many transit companies began to seek fare increases to offset the rise in their operating costs due to higher wages. Mason notes: "The catastrophic rise in wage rates and the price of materials between 1916 and 1920 is almost enough of itself to explain the general collapse of the street railway industry . . ."⁵⁷

Freeman recounts the difficulty transit workers faced in rallying effective union activism until the years following the Depression -- the chief impediment had been the determined and powerful actions on the part of the transit companies themselves. But once the unions began to establish a foothold, wages continued to rise, although during World War II they remained more or less constant.⁵⁸

⁵⁶Yago, *Decline of Transit*, 54-55.

⁵⁷Mason, *Street Railway in Massachusetts*, 92.

⁵⁸Freeman, *In Transit*.

Again, in the postwar years, inflation brought renewed demand for wage hikes. In the end, a series of wage increases that had begun in the late 1930s resulted in an almost 50-percent increase in the average fare by 1950. As has been noted, increased fares and the availability of alternative modes of transportation resulted in an overall loss of patronage, which, with increased wages, “combined in vicelike fashion to drive transit toward insolvency.”⁵⁹

In addition to pressing for increased wages, the unions sought protection from what was perceived as a threat to job security and solidarity in the form of part-time workers, who constituted a “classic reserve army of labor, sometimes literally at the door.”⁶⁰ The peaked nature of transit demand means that a majority of the daily trips are during certain peak “rush” hours of the day. Transit companies have had to employ enough labor -- and enough rolling stock -- to accommodate the demand when it was at its peak, even though this has meant that most of the labor and equipment remain idle for the greater part of the day. Companies frequently added part-timers during rush hours to augment the standard, more skeletal crew.

Another common response to the peaking phenomenon, also historically unpopular with labor, has been the “split shift,” with employees working a rush hour in the morning and then coming back hours later for a second shift in the evening. The use of both part-time labor and split shifts meant that a large portion of the work force spent a lot of time, unpaid, waiting for their work assignment. Such arrangements compounded the already unpleasant working conditions and fueled labor’s demands for higher wages.

The pressure for increased wages, however, prompted companies to experiment with cost-saving innovation, including, after 1915, the introduction of the single-

⁵⁹Jones, *Urban Transit Policy*, 80.

⁶⁰Freeman, *In Transit*, 25.

operator car. Mason argues that, despite the overall increase in wages, because of these innovations, wages represented a lower overall percentage of operating costs.⁶¹ Hilton, however, contends that “Brotherhood pressure has prevented full realization of the benefits,” because, particularly in commuter operations, union agreements continued to require larger crews than, in management’s view, were necessary.⁶²

Until the 1960s, Portland’s wage rates and working conditions were, within the transit industry itself, among the best in the country.⁶³ Nevertheless, transit workers in Portland, as elsewhere, considered their income inadequate for supporting a family and incommensurate to the stress and skill required of the job. The local transit union bargained with regular success for shorter work days, increased wages, and improved benefits.

But in Portland the relationship between labor and management was far from collegial, becoming more adversarial over the years, almost directly in proportion to the extent to which holding company owners distanced themselves from day-to-day operations while at the same time decreasing the flexibility of local management to make policy decisions. In addition, labor’s right to competitive living wages became increasingly politicized as demands for higher wages became more and more closely tied to the company’s demand for higher fares; as a result, when the Portland city council began denying fare increases, Portland’s transit system came to have, by the

⁶¹Mason, *Street Railway in Massachusetts*, 92.

⁶²Hilton, “Decline of Railroad Commutation,” 174-175.

⁶³Wage comparisons as late as 1954 show Portland’s top wage rate ranked competitively with other west coast cities; but by 1968, wages in Portland ranked the lowest of west coast cities. Until the 1960s, hours and other working conditions in Portland were also comparatively good. In 1939, for instance, the secretary of the local union was reported as remarking that Portlanders “enjoyed the best conditions in the United States.” See “Street Car Award Leaves Condition as Before,” *Oregon Labor Press*, 21 April 1939.

late 1960s, both one of the lowest fare structures and one of the lowest wage structures in the country. It was, finally, the impasse between labor and the company and between the company and the city that brought about the end of private transit in Portland.

Downtown Business Interests. Two self-serving interests of the downtown business district affected the growth and decline of the transit industry: encouragement of radial routing (routing that, in spokelike fashion, was designed to transport people to and from the central business district [CBD]) and promotion of peak-hour service.

In Portland, transit had for the most part completely electrified by the end of the nineteenth century, at which time it had widespread support among at least five groups: downtown businessmen, bankers, local politicians, the media, and the public ridership. As Kimbark MacColl makes abundantly clear in his Portland histories, the members of three of these groups -- businessmen, bankers, and local politicians -- were in many cases one and the same. In Portland, and undoubtedly elsewhere in the country, many of the men who built the street railways in the late 1800s also owned local downtown businesses and real estate, sat on banks' boards of directors, and held city office. They clearly had a strong vested interest in seeing that the transit industry succeed and that it served both to enhance the central city core and extend its reach by providing access to and from outlying areas.

The public, too, was enjoying a new freedom afforded by a mode of transport that was quick, comfortable, and inexpensive relative to that of previous decades, allowing them to live at a distance from the hustle and bustle of the congested city core, yet still have convenient access to it for employment and amenities. Streetcars were seen as providing tremendous opportunity, making it so that

city people might live and shop, work, or go to school in any part of the city for a single unit fare. . . . for the first time, factory workers could

live well away from the factories without bearing a high economic burden thereby, and the menial office employees could suddenly think in terms of suburban living if those suburbs lay within fare limits . . .⁶⁴

Thus, early on, transit routes were planned so as to bring people into the central core. This radial routing had widespread support, yet two forces of conflict resulting from radial routing would have an impact on the decline of private transit. One of these forces was the increased competition, becoming more serious from the 1920s on, for street use by both mass transit and autos: the overall centralization of business would eventually result in severe congestion and competition for vehicular space in the downtown core, which David Jones has characterized as “traffic conflict.”⁶⁵ Paul Barrett contends that the issues involved with street and city planning that would accommodate the auto were never as politicized as were the issues surrounding mass transit. The auto “seemed potentially compatible with the interests of all” -- all except the transit industry, of course.⁶⁶ “Most important,” notes Barrett, “the business definition of the CBD and the tradition of free access to the streets made facilitation of auto traffic easier than restriction.”⁶⁷

To a certain extent, Bottles agrees with this notion of the apolitical nature of auto accommodation relative to transit, noting that it was easier to improve conditions for the auto than for transit “because major elements within society agreed on the automobile’s place in the urban transportation network. The same groups could not, however, come to a similar consensus regarding the railways.”⁶⁸ The wide consensus

⁶⁴Vance, *Capturing the Horizon*, 388.

⁶⁵Jones, *Urban Transit Policy*, 70.

⁶⁶Barrett, *The Automobile*, 7.

⁶⁷*Ibid.*, 66.

⁶⁸Bottles, *Los Angeles*, 17. As will be discussed later, Bottles does not fully embrace Barrett’s characterization of automobile planning as generally apolitical, in fact for the most part rejecting it.

for auto accommodation, combined with the central business district's interests in facilitating access to downtown, would work together to make transit the loser in the competition for space in and easy access to the downtown core.

Another source of conflict resulting from radial routing was between those downtown interests wishing to keep the central core the focus of business and economic activity and suburban interests wishing to see the activity dispersed. Like transit companies throughout the country, those of Portland felt the pressure early on to expand to serve developing suburban areas. In the early twentieth century, the pressure to do so came not from the threat of competing modes of transportation, but rather from the fear that a competing company would dominate in a given territory. But the expansions were profitable enough during these early years to encourage optimism within the industry.

In addition, all roads led to Portland; for many years, there was little fear that, because of rail access, any particular suburb would develop to the point that it presented a serious competitive threat to downtown Portland's regional domination. The place competition that did exist around the turn of the century was primarily between the east and west sides of the Willamette River. The central business district had firmly established itself on the west side of the river, and the city's wealthier families chose to live as close to that center as possible.

But eventually route expansion (which came to be mandated by the city council) proved very costly and unprofitable, yet politically impossible to avoid. The struggling transit company could in no way keep up with the pace of suburbanization and the demands for route extensions. By the 1950s, people who lived in the suburbs were beginning to have less and less reason to come to work and shop in the central core, anyway. The resulting place competition between the increasingly successful suburbs and the increasingly unsuccessful central city would contribute to the efforts at public

ownership, which, it was hoped, would help to counteract tendencies toward dispersion and suburban autonomy. Portland's central city advocates (e.g., politicians and downtown business interests), worried about the city's weakening competitiveness, saw public ownership of transit as a necessary step toward revitalization of the central city.

Peak-hour business scheduling also affected transit's development and decline. Downtown businesses encouraged the six-day work week, with nine- or ten-hour days. The business hours that resulted from this working schedule created the peaking phenomenon, whereby the majority of the ridership occurred during the peak rush hours to and from work. The use of a flat fare during all hours of the day, including the peaks, had the same effect of inequitable inefficiency that it did when applied to all routes, regardless of the distance. The latter resulted in a spatial cross-subsidy, while the former resulted in a temporal cross-subsidy: the trip of the peak-hour riders was being subsidized by that of the off-peak riders.

The reliance on the cross-subsidy was so great that as off-peak ridership began to decline, the economic effect on transit was devastating. Jones cites figures indicating that only 28 percent of a company's revenue could be attributed to the four-hour peak period, but that 37 percent of the costs were due to operation during this period.⁶⁹

The loss of off-peak ridership began to occur in the 1920s, concomitantly with the increased availability of the automobile for leisure pursuits. Mason gives figures that indicate that in Massachusetts the lowest point for weekend, holiday, and summer ridership occurred in 1930.⁷⁰ By 1938, additional losses in ridership resulted when the Fair Labor Standards Act established the five-day workweek. This act also provided

⁶⁹Jones, *Urban Transit Policy*, 23-24.

⁷⁰Mason, *Street Railway in Massachusetts*, 115. Of course, this was during the Depression.

for an eight-hour day, which accentuated the peaking problem as business hours became more compressed.

There is general agreement regarding the financial devastation resulting from the loss of off-peak cross-subsidization. Meyer, Kain, and Wohl point to the “deleterious effect of dwindling off-peak use of transit.”⁷¹ Hilton claims that most of the loss of ridership on the commuter rails has been in the off-peak market; he cites the development of decentralized shopping centers, the advent of television, and the adoption of the five-day work week as responsible for eroding off-peak ridership.⁷² Jones considers the loss of off-peak ridership to be the key to transit’s decline, noting that “off-peak ridership was *absolutely essential* to the profitability of the transit industry.”⁷³

The economic problems associated with peaking and with the loss of off-peak ridership were not necessarily unavoidable. The successful imposition of staggered work hours during World War II to help relieve congestion and conserve energy indicates that, had manufacturing, business, and commercial activities been structured more flexibly and cooperatively, the peaking phenomenon need not have been an inevitability. But the quest for maximum economic advantage precluded cooperation and teamwork; these concepts were alien to the business minds and practices of the time.

Once the business hours that engendered peaking were firmly established, the transit industry still could have used pricing mechanisms to avoid some of the problems associated with peaking. But the companies were prevented -- by both franchise provisions and public relations common sense -- from any sort of differential pricing

⁷¹Meyer, Kain, and Wohl, *Urban Transportation Problem*, 97.

⁷²Hilton, “Decline of Railroad Commutation,” 173-174.

⁷³Jones, *Urban Transit Policy*, 24.

that would have lessened the reliance on off-peak ridership; the practice of selling discount ticket books to peak-hour riders was in fact perversely opposite, from a purely economic standpoint, of what the companies should have been doing.

Consolidation and Overcapitalization

In the early stages of expansion, established street railway companies devoted a considerable effort to fending off competing companies. The key to a company's territorial domination was to acquire any and all franchises in its locality that it could. Because companies were not immune to the effects of another company's obtaining a franchise on a parallel route, however, they had to remain constantly on their guard. In order to forestall competitors, companies would pursue one of two courses: one, expand into new territory in order to establish a foothold or, two, buy up the competing company.

The result of this preemptive consolidation and expansion was that an increasingly large percentage of the country's transit needs was being served by fewer and fewer large and powerful consolidated monopolies. By the very early years of the twentieth century, consolidated companies were no longer owned at the local level, as out-of-state holding companies began buying up local operating companies and consolidating any that had not yet been captured. In Portland, for instance, by 1905 the interurbans and city transit companies had all merged into one company, the Portland Railway Company, which was bought up by the E.W. Clark interests in Philadelphia for \$6 million. Within two years, Portland General Electric, the city's electricity-producing company, was merged with the consolidated company, with a total capitalization of over \$15 million.

It was originally hoped that consolidation would result in greater profits by achieving at least two things: economies of scale and territorial domination. As an

illustration of these benefits, Edward Mason quotes from a prospectus issued by one of the Massachusetts holding companies:

A saving will be made in salaries. Power stations, power houses, rolling stock and all kinds of property can be brought together and by a carefully devised plan in reorganization, large amounts can be saved in operation, a more systematic and harmonious service rendered to the public, thus causing better satisfaction and more patronage, all of which will result in much benefit to the investor and the public as well.⁷⁴

But, Mason notes, there was no real evidence that the holding companies provided any of these services. For example, economies that might have resulted from large-scale power generation and long-distance transmission were not realized for two main reasons: one, the ability to effect such generation and transmission did not exist in the late 1800s, when these claims were initially made; and, two, it would have been uneconomical for the smaller properties, which had their own power plants and transmission facilities, to discontinue using these as long as they could still cover operating expenses and contribute toward their fixed expenses. In addition, consolidation often meant an increase in the distance traveled per unit fare, often actually increasing the average cost per passenger carried.⁷⁵

As George Smerk explains, during the period of extensive expansion and consolidation in the decade prior to World War I, many of the consolidations were made with the understanding that the companies purchased would be guaranteed a fixed rate of return on the bonds issued to pay for their properties, making investments all the more attractive. “The financial structure of most street railway companies, especially the larger ones, was therefore characterized by a high proportion of bond

⁷⁴Mason, *Street Railway in Massachusetts*, 37.

⁷⁵Ibid., 52.

indebtedness.” Smerk considers the tendency to overbuild and acquire unmanageable bond indebtedness as being “of great importance” in the decline of transit.⁷⁶

Edward Mason also lays a heavy onus on the problem of overcapitalization within the transit industry, maintaining that even if rising costs and motor competition had not come into play, the overbuilt, overcapitalized nature of the industry alone would have crippled it: in Massachusetts, nearly half of the companies could pay no dividends, yet construction and expansion continued forward with blind optimism.⁷⁷ In his discussion of Los Angeles, Scott Bottles notes the same sort of imbalance: “In their attempts to construct lines to their real estate holdings, the traction companies outstripped their financial capacities. . . . By 1910 the overall debt figure for most companies ran at about 50 percent of their total assets.”⁷⁸

Jones also emphasizes the connection between consolidation and overcapitalization, noting that the consolidation process united weak companies with stronger ones, causing even the more soundly financed companies to suffer from the overcapitalization in the industry as a whole.⁷⁹

While Smerk attributes overcapitalization at least in part to consolidation, Barrett points out that the relatively short twenty-year franchise contributed to the high bond indebtedness: “Companies could not hope to amortize their capital accounts during such a period, but, they could reasonably assume, the city could not evict them at the end of the franchise period without either buying up their securities or finding other investors who would do so.”⁸⁰

⁷⁶Smerk, *Urban Transportation: Federal Role*, 46.

⁷⁷Mason, *Street Railway in Massachusetts*, 12.

⁷⁸Bottles, *Los Angeles*, 40.

⁷⁹Jones, *Urban Transit Policy*, 33.

⁸⁰Barrett, *The Automobile*, 121.

Consolidation brought problems other than overcapitalization. Like Jones, Mason also highlights the fact that consolidation had a deleterious effect on the larger companies by merging weaker companies with healthier ones. In addition, he ascribes some of the problem to the management and diversification style of the large holding companies that were becoming prevalent around 1910.

These holding companies, usually promoted by large banking houses, would issue bonds or stock at par values slightly higher than the securities of the company they had just acquired. The holding company promoted the new securities as having the advantage of offering a diversified portfolio in an industry that, because of consolidation, would be realizing great economies of scale, such as those mentioned above.

In fact, many disadvantages to the holding company phenomenon were discovered after extensive investigation by the Federal Trade Commission. These disadvantages included abuses such as pyramiding (interposing subholding companies so as to concentrate voting power and profits in the hands of a few), “write-ups” (security overvaluations frequently initiated by holding company management in order to conceal excessive earnings; e.g., a \$100 investment earning 16-percent interest might have been “written up” to \$200 so as to appear to bear only 8-percent interest), and the charging of excessive fees for services to the operating companies.⁸¹

In the early years of the mergers, consolidation did bring power and profitability for the parent holding companies. But consolidation into a few massive

⁸¹Carl D. Thompson, *Confessions of a Power Trust: A Summary of the Testimony Given in the Hearings of the Federal Trade Commission on Utility Corporations Pursuant to Resolution No. 83 of the United States Senate Approved February 15, 1928* (New York: E.P. Dutton & Company, Inc., 1932), 100-140; Herman H. Trachsel, *Public Utility Regulation* (Chicago: Richard D. Irwin, Inc., 1947), 385-395.

holding companies would prove, in the long run, to be a factor contributing to the industry's decline.

One of the problems with the heavy bond indebtedness resulting from the holding companies' promotional efforts was that as operating costs rose and fares remained essentially the same, companies were increasingly unable to meet their bond obligations. As a result, they at first deferred maintenance -- which, of course, resulted in a lower quality service. Another problem was that, in attempting to mask their financial problems while continuing to attract investors, transit companies engaged in generally questionable and unethical practices that attracted the attention and scrutiny of regulatory entities and engendered mistrust and skepticism on the part of the public.

In the Portland case, it was a Chicago-based holding company that in 1930 squandered millions of the local operating company's dollars on a questionable and ultimately useless investment -- this after literally forcing local employees to invest (and eventually lose) thousands of dollars of their own money in the holding company's interests.⁸²

Bankruptcies, receiverships, and reorganizations became common in the 1930s and contributed to overall instability within the industry. In this regard, Glenn Yago notes that two of the reasons the transit industry began its decline were the failure of the transit companies' financial reorganizations and disinvestment by large financial backers, both of which became frequent particularly after the Public Utilities Holding

⁸²The venture was one involving the parent company's buying up controlling stock in Seattle Gas Company in 1930, with essentially no background investigation preceding the acquisition. After an investigation, Seattle's common stock, which had had a par value of \$100 (and for which the Portland company had invested \$225 per share), was written down to a book value of about \$18. Within several years, Seattle Gas, with inadequate depreciation accrual and little ability to compete with the area's public and private electric systems, defaulted on its obligations.

Companies Act of 1935, which mandated that the utility holding companies divest themselves of their transit companies.⁸³

While consolidation did not necessarily bring about the efficiencies and economies promised, what it did bring was limited competition, i.e., competition among different transit companies in a given locality. This limited competition had two effects: one, the lack of competition contributed to stagnation -- in Portland, for example, street car routes continued to be patterned after old horsecar routes long after these old routes had proved the most efficient;⁸⁴ and, two, the industry was for a very long time regulated as a monopoly, which, while appropriate in the beginning, proved burdensome and punitive in the later years, when the transit industry could no longer be seen as a monopoly. For instance, as late as 1946, Portland's public utilities commissioner tried earnestly to levy a 3-percent gross revenue tax on all utilities, including transit, even though transit could no longer be considered a monopoly in the same way that the telephone, gas, and electric utilities could.⁸⁵

Regulatory and Punitive Constraints

The constituency demands noted above -- riders' demands for low fares, labor's demands for competitive wages, and downtown's demands for peak-hour service and

⁸³Yago, *Decline of Transit*, 162.

⁸⁴Randall V. Mills, "The Development of the Mass Transit Pattern of Portland, Oregon, 1945(?)" TMs [photocopy], Box 42, Special Collections, University of Oregon Library, Eugene; de Leuw, Cather & Company, "Report on Transit Modernization and Traffic Improvements: Portland, Oregon, December 1947," File 16/8, Box 13-07-09/3, Portland City Archives, Portland.

⁸⁵Commissioner Dorothy Lee (public utilities commissioner from 1943 to 1949) was convinced that the transit company had not been paying its fair share to the city's coffers. The company fought this 3-percent tax as grossly unjust, and in the end the transit company was taxed at a rate of 2 percent until 1954, when the rate dropped to 1 percent. See Portland City Council Minutes, 2 May, 7 May, 31 May, and 27 June 1946; 13 January 1954, Portland City Archives, Portland.

radial routing -- clearly conflicted with one another; the conflict among these imperatives may alone have been enough to weaken the industry. But the industry faced another set of imperatives: regulation and sanction. These forces fueled and exacerbated the conflict among the riders, labor, and downtown business interests; in addition, regulation and sanction added their own set of constraints and imperatives that clashed with the demands of the constituencies.

There were four actors involved in regulation and sanction: the city council, the state, the courts, and the voters. The constraints imposed by each will be discussed below.

City Council and the Franchise. Although perpetual franchises were the most attractive to investors, the majority of franchises were for twenty to fifty years. The provisions of the typical franchise -- a contract licensing the transit company and allowing it to use city streets in conducting its business -- included maintenance of the pavement between the rails and for a certain distance on either side; this provision meant that initially street railways and interurbans were responsible for paving portions of streets that were otherwise unimproved.

Other provisions of the city franchise often dealt with snow removal, street cleaning, hours of operation, length of trains, limitations on certain types of freight (e.g., livestock), and voltage. Franchise requirements could be burdensome and quite specific. The terms of one Pennsylvania street railway's franchise specified that it was supposed to transplant trees and hedges from the line of the sidewalk and build "a good picket fence . . . in front of the property of Mrs. Johnson and others."⁶ Of course, one of the most constraining provisions was the five-cent fare limitation, as discussed above.

⁶Trachsel, *Public Utility Regulation*, 80.

Barrett is among those blaming the franchise provisions for transit's decline, noting that

the underlying assumption was that as a business transit should somehow return part of its profits to the city whose streets it used. But, actually, these obligations added to the cost of service and facilitated the use of the tracks by private vehicles.⁸⁷

He adds that the early franchise requirements "froze into law" the adversarial relationship between the transit companies and the city and, by not allowing fare flexibility, helped "cripple" the industry during and after World War II.

Why were the transit companies so amenable to these franchise provisions? The twenty- to fifty-year franchises were seen as guarantees of success -- or, at least, survival.⁸⁸ Companies insisted that they needed long-term franchises in order to attract investors and finance their debt in general. And, as previously noted, these franchises were seen as promising a guaranteed five-cent fare and, therefore, tremendous profits during the projected future decline of operating costs -- which, unfortunately for the companies, never did occur. As for the other provisions, companies were so eager to acquire the right to operate in a certain area that they would do so at almost any cost. The cities, on the other hand, took advantage of this near desperation on the part of the companies by trying to pack as many requirements into the franchise as possible. As Smerk notes: "Because of the value and necessity of this operating permit, companies were willing to submit to many clauses that were to prove, over the long run, disastrous."⁸⁹

⁸⁷Barrett, *The Automobile*, 42.

⁸⁸Ibid., 121; Hilton and Due, *Electric Interurban Railways*, 17; Mason, *Street Railway in Massachusetts*, 21-24.

⁸⁹Smerk, *Urban Transportation: Federal Role*, 44.

Like Mason, Jones notes that the early consolidations that brought absentee ownership into the picture in the form of large holding companies served only to alienate the industry from local government. This, added to the public's wariness of the traction barons' success, made the transit companies prime targets of Progressive reform and retaliation. In a spirit of retribution, many companies' franchises were revised in order to mandate discount ticket books, free transfers, free transportation for municipal employees, expansion into newly urbanized areas, increased capacity during rush hours, and increased frequency of night service -- all with a retention of the five-cent fare.⁹⁰

State Regulation and Control. As utilities, the street railways were subject to varying degrees of regulation by state agencies: initially a railroad commission, then, by the beginning of World War I, a public service commission, and finally, by World War II, a public utilities commission. State agencies regulated issuance of securities, incorporation, consolidation, and the general provision of service. They were often responsible for granting fare increases and permission to abandon service.⁹¹

Mason argues that the traction companies welcomed the state regulation, seeing this as yet another promotional feature. C.D. Thompson quotes J.B. Sheridan, director of the Missouri Committee on Public Utility Information and "star confessor" of Thompson's 1932 *Confessions of a Power Trust*, as admitting that because the courts had so weakened the effective power of the state commissions, they were considered by utility people to be "the best friends of the industry."⁹²

⁹⁰Jones, *Urban Transit Policy*, 35-36.

⁹¹As of the 1930s in Portland, the city council had exclusive responsibility for abandonment and fare matters involving the city lines, while the state utilities commission remained responsible for the interurbans.

⁹²C.D. Thompson, *Confessions*, 15-16.

Annmarie Hauck Walsh explains that in the first decades of the twentieth century, the National Electric Light Association (NELA) went out of its way to support state regulation as an alternative to public ownership of utilities: “The resulting regulation by public utility commissions is one of the longest-running unsuccessful experiments in political history. The unsatisfactory aspects of the industry that were identified in 1907 persist today.”⁹³ Barrett and Jones also contend that the transit industry embraced the idea of state regulation, hoping that control at a higher governmental level would compensate for the Progressive regulatory backlash at the local level.

It was the interstate nature of the megalithic holding companies that developed that made state regulation relatively ineffective -- one reason that state regulation was in many ways embraced by the transit industry. The transit industry was able to take advantage of the diffusion and layering of responsibility and accountability that the holding company mechanism provided. The abuses that were possible because of ineffective regulation engendered distrust among the public not only of the holding companies, but of the transit industry in general.

In contrast to Mason, Thompson, Walsh, and others, Glenn Yago argues that state regulatory policies impaired the growth of transit, noting that these policies, which supported competing transit modes and highway building, only offset the lower operating costs of the transit companies in the late teens and early 1920s.⁹⁴ He notes as an example that later, in Chicago, state regulators approved motor coach surface routes to compete along routes parallel to those of the traction companies.⁹⁵ Smerk also sees

⁹³Walsh, *Public's Business*, 14.

⁹⁴Yago, *Decline of Transit*, 70.

⁹⁵Ibid., 158.

the state as hindering development, noting that the taxing policies of the states had a significantly detrimental effect on the railways' revenues.⁹⁶

This study will show that the Portland transit company's relationship with the state was generally unrewarding for the company. Although the state did grant fare increases and recommend city franchise relief during the first few decades of the twentieth century, later attempts by the company to appeal for state intervention were to no avail. The state's practice of scrutinizing transit company records ultimately worked against the company, the state consistently placing a valuation on the company far below that arrived at by the company.

Also, in later years, the state clung to the belief that the railways had not yet fallen into obsolescence -- a ruling that resulted in substantial cost to the operating companies. According to the Transportation Act of 1920, the Interstate Commerce Commission had the authority to authorize discontinuance of an entire line. The state regulatory agencies were responsible, however, for anything short of total abandonment of an inter- or intrastate line. This meant that the companies had to appeal to state utilities commissions for permission to abandon unprofitable lines along their interurban routes. State regulatory agencies were rather reluctant to allow such abandonment.

In Oregon, interurban lines that served the Portland-metropolitan area began segment abandonment in the 1930s. However, when the Portland Traction interurbans appealed for abandonment of remaining lines in the 1950s, the requests were denied. The Oregon State Public Utilities Commission insisted that the passenger service was still essential to those communities served; continued service was seen by the companies, however, as a great economic burden.

⁹⁶Smerk, *Urban Transportation: Federal Role*, 55.

The Courts and the Voters. The courts were from time to time called upon to oversee bankruptcy reorganizations or to uphold a decision of either the city council or the state regulatory agency. The courts, for example, were turned to in jurisdictional battles between the city and the state. When the state approved the first fare increase for the Portland transit company -- from five to six cents -- the city sued, protesting the state's jurisdiction. The city lost and the company was allowed to raise its fare. In such situations, the company benefited at the hands of the court.

On other occasions, the court's rulings were not so favorable toward the company, such as during the court cases initiated in the 1960s and settled in the 1970s. For instance, the court found against the company when it ruled that the city had rightfully terminated the company's franchise in 1969.

Having an even greater effect on the industry's fate than the courts, however, was the voting electorate. In 1909 Portland voters approved measures that would subject all new public utility franchises to a popular vote, requiring the articles of every franchise to be published in the official city newspaper; they also required quarterly reports to be submitted to the city auditor and approved a county tax for all franchised properties.⁹⁷ When the franchise of the Portland Electric Power Company (PEPCO) came up for renewal in 1936, the voters approved it, but not without a struggle on the part of the company.

The voters also faced measures regarding relieving the company of obligations to the city, as well as measures to provide for municipal ownership of both transit and electricity generation and provision. PEPCO president Franklin T. Griffith devoted

⁹⁷Effective with the Portland City Charter of 1909. However, the city council could pass a franchise with an emergency vote, in which case it would not be subject to a vote of approval by the citizens. This occurred with Rose City Transit's franchise renewal in 1962 and again with the operating permit granted to Tri-Met in 1969, allowing the agency to operate buses within the city of Portland.

considerable effort to trying to persuade Portland voters that the survival of PEPCO as a private electric utility and traction company was in the citizens' best interest.

It is difficult to gauge the extent to which Portlanders were swayed by Griffith's efforts. At the polls, Portlanders voiced their dissatisfaction with the transit company, their mistrust of public ownership that would compromise principles of private industry, and their unwillingness to increase their own tax burden.

Measures that would have resulted in municipal ownership of any utility were consistently voted down, giving the appearance of public support for the private company. Also voted down, however, were any measures that would have relieved the company of any of its obligations to the city.

SUMMARY

As early as 1917 most of the factors that had accounted for the glowing success of the transit industry had either backfired in such a way as to have negative repercussions for the industry or they had ceased to operate in the supportive fashion they had in the early years.

Wages, which had started out so low, had nowhere to go but up. The "stable fare structure" that once seemed a guarantee of profit soon became a heavy cross to

bear, the five-cent fare failing to cover operating costs adequately. The capital provided by generous and optimistic investors resulted in a heavily overcapitalized industry that would find itself struggling and ultimately unable to pay its bond indebtedness -- a situation that often led to unscrupulous accounting practices within the industry.

The widespread support the companies had enjoyed in the early years began to dwindle as the public grew wary of the killings made by railroad promoters. The questionable state of transit companies' books was cause for alarm and punitive reaction on the part of both the public and regulatory agencies.

The quest for territorial monopoly became a burden, as well. To stave off competition and to maintain local support, companies were forced to continue to expand to serve the suburbs, an expansion that turned out to be costly and unremunerative.

The transit industry was already in a weakened position by the time competition from alternative modes of transportation became prevalent enough to pose a serious threat. Unable to adapt and compete, transit ceased to present as attractive an investment as it once had, and the capital that had once backed it began to be diverted to more profitable undertakings.

Although, in general, public policy did not facilitate the recovery or growth of the industry once decline had set in, it is not entirely accurate to cast the transit industry as an innocent victim of conspiratorial or unjustly punitive external forces;

instead, as will be shown, the industry was a victim of the irreconcilable conflict between its profit motive and the service duty mandated by its franchises and expected by its constituencies.

CHAPTER III

POLICY ALTERNATIVES IN RESPONSE TO CRISIS

During the period of private ownership of transit, urban mass transit policy was formulated and implemented from two fronts: by the private industry itself and from without, by the public sector. The history of transit policy formulation during this era of private ownership reveals several important patterns that greatly impacted the shape of the policy that emerged.

One noteworthy feature of transit policy-making is the general pattern of transit crisis and response to crisis -- an almost entirely reactive, as opposed to proactive, approach to policy. The short-sighted approach to policy-making is by no means unique to the transit arena; here, as in other policy arenas, the myopic vision of the policy-makers and implementors has often meant that a given policy was doomed to failure. As a short-term reaction to a present crisis, the policy response as often as not sowed the seeds for the next crisis -- and the next policy response. The result was a policy evolution that was circuitous in nature.

In addition, the evidence reveals a generally uncooperative pattern of policy-making between various actors in the two sectors, private and public. This lack of cooperation may have been due in part to the short-sighted, reactive approach to problem-solving and policy-making, but it was also due in large part to the historically antagonistic relationship among the various actors.

Another point that becomes clear in the overview of the history of transit policy is that the policies implemented were typically cosmetic or superficial in nature and did not effect any substantial systemic changes. Companies might try one type of fare

experiment and then another. Cities might appoint yet one more committee to study transit. But, if anything, these small steps were stop-gap measures that had little material effect on the primary shape and substance of the transit problem. This is not to say that the *ideas* for more substantive changes did not exist. Though relatively few and far between, there were voices in advocacy of more radical policy alternatives. But transit was in a unique position -- a policy problem bordered on all sides by contradictory and powerful interests. It was very difficult to garner consensus for even the most incremental and conservative policy shifts, let alone radical, sweeping change.

This leads to the final point that emerges in the overview of the history of transit policy. Whatever crisis might have triggered a given policy response, that response had to be cast against the competing and usually conflicting demands of transit's various constituencies. The conflicting demands, coupled with the generally uncooperative nature of the relationships among the actors, precluded the existence of a comprehensive transit policy, backed by a wide consensus. Thus, transit policy developed in a fragmented, piecemeal fashion, with marginal and polarized support.

In addition to placing Portland's policy-formulation within the context of crisis and response to crisis, this dissertation will show how difficult consensus was to obtain and how fragmented and disjointed the overall policy-making process was in Portland. It will show that in the Portland case, the lack of cooperation among the various actors involved in policy-making and implementation -- the private company owners and management, employees, ridership, and city officials -- fueled the antagonism over the years, creating an increasingly hostile and alienated relationship, finally leading to a bitter stalemate -- the last crisis -- that resulted in the relatively extreme policy response: public takeover of the transit system. And it will be shown how even this ultimate policy solution -- public ownership and operation of transit -- was threatened by a whole new set of conflicting constituencies and competing demands.

Prior to the public takeover in Portland, as well as throughout the country, a variety of privately and publicly initiated policies were implemented or at least seriously considered. In the pages that follow, these policies will be discussed in terms of the types of crises that precipitated them and in terms of their general nature.

INDUSTRY CRISIS AND RESPONSE

Within the transit industry, the crises that propelled companies to react with policy changes can be grouped into two major categories: crises that resulted in increased costs and those that resulted in decreased revenues. Although these two are nearly inextricably related, an attempt will be made to discuss the policy responses to each separately.

Increased Costs

The costs of production for the transit industry began to increase dramatically after World War I, as the cost of everything from materials to energy to labor increased. Because the transit industry has always been a labor-intensive industry, the costs associated with increases in labor wages and benefits and decreased hours have had the greatest effect. But increased costs also resulted from increases in other factors, such as materials, fuel, taxes, maintenance, and the cost of meeting franchise obligations such as paving over abandoned tracks.

In general, the industry's primary response to a crisis precipitated by increased labor demands was to attempt to increase fares. But other measures were employed as well. One tactic was preemptive. This consisted of attempts by companies to forestall labor demands through co-optation. Co-optation was achieved by compelling membership in company-sponsored associations, in an effort to ward off unionization and by inspiring in employees a vested interest in the status quo, through such means as

promoting employee ownership of stock. Another tactic employed, notably in the Portland case, to attempt to slow down wage increases was to use labor demands as a bargaining chip in franchise negotiations. When companies made their acceptance of a franchise contingent upon labor's acceptance of a contract, the desire was in part to divest the company of responsibility and to make labor look the part of an unreasonable bully. None of these attempts to forestall wage increases proved successful; wages continued to increase, and these tactics only deepened the hostility between labor and management. The chief policy response in counteracting the wage increases was to petition for fare increases.

In addition to seeking fare increases, companies sought to offset increased costs through a variety of service reductions. The three major service-reduction techniques that stand out in the history of the private industry are negligence of maintenance, conversion to the one-man car and then later to the motor bus, and elimination of routes. Transit companies throughout the nation had a poor track record of equipment maintenance; again, from the beginning, the short-sightedness of the industry did not encourage setting aside adequate maintenance and depreciation reserves. Many companies could barely begin to pay off their bond indebtedness, let alone improve and maintain their rolling stock.

George Hilton sees the introduction of the one-man, lightweight Birney car in 1916 as a direct response to competition from the jitney.¹ Competition from the fast and flexible automobile is also considered to have spurred the industry's adoption of the motor bus in the mid-1920s and the adoption in the 1930s of the President's Conference Car, which had superior acceleration and deceleration properties.

¹Hilton, "Rise and Fall."

But such innovations were not solely for the purpose of meeting competition; they also were instituted as a means of cutting costs. The widespread use of the one-man car came at the same time that wages first began to increase in the industry; whatever the speed advantages of the lighter car, the increased wages paid to a one-man operator/conductor still amounted to less than the combined wages paid to two men. Due to the one-man car, labor costs could actually come to represent a lower percentage of the overall operating costs.²

In a similar fashion, the introduction of the motor bus was not merely a response to consumer demand for increased speed and flexibility. Transit companies found that for route expansions the initial, short-term cost of motor buses was much less than the capital investment required for extensions of the streetcar system. However, because motor buses were so frequently used for providing service to newly developed, distant suburbs, the full cost of motor bus operation was more than companies thought it would be.³ Mason cites figures from the American Electric Railway Association for 1930 showing that out of 120 reporting cities, 58 showed a loss for the year on their bus operations.⁴ In addition, consumers did not like the smelly, noisy motor buses any more than they liked the older dilapidated streetcars.

In the expansive decades of the 1890s and 1900s, consolidated streetcar companies responded to economic and political pressures by running more cars and building more crosstown lines and tracks into less densely populated areas.⁵ This expansionism was more than just a response to the demands of the ridership and city

²Mason, *Street Railway in Massachusetts*, 92.

³Jones, *Urban Transit Policy*, 53-55.

⁴*Ibid.*, 187.

⁵Bottles, *Los Angeles*; Cheape, *Moving the Masses*; Jones, *Urban Transit Policy*; Mason, *Street Railway in Massachusetts*.

council; it was also calculated to stave off competitors and establish a foothold in new real estate developments. But, as noted, suburban lines would prove the most costly; with the fewest riders, these routes were highly cross-subsidized by the short-haul riders. Many companies would be obliged -- by franchise or market pressure -- to serve the unprofitable suburban routes throughout the history of the private industry. As these routes appeared to represent too much of a drain on the companies' resources, management began requesting permission to abandon service, either on these suburban routes or on any of the other less profitable routes.

Companies tried to implement various other measures to cut costs. Company officials lobbied political bodies to ease obligations in the form of relief from fees, taxes, paving obligations, bridge tolls, and so on -- all to little avail, as such relief would have been politically unpopular, in fact often requiring difficult-to-come-by voter approval. In addition to instituting one-man cars and abandoning unprofitable lines, management also eliminated as much personnel as possible by drastically reducing night and weekend service. Ultimately, any one of these measures had only a temporary effect in offsetting increasing costs, but together they had a gradual and persistent effect in reducing demand.

Decreased Revenues

Decreased revenues were, of course, primarily a function of decreased ridership due to changes in demand -- changes precipitated by increased fares, service cutbacks, poorly maintained rolling stock, line abandonments -- all of these working together to impair consumer demand for urban transit even before viable transportation alternatives were widely available. As alternatives did become more available and consumer income rose, demand -- and revenues -- declined.

Until the turn of the century, the transit industry was relatively responsive to conditions of changing demand. In part this was because technological advances made it possible for the industry to respond to consumers' demands. For instance, as horsecar riders demanded faster and more efficient service, this demand was first met in the late 1880s through the electrification of streetcars. But, as Charles Cheape notes, this response was possible only because certain other conditions were present, specifically, the mergers of streetcar companies that allowed for the consolidated use of a central power generator.⁶ Later on, conditions facilitating such response to consumer demand would not be present.

But even with the introduction of the faster and more efficient electric streetcar, the transit companies' reputation with the public remained tenuous. A nickel was seen as a lot to pay for a drafty, noisy, bumpy ride through congested streets, sitting (or standing) much too closely to utter strangers. Then, of course, there were the transfers, the long waits, the walks in the rain to the nearest car stop -- not to mention the frustration of having one's clothing drenched with mud from a crowded streetcar rushing by, not even stopping to pick up passengers. In addition to this perception of inadequate and unacceptable service, the public was also of the general impression that the transit companies were controlled by unscrupulous profiteers, conspiring to get rich by robbing everyday workers of their last nickel. In short, the transit companies had a public relations problem on their hands from the very beginning.

The transit companies did what they could to increase and maintain demand. Service improvements included costly modernization campaigns that involved everything from painting coaches inside and out to replacing streetcars entirely with more flexible trolleys and motor coaches. Fare experiments were tried; particularly

⁶Cheape, *Moving the Masses*, 45.

popular with the public was the “shoppers’ special” -- an off-peak reduced-fare downtown service that the ridership and downtown merchants applauded, but that proved costly to the companies. Less popular with riders, but more sensible from the companies’ point of view, were zone fares; these were not frequently implemented because of their lack of popularity. Other service improvements that did help make transit somewhat more competitive where they were implemented were “skip-stop” and express service and park-and-ride facilities.

Companies also tried to attract and maintain ridership and public goodwill through elaborate public relations tactics. These ranged from providing free strollers to mothers who called in and reserved them ahead of time to promoting local investment in the company’s stocks by the riders, as well as the employees. There were also newspaper and radio advertisement campaigns, as well as frequent visits and communications with civic organizations such as chambers of commerce, city clubs, and so on.

EXTERNAL CRISIS AND RESPONSE: THE PUBLIC OWNERSHIP SOLUTION

The same crises that affected policy formulation by the industry itself also influenced policy-making externally, e.g., by the city council, voters, or state public utilities commission. The impact of these crises was somewhat different, however, when experienced from outside the industry. The fundamental economic issues of increased costs and declining revenues experienced by the companies were secondary, at best, from the vantage point of the city council, for example. From the position of those constituents outside the industry, the transit crises were reduced to one salient issue: would transit needs be adequately met?

However these transit needs might be defined in a particular place at a particular time, the threat of the private industry's being unable to meet the transit needs in question constituted a crisis requiring a policy response from outside the private industry. The more extreme the crisis was perceived to be -- that is, the more there was at stake -- the greater the extent of the external intervention. The lower the stakes, the milder the intervention; so, for example, as transit was perceived to be something of a "problem," a committee would be appointed to undertake a study and make recommendations. Possibly a fare increase would be granted. However, at the other end of the intervention continuum, as stakes appeared higher, with the threat of the loss of the transit system imminent, the intervention would be at its most extreme: some form of public ownership and/or operation. Public takeover was often a final resort; it was not the only option available to actors outside the industry, and it was turned to only reluctantly after other courses of action seemed or had proved unfeasible.

Public involvement with transit systems occurred at different times and in slightly different guises throughout the country. In New York and Boston, for example, the municipality owned the rapid transit systems and leased them to private operators as early as the 1890s. The first actual public ownership/operation ventures were on the west coast, in San Francisco in 1909 and in Seattle in 1919. Other cities did not begin to own and operate their transit systems until the 1940s. By the end of World War II, only five major properties were publicly owned, although these accounted for 20 percent of the country's ridership.⁷ By 1960, nearly half of all mass transit ridership was carried on publicly owned systems. Portland's system, however, remained under private ownership and operation until 1969 -- one of the last cities in the country to do so.

⁷Jones, *Urban Transit Policy*, 79.

Cities turned to public ownership and operation as a response to crises in their transportation system only under certain conditions. Where possible, other alternative responses were implemented either from within the industry or from without. The question emerges of what conditions tended to prevail in order to facilitate the public ownership and operation of a transit system. This question will be explored in this study, which will look at the conditions that finally came to coexist in Portland in order to facilitate the public takeover of the mass transit system in 1969.

Economists often explain the genesis of public ownership and then subsidization of transit as an ill-advised attempt to reduce congestion by diverting people from automobiles to transit⁸ or as the only way possible for operating deficits to be covered so that the industry can survive in order to serve those who are the most transit dependent: the poor, the young, the old, the handicapped.⁹ Most economists argue that greater economic efficiency would be achieved by removing all subsidy and controlling congestion through peak-hour pricing (for both transit and autos); effecting redistribution through direct monetary transfers to lower income people, who would derive a greater utility from spending the money at their discretion; and allowing more unregulated, private jitney-style operations to serve the other transit-dependent groups.

The simple economic explanations presented here do not account for the social or political forces at work behind policy-making and implementation. Taking an approach different from that of the economist, historian E. Kimbark MacColl notes

⁸John R. Meyer and Jose A. Gomez-Ibanez, *Autos, Transit, and Cities* (Cambridge, Mass.: Harvard University Press, 1981); Meyer, Kain, and Wohl, *Urban Transportation Problem*; Arthur F. Schreiber and Richard B. Clemmer, *Economics of Urban Problems: An Introduction* (Boston: Houghton Mifflin Company, 1982).

⁹James Heilbrun, *Urban Economics and Public Policy* (New York: St. Martins Press, 1981).

some of these sociopolitical variables by indicating that in order for public ownership and operation of a transit system to occur, six prerequisites are necessary:¹⁰

1. there must be widespread dissatisfaction with the existing service
2. city officials must be committed to the change
3. the current private utility must be suffering ineffective administration
4. potentially costly and time-consuming litigation regarding the expiration of the company's franchise must be imminent
5. the local press must endorse the change
6. the cost of the municipal takeover must be manageable

The evidence supports MacColl's position. It is not enough that there be widespread dissatisfaction with the private company. There must also be political and social consensus (e.g., from city officials, the press, and local business leaders), and the cost of the takeover must be manageable. These factors are also central to Susan Fainstein, Norman Fainstein, Richard Hill, Dennis Judd, and Michael Smith, who list the availability of federal funding and consensus regarding the extent of urban decline as critical in order for a locality to reshape its urban policies effectively. They also underscore the importance of support by political and business leaders, as well as the press; in each of the five case studies presented in their 1986 work, the urban revitalization activity

was initiated either by the mayor or an organized business group. . . . a symbiotic relationship developed between the mayor's office and the business community, cemented on the one side by the city's access to federal funding and on the other by the commitment of business to invest . . . Support from the local media usually constituted an additional component of this redevelopment coalition.¹¹

¹⁰MacColl, *Growth of a City*, 134.

¹¹Susan Fainstein et al., *Restructuring the City*, 250.

An Overview of the History of Public Ownership of Transit

The social and political consensus identified by MacColl and Fainstein et al. may be most easily achieved when the greatest number of actors feel the greatest common threat to their entrenched positions. In the case of public involvement with transit, there were three general periods when such a common threat might be identified. In each period, an element of urban politicoeconomic crisis can be discerned that necessitated a radical response either from within the industry or from without.

In the first stage, a source of pressure for change came from those interests having a stake in real estate development and urban growth; it was when this pressure took on crisis proportions that could not be met by private industry that public ownership of transit was turned to. In the second stage, the pressure came from the economic decline of the central city and, once again, when this reached the crisis stage, public takeovers occurred. The final stage was characterized by place competition between central cities and their suburbs; as the central cities saw themselves losing in the competitive battle, public ownership was again the preferred response.

Preemptive Expansionism: The 1890s to 1920s. In addition to the transit systems owned and leased out in New York and Boston, other municipal systems during this period included San Francisco (1909), Seattle (1919), and Detroit (1922). Public ownership and operation during these early years occurred at least in part as a response to the needs of the business community -- Realtors, bankers, investors, and civic boosters, who had a strong vested interest in supporting the development, expansion, and maintenance of a transit system that would ensure both the viability of

the downtown business district and the growth of residential developments on the urban fringe.¹²

Pressure also arose from an entrenched riding constituency; in many larger urban areas, people's patterns of life had, by the turn of the century, become completely dependent on the transit system that had shaped the city. Private enterprise was both unwilling and unable to respond to the transit demands resulting from urban growth in large, older cities such as New York and Boston. Had the municipality not stepped in to take over the transit system, the result would not only have been catastrophic for the cities' business and political interests, it would have disrupted hundreds of thousands of lives, as well. In this sense, the municipalization activities during this earlier period can be seen as preemptive rather than reactive, as was the case in the later periods of public involvement.

As Cheape notes, the larger eastern cities were also motivated by a sense of competitiveness with one another. By 1900 New York, Boston, and Chicago all had or were in the process of building rapid transit systems, which had come to symbolize a city's membership in the ranking of great American cities. Philadelphia, for example, saw itself outranked by Chicago as the country's second largest city after the latter built its high-speed transit system in 1892. By 1907, the pressure to maintain great-city status had induced Philadelphians, who were staunchly opposed to public ownership, to develop a hybrid system in which the city and the private transit operator worked as partners, diluting considerably the traditional hands-off approach to private enterprise.¹³ Again, the involvement of the public sector can be seen as preemptive -- if not entirely proactive -- in an effort to forestall further losses or economic crisis.

¹²Cheape, *Moving the Masses*.

¹³*Ibid.*, 182-206.

Urban Reform: The 1940s. Jon Teaforde describes the postwar period as one of urban reformism and revitalization, which included municipal ownership of mass transit.¹⁴ Although highway expansion and parking accommodation headed the list of transportation needs and wants, there was a heightened sense of the public role of mass transit. During this second wave, a number of other cities joined the public-ownership ranks, including New York, which in 1940 took over operation of all of its subway and surface properties, combining them with the Independent Subway System, a small system that the city had owned and operated since 1932. Other cities that municipalized during this period were Cleveland in 1942 and Chicago and Boston in 1947.

This time the impetus toward public ownership came more from a sense of self-preservation in the face of central city decay. Once again, it was the downtown business interests that championed the cause of public ownership of mass transit, and once again public takeover tended to occur in larger cities, where the need for transit was indisputable and where the private industry was unable to respond on the scale necessitated by the magnitude of the demand. The nature of the response was more reactive in this period than in the first; decline had already set in, and the public takeover of mass transit was part of an attempt by the new breed of postwar business and political actors to retard if not reverse the decline.

Survival of the City: The 1950s and 1960s. This third period saw another flurry of public acquisitions during the 1950s, including Los Angeles, Oakland, and Sacramento. Almost all larger systems -- e.g., Baltimore and St. Louis -- had been municipalized by 1965. As noted, Portland's municipal takeover came at the very end of this period, in 1969.

¹⁴Teaforde, *Rough Road*, 102-105.

The crisis in urban transportation that characterized the 1950s and 1960s was part of general central city decline vis-à-vis the increasingly popular suburbs. First people and then businesses had deserted the central city for more attractive and prosperous suburban locations. As the central business district struggled to survive in the face of place competition with the suburbs, it looked to a revival of mass transit as a necessary part of the solution: the central city could not survive if people did not have easy access to it for shopping, business, and employment. Furthermore, the environmental degradation caused by years of overreliance on the automobile had severely compromised the overall quality of life within the central city. The challenge was not just to provide the means for getting people into the city, but to make them want to be in the city in the first place.

The Role of Place Competition in the Public Ownership of Transit

The importance of place competition in the public-ownership movement that characterized the 1950s and 1960s is articulated by Sy Adler and Sheldon Edner: “Governmental transit agencies were created to pick up the pieces of these enterprises [private transit operations] as they failed and to retool them for another round, this time primarily in support of [central business district] investors confronting intense suburban competition.”¹⁵ It was only once this threat reached near crisis proportions that city leaders had reason to entertain a response as drastic as public ownership of the transit system.

The role of mass transit in the battle between the central city and its suburbs is a theme also developed by Carl Abbott. Speaking of the “high levels of conflict”

¹⁵Adler and Edner, “Governing and Managing,” 91.

between central city and suburban governments, Abbott notes that an important motivating factor in downtown redevelopment has been

the desire to mobilize public and private resources to provide the necessary physical facilities for business and commercial growth. The list included new docks, airports, highways, expanded water supply, and more electric power, but the central item on the agenda was usually the provision of adequate office space and *transportation for downtown business districts*.¹⁶

Laying the foundation for the argument of central city-suburban competition, Paul Peterson notes that a city will pursue those policies that will advance the city's economic position, social prestige, and/or political power.¹⁷ A city's position, prestige, and power have meaning only when held up against a competing force -- another locality, such as a suburb -- that could conceivably vie for the city's position, prestige, or power. Once a central city begins to feel a competitive pressure from its suburbs, it will be inclined to take action to increase its competitive edge and to maintain transit services, particularly downtown-focused service, as one way to help correct the position-prestige-power imbalance.

From an economic standpoint, Peterson argues, it is in the city's best interest to "help sustain a high-quality local infrastructure generally attractive to all commerce and industry."¹⁸ This would include a transportation system that effectively serves downtown commercial interests. Thus, if a private transit system cannot provide that service, then the city will be motivated to acquire the operation and provide that service itself.

Mass transit is useful to the city because it not only brings consumers into the center, but labor as well. Mass transit allows cities to "import" more skilled workers

¹⁶Abbott, *New Urban America*, 121-122. Italics added.

¹⁷Peterson, *City Limits*.

¹⁸Ibid., 24.

from the suburbs without having to rely solely on less skilled, “less desirable” central city inhabitants. A good mass transit system also makes the central city itself a more inhabitable and attractive place for businesses and citizens to put down roots and contribute to the municipal tax base.

The importance of mass transit in central city revitalization is a point stressed by Jon Teaford:

Transit lines had been the skeleton of America’s healthy urban body during the early twentieth century, and vital neighborhoods had been its flesh and blood. These elements had made the central cities great, and by bolstering these sources of strength, central cities could again become decent places in which to live and work.¹⁹

This study will show that in Portland, the downtown revitalization effort that took off in the 1960s, including plans for public transit, constituted “an important element in efforts to maintain the primacy of the central city within the metropolis by making [the central city] the focus for the entire population.”²⁰

The Availability of Federal Funding and the Device of the Special Service District

As mentioned above, in addition to the prerequisite of consensus regarding public ownership of transit, there also needs to exist a financing apparatus that makes public ownership manageable. A key element present in the 1960s that had been lacking in the earlier periods was the availability of federal funding for mass transit at the local level. Also during this period was a proliferation of the device of the special service district, which provided a practicable mechanism for public sector provision of mass transit service.

¹⁹Teaford, *Rough Road*, 231.

²⁰Abbott, *Portland*, 210.

In continuing to encourage highway development with the Federal-Aid Highway Act of 1956, the federal government's involvement with urban transit was minimal and indirect until the late 1950s. The Transportation Act of 1958, however, "unexpectedly brought the federal government directly into the suburban rail picture and indirectly into the entire mass transportation question . . ." ²¹

This act essentially allowed any carrier used in inter- or intrastate commerce to discontinue service without first obtaining the authorization of the Interstate Commerce Commission. One of the first -- and most devastating -- actions resulting from the act was the discontinuance of service by New York Central's West Shore and the Erie's trans-Hudson ferries. This sudden loss of commuter service triggered a crisis in mass transportation; it was, in many ways, the catalyst for the federal government's direct involvement with the issue of mass transit.²²

As a result of intensive lobbying following the 1958 catastrophe, a federal mass transportation assistance program was inserted into the Housing Act signed by President Kennedy on June 30, 1961. The act provided for \$50 million in federal loans for the acquisition and improvement of urban mass transit facilities and another \$25 million for transit demonstration grants.

In 1964 a slightly more generous urban transportation bill was signed by President Johnson, this one substituting grants for loans. Provisions in the bill were administered first by the Federal Housing and Home Finance Agency (1964-1965), then by the Federal Department of Housing and Urban Development (1965-1968), and

²¹Danielson, *Federal-Metropolitan Politics*, 27.

²²Danielson, *Federal-Metropolitan Politics*; Edward Weiner, *Urban Transportation Planning in the United States: An Historical Overview*, prepared for the Office of the Assistant Secretary for Policy and International Affairs, U.S. Department of Transportation, DOT-I-83-43 (Washington, D.C.: GPO, 1983), 16.

then by the Urban Mass Transit Administration (UMTA) of the Federal Department of Transportation. The Highway Act of 1970 included modest provisions for highway moneys to be spent for the construction of transit-support facilities, such as bus lanes, fringe-parking areas, and so on. The Highway Act of 1973 opened the general trust fund to transit so that local governments had much more say in deciding which sorts of transit systems they wanted. Highway moneys allocated to a particular state could be traded for use on transit projects. Between 1965 and 1974, the federal government would disburse nearly \$3.3 billion in capital grant funds for the purchase of properties from private owners.²³

One requirement for the receipt of federal funds was that localities produce comprehensive plans. Consensus on a regional basis was strongly encouraged. This alone provided some of the incentive and rationale for the concept of the regional transportation authority. But the idea of the public authority has another -- and perhaps stronger -- rationale in American government, as well. In areas such as transit, where the private market is unable to provide service equitably and reliably, the device of the public authority allows for ideologically palatable means for the public sector to step in. As a means of public-sector provision of transit service, the special service district represents an ideological compromise in much the same way as did the New York and Boston ownership-and-lease models at the turn of the century.

In some cities, such as Portland, the creation and viability of the regional agencies also signaled a metamorphosis in political thinking. They illustrate the city's desire to exert some rationality and constraint over an out-of-control expansionism that had resulted in unattractive sprawl and a weakening of the central city. Combined with assistance from the federal government, the special service district provided the means

²³Jones, *Urban Transit Policy*, 82.

for responding to the consensus among city political and business leaders that the time had come for the public provision of transit.

ALTERNATIVES TO PUBLIC OWNERSHIP

As noted, public ownership and operation of transit systems was only one of many possible alternative responses to the politicoeconomic crises alluded to above. Because of a general ideological hesitancy toward public involvement in private enterprise, as well as a genuine resistance to public takeover on the part of the private companies, public ownership and operation was for a long time not universally and effortlessly embraced. A number of other responses were available and implemented. In each case, however, certain conditions, either within the local political economy and/or within the industry, had to be present in order for a given alternative to be viable.

Ideological Compromises

As mentioned earlier, some cities responded to public pressures for adequate transit by financing, building, and owning rapid transit systems and then leasing the system to a private operator. This alternative to out-and-out public operation was, if nothing else, an ideological compromise. Discussing New York City's 1894 law that provided for city ownership and private operation of the subways, Cheape notes: "In accordance with the prevalent suspicion of public enterprise . . . [t]he 1894 law did not signal the abandonment of private enterprise in public transit. . . . the policy was to accommodate the needs of the city and the profit-minded operator."²⁴

²⁴Cheape, *Moving the Masses*, 81.

This same sort of ideological compromise was evident in the Philadelphia system. In the early years of the 1900s, Philadelphians, who could not abide public ownership, allowed their municipality to join in a partnership with the private Philadelphia Rapid Transit Company. The city was given a minority position on the company's board of directors and half of all profits after a fair return of 6 percent had been paid to stockholders. Other concessions were made as well, including releasing the company from its franchise obligations of snow removal and street pavement -- although a sum equal to the value of these services did have to be paid to the city.²⁵

Transportation Rationalization and Attempts at Relief

Often cities took action of a different sort, responding to transportation problems through attempts to rationalize traffic and transit in general. In 1909, for example, the Los Angeles city council created a Board of Public Utilities Commissioners for the purpose of investigating streetcar riders' complaints. This board came out on the side of the streetcar companies, arguing that their financial burdens did not allow them "to offer extensive improvement in services despite the frequent complaints by the riding public."²⁶ Instead, the board and other similar entities looked to improve traffic by rationalizing the street and parking system as it currently existed, exploring options such as parking bans. Later, in 1924, the Los Angeles city council hired the firm of Kelker, de Leuw & Company to put together a transit plan for the city. The plan resulted in suggestions for coordination of streetcars, interurbans, buses and rapid transit; unification of management; and higher fares and/or subsidization. The consulting firm's suggestions were successfully opposed by those

²⁵Ibid., 200.

²⁶Bottles, *Los Angeles*, 48.

concerned with the expenses their realization would entail, but they illustrate this city's attempts at rationalization of its traffic and transit problems.

Paul Barrett's description of the Chicago experience presents another example of the attempt to solve transportation problems through street and traffic rationalization.²⁷ In the first decades of the twentieth century, Chicago experimented with mounted police; street building, paving, and widening; traffic controls; and a parking ban. Of course, Chicago also attempted to mandate transit service modifications -- new equipment, standards of reasonable speed and comfort, through-routing and extensions -- but at the same time it insisted on maintaining the five-cent fare that made such service improvements a practical impossibility.

During the 1920s and 1930s, much of the same sort of emphasis on streets, bridges, and parking was occurring in Portland, too. Like many other cities, Portland also hired consultants to work on solutions to its transit and traffic problems. The "Carey and Harlan Traction Plan," for example, which was completed in 1930, recommended some municipal relief on behalf of the streetcars, including the removal of all franchise taxes or fees paid by the utility and the acquiring and maintaining by the city of all streetcar tracks. The Carey and Harlan Traction Plan proved unpopular, however, and in the end it never made it to the polls. Later, in the mid-1930s, a mayor-appointed fifteen-member transportation committee made further recommendations, this time more specifically directed toward modernization of the transit system, with costs to be borne by the transit company. Some of these improvements would prove to be a popular shot in the arm in the short run, but over time they turned out to be costly, leaving the company once again in a deficit position.

²⁷Barrett, *The Automobile*.

Solving transportation problems through traffic rationalization continued in the years immediately following World War II, when many business leaders and politicians felt that the decline of the central business district could be attributed in large measure to congestion and the lack of parking. Facilitating access of automobiles to the central core became more crucial than ever. Thus, although there was a renewed interest in maintaining if not improving mass transit, the focus in postwar Portland and throughout the country was on providing enough parking space, relieving congestion, and building freeways that could “radiate from the central business district like spokes from a hub, thereby supposedly ensuring that the downtown would remain the single dominant center of the metropolis in the automobile age as in the streetcar era.”²⁸

Urban Transportation Studies of the 1950s and 1960s and the Federal Role

The Federal Highway Act of 1962 mandated for the first time urban transportation planning, as a prerequisite for areas receiving federal moneys. The “3 Cs” that were stressed as a result of this act -- continual reevaluation, cooperation among levels of government, and comprehensive planning -- formalized the techniques used in the urban transportation studies that were conducted during the 1950s. Thus, throughout the 1960s and 1970s, increasingly technical transportation studies proliferated, carried on by various levels of government, employing both public- and private-sector expertise.

Partly as a result, then, of the transportation-related legislation at the federal level, urban transit began to receive more direct attention and support from various levels of government. Some transit companies had even begun to realize minimal profits, in large part due to relief and assistance on the part of the municipalities. In

²⁸Teaford, *Rough Road*, 96.

some cities, transit companies were given relief from taxes, special charges, and obligations such as street paving and snow removal, which dated back to the nineteenth century. Some cities provided municipal subsidies and/or lump-sum payments for school-service and charter-bus contracts.

But as the 3C planning process progressed, with its emphasis on comprehensive studies and proposals, criticism emerged against its generally heavy emphasis on highway development. Concessions made at the local level to relieve transit companies of their various burdens and obligations, while helpful, did not develop mass transit in the same direct manner in which highway development was being affected.

The emphasis on the freeway was not seen as necessarily conflicting with the support of mass transit. In many areas, it was assumed that mass transit would be able to take advantage of freeways; planners recommended reserving median strips for express bus service or even rapid rail. But, by and large, the urban transportation studies of the 1950s and 1960s continued to stress the role of the freeway and the importance of highway networks. "Transit was given secondary consideration. New facilities were evaluated against traffic engineering improvements. Little consideration was given to regulatory or pricing approaches, or new technologies."²⁹

One result of this emerging criticism against the heavy emphasis on highway planning was a number of proposals to integrate mass transit more directly into transportation planning. In addition to proposals for reserved bus lanes, a variety of new proposals surfaced during the sixties and early seventies that emphasized and prioritized mass transit over the automobile-accommodating approach of road and highway building.

²⁹Edward Weiner, *Urban Transportation Planning: An Historical Overview* (New York: Praeger Publishers, 1987), 13.

Thus, the funding available from the federal government stimulated an interest at all levels in studying transit as a specifically urban problem and in responding to this problem with a variety of direct relief and mass transit demonstration projects that earlier had not been financially or politically feasible. Urban transportation, which had been festering as a policy problem for over half a century, finally became sanctioned and defined as such; the proliferation of transit studies and projects in the 1950s, 1960s, and 1970s are evidence of transit policy's coming of age.

CHAPTER IV

IN THE PURSUIT OF PROFIT: TRANSIT AS PRIVATE ENTERPRISE, 1860 TO 1890

INTRODUCTION

The history of Portland's transportation systems -- indeed, the history of Portland itself -- begins as a story of individual entrepreneurs, motivated by a keen desire to capitalize on the vast opportunities awaiting them in the Oregon Country. This was lush country, with fertile plains and timber stands as far as the eye could see. Through it ran two large, navigable rivers, the Willamette and the Columbia, along which some small cities had already sprung up by the middle of the nineteenth century. Although this territory was as far as one could get from the thriving east coast, it was a gateway to the riches of California and the Pacific Ocean.

To conquer this territory and extract from it its highest potential required men of strong will, determination, and financial acumen, driven by a strong desire for personal wealth and indisputable authority. The early history of the urban areas that would develop in this region, and of the transportation systems that would shape them, must be understood within the context of the individual, profit-seeking entrepreneurial spirit that characterized the west coast of the 1800s.

Two other defining features characterized the urban growth and development during this early period and, again, both of these reflect the profit motive of entrepreneurialism. One of these, specifically in the area of transportation, was the tendency to eradicate competition through acquisition of competing companies, which resulted eventually in powerful consolidated monopolies. The other was the huge

foreign investments that backed the individual and consolidated enterprises. As will be discussed, this foreign investment came not just from large out-of-state banking concerns on the east coast, but from Britain, France, and, particularly on the west coast, Germany.

Thus, from the beginning, and like many areas of urban development, the transportation systems in and around Portland resulted from the capitalistic ventures of individual profit-seeking entrepreneurs, not as services in response to public needs. In addition, even in this early period the large, consolidated monopolies that came to exist were frequently financed and controlled by outside interests whose concern in the local enterprise was limited to its ability to return a profit on their investments.

The profit-seeking motive that characterized early transportation investment was by no means unique to Portland, although developments in other cities naturally occurred at different times, depending on the stage of urban evolution. In many of the larger east coast cities, the omnibus -- a horse-drawn stagecoach -- had sprung up as early as the 1820s; by the 1850s, it had become a widespread, profitable enterprise. The profit-seeking incentive was clearly at work in these cities, where demand for omnibus service was so great that entrepreneurs had begun organizing and arranging for the financing and construction of horse railway lines as early as 1830. The wealthy merchant and banker, John Mason, had organized the New York and Harlaem Railroad Company -- New York's first actual horse-drawn, track-bound streetcar -- in 1832, nearly twenty years before Portland was incorporated as a city.¹

By 1860, reports Charles Cheape, horsecars in New York carried 45 million passengers, and those in Boston carried nearly 14 million. By 1870, 115 million

¹John Anderson Miller, *Fares, Please! A Popular History of Trolleys, Horsecars, Streetcars, Buses, Elevateds, and Subways* (New York: Dover Publications, Inc., 1960; reprint, New York: D. Appleton-Century Company, Inc., 1941), 16-18.

people were riding New York's streetcar lines, and Manhattan was putting its first elevated railway into operation. That same year, two years before Ben Holladay's first two-mile-long horsecar line would begin operation, Portland's main forms of transportation were still stagecoach, ferry, and steamboat (and, of course, foot).²

Other cities were slower than Portland to develop transit operations. Scott Bottles dates Los Angeles's first horsecar line, a two-and-a-half-mile route, to 1874.³ Clarence B. Bagley, a Seattle historian, recounts that the first streetcar in the Emerald City did not begin operation until 1883.⁴ By then two competing streetcar lines had blanketed most of the streets of Portland with their lines, and one company was serving East Portland. Seattle continued to lag behind Portland in many aspects of transit development. But in Seattle and other cities, as Bottles, Cheape, Glenn Yago and others make clear, the initial impetus was always the same: whether for civic pride, commercial growth, or real estate expansion, the primary goal of transit development was the realization -- sooner or later -- of a profit.⁵

It may well be that without the individual profit-seeking entrepreneur and then later the large monopolies, backed by foreign investors, urban mass transit systems would not have developed as they did. This is not to say that they would not have developed at all; they might have developed more slowly but more equitably, less efficiently but less precariously. That is all speculation. What is clear is that the beginning of the history of urban transportation belongs to individually initiated, profit-

²Cheape, *Moving the Masses*, 3.

³Bottles, *Los Angeles*, 28.

⁴Clarence B. Bagley, *History of Seattle: From the Earliest Settlement to the Present Time*, vol. 1 of 3 (Chicago: The S.J. Clarke Publishing Company, 1916), 429.

⁵Bottles, *Los Angeles*, 28; Cheape, *Moving the Masses*; Yago, *Decline of Transit*, 49.

driven organization, and it is from that starting point that the transportation industry evolved from the nineteenth through the twentieth century.

FROM STEAMBOAT TO HORSECAR: 1850 TO 1872

A curving shelf on the west side of the Willamette River, hemmed in on three sides by hills, and fronting a rolling plain opening beyond the east bank of the river. . . . The natural routes of travel in the town were to the north and south along the river; and to the west, only a single, narrow pass led to the fertile back country.⁶

Thus historian Randall V. Mills describes the setting for the development of Portland's mass transit system. He was writing about the early 1800s, when the real urban center of the Oregon Country was Oregon City, located some sixteen miles southward from Portland along the Willamette River.

Portland itself was still a glimmer in the eyes of its founding entrepreneurial fathers. Two partners -- Amos L. Lovejoy and Francis W. Pettygrove -- had a vision for Portland as the thriving metropolis of the west coast. In 1845 they laid out a grid of a little over forty blocks, eight along the Willamette River by five inland toward the west hills, and began selling lots to other enterprising investors. By 1851, when Portland was actually incorporated as a city, it had attracted a population of around seven hundred inhabitants.⁷

As noted, during these early years, the only forms of mass transportation to and from the region's growing urban areas and the farming plains that surrounded them

⁶Mills, "Development of Mass Transit Pattern," 1.

⁷Joseph Gaston, *The Centennial History of Oregon: 1811-1912*, vol. 1 of 3 (Chicago: The S.L. Clarke Publishing Company, 1912), 356; MacColl, *Shaping of a City*, 1; John T. Labbe, *Fares, Please! Those Portland Trolley Years* (Caldwell, Idaho: The Caxton Printers, Ltd., 1982), 18.

were the stagecoach, the river ferry, and the steamboat. As early as 1845 a ferry -- consisting of one canoe -- was crossing the Willamette River to connect the east and west sides. But, as Mills notes, one of the primary routes of travel was up and down the river, between Oregon City and its growing urban rival, Portland. To get to Portland from Oregon City, people boarded a steamboat and settled in for a three-hour journey. From Portland, they could continue north to Fort Vancouver.

Traffic up and down the Willamette River, as well as the nearby Columbia, was controlled by a number of competing transportation interests. But early on the difficulties of sustained competition, along with the advantages of consolidated monopoly, were apparent. In 1860 a number of these competing operators united to form one consolidated monopoly, the Oregon Steam Navigation Company (OSN), with Captain John C. Ainsworth as president. The OSN received its initial charter from the legislature of the Washington Territory, as Oregon -- a state since only 1859 -- did not yet have laws providing for the incorporation of a company.⁸ As developments in the steamship industry were proceeding in the 1860s, transportation opportunities on land were occurring, as well.

Ben Holladay: "Absolute Ruler of All Lines of Transportation"

The Role of the Federal Government. The contribution of the federal government to the early development of local transportation is often obscured by the perception of its utter lack of involvement during much of the twentieth century. But the federal government had a strong interest in exerting its reach westward, and in 1869 the U.S. Congress announced that it would award land grants to the first railroad company completing at least twenty miles of operating track from Oregon down to

⁸Roy Reese Robley, "Portland Electric Power Company with Its Predecessor and Subsidiary Companies," 1935, TMs [photocopy], Portland General Electric Library, Portland.

California.⁹ Hardly had the act been passed and the race to the finish line was on. Two competing companies, both bearing the name "Oregon Central Railroad Company," had already begun construction of track. One of them, owned primarily by Californians, was working along the east side of the Willamette; the other, owned by Portlanders -- including Captain John C. Ainsworth and Joseph Gaston, the company's president -- began building along the west side.¹⁰

The competition between the eastsiders and westsiders was to be bitter and have lasting consequences.¹¹ It would be the determination and drive of one profit-seeking

⁹Dodds, *Oregon: A Bicentennial History* (New York: W.W. Norton & Company, Inc., 1977), 81-82, notes that the federal government was in the practice of granting land to settlers as a defense measure against Native Americans. The Oregon Donation Land Act of 1850 gave land grants to settlers whose presence in the Oregon Country would presumably serve as a defensive buffer. The first federal land grant to a railroad company (in Illinois) occurred that same year. The later land grants to Oregon railroads had such earlier acts as their precedent.

¹⁰The eastside company was officially known as the Oregon Central Railroad of Salem. The rationale for affixing "of Salem" to the name was seen as subterfuge in order to compete for the federal land grant with the previously incorporated westside Oregon Central Railroad. The questionable nature of the incorporation and contracting procedures undertaken by the OCRoS's promoters is recounted by Henry Villard, who points to "crudities, contradictions, illegalities, and impracticalities," in Henry Villard, *The Early History of Transportation in Oregon*, ed. Oswald Garrison Villard (Eugene, Ore.: University of Oregon, 1944), 5-8. Villard also makes reference to an "alleged flaw," 17, in the incorporation of the westside company, but does not detail this. Gaston, *Centennial History*, 521, however, does, explaining that although there were six original subscribers, the papers of incorporation named just one, Oregon Governor George L. Woods, as sole holder of all seventy thousand shares.

¹¹Joseph Gaston was perhaps the most vociferous opponent of the eastside company, writing the Jay Cooke Company to warn them of the eastside's unscrupulous tactics (Villard, *Early History*, 11). This came in 1867, after the eastside company had already tried to deceive its way -- unsuccessfully -- into association with the Philadelphia investment banker. Gaston remained a critic of Holladay; and that criticism, worded in so many different ways in Gaston's Portland and Oregon histories,

individual that would determine the outcome of this battle. Ben Holladay, a self-made multimillionaire who had made his fortune investing in shipping and stagecoach operations around the world, had recently arrived to Portland from San Francisco and, tempted by the prospect of the federal land grant, quickly bought controlling interest in the eastside company.¹²

Holladay was nothing if not determined. He managed to finish the required twenty miles of track on December 24, 1869, the very day on which the federal grant time limit expired. Within the next year, Holladay had transferred his assets from the eastside company to the newly incorporated Oregon & California Railroad Company and had acquired the interests of the westside company, as well, hoping to win a separate land grant for extension of the westside track.¹³

The Role of Foreign Capital. In order to carry out his railroading ventures, Holladay succeeded in attracting nearly \$11 million in financial backing from major German bankers. This was an era when Britain and, increasingly, Germany and France, were funneling large amounts of capital into the growing industrialized United States, which was seen as a land of great opportunity, particularly in railroading, and the logical locus for the immigration of people and wealth. The Germans were more interested in west coast railroads than were the British, who might have considered the east coast roads to be a less risky investment.¹⁴ Unfortunately, Holladay's rate of

may have strongly influenced the historical record with respect to Holladay's character and achievements.

¹²Holladay operated steamships to Hawaii and Australia. See Ellis Lucia, "The Father of Transportation," *Oregon Business* (February 1988): 50-52.

¹³Villard, *Early History*, 25-31.

¹⁴Dietrich G. Buss, *Henry Villard: A Study of Transatlantic Investments and Interests, 1870-1895* (New York: Arno Press, 1978), 34; Dodds, *Oregon*, 116, notes that the Germans made up the majority of immigrants to the area in the years following 1870.

return fell far short of his estimate, and he defaulted on his interest payments to the bondholders. The German representatives sent to investigate found that one of Holladay's projects -- a railroad line that had been expected to go as far south as California -- stopped short: at Roseburg, Oregon.¹⁵

The Defeat of Ben Holladay. By 1874, Holladay's Oregon & California Railroad had defaulted two more times. By now investors from all over Europe were concerned. Among them was Heidelberg resident Henry Villard. A committee organized to protect the bondholders decided to appoint Villard, a Bavarian-born, German-educated journalist and future "railroad genius," as their financial representative in America.

Villard -- no small entrepreneur himself -- was quite struck with the railroad and transportation opportunities in Oregon in general:

I came away with the conviction that Oregon was bound to be a great state, that its development could be accelerated, and that, if the railroads and steamship lines could be brought and held under one honest, efficient, and permanent control, the salvation of the greater part if not all of the European investments might be compassed. . . . but I never thought for a moment at the time that I should become the principal agent in achieving it.¹⁶

Although Villard was positively impressed with the transportation opportunities in Portland and Oregon, he was impressed in a different sort of way with the "vulgar" Holladay, who, Villard reports, "had a fine presence and was dressed in the latest fashion. He appeared a gentleman, at first sight." But, Villard continues, "a short

¹⁵At least the German representatives were able to dispel rumors that no railroad had ever been constructed at all! (Buss, *Henry Villard*, 40).

¹⁶Villard, *Early History*, 47.

intercourse with him sufficed to disclose his illiteracy, coarseness, presumption, mendacity, and unscrupulousness.”¹⁷

But Villard could also see that Holladay had been quite successful in conquering Oregon and Portland’s transportation systems. Villard noted that by late 1872, “Holladay had . . . enthroned himself as the absolute ruler of all the lines of transportation on land and by river and sea in western Oregon, except on the Columbia River, where he had to compete with the Oregon Steam Navigation Company.”¹⁸

If Villard really could not imagine himself overseeing the same transportation empire as Holladay, it nevertheless would not be long before he took over all of the latter’s holdings -- *and* the Oregon Steam Navigation Company, as well. By 1876, within two years of his arrival, Villard bought out Holladay and refinanced the German investments, turning to New York and Portland bankers to finance his undertakings -- again bringing “foreign” capital and control into the Portland scene. By 1879 he had purchased Ainsworth’s OSN and formed a new company, the Oregon Railway and Navigation Company. With these two acts, Villard “had displaced

¹⁷Ibid., 40. History may have done an injustice to Holladay, who, like most people, must have had one or two good points about him. In “The Father of Transportation,” Lucia paints a much more forgiving picture of “Old Ben,” noting that the entrepreneur “should rank alongside Ainsworth, the Ladds, Corbetts, Pittock and all the others who built early Oregon. Instead, the records were distorted, lies were told, and Old Ben buried as a ‘lost man of history.’” In *Ben Holladay the Stagecoach King* (Glendale, Calif.: The Arthur H. Clark Company, 1940), 273-274, author J.V. Frederick describes Holladay as a generous and hospitable soul, who frowned upon excessive drinking and profanity and “was loyal to his family at all times.” This is the same man who, reports MacColl, *Shaping of a City*, 41, reputedly “installed a harem of high class prostitutes” in one of his Portland homes. At any rate, whatever his personal nature, no one can deny his contribution to Oregon and Portland’s transportation history.

¹⁸Villard, *Early History*, 32.

Holladay as the dominant figure in the development of the Northwest's transportation network . . . ¹⁹

Horsecars for Civic Pride: Ben Holladay and the Portland Street Railway Company

Until he was dethroned by Henry Villard, Ben Holladay had accomplished much. He not only owned the railroad interests already mentioned, but he also owned docks and warehouses on both the east and west sides of the Willamette River, two hotels, the Oregon Transfer Company, and the Oregon Steamship Company. A tourist summering in Portland in 1871 wrote a letter home to San Francisco, which was published on the first page of *The Oregonian*; the letter comments on Holladay's contribution to the city's transportation system:

Portland has all the elements of a great commercial city, and centre of trade. The city is laid out with great taste, the streets are wide, kept in good order and lined with maple trees . . . the private residences of the rich are numerous, extensive and elegant; the houses of the middle classes down to the humblest are attractive, comfortable and neat . . . The business on the river, at the wharfs [*sic*], in the stores, on the streets, indicate a busy life and great activity; and the appearance of the leading business men convinces the observer, that intelligence and energy are the force that move and direct this busy life in its constantly enlarging field of labor and profitable results. The railway system, under the guiding and energetic spirit of Mr. Holladay, is stimulating and developing trade and commerce, agriculture and real estate, emigration [*sic*] and industry, in a manner and to an extent hitherto unknown in the State.²⁰

In terms of the history of Portland's mass transit, perhaps Holladay's greatest legacy was his vision for the city as a sprawling, first-class urban center. It was this vision that compelled him and several partners to seek a franchise for the city's first horsecar line.

¹⁹Buss, *Henry Villard*, 93-94.

²⁰*The Oregonian*, 27 July 1871.

Holladay, W.L. Halsey, D.D. Stimson, J.H. Mitchell, and Levi Estes together put up \$200,000 to form the Portland Street Railway Company, which went into service on December 6, 1872. There are conflicting accounts of the initial scope of the operation. Reporting well after the fact, in 1895, *The Oregonian* describes the first day of operation:

The entire town turned out for a ride in the bob-tail carts, and the exciting incidents of the ride of a mile, including the relief of an additional horse to get the car up the steep hill on the line, were recounted by the evening fireside as startling developments in the city's growth in the matter of street railways and other modern improvements.²¹

The Oregonian also reported on December 7, 1872, the day after the first cars ran, that

everything is in readiness for the cars to run regularly. The equipment of the Company consists of four cars and ten horses, a large stable, etc. The track, turn-table, etc., are all complete, so that you can deposit your fare, jump into the "keers" and take a ride.²²

John Labbe also paints a generally rosy picture of an operation beginning with four brand-new cars purchased from Kimball & Company of San Francisco, costing \$1,100 apiece.²³

²¹"Rapid Transit Lines: Portland's Fine System of Electric and Cable Cars," *The Oregonian*, 1 January 1895.

²²*The Oregonian*, 7 December 1872. In "Rapid Transit Lines" in 1895, *The Oregonian* story increased the "ten" cars to "fifteen" cars.

²³Labbe, *Fares, Please!*, 24-25. Other accounts of this first horsecar operation are much less favorable. The negative reporting seems to have begun with Holladay's archenemy, Joseph Gaston, who, it will be remembered, was an investor, along with Capt. J.C. Ainsworth, in the westside Oregon Central Railroad Company that Holladay had defeated and subsumed while vying for the federal land grant. He also became a Portland and Oregon historian. Calling this first street railroad "something of a joke," Gaston in *Portland, Oregon: Its History and Builders*, vol. 1 of 3 (Chicago: The S.J. Publishing Company, 1911), 306, reported not four cars and ten horses, but only one second-hand car, pulled by a single mule. This story was repeated later by PGE

There is general agreement, however, that at its peak, the line made twenty-five daily trips, from 6:00 A.M. to 11:20 P.M., along nearly two miles of track, north and south on First Street, from Southwest Caruthers to Northwest Glisan, and that it took a full hour for the four-mile round trip (see Figure 6, p. 139).²⁴ Although by 1876 Ben Holladay had been defeated by Henry Villard, the horsecar company continued to serve the downtown Portland area for a number of years under the management of Holladay's brother, Joseph.²⁵ New cars were acquired in 1883, so that the company ended up at its prime with a total of eleven cars and thirty-five horses.²⁶ However, by the time Ben Holladay died in 1887, First Street had already been replaced by Third Street as the primary street through Portland's business district, which shifted westward as Portland grew. The Portland Street Railway Company had fallen into decline, eclipsed by other horsecar and cable companies that had sprung up.²⁷ Even so, when the company's

historians Robley, "Portland Electric Power," 58, and Arthur H. Greisser, "PGE: History of Portland General Electric Company 1889-1981," 1981, TMs [photocopy], 30, Box 219-L, Portland General Electric Library, Portland.

²⁴Labbe, *Fares, Please!*, 23, indicates that the road extended even farther south than Caruthers, to Porter Street.

²⁵D.E. Budd was the manager and secretary of the company for much of its time. He went on to incorporate a rival horsecar company -- the Multnomah Street Railway Company -- in 1882: "Rapid Transit Lines"; Gaston, *Portland*, 307; Harvey W. Scott, *History of the Oregon Country*, vol. 3, compiled by Leslie M. Scott (Cambridge: The Riverside Press, 1924), 201.

²⁶Robley, "Portland Electric Power," 58; Scott, *History of Oregon*, 200; Labbe, *Fares, Please!*, 25.

²⁷Joseph "Umbrella Joe" Holladay is blamed for having allowed the company to fall into decline and not keeping up with competition from electric cars, Labbe, *Fares, Please!*, 25; Vickrey, "Horsepower on the Hoof," *The PEPCO Synchronizer* 3 (June 1928), 4.

franchise expired on September 9, 1896, there were still two cars pulled by four horses making their way up and down the First Street tracks several times a day.²⁸

Figure 1. Portland Street Railway Company chronology.

City Politics and the First Horsecar Franchise. It was Levi Estes, not Ben Holladay, in whose name the franchise for the horsecar company was sought. Nevertheless, Holladay was the moving spirit behind the enterprise and it is to him that history gives credit (or discredit) for the first horsecar line in Portland. The Portland city council at this time consisted of ten council members, including the mayor, Philip Wasserman. When the franchise was finally approved by the council, three of the council members (Walter Moffett, Cincinnati Bills, and A.B. Hallock) were men who had been among the original investors in the westside Oregon Central Railroad Company that Holladay had fought for the federal land grant.²⁹ It is probable that the enmity that had arisen at that time had not been completely forgotten. Joseph Gaston remarks that "the city council lost no time in making the necessary grant of the right of

²⁸Labbe, *Fares, Please!*, 26; Vickrey, "Horsepower," 3. About a year before the franchise expired, the property went into receivership; the franchise for the line was then bought up by Charles E. Smith, Graham Glass, Joseph Strowbridge, and Adolph Dekum and renewed for thirty years, but for electric cars not horsecars. They soon sold out to the consolidated Portland Railway Company.

²⁹Gaston, *Centennial History*, 521-522.

way for the track,” but in fact it took nearly six months of negotiations and consideration before the franchise was finally granted.³⁰

Levi Estes had applied for the franchise on April 19, 1871. The initial request was for what was essentially a blanket franchise, covering almost all of the downtown portion of the city.³¹ Shortly after the request was made, the council appointed a special committee to consider the issue. At the time, the council members who were appointed were Mssrs. Hallock, Breck, and Cree, although the latter two would soon be replaced on the council.³² Throughout the consideration of the franchise it seems to be Mr. Hallock who carried the most weight and who had the most opposition. Holladay was also requesting a grade change on Fourth Street during this same period, in order to run his Oregon Central Railroad through the center of town; Hallock was opposed to Holladay in this matter, as well.³³

On June 30, 1871, the outgoing mayor B. Goldsmith was replaced by Philip Wasserman, who, in his first address to the council, expressed a desire to see a street railway franchise granted to *someone*:

In order to bring remote parts of the city within easy communication with the business portion, I would especially recommend to your fostering care Street Railroads, several companies having applied. You will promote the interests of the city in giving them every facility, only

³⁰Gaston, *Portland*, 306.

³¹Estes's request was for a franchise to cover First, Third, and Fifth Streets, as well as "D" (later Davis), "B" (later Burnside), Washington, Morrison, Jefferson, Market, and Hall. See *The Oregonian*, 18 July 1871.

³²William Cree, although not a member of city council when the franchise was finally passed, had also been an investor in the original westside railroad, Gaston *Centennial History*, 521.

³³*The Oregonian*, 5 September 1871. The ordinance granting the grade change passed despite Hallock's objections.

guarding against future monopolies and reserving such rights as the city is entitled to.³⁴

Shortly thereafter, the first version of the ordinance granting Levi Estes a franchise was published in *The Oregonian*, as required by the city charter.³⁵ A couple of months later, the company was officially incorporated under the name the Portland Street Railway Company.³⁶

This first version of the franchise included the extensive “blanketing” of the city that Estes and Holladay had requested. Several other important features regulating and restricting the company were included in Portland’s first street railway franchise:

1. The company was to plank, pave, or macadamize any portion of the streets along which its tracks were laid, for the whole length of the railway, between the rails and for three feet on each side of the track, as so directed by city council. Furthermore, the company was to keep the pavement “constantly in repair.”
2. Cars were to run no faster than eight miles per hour and “at all convenient hours of the day and night, for the accommodation of the public.”
3. Construction was to commence within six months of the granting of the franchise and to be finished within specific stated time periods (averaging one year), and during that time tracks were to be laid “so as to offer as little obstruction as possible to the crossing of vehicles . . . and to offer no obstruction to the free use of the street by the public.” Provisions for exactly how long

³⁴Ibid., 29 June 1871.

³⁵Ibid., 17 July 1871.

³⁶Ibid., 16 September 1871.

(in time and in distance) the streets could be obstructed during construction were also stated.

4. Cars were to consist of “the most approved construction for the comfort and convenience of passengers.”
5. Punishment and fines were provided for any railway employees who were found to be offensive or “opprobrious.”
6. The company was obliged to extend its rails on any street that would be improved and extended by the city.
7. The city of Portland would have the right to regulate the rate of fare, provided that the fare not fall below 6¼ cents per mile for the first five years of the franchise or below five cents thereafter.

Notably absent from the initial draft of the franchise was any time limitation or term for which the franchise would be valid, as well as any mention of fees to be paid by the company to the city.

By requiring certain obligations from the company and imposing certain restrictions, the provisions of this initial franchise already reflected the concern for restraining the company that was made manifest in the mayor’s address, when he spoke of “guarding against future monopolies and reserving such rights as the city is entitled to.” The two points that stand out in favor of the company in this initial franchise are the allowance for the blanket franchise and the initial minimum 6¼-cent fare.

The franchise was returned to Hallock’s special committee for further consideration. The committee recommended a number of important amendments. The first of these confined the railway to certain streets -- not the blanket franchise

initially requested.³⁷ Secondly, it required a payment of an annual license for each car, not to exceed \$50 per car. A third amendment set a term limit of twenty-five years. In addition, the franchise was made much more specific in its provision allowing the city council to require track extensions:

In the case the boundary of the city shall be extended at any time within fifteen years after the passage of this ordinance, in any direction, then the rights hereby conferred by the city upon said Estes shall also extend to the limits as so extended, and he or his successors in interest *shall be required to extend their lines of railway to the limits as extended as fast as the grading of the streets shall proceed.*³⁸

Finally, the franchise ordinance was adopted unanimously on September 6, 1871.

FROM HORSECAR TO ELECTRIC STREETCAR: 1872 TO 1890

The decade of the 1880s saw a flurry of competition from a number of horsecar companies that sprang up, vying to serve the main business streets downtown as well as the growing residential areas toward the west hills. There were also companies competing to serve the expanding east side. Three factors were essential for a company's success during these years: ties to the city council, ties to major banking and financial support, and interests in real estate holdings. The last of these provided much of the incentive for transit promoters, while the first two provided the financial wherewithal.

³⁷The railway was confined to First and Fifth streets, as well as "B" (Burnside), Washington, Taylor, Jefferson, and Hall. By the time of its demise, the railway would never have extended beyond First Street.

³⁸Portland City Ordinance No. 1065. Italics added.

Again, this combination of political support, financial backing, and real estate interests -- what Cheape refers to as the "entrepreneurial alliance" -- was by no means unique to Portland.³⁹ In Seattle the first street railway promoter, Frank H. Osgood, was backed by financiers in Boston. His competitor and successor, Luther Henry Griffith, initially went into the streetcar business for no other purpose than real estate development. Bottles notes that in Los Angeles many of the street railway organizations that followed the first company of 1874 were "built by real estate developers to lure prospective buyers to suburban home sites."⁴⁰ On the east coast, Cheape underscores the political and real estate connections of early streetcar promoters such as William Kemble, Peter Widener, and William Elkins of Philadelphia; Henry Melville Whitney of Boston; and William C. Whitney (Henry's brother) and Thomas Fortune Ryan of New York.

Politics, Money, and Real Estate

Westside Transit. About ten years after Holladay's first horsecar line began serving Portland, a second horsecar company, the Multnomah Street Railway Company, was incorporated by D.E. Budd, who had been manager and secretary for Holladay's horsecar company. The franchise was granted by the city council on June 8, 1882. This line ran along First and Washington streets downtown and out with the city's expanding limits on the west side, toward the northwest district.⁴¹

³⁹Cheape, *Moving the Masses*, 42-64; 113-120; 162-167.

⁴⁰Bagley, *History of Seattle*, 429-432; Bottles, *Los Angeles*, 28; 39-40.

⁴¹The Multnomah Street Railway Company is not to be confused with the Multnomah Railway Company that was incorporated on July 30, 1882, by R. Bell, J.R. Wheat, and C.B. Bellinger. That company ran in East Portland and Albina toward the Columbia River and came to rival the Portland & Vancouver, Robley, "Portland Electric Power," 60. The westside company was incorporated on July 14, 1882. Robley, "Portland Electric Power," 72, reports that the forerunner to the Multnomah

Labbe reports that the Multnomah Street Railway Company wanted to expand to include Third Street, which was fast becoming the center of commercial activity downtown. However, on November 16, 1882, the franchise for Third Street was awarded to a rival, the Transcontinental Street Railway Company. Incorporators of the Transcontinental included W.S. Ladd and Tyler Woodward.

These men represent the typical street railway promoter of the late nineteenth century. In one way or another, nearly all of them had ties to politics or banking or real estate -- or all three. Tyler Woodward, for example, who was president of the company, would soon become a member of the city council. His position on the council would play no small role in granting the Transcontinental line extensions that would help make it the city's major street railway company in the latter half of the 1880s.

William S. Ladd was well established as a predominant figure in Portland by this time. In 1854 he had served as Portland's mayor. In the late 1860s, Ladd had opened Portland's first bank, Ladd & Tilton, with silent San Francisco partner, C.E. Tilton, whom he bought out in 1880. Also in the 1860s, he invested, along with lumberman Simeon Reed, in the Oregon Telegraph Company, the Oregon Iron & Steel Company, and the Auburn Canal Company. In addition, he would become a major investor in real estate, with holdings including land in Oswego, Eastmoreland, Laurelhurst, Ladd's Addition, and Burlingame.⁴²

The Multnomah Street Railway Company, which had begun service in early 1883, was soon eclipsed by the more powerful Transcontinental, which would come to

Street Railway may have been a Willamette Street Railway Company, incorporated on October 26, 1881.

⁴²MacColl, *Shaping of a City*, 22-25. See also MacColl's Appendix A, 480-481.

cover at least twice the territory of the Multnomah, including many of the same routes. Unlike the Transcontinental, the Multnomah did not have important friends in high places. D.E. Budd became involved in litigation with his partners in April 1887 and would continue to fight legal battles with the company's successors into the 1890s.⁴³

Meanwhile, the Transcontinental had plenty of financial backing to expand as far as city council amendments to its franchise would allow. As Portland continued to grow toward the west, there was a clear need to provide transportation for the residents to and through the city center. In 1886, the same year that Transcontinental incorporator Tyler Woodward was elected to the city council, the company completed its first extension to serve the westward expansion of the city center. The company saw several more expansions during this decade, and they were all approved by the same city council on which Tyler Woodward sat.⁴⁴ By 1889, the company operated fourteen miles of track, employed fifty men, and operated thirty cars with 110 horses.⁴⁵

By that time, however, the Transcontinental was not the only street railway with friends on the city council or in banking and real estate. On August 19, 1887, the first Portland Traction Company was incorporated by George B. Markle, Jr., D.F. Sherman, and Van B. DeLashmutt. Like Ladd, Markle was heavily involved in banking, having set up the Oregon National Bank, the Northwest Loan & Trust Company, the Commercial Bank of Vancouver, and the Ellensburg National Bank. He, too, would become an ardent investor in real estate. Van B. DeLashmutt, who would become mayor of Portland in May of 1888, had organized the Metropolitan Savings Bank in 1882. Like the other important figures in Portland at the time, he,

⁴³Labbe, *Fares, Please!*, 28; "Rapid Transit Lines."

⁴⁴MacColl, *Shaping of a City*, 92, notes that Woodward sat on the city council from 1886 to 1892.

⁴⁵Labbe, *Fares, Please!*, 32.

too, invested in real estate by buying up land near Hillsboro and what would be Beaverton.⁴⁶

Figure 2. Chronology of westside and eastside horsecar and early electric streetcar lines.

Markle arranged for the purchase of the Multnomah Street Railway Company, which passed to the Portland Traction Company on February 14, 1888.⁴⁷ As improvements in that old line commenced, Markle finally received the franchise for the Portland Traction Company on April 5, 1888. Fellow investor DeLashmutt was installed as mayor one month later. At this point, the Transcontinental had Tyler Woodward on the city council, and the Portland Traction, successor to the Multnomah Street Railway Company, had DeLashmutt as mayor. If anything, this balanced the

⁴⁶MacColl, *Shaping of a City*, 80-93; Robley, "Portland Electric Power," 62.

⁴⁷Robley, "Portland Electric Power," 61; Labbe, *Fares, Please!*, 31.

situation; Woodward might vote against an amendment to the Portland Traction franchise, but DeLashmutt was there to counter with his own vote.

On August 23, 1889, the Portland Traction Company's franchise was transferred to the Metropolitan Railway Company, which had been incorporated on January 26, 1889, by James and George Steel, H.L. Pittock, and others, who were looking for a line on the west side of the city to electrify, as the Willamette Bridge Railway Company on the east side had already begun electrification of its lines.⁴⁸ The investors, however, were less interested in competing with the east side company (East Portland and Portland had not yet consolidated as one city) than in promoting their real estate developments in southwest Portland.

Again, the incorporators of the Metropolitan Railway Company represented important business and real estate interests. James Steel was William S. Ladd's brother-in-law and secretary of several of the latter's businesses. He was also president of the Merchants National Bank. His brother George, president of the Metropolitan Railway, had also worked for Ladd and was generally involved with most of James's undertakings. The two, particularly James, would become quite prominent in Portland in the years to come. Henry Pittock was majority owner of *The Oregonian*. Both the Steel brothers were involved with Pittock in real estate investment in southwest Portland encompassing the Fulton Park area and the Riverview Cemetery. Clearly, an electric line that would provide transportation to and from Fulton Park would provide a tremendous boost to their real estate undertakings. In fact, the Steel brothers hoped to run the line out to Oregon City. Although the line never did get as far as Oregon City,

⁴⁸Robley, "Portland Electric Power," 62-63.

it did run out to Fulton Park, along Second from Glisan Street in northwest Portland, serving several cemeteries, beginning electric service on January 1, 1890.⁴⁹

Eastside Transit. In the history of Portland's transit, one of the chief contributions made by the eastside transit companies was their desire to cross the Willamette River into the westside business district. Several groups of entrepreneurs had been trying to bridge the Willamette River for some time, including Ben Holladay, who had incorporated the first Willamette Bridge Company in 1873. In 1880, the San Francisco-based Pacific Bridge Company organized the Willamette Iron Bridge Company.⁵⁰ This group incorporated yet another Willamette Bridge Railway Company on April 29, 1887.⁵¹ Construction of lines began and on April 7, 1888, the Morrison Bridge opened for traffic. At this point, the Willamette Bridge Railway Company began running horsecars across the bridge into downtown Portland. However, the company had no franchise to operate in the city of Portland, so on the west side its lines ended at the west approach of the bridge.⁵²

At this same time, the Oregon Railway & Navigation Company was trying to get another bridge built across the Willamette. The bridge that resulted, the Steel Bridge (or, the Railroad Bridge, as it was known), had two decks, the lower deck for the exclusive use of the OR&N. The upper deck, however, was operated as a toll

⁴⁹Labbe, *Fares, Please!*, 72; MacColl, *Shaping of a City*, 93-94. In addition to the Riverview Cemetery, the line served the nearby Jewish Cemetery and Greenwood Hill Cemetery, Labbe, *Fares, Please!*, 72.

⁵⁰Incorporated on July 16, 1880. The San Franciscans' representative in Portland was Charles F. Swigert, the nephew of Pacific Bridge's owner, Charles Gorrill.

⁵¹According to Scott, *History of Oregon*, 205-206, there was a previous Willamette Bridge Company, incorporated in 1878, in addition to Holladay's 1873 company.

⁵²MacColl, *Shaping of a City*, 283; Labbe, *Fares, Please!*, 34; Vickrey, "Horsepower," 5.

bridge, the toll being five cents per person. The Willamette Bridge Railway Company had already negotiated with OR&N for the exclusive right to operate streetcars across this bridge. It was decided to electrify the line that crossed this bridge.

Although it still had no franchise to operate on the city streets in Portland and thus had to stop at the western approach of the Steel Bridge, the Willamette Bridge Railway Company became the first company in Portland -- and one of the first in the entire United States -- to operate electric streetcars. The story is recounted that at 3:30 P.M. on November 1, 1889, a handful of the company's original investors gathered at the western approach of the Steel Bridge, boarded an electric trolley car, and rode into the city of Albina, where they transferred to one of the company's steam lines and rode to the city limits of St. Johns (see Figure 6, p. 139). The entire trip took only forty-five minutes, which was remarkably fast in comparison to horsecars -- especially considering that the drawbridge had opened just as the car was approaching! Several days later, regular service was begun.⁵³

Cable Cars and Steam Trains

The Cable Cars: "When Men Were Men". An anonymous author of a 1928 article on Portland's cable road wrote:

Away back in the good old days when men were men and plumbing was in the open, Mr. John Portland Citizen would load his wife and kiddies on the cable car and go on a trip to old Cable Park at 21st and Spring Streets up on the Portland heights.⁵⁴

⁵³This entire story is told by H.P. Vickrey in "40 Years of Street Railway History," *The PEPCO Synchronizer* 3 (August 1928): 7-9. Vickrey reports that Portland's electric streetcar was the third in the country, the first being at Boston and the second at Richmond, Virginia, 7.

⁵⁴"Portland's Only Cable Railway," *The PEPCO Synchronizer* 3 (January 1928), 10.

This nostalgic account gives the impression that cable might have played a significant role in Portland's early transit. But, in fact, the romantic memory is much more inflated than the actuality.

In a number of other cities, however, cable had become an important new technology for taking transit to its next stage of development. San Francisco, of course, had introduced cable in the 1870s. The technology struck Chicago first, in 1882; Philadelphia and New York were not far behind, successfully introducing it in 1883. About the same time, the Front Street Cable Line was a successful and important competitor in hilly Seattle's transit scene.

But Portland's history with cable technology is short and much more important in the fond memory of transit enthusiasts than in fact it is in the history of the city's transit system. The system actually consisted of about six miles of unprofitable trackage, which had been originally constructed primarily to serve and encourage real estate development in the west hills.

Portlanders' romance with the cable car began when Philadelphia lawyer J. Carroll McCaffery, in Portland as a loan agent for the Lawyers' Trust and Loan Company of Philadelphia, began promoting a cable railway up to the Portland Heights to develop real estate in that area, where residence lots could be purchased for \$250 apiece.⁵⁵ The Lawyers' Trust and Loan Company was not interested in backing McCaffery's idea, so he turned to Portlanders for support. On May 5, 1887, McCaffery and several others incorporated the Portland Heights Transfer Company, which was originally set up as a horsecar operation. Soon after, the company was

⁵⁵Gaston, *Portland*, 307.

absorbed into the Portland Cable Railway Company, which was incorporated on June 24, 1887, receiving its cable franchise on May 2, 1888.⁵⁶

Figure 3. Chronology of the cable car companies.

Once the company was formed, it immediately began buying up real estate in the west hills. But construction of the cable line was fraught with difficulties, and it wasn't until February 22, 1890, that the first cable cars began running on a regular basis. At its height, the company operated cable cars from Union Station, south on Fifth, west on Jefferson to Washington Park and south on Eighteenth, across a spectacular 1,040-foot-long trestle, up to Spring Street (see Figure 6, p. 139).

⁵⁶According to Labbe, *Fares, Please!*, 58, the extent of the routes of the original franchise proved to be too much for the company, and a later franchise reduced its obligation.

But despite all its efforts, the cable company was never very successful. Several accidents involving a runaway cable car didn't help matters. Yet, remarks Joseph Gaston, the Portland Cable Railway Company "made Portland Heights the handsome residence suburb that it is, and in the end returned from sales of real estate and its railway franchises all the money ever invested in it."⁵⁷ Still, by the time any such gains were realized by anyone, the original investors had long since divested themselves of the money-losing cable road. The company was sold at a sheriff's auction on August 31, 1892. The property ended up in the hands of San Franciscans, who never could restore service, and eventually the assets were merged with the later Portland Railway Company.⁵⁸

Steam Trains and Real Estate. Steam trains were used sparingly in urban transit in both the U.S. and Europe. They were too noisy, dirty, and expensive and, as George Hilton and John Due explain, they frightened horses. John McKay notes that steam was used experimentally in urban areas throughout Europe, beginning in the late 1870s, but for the reasons mentioned by Hilton and Due above, the steam trains never caught on in European urban transit. For the most part, their use both here and abroad was confined to suburban travel.⁵⁹

There were several important steam train routes in Portland before the operation of electric cars was widespread enough to handle the long-distance routes that were too much for the horsecars. It is true that to many, the steam trains were objectionable, with all their noise and filthy smoke. But they afforded the only means of transportation to connect suburban areas with the city center, and they were seen as an

⁵⁷Gaston, *Portland*, 307.

⁵⁸The cable companies' sagas are recounted by Labbe, *Fares, Please!*, 56-63, and by Scott, *History of Oregon*, 202.

⁵⁹Hilton and Due, *Early Interurbans*, 5; McKay, *Tramways and Trolleys*, 27-34.

important means of real estate development in the outlying areas. Most of these lines, which would soon be replaced by electric cars, had their routes on the east side of the Willamette. The City & West Portland Park Motor Company operated on the west side.

Figure 4. Important eastside and westside steam train lines.

The Willamette Bridge Railway Company had two steam routes, in addition to their streetcar lines previously discussed. One of these routes, the Mt. Tabor line, was in operation by June 1888. The company had wanted a franchise to run north and south along Fifth Street (the present Grand Avenue), but as this was the main street in the east side's business district, the East Portland city council was not willing to grant a franchise for the loud, smoky steam trains. The franchise the company did end up with eventually allowed the line to run from Fifth Street in East Portland, east up Morrison and then Belmont to Mt. Tabor Park and then east toward 102nd Avenue (see Figure 6, p. 139). A popular stop was the Lone Fir Cemetery. Initially, the fare was five cents

to Mt. Tabor and ten cents for the continued trip east, although later discount fares of five cents for the entire distance would be available.⁶⁰

The other steam line operated by the Willamette Bridge Railway Company was the St. Johns line, which, beginning in 1889, connected the city of Albina with St. Johns to the north. A story is told of this line's peculiar contribution to St. Johns:

Patrons of this line acquired the peanut habit at the incipience of the line, and before leaving downtown almost invariably provided themselves with a bag of freshly roasted goobers. As the cars jolted along, passengers and crew beguiled themselves by munching away and everyone threw the shells on the car floors with reckless abandon. On reaching St. Johns, the crew pitched in and swept the car. This accounts for the singular subsoil in that district.⁶¹

The Mt. Tabor Street Railway Company was incorporated on January 2, 1889. It ran east up Hawthorne Boulevard to Mt. Tabor Park. The line was very successful, as both Hawthorne and Mt. Tabor districts continued to develop. In May 1891, a new company called the East Side Railway Company took over all of the property of the Mt. Tabor Railway. Shortly after this, the cities of Portland, East Portland, and Albina consolidated, thereby opening up an entire new world of opportunity for those able to take advantage of it. Real estate investors wanting to open up the Mt. Scott district to the far southeast, as far as the community of Lents, incorporated a company called the Portland, Chicago & Mt. Scott Railroad Company.⁶² They negotiated an arrangement whereby they built the road and the East Side Railway operated it.

Another steam line that had its origins in real estate development was the Portland & Vancouver Railway Company. This line was incorporated on April 27,

⁶⁰H.P. Vickrey, "Our Early Interurban Lines," *The PEPCO Synchronizer* 3 (July 1928), 5.

⁶¹*Ibid.*, 6-7.

⁶²Chicago was a small community in southeast Portland, about midway between Mt. Tabor and Lents.

1888, by members of the Oregon Land & Investment Company.⁶³ Their desire was not only to connect East Portland with Vancouver, Washington, but to link Portland's west side with the east side and, ultimately, with Vancouver. Their plan, which was realized by 1889, was to connect their line with the Stark Street ferry that crossed the Willamette (see Figure 6, p. 139), carry passengers up Fourth Street in East Portland (the present Martin Luther King, Jr., Blvd.), and take them to the Vancouver ferry.

On the west side, it was real estate promoters of West Portland Park, located in the hills between Terwilliger Boulevard and Capitol Highway, who sought to connect the outer reaches of the west side by steam train. On April 4, 1889, the City & West Portland Park Motor Company was incorporated. The chief promoter of the line, which would run a little over five miles from Hamilton Street in the southwest corner of downtown Portland out to Riverview Cemetery near Taylor Ferry's Road (see Figure 6, p. 139), was T.W. Wood, president of the Portland City Real Estate Association.⁶⁴ Service began on the road in November 1890. In 1895, *The Oregonian* reported optimistically about the line: "It has been of especial value in the development of districts immediately south and west of the city," and, "it is probable that electric cars will be running over the line from Portland to Beaverton during the present summer."⁶⁵ However, this optimism was premature; the line's traffic became more and more sporadic as financial hard times set in during the last years of the decade. The line closed down in 1899.⁶⁶

⁶³Frank Dekum, R.L. Durham, and John B. David.

⁶⁴Labbe, *Fares, Please!*, 53.

⁶⁵"Rapid Transit Lines."

⁶⁶Labbe, *Fares, Please!*, 55; Scott, *History of Oregon*, 204.

Figure 5. Primary horsecar, steam, and electric lines during the period 1872 to 1889 (some later transfers also shown).

THE CONFLICT BETWEEN PRIVATE ENTERPRISE AND
DEVELOPING CONSTITUENCY ENTITLEMENTS:
THE CITY, THE RIDERS, AND LABOR

From Private Enterprise to Public Service

It is already apparent in this early period, as pointed out by both Glen Yago and early transit engineer Delos Wilcox, that what motivated transit entrepreneurs was not “the idea of public service,” but rather the pursuit of profit. To Yago, as to Bradford Snell before him, it was, in fact, this pursuit of profit that was “the underlying force that . . . led to the decline of public transportation in the United States.”⁶⁷ Cheape, too, attributes the industry’s decline to, among other things, the promoters’ “haste for personal profit.”⁶⁸

But the pursuit of profit in and of itself did not lead to the decline of transit; rather, it was the conflict between that pursuit of profit and the emergence, even as early as the 1870s, of the *obligation to provide a public service*. As David Jones notes, there is nothing about transit that is “an essential public service in any absolute or intrinsic sense.”⁶⁹ It is important to consider when and how transit crossed over from being merely a private, profit-making enterprise in Portland to a necessary public service whose obligation for provision rested with a private company.

⁶⁷Yago, *Decline of Transit*, 49. Yago quotes Delos Wilcox, “Solving the Traction Problem from the Public Point of View,” an Address at the Tenth Anniversary of the New York State Conference of Mayors and City Officials, Schenectady, N.Y., June 1919, 34: “It must be admitted that in the development of street railway systems and the corporations that control them in this country, the idea of public service has generally been incidental. The driving force, the motive that has negotiated franchises, consolidations, and mergers, has been for profit only.”

⁶⁸Cheape, *Moving the Masses*, 215.

⁶⁹Jones, *Urban Transit Policy*, 5; 110-113.

Jones explains that transit emerged as a public service when “the functions it performs could not be replaced without extreme disruption or excessive cost.”⁷⁰ When the functions performed by the steamboats and ferries in Portland and elsewhere were replaced and supplemented by streetcars, cable cars, and steam trains, the transition to the new forms of transportation was not disruptive, nor was it particularly costly. As Cheape makes clear, the transition would not even have occurred had not the technological and financing conditions necessary to facilitate it existed.⁷¹

But once the services provided by these newer forms of transportation were in place, their removal or replacement would indeed have been catastrophic, for by then -- by the late 1800s -- Portland had become dependent upon these forms of urban transit. It was at this point, then, that transit, by Jones’s standard, can be said to have become a public service.

The Imperative for Transit and the City’s Role

According to Jones’s definition of public service, transit was certainly not the only such commodity in urban America during this same time. Other examples included sewage, police, fire, and water. As Cheape points out, in larger cities, most of these services were already being municipally operated, but there was little intervention by any level of government in the U.S. when it came to articulating and directing transit development, policy, or planning.

On the other hand, Cheape, Yago and McKay, all concede that in Europe there was much more purposeful intervention and planning in transportation. McKay notes that in continental Europe during the mid to late 1800s, franchises included a provision for municipal takeover of a company’s operations, a feature not present in Portland’s

⁷⁰Ibid., 5.

⁷¹Cheape, *Moving the Masses*.

franchises until 1902.⁷² In Great Britain, the Tramway Act of 1870 specified procedures for the introduction of streetcar services, including provisions allowing for the local government to finance and construct the lines, which it would lease to private companies for a twenty-one year period, after which the city was authorized to take over operations.⁷³

In Germany, the state's recognized need to involve itself in transportation was manifested early on by the nationalization of the German railroads in 1879, a "recognition of the state's responsibility to meet the infrastructural needs of business." There also, streetcar franchises included a provision for the city to purchase urban transit lines.⁷⁴

McKay and Yago both explain the European governments' more direct involvement in transit as a result of their earlier awareness of the direct economic benefits that would accrue. In Glasgow, explains McKay, "municipal tramways made substantial profits for the city, . . . Surely this result goes far to explain why tramway municipalization swept all in its path in Great Britain."⁷⁵ Similarly, in Germany, local governments were early on committed to developing their cities as centers of capital production and exchange. As Yago explains, when the practices of existing private transit failed to contribute adequately to the economic development of Frankfurt, for example, "municipalization was promoted to catalyze urban expansion." Even before the turn of the century, German cities were able to see "housing, land annexation, transportation, economic development, and successful planning as issues requiring a unified approach to planning in local government."⁷⁶

⁷²McKay, *Tramways and Trolleys*, 19.

⁷³Ibid., 168.

⁷⁴Yago, *Decline of Transit*, 31, 86.

⁷⁵McKay, *Tramways and Trolleys*, 178.

⁷⁶Yago, *Decline of Transit*, 84-91.

But in the U.S., even in larger cities where certain public services (especially water) were municipally provided, the government did not see itself as responsible for participating in the development of transportation.⁷⁷ Even New York's early Rapid Transit Commission (RTC), appointed by the city in 1875, "appeared," remarks Cheape, "to be a greater step toward innovation of an active government role in public transit than it actually was. . . . in reality the basic decisions were those of private enterprise," that is, of the private companies that already existed and that already owned franchises for the best routes in the city. The RTC "did not build rapid transit but confirmed and fostered private efforts. Nor did it establish itself as a powerful agency of city government."⁷⁸

Thus, for the most part, in the U.S., the initial involvement of the government in the provision of transit and in the transit policy process was indirect and peripheral and was primarily the result of the mechanism of the franchise. By the time the first street railway franchise was granted in Portland in 1871 to Ben Holladay, the city itself had made no attempt to involve itself with the provision of transit service, other than Mayor Wasserman's recommendation that a railway franchise be granted to some company forthwith "in order to bring remote parts of the city within easy communication with the business portion."

In Portland, as elsewhere in the U.S. and in Europe, the city recognized the commercial need for transit in order to connect outlying areas with the city center and to attract capital, but, again, unlike its European counterpart, the U.S. city did not perceive itself as playing a role in this process other than through the grant of the franchise. Although, as Jones notes, the "bandwagon psychology" was prevalent on

⁷⁷The outstanding exception to this, of course, was the federal government land grants for railroad expansions.

⁷⁸Cheape, *Moving the Masses*, 33-34.

the part of both individual investors and the larger community to take advantage of the streetcar as an agent of economic development, the manifestation of the involvement was opportunistic rather than facilitative.

Cities' business communities took advantage of the new transit technology to serve the commercial needs of their city centers and to encourage real estate expansion. Both goals were directed toward economic development, not toward facilitating the movement of the public, and not even necessarily in hopes of realizing an immediate profit. Edward Mason quotes a Massachusetts public service commission report that stated: "There is little doubt that when the railways were originally built, real estate owners and businessmen at times took their securities with little hope of direct profit, but in anticipation of indirect benefits which would accrue from their construction."⁷⁹

Describing the situation in Los Angeles, Bottles agrees:

After purchasing tracts of land well removed from the city center, traction companies would extend railway lines to their developments and thus increase the value of their holdings. So prevalent was this practice that many urban reformers argued that railway companies designed their transit networks to service their subdivisions *rather than the needs of the public*.⁸⁰

The goal of transit's contributing to economic expansion as opposed to providing a public service or even bringing investors immediate profit was as evident in Portland as elsewhere in the country. Ben Holladay's first horsecar line served the downtown area only, and even there it ran only on the one main thoroughfare in the city's business district; in addition, with service that initially began at 8:00 A.M., this line, like similar early lines in U.S. and European cities, "could hardly have been

⁷⁹Mason, *Street Railway in Massachusetts*, 23, quoting a 1918 public service commission report.

⁸⁰Bottles, *Los Angeles*, 11. Italics added.

much use to the working class.”⁸¹ The successive streetcar and cable companies such as the Multnomah and the Transcontinental, promoted by Portland’s triumvirate of real estate, banking, and city politics, extended westward, connecting the business center with existing and developing middle and upper middle class residential areas. And the steam lines were all constructed for the sole purpose of serving developing suburban real estate areas in which the lines’ incorporators had a vested interest.

The Streetcar Franchise: A Social Contract. Regardless of the widespread economic benefits that would accrue, the critical factor was that the private companies in Portland and elsewhere wanted -- needed -- to conduct their potentially lucrative business *on the city’s streets*, and the franchise was the mechanism by which the city gave the company the right to do so. Bottles notes that in Los Angeles, the franchise provided the means by which the city could benefit from urban transit service without having to finance it. Paul Barrett characterizes the franchise as the means by which mass transit in Chicago was defined as a mixed public and private responsibility, the “compromise” that could “harness private capital to public service through regulation while assuring that it would yield a competitive return to investors.”⁸² Mason notes that in Massachusetts, local governments were “firmly convinced of the enormous money-making possibilities” of the streetcar industry, and with the franchise they were thus “determined to wrest all possible advantages in exchange for the right to locate.”⁸³

Jones characterizes transit policy as a social contract involving various policy actors: the transit rider, labor, the taxpayer, the downtown merchant, the businessman and real estate builder, the politician, and, of course, the transit company. In addition to the description and purpose of the franchise given by Barrett, Bottles, and Mason,

⁸¹Vance, *Capturing the Horizon*, 356.

⁸²Barrett, *The Automobile*, 8-18, 42; Bottles, *Los Angeles*, 20.

⁸³Mason, *Street Railway in Massachusetts*, 21.

the franchise can also be seen as one of the mechanisms by which this social contract was formalized.

As expressions of a “social contract,” the provisions of Portland’s first streetcar franchises were certainly not unique. Those awarded to the Multnomah, Transcontinental, Metropolitan, and Portland Traction companies were virtually identical to one another and to the streetcar franchises in other U.S. cities. And in most ways, they were essentially unchanged from the first franchise awarded to Ben Holladay’s Portland Street Railway Company in 1871.⁸⁴

Routes were specified in detail, as were hours of operation (now beginning at 6:00 A.M.), headway (every ten minutes until 8:00 P.M. and then every twenty minutes thereafter), maximum speed, type of trackage, and so on. As for specific obligations to the city, these street railways had gained some concessions since Holladay’s time. No longer were they required to pave three feet out from each side of the tracks; now their obligation was for only one foot from each side. They no longer had to pay a flat fee of \$50 per car; instead, there was some differentiation: \$25 for a one-horse car and \$50 for a two-horse car. In addition, as longer term franchises were more desirable, these franchises were all for thirty years, not the twenty-five granted to Holladay. On the other hand, gone was any mention of a 6¼-cent fare. The fare was now five cents.

So, while these early Portland streetcar franchises were not unique, they nevertheless reflect the regulatory spirit and antagonistic city-company relationship that would characterize the social contract of Portland transit for the next century, as they “froze into law,” explains Barrett in describing similar franchises in Chicago, “the adversary relationship between city and its transportation companies . . . By effectively

⁸⁴Portland City Ordinance Nos. 3477 and 3684 (Multnomah Street Railway); 5445 (Portland Traction Company); 5744 (Metropolitan Street Railway).

committing the city to regulated private ownership, they limited the role of transit in future city planning.”⁸⁵

The general tone of these early franchises may be seen as somewhat defensive and preemptively punitive. Already there appears to be much more in these franchises directed toward hindering the transit industry than facilitating it. Who is entitled to what is made clear as the rights of the city and the ridership are alluded to more frequently and more specifically than are the rights of the company. As Cheape notes regarding the franchises in New York, Boston, and Philadelphia during this same period, the quid pro quo inherent in the franchise is that, *in exchange* for the company’s right to operate, it must provide certain specified services, perform certain duties, and pay certain fees.⁸⁶ Although the period of the late 1800s is marked by some experimentation with what obligations to require the company to fulfill, the prevailing sense was that the companies owed the city something in exchange for the franchise -- something above and beyond license fees.

For instance, the provision in Portland streetcar franchises requiring the company to pave the street and in some cases (e.g., steam lines) even widen it, does not reflect the city’s desire to see a public service of transportation provided, but rather the belief that the transit company was being granted a privilege to use the streets for its profit-making business, coupled with a belief that the company must be checked so as not to develop into an unwieldy monopoly. The same beliefs can be seen to underlie Portland’s requirement that it be paid a percentage of a company’s gross receipts -- a provision that would become much more prevalent in later years. In Portland, as in other U.S. cities, there is little evidence of Mayor Wasserman’s recommendation that the council give the company “every facility.”

⁸⁵Barrett, *The Automobile*, 44.

⁸⁶Cheape, *Moving the Masses*, 4.

In addition, it should be remembered that the cities' defensiveness -- their strongly felt need to protect themselves from potentially abusive monopolies -- was not entirely unfounded. The citizens of Portland, like those in other cities, had already witnessed firsthand the extent of power that men like Captain John C. Ainsworth, Ben Holladay, and Henry Villard could wield, as well as the effect on competition that consolidation and monopolization could have. They were also fully aware of the effect of large-scale railroad mergers throughout the country and of the potential for abuse by the resulting powerful corporations, which had a strong incentive to exploit any possible economic advantage.

In Portland the franchise was seen as giving the city "leverage" against potential abuses by the transit companies, as was the case also in cities in Massachusetts and elsewhere.⁸⁷ There is no evidence of the city's perceiving the franchise as a means by which it could involve itself in the formulation of local transit policy. Cheape, commenting on the same phenomenon in New York, Boston, and Philadelphia, explains that "the tradition of private enterprise in local transit, the lack of expertise in city and state governments, and a general acceptance of existing service, all combined to leave authorities with no guide" for participating in the transit-planning process.⁸⁸

Even though franchises in Portland were granted for thirty to fifty years, there was little in the way of long-term provision, particularly regarding allowances for changes in fares or fees paid to the city. There was also little as far as regular or systematic oversight; for instance, nothing in the franchises provided for any regular review or audit of company books, and no procedures were yet specified if a company wanted to abandon or change a portion of its service. The provisions regarding equipment were extremely vague: cars were to be "of the highest class." As in New

⁸⁷Mason, *Street Railway in Massachusetts*, 22.

⁸⁸Cheape, *Moving the Masses*, 3-4.

York, where Cheape reports that “the choice of transit routes and technology was left to private companies,” the routes specified in the Portland franchises were those selected by the company; the city approved or disapproved the company’s requests, but did not itself direct or even recommend where tracks should be laid.⁸⁹

As punitive and restrictive as these early streetcar franchises were, why then were they embraced by the transit companies? The three most important features of these franchises that attracted the companies so much that they were willing to accept the numerous constraints imposed were (1) the length of the term, (2) the five-cent fare, and (3) the right to the exclusive use of certain streets.

A long-term franchise meant security to the investor, for it was only over a long period of time that transit operations would be able to amortize their initial capitalizations. Of course, as Hilton and Due point out, the most attractive term was the “perpetual term,” which Herman Trachsel reports as being common in cities in Maine, Pennsylvania, New Jersey, Connecticut, Delaware, and other New England states.⁹⁰ In 1860, there were at least eight 99- or 999-year “perpetual” franchises granted in New York.⁹¹ McKay notes that during the same early period, franchises granted on the European continent were for forty or fifty years.⁹² On the other hand, in Massachusetts, franchises began as merely operating permits, with no definite term, revocable at any time.⁹³

In Portland, the first streetcar franchise had a twenty-five year term. Until new twenty-year franchises were cast during the Progressive era of reform, the successive

⁸⁹Ibid., 30.

⁹⁰Trachsel, *Public Utility Regulation*, 92; Hilton and Due, *Electric Interurbans*, 18.

⁹¹Cheape, *Moving the Masses*, 25.

⁹²McKay, *Tramways and Trolleys*, 19.

⁹³Cheape, *Moving the Masses*, 109.

franchises were for longer terms of thirty or (especially for the East Portland steam lines) fifty years. Twenty-five- to thirty-year terms were about average nationwide for streetcar operations, and fifty years was not uncommon for longer steam lines and interurbans.

As for the five-cent fare, especially after electrification and consolidation began to occur, it was seen as promising extraordinary returns, because, as Jones explains, investors expected a lowering of operating costs due to the technical advances of electricity, a continuation of the slow-but-sure decline in producer prices, and the economies of scale afforded by company mergers.⁹⁴ Investors in the Portland properties appear to have had every reason to have expected such returns. At the end of the nineteenth century, in Portland, as elsewhere, inflation was still virtually nonexistent and the five-cent fare looked as promising in the 1890s as it had in the 1870s.

Of course, the primary advantage of the franchise was the monopoly privilege it provided to the company. Jones explains that this monopoly privilege -- the right granted the franchise holder to provide exclusive service along the routes specified -- was usually interpreted as a guarantee of future earnings.⁹⁵ In the Portland area, as more companies sprang up and routes overlapped in places, the exclusive use by one company of certain streets became too problematic. At that point, the franchise holder with the original rights to the streets in question was still protected; provisions were inserted into the franchise allowing other railways to use the company's tracks as long as compensation was paid.⁹⁶

⁹⁴Jones, *Urban Transit Policy*, 31-32; 100.

⁹⁵*Ibid.*, 31.

⁹⁶For example, City of East Portland Ordinance No. 766, 16 November 1889, amending the original franchise of the Willamette Bridge Company.

Ridership Entitlement

The Dependency on Public Transit. As the streetcar system expanded the city's limits, people became more and more used to -- and more and more dependent on -- commuting relatively long distances, whether it be for business, work, or pleasure. Between 1882 and 1893, Portland's size had increased from about seven square miles to nearly forty square miles. Much of this growth was on the east side of the Willamette, involving the annexation of the communities of North Portland, Sellwood, Irvington Park, and -- most significantly in terms of size -- Albina and East Portland.⁹⁷ Because of the city's growth, facilitated and encouraged by the streetcar companies, it was increasingly difficult for residents to walk to work and services located downtown or in distant neighborhoods. Therefore, especially after electrification, city residents became more dependent than ever upon the transit companies, whose service had by now become more of a necessity than a novelty or mere convenience. This pattern of the public's growing dependency on the streetcars was evident everywhere. McKay, for example, quotes a contemporary newspaper's comments about the effects of transit electrification in England: "Trams have ceased to be a luxury and are now a necessity of town life."⁹⁸

Some of the far-flung areas served by the steam trains in the Portland area were relatively primitive, the transit companies providing their one connection to the urban center. Although probably somewhat of an exaggeration, the following excerpt gives a

⁹⁷Harland Bartholomew and Associates, "Report on the Proposed System of Major Streets and Development of Waterfront," St. Louis, Mo., 1932, 26, Multnomah County Library, Portland. Later consolidations included Rose City and Council Park (1906); Woodstock (1909); Eastmoreland (1911); Mt. Scott (1913); and Linnton and St. Johns (1915).

⁹⁸Quoted in McKay, *Tramways and Trolleys*, 192.

sense of the dependency of residents who were served by the Portland & Vancouver steam line:

Patrons of the car lines used the cars as delivery wagons and moved furniture, hauled bundles of chingles, rolls of chicken wire, frequently transported the crated poultry and generally hauled the sacked wheat that fed the fowls. Cars outbound in the evening resembled a Mormon caravan on the way to found a new settlement.⁹⁹

The public also depended on the transit lines to get them not only into the city, but out of it -- for recreation. In Portland, the cable cars, for instance, took people up to Cable Park, which offered for the public's amusement caged monkeys in a menagerie, a Ferris wheel, and "illustrated songs":

You see in those days way up at Cable Park they had "Illustrated Songs" on Sunday, and hundreds of otherwise sane people would go up on the cable cars to hear and see these presentations. Now an illustrated song is just what the name implies -- a song with pictures. That kind of entertainment was considered real hot and was a fine way of helping along the day's receipts on the cable line.¹⁰⁰

Barrett underscores the important role that mass transit played in the pursuit of leisure: "The use of the streetcar for recreation was a major part of its function before the advent of radio [and] neighborhood motion picture houses . . ."¹⁰¹ People relied on public transit for visiting outlying parks and cemeteries, and came to expect such diversion as part of their due, regardless of their class or position in society. "The trolley car," says McKay, "helped democratize recreation as well as the journey to work."¹⁰²

⁹⁹Vickrey, "Early Interurban Lines," 6.

¹⁰⁰"Portland's Only Cable Railway," 11.

¹⁰¹Barrett, *The Automobile*, 108.

¹⁰²McKay, *Tramways and Trolleys*, 226.

From Dependency to Entitlement. Bottles notes that even in decentralized Los Angeles, in these early years around the turn of the century, people relied heavily on public transit to get from their homes in the suburbs to employment and commerce in the city center. The resulting heavy patronage, however, did not mean that Angelenos were satisfied with the service they received. “Despite what nostalgic historians would have us believe,” says Bottles, “streetcar riders were frequently frustrated with the railway companies.” He goes on to explain that it was precisely because riders had become so dependent on transit that they were so sensitive to the quality of the service.¹⁰³ In Portland, as well, the public’s growing dependency on the transit system was matched by their developing expectations of what the service should be and by their increasing frustration by the fact that those expectations were not met.

Portland’s streetcar service was not always regular and reliable, and the cars could be quite crowded -- up to sixty people piled into one small car.¹⁰⁴ There were always reports of all sorts of mishaps, involving derailments and even, in the case of the cable cars, runaway cars. Especially when cars were overloaded, “passengers would fall off in the mud and would pick themselves up and chase after the car which never stopped for such minor accidents. No one thought of damage suits for injuries in those days; they were glad to get a chance to ride.”¹⁰⁵

In the early years around the turn of the century, especially, Portlanders complained about the unsightliness of the poles erected for the electric lines and worried about the safety of the high-voltage wires suspended above the streets. And, of course, there was a lot of opposition toward the use of steam trains near residences or businesses. In short, even though people no doubt appreciated the convenience and

¹⁰³Bottles, *Los Angeles*, 32-33.

¹⁰⁴Vickrey, “Horsepower,” 5.

¹⁰⁵Ibid.

speed that streetcars and steam trains offered over the alternatives -- walking, steamboats, or bicycles -- their discontent with the quality of the service provided by the transit companies was present from the very beginning.

The unsatisfactory nature of transit service was in part a result of the state of the technology inherent in the product. However, the current state of technology was not the only explanation for unsatisfactory service during this period. Downtown-centered routing and the peaked nature of demand also affected the quality of transit service.

Because of the downtown-centered routing system that had developed in Portland and in other cities, virtually all trips to noncentral locations involved cumbersome, time-consuming, and inconvenient transfers, as patrons invariably had to travel downtown on at least one line and then transfer to another in order to get to their destination. Transfer arrangements among companies were not universal, so multiple transfers often meant multiple fares, as well.

Particularly before full-scale consolidation had occurred, a trip from point A to point B could involve up to three car changes and three fares. Barrett notes for example that at the turn of the century in Chicago, 80 percent of all streetcar passengers were required to travel to or from the downtown center in order to reach their destination. A two-mile journey could involve two fares, three car changes, and nearly an hour of a rider's time. In neither Chicago nor Portland, however, was there at this time encouragement from business, political, or real estate interests to advocate routing that did not pass through the downtown center.¹⁰⁶

The crowded cars -- another point about which riders frequently complained -- were in large part due to the peaked nature of travel, which, as Barrett points out, was beyond the control of the company. Although companies could have

¹⁰⁶Barrett, *The Automobile*, 24-15.

addressed some of the crowding through differential scheduling and pricing -- running more cars at shorter intervals during peak hours and charging a higher fare for peak travel -- the early Portland franchises, like those elsewhere, included no such provisions. As noted, fares were flat and fixed at a nickel, and frequency remained constant (e.g., every ten minutes) throughout the entire day, slowing down only in the evening hours. Like the downtown-focused routing, such scheduling was to a large extent in the best self-interest of the company and the downtown merchants, both of whom relied heavily on revenues from off-peak customers.

The Five-Cent Fare. The five-cent fare was, as Jones notes, an artifact of the horsecar era, when the average length of an entire route was three or four miles. But with consolidation and electrification, the length of a typical route more than quadrupled; Portland's Willamette Bridge Railway Company had twelve miles of electrified trackage by the beginning of 1891, compared with Ben Holladay's two miles of horsecar track in 1872. Still, the five-cent fare was charged. Within the next couple of years, when Portland's companies consolidated, a patron could ride over forty miles on a given system for that same nickel.

The reason that the transit companies continued to charge the five-cent fare even after the average route became much longer due to electrification is because initially they continued to profit from the fare at that level. The profitability of the five-cent fare even encouraged some companies to come to cooperative agreements with one another so as to allow free or reduced-rate transfers among certain parts of their various lines. Cheape reports numerous undertakings in New York and Philadelphia to encourage a system of free passenger transfers, the goal being to increase overall traffic.¹⁰⁷

¹⁰⁷Cheape, *Moving the Masses*, 47.

The system of free transfers was a prelude to consolidation, which was recognized as promising economies of scale, increased traffic, higher revenues, and decreased competition. Cheape reports that by 1888 New York's consolidated Metropolitan Street Railway Company was issuing more than a million free transfers per year, maintaining that "at least half of its transfers were riders who would not have boarded at all without the [transfer] privilege."¹⁰⁸

The promise of increased traffic and higher returns is likely what motivated Portland's Willamette Bridge Railway Company and Metropolitan Railway Company to negotiate an agreement in March of 1889 to allow for passengers to transfer from the Willamette Bridge Railway terminus on the west side of the river to one of the cars of the Metropolitan. Thus, for a single five-cent fare, a person could begin a journey on a Willamette Bridge steam car as far north as St. Johns, transfer in Albina to a Willamette Bridge electric car, ride across the river into downtown Portland, transfer to a horsecar (and, within a year, an electric car) of the Metropolitan, and ride all the way up to the Riverview Cemetery, high up on a hill in southwest Portland.¹⁰⁹ When these and other companies later consolidated, the system of free transfers continued.

Mason reports the same trend in Massachusetts. At first, the five-cent fare covered passage no matter what the length on any given line, but after consolidation began in the late 1880s, eight-cent transfers were utilized for continuous passage between different parts of the system. However, once the whole system was consolidated and electrified, free transfers were introduced. During this early period, he remarks, "the street railway industry extended fare limits, granted transfer

¹⁰⁸Ibid., 59.

¹⁰⁹Labbe, *Fares, Please!*, 67.

privileges and favored consolidation, which did both these things, with almost sublime indifference as to the length of the profitable ride.”¹¹⁰

Of course, as noted above, there were still numerous situations where free-transfer privileges among independent operators did not exist, and the inconvenience of multiple transfers was magnified by the payment of additional fares. Even so, riders became accustomed to the privilege of traveling the entire length of a line -- and, in some cases, the entire length of several lines -- for a single five-cent fare. In light of the riders' dissatisfaction with service and their captive dependency on the transit companies, the five-cent fare was the one thing that would not be negotiable. As Jones notes, the five-cent fare would become inviolable, perceived by riders as their rightful entitlement.

The Seeds of Labor's Discontent

In the very early years, the horsecars were one-man cars and whatever duties comprised the streetcar operation were performed by a single individual. In Portland, for instance, the operator was responsible for fare collection as well as driving the car. He had a fare box that would be passed down from one end of the car to the other. When the passenger deposited a fare, the operator pulled a lever that dropped the nickel to a receptacle below. If a passenger didn't deposit a fare, a different lever was pulled that jingled a reminder bell. How the operator managed to keep his eye on the traveling box, pull the levers, and operate the horsecar -- all at the same time -- is not immediately apparent.¹¹¹

The record regarding the hours worked and the wages received by Portland carmen during the two decades prior to the turn of the century is scant, but there are

¹¹⁰Mason, *Street Railway in Massachusetts*, 119.

¹¹¹Vickrey, "Horsepower," 5.

indications that at the very least, men got about \$2.25 per day, working anywhere from twelve to sixteen hours per day, with very little -- if any -- time off for breaks.¹¹²

There was no closed vestibule to protect the carman, so he was exposed to the elements, no matter what the weather; in addition, there was rarely a seat provided, so the operator had to stand in his vestibule for his entire shift.

The situation of the streetcar employee in Portland was not much worse than that of most working people in the industrialized countries just prior to the turn of the century. As Craig Wollner notes, "Long hours, unsafe and unhealthy working conditions, and other social and economic injustices were . . . part of the new economic growth."¹¹³ Despite these conditions -- particularly the long hours -- there is no record of activism by the streetcar employees in Portland during these early years and, indeed, the class issue appears to have been relatively insignificant.

The situation was different elsewhere, where transit labor was organized and active. In Europe, where McKay reports that the sixteen-hour day and seven-day workweek were common, work stoppages became widespread in 1889 and did in fact result in improved conditions, particularly after electrification, when the demand for experienced operators increased. Even before electrification, when it was a buyer's market for the commodity of labor, employees were successful in bargaining for better conditions because they had the widespread support of the public, and even of the city.¹¹⁴

¹¹²Ibid. Also, "The First Electric Trolley on the Pacific Coast," *The PEPCO Synchronizer* 2 (January 1927), 7.

¹¹³Craig Wollner, *The City Builders: One Hundred Years of Union Carpentry in Portland, Oregon* (Portland: Oregon Historical Society, 1990), 2.

¹¹⁴McKay, *Tramways and Trolleys*, 229-238.

This support is especially evident in those parts of Europe where municipalization was proceeding as early as the 1870s. In these cities, consideration for the transit worker played no small role. It was argued by municipalization advocates that

municipal operation could result in much better wages and working conditions for tramway employees. Rather than simply follow the wage and hours norms for unskilled labor set by the market, as private companies did, municipal tramways could become enlightened pace-setters, exerting real upward pressure on unskilled wage rates that would go far beyond their own workers.¹¹⁵

Indeed, in 1887, when the city of Glasgow, which owned and leased the transit lines to the private operator, Glasgow Tramways and Omnibus Company, began negotiations for an extension of the lease, one of the city's chief demands was a shorter workweek for transit employees (down from seventy or eighty to sixty hours per week), as well as uniforms provided at the company's expense. In the end, the private company would not agree to the city's demands (which also included a lease extension much shorter than that desired by the company), and negotiations failed. The result was that the city took over operation of the transit system altogether and, as part of the "avowed intent of better serving the general public interest," transit labor's hours were reduced from about twelve to ten a day, along with a 15-percent increase in wages and uniforms provided at no cost. The result, says McKay, was that "strikes and the threat of strikes were not a problem."¹¹⁶ This situation is in marked contrast to the Portland case, where the city would refuse to involve itself in labor issues throughout the entire period of private ownership.

¹¹⁵Ibid., 172-173.

¹¹⁶Ibid., 177-178.

The accommodating Glasgow model did not, in fact, have an analog to any U.S. city during this early period. Still, there were some cities where labor activism was more apparent. Although labor unions were not present in the transit industry before the turn of the century, labor activism, accompanied by informal and temporary organization, was nevertheless present even before electrification. Joshua Freeman reports that in New York, streetcar workers had begun organizing in the 1880s as a result of efforts by the Knights of Labor, who, in Portland, manifested themselves more as a “fraternal” order and evidently did not attract the streetcar workers per se.¹¹⁷

In the novel *Sister Carrie*, published in 1900, we see a glimpse of what was going on in New York as a result of the organizing efforts of the Knights. Streetcar workers in New York, as in Portland, were working up to fourteen hours for wages of about \$2 per day. In addition, their livelihood was being threatened by the introduction of “trippers,” who

were men put on during the busy and rush hours, to take a car out for one trip. The compensation paid for such a trip was only twenty-five cents. . . . Worst of all, no man might know when he was going to get a car. He must come to the barns in the morning and wait around in fair and foul weather until such a time as he was needed. . . . The work of waiting was not counted.¹¹⁸

¹¹⁷Freeman, *In Transit*, 16; Jack Triplett, “History of the Oregon Labor Movement Prior to the New Deal” (Master’s thesis, University of California, Berkeley, 1961), 19.

¹¹⁸Theodore Dreiser, *Sister Carrie* (New York: Doubleday, 1900; reprint, New York: Bantam Books, 1958), 322-323.

The novel describes a strike like one of those that did in fact occur in New York, resulting in shorter working hours and slightly improved working conditions:

The men complained that this system was extending, and that the time was not far off when but a few out of 7,000 employees would have regular two-dollar-a-day work at all. They demanded that the system be abolished, and that ten hours be considered a day's work, barring unavoidable delays, with \$2.25 pay. . . . Hurstwood at first sympathized with the demands of these men. . . . "They're foolish to strike in this sort of weather," he thought to himself. "Let 'em win if they can, though." The next day there was an even larger notice of it. "Brooklynites Walk," said the "World." "Knights of Labour Tie up the Trolley Lines Across the Bridge." "About Seven Thousand Men Out."

"They can't win," he said, concerning the men. "They haven't any money. The police will protect the companies. They've got to. The public has to have its cars."¹¹⁹

While in New York, the efforts of the Knights of Labor resulted in labor activism, work stoppages, and somewhat improved conditions, in Portland, the Knights of Labor's primary effectiveness was as a voice of the unemployed during the depression of 1893.¹²⁰

The conditions described in *Sister Carrie* already existed in Portland, but it would be decades before the city's transit workers would be able to organize and effect any substantial changes. Labor activism was slow to begin in Portland not because working conditions were any better, but because, as discussed below, factors necessary for such activism were not present. There was a dearth of labor activity in the area as a whole. Even though the American Federation of Labor had established a presence in Portland as early as 1887, there were by that time only fifteen unions representing just four hundred men.¹²¹

¹¹⁹Ibid., 323.

¹²⁰Triplett, "History of Oregon Labor Movement," 19.

¹²¹Ibid., 27.

The transit industry in Portland, as elsewhere, would be able to appease labor with company-sponsored beneficial associations, which began in some form probably around the turn of the century.¹²² Other factors that may have impacted the relatively passive and quiescent nature of transit labor in Portland during this period include the fact that when unemployment combined with the relatively unskilled nature of the work, labor was made more abundant, insuring that management retained the upper hand. In addition, the ethnic coalition building that would characterize labor in New York, for example, would have no analog in Portland, other than some early organization whose goal was white unification and the expulsion of Chinese labor from local industry.¹²³ Finally, and perhaps most importantly, transit workers in Portland did not appear to have particularly widespread, articulated support throughout the community.

¹²²Robley, Original Notes.

¹²³For example, the White Laborers' Association was formed in Oregon City in 1869 by white workers of the Oregon City Woolen Manufacturing Co., who had been replaced by Chinese labor. The elimination of Chinese competition remained a unifying cause throughout the later 1800s. See Triplett, "History of Oregon Labor Movement," 8.

Union activity of any kind in Portland before 1900 was minimal and was confined to the building trades and other skilled crafts, whose members wanted eight-hour days and competitive wages.¹²⁴ There was a railroad trainmen's union local in Portland by 1890, so at least there was a precedent for transportation workers organizing in Portland.¹²⁵ But in Portland, the primary legacy of the period during the latter half of the nineteenth century is rather a legacy of long hours and difficult working conditions, with no incentive for employers to raise wages.

Summary

The nature of the social contract expressed through the mechanism of the streetcar franchise formalized from the very beginning the antagonistic relationship between the transit company and the city. It did this by deemphasizing the city's role in directing the transit-policy process and instead emphasizing its role as sanctioner, regulator, and adversary.

The streetcar transformed the urban landscape and the urban culture by dramatically enlarging people's everyday world. It was at first a marvelous thing that people could live in a pastoral suburban setting and at the same time, because of mass transit, have access to the bustling commerce and culture of the city center. Of course, equally wondrous was the opportunity afforded the harried urban dweller to travel across town to see a show or to ride a trolley or steam train out to a country park. And

¹²⁴Ibid., 27. As noted, prior to the eight-hour-day concern, the main issue uniting workers was the elimination of competition from the Chinese, who had first come to Oregon to work on the railroads and, by the late 1860s, were entering other fields, as well.

¹²⁵Harry W. Stone, "Beginning of Labor Movement in the Pacific Northwest," *Oregon Historical Quarterly* 47 (January 1946). Activism in Portland's transportation business can be traced as far back as 1873, when there were two (unsuccessful) strikes by river steamboat deckhands, resulting from wage reductions, Triplett, "History of Oregon Labor Movement," 7.

especially remarkable was that everyone and anyone could take advantage of mass transit, because the fare, for one and all, was a nickel.

But the marvel of egalitarian mobility was soon transformed into more of a mundane and burdensome necessity as the city grew and people became dependent upon transit for delivering them to the city's farthest reaches for work and commerce, as well as for pleasure. In short, there came a point when many people *had* to ride the streetcars. No longer a luxury, transit had become an urban necessity.

People had to ride the streetcars despite the crowding, the multiple transfers, the long waits and even longer trips, the noise, the unsightliness, the lack of safety, the general inconvenience. They had become dependent on mass transit, with no practical alternative. This captive dependency, as noted above, is what transformed transit from merely a private profit-making enterprise into an entrenched public service, bringing it to the point at which, according to Jones, "the functions it performs could not be replaced without extreme disruption or excessive cost."

Because the riders were dependent on transit -- and, clearly, because transit was dependent on the riders as consumers -- transit riders had a key role in the ongoing negotiation of the social contract that, according to Jones, characterized transit policy. Their demands, arising out of their dependency on transit, conflicted with the profit motive of the provider. And the demand that conflicted the most was that of retaining the sacred five-cent fare, which during this era was effectively frozen into the contract between the people and the company.

The conflict between the riders' entitlement to the five-cent fare and the industry's right to a profit characterized the situation not just in Portland, but in every city in the country. Commenting on the inherent conflict between the five-cent fare and the profit-seeking goal of private transit, Barrett, discussing the Chicago case, remarks that

A variety of demands -- from businessmen, politicians, and reformers as well as from riders -- helped to shape Chicago's transit system . . . The point is not to judge which of these demands were "legitimate" and which were not. The fact is that the demands were made and that, in a profit-seeking system, they could not be met to the satisfaction of all. Among the reasons for this failure, one stands out above all other others: profits, compensation to the city, specialized service, dispersion, and the enhancement of the CBD, and more -- *all were expected to be paid for by the fixed 5¢ transit fare.*¹²⁶

In the quoted passage above, Barrett does not mention the demands of labor, although Jones clearly recognizes the transit workers as important actors in the negotiation of the social contract that defined transit policy. Indeed, labor's role in the negotiation process was already significant in many U.S. and European cities during this early period, although its direct role in Portland was still minimal.

Jones identifies transit's initially low wages, long hours, and unpleasant working conditions as catalysts for future antagonism between labor and management. The "legacy of labor militancy" and the adversarial labor-management relations have their beginnings in the streetcar era of the late nineteenth century, when, as noted, labor was a buyer's market and profits depended to a large extent on the cost of labor.

Although transit labor activism was essentially nonexistent in Portland during this era, because of the conditions described above, the seeds were sown for the emergence of labor as an important player in transit policy negotiations, a key participant in the social contract, and a powerful constituency whose demands for improved conditions and increased wages conflicted sharply with the company's right to a profit, as well as its obligation to provide a public service with compensation to the city and a low, flat fare for the riders. As both Barrett and Jones make clear, the service and fare demands of the riders, the routing and scheduling demands of

¹²⁶Barrett, *The Automobile*, 119-120. Italics added.

downtown merchants, the franchise demands of the city council, and the wage and hours demands of labor all competed with one another and conflicted sharply with the original profit-seeking motive of the company.

It was the conflict between the transit industry's two concomitant roles of a private, profit-seeking enterprise and a regulated public service that contained the seeds of the industry's decline, not, as Yago, Wilcox, Cheape, and Snell would claim, the profit-seeking motive alone.

Figure 6. Map of Portland's transit system, as of 1918. Although no longer in existence by 1918, Holladay's first two-mile-long line is indicated by a heavy thickened line in downtown Portland. Steam lines, extending toward suburban areas, are indicated by plain thick lines. The thin hatched line indicates the cable line in west Portland. The single dashed line across the Willamette River, just north of the Morrison Bridge, indicates the old Stark Street ferry crossing.¹²⁷

¹²⁷From Labbe, *Fares, Please!*

CHAPTER V

FROM OPTIMISTIC EXPANSION TO THE BEGINNING OF DECLINE: 1890 TO 1924

PLANNING FOR GROWTH: 1890 TO 1915

Electric Traction and the Horizontal Growth of the City

The period between the 1880s and the First World War was, as Mark Foster notes, “the golden age of America’s electric railways.” The expansion of the electric railway was proceeding alongside one of the country’s most dynamic periods of urban and economic development. Foster notes that between 1900 and 1920 the rate of urban growth was actually less than that of the period between 1879 and 1900, but that by the end of 1920 a majority of Americans were living in urban areas. Many urban areas grew by at least 300 percent during that twenty-year period. Detroit, for instance, tripled from a population of 300,000 to nearly one million.¹ Seattle tripled its population from about 81,000 to nearly 250,000 in just the ten years between 1900 and 1910.²

The electric streetcar and the steam train brought phenomenal growth to Portland, too. During the first decades of the electric streetcar era, Portland multiplied tenfold from a town of 21,500 in 1882 to a thriving metropolis of 232,500 by 1915.

¹Mark Foster, *From Streetcar to Superhighway: American City Planners and Urban Transportation, 1900-1940* (Philadelphia: Temple University Press, 1981), 14-15.

²Norbert MacDonald, *Distant Neighbors: A Comparative History of Seattle & Vancouver* (Lincoln: University of Nebraska Press, 1987), 60.

This growth included the annexation in 1891 of East Portland, with a population of 11,457, and Albina, with a population of 6,897. It also included a large influx of people during the 1905 Lewis & Clark Exposition.³

Figure 7. Portland population, 1851 to 1915.⁴

This annexation of smaller urban areas to the larger central city was typical of urban growth during this period, as was the outward geographical expansion of urban development. Foster explains that it was not just that the concentration of people and businesses within the core was increasing, but also, and perhaps more importantly, that

³MacColl, *Shaping of a City*, Appendix M, 492.

⁴Source for data: MacColl, *Shaping of a City*, Appendix M, 492.

the geographical reach of the city itself was extending. Indeed, Portland's city's limits grew from just under seven square miles in 1882 to sixty-six square miles in 1915.

Figure 8. Portland area in square miles, 1851 to 1915.⁵

The significance of this outward urban expansion was that it was entirely dependent on the growth of the mass transit system. In Portland, as elsewhere, the geographical expansion was not merely the result of the political consolidation of two smaller urban centers with the main city, Portland. The consolidation itself would not

⁵MacColl, *Shaping of a City*, Appendix M, 492, and telephone communication with author, 26 October 1993. The dip in the graph between 1893 and 1905 is most likely explained by the fact that Albina and St. Johns withdrew from Portland during that period. Both were reannexed to Portland, along with Linnton, in 1915, which explains the steep rise for that year.

have been practical had not the means for physically uniting the three cities existed. Here, as elsewhere throughout the country, the urban expansion relied on the introduction of the electric trolley on a massive scale.

Indeed, in Portland the consolidation of the three cities occurred in July of 1891, a little over a year and a half after the Willamette Bridge Company ran its first electric cars over the Steel Bridge, for the first time establishing a direct streetcar connection between East Portland, Albina, and Portland. Then, just one month before the consolidation became effective, the city's first major streetcar-company merger took place. The resulting company, the City & Suburban, was permitted to operate not only in Portland, East Portland, and Albina, but in St. Johns and Vancouver, Washington, as well. Within two years, the entire system was electrified, and expansion of electric lines to the farthest reaches of the city proceeded steadily over the next decade and a half. Before the city's transit system had electrified, Portland's boundaries had increased by only three square miles as a result of annexation. From the time of electrification in 1889 until 1915, another fifty-seven square miles were added through annexation, and about half of that was within just two years of initial electrification.

In addition to a comprehensive streetcar system, the consolidation of East Portland, Albina, and Portland depended on the building of bridges. By the turn of the century, four bridges connected the east side with the west side: the Morrison Bridge, the Steel Bridge, the Madison Bridge, and the Burnside Bridge. Later, the Hawthorne Bridge replaced the Madison in 1910, and the Broadway opened in 1913. In 1908, a railroad bridge was built to connect Portland with Vancouver, Washington, across the Columbia River (in 1917 the Interstate Bridge replaced the *City of Vancouver* ferry for

all other types of traffic).⁶ The streetcar companies would acquire rights to cross all of these bridges, paying a considerable annual fee for the privilege to do so.

Central City Congestion and the Competition for Space

The system of bridges in Portland fit neatly into the downtown-centered transit map of the city's streetcar lines. During these same years, the first electric interurbans began operation as well, contributing significantly to city-oriented traffic by connecting the city's center with the suburbs to the southeast. Thus, virtually all traffic moved to and from the city's center, regardless of the origin and ultimate destination of the traveler. By the early 1900s, one can imagine that downtown Portland was marked by a similar "lack of coordination and chaotic conditions" that Foster reports characterized Chicago at the same time.

The chaos and lack of coordination in the downtown area was evident in every growing American city. What Foster refers to as "horizontal growth," made possible by the new forms of transit, radiated outward from the city center, resulting in a bottleneck of congestion at the hub. This situation characterized even those cities that would later be models of decentralization. Bottles, for example, casts Los Angeles squarely in the tradition of the turn-of-the-century central city growth. Los Angeles experienced the same sort of remarkable growth that other cities saw during this period of expansion, from about 50,000 in 1890 to 100,000 in 1900 and then nearly 600,000 by 1920, making it the largest city on the west coast.⁷

⁶Scott, *History of Oregon*, 205-208.

⁷This massive expansion can be attributed to the development by Henry Huntington of the Pacific Electric Railway Company and of the Los Angeles Railway Company, the former providing primarily interurban services and the latter primarily city services

Even with the expansive growth and incipient decentralization that would soon make Los Angeles the paradigm of the horizontal city,

for the moment, Los Angeles retained a highly centralized urban form because its rail lines largely radiated from the downtown district. People may have lived in the suburbs, but they shopped, worked, and conducted business mainly in the city center.⁸

In contrast to Martin Wachs -- who, in reporting that Los Angeles “never developed a significant commercial and industrial core,” gives the impression that there was never much of a city center at all -- Bottles paints a picture of a harried, dangerous, and congested downtown Los Angeles, where mass transit and pedestrians competed for street space, and streetcar traffic slowed to such a pace that during rush hours it was typically faster to walk than to ride.⁹

Early Automobile Use. Bottles attributes much of the downtown congestion in Los Angeles to the addition of the automobile, as early as 1914. He explains Angelenos’ relatively early and eager adoption of the automobile as due in large part to their dissatisfaction with the service provided by the streetcars and interurbans. In Portland, transit riders had just as much reason to be dissatisfied as did Angelenos, but their widespread adoption of the automobile appears to have come somewhat later. By 1915, there were only six thousand automobiles in Portland, although their contribution to downtown congestion had already been significant enough to warrant some very

⁸Bottles, *The Automobile*, 32.

⁹Martin Wachs, “Autos, Transit, and the Sprawl of Los Angeles,” *American Planning Association Journal* 50 (Summer 1984): 300, quoted in James J. Flink, *The Automobile Age* (Cambridge: The MIT Press, 1988), 141; Bottles, *The Automobile*, 55-56.

general laws regulating their speed and conduct.¹⁰ In all of Oregon there were approximately 23,000 automobiles, making the state rank twenty-third out of forty-three states reporting vehicle registrations for 1915. Washington had 45,000 automobiles; California, near the top of the list, had 163,000. By 1917, Oregonians had about one automobile for every thirty-three people, which was at the median level for the eleven far western states. New Mexico, at the low end, had a ratio of one automobile for every fifty people; California, at the high end, had a ratio of one to twelve.¹¹

Despite Bottles's suggestion that Angelenos turned to the automobile out of disgust with their mass transit system, there may have been other reasons that the motorization of Los Angeles occurred earlier than in Portland. For one thing, in Los Angeles, the geography allowed for an unchecked expansion of horizontal growth. In the Portland area, however, hills and rivers helped to contain the overall suburbanization process; the city would not see the same sort of sprawl that would characterize Los Angeles. In addition, certain conditions unique to southern California helped to encourage the decentralization of business and industry as part of the horizontal spread. In *The Automobile Age*, James Flink notes that in response to earthquake fears, after 1906 there was a 150-foot limitation on the height of buildings in downtown Los Angeles. Another feature of southern California that encouraged decentralization was the citrus economy -- not exactly an urban-core enterprise.

¹⁰Portland City Ordinance No. 14030 limited the speed of automobiles to ten miles per hour inside fire limits and fifteen outside. It also mandated that some sort of signal be given at intersections and that a numbered license plate be obtained.

¹¹*Oregon Voter* 3 (January 22, 1916), 422; "Automobiles: Some Statistics as to Fees Charged in States," *Oregon Voter* 10 (July 21, 1917): 9-13.

Thus, it may well have been due in large part to the extensive decentralization of the city, rather than primarily a dissatisfaction with transit service -- a dissatisfaction experienced universally -- that Angelenos turned earlier to automobiles. "Mass motorization," says Flink, "fit hand in glove with a Southern Californian economy that necessitated the dispersion of business locations."¹²

Bicyclists and the Good Roads Movement. Although automobiles were not yet in widespread use around the turn of the century in Portland, streetcars in the city center did have plenty of competition from other forms of mobility, including teamsters, trucks, pedestrians, and bicycles.

The "bicycle craze" had come into existence about 1895, and bicycles at the time were everywhere, selling for \$45 to \$100 apiece.¹³ Bicyclists' quest for safe roads helped ignite the "good roads" movement in the 1890s, one result of which was the first issue of *Good Roads and Cyclist*, a magazine devoted to cyclists' concerns, published in Portland in 1896. Although bicycles became less important as the streetcar gained ascendancy, they left an important legacy in the quest for good roads.

The good roads organizations spawned by bicyclists had as their primary aim the building of wide, smooth thoroughfares -- advocating especially asphalt as the paving material of choice -- and, as a secondary goal, laws regulating reckless riding. An early local contributor to *Good Roads and Cyclists* described the general goal of the movement:

Good roads organizations neither build roads nor do they make any considerable appropriation for making preliminary surveys. It is the one aim of good roads clubs anywhere to enlist public support in favor of all measures having for their object a betterment of open thoroughfares, to

¹²Flink, *Automobile Age*, 143.

¹³"Good Roads and Wheelmen's Rights," *Good Roads and Cyclist* 1 (November 1896), 8.

display suitably prepared exhibits of materials for road construction, of cross-sections of roads and streets built after the most approved modern methods, and to exercise more or less direct supervision over all projects for road and street improvement.¹⁴

Although Portland's good roads organizations typically did not finance preliminary surveys, the members were quite agreeable to "subscribing" to the construction of bicycle paths -- subsidizing the building through monetary contributions -- and to the notion of a bicycle tax like that imposed in Tacoma of \$2 per wheel, used for the building and maintaining of paths in that city.¹⁵

Flink states that "no preceding technological innovation -- not even the internal combustion engine -- was as important to the development of the automobile as the bicycle."¹⁶ He attributes much of automobile technology itself to initial innovation in the bicycle industry. But, in addition, it should be noted that the good roads movements begun by the bicyclists constituted the first organized attempt to rationalize traffic and improve roads.

As noted, the good roads issue as championed by the bicyclists appears to have receded to the background as the streetcar became more prevalent in Portland and bicyclists' numbers dropped. Bottles notes the same phenomenon in Los Angeles.¹⁷ However, there, as in Portland, the good roads movement from the bicyclists' era lay the foundation for good roads lobbying efforts by motorists later on. The result of the lobbying efforts in Portland as elsewhere was an increase in the number of paved streets.

¹⁴E.G. Jones, "Work of the Road Club," *Good Roads and Cyclist* 1 (June 1896), 11.

¹⁵"The Advent of the Bicycle Path," *Good Roads and Cyclist* 1 (October 1896): 4-5; "The Bicycle Tax," *Good Roads and Cyclist* 1 (July 1896), 14.

¹⁶Flink, *Automobile Age*, 5.

¹⁷Bottles, *Los Angeles*, 57.

A Hard, Smooth Surface. What bicyclists and, later, motorists wanted were hard, durable streets that were long lasting and easy to clean. As Figure 9 indicates, there was a relative increase in paving activity in Portland during the 1890s, slightly *before* the bicyclists' good roads movement began. There was a little more activity in the years following 1895, the peak of the movement, but it was not as pronounced as one might expect from effective good roads agitation. The bicyclists, it appears, were not as successful as their motorized counterparts, whose activity peaked in 1911, the same year that the local Portland automotive club, consisting of 500 motorists, joined the American Automobile Association. In that year alone, 101 miles of roadway in Portland were hard-surfaced.¹⁸

Lionel J. Webster, chair of Oregon's Good Roads Association, notes that when Oregonians finally "woke up to the necessity of good roads . . . they discovered that there was no practical way of raising the money with which to build them." As a result of this discovery, the Oregon Constitution was amended so that by 1913, counties could issue bonds specifically for road-improvement purposes.¹⁹

Despite the conservative *Oregon Voter's* plea ("Friends, let's go a little slower here in Oregon when it comes to rushing into bond issues, no matter how attractive the purpose. . . ."), voters quickly passed a \$1.25 million bond issue, and by 1915, Oregon was ranked first in per capita expenditures for road improvements of all states

¹⁸"Local Auto Club Has Great Plans," *The Oregonian*, 30 April 1911; Portland City Planning Commission and Charles H. Cheney, "Major Traffic Street Plan, Boulevard and Park System for Portland, Oregon," *Portland City Planning Commission Bulletin No. 7* (January 1921), Multnomah County Library, Portland.

¹⁹Lionel J. Webster, "Good Roads Campaign on Practical Basis," *The Oregonian*, 4 February 1911; Portland Chamber of Commerce, "Paving Report," *Oregon Voter* 1 (June 12, 1915): 199-238.

in the U.S., followed by Montana, California, Washington, Maryland, Iowa, Arizona, Indiana, New Hampshire, and Maine.²⁰

Figure 9. Paving expenditures, 1885 to 1915.²¹

²⁰Editorial, *Oregon Voter* 1 (July 24, 1915); *Oregon Voter* 3 (November 13, 1915). At this point, the county roads most in need of paving were, according to Roadmaster John B. Yeon, the Columbia River Highway, Sandy Road, Base Line Road, Foster Road, Powell Valley Road, Capitol Highway, Canyon Road, and St. Johns Road. See *Oregon Voter* 1 (June 19, 1915).

²¹Data from "Mr. Dieck's Report," *Oregon Voter* 1 (May 8, 1915), 42. Robert G. Dieck, a civil engineer, was the city commissioner of public works.

Early Planning Efforts in Portland: 1904 to 1915

The Olmsted Plan of 1904. As road surfacing and improvement progressed, so did downtown congestion. But Portlanders were cautious in responding to downtown congestion by either attempts at traffic rationalization or city planning. One of their first attempts to shape the physical destiny of the city was the hiring of Frederick Law Olmsted's stepson, John, in 1903. Portland was as caught up as the rest of the country in the "City Beautiful" movement that had begun to sweep the U.S. around the turn of the century, and city boosters who were planning for the Lewis & Clark Exposition of 1905 may have wanted to replicate the classical architecture forms, wide boulevards, and open spaces of the Chicago Fair of the previous decade.²²

Abbott reports that Olmsted's plan, published in 1904, included the suggestion for a system of parks and city squares, connected by wide boulevards, or parkways, that were typical of City Beautiful plans during this period. Olmsted's plan did not address congestion or traffic rationalization per se, other than through the implied notion that the relief of congestion lay in wider thoroughfares. The plan, however, sat untouched until 1906, when its message was revived by a Committee of 100.²³

The Committee of 100 claimed that its existence was the result of "agitation" for "adoption by the city of a definite policy with reference to city ownership and beautification." The first meeting was to include discussion of applications for a railroad franchise to run along Front Street, city ownership of a belt line, municipal docks, boulevards, and bridges. The concerns for beautification and municipal ownership all took a backseat to the more pressing consideration of whether or not the

²²Arthur McVoy, "A History of City Planning in Portland, Oregon," *Oregon Historical Quarterly* 46 (March 1945): 3-21.

²³Abbott, *Portland*, 59-61.

city should grant a franchise to Union Pacific Railroad or its competitor Willamette Valley Traction to run along Front Street. In the end, the committee got sidetracked with that issue, and nothing more was mentioned about city beautification for several years.²⁴

The Greater Portland Plan of Edward H. Bennett. Portland's next attempt to impose some order on the chaos of the urban center and to realize a City Beautiful was the hiring in 1910 of Edward H. Bennett, an associate of Daniel H. Burnham, who had already developed a plan for Chicago and San Francisco. Bennett's hiring came as a result of the organization of a second Committee of 100, which promptly created a Civic League of Portland for the purpose of renewing the city's commitment to beautification. The city's Architectural Society, which had already drawn up plans for a model city, recommended to the Committee that it hire Burnham.

Burnham wasn't available, but Edward Bennett agreed to undertake the task of creating a City Beautiful plan for Portland for a fee of \$20,000. The committee in charge of hiring Bennett included many prominent businessmen -- Mayor Simon, H.L. and W.H. Corbett, A.L. Mills, H.L. Pittock, Harvey Scott, George Baker, S.G. Reed, B.S. Josselyn, and, of course, J.C. Ainsworth. The latter declared that he and the city's other businessmen would gladly come up with \$100,000 if necessary to retain Bennett, such was their commitment to the project. The evening of the very first meeting, these men and the organizations they represented pledged nearly \$6,000 toward Bennett's fee.²⁵

²⁴"Many to Aid Belt Line," *Oregon Journal*, 4 March 1906; "No Single Company Should Receive Exclusive Rights on Front Street," *Oregon Journal*, 13 March 1906.

²⁵"Purses Open for Beautifying City," *The Oregonian*, 13 November 1909.

It was understood that Bennett would renew many of Olmsted's original suggestions, including wide, expansive boulevards, some of which would cut through the existing street layout. When Mayor Simon endorsed the plan, he claimed to be especially in favor of the possibility that the plan would remove all double streetcar tracks in the downtown area. In the end, however, the Bennett plan did not call for single streetcar tracks in the business center. Instead, in addition to its general suggestions for broad boulevards, "traffic circuits," and diagonal streets, the plan addressed transportation and congestion by recommending various mechanisms for removing traffic from surface streets: at least one suspension bridge or even a tunnel, and elevated roadways crossing Front Street, leaving it free for "heavy teaming and rail traffic."

Otherwise, Bennett's suggestions for transit were minimal. In line with the contemporary planning attitude toward transit, Bennett was convinced that the city's transit would "naturally adjust itself to improved arterial conditions," although he did recommend that future tracks should be laid with the ideal of the traffic circuit in mind.

While Bennett barely addressed transit, he was clearly influenced by what he knew was going on in larger cities throughout the country. This is revealed not only in his suggestion for elevated roadways, but also for rapid transit, the main lines of which he proposed would run through subways, with cars emerging onto the surface streets only once they were beyond the congested central area. He also understood that such a system would allow for through-routing, as opposed to the current streetcar routing system consisting primarily of downtown loops.²⁶

²⁶Marshall N. Dana, ed., *The Greater Portland Plan of Edward H. Bennett* (Portland: Welles & Company, 1912), Multnomah County Library, Portland.

Failed Implementation. Neither Olmsted's nor Bennett's plan ever came to fruition. The failure of these early attempts by Portlanders to implement a city plan was not unique. As Foster notes, many cities were making their first move toward city planning during a period when they were changing so rapidly that they lacked the economic, physical, cultural, and political stability necessary to see through the long-term implementation of a plan. Arthur McVoy notes, for instance, that in Portland the "violent real estate boom" that grew out of the Lewis & Clark Exposition was "in direct conflict" with the wide boulevards and grand plazas envisioned by Olmsted. Abbott explains that during the five-year time lag between Olmsted's completion of the plan and the availability of voter-approved funds, intervening economic inflation had made full-scale implementation prohibitive. And by the time Bennett's plan was approved in 1912, a recession had swept over Portland, again making public improvements impossible.²⁷

Another reason that some of these early City Beautiful plans ended up on shelves, collecting dust, is that the practical and immediate benefits, if any, eluded many members of local government and the public. A critical obstacle in the way of implementing these early plans, says Foster, "was the negativism with which the general public viewed any costly plan that possesses intangible or remote benefits." For example, Foster goes on to report that upon presentation of Bennett's plan for Detroit, prepared about the same time as his plan for Portland, the *Detroit Times* correctly predicted failure, noting that city leaders regarded the plan as "visionary and prohibitive."²⁸

²⁷Foster, *Streetcar to Superhighway*, 25; McVoy, "History of City Planning," 4; Abbott, *Portland*, 60-61; 66-68.

²⁸Foster, *Streetcar to Superhighway*, 33.

Seattle also had its turn with a City Beautiful plan, but its failure to act seems to have differed slightly from the Portland case. In 1910, Seattle hired engineer and planner Virgil R. Bogue, whose resulting *Plan of Seattle*, presented in 1911, addressed five major issues, including improvement of the city's streets and an arterial highway system. His primary suggestion in regard to transit included improvements for the city's railroad network and a ninety-mile rapid transit system. Unlike the Portland plans, when the Bogue plan went before the voters, it was defeated overwhelmingly, by nearly a two-to-one margin. Both Foster and Seattle historians Norbert MacDonald and Richard C. Berner site a general lack of support and commitment to planning on the part of Seattleites as among the reasons the plan failed. In Portland, the support was clearly there -- but perhaps the overall commitment was not as strong or as urgently felt as it could have been.²⁹

The Plan of Chicago: A Contrast. Some plans produced during this period, however, were implemented, at least in part. Daniel Burnham's *Plan of Chicago* was first published in 1909. He and collaborator Bennett wrote that the plan had arisen out of a general dissatisfaction with the chaos that governed urban life. Their answer, in short, was the building of beautiful, wide streets.

The contrasts between Portland and Chicago in implementing even a part of these early plans may be explained by a combination of bad timing and a different sense of the urgency of taking action.

Structurally, the apparatus each city employed to develop and market the plans was quite similar. Chicago had the Chicago Plan Commission (CPC), which had been approved by public referendum, to guide the enactment of its plan. The CPC consisted

²⁹Ibid., 32; MacDonald, *Distant Neighbors*, 72-74; Richard C. Berner, *Seattle 1900-1920: From Boomtown, Urban Turbulence, to Restoration* (Seattle: Charles Press, 1991), 143-151.

of 238 members, although most of the decision-making was conducted by its executive committee, consisting of prominent businessmen and an alderman from each ward.

Portland, too, had its Committee of 100, which had originally been created in 1906 as an offshoot of the Board of Trade. Like the CPC, this Committee of 100 was composed of prominent local businessmen and a representative from each precinct. This was the committee that took up the cause of reviving the Olmsted plan, which had sat untouched since its presentation two years prior. The group was actually successful in persuading voters to pass the \$1 million bond issue to implement the Olmsted plan. But implementation was delayed because of legal difficulties until 1909, when the \$1 million was no longer sufficient to cover all of the recommendations.³⁰

In 1909 a later incarnation of the Committee of 100 created a Civic Improvement League, whose executive committee consisted, like Chicago's, of prominent local businessmen. This was the group that hired Bennett. The resulting *Greater Portland Plan* had widespread approval, and in November of 1912, the voters approved the plan (although no specific bond issue had been attached). By this time, however, Portland was in the throes of a recession.

Portland, like Chicago, had achieved support for both the Olmsted and Bennett plans, but implementation never proceeded. In both cases, Portlanders lacked the sense of urgency experienced by Chicagoans that might have pushed the plans through to implementation, despite economic difficulties. Chicago's CPC was able, through a combination of concessionary and pressure tactics, to convince Chicagoans that the Chicago Plan, particularly that of widening and improving streets, "transcended all other concerns." In addition, the alternative to the street improvements implemented

³⁰E. Kimbark MacColl with Harry H. Stein, *Merchants, Money and Power* (Portland: The Georgian Press, 1988), 390; Abbott, *Portland*, 60-61.

in Chicago at this time would have been a subway system, and, as Barrett notes, “subways were politically out of the question.”³¹ Faced with the choice, Chicagoans preferred the politically less problematic response of street improvement and, despite difficult economic times, were able to raise -- primarily from private sources -- enough money to see through at least some phases of implementation.³²

In Portland, on the other hand, the transit and congestion situation had not yet reached such a stage of crisis that Portlanders felt forced to take action. During the times of economic difficulty, implementation of the city plans lost any priority, and then once the recession of 1913 abated, Portlanders again retreated to the comfort of the cautious conservatism that would characterize their approach to urban policy and planning for decades. It would be another five years before Portlanders again decided to take up the challenge of creating a plan for their city.

Summary

In the decades surrounding the turn of the century, the growth of the electric traction industry and the expansion of the city went hand in hand. While most cities had a tendency to expand outward in a pattern of what Foster calls “horizontal growth,” the center-focused arrangement of streets, bridge approaches, and city transit routes contributed to increasing congestion in the city’s center, which was only exacerbated as distant suburbs were connected to the center by interurbans and steam train lines.

Early urban congestion left the central core a chaotic, unattractive, harried, and often dangerous place. Cities tried to respond to this early decline of their urban

³¹Barrett, *The Automobile*, 76-78; 80.

³²Foster, *Streetcar to Superhighway*, 30, notes that local Chicago businesses provided twice as much money as did the city council.

centers with the City Beautiful planning movement that sought to open up the congested center, dispersing its people and activities over a larger area. The emphasis was on the clean lines of classical architecture, wide boulevards, city parks and plazas, and plenty of open space.

These early efforts at city planning, for the most part, completely deemphasized mass transit. As Barrett explains, the early boulevard planners seemed to assume that mass transit would still be there in the City Beautiful, but “incidental, a utility to be omitted from the broad vistas of idealized roadways,” running somewhere along the widened streets or, perhaps, above or below them.³³ Even in this early period, when automobiles were not widespread, the emphasis seems to have been on planning for the automobile, which, as Foster notes, was seen as having “great potential for moving masses of people.”³⁴

³³Subways and elevateds already existed in several larger cities and were built primarily as a response to horrendous congestion on the surface streets. The initial capital investment for these undertakings was huge, so they were naturally confined to cities whose ridership traffic would be large enough for investors to expect a profit. The world's first subway had opened in London in 1863. New York's Beach pneumatic subway opened in 1870, but Boston was the first American city to open an electric subway, in 1897. By that time there were already subways in Budapest, Hungary, Glasgow, and, of course, London. The Paris Metropolitan subway opened a few years later, in 1900. Subways and elevateds were very expensive and politically problematic undertakings. Bion J. Arnold had been unable to persuade Chicagoans to consider a subway in 1902, and New York's subway did not open until 1904. New York's first elevated trains started running in the 1870s, followed by Brooklyn in 1885 and Chicago in 1892. There were also elevateds in Liverpool and Hamburg. See John Anderson Miller, *Fares, Please!: A Popular History of Trolleys, Horsecars, Streetcars, Buses, Elevateds, and Subways* (New York: Dover Publications, Inc., 1960; reprint, New York: D. Appleton-Century Company, Inc., 1941); Brian J. Cudahy, *Under the Sidewalks of New York: The Story of the Greatest Subway System in the World* (New York: The Stephen Greene Press/Pelham Books, 1989).

³⁴Barrett, *The Automobile*, 74; Foster, 42.

Most planners must have recognized the vital role that mass transit played in moving people, but for a variety of reasons, they did not tend to advocate public support or relief that would have facilitated the company's adapting to the changing needs of the community. Instead, these early plans looked to the automobile and the wide, open road as the key to the future livability of the city.

In the persistent absence of articulated direction from the city, transit policy continued to emerge haphazardly, frequently as a result of conflict between the private companies and the constituents' demands. The predominant force in urban transportation during the period from the turn of the century to the end of the first decade was the pattern of rapid consolidation of competing transit companies and the emergence of a single, powerful monopoly. Cities, meanwhile, continued to proceed under the assumption, championed by engineer Bion J. Arnold, that "the best of mass transit could be had under regulated private ownership."³⁵

THE MAKING OF A MONOPOLY: THE INDUSTRY CONSOLIDATES, 1891 TO 1906

Transit Redefined: New Technologies and Unification

The heavy reliance of the city on transit provision by regulated private companies assumed that the mechanism of competition in the free market would provide a good deal of the regulation. Cheape reports that an early historian of Boston street railways, writing in 1906 about an earlier period, remarked that

the legislature of Massachusetts and the city council of Boston, being imbued with the feeling -- almost universally held at that time -- that the

³⁵Barrett, *The Automobile*, 30.

more competition there was in street transportation the better off the community would be, freely granted rights in the city streets.³⁶

Cheape goes on to note that at one point more than twenty companies had rights to Boston's city streets and "faith in competition as a method of control continued to shape policy."

But the exigencies of the new transit technologies -- cable and electricity -- would result in major consolidations that would effectively eliminate the regulatory mechanism of competition. These new technologies required a much higher initial capital investment than the old horsecars and an unprecedented coordination and organization. They also required a new vision of urban transit by private investors, one that saw a city served by a unified transit system as opposed to multiple uncoordinated and competing lines. In some cases, however, this vision actually preceded any new transit technology. But in either case, the vision for a unified system came out of a desire to decrease costs and increase profits by merging lines and capitalizing on the resulting economies of scale and increased traffic over a larger territory.

Cheape notes that this new vision was present early on in New York, Boston, and Philadelphia. In Philadelphia, the initial decision to consolidate preceded the availability of a new technology. When Peter Widener, William Kemble, and William Elkins formed the Continental Street Railway Company in 1874, there was not yet any alternative to the horse as the motive power for transit. The rationale for the combination was at this point purely profit driven: it was felt that combination would bring economies of scale, more riders, and greater profits. By 1881 the group had absorbed several lines and controlled a large unified system, although not yet as a

³⁶Walter S. Allen, "Street Railway Franchises in Massachusetts," *Annals of the American Academy of Political and Social Science* 27 (January 1906), 103, quoted in Cheape, *Moving the Masses*, 109.

single monopoly. By 1883, they formed the Philadelphia Traction Company as a holding company in order to further consolidation of the city's transit lines and to finance the new technology -- cable. By 1897 the company had merged with the remaining competition to form the Union Traction Company and had electrified nearly the entire city.³⁷

In Boston, the first major consolidation occurred in 1887, when a real estate developer named Henry Melville Whitney combined the city's four major lines -- the Cambridge, the Metropolitan, South Boston, and Middlesex -- merging them into his West End Street Railway. Whitney had no background in transit, but he did have a vision for uniting the city's transit lines into a single system, and in his case the vision was clearly connected to a desire to serve his extensive real estate holdings. But here, again, the vision for unification preceded the technology. Whitney never really seriously considered cable, and electric traction was not yet possible when he first consolidated. It soon became so, however, and Whitney rapidly began replacing horsecars with electric trolleys.³⁸

In New York, the horse railway men were seemingly content with the current state of affairs, with limited vision beyond profiting from current and future horsecar lines. What satisfied such men, says Cheape, "only tantalized others," who saw unlimited potential in the new cable technology and, like the men in Boston and Philadelphia, envisioned not single lines, but an entire transit system.

In New York, businessmen Thomas Fortune Ryan and Henry Whitney's brother William joined forces with Widener, Kemble, and Elkins from Philadelphia, with a view toward consolidating the city's transit network. The Philadelphians, like Ryan

³⁷Cheape, *Moving the Masses*, 162-167.

³⁸Ibid., 113-120.

and both of the Whitney brothers, were prominent businessmen, with important ties to local financiers and politicians. The group formed the Metropolitan Traction Company in 1886, as a holding company for the purchasing of lines and issuing of securities. Its task of absorbing all independent operations in New York was completed by 1900.

The new entrepreneurs had a wider vision than the owners and operators of the horsecar companies and, more importantly, access to more capital. Cheape explains that these men did not finance their undertakings solely out of their own pockets. In order to attract financing, they often inflated the worth of their system by basing it on future earnings, not current assets. This technique -- stock watering -- was not new and certainly not confined to the New York or Philadelphia groups; indeed, it was a standard procedure for financing consolidation and adoption of the new technologies.³⁹

Chicago's experience with consolidation was somewhat different from that of these other cities. Yago notes that as early as 1863 the various transit companies had begun dividing the city into sections, an activity he attributes to their early desire to minimize competition. In 1887, Charles Tyson Yerkes arrived on the scene and began acquiring an interest in the city's various companies, which Barrett reports numbered fifteen as late as 1897. Even though the city remained divided in the same pattern Yago identifies to have been present in the 1860s, by 1897 Yerkes controlled two thirds of the city's surface lines and half of its elevateds. According to Barrett, the effective result of Yerkes's citywide control was both to consolidate and modernize the system through electrification. When Yerkes was denied a fifty-year franchise in 1899, he sold out (to Philadelphians Elkins and Widener) and left the country. By 1902 the

³⁹Ibid., 42-64.

former Yerkes companies had consolidated into two groups, one serving three of the city's five sections and the other serving the remaining two.⁴⁰

Portland's experience with consolidations before 1900 includes elements from each of these other cities. Like the New York case, the primary impetus for the first consolidation, which was accomplished in 1891 by the City & Suburban, was to effect technological innovation -- in the Portland case, electrification -- and realize thereby greater profits. The goal of the second consolidated company, the Portland Consolidated Street Railway, was, like Whitney's West End Street Railway in Boston, to serve real estate holdings belonging to its incorporators; since this consolidation occurred in 1892, electrification of the entire system was naturally a concomitant goal.

Between 1892 and 1904, Portland, like Chicago, was served by two consolidated companies, but their control over separate sections of the city was less distinct. Both companies served most areas of Portland, although the City & Suburban, which had more miles of track, dominated in the southwest, while the Portland Railway Company (successor to the Portland Consolidated Street Railway) had somewhat more coverage of the northwest.

Financing the Consolidations: Electric Power and the Holding Company

In each of the cases noted above, it was apparent to the investors that consolidation would bring economies of scale, increased traffic, higher revenues, and, of course, decreased competition. The initial consolidations in Portland were carried out, as they were in other cities, by men with crucial ties to financial institutions, business, and city politics. But as the size of these consolidated systems grew, it was often the case that financial backing could not come from a tightly knit group of local

⁴⁰Yago, *Decline of Transit*, 135-137; Barrett, *The Automobile*, 16-29.

entrepreneurs alone. Promoters frequently needed to turn to new arrangements for financing these larger undertakings.

Hilton and Due point to several typical patterns of financial control that came to characterize the interurban industry. To a large extent these patterns apply to the financing of the transit industry in general. The primary mechanisms of financial control that dominated in the U.S. transit industry in the first two decades of the twentieth century were (1) independent control by a single extraordinarily wealthy and powerful individual or small group of such individuals; (2) affiliation with or control by larger railroads; (3) control by holding companies; (4) affiliation with electric power companies; and (5) a combination; e.g., a transit company might have an affiliation with an electric power company *and* at the same time be a subsidiary of a holding company. In many cases, the affiliation with the electric power company preceded control by a holding company.⁴¹

As Bottles describes the transit arrangement in Los Angeles in the first decade of the twentieth century, the financing apparatus appears to be a combination of independent control by a single individual and control by a larger railroad. Henry Huntington incorporated the Pacific Electric Railway Company (PE) in 1901 "as a way of exploiting his vast real estate developments." In 1910 he sold most of his interest in the PE to his rival, the Southern Pacific. At this point, the PE -- operating both local streetcar lines and high-speed interurbans -- became a subsidiary of the Southern Pacific Railroad. Meanwhile, as part of the deal, Huntington acquired complete control of the Los Angeles Railway Company (LARY), the primary streetcar company

⁴¹Hilton and Due, *Electric Interurbans*, 197-207.

for Los Angeles. Bottles reports that LARY carried nearly 90 percent of the city's ridership.⁴²

In Massachusetts, Mason reports that street railways were controlled primarily by local holding companies, and in very few, if any, instances did these holding companies' subsidiaries also include light and power properties. The earliest holding company in that state was the Massachusetts Electric Companies, organized in 1899. Other early examples include the previously noted Philadelphia Traction Company and the Metropolitan Traction Company of New York, both organized as holding companies in the 1880s.⁴³

Seattle, on the other hand, offers an example of a holding company owning both transit and electric properties. Here, after Osgood's initial successes in pioneering the city's street railway system, Seattle's various streetcar lines eventually came under the control of Luther Henry Griffith's Seattle Electric Railway & Power Company. Griffith sold out to D.T. Denny & Sons in 1893, which shortly thereafter passed into receivership. Seattle's fire of 1895 had fortuitous consequences; with the insurance money, the original bondholders organized the Seattle Traction Company, which in 1900 was absorbed by the Seattle Electric Company. Financial backing for this transit-and-power consolidation came from Stone & Webster, who, according to Hilton and Due, were interested in acquiring transit properties *only if* they were or could be affiliated with power systems, as was the situation in Seattle. By 1902 Stone & Webster had a virtual monopoly of all of Seattle's transit and light and power

⁴²Bottles, *Los Angeles*, 29-31.

⁴³Mason, *Street Railway in Massachusetts*, 34-40.

operations, which eventually took on the name of the Puget Sound Traction, Light and Power Company.⁴⁴

Barrett reports that in Chicago, by 1911 Samuel Insull controlled all of the city's elevateds, as well as the Commonwealth Edison Company. In 1905 the city's surface lines had all switched over to Commonwealth Edison for their electric power, but Insull did not at this point control the surface lines, nor, according to Barrett, was he initially interested in doing so. By the time Insull realized that "the expansion of electric transit [to include surface lines as well as elevateds] meant the extension of the off-peak market for his primary product: electricity," the city would not allow a consolidation without exacting a dear price. So, for the time being, Chicago's transit system was not unified, but it was essentially all a subsystem of the Insull public utility empire.⁴⁵

In Portland, the transit system came to be controlled by E.W. Clark & Company of Philadelphia. From the onset, it was apparent to the Clarks that it was in their best interest to affiliate the Portland transit companies (city lines and interurbans) with the city's electric power company, Portland General Electric (PGE). As will be discussed, the incorporation of the Portland Railway, Light & Power Company in 1906 was for the purpose of serving as a holding company to add PGE to the assets of the city and interurban traction companies, which it already owned.

The Special Case of Rapid Transit

The financing mechanisms of the holding company, control by or affiliation with railroads or electric companies, and so on, were not the only courses for backing

⁴⁴Bagley, *History of Seattle*, 342-441; MacDonald, *Distant Neighbors*, 60-61; Berner, *Seattle*, 42-43; Hilton and Due, 202.

⁴⁵Barrett, *The Automobile*, 97-98; Yago, *Decline of Transit*, 157.

new, large-scale transit technologies. In some cases, direct support by the public sector was necessary in order to implement the new technologies.

As Cheape notes, the technological evolution in transit, from horsecar to cable to electrification, had rapid transit -- long-distance, high-speed, limited-stop service -- as its final step. The rationale for rapid transit was twofold: one, to relieve congestion on the city streets and, two, to move people in a direct route over great distances in minimal time. Of course, these conditions existed in many cities, but rapid transit was typically such a large-scale, expensive, and radical solution that it was considered only in cases where the need constituted nothing short of an emergency.

In his discussion of the New York and Boston cases, Cheape explains that rapid transit requires an innovation in both technology and policy: where the need for rapid transit is compelling -- in a large, congested city such as New York or Boston -- there must exist both a new technology, such as elevateds or subways, as well as a shift in public and private transit policy in order to accommodate the implementation of the new technology.⁴⁶

Until electricity could be used as a motive power, both elevateds and subways were problematic propositions. Elevateds were much less costly than subways, but they still proved controversial, primarily because of aesthetic considerations. Once electricity became available, however, New Yorkers in 1891 empowered the mayor to appoint a five-man rapid transit commission (RTC), like an earlier one that had existed in 1875, but with somewhat more autonomy. The primary purpose of the commission was "to remove roadblocks and aid private enterprise on the public's behalf." This, then, was a conscious involvement on the part of the public sector to direct transit development. Even before a private company had bid for the construction and

⁴⁶Cheape, *Moving the Masses*, 74-75, 126.

operation of the subway, the commission, responding to pressure from real estate and commercial interests, had selected the route, the motive power, and the type of rapid transit (subway) that would be implemented.⁴⁷

This second RTC was unsuccessful in securing a bidder. Cheape reports that that commission had written the mayor that it was “doubtful whether any underground road will be built in the near future by private capital alone” and went on to suggest at least partial funding by the city.⁴⁸ Funding by the city was not a popular option, but city financing followed by a lease to a private party for construction and operation was. In addition, New York had a precedent of such city-financed, privately leased undertakings. A third RTC, formed in 1894, had widespread support from real estate interests, business, labor, the media, community organizations, and the ridership to undertake public development of a rapid transit system.

The final arrangement was that the city would finance the building of the system through the sale of municipal bonds, and a private company would equip and operate the line for a profit. For this, the investment firm of A. Belmont and Company, led by August Belmont, formed a syndicate to raise the necessary capital. Belmont organized the Rapid Transit Subway Construction Company to build the subway and the Interborough Rapid Transit Company (IRT) to operate it.

The New York subway began operation in 1904, seven years after Bostonians had successfully launched the first subway in the U.S. The Boston case was very similar to that of New York insofar as involving the public sector in the financing of the large-scale undertaking of subway construction that would have been prohibitive if left to the private sector alone. As in New York, Bostonians perceived their transit and

⁴⁷Ibid., 77-78.

⁴⁸New York Rapid Transit Commission, Letter to Mayor Thomas Gilroy, 30 January 1894, quoted in Cheape, *Moving the Masses*, 78.

congestion situation to have approached the level of an emergency, and here, too, “need overcame ideology” with respect to any misgivings about public intervention.⁴⁹

Like New York, Boston organized a rapid transit commission in 1891 and then later a subway commission to oversee the public sector involvement. Again, municipal bonds financed the construction. Unlike the New York case, construction contracts were partialled out in sections, so there was no syndicate like August Belmont’s standing behind the construction. However, Henry Whitney’s West End Company took over operation when the subway opened in 1897, although Whitney himself had left the company in 1893. It was still, however, controlled by investment bankers.⁵⁰

In Philadelphia, there was no sense of impending crisis in the transport system during this same early period of the 1890s. That in and of itself obviated the need for the radical step of involving the public sector. But, too, as Cheape notes, Philadelphians were especially committed to private enterprise. However, Philadelphia came to desire a rapid transit system in order to remain competitive with its east coast urban rivals. By the time Philadelphians began seriously considering a subway, New York, Boston, and Chicago all had rapid transit systems. In addition, the city’s population and congestion problems were increasing so that by 1900, reports Cheape, “the city was approaching a transit crisis.” But, as Cheape goes on to explain, “because of their preference for private enterprise, Philadelphians looked to businessmen instead of public authority when agitation for rapid transit rose.”⁵¹

The city’s powerful retail merchants negotiated a plan with the city that would make changes in municipal law so as to facilitate the attraction of private investment capital to the Philadelphia Rapid Transit Company (PRT), controlled by Widener and

⁴⁹Cheape, *Moving the Masses*, 137.

⁵⁰*Ibid.*, 126-147.

⁵¹*Ibid.*, 175-178.

paving contractor John Mack, and, in return, the city would hold three places on the board of directors and receive half of all annual profits, after a fair return of 6 percent had been paid to stockholders. The contract was enacted in 1907.

Although the nature of the city's involvement in rapid transit in Philadelphia differed from that of New York and Boston, this arrangement nevertheless marked the beginning of the city's direct participation in transit. It allowed for the city to assume a more direct role in 1912, when, after five years of financial distress under the system of the PRT-city partnership, the municipal government finally involved itself to the extent of the New Yorkers and Bostonians. A department of city transit was created to plan, build, and administer all additional subways and elevateds, while the system continued to be operated by the Widener group, which had recently undergone reorganization under banker E.T. Stotesbury, head of Drexel and Company in Philadelphia.⁵²

In each of these cases, the financing of rapid transit involved to a greater or lesser degree the participation of the municipal government, typically in cooperation with a large investment syndicate that had monopolized the city's surface lines since the first major wave of consolidations in the late 1800s. The extent of the transit crisis that existed in each of these cities, compelling the financial involvement of the municipal government, cannot be said to have existed in Portland. Even as late as 1912, when Edward Bennett mentioned the idea of a subway system in Portland, his suggestion was cast primarily in terms of a future possibility, and certainly no recommendations concerning financing were given. It was still assumed that transit would continue to be provided entirely by the private sector.

⁵²Ibid., 181-207.

Consolidation in Portland

City & Suburban. In Portland, the period of consolidation began in 1891 and lasted until 1906, when the city's transit lines were merged into one consolidated monopoly, under the control of east coast interests. Shortly thereafter, a holding company was formed, and the city's light and power company was merged into the monopoly.

The story of the first streetcar consolidations into the City & Suburban illustrates the process of merger in Portland and reveals the continuing importance of the politics-real estate-business triumvirate. The incorporators of this company, organized on June 20, 1891, included Henry Failing and Tyler Woodward. Charles F. Swigert was also involved, as secretary and general manager. The company's franchise provided for the company to construct and operate street railways in Portland, East Portland, and Albina, which would become one city as of July 6. It was also permitted to operate in St. Johns and Vancouver. This consolidated company was the result of a merger of four independent streetcar companies: the Transcontinental Street Railway Company; the Willamette Bridge Railway Company; the Portland & Fairview Railway Company, which served residents north of Mt. Tabor; and the Waverly-Woodstock Motor Line, which ran out to Southeast Forty-seventh and Woodstock.

As noted, this was still a time when success in the transit industry depended on connections to politics, real estate interests, and, especially, financial institutions. This situation was not confined to Portland. Cheape and Barrett show this to be true in Philadelphia, New York, Boston, and Chicago. In Portland, Tyler Woodward, discussed earlier, was still a member of city council. He would also serve as president of U.S. National Bank from 1895 to 1902. Henry C. Failing had already served four terms as mayor (1864-1865, 1865-1866, 1873-1874, 1874-1875). In 1869 he and his

brother-in-law, Henry W. Corbett, took over the controlling interest in the First National Bank. Failing was president of the bank, a director of the Oregon Railway & Navigation Company, and president of the Northern Pacific Terminal Company. For twelve years he served as president of Portland's water committee, since its first meeting on December 8, 1885. His financial undertakings included investment in PGE, as well as in dozens of lots of prime downtown real estate.⁵³

Charles F. Swigert had been involved with the construction of the Morrison Bridge by the Willamette Bridge Railway Company and with the first electric line across the Steel Bridge. He had organized the Albina Water Company in 1888, which was reorganized into the Albina Light & Water Company in 1890; the properties of both companies eventually passed to PGE. Along with Henry Failing and the backing of the First National Bank, Swigert organized the Union Power Company in 1891 in order to supply electricity for his railway concerns. He was also a member of the Commercial Club of Portland, founded in 1892 as the forerunner to the Chamber of Commerce, and later vice president and president of the Port of Portland.⁵⁴

With the backing of men such as Tyler, Failing, and Swigert, and their various connections not only to the city's political machinery but to its largest financial institutions, the consolidated City & Suburban had little trouble becoming a major transit provider in Portland. In the Portland case, the technological innovation of electricity existed before this first great consolidation occurred, and it was therefore electrification of the lines along with a general program of expansion that was this company's primary focus.

⁵³MacColl, *Shaping of a City*, 29-32, 64, 94-96.

⁵⁴Ibid., 95-96, 139-142, 180. Swigert served as Port of Portland vice president in 1901-02, president in 1904 and again from 1908 to 1911, MacColl, 422.

Although the depression of 1893 had slowed the progress a bit, by the end of 1896, electrification was completed to Mt. Tabor. In 1897, the company took over the operation of the Metropolitan Railway Company, which was being run by a competing consolidated company, the first Portland Railway Company, via a lease arrangement.⁵⁵ By 1898 the company was operating sixty-one miles of track with over sixty cars. A year later, electric tracks were completed out Mississippi, north to Beech Street. During 1900 the company built lines out Corbett to the Riverview Cemetery. One of the company's last major undertakings was to build thirty-two open cars in anticipation of the Lewis & Clark Exposition.

Figure 10. Mergers into the City & Suburban.

Other Consolidations. A year after the incorporation of the City & Suburban, the Portland Consolidated Street Railway Company was incorporated on May 26, 1892, by George B. Markle, James Steel, and several others. As discussed above, both

⁵⁵Robley, "Portland Electric Power Company," 64. The City & Suburban eventually took over ownership of the Metropolitan, in October 1900.

Markle and Steel were heavily involved in real estate and banking. The intent of the incorporators was to merge the Multnomah Street Railway Company, the Metropolitan Railway Company, the Portland Traction Company (first), and the Portland & Vancouver (and its ferry) into one consolidated company.

Figure 11. Mergers into the Portland Consolidated Street Railway Company.

Like the owners of the City & Suburban, the management of the Portland Consolidated made their first goal systemwide electrification, serving and connecting prime real estate holdings. Systemwide electrification was achieved by the end of 1893. By 1894, a passenger could ride a ferry across the Columbia River, from Vancouver Heights in the north, transfer to an electric line and ride south and west into the center of downtown Portland, crossing the Willamette River over the Burnside Bridge, and then transfer to another electric car and ride south to the Riverview Cemetery. However, the company soon experienced a number of devastating

misfortunes as a result of the 1893 depression, and it passed into receivership in late 1894.

Most of the company's debt was owed to the Mercantile Trust Company of New York, which insisted that the company be sold in order to settle its debt if it could come up with no other way to meet its obligations. So, in 1895 the properties were sold to George A. Batchelder and his wife, who transferred them to the Portland Railway Company on June 1, 1896.⁵⁶

The Portland Railway Company had already been incorporated in early 1896 by the eastern bondholders and many of Markle's family and friends. From the beginning, the company was meant to have a temporary existence, its purpose being to improve the marketability of the Portland Consolidated's properties for resale.

Figure 12. Mergers into the first Portland Railway Company.

⁵⁶Ibid., 63-64. The only property that was not transferred was the Metropolitan Railway Company, which had been transferred several months earlier to the Metropolitan Railroad Company, although it was leased to the Portland Railway for operation until the City & Suburban took over the lease in 1897, Labbe, *Fares, Please!*, 82.

On September 1, 1904, the properties of the City & Suburban and the Portland Railway Company were merged to form the Portland & Suburban Railway Company, whose name was soon changed to the Portland Consolidated Railway Company and, with that name, incorporated on October 18, 1904, with a capitalization of \$5 million.⁵⁷ Incorporators included Abbot Low Mills and John C. Ainsworth (the son of Capt. John C. Ainsworth). Mills, the president of First National Bank, was appointed president of the company, and Ainsworth, president of United States National Bank, was appointed treasurer.

The Lewis & Clark Exposition and Sale to Eastern Investors. The ultimate rationale for the consolidation was to make the complete property attractive to future buyers, who, it was hoped, would be drawn to the investment because of the growth potential expected to be provided by the upcoming Lewis & Clark Exposition. Indeed, four of the seven members of the Exposition board of directors were associated with the company.⁵⁸ The particular attractiveness of the merger included both the economies of scale that would result, as well as the elimination of any competition in the area. The increased demands for electricity added particular incentive for the merger. While contemplating the consolidation, Mills wrote:

In considering the advantages of such a consolidation the economy of operation and management and the elimination of competition naturally take the most important place, but to my mind the fact that the combined power needs will justify the development and maintenance of the water power plant now owned by the City and Suburban Company, is hardly of

⁵⁷Ibid., 114.

⁵⁸H.W. Corbett, J.C. Ainsworth, R. Mallory, and A.L. Mills. Other Exposition board members were C.E. Ladd, A. Wolfe, and H.E. Reed.

secondary importance, and the resulting economy will, in the beginning, fully equal the total savings in other directions.⁵⁹

In preparing for the Exposition, the Portland Consolidated began construction of new carbarns and, in anticipation of increased Exposition traffic, set to work building new cars. There were also extensive improvements on many miles of its trackage -- all in preparation for the Exposition. The company also hoped to acquire a direct link to Vancouver, and for this purpose in March of 1905 it incorporated a new entity, the Portland Consolidated Railroad Company, and acquired the Portland, Vancouver & St. Johns Railroad Company, with the hope of building an electric line between Portland and Vancouver.

The Portland Railway Company. The many improvements and expansions made by the Portland Consolidated were taking place at the very same time that the company was negotiating a sale to eastern interests; in fact, as has been noted, the rationale for these improvements was to make the company more attractive to these investors. Plans for this sale had been underway even before the Portland Consolidated had been incorporated by Mills and the others. W.A. White of White & Moffat in New York City, representing the J.W. Seligman Company of New York, was in contact with Abbot Mills regarding the acquisition at least as early as March 1904, six months before the Portlanders had even incorporated the consolidated company.⁶⁰

A full consensus was lacking among the principals of the City & Suburban and the Portland Railway Company regarding either the terms of the consolidation or the

⁵⁹Abbot Low Mills, "Notes on Consolidation of Portland Railway Company and City and Suburban Railway Company," 1904, TMs, AX 191, Box 6, Portland Consolidated Railway Company Folders, Abbot Mills Papers, Special Collections, University of Oregon Library, Eugene, Oregon.

⁶⁰W.A. White, Letters to Abbot Mills, 3 and 15 March 1904, AX 191, Box 6, Portland Consolidated Railway Company Folders, Abbot Mills Papers, Special Collections, University of Oregon Library, Eugene, Oregon.

sale to the eastern investors. D.O. Mills, one of the directors of the City & Suburban, was especially opposed to the sale to eastern interests, wanting to keep the property in the hands of Portlanders.⁶¹ Tyler Woodward of the City & Suburban wanted to see the companies consolidated with PGE, but, in the end, representatives of PGE did not move fast enough to cement the relationship.⁶²

Many of the communications regarding the arrangements were in elaborate code, and much of the negotiation was carried on by Abbot Mills or Charles Swigert. As in the cases discussed by Cheape, there was even some discussion in the early communications regarding the possibility of stock watering in order to make the undertaking more attractive to potential investors, but this appears to have been dismissed.⁶³ Finally, consensus was reached and the two companies were consolidated; within about a year of the consolidation, on October 14, 1905, the sale to the E.W. Clark & Company of Philadelphia and the J.W. Seligman Company of New York was completed and the Portland Railway Company was incorporated, with a capitalization of \$7 million.⁶⁴

⁶¹Ibid., 6 May 1905.

⁶²C.F. Swigert, Letter to Abbot Mills, 20 March 1904, AX 191, Box 6, Portland Consolidated Railway Company Folders, Abbot Mills Papers, Special Collections, University of Oregon Library, Eugene, Oregon.

⁶³On March 15, 1904, White telegraphed Mills as follows: "Stock watering would make proposition attractive consider water power important." However, a letter in White's handwriting, also dated March 15, 1904, says, ". . . telegraphed you today as follows: -- 'Stock watering would make proposition *unattractive*. Consider water power important'" (italics added). Either one of these -- the letter or the telegraph -- could have contained an error, but it is clear from other communications as well that the stock watering scheme was nevertheless being considered as a way to enhance to marketability of the stocks of the consolidated company.

⁶⁴Labbe, *Fares, Please!*, 120.

Figure 13. Mergers into the Portland Consolidated Railroad Company and the Portland Railway Company.

The Eastside Interurbans

Interurbans, like steam trains, served suburban areas and could run on standard gauge (four feet, eight and a half inches between tracks) instead of -- or in addition to -- the narrower gauge of the streetcars (forty-two inches between tracks). However, like electric streetcars, their motive power was electricity. But they offered a much wider variety of services than did either the streetcars or the steam trains; e.g., they carried freight as well as passengers and provided express service and excursions. The interurbans had the right-of-way in the areas through which they traveled and, since the

tracks were built to steam-road specifications, the interurban companies often worked out tariff agreements with the steam railroads and interchanged freight cars.

As Hilton and Due note, most of the interurban building in the U.S. took place between 1901 and 1908. Interurban building in and around Portland actually preceded this nationwide boom by almost a decade, but the initial reasons for the development in the Portland area were no different from those that would characterize later building elsewhere. Hilton and Due explain that with the turn-of-the-century rise in incomes and literacy among farmers and residents of rural, suburban areas came an increasing desire for more mobility and easier access to urban centers. Concomitant with this existing demand, there was the ubiquitous desire on the part of investors to promote suburban real estate developments.⁶⁵

The Companies. Until the interurbans were organized, eastside communities such as Milwaukie, Sellwood, and Oregon City were connected to Portland primarily by steam trains and steamboats. The first electric interurban in the Portland area -- the Oregon City & Southern Railway (OC&SR) -- was also the first major interurban in the country.⁶⁶ This line would ultimately connect the communities of Brooklyn, Sellwood, Milwaukie, and Oregon City with the center of Portland (see Figure 14).

⁶⁵Hilton and Due, *Electric Interurban Railways*, 7-10.

⁶⁶*Ibid.*, 9. Hilton and Due note that the Newark and Granville Street Railway in Ohio was the first interurban in the country, beginning operation in 1890; it was, however, a small operation that "attracted little notice." In 1891 an eleven-mile interurban was constructed between Fidalgo and Anacortes, Washington, as part of a real estate promotion; it was "even more obscure." Harold L. Throckmorton, "The Interurbans of Portland, Oregon: A Historical Geography" (Master's thesis, University of Oregon, 1962), reports that in 1891 an interurban line had begun operation in Canada from Vancouver, B.C., to New Westminster, B.C., making that the first major interurban line on the west coast.

Figure 14. Map of Eastside Interurbans, as of 1915.

The company was incorporated on May 14, 1891, by promoters who wanted to run an electric road south all the way to Eugene. As plans were being developed for the laying of track to Oregon City, James and George Steel bought up the entire operation on May 20, 1892.⁶⁷

Shortly after the Steel brothers purchased the OC&SR, they arranged for a subsidiary, the East Side Railway Company, to construct the trackage. The East Side Railway name was soon adopted for the entire enterprise.⁶⁸ On February 15, 1893, the East Side Railway made its maiden voyage from Portland to Oregon City.

In 15 minutes the car had the suburbs of Brooklyn, and was soon bowling along past the city limits through orchards and gardens, and

⁶⁷Labbe, *Fares, Please!*, 100.

⁶⁸Throckmorton, "Interurbans," 26.

tracks which are being cleared and graded, preparatory to being platted. In 25 minutes the thriving town of Sellwood was reached, and soon after Milwaukie, once the business center of the section, the newspaper of which spoke of Portland as "a little place below here in the woods." Great changes have come to pass since that time, and now Milwaukie is to feel the thrill of life from the electric current. Passing through farms and woodland, the Clackamas was reached and crossed on a substantial bridge, and then, passing the low bottom land on a trestle, the boundary was reached, exactly one hour after leaving Portland.⁶⁹

The enterprise was never as successful as the Steels had hoped it would be; as a result of the depression in 1893, the company was unable to make the interest payments on the bonded debt used for construction. In addition, late in the year the company suffered the worst accident in Portland's transit history. On November 1, 1893, a car called *Inez* was crossing the Madison Street Bridge (the current Hawthorne Bridge), heading into Portland in the early-morning fog.⁷⁰ The motorman did not see the red light indicating the draw was open, and the car plunged into the Willamette River. There were at least eighteen passengers on board, and, while the motorman and most of the passengers were able to leap off the car before it plunged, at least seven did not get out and drowned in the river.

The company's financial difficulties, combined with the *Inez* disaster, made 1893 a very bad year. On December 9, 1893, the East Side Railway went into receivership, with Fred S. Morris of the banking firm Morris & Whitehead taking over the company's bonds and mortgages in 1894. Its lines continued to be operated by the Steels, who were able to nurse the company to health and lead it out of the depression, until January 1, 1901, when Morris forced a sale of the company by foreclosing on the

⁶⁹*The Oregonian*, 17 February 1893.

⁷⁰At this time, all of the company's cars had women's names. The *Inez* was named after the wife of T.R. Baldwin, the person who strung the first electric car wire in Portland, "First Electric Trolley," 7.

mortgages he held. It was his plan to see through the original goal of running the road down to Eugene, and so, with that in mind, he bid on the property and bought it. On January 31, the newly incorporated Portland City & Oregon Railway Company took over the property of the East Side Railway and shortly thereafter purchased the lines of the Portland, Chicago & Mt. Scott Street Railway Company.

During 1902 antagonism developed between labor and management, now chiefly in the hands of two Californians brought to Portland by Morris, until finally, on June 24, the workers went on strike to protest dispatch work done by one of the Californians, which had resulted in a series of head-on collisions. As the strike continued, ridership declined to the point where gross receipts for the entire system fell to less than a dollar per day. Finally, in July, the strike was settled and a new corporation, the Oregon Water Power & Railway Company (OWP&RC) was in charge.⁷¹

The OWP&RC immediately began expansion out to Gresham. This was accomplished in January of 1903, but it would be another year and a half until the lines out to Gresham would be electrified. By August of 1904 lines were completed out to Lents and then in 1905 a line out to Troutdale was added. During this period, the company had been working to develop power generation and transmission facilities on the Clackamas River. This involved construction of a dam at Cazadero, which became operational in the summer of 1904 (see Figure 14).

⁷¹Labbe, *Fares, Please!*, 107-108. The OWP&RC had been incorporated on December 7, 1901, as the Oregon General Electric Company. The incorporators included Fred Morris and W.H. Hurlburt, who had incorporated the Portland City & Oregon Railway. On June 5, 1902, the company's name was changed to Oregon Water Power & Railway, and a few weeks later, on June 28, the interurban properties were taken over, Robley, "Portland Electric Power Company," 81.

Both PGE and the Portland Railway Company -- which were about to be consolidated into the Portland Railway, Light & Power Company -- were interested in acquiring the property belonging to OWP&RC. On April 30, 1906, a temporary joint-ownership agreement was finally effected between the two companies, which then merged two months later. Portland's interurban was one of just two interurban networks in the country that was affiliated with a city transit and light and power monopoly. The only other such interurban company identified by Hilton and Due was the Milwaukee Electric Railway and Light system. In that case, the company was incorporated (in 1896) before any interurban trackage had been built. Construction began almost immediately, however, and was completed by 1909.⁷²

Figure 15. Chronology of the Eastside Interurbans.

⁷²Hilton and Due, *Electric Interurban Railways*, 199, 353.

Few of the interurban systems constructed throughout the country brought the riches their promoters had hoped for. Hilton and Due explain that, although the actual earnings of most major interurbans were “great enough to attract investment rationally into the industry,” most of the promises of possible earnings were greatly inflated.⁷³ The Portland system would be one of the longest lasting in the country, but even it would face serious financial difficulties in the years to come.

The “Dinner-Pail Brigade”. In the beginning, the interurbans left Portland every hour during daylight hours, Monday through Saturday, operating at a maximum speed of fifteen miles per hour.⁷⁴ Although the interurbans could and did carry freight, most of their business initially came from the day-to-day commuters, the “Dinner-Pail Brigade”:

They could live far from the crowded town, own a house of their own (and pay for it in installments), have a lawn to tend and maybe a garden; yet they were close to work, so far as time was concerned. . . . Six days a week the dinner-pail brigade rode into the city in the morning and back to the suburbs in the evening, jamming the cars at morning and night and leaving the runs of late morning and early afternoon to the wives, who rode downtown on shopping jaunts or social doings. On the seventh day, however, the cars went empty . . . ⁷⁵

It was this seventh day of no service that quickly proved unacceptable. Interurbans throughout the country would come to rely heavily on off-peak traffic in order to subsidize the relatively high cost of peak service. In discussing ridership trends for 1920, Jones emphasizes the role that off-peak traffic played, even then, in contributing to companies' profitability. The underlying explanation is that peak travel

⁷³Ibid., 11-12.

⁷⁴Throckmorton, “Interurbans,” 30.

⁷⁵Randall V. Mills, *Railroads Down the Valley* (Palo Alto: Pacific Books, 1950), 85.

(for example, weekday commuter rides) accounts for a larger percentage of a company's costs than it does its revenues. Jones cites figures suggesting that 40 percent of costs arise from peak-hour operation, compared to less than 30 percent of revenues.⁷⁶

Thus, interurbans, like city lines, relied on off-peak travel for shopping, entertainment, and excursions in order to even out the ratio of costs to revenues. Most of this off-peak travel came during summer months, holidays, and Sundays. Although Mason reports that Massachusetts had no interurbans per se, the state did have a number of city lines that extended into sparsely settled suburban territory. Mason presents charts that illustrate the importance of off-peak travel by comparing the amount of off-peak ridership in the early twentieth century with the amount later on.

He shows that in 1900 the heaviest traffic was during the summer months, when people were more likely to use the transit system for excursions. The summer months of June, July, and August accounted for nearly 27 percent of the traffic for the entire year. By 1920, when automobiles had become more widespread and provided a viable substitute for off-peak travel, only 24 percent of the annual traffic was carried on the transit system during those same summer months. By 1930, the figure had fallen to 22 percent.⁷⁷

Similarly, Mason presents data showing that in 1915 the average ridership for Sundays was one third of the total average ridership for the rest of the week. By 1930 the average ridership for Sundays had fallen to less than a quarter of the average ridership for the rest of the week. The average ridership for holidays in 1915 was

⁷⁶Jones, *Urban Transit Policy*, 22-24.

⁷⁷Mason, *Street Railway in Massachusetts*, 116.

equal to 85 percent of the Monday-through-Friday average. Again, by 1930, the holiday ridership had fallen to 58 percent of the weekday average.⁷⁸

Thus, interurban companies, as well as city transit companies, devoted a good deal of attention to promoting off-peak ridership. One of the primary means of doing this was through developing parks along transit routes. The importance of the Cable Park at the top of the cable line in Portland has already been mentioned. In that case, the author of a nostalgic piece about the cable line noted that the park “was a fine way of helping along the day’s receipts.”⁷⁹ Mason mentions that by 1902, the street railways in Massachusetts owned thirty-one parks, located mostly in the countryside, and that the companies “derived an important part of their revenue from carrying passengers back and forth from town to park.”⁸⁰ Hilton and Due report that “the interurbans’ chief promotional device for joy-riding was the amusement park,” but they also point to a variety of other special services, including excursions to special events such as football games and county fairs.⁸¹

So, in order to increase ridership during the off-peak times, the Portland-area interurban companies sought ways to attract patronage on Sundays and during holidays. As a result, the operation of recreational parks offering a wide variety of amusements became an important part of the interurban business. The first park operated by an interurban in the Portland area was at Canemah, which was established by the Portland, City & Oregon Railway Company in 1894 (see Figure 14). Visitors would climb up a long flight of steps to a bluff above Willamette Falls, where they would find baseball diamonds, refreshment stands, and a dancing pavilion. The cost of the ride and

⁷⁸Ibid., 115.

⁷⁹“Portland’s Only Cable Railway,” 11.

⁸⁰Mason, *Street Railway in Massachusetts*, 12.

⁸¹Hilton and Due, *Electric Interurban Railways*, 115-116.

entrance to the park was a quarter. For another quarter, people could return to Portland by either the interurban or, through an arrangement worked out with the steamboat companies, by steamboat.⁸²

Other parks built by the interurbans -- or at least very near their lines -- included Bull Run, Gladstone Chautauqua, Jantzen Beach, Estacada, and The Oaks. Fifty cents bought a round trip fare for the thirty-four-mile trip to and from the Estacada recreational area, developed in 1904. Here people could fish, picnic, and enjoy the scenery; for an additional \$1, those who hadn't brought a picnic basket could get a full-course chicken meal. There was also a dance pavilion and accommodations at the Hotel Estacada.

Closer to Portland was The Oaks park, which opened on May 30, 1905, just in time for the Lewis & Clark Exposition. On the east bank of the Willamette River, this park sported a skating rink, dance pavilion, fortune tellers, a roller coaster, and shooting galleries. People could hire motor boats for short cruises from the wharf at one end of the park and be back by nightfall, when the fireworks began. The crowds thronged to the park on cars that left Portland's center every five minutes. This was a very successful enterprise; during the first summer of its operation, it attracted 350,000 people. It continued to operate under the interurbans until 1943, when it was sold to a private party, Edward Bollinger.⁸³

Portland Railway, Light & Power Company

With the incorporation of Portland Railway, Light & Power Company (PRL&P) in 1906, the framework for Portland's transit industry changed radically. No longer would the city's transportation be controlled by local bankers, politicians, and

⁸²Ibid., 85-87; Throckmorton, "Interurbans."

⁸³Throckmorton, "Interurbans."

businessmen. Instead, control would rest primarily in the hands of eastern investors, and operation would be overseen by a professional manager. The ties between the city, the business district, and the transit companies would be weakened considerably. The nature of the previous relationship, while antagonistic in a number of ways, had nevertheless been accommodating enough to allow for the large-scale expansion of the industry, with the city's politicians and businessmen as frequent partners. Now the industry would grow without this partnership, and, ultimately, the accommodation that had existed before would be almost entirely eclipsed by increasing antagonism.

PRL&P was incorporated on June 29, 1906, with an original capitalization of \$15 million. The primary purpose for this company's incorporation was to serve as a holding company for the takeover of PGE. From the outset, the plan was to sell the majority stock of this holding company to easterners E.W. Clark and J.W. Seligman, who at the time considered the electric company less attractive than -- but necessary to -- the railway properties they already owned.⁸⁴

The sale of the company to the Clarks and Seligmans was agreed to immediately, and a new board of directors was elected. Through the board, Portlanders retained some element of control, even though easterners held the majority of the controlling stock.

PGE president Henry W. Goode was elected as president of PRL&P, but he died in April of 1907; he was succeeded in the position by C.M. Clark of Philadelphia, who held the position until July 6, when Benage S. Josselyn from Maryland took over as president. Josselyn, who had been a director of the company since June 29, had been vice president and general manager of the Baltimore Electric Power Company and

⁸⁴Robley, "Portland General Electric Company," 87; Greisser, "PGE: History," 99.

the Maryland Telephone Company.⁸⁵ Josselyn would serve as PRL&P's president until June 30, 1913, when Franklin T. Griffith, who had been an attorney with PGE since 1894, succeeded him.

Unlike the men who had served as operating heads during the previous era, when transit companies were owned and managed by local entrepreneurs, both Josselyn and Griffith were representative of a new breed of professional managers. Cheape and Freeman note the same phenomenon in Philadelphia and New York. As early as 1898, for example, the Widener group had brought in professional manager John Parsons to oversee operations of Philadelphia's Union Traction Company. In 1907, with the reorganization of the Philadelphia Rapid Transit company, professional manager Thomas E. Mitten, who had already served a stint as manager of the Chicago City Railway, was brought in to take over day-to-day management.

In New York, August Belmont brought in Theodore Shonts in 1907 to head the IRT. Shonts, who had a twelve-year career, was succeeded by Frank Hedley and George Keegan, both of whom, notes Freeman, had long tenures that were typical in the industry. This trend toward professional management was part of the industry's transition from local entrepreneurialism to corporate monopoly and part of its attempt to introduce the rationality and efficiency that characterized business practices during this period.⁸⁶

⁸⁵Robley, "Portland General Electric Company," 87-91.

⁸⁶Cheape, *Moving the Masses*, 175, 206; Freeman, *In Transit*, 8.

Figure 16. Organization of PRL&P as of January 1907.

Subsidiary Companies. By January 1907, Portland's interurban lines, street railway lines, and light and power company were all subsidiaries of the PRL&P holding company, although they would remain separate divisions until the spring of 1908. While the street railways were to be PRL&P's largest and most important property for several decades to come, as a holding company, PRL&P extended its arm of investment into many local enterprises, most of which were connected with light and power or real estate.

The story of the takeover of one company, the Portland Water Power and Electric Transmission Company, represents the pattern of subsidiary acquisition practiced by PRL&P over the decades.⁸⁷ Portland Water Power had been incorporated

⁸⁷The facts of these companies' incorporation and takeover by PRL&P are all recounted in Robley, "Portland Electric Power Company" and Roy Reese Robley, Original Notes for "Portland Electric Power Company," Box 219-I, Portland General Electric Library, Portland.

on December 2, 1908, by W.H. Hurlburt, A.B. Crosuran, and R.L. Durham. Hurlburt, who at the time was manager of the interurban lines for PRL&P, was elected president of Portland Water Power's board of directors. He owned 9990 shares in the company; Crosuran and Durham owned five each. On December 8, 1909, the three members of the original board resigned and were replaced by PRL&P's Benage S. Josselyn as president, Franklin T. Griffith as vice president, and C.N. Huggins (secretary of PRL&P) as the subsidiary's secretary. By June 28, 1912, the stockholders were as follows: Josselyn, one share; Griffith, one share; Huggins, one share; and PRL&P, 9997 shares. On July 14, 1912, the board resolved that PRL&P was the sole owner of all the shares. On April 27, 1928, a vote by the board of directors formally dissolved the company, and all of its properties passed to PRL&P's successor, PEPCO.

This pattern, whereby someone connected somehow or other with PRL&P bought majority stock in a subsidiary, served as president for a short time, then resigned in order to be replaced by an executive from PRL&P, which shortly thereafter bought up the majority stock until a later date, when the company was dissolved and all its properties passed over to PRL&P or its successor, was practiced again and again. By 1913 PRL&P was sole owner, majority owner, or had significant control of more than twenty subsidiary companies.

Summary

This was a time, during the turn of the century, when it was widely believed that the best form of regulation was competition. Thus, in the absence of articulated direction by the city, transit policy was left to emerge from competition within the private industry, which, developing in a manner natural to the times, entered a period of rapid consolidation.

The primary motive for the mergers was system unification in order to achieve economies of scale through territorial domination and, increasingly, for the efficient implementation of new technologies such as cable and, then, electricity.

The large-scale consolidations resulted in an industry no longer dominated by scores of competing companies. Instead, powerful monopolies emerged, controlling a city's entire transit system. The regulatory mechanism of competition had been effectively eliminated.

In the Portland case, the City & Suburban, which consolidated four separate operating companies in 1891, was organized by local men well connected to the city's business-politics-real estate machine. But in Portland, as elsewhere, the extent of the consolidations, along with the exigencies of financing new, more expensive technologies, necessitated the development of new financing mechanisms.

These mechanisms included control by holding companies, as was the case with transit properties in Massachusetts, and affiliation with or control by electric power companies. There were a number of cases where transit companies were both a subsidiary of a holding company *and* affiliated with -- and to a large extent, controlled by -- an electric power company. Seattle's Puget Sound Traction, Light & Power Company and Portland's Portland Railway, Light & Power Company were examples of this latter arrangement. Both were financed and controlled by foreign investment firms -- in the Portland case, E.W. Clark & Company of Philadelphia.

There was also the special case -- exhibited in larger cities -- where transportation demands had reached such a state of emergency that rapid transit was the only apparent response to heavy surface-street congestion and the need to transport hundreds of thousands of people. In such cases, rapid transit systems, usually operated by powerful consolidated companies, frequently received some form of financial assistance from the municipality. But such municipal involvement was clearly in

response to a crisis in local transportation, and conditions in Portland and most other west coast cities had not yet reached such a state of emergency.

Overcapitalization characterized most of these consolidated companies, as they acquired a heavy debt to finance their territorial expansion and electrification. Early receiverships left companies such as the Portland Consolidated Street Railway Company, incorporated in 1892, in the hands of eastern bondholders, who helped orchestrate the sale of the local consolidated properties to major east coast investors. The upcoming Lewis & Clark Exposition of 1905 ensured that the Portland properties would be especially attractive to future buyers.

By 1908 the consolidated PRL&P Company in Portland, which had already acquired Portland General Electric Company, also owned and operated the Eastside Interurbans, by then known as the Oregon Water Power & Railway Company. Electric interurban companies throughout the country were heavily capitalized and often unable to achieve operating revenues sufficient to meet their bonded debt. The reliance in the interurban industry on off-peak ridership was particularly strong, making that industry extremely vulnerable to shifts in off-peak traffic.

The interurbans, while never as financially successful as investors had initially hoped, were nevertheless an important factor in promoting suburbanization and, with it, the economic reach of the central city. Interurban companies also contributed to regional prosperity and the democratic pursuit of leisure by building lucrative parks, such as The Oaks near Portland, along their tracks in an attempt to promote off-peak travel.

The powerful transit and electric power holding companies such as PRL&P extended their reach into many local enterprises in an effort to control the region's power production and any real estate necessary therefor. Part of the new corporate philosophy also meant a rationalization of the organization that involved bringing in

professional managers, such as PRL&P's Franklin T. Griffith, and implementing various production-efficiency systems in company shops.

But with the elimination of competition as a major regulatory mechanism, the growth of the megalithic transit monopolies appeared to know no bounds. The stage was set for a more active role by both the city and state in the regulation of the companies -- and hence in transit policy in general -- as a response to popular demands for reform, rationality, restriction, and retaliation.

TAMING A MONOPOLY: THE PROGRESSIVE RESPONSE

The consolidated monopolies that arose during the decade surrounding the turn of the century became easy targets for Progressive reformers. The transit industry had been the subject of much criticism for a number of years, but as Foster, Jones, Cheape, and Bottles note, the criticism had revolved around service issues such as discourteous motormen, frequent accidents and infrequent service, crowding, cars that were too cold or too warm, and so on. These were valid complaints, but, as Jones explains, with the great consolidations, inadequacies in service came to be interpreted as

exploitative profiteering and callous abuse of monopoly power. The failure to provide service that would meet a high standard of public comfort and convenience was interpreted as exploitation rather than evidence of limited earning power.⁸⁸

Much of the problem can be attributed to the overcapitalization of the industry resulting from its overeager expansion. "Saddled with a high debt load from overexpansion," remarks Bottles, "the carriers found that they could not provide the kind of service demanded of them by the local denizens." Indeed, according to

⁸⁸Bottles, *Los Angeles*, 23; Cheape, *Moving the Masses*, 187; Foster, *Streetcar to Superhighway*, 18-19; Jones, *Urban Transit Policy*, 34.

Barrett, the average street railway in 1906 carried about \$115,000 of securities per mile of operating track; and, according to Bottles, by 1910 the overall debt figure for most companies ran at about 50 percent of their total assets.⁸⁹

Adding to the public relations problem was the trend, in cities such as Portland and Seattle, toward absentee ownership. But even in cities where financial control remained locally based, such as Massachusetts, Chicago, and Los Angeles, the overall impression of powerful trusts, unscrupulous syndicates, elaborate pyramid financing schemes, and giant, untouchable corporations led to a call for reform that fit perfectly into the Progressives' agenda. Although Bottles casts the Progressive reformers as a fragmented lot, who did not possess a "uniform set of values and interests," he notes that there was one subject about which there seemed to be universal agreement: the corrupt power of the corporate monopoly had to be checked.⁹⁰

Municipal Reform

Indirect Measures. Transit reform at the municipal level was manifested in two different ways: indirectly and directly. "Indirect" reform measures generally enlarged the principle of home rule by ostensibly giving the electorate more control over transit policy. In practice, the effect of these measures was not as significant as the principle. Their primary purpose lay perhaps in appeasing a public that felt powerless toward the transit monopolies.

There were three types of measure that were most common in this regard. One was the home rule amendment itself, which required that all new franchises -- and in

⁸⁹Bottles, *Los Angeles*, 27, 40; Barrett, *The Automobile*, 19. Mason, *Street Railways in Massachusetts*, 27, places the figure somewhat lower -- at about 40 percent -- but his data covers only about 80 percent of the trackage in the country.

⁹⁰Bottles, *Los Angeles*, 24.

some cases, all new franchise amendments -- be subject to voter approval. Seattleites passed such an amendment in 1906, the same year they elected Democrat and municipal-ownership advocate William Hickman Moore as mayor.⁹¹ In Portland, this amendment was passed in 1909.

A second type of measure falling into the “indirect” category was that authorizing the municipality to take over ownership and operation of the street railways, again, pending majority approval by the electorate. In Chicago, the Mueller Law, which was passed at the state level in 1902, permitted a municipality to buy street railways if the voters so approved at a special election. Then, to operate the system the city would need a two-thirds majority vote on a separate measure.⁹² Portland passed a similar measure in 1902, as well.

By far the most common measure passed by voters in the spirit of regulating transit during the Progressive era called for a shortening of the term of any new franchises. As noted earlier, most streetcar franchises were in the twenty-five- to thirty-year range, although some were longer, even up to the “perpetual” terms of 999 years. The one outstanding exception to this was Massachusetts, where companies received an indefinite-term charter from the state and an indefinite-term permit to operate from the city. Cheape notes that it was this tradition of the indefinite contract that gave “teeth” to Massachusetts’s regulatory policy. On the other hand, however, it does not appear that the right of the state or municipality to terminate peremptorily a company’s contract was frequently -- if ever -- exercised.⁹³

⁹¹Berner, *Seattle*, 113.

⁹²Barrett, *The Automobile*, 31. A city’s purchase of a street railway was to be done with special certificates and could not become part of the city’s debt.

⁹³Cheape, *Moving the Masses*, 108; Mason, *Street Railway in Massachusetts*, 134.

The reduction of the term was the one voter-approved measure that had the most potential of intimidating the companies. As noted earlier, the longer terms were the most desirable to street railway promoters because it was only over the long term that capitalization could reasonably be expected to be amortized. Thus, investors would be less attracted to a proposition involving a short-term franchise and a lesser likelihood that they would realize a profit on their investment. Voters, however, did not see the situation from the eyes of the investors; instead, they worried about the sort of stranglehold a company could have on a city if it were permitted to control the local transit system for decades into the future.

As early as the turn of the century, voters were protesting the long-term franchises. Charles Tyson Yerkes had tried to wrest a fifty-year franchise from the Chicago city council in 1899 and was so disappointed with the city's refusal to grant him the long-term franchise that he left the country. In Seattle, the city council was ready in 1900 to grant the Stone & Webster-backed Seattle Electric Company a forty-year franchise until a citizen's Committee of 100 protested so vehemently that the term was reduced to thirty-five years.⁹⁴ Just two years later, Chicago's Mueller Law of 1902 would include a twenty-year limit on all new franchises.

New York's 1906 Elsberg Law limited franchises for subway extensions to twenty-five years and franchises for all new subways to twenty years. That same year, voters in Los Angeles passed a measure limiting franchises to twenty-one years.

⁹⁴The citizens also were able to get the city council to require the company to institute a 25-percent reduction in ticket purchases in lots of one hundred or more, to issue free transfers, and to pay a minimum wage to employees. Berner, *Seattle*, 42.

Portland's action in this regard came a little later -- 1909 -- when the electorate passed a new charter limiting franchises to a term of twenty-five years.⁹⁵

Direct Measures. The other classification of reform during this period -- the more "direct" measures -- involved increasing the number and extent of the tangible and immediate requirements expected of the company. As Jones explains, there were frequent opportunities to revise or renegotiate franchises, so that "by 1910, many of the relatively permissive franchises granted in the 1890s had been thoroughly revised by incremental concessions."⁹⁶

The 1907 ordinances passed in Chicago are in some respects the most comprehensive of the increased restrictions enacted during this period. As Barrett explains, prior to 1907 Chicago had the power to grant street railways franchises, but it could not effectively regulate the companies in terms of specific service requirements. The 1907 settlement required the companies to institute a degree of through-routing, to issue free transfers within the central business district, to institute night service, and to complete six miles of extensions per year. The old franchise requirements of paving and street cleaning continued, as well. In return, the company was guaranteed a 5-percent profit; if a company could not meet its 5-percent profit in a given year, then it would be allowed to deduct from the gross in subsequent years. Finally, after this 5-percent profit, taxes, and all operating expenses, the company would pay 55 percent of its net to the city.⁹⁷

⁹⁵Barrett, *The Automobile*, 31; Cheape, *Moving the Masses*, 97; Bottles, *Los Angeles*, 34.

⁹⁶Jones, *Urban Transit Policy*, 35.

⁹⁷Barrett, *The Automobile*, 41-42. That these provisions were based on the assumption that mass transit could and should make a substantial profit was the self-defeating element of the 1907 ordinances. This same assumption would characterize the Portland franchise negotiations in 1932-36.

Similar provisions were inserted into Philadelphia's franchise ordinances between 1902 and 1906. Cheape casts the Philadelphia response more in terms of company concession to public pressure for improved service than in terms of the regulatory backlash of Progressive reform. He does, however, clearly acknowledge the fact that consumers' complaints were reinforced by the reform movement. The Philadelphia company agreed to add more cars and overhaul old ones. It complied with routing ordinances and began operating night service, which, Barrett notes, "did not pay," and it even instituted a special rate of six tickets for a quarter to replace the old five-cent fare.⁹⁸

In a number of cities, Progressive reform also involved at least some lobbying for municipal ownership of transit, and in fact, in some instances it was in part the threat of municipal ownership that led the companies to accept the new restrictions imposed upon them. In Chicago, the new 1906 mayor, Edward Dunne, and his allies "were firmly committed to immediate municipal ownership of mass transit." In the end, regulation won out over municipal ownership, in part because of the stigma of "socialism" attached to the idea and in part because the voters primarily just wanted the most immediate solution to their transit concerns.⁹⁹

There was a very strong advocacy of municipal ownership in Seattle, engendered to a large extent by the public's disgust with the Stone & Webster syndicate. Seattle began municipal lighting in 1902. Then, in 1911, it began construction of a short municipal line called "Division A," which was completed in 1914, along with another short line, "Division C."¹⁰⁰

⁹⁸Ibid., 190-193.

⁹⁹Barrett, *The Automobile*, 23.

¹⁰⁰Berner, *Seattle*, 45, 176. The 1911 city line came as a result of the voters' approving an \$800,000 bond issue to purchase the failing Seattle, Renton & Southern

The Progressive Response in Portland

The Progressive response in Portland was more moderate; the new requirements imposed on the company came relatively late and were in general less stringent than in some other cities; in addition, there was virtually no talk of municipal ownership of transit during this early wave of reform. There are several probable explanations for this. One is that Portland's transit system was not yet perceived by Portlanders to be as overwhelmingly unsatisfactory as were the transit systems in the larger, more congested cities, where transportation and mobility in general were severely strained. Certainly, Portlanders had their complaints, but, again, they did not yet perceive the situation to be at the level of a crisis or an emergency. This lack of a sense of urgency is reflected in Portlanders' negligence in implementing the city plans suggested by Olmsted and Bennett during this same period.

Another explanation is that, although Portland's transit system had come under the control of an eastern syndicate, its management and day-to-day operations were still overseen to a large degree by local men who had been part of the city's transit industry for years. Most of the local members of the board of directors -- J.C. Ainsworth, E.B. MacNaughton, C.F. Swigert -- were considered pillars of the community. Manager B.S. Josselyn, brought in from Baltimore, fit in perfectly, joining the Arlington and Waverly Golf clubs. And his successor, Franklin Griffith -- although another "professional manager" -- was very much a member of the local business community, well respected and trusted by many Portlanders.

Railway. When that company raised its selling price, the city decided to use the money to construct this short loop line instead. In 1919, Seattle would municipalize its entire system.

There are other likely explanations, as well. For one thing, Portlanders were not inclined to the restriction of private enterprise. They were similar to Philadelphians in this respect, but, again, unlike Philadelphia, the transit situation was not yet at such a stage of crisis that an ideological adjustment was necessary. Another explanation is actually similar to what Barrett reports to have been the case in Chicago before 1907. He characterizes that city council as lacking a clear focus or cohesion on controversial issues, even though most members had been elected with the endorsement and aid of reformers.¹⁰¹ A very similar situation seems to have prevailed in Portland during this early reform period -- and, in fact, for much of the period of private ownership. Finally, at least one restriction added in other cities during the Progressive period had existed in the Portland franchises from the beginning. This was the requirement, which it appears the Portland companies did honor, that they “extend their lines of railway to the limits as extended as fast as the grading of the streets shall proceed.”

Reform and the City Charter. Progressive reform through amendment or overhaul of the city charter occurred in Portland between 1902 and 1913. An overview of some of the new provisions -- particularly those relating to street railways -- gives a sense of Portlanders' response to the call for reform during this first decade or so of the twentieth century.

The 1902 city charter that was put into effect on January 23, 1903, contained several provisions that indicate the influence of early Progressive reform. One was an amendment authorizing the city to own and operate a municipal lighting plant. Unlike Seattle, however, the Portland electorate never activated this provision. In fact, this charter provided for the purchase of any public utility by the municipality -- including

¹⁰¹Barrett, *The Automobile*, 20-22.

transit -- and the issuance of utility bonds for the support thereof, upon a two-thirds popular vote.

The 1902 charter also expanded the city's home rule regulatory powers vis-à-vis the utilities, which, conflicted to a large extent with a state law that would be enacted in 1907. Section 96 of the Portland city charter contains provisions regarding the city's involvement with utility rates:

Before any grant of any franchise . . . shall be made, the proposed specific grant shall be embodied in the form of an ordinance, with all the terms and conditions, *including all provisions as to rates, fares, and charges*, if any, which proposed ordinance shall be published in full at the expense of the applicant for the franchise.¹⁰²

The city would later maintain that with this particular section, the city was empowered to grant a franchise through an ordinance, and with that to bestow certain rights, privileges, fares, rates, and charges. The state, on the other hand, maintained that this section merely provided for the publication of the ordinance; this position was upheld by the Oregon Supreme Court.¹⁰³

Section 112 of the 1902 charter was even more specific, providing "that the Council reserves the right to thereafter [upon the granting of a franchise to a utility] from time to time change, alter, regulate and fix fares . . ." ¹⁰⁴ As with Section 97, however, the Supreme Court would maintain that this provision did not specifically

¹⁰²Section 97, Portland City Charter, 1902. Italics added.

¹⁰³*City of Portland, a Municipal Corporation, Appellant, v. Public Service Commission of Oregon, Formerly the Railroad Commission of Oregon, and the Portland Railway, Light & Power Company, a Corporation, Respondents, in the Supreme Court of the State of Oregon*, March Term 1918.

¹⁰⁴Section 112, Portland City Charter, 1902.

give the municipality the patent right to regulate the utility's fares, to the exclusion of the jurisdiction of the state.¹⁰⁵

As of 1903, Portlanders had the powers of initiative and referendum as granted by the state legislature and signed by the governor on February 24. In 1907, when Portlanders reelected reformist Harry Lane as their mayor, the new city charter formalized the initiative and referendum process at the municipal level, whereby citizens could initiate any ordinance or amendment through a petition that would subject the measure to a popular vote; they could also petition the city council to submit to them for their approval any ordinance or amendment passed by the council.¹⁰⁶

In 1909 Portlanders enacted several measures of "indirect regulation," as described above, although, notably, somewhat later than many other cities. The 1909 charter required that all new franchises be subject to a popular vote, although the council would still be able to pass a franchise without a popular vote if it attached an emergency clause to the ordinance. This charter also restricted new franchises to a twenty-five-year term limit and required public utilities to submit quarterly reports to the city auditor.

In 1913 a major change in the city charter brought about the commission form of government, which provided for five commissioners, one of whom was the mayor, who no longer had any veto power. A three-fifths vote was required to pass any ordinance, except one amending the charter, which would require a unanimous vote.

¹⁰⁵*City of Portland v. Public Service Corporation*, 1918.

¹⁰⁶Lane was reelected by a very slim margin, and would have lost altogether if the middle and upper class west Portlanders had not been outvoted by the eastsiders, MacColl, *Shaping of a City*, 345.

In addition, the ward system was abolished, and municipal elections were thereafter held on a citywide basis.¹⁰⁷

Section 156 of the 1913 charter spelled out some of the city's powers with regard to regulation of utilities, authorizing the city to conduct investigations of the company, order service changes, make valuations, and determine fares:

The Council shall have the power to investigate from time to time . . . the affairs, business, and property of any public utility within the City. . . . They shall have the power to control, regulate and order such changes, improvements, extensions, additional facilities, appliances, or equipment . . . as may be deemed necessary . . . Every charge, rate, fare or compensation made, charged or demanded by any person or corporation engaged in the operation of a public utility within the City of Portland for any service rendered or to be rendered shall be just, fair and reasonable. The Council shall have the power to hear and determine what are just, fair and reasonable rates, fares and charges and to fix and limit such rates, fares and charges and for that purpose may make valuations of the property of any person or corporation engaged in the operation of a public utility within the City.¹⁰⁸

Over the period 1902 to 1913, the provisions in the city charter did become increasingly restrictive, giving both the voters and the council more potential authority over the utilities. However, it is important to remember that much of this authority was never actually activated. When it was, it either had no practical effect -- as in the case of the submission of quarterly reports to the city auditor -- or it caused a great deal of controversy and confusion -- as, for example, when it came to deciding which level of government had the final jurisdiction over the company's fares.

PRL&P's Franchises. The restrictions in the city's revisions of the company's franchises can be said to have had a more significant and long-term effect than the

¹⁰⁷Seattle's ward system had been abolished in 1910. See Berner, *Seattle*, 191.

¹⁰⁸Section 156, Portland City Charter, 1913.

amendments to the charter discussed above, even though, as noted, these restrictions were not as severe as elsewhere.

PRL&P inherited the first Portland Railway Company's franchise, which was passed by the council on November 24, 1902. Like earlier franchises, this one defined the company's routes; but because Portland Railway had consolidated the lines of the predecessor companies, all of those companies' franchises were repealed and the routes covered were all listed at length in this franchise.¹⁰⁹

Like previous franchises, Portland Railway's 1902 franchise limited the time and length a street could be obstructed while tracks were being laid or maintained, provided for punishment of employees who engaged in indecent or opprobrious behavior, and required paving by the company between the tracks and for one foot on each side of the tracks.

The franchise now specifically prohibited the use of steam as a motive power within the city of Portland. It set the headway at a minimum of every twenty minutes, with operation from 6:00 A.M. to 11:00 P.M. at a maximum speed of twelve miles per hour. It also allowed for other companies (particularly, at the time, the City & Suburban) to use the grantee's tracks as long as those companies paid compensation to the grantee. This movement away from the "exclusive" franchise was also apparent in Seattle's 1905 franchise to the Seattle Electric Company for a route along Westlake Avenue. The company had asked for an exclusive franchise, but after protest by the Municipal Ownership League, the provision of exclusivity was deleted.¹¹⁰

¹⁰⁹Portland City Ordinance No. 13089. Because of the extensiveness of the routes enumerated, Mayor Lane in 1908 would look back on this franchise as a "blanket franchise" that had been forced upon the council.

¹¹⁰Berner, *Seattle*, 111.

Most of the provisions of the franchise were directed toward obligations to the city, such as the street paving, or restrictions on the company. In spirit of the incipient reform movement sweeping the country, these obligations and restrictions were considerably increased over those in earlier Portland franchises. In addition to paving, the company was required to pay one fourth of the cost of the construction and maintenance of any bridge or elevated roadway over which it ran.¹¹¹ The company also had to transfer to the city certain streets of which it claimed ownership.

The company was also required to open up its books for a city audit once every five years (the 1909 charter would require a quarterly report to be submitted to the city auditor). The fees to be paid by the company to the city were set up as follows: \$1,500 per year for the years 1903 to 1907; \$2,000 per year from 1908 to 1912; \$2,500 from 1913 to 1917; \$4,000 from 1918 to 1922; and \$5,000 per year from 1923 to 1927, the last year of the franchise.¹¹² No other license tax was to be applied. The fare was limited to five cents "and no more."

Finally, in line with the new city charter, the franchise provided for purchase of the railway property upon the expiration of its franchise, as long as the electorate approved the purchase by a two-thirds vote.

These were the provisions of the franchise that PRL&P inherited in 1906. By 1908, when the light and power division, the interurbans, and the street railways had all been completely absorbed by PRL&P, the company was ready to seek some major changes in its franchise. PRL&P wanted to increase the area of the city it could cover

¹¹¹The company had to pay the full cost of any superstructure erected on a bridge.

¹¹²Portland City Ordinance No. 13178 amended the term end from 1927 until 1932.

with its tracks, enlarging the boundaries allowed by the 1902 franchise, which was already considered a “blanket franchise.”

As the council began to consider the franchise request, Portland’s city government was suffering a lack of cohesion. MacColl notes that Progressive Democratic mayor Harry Lane, who had been reelected in 1907 by a slim margin, had already managed to alienate “most of the traditional business and political party leadership.” Most of the council members had been elected from Portland’s ten wards, while five had been elected at large. Of these council members, only one -- Dan Kellaher -- was a Democrat. This council, in short, did not sympathize with Lane’s general program of reform, particularly with regard to increasing restrictions on the city’s large corporations. In fact, since Lane’s election in 1905, nearly half of his vetoes had been overridden by the council.¹¹³

This, then, was the situation at city hall when PRL&P’s 1908 franchise request came up for consideration. Although the company could probably have counted on support from the council in general, there was still enough popular antagonism toward big business that PRL&P felt compelled to undertake its first major public relations campaign to convince people that it was a responsible and responsive company that needed and deserved public empathy and support. At the end of April 1908 the company began running half-page ads in *The Oregonian*, trying to win advocacy for its position. One of these ads, “Bulletin No. 2,” described the “rush-hour problem,” and concluded:

This bulletin is to convince you that we are endeavoring to give you good service, and to give you a broader understanding of our underlying difficulties, so that we will have your cooperation and encouragement.

¹¹³MacColl, *Shaping of a City*, 344; MacColl with Stein, *Merchants*, 383, 387.

If this sketch appeals to you, try not to kick if you don't get a seat in the evening or if some one casually walks over you. Think it out, and realize some of our difficulties.¹¹⁴

In its last bulletin on June 21, 1908, the company addressed the sticky issue of taxation.

We do not ask for unreasonable reductions, but do ask to be let alone until we "catch up," and want to impress you with this thought. The STREET CAR IS THE POOR MAN'S CARRIAGE . . . Tax the carriage too heavily and you impair its efficiency. . . . To any man who thinks accurately, it must be clear that an unfair tax burden impairs the company's ability to meet the various problems, such as the rush-hour difficulty. It is also clear that if you cripple the company's financial power, you seriously interfere with its ability to lead in the development of the city and its suburbs.¹¹⁵

Meanwhile, the company's few detractors at city hall were trying to find out how far they could go in restricting the company. The committee that had been appointed to investigate PRL&P's franchise request, headed by company enemy Dan Kellaheer, enlisted the city attorney's aid in determining the city's limitations. Kellaheer wanted to know if the city could revoke PRL&P's franchise if the company failed to construct certain portions of the lines being requested (answer: maybe) or if the company could be required to sprinkle the streets (answer: no).¹¹⁶

As the consideration of the new franchise proceeded, several points of contention among the council members emerged. Councilman Wallace wanted to see more restricted routes, with a fifteen-minute headway. Councilman Dunning,

¹¹⁴"Bulletin No. 2," *The Oregonian*, 2 May 1908.

¹¹⁵"Bulletin No. 6," *The Oregonian*, 21 June 1908.

¹¹⁶J.P. Kavanaugh, Letter to Dan Kellaheer, 18 July 1908, File 101/5, Box 19-04-13/2, Portland City Archives, Portland.

presenting the version of the ordinance as submitted by the company, wanted a more extensive routing and a twenty-minute headway.

Meanwhile, Mayor Harry Lane had already made it clear that he would not support any but the most restrictive measures regarding PRL&P. In December of 1908 he vetoed an ordinance that would have relieved PRL&P from the necessity of placing stone blocks between the rails on a certain portion of Belmont Street. In January 1909 he opposed PRL&P's bid to light the city, particularly its desire for a five-year contract (which Lane considered unduly long, preferring a three-year contract). He resented the city's being "entirely at the mercy of the Lighting Company" and having to pay "an exorbitant price."¹¹⁷

In the end, the ordinance that the council finally approved did add new restrictions, but, as will be evident, these were not as prohibitive as those added by some other cities during the same period.

The franchise contained the same general provisions as the 1902 franchise granted to Portland Railway with respect to paving between and to the sides of tracks, bridge construction and maintenance and so on. For the first time, however, a clause was inserted requiring the company to seek the council's permission before it abandoned any portion of a line; it was then required to remove the abandoned tracks and pave over that part of the street. Also for the first time, a provision was included that would allow the city to declare a forfeiture of the franchise if the company failed to comply with any of its provisions. Another new feature was specifically service related: the city required a minimum annual expenditure by the company (\$4,000) for the purpose of carrying out the work required by the franchise. An additional service-related provision required adequate heating and ventilation in all cars.

¹¹⁷Portland City Council Minutes, 23 December 1908.

There also was inserted for the first time a provision giving the council “the power and right at all times to reasonably regulate in the public interest the exercise of the rights and privileges granted by this franchise,” although the council was not able to insert a phrase that would have vested it with the power to regulate the company’s rates, since this was not provided for by either the state code or the city charter.

Despite these new restrictions, PRL&P did get the extensive routing that it had requested, although this came at a compromise: the company reluctantly agreed to a reduced headway of every fifteen minutes. The most remarkable provision in this franchise was that dealing with the fees to be paid by the company to the city. Unlike the annual fees in the franchise of 1902, which ranged from \$2,000 to \$5,000, the 1909 franchise required a mere \$500 per year from 1909 to 1913; then up to \$750 from 1914 to 1918; \$1,000 from 1919 to 1923; \$1,250 for 1924 to 1928; and then \$1,500 for 1929 to 1932, the last year of the franchise.

Why the council agreed to these minimal rates is not completely clear from the minutes, but it is likely that the members simply felt they had no choice. As city attorney J.P. Kavanaugh remarked, this franchise “affords the largest measure of regulation that the grantee will accept, and the urgency of the extension of the service [i.e., of the franchise] seems to be very great.” At the time, the low franchise fees appear to be price the city had to pay in exchange for imposing the new restrictions and service requirements on the company.¹¹⁸

While the council as a whole was willing to approve this franchise, along with its minimum rates and extensive routing, Mayor Harry Lane was not. When the ordinance, passed by the council, reached his desk for approval, he vetoed it. In the first place, Lane was opposed to the blanket aspect of the franchise, explaining that

¹¹⁸Ibid., 6 February 1909.

“the grants for the shorter stretches of streets should have been considered and treated separately and each one upon its own merits.”¹¹⁹ He also did not like the idea that the company could abandon any portion of its lines, even though it had to get the council’s approval. Instead, he would have preferred that the company have to forfeit all of its lines if it abandoned any one. In addition, he opposed the absence of a provision that would have allowed the city to lower the company’s fare below five cents.

Lane also felt that the minimum fee imposed upon the company was tantamount to a subsidy:

I do not remember of ever before having heard of a case where an incorporated municipality so far lost its self respect as to voluntarily consent to being assessed and taxed by a private corporation which was its own creature -- and I protest such action on the part of this City.

I confess that I am temperamentally so constituted that I am unable to see the justice of this provision and to me it seems that any City which would surrender its sovereign right to govern itself in the manner which is prescribed for this City to do in this instance is unfit to exist . . .¹²⁰

Despite the mayor’s veto, the council overrode him and approved the franchise granting PRL&P the right to operate a street railway system on the streets of Portland until December 31, 1932.¹²¹

In 1911, however, PRL&P applied for a new franchise. By the time this new franchise was granted on February 21, 1913, Portland was entering a much more focused period of reform. The new city charter providing for a commission form of government and abolishing election by wards was soon to be passed by the electorate, who would also vote in as mayor Democrat H.R. Albee, whose platform included municipal ownership of utilities.

¹¹⁹Ibid., 28 April 1909.

¹²⁰Ibid.

¹²¹Portland City Ordinance No. 19176.

This new franchise required that in addition to the annual fee, the company was to make an annual payment of \$200 per mile of track. It also required free transportation of all police officers wearing stars and of all fire department members in uniform.¹²² Then on July 22, 1914, another ordinance required the company to pay three cents per car, in each direction, for each crossing over the Broadway, Burnside, Morrison, Hawthorne, and upper deck of the Railroad (Steel) Bridge.¹²³ For that year, the total amount paid by the company for bridge fees alone was over \$45,000.¹²⁴

The two key restrictions missing in the revised Portland franchises, which made their way into the franchises of other cities, were service provisions requiring night service and discount tickets. These would eventually become part of the Portland franchises, and once they did, would have a markedly deleterious effect on the company's earnings. But had they been instituted during this early period, the result would have been even more devastating for the company. Night service, like service extensions into sparsely populated areas, would always prove unprofitable; the use of discount tickets would significantly lower the average fare paid -- by as much as 35 percent. As it was, however, the new franchise restrictions would have serious consequences for the transit industry in Portland. The effects of the new franchise restrictions will be discussed later, along with the effects of other reform measures implemented during the Progressive era.

Regulation by the State

Jones reports that the reforms at the municipal level, resulting in tighter regulation of the transit industry, "led the industry to embrace state regulation as an

¹²²Portland City Ordinance No. 25548.

¹²³Portland City Ordinance No. 29238.

¹²⁴PRL&P Annual Report, 1914.

alternative to repetitive renegotiation in the municipal political arena.” He goes on to note that by the end of the First World War the “most important properties had been placed under the regulatory control of state public utility or public service commissions,” which was, he says, “an arrangement that afforded more insulation from reforms.” Likewise, Berner explains that in 1904 Samuel Insull formed a Committee on Municipal Ownership within the National Electric Light Association (NELA); in 1906 the committee’s name was changed to the Committee on Public Policy. The primary purpose of these committees was, according to Berner, to convince NELA members that state regulation was preferable to local control and was the best way of opposing home rule.¹²⁵

Indeed, it was in Insull’s home state, Illinois, that the usurpation by the state of transit utility control was most complete. Here, Barrett notes, “companies were already seeking to escape city politics through the creation of state regulatory commissions” as early as 1905. A state regulatory commission was finally established in 1913. This state commission “removed all city control over the day-to-day operation of mass transit.” All service complaints, for instance, went directly to the state commission. In reaction to the state, the city created a Chicago Department of Public Service, partly, says Barrett, “to test the authority of the PUC [public utilities commission].” In 1918 the federal courts ruled that the full power of transit regulation did indeed rest with the PUC. The Illinois state commission would even come to set routes and fares for motor buses. It wasn’t until the companies went into receivership in 1927 that “even the PUC could not regulate them,” and instead, they came under the control of the federal court.¹²⁶

¹²⁵Jones, *Urban Transit Policy*, 36; Berner, *Seattle*, 43-44.

¹²⁶Barrett, *The Automobile*, 90, 190-191.

Although the industry may in most cases have preferred state control to municipal control, the extent to which the state actually came to supersede the municipality as the primary regulatory apparatus was not uniform from state to state. In light of the Portland situation, which will be discussed below, it seems reasonable to conclude that there was no single, dominant pattern of state utility commissions' usurping the regulatory power of municipalities and replacing it with their own weak, ineffective form of regulation.

State Regulation in Oregon. Until 1887 competition, general statutes, corporate charters, and franchise restrictions were the primary mechanisms of regulation in Oregon. As has been illustrated, there was a strong reliance on the element of competition in the transit industry in Portland, and the flurry of mergers that characterized the early period attests to the power of the competitive mechanism in controlling the industry. Additionally, the restrictions imposed by the earliest streetcar franchises limited the companies in ways that competition could not, particularly in setting a ceiling on the fare and requiring the fulfillment of various obligations to the city.

Beginning in the 1870s there was a general pressure to institute some sort of state regulatory apparatus in order to take the burden off the legislature for regulating the railroad companies through statute, as well as to provide a more structured safeguard against corruption on the part of the companies. The legislature finally responded to increasing pressure by passing the "Hoult Law" of 1885, which was entitled "An Act to Regulate the Transportation of Passengers and Freight by Railroad Corporations."

In *State of Oregon v. Rogers* (1892), Justice Robert S. Bean summarized the Hoult Law as “in effect a maximum rate law.”¹²⁷ This “maximum rate” concept is also found in the fare-ceiling provision in street railway franchises. The prevailing attitude at the time was that a rate cap must be applied to monopolies, but there was little if any allowance made for raising or lowering this cap if (a) the character of the industry changed from that of a monopoly to that of a more competitive entity or if (b) through changes in demand and operating costs, a company’s rate of return fell below an acceptable level.

The Hoult Law and related acts proved inadequate, and the campaign for a railroad commission began in earnest in 1887. That year the legislature passed an act creating a board of railroad commissioners, to consist of two members -- one from each political party -- who would be appointed by the governor for a four-year term.

Although the commission’s powers were enlarged in 1889, its jurisdiction remained limited in scope. Despite the perceived need for regulation, Oregonians were hesitant to overbureaucratize government or impose too much constraint on private enterprise. The limited powers and general ineffectiveness of the commission combined with a reactionary movement against government bureaucracy and regulation in general to make the commission unpopular. The depression of 1893 only made matters worse; investors in railroads lost millions of dollars, making further constraints on the railroad companies politically impossible. In 1898 the Oregon legislature abolished the railroad commission altogether.

¹²⁷Justice Bean held that while the purpose of the law was to regulate transportation by railway companies, “the power to fix freights and fares remained with the carrier. . . . subject only to the limitation that for passengers, the fare should not exceed four cents per mile . . .” See *State of Oregon v. Rogers*, 22 Or. 348, 30 P. 74 (1892).

During the Progressive era, when reformers at both the state and municipal level were reacting against the permissiveness of the previous years, there was renewed pressure for a regulatory apparatus at the state level. In his biennial message to the legislature in 1907, Governor Chamberlain declared:

No State has been so liberal as Oregon in its policy with respect to . . . railroad companies . . . The demands of the people for railway extension have been unheeded . . . [There is] a woeful lack of proper equipment . . . [Oregon is] far behind all other states in obtaining what it needs . . . in the way of better facilities for transportation and travel . . . persons and places are discriminated against . . . many rates are grievously unjust and unreasonable. . . . I earnestly recommend, therefore, the passage of a law creating a railroad commission.¹²⁸

The time was ripe for more restrictive regulation, and on February 18, 1907, the Railroad Commission Act was signed by into law. The 1907 act required all railroads to provide adequate service and to charge “reasonable and just” rates. It also allowed the commission to subpoena any books or records of the company and required the company to submit annual reports. In addition, it provided for the investigation of any utility upon a motion by the commission or any other complainant, as long as ten days’ notice was given to the company. It will be remembered than in just two years, Portlanders would give the municipality, as well, the authority to require quarterly reports of all utilities.¹²⁹

In 1911, the acting governor of Oregon, Jay Bowerman, called for a statute that would put other public utilities besides the railroads under commission control. That year the legislature referred a bill to the people creating the Public Utilities Act of 1911; this was defeated in 1911, but did pass in 1912. With this, the public service

¹²⁸Quoted in Ralph Hoeber, “Development of Public Utility Regulation in Oregon” (Ph.D. diss., University of Wisconsin, 1948), 132.

¹²⁹Chapter 53, Laws of Oregon, 1907.

commission was born, having the power and jurisdiction to supervise and regulate all public utilities as defined by the act.

This act gave the state jurisdiction over transportation companies operating street railways within a city with a population of fifty thousand or more. In addition to the provisions of the earlier act, this legislation also provided for valuation by the commission of all utilities under its jurisdiction, as well as the right to inspect a company's books and records. In fact, shortly after passage of the act, the public service commission initiated an investigation into PRL&P's valuation. Again, in 1913, the city would assume a similar authority to conduct valuations and would soon begin its own investigation into the company's valuation.

One significant change was that this act allowed the commission to make investigations of the utilities *with or without serving prior notice to the company*. This law also specifically prohibited any utility from raising its rates without first petitioning the commission and participating in a hearing.¹³⁰ In addition, there was a provision giving the commission the power to require a public utility "to extend its line, plant or system into, and to render service to, a locality not already served," although it also required that the utility first obtain a franchise from any municipalities that would be involved in the extension.¹³¹

It was Section 61, the so-called "home rule" provision, that would prove the most controversial. This section provided that

Every municipality shall have power to determine . . . the quality and character of each kind of product or service to be furnished . . . by any public utility . . . and all other terms and conditions not inconsistent with this act . . . and shall have power to require extensions and additions.

¹³⁰Chapter 279, Laws of Oregon, 1911.

¹³¹*Ibid.*, Section 61-302.

There are two particularly problematic aspects about this section that would be resolved through the courts and through the legislature over the next twenty-five years. One is that this section, as worded in 1911, does not allow for the municipality's regulation of the utilities' rates, although it does seem to imply regulation of all other aspects of operation. It also limits the municipality's powers to "terms and conditions not inconsistent with this act." That vague caveat would be a primary point around which legal battles would be fought in the future as the state and the city competed for jurisdiction over the utilities in general and transit in particular.

The public service commission would be replaced in 1931 by the public utilities commission, consisting of just one commissioner. The enabling act enlarged the duties and powers of the commissioner, but somewhat curbed his jurisdiction by giving municipalities even more control over the utilities. From 1931 on, the role of the state in the regulation of transit, particularly city transit (as opposed to interurbans) would be severely curtailed.

Thus, in Oregon the situation was quite different from what occurred in Illinois, for example. Here, while the state proceeded along with the rest of the country to authorize the creation of a railroad commission, then a public service commission, and then, finally, a public utilities commission, the strong home rule provisions in the state code precluded the state's usurping the regulatory power of the local governing body. The one regulatory aspect that would remain with the state for a while was the setting of fares. As has been shown, both the state code and the city charter remained ambiguous with respect to the regulation of rates and, in the presence of such ambiguity, it was assumed that the higher level of government had precedence. But eventually even the regulation of rates would belong to the municipality.

Although initially the Oregon state regulatory apparatus did appear to favor the transit company by granting its first two fare increase requests (later increases were

granted at the municipal level), it would rarely be seen by the industry itself as an ally. The state commission regularly denied the company's requests for line abandonments, insisting upon continued service that the company claimed was unprofitable. Many of the commissioners ran for office on specifically anti-utility platforms and came out quite vehemently against the company. Indeed, in light of the actions and attitudes of individual public utilities commissioners, the company would find itself in a much more advantageous position under municipal regulation than it would have been under the state.

Summary

The debt acquired by overcapitalization prevented companies from instituting service improvements; the inadequacies in service, such as overcrowding and long waits, came to be seen as the result of greed-motivated exploitation by the big transit companies, rather than the result of limited revenues and net profits or a lack of directed transit policy.

The service inadequacies were magnified by popular impressions of a transit industry controlled by large and powerful syndicates employing dishonest financing schemes. As a result, transit reform was placed high on the Progressive reformers' agenda during the period between 1900 and 1915.

Reform of the transit industry occurred at two levels: municipal and state. At the municipal level, reform consisted of "indirect" measures -- typically amendments to a city's charter -- that ostensibly enlarged home rule and gave the electorate more potential control over the fate of the city's transit system. Such measures included shortening the term of all future franchises -- in the Portland case, for example, from thirty to twenty-five years. Municipal reform also included "direct" measures, which

were specific amendments to franchise ordinances, typically requiring increased services and fees from the company.

In both areas of municipal reform -- indirect and direct -- Portland was both slightly slower and less stringent in its response than were many larger cities. The reasons for the nature of Portland's response include, primarily, the fact that the transit situation in Portland had by 1915 still not reached the state of crisis or emergency that in other cities precipitated earlier, more stringent reform. Portland's commitment to the principles of *laissez-faire* enterprise and its trust in the local transit company management also were factors in the city's slower, more moderate response. In addition, the city council lacked a cohesion and strong leadership that would have been necessary for promoting radical reform measures.

Nevertheless, by 1914 the transit company had conceded to a number of new, and ultimately extremely burdensome, restrictions. These included bridge maintenance, removal of tracks and paving of the area of removal, and an annual expenditure for improvements. In exchange, the company had originally bargained for unusually low franchise fees, but these were eventually raised. In addition, the company was required to provide free transportation for municipal employees and to pay heavy bridge-crossing tolls.

In many parts of the country, the increased restrictions at the municipal level led transit companies to lobby for state regulation as a substitute for city control that so often involved franchise renegotiation at increasingly harsher terms. By World War I, the locus of regulatory control for many properties had shifted from the municipal to the state level.

However, Oregonians were from the beginning hesitant to overbureaucratize state government or impose too many restrictions that would impede free enterprise. Indeed, the railroad commission that was created in 1887 was abolished by the state

legislature in 1898. It wasn't until 1907 that Oregon created another railroad commission. By 1912 a public service commission would be created, having jurisdiction over all utilities in the state, including transit.

However, the act creating this commission also included a strongly worded home rule provision that formally vested a good deal of the regulation of utilities with the municipalities. The only regulatory power not unambiguously vested with the municipality was the setting of rates. Even this matter would eventually be resolved, and by the 1930s the state regulatory commission effectively ceased to have any meaningful jurisdiction over Oregon's urban mass transit systems.

DECLINE SETS IN

During the period from the late 1800s through about 1915, the structural and organizational development of the transit industry, the lack of articulated transit policy by the city, and the restrictive regulation imposed by both the city and the state all worked together to fashion a sort of time bomb for the demise of mass transit. Despite consumer complaints regarding service, the industry in general was experiencing an increase in ridership and overall growth by nearly every indicator (miles operated, net profit, and so on). As Jones notes, the imminent decline, the roots of which lie in this early period, was unforeseen in the industry because there was still every reason to be optimistic. Despite the increased regulations, even the old five-cent fare was still proving profitable.¹³²

But the transit industry -- already burdened with a heavy debt load, increased service obligations, and a fare fixed at a nickel -- was in a very weak position should it have to respond to any increased demands by its various constituencies, adapt to

¹³²Jones, *Urban Transit Policy*, 36.

changing economic conditions, or challenge competition by rival technologies. Yet in the period between 1915 and 1924, the industry faced every single one of these unforeseen contingencies and, as will be shown, did not emerge victorious.

Crisis and Decline in Portland: 1912 to 1924

PRL&P began the second decade of the twentieth century on an optimistic note of expansion. In 1910 and 1911 it built nearly thirty-one miles of new track and reconstructed sixty-four miles of previously existing track. One hundred eight-five new passenger cars were acquired for the streetcar system, and fifty-four new freight cars for the interurban system. By 1912, the company had 644 passenger cars and 367 freight cars operating on 271 miles of track.¹³³

There were other improvements as well. The building and reconstruction of three car barns was finished by 1910,¹³⁴ and the company also acquired a large piece of land in southeast Portland, where it would eventually construct its Center Street barns (the location of the present Tri-Met offices and garages). In addition, a nine-story main office building was erected downtown on Southwest Alder Street. Also during this early period of expansion and growth, the company purchased the Mt. Hood Railway & Power Company, the Yamhill Electric Company, and the Willamette Valley Southern Railway. It also completed a new water power station at River Mill, a diversion dam at Big Sandy, and a power plant at Bull Run.¹³⁵

¹³³Portland Railway, Light & Power Company [PRL&P] Annual Reports, 1910 to 1915, Box 219-K, Portland General Electric Library, Portland.

¹³⁴Piedmont, Ankeny, and Twenty-third and Burnside. See Figure 6, p. 139.

¹³⁵For an overview of these improvements, see Arthur H. Halloran, "Portland Railway, Light & Power," *Journal of Electricity, Power and Gas* 30 (January 4, 1914): 16-21. Also, PRL&P Annual Reports.

Barely had the company begun to expand, however, than it began to face its first series of real crises. The depression that lasted in Portland from 1912 to 1915 slowed down improvements and expansion, only to leave the company even more vulnerable to the other difficulties it would encounter. Jitney competition, while short lived, had a significant effect on the company in terms of attracting thousands of its dollars of advertising and other public relations efforts to counteract the competition, motivating the company to undertake major changes in its system, as well.

The company also faced scrutiny from both the state and city, first as a result of valuation studies initiated almost as soon as each body was empowered to do so, and then as a result of the company's first fare-increase request in 1917. The antagonism that developed between the company and these regulatory bodies was certainly not ameliorated by the imposition of increased fees and taxes that resulted from the 1913 franchise revisions discussed previously. The entry of the United States into World War I at about the same time further affected the company's operating conditions. Also, in 1914, PRL&P faced its first serious competitor in the field of light and power production, as the Northwestern Electric Company opened for business in Portland. Finally, the company faced an increasing activism among its employees, who in 1917 joined a union and began asking for relatively large increases in wages.

Many of these difficulties might have seemed surmountable had not the company's debt load been increasing at an alarming rate. In 1910, PRL&P was carrying about \$107,000 in total debt per mile of operating track -- just slightly below the national average of \$115,000. Even then, however, its funded debt ran at 58 percent of its total assets, which was somewhat higher than the national average of 50 percent. But by 1912, the company's debt had increased by 29 percent to \$137,500 in total debt per operating mile, with its funded debt now equaling a startling 64 percent

of its total assets.¹³⁶ Mason gives figures showing that for the same year, the funded debt of all Massachusetts street railways equaled less than 40 percent of their total assets. As both Barrett and Bottles note, such a heavy debt figure significantly compromised a company's ability to meet current service requirements. In the Portland case, another serious problem resulting from this high overcapitalization was the inability of the company to set up adequate depreciation reserves.¹³⁷

Franklin T. Griffith. On June 30, 1913, Franklin T. Griffith was elected to succeed Benage S. Josselyn as president of PRL&P, after serving as vice president since April 7. Griffith, like Josselyn, represented the new breed of professional managers identified by Cheape. As noted earlier, their appearance in Portland was part of a general industrywide move away from the small, local entrepreneurial mentality and toward the order and efficiency that characterized the corporate philosophy.

Unlike Josselyn, however, Griffith was an Oregonian, who, although born in Minneapolis, Minnesota, had moved to Oregon City at the age of twenty, where he worked as a cashier for the Willamette Pulp and Paper Company while studying law. He was admitted to the Oregon bar in 1894 and began serving as city attorney for Oregon City. A year later he was appointed as division counsel for PGE; within five years, he was made assistant general counsel. Then, in 1909 Griffith moved to Portland from Oregon City and formed the law partnership of Griffith, Leiter & Allen,

¹³⁶PRL&P Annual Reports, 1911 through 1914. In 1910, PRL&P reported a total funded debt of \$26,749,000 against total assets of \$46,039,468, with about 251 miles of track on the entire system. For 1912, the company reported \$39,000,000 in funded debt, against \$61,271,580 in total assets, with about 284 miles of operating track.

¹³⁷Mason, *Street Railway in Massachusetts*, 27. See also Bottles, *Los Angeles*, 27, 40; Barrett, *The Automobile*, 19; and Smerk, *Urban Transportation: Federal Role*, 46. The figures cited by these authors are presumably for transit operations only, not, as in the Portland case, for consolidated transit and light and power operations.

which was taken on as the general law firm for PRL&P in 1913. That same year, Griffith was elected president of the company.¹³⁸

Griffith would serve as the company's president until 1940. He was a conservative businessman with a hands-on approach to management. It was this characteristic -- the hands-on approach -- along with the fact that he was a local man, committed and dedicated to Oregonians just as much as to the eastern controlling interests -- that made Griffith successful in maintaining leadership of the company through the difficulties not just of this period, but of those to come.

Compared to some of his successors, Griffith enjoyed an amicable relationship with the employees and with the city council and the state. More importantly, local politicians and businessmen seemed to trust Griffith, considering him a pillar of the community. In addition to the relationships Griffith cultivated with local Portlanders, another important factor contributing to his managerial success was the relative autonomy granted him by the Clarks and Seligmans, who evidently considered him perfectly capable of participating in and even leading the local decision-making process for the company.

The Company's First Valuation. The public service commission initiated a valuation study of PRL&P on June 6, 1913, barely six months after the commission had been created and granted the authority to conduct such valuations. Hearings began on January 25, 1915, and PRL&P entered them optimistic that the final valuation decision would not negatively affect investment in the company.¹³⁹

¹³⁸Robley, "Portland Electric Power Company," 155; *The Oregonian*, 7 September 1916.

¹³⁹PRL&P Annual Report, 1915, 8.

These hearings were held over the course of a year, during which PRL&P maintained the position that a favorable valuation was necessary in order for the company to continue to attract investment:

The eyes of the financial world are on the case and this decision will be taken as a declaration of the policy of Oregon toward such investments. Investment capital is a commodity for which there is the same competition as for wheat and lumber. This competition exists between communities and states. Capital is cowardly. It follows the line of best return and least adversity.¹⁴⁰

On April 30, 1917, over four years after it had begun the study, the public service commission issued its final finding of a valuation of \$55,613,475.¹⁴¹ The valuation was somewhat less than that asked for by the company of \$62 million.¹⁴² The conservative *Oregon Voter*, always a friend of the utilities, blamed the newly elected commissioners, Fred G. Buchtel and H.H. Corey, who, the *Voter* announced, had an “amazing eagerness to hit with the public by demagogic utterances indicating . . . uncompromising opposition to the railroads.”¹⁴³

The *Voter*, like PRL&P, was concerned that the lower valuation would have a negative impact on future investments:

This is a lamentable condition of affairs. Oregon already has a black eye with people who buy railroad and public utility securities. . . . How can securities for Oregon transportation and public utility development be marketed unless Oregon has a reputation for treating railroads and public utilities fairly? . . . Take the Portland Railway, Light & Power Company, for example. Most of the time in the last few years the company has

¹⁴⁰Franklin T. Griffith, quoted in “Portland Valuation Brief Filed,” *Electric Railway Journal* 46 (October 30, 1915), 922.

¹⁴¹PRL&P Annual Report, 1917, 9.

¹⁴²“\$62,000,000 Value Placed on Concern,” *The Oregonian*, 17 October 1915.

¹⁴³“Shame of Oregon: A Discussion of the Attitude of Two Public Service Commissioners,” *Oregon Voter* 9 (June 9, 1917), 8.

failed to earn all its interest on its bonded indebtedness, and has been compelled to borrow money at heavy discounts to pay this interest on bonds as it fell due. . . . To what extent has our public service commission contributed to this? By squeezing valuations down where same must be used as a basis for rate making . . . ¹⁴⁴

PRL&P's and the *Oregon Voter's* concerns that investment capital would shun the Portland company appear to have been warranted to a certain degree. In fact, in the period 1916 through 1918 -- the three years surrounding the final valuation decision -- total investment (notes, bonds, and stocks) in PRL&P had increased an average of only .01 percent per year. In the three years prior -- 1913 through 1915 -- investment had increased an average of 1.22 percent per year. The company would evidently recover its attractiveness, however, so it is unlikely that the low valuation had a lasting effect in that regard.¹⁴⁵

This was, however, the first time that PRL&P had been held up for close inspection. Future valuations would be even more vigilant; in fact, in 1937, the state commission would find that the accounts of the company "had been substantially inflated, . . . accomplished by merely a change of name, the formation of a new corporation to take over the assets of an old corporation, or the consolidation of two

¹⁴⁴Ibid., 8-9.

¹⁴⁵It will be remembered that the year 1912, before the valuation was initiated, had seen a 29-percent increase in investment in the form of funded debt. That year there was an increase in all investments -- notes, bonds, and stocks -- of over 41 percent. The year 1912 was atypical, however. In the period 1919-1923, the average percent increase in investment per year (notes, bonds, stocks) returned to a normal prevaluation figure of 1.16 percent, so apparently the company did recover from any negative effects suffered as a result of the undesirable valuation. All data is from PRL&P Annual Reports, 1914 through 1924.

corporations into one.”¹⁴⁶ The 1937 study concluded that the 1916 valuation had been inflated by \$15.3 million.

The company would face scrutiny from the city, as well. Less than a year after the state had completed its investigation, councilman Kellaheer persuaded the council to undertake its first major investigation of PRL&P’s books. From the tone of the council minutes, it appears that this inquiry was initiated in a spirit of retribution against the company, which had just requested and been granted a fare increase from the state.¹⁴⁷

Competition from the Jitney

In light of the company’s burdensome debt load and antagonistic relationship with both levels of government resulting from the increased restrictions and the valuation, PRL&P was in a somewhat disadvantageous position when it began to face its first serious competitor in the transportation field: the jitney.

The jitney -- a privately operated multiple-passenger automobile (or even small bus), typically running along a prespecified route -- began presenting significant competition to the transit industry in general just before the First World War.¹⁴⁸ The first jitney-type operations in Portland probably started around 1910, the same year that the city council passed an ordinance fixing fees for “automobiles for hire.”¹⁴⁹ Jitneys in general are typically assumed to have become a widespread phenomenon after the summer of 1914, when they began operating in Los Angeles and other west coast

¹⁴⁶Reports on Reclassification and Original Cost Studies of Electric Plant as of January 1, 1937, F.P.C. and P.U.C., Or., 19, quoted in Hoeber, “Development of Public Utility Regulation,” 263.

¹⁴⁷Portland City Council Minutes, 1 February 1918.

¹⁴⁸One account of the term “jitney” traces it to Japanese, Indian, and even Russian roots. Most agree that the term is slang for a nickel, the fare paid for a ride. See Isaac Don Levine, “The Jitney,” *Independent* 82 (May 31, 1915), 356.

¹⁴⁹Portland City Ordinance No. 20986.

cities. Indeed, they do not appear to have posed much of a threat to the Portland company until 1914, when an annual report noted that “the Company is now facing further losses in its railway department, owing to competition from jitney automobiles and motor ‘buses,’ which have increased rapidly in this part of the country.”¹⁵⁰

Carlos A. Schwantes explains that the rapid rise and popularity of the jitney in Portland and elsewhere in the west was due to high unemployment conditions that attracted jobless men (and women) to this newly available means of making a living. Especially after the depression that began in 1912, Portland’s unemployment rate soared, so that by 1914 the rate was 20 percent, compared with 16 percent in San Francisco, 13 percent in Seattle, and 11 percent in Los Angeles. Schwantes notes that the jitney was the result of a

widespread public desire for an alternative to the streetcar and opportunity as represented by the advent of inexpensive automobiles, . . . a large pool of unemployed workers, willing to drive them, and a general lack of legal restrictions to commercial operation of rubber-tired motor vehicles.¹⁵¹

It was this last feature that was the most unsettling to transit companies everywhere, which wanted to see restrictions placed on jitneys to prevent them from unfair competition with the street railway industry. In a number of cities, municipal governments would impose restrictions on the jitney that would effectively remove it as a competitive mode of transportation. Bottles considers the restrictions that were eventually imposed upon jitney operators to be the result of the general Progressive-era

¹⁵⁰PRL&P Annual Report, 1914.

¹⁵¹Carlos A. Schwantes, “The West Adapts the Automobile: Technology, Unemployment, and the Jitney Phenomenon of 1914-1917,” *Western Historical Quarterly* 15 (July 1985), 309, 313-314.

trend toward regulation. Others, such as Hilton and Due, see the regulation of the jitney as the result of concerted effort by the traction companies themselves.¹⁵²

Whatever the motivation for regulation, it is clear that many municipalities began responding to the jitney through increased restrictions, requiring bonds, per-car fees, and so on. In California, in particular, requirements were quite high: indemnity bonds ranging from \$5,000 to \$10,000, in addition to per-car fees ranging from \$25 to \$100.¹⁵³ Some, such as Bottles, attribute the demise of the jitney -- and the elimination thereby of a competitor for the transit industries -- primarily to the municipally imposed restrictions:

One of the more conservative aspects of progressivism was the belief that the government had to rationalize the economy by limiting competition. By essentially banning the jitney, American municipalities eliminated an important competitor to the traction companies.¹⁵⁴

Others, such as Mason, see the municipalities as *failing* to impose restrictions on the jitney operators that would have regulated them as a form of competition:

The attitude of the authorities toward motor competition . . . also affected adversely the operation of street railways. During the early period of jitney and motor bus competition the regulation of these agencies was entirely in the hands of the municipalities and the failure of the latter to insist upon financial responsibility and proper conditions of operation seriously reduced street railway revenues.¹⁵⁵

Again, as with municipal and state regulation of the transit companies, it is probable that the nature and extent of regulatory response to the jitneys varied from

¹⁵²Bottles, *Los Angeles*, 51; Hilton and Due, *Electric Interurban Railways*, 274, for example.

¹⁵³*Oregon Voter* 1 (June 5, 1915).

¹⁵⁴Bottles, *Los Angeles*, 51.

¹⁵⁵Mason, *Street Railway in Massachusetts*, 137.

case to case. In Portland the company did make a strong effort to combat the jitney, but, as will be shown, its success was limited.

One of PRL&P's first defensive actions was to make a statement to its employees, primarily to gain their support and to convince them that the jitney should be seen as an unprofitable, unattractive, and temporary conveyance. The statement emphasized that stories of huge earnings by jitney operators were highly exaggerated, claiming that the average was only twenty-three cents per hour.¹⁵⁶

The company also published a full-page advertisement in the *Evening Telegram*, entitled "Why Such Irresponsibility?" The ad was a montage of newspaper headlines about jitneys: "'Cops' See Danger in Jitney 'Crush,'" "Two Women in Jitney Car Are Badly Injured," "Jitney Auto Bus Runs Down Two Women on Foot," "Jitney Thugs Maul Two," and so on. The ad gained some notoriety, published as an example in the *Electric Railway Journal* and copied and run in papers in Portland, Maine.¹⁵⁷

In addition to the ad in the *Evening Telegram*, PRL&P also published one of its first in-house newsletters, which would eventually become a weekly called *Watt's Watt*. All four pages of this first issue were devoted entirely to the subject of the jitney, and fifty thousand copies were circulated among riders on the company's cars.¹⁵⁸

Adding to the rallying cry against the jitney was the *Oregon Voter*, which devoted nearly an entire issue to the subject of the jitney. One article notes that the

¹⁵⁶The full statement is quoted in "Traffic and Transportation," *Electric Railway Journal* 45 (February 20, 1915): 396-397. Some claims were made that jitney drivers could earn up to \$100 per day. A more likely scenario is that reported by Schwantes, "The West Adapts," 314, that a jitney driver could net \$6.75 for an eleven-hour day.

¹⁵⁷"Ammunition in 'Jitney' War," *Electric Railway Journal* 45 (March 28, 1915), 634.

¹⁵⁸F.W. Hild, "Effect of Publicity on the Jitney Movement in Portland," *Electric Railway Journal* 41 (September 1915), 560.

jitney allowed for anyone to have the opportunity to enjoy an open-air ride in an automobile -- this, it reports, may be its only redeeming quality. The issue goes on to relay anecdote after anecdote about jitneys' evils all over the country -- everything from being a "convenience for immoral women [who] find it easy to strike up an acquaintance in a crowded jitney" to being as crowded as "cattle cars." The general emphasis was on the role that the jitney was having around the country in robbing the traction companies of their revenues, making it impossible for them to keep up with maintenance or extensions.¹⁵⁹

Shortly after PRL&P first publicly expressed its concerns about jitney competition, the matter of jitney regulation came before the city council. The Chamber of Commerce endorsed the idea of regulating the jitneys, but the East Side Business Men's Club did not. That organization did not think that PRL&P was entitled to "a practical monopoly by 'divine right'":

Instead of RUSHING to the rescue of the Street Car Company, the public welfare demands an open field and no favors . . . We BEG that you do not REGULATE the jitneys and Auto Buses OUT OF BUSINESS . . . JUST TO PLEASE A STREET CAR MONOPOLY.¹⁶⁰

The council also had to consider many-signed petitions from the Employees Beneficial Association of PRL&P as well as from the Association of Mechanical Employees of PRL&P, both of which were signed a little over a week after the company had issued its antijitney statement to the employees. Other organizations writing the city council in support of a franchise regulating the jitneys included the

¹⁵⁹*Oregon Voter* 1 (May 22, 1915): 97-125.

¹⁶⁰L. M. Lepper, Letter to Portland City Council, 30 January 1915, File 137/2, Box 19-04-05/1, Portland City Archives, Portland.

Manufacturers' Association of Oregon, the Portland Commercial Club, the Oregon Electrical Contractors Association, and the Portland Transportation Club.¹⁶¹

In February of 1915, the city public utilities commissioner, William H. Daly, introduced for the first time an ordinance providing for the licensing of jitneys, requiring a \$200 annual fee. As Robert Johnston demonstrates, however, Daly had strong connections with labor and the Socialist party. In his powerful role as public utilities commissioner, he was thus in a position to revise the proposed ordinance to coincide with his own beliefs regarding the rights of the jitney operators.¹⁶² Thus, less than two weeks after the introduction of the original ordinance, Daly announced: "After mature thought I am convinced that such regulation at this time, with auto service in its infancy, might tend to discourage and work a material hardship on persons engaging in or contemplating entering this line of traffic." Instead of a license fee of \$200 per year, he suggested a fee of \$2 or \$3. He also retracted his earlier recommendation for indemnity insurance, specified routes, and a restriction on seating capacity.¹⁶³

Finally, on April 2, 1915, the politically troublesome ordinance was passed by city council, restricting jitneys to a fourteen-seat capacity and requiring a \$2 license fee. But a referendum was filed against the ordinance; the council repealed it,

¹⁶¹Portland City Council Minutes, 27 January; 2, 5, and 8 February 1915.

¹⁶²"It would be as reasonable to forbid or deny all small merchants the right to do business within the city because the department stores have already made adequate investment and provision to serve this public," Johnston quotes Daly as telling the *Oregon Labor Press*, "as it would be to deny the public the jitney service for the sole reason that it would compete with the established street railway system," Robert Douglas Johnston, "Middle-Class Political Ideology in a Corporate Society: The Persistence of Small-Propertied Radicalism in Portland, Oregon, 1883-1926" (Ph.D. diss., Rutgers-The State University of New Jersey, 1993), 195.

¹⁶³Portland City Council Minutes, 9 March 1915.

resolving instead to send another ordinance directly to the voters, which it did in June of 1915.

Conservatives such as the *Oregon Voter* were outraged. Portland's proposed \$2 licensing fee was shown to be the lowest in the country. Oklahoma City imposed fees ranging from \$50 to \$100 per year. In Boise, jitney operators had to pay an annual fee of up to \$150. As noted above, fees in California ranged from a low of \$25 in Long Beach to a high of \$100 in Venice and San Francisco. In addition, California operators had to pay an annual state license fee of \$12.50 per seat, plus an indemnity bond of up to \$10,000. In Washington, the annual indemnity bond required was \$2,500.¹⁶⁴

The \$2-fee ordinance was finally adopted by a majority of the Portland electors, but the jitney drivers' union appealed to the Supreme Court, which held that the manner in which the council had submitted the ordinance to the people was improper, since the council itself had not voted on the second ordinance. Legal battles continued, with the council passing yet another ordinance and the jitney drivers' union securing yet another injunction against the ordinance, until, finally, on January 18, 1916, a rather mild ordinance regulating jitneys went into effect.¹⁶⁵

This ordinance required jitney operators to pay a \$2 license fee to the city. It also empowered the city public utilities commissioner to approve all routes and schedules. As a result of the ordinance, PRL&P reported a 25-percent reduction in jitneys. By the end of 1916, however, the company complained that jitney competition was still a problem and that jitneys were able "through a series of acrobatic technicalities" to evade many of the ordinance's provisions.¹⁶⁶

¹⁶⁴*Oregon Voter* 1 (June 5, 1915).

¹⁶⁵PRL&P Annual Report, 1915.

¹⁶⁶*Ibid.*, 1916.

In 1917 the *Oregon Voter* ran an article that reported with disgust that Portland was one of a few U.S. cities not requiring bonding of their jitneys, calling Portland's handling of the jitney situation "idiotic, a humiliating confession of administrative incompetence." That June, four separate jitney ordinances were again before the voters -- all for one company, the Portland Trackless Car Company. The measures, granting three-year franchises to Portland Trackless, fixing fares at five cents, and specifying hours of service and routes, were all approved by the voters.¹⁶⁷

Although in 1918, PRL&P was able to announce that "there is no jitney competition in Portland," the diminution of the competition in Portland was not primarily the result of effective regulation, as Bottles reports to have been the case in Los Angeles. Instead, it is more likely that in Portland the jitney began to disappear as unemployment declined. Here, the popular revolt against the transit corporation was manifested, in part, by support of the competition -- the jitney. Bottles notes the same phenomenon in Los Angeles with regard not only to the jitney but to the increasing use of the private automobile. He sees the embracing of both the jitney and the private automobile as the result of Angelenos' frustration with the service provided by the transit industry.¹⁶⁸

As discussed above, in 1915 the adoption of the private automobile in Portland was not yet as widespread as it was in Los Angeles, but the acceptance of the jitney

¹⁶⁷"Jitney Bonding," *Oregon Voter* 9 (May 26, 1917), 9; 40-41. The four separate franchises each specified different routings. The *Oregon Voter* was pleased that Portlanders had finally imposed regulation on their jitneys, although the franchise terms were in fact relatively generous. Also in this June election, jitney advocate William Daly ran against George Baker for mayor. *The Oregonian* admonished voters to vote against Daly: "If the people elect Daly, we shall have a Socialist for mayor. He will jitneyize the city government." Daly lost by a very slim margin. Johnston, "Middle-Class Political Ideology," 204.

¹⁶⁸PRL&P Annual Report, 1918; Bottles, *Los Angeles*, 49.

appears to have been at least as common as in Los Angeles, and, quite likely, very much for the same reason: protest against the private transit company. The June 1917 measures granting relatively generous franchises to the Portland Trackless Car Company came just a few months before PRL&P requested its first fare increase. Once the fare increase was in place, Portland voters protested by approving a 1918 measure reducing the jitney bond from \$2,500 (the per-car bond required by the 1917 franchises) to \$1,000 and adopting a blanket bond device that allowed for any association operating ten or more jitneys to obtain a bond for \$10,000. The voters also voted down measures that would have increased restrictions on the jitney operations. As a result, the United Motor Bus Company was formed, filing a bond of \$10,000 to cover its one hundred jitneys.¹⁶⁹

Another explanation for the reluctance of the Portland electorate to regulate jitneys -- in addition to their protest against reduced service and increased fares by PRL&P -- is that this was a time, as will be discussed in the next chapter, when Oregon in general was entering a new phase of road building and auto accommodation. As opportunities to regulate the automobile would be presented, Portlanders would tend to position themselves on the side of minimal regulation. The attitudes of the Portland electorate in the period 1915 to 1918 were part of a general philosophy that considered as sacred the individual's right to unrestricted mobility.

Local 757: Labor Joins the Union

No sooner had the jitney threat diminished than the industry nationwide began to face its first serious demands by labor. Transit was a very labor-intensive industry, and thus labor was a crucial variable in the industry's profits. Freeman indicates that

¹⁶⁹PRL&P Annual Report, 1918. Also, "Traffic Problems Confront the Rose City," *Electric Railway Journal* 52 (August 24, 1918), 330-331.

nationally, for the period 1907 to 1937, wages accounted for about 48 percent of all operating expenses. In Portland, between 1915 and 1927 -- the period for which detailed operating costs are available -- wages accounted for an average of over 54 percent.¹⁷⁰

As a labor-intensive industry, explains Jones, the profitability of the street railways depended to a large extent on the tradition of low wages and extended hours.¹⁷¹ Freeman agrees:

Given the relative inelasticity of consumer demand and the legal and political constraints on the fare, profits were highly dependent on the cost of labor. Thus one of the central tasks of transit management was to hold down labor costs.

One way to do this was to reduce the size of the work force relative to the number of passengers carried. . . . Work force reductions, however, were only a secondary means of keeping down labor costs. The main technique was the extreme prolongation of the working week, compensated at subsistence or low wage levels, and worked under harsh conditions and strict discipline.¹⁷²

Despite the long hours, difficult working conditions, and low wages, up until 1917 PRL&P's management considered itself blessed by happy employee-management relations. Management even remarked in 1914 that the "relations of the company with its men continue most cordial" and noted that the employees had just been given a one-cent raise, while increasing the mileage driven.

But labor may not have had such an optimistic view of things. Many employees were working seven days a week, 365 days a year.¹⁷³ Men worked an average of ten

¹⁷⁰Freeman, *In Transit*, 10. Portland data from PRL&P Annual Reports, 1915 to 1927 and an untitled list of operating expenses, Orin B. Coldwell Papers, Box 219-20, Portland General Electric Library, Portland.

¹⁷¹Jones, *Urban Transit Policy*, 39.

¹⁷²Freeman, *In Transit*, 10-11.

¹⁷³Laurel Larson, interview by author, 18 August 1992, Portland.

hours per day.¹⁷⁴ Before the union, there was no regard for craft specialization; a man could be pulled away from any job and be asked to perform another, as long as he had the ability.¹⁷⁵ Some tasks were easier than others, but they all had their own degree of difficulty or tedium. Working in the barns at night meant working a graveyard shift, from 8:30 P.M. to 4:30 A.M. A single man might be responsible for cleaning up to fifty cars per night. Another might have to carry around a heavy container of sand from car to car, filling the sand boxes in the front of each, rigged so that the motorman could dispense sand on slippery tracks as he drove.¹⁷⁶

Motormen, who operated the cars, were responsible for stopping and starting when signaled, opening and closing the doors, and keeping an eye out for any obstruction or problem on the tracks. Usually the motorman was not in a closed vestibule and was not allowed to be seated. Conductors were responsible for collecting fares and making change, selling tickets and passes, issuing transfers, signaling the motorman when to start and stop, and making reports at the end of the shift regarding fares collected. He had the most contact with the public and was thus under a constant pressure to be courteous. Like the motorman, he was rarely allowed to be seated. On the one-man car, the motorman performed all of the duties of both the motorman and conductor.

By 1916 Portland shops were operating by what was called the "Taylor System," named after the planning and efficiency principles of Frederick W. Taylor. There was some resistance to the introduction of the system, as the workers feared a

¹⁷⁴Public Service Commission of Oregon, *City Lines Wages of Trainmen, 1914-1928, Miscellaneous U.F. Exhibits* ([Portland, Ore.]: Public Service Commission, 1928 [?]).

¹⁷⁵*Employees of PRL&P and PRL&P, Arbitration Proceedings*, February 14, 1924 to March 16, 1924, 445.

¹⁷⁶Larson.

more regimented work day that would require them to work even harder than they had in the past. Partly to dispel these rumors, the system was referred to as the “Planning System” instead of the less palatable “Efficiency System.”

Despite the less onerous label, the Planning System did in fact entail a strong degree of regimentation. Because “too much time was lost when they [the workers] were obliged to think about what they should do next,” duties of individual employees were spelled out in precise detail.¹⁷⁷ The position of “efficiency foreman” was created, providing for an employee who would make a very close study of other workers and what they did and record how long it took them, what tools they used, and so on. From the efficiency foreman’s notes, instruction cards were made out and standardized so that there was a standard set of instructions for each job and a time deadline within which each task was to be accomplished. A record was kept of each worker’s time for each task. Freeman notes a similar situation in New York, where “the companies had extensive rules governing every aspect of job performance and general behavior, and even minor infractions were stiffly punished.”¹⁷⁸

All employees, especially the motormen and conductors, were expected to adhere to a strict set of rules and to perform all tasks within specific guidelines. “Discipline throughout the industry was harsh and repressive,” remarks Freeman, “designed to instill subservience and fear.”¹⁷⁹ The men who worked the cars were particularly under pressure to keep to a rigid schedule; no extra time was allowed for anything, including the performance of necessary tasks at the end of a line.

¹⁷⁷F. P. Maize, “Planning and Efficiency System in Portland, Ore., Shops,” *Electric Railway Journal* 42 (March 18, 1916): 539-549.

¹⁷⁸Freeman, *In Transit*, 14.

¹⁷⁹Ibid.

You didn't have time for anything -- just going constantly. When you got down to the end you had to change ends. They had what they call a "cow catcher" in front; you had to change that back in front. And change controls -- change everything. But they didn't give you any time to do things. . . . You didn't do like they do today. If you didn't have your cap on straight, you were out.¹⁸⁰

Figure 17. Average wages for regular motormen in cities with three hundred to four hundred motormen.¹⁸¹

By January of 1917, PRL&P streetcar employees were making about twenty-nine cents an hour and working an average of ten hours per day. These wages and hours were at about the median point nationwide (see Figures 17 through 19).

Portland, like all cities, allowed its motormen and conductors free transportation to and from work. Other benefits allowed in some cities, but not in Portland, included a time

¹⁸⁰Larson.

¹⁸¹Department of Labor, Bureau of Labor Statistics, *Bulletin of the United States Bureau of Labor Statistics, No. 204: Wages and Hours of Labor, Series No. 23: Street Railway Employment in the United States* ([Washington, D.C.]: Government Printing Office, April 1917), 218.

allowance for making daily work reports and accident reports; meals or a cash allowance if employees were held at the barns awaiting work orders; free transportation when off duty; a guaranteed amount of work or wages for extras (part-time fill-in labor); overtime wages; and additional compensation for one-man operations.

Given the unpleasant working conditions -- especially the long hours and the insecure nature of the work that existed for part-time labor -- the employees of PRL&P might have welcomed a union. But PRL&P employed a couple of measures to help keep union membership and labor activism at bay, measures that Freeman reports were not uncommon in the industry.¹⁸²

Figure 18. Percent of weekly runs with hours of duty between ten and twelve hours for cities with a total number of lines between three hundred and four hundred.¹⁸³

¹⁸²Freeman, *In Transit*, 16.

¹⁸³Department of Labor, *Bulletin*, 1917, 112-115.

One such device was the dissemination of in-house publications, which served as a means for management to communicate to the workers at large whatever information it desired. Through these publications, Franklin Griffith and the division heads could address any issues of concern that might be facing the company. There were articles promoting safety campaigns and employee ownership of stock; issues devoted to controversial or problematic matters such as jitney competition or fare increases; and always an encouragement of employee social events. Many of the articles included the admonition to “tell your friends and family,” so that PRL&P’s message could be spread about the entire community.¹⁸⁴

The other tactic used by PRL&P to discourage union activism was sponsorship of a company beneficial organization. Freeman refers to company unions and corporate welfare plans as “an important management tactic,” which he notes was increasingly prevalent after World War I.¹⁸⁵ However, Portland’s Employees Beneficial Association, which began as the Brotherhood of Portland Railway, Light & Power Employees, was in place well before World War I. It existed primarily for the purpose of providing various benefits to the workers. Although 1907 is generally given as the date of the inception of the organization, in 1935, C.E. Wagner, then secretary of the association, reported that it had already been in operation for a number of years when he started with the company in 1901.¹⁸⁶

The association provided for the company to deduct 1.5 percent of the gross pay from each employee’s paycheck; in return, employees received half pay and medical coverage for any accidents that happened on the job. There was nothing allocated for accidents off the job or for sickness. Membership in the association was compulsory

¹⁸⁴All of these publications are discussed in Robley, Original Notes.

¹⁸⁵Freeman, *In Transit*, 20.

¹⁸⁶Robley, Original Notes.

until 1930, when group insurance became available. Prior to that time, in 1910, the association's accumulated fund was turned over to the employees themselves for management.¹⁸⁷

Figure 19. Percent of regular car crew who worked seven days a week in cities with three hundred and four hundred employees.¹⁸⁸

This association evolved into something of a representative body through which employees could make requests to management. The *Oregon Voter* reported that the organization was evidence that the workers

can deal successfully with a monopolistic employer through their own organization. . . . The car men . . . confer together, formulate their own policies without the aid of outside labor officials . . . Is not this method of advancing the employees' interest far superior to the usual labor

¹⁸⁷Ibid.

¹⁸⁸Department of Labor, *Bulletin*, 1917, 179-180.

organization method of inciting strife and discontent, and creating bitter feelings between employe and employer? . . . [T]he organization methods followed by its employes are far better than the old-fashioned plan of fighting, bulldozing, backbiting and striking.¹⁸⁹

It is because of attitudes like this expressed by the *Oregon Voter* that Freeman notes that historians have had a tendency to “dismiss [company-sponsored] unions as a crude management ploy.” But, he explains, these company-sponsored associations may well have served as “an important transitional phase between the preunion era and mature industrial relations.”¹⁹⁰

During the spring of 1917, while wartime labor was being pushed to its limits, union membership was spreading throughout the country like wildfire. As Jones notes, “World War I marked an abrupt change in the circumstances that had allowed and sustained the exploitation of labor.”¹⁹¹ The management of PRL&P could not hope to stave off unionization much longer. Finally, on October 15, 1917, PRL&P streetcar employees signed an agreement with Local 757 of the Street Railway Employees Union.¹⁹²

One of the first tasks of the newly formed union was to change the workday from ten to eight hours. This they achieved almost immediately. As for wages, in January of 1917 the platform men and other employees of the company had already requested an increase; effective May 1, the platform men had received an increase of

¹⁸⁹“Get Along Splendidly,” *Oregon Voter* 3 (May 12, 1917), 15.

¹⁹⁰Freeman, *In Transit*, 20.

¹⁹¹Jones, *Urban Transit Policy*, 39.

¹⁹²The electrical employees followed shortly thereafter, joining Local 125 of the Electrical Workers Union on October 27, Robley, “Portland Electric Power Company,” 163.

two cents per hour, and other carmen received an additional one cent per hour, effective July 1.¹⁹³

Transit labor in nearby Seattle had a much different experience. There, although the streetcarman's union had had almost 100-percent success in organizing by 1917, as well, the workers enjoyed a less "congenial" relationship with management than their counterparts in Portland. Their initial demands for a wage hike and improved hours were turned down. As a result, the men went on strike in July of 1917. The company began importing strikebreakers and even asked the mayor and governor to request federal troops. There was an unprecedented amount of violence, and two men were killed. Finally, however, the strike was settled in August, and most of the workers' demands were met (although, not their demand for an eight-hour day).¹⁹⁴

The End of the Five-Cent Fare

On August 15, 1917, one month after the first round of wage increases had gone into effect, PRL&P filed a request with the state public service commission for an increase in its street railway fares. Then, on September 5, 1917, the company also submitted a petition for an increase in fares to the city.¹⁹⁵

Portland was not the only city to begin requesting fare increases during this period, but it appears to be one of the few that were successful. New York, for instance, was unable to raise its fare until 1948 -- and then only up to six cents. "The defense of the five-cent fare," says Freeman of the New York case, "had become a

¹⁹³PRL&P Annual Report, 1917. Platform men were typically responsible for assisting in loading and unloading of passengers.

¹⁹⁴Berner, *Seattle*, 238-240.

¹⁹⁵Portland City Council Minutes, 5 September 1917.

virtual necessity for those active in electoral politics.” Barrett notes that this was true in Chicago, as well. The sanctity of the five-cent fare was perhaps not as intractable in cities where transit had not become as politicized. Mason, for example, notes that “Massachusetts was the home of the 6 cent fare,” which was introduced as early as 1905. In that state, fares were raised rather consistently to six, seven, eight, and even, by 1918, ten cents.¹⁹⁶

A little over a month after its initial fare increase, PRL&P submitted a request to the city for relief from what it termed “unjust burdens” imposed by the city: paving and maintaining street areas between tracks and to one foot to each side; transporting city officials without compensation; renting bridges, and paying city franchise fees.¹⁹⁷ At this point, the city council seemed willing to consider the suggested relief, but at the last minute, it was decided to put the entire matter on hold. While the council members would be quick to pass sanctions against the company, they remained very timid when it came to offering assistance. Whenever possible, they preferred to refer the stickier decisions directly to the electorate, who were generally opposed to the company.

¹⁹⁶Freeman, *In Transit*, 286; Barrett, *The Automobile*, 212; Mason, *Street Railway in Massachusetts*, 121-122.

¹⁹⁷Portland City Council Minutes, 24 and 31 October and 7 November 1917. This was at the suggestion of the public service commission, which also recommended action “to vary the movement of the public to suit the service” provided by the company and reported that “considerable progress has been made in the spreading of peak loads by changes in the hours of beginning and quitting work in large industrial establishments . . . Office employes and professional men may also vary their hours in some degrees . . .” But, it also concluded that “much remains to be done.” *Portland Railway, Light & Power Company, Application for an Increase in Fares on Street Railway Lines in the City of Portland*, No. U-F-199, *Twelfth Annual Report of the Public Service Commission of Oregon*, P.S.C. Order No. 321, January 5, 1918.

Shortly thereafter, in December, the public service commission began hearings on the fare increase matter, and the city attorney and city commissioner of public utilities attended. On January 5, 1918, the commission found that, based on the valuation it had conducted the previous year, the present revenues of the company were indeed inadequate and that the rates charged were unjust; therefore, it determined that the company's streetcar rates should be increased to six cents. It did allow, for the first time, discount ticket books of fifty for \$2.75, which equaled 5½ cents per ticket.¹⁹⁸

A few days later, city commissioner Dan Kellaher introduced a resolution directing the city attorney to ask the public service commission to postpone its order raising the fare to six cents until the courts decided whether or not the state did in fact have jurisdiction over the company's rates.¹⁹⁹ The next day, Mayor Baker introduced a second resolution specifically directing that the city initiate a suit against the state commission and the company.²⁰⁰

The members of the city council were incensed that the public service commission had encroached upon what they felt was their territory by granting the six-cent fare without their approval. At the same time, they were frustrated by the public's anger, which, they felt, was unjustly directed toward them. Mayor Baker issued a statement, seeking to place as large a distance as possible between the council and the state commission and at the same time trying defensively to implicate the voters themselves:

The Council and the administration are in no way responsible for the establishment of the six cent fare. On the contrary we are actively engaged now in vigorously contesting the increase in the sane and legal manner which the importance of the question necessitates. The six cent

¹⁹⁸*PRL&P, Application for Increase*, January 5, 1918.

¹⁹⁹Portland City Resolution No. 9842, January 9, 1918.

²⁰⁰Portland City Resolution No. 9844, January 10, 1918.

fare was established by order of the State Public Service Commission, a state body created by the voters and having no connection whatever with the Council or the city administration.²⁰¹

While some members of the council, such as John Mann and A. L. Barbur, seemed willing to try to come up with a compromise, Kellaher remained stubbornly opposed to any level of cooperation with the state, and Commissioner C. A. Bigelow simply wanted to revoke PRL&P's franchise altogether. In March the Supreme Court decided that the state did have jurisdiction and that the fare increase was justified. Seeking to avoid yet another fare increase, in April of 1918 all of the council members -- except Kellaher and Bigelow -- agreed to file an act with the voters in May that would give the city council the discretion to relieve the company of certain fees and obligations.

But in light of the fare increase, the voters were not in a generous mood. Not only did they defeat the council's referendum to allow the council to relieve PRL&P of various obligations and fees (which also would have provided for an unpopular increase in property taxes in order to cover the resulting deficit), but, in addition, they reduced the bond required of jitney operators and passed the measure providing for a single \$10,000 bond to be paid by any jitney company with ten or more cars.

Neither the voters' reaction nor the fare increase itself had a negative effect on the company. Franklin Griffith appeared more optimistic than ever:

The effect of the increased fare and the increased traffic on our street railways has materially improved the condition and prospect of that branch of our business and it is hoped that further increases in street railway traffic will eventually provide a fair return upon our investment in the street railways.

²⁰¹Portland City Council Minutes, 30 January 1918.

In fact, the number of paying riders had increased from about seventy-five million in 1917 to about ninety-five million in 1918 (see Figure 20, page 256), allowing Griffith to remark with confidence that, because of the increase in ridership, “it is apparent that the automobile has not displaced the trolley car.”²⁰²

Griffith’s optimism was fueled in part by hopes that the end of World War I would mean an increase in the supply of labor, permitting a lowering of wages. Unfortunately, he did not anticipate the postwar inflation that led to agitation for even higher wages. By 1919 employees of the street railways division were making an average of 61.7 cents per hour. The company’s net earnings were seriously affected by the resulting increase in operating costs, so in August of 1919 Griffith again appealed to the state for a fare increase.

This time the public service commission did not immediately grant the increase, but instead again recommended to the city that it remove all public charges against the company -- bridge tolls, franchise fees, free carriage of policemen and firemen -- as well as the obligation of paving the track area. It was felt that if such relief were granted, the company could avoid an increase in its fares.

Unwilling to risk passing such an ordinance itself, the city council submitted three measures to the voters on May 21, 1920, that would have offered some relief for the company. Two of the measures would have authorized tax levies in order to compensate for lost revenues. Not surprisingly, all three measures were defeated, so shortly thereafter the public service commission granted a fare increase up to eight cents for the single cash fare. Ticket book prices were increased, as well.

²⁰²PRL&P Annual Report, 1919.

Summary

By 1915 -- with an unmanageable debt, burdensome municipal requirements, and a fixed five-cent fare -- the fate of the transit industry was already sealed. Under such circumstances, how could the industry respond to the various challenges it would soon face, particularly in light of almost nonexistent direction or assistance from the public sector?

These challenges -- depression and inflation, labor activism, and increasing automobile competition -- confronted the industry somewhat gradually; indeed until about 1920 most companies remained optimistic as they continued to see ridership and profits increase.

Despite PRL&P's strong leadership in the person of Franklin T. Griffith, the company was unable to prevent decreased investment as the result of an unfavorable valuation begun by the state in 1913 and completed in 1917. In addition, this scrutiny by the state, and then by the city, fueled antagonism between the company and both levels of government.

It was perhaps in part this antagonism, as well as working-class advocacy on the part of the public utilities commissioner, William Daly, that disinclined the city from taking strong regulatory action against the burgeoning jitney industry. Unlike many other cities, which regulated the jitney out of existence, thereby eliminating it as a source of competition for the transit companies, Portland welcomed the jitney and, if anything, passed ordinances *encouraging* its spread. That jitney competition did finally abate in Portland was more likely due to decreased unemployment, which made jitney operation a less attractive vocation.

But Portlanders' hesitancy to regulate the jitney may in part have been due to their increasing frustration with the inadequate service provided by PRL&P. While

reluctant to impose severe restrictions on the company, the electorate was not adverse to promoting regulation through competition.

By 1918 jitney competition had ceased to be a serious threat to the Portland company or to companies throughout the nation. But the defeat of the jitney was followed in short order by post-World War I inflation, leading to substantially increased operating costs for an already financially beleaguered industry. Chief among these rising costs were wage and hour concessions to labor.

As a labor-intensive industry, transit had relied on subsistence-level wages, extended workweeks, and strict discipline to protect its chief source of profit. But this tradition of low wages, long hours, and repressive conditions would backfire when, after World War I, labor began organizing and demanding higher wages, shorter workdays, and improved conditions. PRL&P management, which had been able to forestall such activism and demands in the past through company-sponsored organizations and other co-optation tactics, was forced to relent.

As a result of increased wages, PRL&P had no choice but to petition for an increase in the five-cent fare, which had been in place in Portland for over thirty years. Other companies around the country also requested fare increases, but not all were as successful as the Portland company, which was awarded an increase to six cents in 1918 and then in 1920 to eight cents.

In Portland, the fare increases were difficult but not impossible to achieve: the sacred five-cent fare and transit in general were not as politicized here as they were in some larger cities. Besides, had the fare increase not been granted, Portlanders would have had to agree to lift some of the restrictive burdens imposed on the company or even approve of some degree of municipal support -- acts of generosity they were at the time not willing to grant.

INDUSTRY RESPONSE TO DECLINE

Jones delineates three primary ways in which most transit companies reacted to the growing distress experienced over the period between about 1905 to 1925, when regulation restrictions were tightened, labor demands increased, already-heavy debt loads became yet more burdensome, and competition from jitneys and automobiles threatened to destroy the industry. Some companies, he notes, fell into bankruptcy. Others were victims of what he calls “elective disinvestment,” being gradually edged out by their more successful light and power affiliates. The third reaction was “embattled attrition,” that is, struggling against the odds to improve service and cut costs in an effort to stay alive. The Portland case is perhaps unique because it eventually manifested response to distress in all three ways. First, though, the company -- in “embattled attrition” mode -- did try to survive.²⁰³

Embattled Attrition: Round I

During the ten-year period from 1913, when the franchise restrictions were tightened, to 1923, when it was apparent that ridership and revenues were on a steady decline, Griffith remained optimistic about the railway division, believing that the opening up of logging operations would stimulate industry in the area and this, along with increases in population, would lead to more streetcar ridership.

Griffith also believed -- like many others in the industry at this time -- that although automobiles were becoming more common, congestion in the city center had reached a saturation point and there would be no significant increase in the use of automobiles. The notions regarding automobile saturation were not confined to

²⁰³Jones, *Urban Transit Policy*, 46-58.

members of the transit industry. James Flink notes that in the 1920s automobile dealers, worried that the market had indeed reached the point of saturation, began accepting payments in installments over a longer term, along with lower down payments. He also reports that beginning as early as 1920, some automobile trade journals were starting to publish articles dealing with market saturation. Indeed, remarks Flink, by 1927 “every American who could afford a car already owned one.”²⁰⁴

Thus, despite the tightening restrictions, labor demands, heavy debt load, and increasing threat of competition by the automobile, there was still a pervasive belief throughout much of the transit industry -- particularly in the larger companies -- that street railway ridership would increase and overall operations would improve. Many companies strove to make the service they offered as competitive as possible, given their markedly disadvantageous position. As Jones and Mason note, a common response during this era of financial trouble and competition was the institution of motor bus service and the one-man car. In fact, Hilton reports that the major technological innovation during this era -- the one-man, lightweight, four-wheel Birney car, originally referred to as the “safety car” -- was introduced for the primary purpose of competing with the jitney.²⁰⁵

This appears to have been the case in Portland, where management realized that the main service feature with which the company could not compete vis-à-vis the jitneys was their speed. Most jitneys were much smaller than the average streetcar and, not being tied to any tracks, could maneuver much more easily. Thus, in order to compete with the speed and frequency of the jitneys, in 1918 the company began to run

²⁰⁴Flink, *Automobile Age*, 130, 189-193.

²⁰⁵Jones, *Urban Transit Policy*, 52-55; Mason, *Street Railway in Massachusetts*, 108; Hilton, “Rise and Fall,” 34.

one-man cars, claiming that by running the single-operator vehicles, more employees were freed up to run more cars. In addition, the company saved a small amount in wages; this was minimal because savings were offset by increases in the number of car hours worked and increased maintenance due to the operation of more cars.²⁰⁶

Besides instituting one-man cars, the company also began limited bus service, organizing the Oregon Motor Bus Company in 1917, to run buses between Oregon City and Portland. This bus service did not duplicate routes provided by the jitneys, as those tended to be confined to routes close in to Portland. Instead, by beginning a bus service to Oregon City, PRL&P preempted the development of such a service by any competitor company that might have arisen.

Elective Disinvestment: Round I

By the early 1920s, it was apparent that Griffith's optimism was proving to have been premature. Except for the artificial increase in ridership that would be experienced during World War II, the company had already witnessed its finest moment in the period between 1918 and 1920.

Part of the problem was the allowance of discount ticket books. Griffith reported that the eight-cent fare led to about 40 percent of the riders converting to the use of tickets, which sold for as little as 7.3 cents each. He also noted a small decrease in ridership, although he considered much of that to be attributable to a decline in industry, especially lumber.

Other factors in the continued decline include persistent inflation, which caused a constant increase in operating costs. Further, as has been noted, the company's high debt load had prevented it from setting aside depreciation reserves, and by the end of

²⁰⁶PRL&P Annual Report, 1919, 8.

1922, Griffith had to report that “because of the greatly increased cost of operating, the Railway Department is still providing an inadequate return on the equity of the stockholders in the railway property,” thus making extensions and improvements prohibitive.²⁰⁷

Figure 20. PRL&P streetcar ridership, 1905 to 1924.²⁰⁸

Jones reports that by 1917 about 50 percent of the street railway operations were, like the Portland company, owned by consolidated utilities or at least controlled by utilities through holding companies.

²⁰⁷Ibid., 1922.

²⁰⁸Ibid. Also, Robley, Original Notes.

Many, but not all, of these same properties pursued a policy of elective disinvestment during the 1920s. . . . there were forceful economic incentives for consolidated utilities to emphasize the development of light- and power-generating capability at the expense of reinvestment in street railway operations.²⁰⁹

Seattle's Puget Sound Traction, Power & Light Company, for example, simply got rid of its unprofitable transit division. In the spring of 1918, the company had petitioned a couple of times -- unsuccessfully -- for a fare increase. At one point, one of the city council members suggested that the city purchase the company lines, and the company responded by asking for a written offer. Then the local management offered a sale price of \$18 million, which the city countered with a \$15 million offer. Stone & Webster, apparently eager to be rid of the transit property, quickly advised that the company accept the city's offer. The Seattle electorate approved the purchase by a three-to-one margin in November of 1918, and the transaction was approved by the State Supreme Court early in 1919. As of that point, Seattle's municipal government was running the city's transit system.²¹⁰

Municipal ownership of transit was not about to happen in Portland any time soon. However, elective disinvestment took its own course here. Suddenly, after 1923 PRL&P's annual reports had a new look. By the time the 1923 annual report was published in 1924, the company had a new name, Portland Electric Power Company (PEPCO), and it was now emphasizing its growing light and power division over its railways. Indeed, for the first time, the railway division was covered in the back of the annual report, with the light and power division up front. As Figure 21 indicates, the railway division, which had originally been the company's bread and butter, had now become an albatross to be discarded at the earliest junction.

²⁰⁹Jones, *Urban Transit Policy*, 48.

²¹⁰All of the details are recounted in Berner, *Seattle*, 264-270.

Figure 21. Comparison of transportation to light and power revenues, 1919 to 1938.²¹¹

CONCLUSION

During the turn of the century, center-focused patterns of travel, reinforced by the radial laying of street railway tracks, led to downtown congestion and disorder, exacerbated by a CBD-focused suburbanization process that was characterized by a horizontal growth of the city -- outward from the center.

The urban congestion and chaos that resulted led, during the first decade of the twentieth century, to the City Beautiful planning movement, an attempt to rationalize and bring order to the city through a system of open spaces and wide, expansive

²¹¹Portland Electric Railway, Light & Power (PRL&P), Portland Electric Power Company (PEPCO), and Pacific Northwest Public Service Company (PNPSC) Annual Reports, 1920 through 1939, Portland General Electric Library, Portland.

boulevards. There was a deliberate deemphasis on mass transit, as it was assumed that whatever system existed would naturally adapt to the new arrangement of traffic circles and diagonal streets. The emphasis, instead, was on planning for the automobile, which promised to provide freedom and independence for the individual. Mass transit, it was widely felt, did not fall into the domain of municipally provided public services; its provision was left to regulated private industry.

Private industry responded with unchecked growth and the elimination of competition. By 1905, transit systems in most cities were already controlled by a single consolidated monopoly, often financed by out-of-state syndicates. These companies initially ran profitable operations and, seeking to gain territorial domination through expansion, easily attracted investment capital to the point of heavy overcapitalization. The powerful transit monopolies that emerged, such as Portland's PRL&P, had squashed all competition, carried a high debt load, and controlled much of the city's financial, real estate, and even political apparatus. As a result, such companies became prime targets of Progressive reform.

Progressive reform occurred at both the municipal and state levels. Municipal reform typically involved expansion of home rule provisions and tighter franchise restrictions, requiring burdensome service improvements, higher fees, and costly concessions such as free transportation of municipal employees or the use of discount tickets.

Many companies, in order to shield themselves from Progressive backlash at the municipal level, championed increased regulatory control by the state. Indeed, by the end of World War I, a number of large companies had been removed from municipal control. In Oregon, however, the situation was almost the exact reverse, and the city's regulatory control over the transit company only increased.

Tightened municipal control, an increasingly heavy debt burden, low fares and discount tickets all made the transit industry ill prepared to meet the unexpected challenges of inflation, rising operating costs, automobile competition, and increasing public disapproval that would seriously impact transit between 1914 and 1920. In terms of ridership and profit, the industry had peaked in the years around 1919. The 1920s were a period of gradual but constant decline from which the industry would never really recover.

Jones identifies three manifestations of decline in the transit industry: outright bankruptcy, a fate that befell many smaller companies; elective disinvestment, whereby the transit operation was gradually deemphasized in favor of the more promising light and power division of a holding company; and, finally, embattled attrition, which characterized the typically larger company, struggling in the face of continuing adversity to attract and maintain ridership.

In the period between 1913 and 1924, PRL&P engaged in both embattled attrition -- instituting one-man cars and bus service in order to decrease operating costs and at the same time expand service -- and elective disinvestment, marked most symbolically by the 1924 name change to Portland Electric Power Company, with any connection to transit operations left unstated.

By the mid-1920s the conflicting demands of transit's competing constituencies had been clearly and loudly articulated. Downtown businesses continued to expect peak-hour, center-focused service -- both of which were by now intractably ingrained in the operating structure of the transit industry. The ridership demanded improved service -- shorter headways, free transfers, heated cars, no waiting, no crowding -- all for the lowest possible fare. This had become their entitlement, because transit had become a right, a necessary public service. The city exacted whatever it could from the companies in an attempt to rationalize transit, to regulate and restrict its behavior,

and to retaliate against its perceived exploitation. Labor, meanwhile, could no longer be denied a living wage and humane working conditions so that the transit companies could net enough revenues to pay off their bonded indebtedness without having to borrow even more. Labor got its due, and the companies went further into debt.

For some companies, the conflict proved too much. They declared bankruptcy and closed up shop. Other companies found themselves pushed out of the limelight by more profitable electric power operations. Still others hung on, clinging to a thread of optimism, unaware that the battle for survival had just begun.

CHAPTER VI

MASS TRANSIT MALADIES, MOTORIZATION, AND MAKING DO

EMBATTLED ATTRITION, ROUND II: THE 1920s

By 1925, Franklin Griffith could look back on the previous year and remark that Portland's continued growth -- the population had reached 325,000 and the total number of building permits was the highest ever -- was welcome news for the light and power division of PEPCO.¹ However, his optimism for the transit division was much more guarded. Private use of automobiles continued to increase, but Griffith remained hopeful that traffic congestion would reach a point -- the so-called "point of automobile saturation" -- at which there would be a greater incentive for people to use the street railways instead of their own automobiles.

While waiting for the point of automobile saturation, Griffith voiced increasing frustration at growing taxes and other burdens imposed upon the company, which were creating a marked drain on the company's net revenues. In addition to struggling to keep the company afloat in the face of these increasing obligations to the city and state, PEPCO management spent the decade of the 1920s battling a growing antagonism toward the utilities, coupled with a rise in the public ownership movement; trying to quell competition from Northwestern Electric Company by persuading voters to approve a merger of the two companies; and working to keep labor activism at bay.

¹PEPCO Annual Report, 1924.

That the company was able to keep afloat at all was the result of two major factors: one, the continued implementation of measures designed to increase ridership, cut operating costs, and increase profits; and, two, management's nonstop efforts at persuasive public relations -- with both the ridership and labor -- combined with the support of the city's newspapers and businessmen.

But efforts to improve service and public relations would get PEPCO only so far. The public might defeat public ownership measures and labor might accept temporary wage freezes, but the company couldn't stop the public's increasing mistrust of the utilities and it couldn't stop their growing preference for the automobile for off-peak transportation. Griffith knew that "if the company is to continue to furnish adequate mass transportation of a type suited to the needs of a rapidly growing city such as Portland, relief from some source or sources must be obtained."² But before seeking relief, the company devoted the decade of the 1920s to an implementation of various internal responses to counteract the increasingly grim reality of decreasing ridership and revenues, continuing, like many other companies, to survive in a manner that Jones describes as embattled attrition.

Improvements in Service and Public Image

During the 1920s, the transit industry tried desperately to improve its image from that of a greedy, financier-dominated, lumbering monster to one of a professionally run, service-providing, rational machine. Foster explains that it was the growing competitiveness of the automobile that spurred many transit companies into retrenching and undertaking more active programs to improve their public image and the actual service they provided. Barrett, too, notes that the industry had to do

²PEPCO Annual Report, 1928.

something in order to counteract “the deterioration of transit service at the time when the automobile was enjoying its postwar boom.”³

One step was to make public relations a priority. Many companies expanded their public relations staffs; indeed, public relations became a full-time department in many companies. In Portland, as part of a general public relations-propaganda campaign, PEPCO ran weekly advertisements in the city’s daily newspapers for three entire months during 1927, touting the benefits of “modern transportation” and even soliciting the public for suggestions. The ads promoted the benefits of streetcars over automobiles, noting that that “there are no ‘parking tags’ on street cars!” and stressing that it cost more to operate an automobile (the company’s estimate was five cents per mile) than it did to ride the streetcars. The ads made an attempt to highlight the additional costs of automobile operation in terms of parking difficulties, idle time while parked, congestion, and so on. “Advertisement No. 4” promoted the “service” feature of streetcar riding:

The street-car man will tell you -- gladly, cheerfully, too, whatever you may wish to know about the city. He is a Portland man and he knows the locations and will give you the most direct routes. It is his pleasant duty to direct you to business buildings, hotels, stores, stations, terminals, piers, parks and churches -- to answer any of the thousand and one questions asked on boarding his car. His watchword is “service”!

And the street-car system is the quickest, surest and the most economical method of getting to and from town. Regularly scheduled cars will take you by a direct transfer system to any part of Portland or its residential suburbs, making connections with our buses to the outlying districts.⁴

³Foster, *Streetcar to Superhighway*, 56; Barrett, *The Automobile*, 169.

⁴The advertisements were run in *The Oregonian*, *Oregon Journal*, and the *News Telegram*. This quotation comes from an advertisement appearing in *The Oregonian*, 24 October 1927, which was a Monday. The ads did not run in *The Sunday Oregonian*; perhaps it was more costly to do so. Instead, the typical Sunday paper had at least twelve half-page ads for different automobiles and a number of stories, with

Various service improvements were implemented, ranging from courtesy courses for drivers and route adjustments to an upgrading of equipment. One of the simplest improvements, of course, was to repaint the rolling stock. In Portland, for instance, the red-and-cream colored cars were spruced up and enameled in the late 1920s. Varnish was applied to the wood inside the cars and the ceilings were painted white to give the cars a brighter look. But, as Barrett notes in discussing similar cosmetic improvements in Chicago, such changes were superficial; companies would need to effect more substantive improvements if they were to compete with the automobile.

Rationalizing Management. Barrett notes that in Chicago a significant move toward improving the public image of Chicago Surface Lines (CSL) came in 1923, when Samuel Insull turned the leadership of CSL over to Henry Blair, whom Barrett describes as Insull's "confidant." Once installed, Blair began by putting control of day-to-day operations in the hands of professional managers and engineers. Before this, Barrett explains, the visible officials of CSL were bankers, "men easily identified in the public mind with the reputation for poor service and abuse of public confidence which had attached itself to the financiers' management of transit utilities." These new professional men promptly began to restore the image of the company by instituting a variety of service improvements, while at the same time serving to keep the oversight activity of the mistrusted financiers in the background.⁵

The situation was somewhat different in Portland from that in Chicago as described by Barrett, in that the primary financiers -- the east coast Clarks -- were

accompanying photos, about new automobiles. The PEPCO advertising campaign was also reported in "Suggestions Invited through Portland Press," *Electric Railway Journal* 70 (October 22, 1927): 800.

⁵Barrett, *The Automobile*, 169-170.

barely visible to Portlanders; and even to the extent that they were, they did not inspire the same level of animosity that a giant like Samuel Insull might. The Clarks' strategy had always been to blanket the board of directors and management with local people while maintaining control through majority ownership of common (controlling) stock and several positions on the board and executive committee (see Figures 22 and 23).

The local people who served on the board were investors in PEPCO stock and, more importantly, respected and trusted community men with longtime ties to business, banking, and real estate. The rationale for involving the Portlanders in the management of the company was a logical one. Keeping Portlanders such as these in the foreground was excellent public relations. This was a time when utilities around the country were struggling to maintain a favorable impression with the public; the image of megalithic foreign holding companies did not help in this regard. Having local businessmen and city leaders such as J.C. Ainsworth, Franklin T. Griffith, Charles F. Swigert, and E.B. MacNaughton at the helm helped to inspire trust and facilitate a good working relationship with the citizens and the city council. While many of these men were bankers, as in Chicago, in Portland they were not immediately associated with the "abuse of public confidence" that Barrett reports was the case in Chicago.

<u>Directors</u>		
J.C. Ainsworth	Franklin T. Griffith	W.H. Lines
C.M. Clark	F.V. Holman	Ogden Mills
E.W. Clark	C.N. Huggins	E.B. MacNaughton
H.L. Clark		Frederick Strauss
O.B. Coldwell		C.F. Swigert

<u>Executive Committee</u>	
C.M. Clark, Chairman	
Franklin T. Griffith	Frederick Strauss

<u>Officers</u>	
Franklin T. Griffith, president.....	Portland, Ore.
O.B. Coldwell, vice president.....	Portland, Ore.
W.H. Lines, vice president.....	Portland, Ore.
E.W. Clark, vice president.....	Philadelphia, Pa.
H.L. Clark, vice president.....	Philadelphia, Pa.
G.L. Estabrook, sec'y & treas.....	Philadelphia, Pa.
R. Jamison, ass't sec'y & ass't treas.....	Philadelphia, Pa.
R.W. Shepherd, ass't sec'y & ass't treas.....	Portland, Ore.
Cassius R. Peck, ass't sec'y.....	Portland, Ore.

Figure 22. PEPCO executives, 1926.⁶

Another reason, of course, for keeping Portlanders at the helm was that these men knew the city's transit and electrical industries; many of them had been involved with transit or light and power before PRL&P had come into existence. These Portlanders, who would be interested in protecting their own investments, would be unlikely to make decisions that would be unfavorable to the company's corporate health. In this regard, the Clarks could trust the local management to act in their interest as well.

But in Portland, as in Chicago and elsewhere, day-to-day operations were rationalized and came increasingly to be in the hands of professional engineers and

⁶PEPCO Annual Report, 1926.

managers. The most visible person of all, of course, was president Franklin T. Griffith. W.H. Lines, who had started with the company in 1912 as an industrial engineer, was named as vice president in charge of the transportation department of PEPCO in 1926. Lines was made visible to the public and his name came increasingly to be associated with the transportation division of the company. Under Lines's charge were six divisions, including engineering; traffic management; interurban lines; and city transportation, under Fred Cooper, to whom reported four division superintendents.⁷

The Customer-Ownership Plan. The process of rationalizing and professionalizing the Portland company, installing engineers and traffic managers, was just one step toward changing the public image of the company from that of a powerful and unscrupulous monopoly to a community-centered service provider. In order to cement its relationship with the community, the Portland company carried out an aggressive campaign of selling preferred stock to Portlanders, even offering commissions to employees who sold stock to their family and friends. Freeman notes a similar phenomenon in New York, where the Brooklyn Manhattan Transit Corporation offered employees a stock-purchase plan, as part of an effort to encourage loyalty and discourage unionism.⁸ In 1925, Franklin Griffith reported in the first issue of *The PEPCO Synchronizer* about one of his "pet hobbies," the customer-ownership plan:

Of years late, through the customer-ownership movement, much has been accomplished toward dispelling the prejudice which unfortunately in some cases exists against public utility enterprises. We have found that

⁷"Our Organization -- Part IV: The Railway Department," *The PEPCO Synchronizer* 2 (July 1927): 9-24.

⁸Freeman, *In Transit*, 19.

human nature is so constituted that when one has a financial interest in any public matter, one is far more apt to give fair consideration . . .⁹

It is difficult to gauge how successful PEPCO's public-ownership campaign really was in persuading Portlanders "to give fair consideration" to the company and to give them a true sense of ownership and participation.

Figure 23. Geographical summary of stockholders in PRL&P and PEPCO, 1917 through 1924.¹⁰

⁹"President's Message," *The P.E.P.C.O.*? 1 [first issue of *The PEPCO Synchronizer*, which at this point was not yet formally named] (November 1925), 4.

¹⁰PRL&P and PEPCO Annual Reports, 1917 through 1924. After 1924 the geographical distribution of stock ownership was no longer provided by the annual reports.

What is clear is that behind the façade of local management and local involvement through stock ownership, the reality was that the vast majority of the stock -- common and preferred -- was held by investors in Philadelphia and, to a lesser extent, in New York, Louisville, Providence, and Columbus. It was only a small token of the ownership that rested with Portlanders (see Figure 23).

Direct Service Improvements. It was hoped that the chief service improvements during the 1920s -- increased use of the one-man car and more widespread implementation of motor bus service -- would supplement available rolling stock and service without substantially increasing operating costs. Jones takes a somewhat cynical position in explaining companies' initiation of motor bus service, as a measure to preempt competition from smaller "mom-and-pop" suburban bus companies and as a way to meet demands for service extensions with a lower capital outlay than an extension of railway tracks would have entailed. Although agreeing with Jones that transit companies initially viewed the motor bus as an "intruder" rather than an ally, Foster casts the provision of motor bus service in a more positive light, explaining that by the early 1920s, many companies had come to see the motor bus as a source of great potential. He notes that the motor bus offered flexibility and speed and, thus, in the minds of transit officials, appeared a viable alternative to the increasingly popular automobile.¹¹

The fact of the matter is probably somewhere between Jones's cynical explanation and Foster's more positive version. As has been noted, the Portland company, along with many other companies across the nation, began implementing bus service as early as 1917. Most of these early bus operations were instituted to serve outlying areas that could not easily be reached by trackbound stock, and in some cities,

¹¹Foster, *Streetcar to Superhighway*, 50; Jones, *Urban Transit Policy*, 54-55.

such as Portland, there appears to have been little in the way of mom-and-pop competition to ward off. In Los Angeles, also, Bottles reports Pacific Electric (PE) running motor buses as early as 1917 out to newly developed suburbs. The city lines, Los Angeles Railway Company (LARY), started its own bus service in 1923 with only six buses; then in 1925, PE and LARY together organized the Los Angeles Motor Coach Company, again, to serve sparsely populated outlying areas that could not be economically reached by rail. In none of these cases does Bottles report competitive smaller motor bus operations.¹²

The Chicago case reported by Barrett is unique. Barrett does note that the residents of the newer suburban areas actively desired bus service and supported the mom-and-pop-type operations mentioned by Jones. But they did not get bus extensions provided by Insull's Chicago Surface Lines, which generally refused to provide uneconomical service extensions of any kind. There were successful attempts by members of the upper class to institute primarily pleasure-based bus service provided by several independent companies.¹³ Eventually, these buses, almost all of which were confined to boulevard and park routes, provided a sort of rapid transit for a limited public. In Chicago, the motor bus was not integrated into the city's transit system until much later; it wasn't until 1935 that patrons could transfer from a motor bus to a streetcar, for instance, but even then bus service was provided by three separate companies. Even with the innovation in the late 1920s of the Fageol, or "twin," coach -- a larger vehicle than earlier buses, with an appearance and capacity much

¹²Bottles, *Los Angeles*, 229.

¹³Pleasure-based bus service provided, for example, parkside boulevard excursions.

more similar to that of the familiar streetcars -- Chicago did not embrace the motor bus to the extent that other cities did.¹⁴

In Portland, on the other hand, actions to implement bus service were prompt and aggressive. As noted, the Portland company had organized a subsidiary, the Oregon Motor Bus Company, in 1917 in order to run buses between Oregon City and Portland. As Jones suggests, this action was probably preemptive, to prevent any other independent company from springing up and offering bus service along that route.

In the mid-1920s PEPCO expanded its bus service by increasing both the amount and type of bus transportation. In addition to the interurban service between Portland and Oregon City provided by its subsidiary, the company also implemented cross-town bus service in 1924; and then in 1925 it increased the use of bus lines as feeders connecting established streetcar lines to developing outlying areas, which the company was required by franchise to serve one way or another. By the end of 1928, the company was operating a total of forty buses.

At first, PEPCO management was pleased with the effects of adding buses to the operations, remarking that "the increased service supplied by the auto buses has had a marked tendency to improve railway earnings at least to the extent of minimizing the rate of decrease."¹⁵ The several types of bus service -- cross-town, feeder, and interurban -- were operations where the initial capital expenditure required would have

¹⁴The 1907 ordinances had required an "excess" of extensions in the first decade and a half of the twentieth century. Once regulation shifted to the state in 1913, the city was unable to require extensions, which lessened the pressure for the transit company to implement bus service to suburban areas. Barrett, *The Automobile*, 174-179, 211; Earl Rodney Biggs, "The Last Word in Modern Buses," *The PEPCO Synchronizer* 2 (July 1927), 5.

¹⁵PEPCO Annual Report, 1925.

made extensions of the street railway -- or even, in the case of the interurban line, railway maintenance -- prohibitive.

The cause for optimism was short lived, however. As Jones notes, "motorbus extensions of street railway lines were frequently deficit operations and almost invariably reduced a street railway's net income." Foster, too, comments that "the motor bus may have hurt the transit industry," although his explanation is somewhat different from that of Jones. Foster explains that the motor bus "lulled industry officials into believing they were making innovations adequate to compete with the automobile."¹⁶

In the Portland case, the explanation for the eventual financial drain caused by motor bus implementation is closer to Jones's version. The Portland company seemed to consider the motor bus less as an attractive competitor for the automobile than as an economic necessity for meeting its franchise obligations. Because the company was bound by its franchise to extend service, the implementation of bus service -- however unremunerative -- was its only feasible option. It was clear that running motor buses would be less expensive than extending rail service. Although Portland management had initially considered the bus operations to be a relatively inexpensive means of meeting the company's service obligations, it soon became painfully apparent that the capital outlays and operating costs for the new buses were increasing expenses *without a commensurate increase in revenues* -- to a point where, between 1926 and 1929, net earnings had reached an all-time low (see Figure 24).

¹⁶Jones, *Urban Transit Policy*, 54-55; Foster, *Streetcar to Superhighway*, 51.

Figure 24. PEPCO's surplus to balance, 1920 to 1934.¹⁷

In order to increase service without significantly increasing operating costs, PEPCO also expanded the use of the one-man streetcar. The one-man car was also referred to as the "safety car" or the Birney car, after its inventor, Charles O. Birney -- an engineer with Stone & Webster -- who equipped this light-weight car with

¹⁷Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal Relating to Acceptance of Plan of Reorganization by Creditors and Stockholders, to the Holders of 6% Collateral Trust Income Bonds, and the Holders of Prior Preference Stock, 6% First Preferred Stock, 7.2% First Preferred Stock, and 6% First Preferred Stock of Portland Electric Power Company, in Reorganization, United States District Court for the District of Oregon, Case No. B-23986, Thomas W. Delzell and R. L. Clark, Independent Trustees of Portland Electric Power Company, 1947*. "Surplus to balance," one of the several standard methods of determining profitability by the industry at this time, was generally calculated by dividing gross receipts by operating expenses.

a “dead-man control,” a device that automatically shut off the circuit breaker when the motorman’s hand left the controller handle (the “safety” feature). The Birney car was invented in 1916, but some version of the one-man car was actually in service in Seattle even before the invention of the Birney; there a couple of one-man cars were used in shuttle operations as early as 1914. By 1918 they were in fairly extensive use in Seattle, the largest city at the time using such cars.¹⁸

The one-man cars, as discussed earlier, were first put into operation in Portland in 1918, and their use in Portland and elsewhere became increasingly widespread throughout the 1920s.¹⁹ Mason notes that by 1922, one-man operations comprised about 20 percent of the Boston Elevated and about 96 percent of the surface car mileage of the Eastern Massachusetts Company. Frequently considered a measure for cutting operating costs by reducing employment, use of the one-man car could also allow many companies to expand the hours of operation and decrease headway by putting more cars on the streets.²⁰

While Mason notes that by 1930 Massachusetts’ payroll had decreased as a result of the substitution of one-man for two-man cars, PEPCO management consistently maintained that in Portland reductions in operating costs effected by the conversion to one-man cars were offset by an increase in the number of cars and hours

¹⁸“In a City of 400,000,” *Electric Railway Journal* 49 (September 28, 1918). It will be remembered that Seattle’s Puget Sound Traction, Light & Power Company was owned by Birney’s employer, Stone & Webster.

¹⁹The original Birney design was considered “dumpy” and underpowered. After 1921 their production dropped dramatically. Birney also designed, however, a lightweight double-truck car that could also be operated by one man. This product became more widespread throughout the 1920s. See Miller, *Fares, Please!: A Popular History*, 111; Hilton and Due, *Electric Interurbans*, 86-87.

²⁰Mason, *Street Railway in Massachusetts*, 108.

of service. This was probably true in the early years of one-man use in Portland, but probably became less so once the conversion became more widespread.²¹

PEPCO's introduction of the one-man cars was gradual, but the riders were slow to approve of the new system.²² They complained that having one man on the cars slowed down service, created a safety hazard, and compromised convenience. Mason notes similar complaints in Massachusetts. The Portland company refused to reconsider its use of the one-man car, concluding that "after a careful study of the operation we are unable to concur in any of these claims."²³

In Portland, there were also complaints from labor that the one-man system reduced employment. More drivers became extras, who might have to make themselves available for the fourteen hours between 6:00 A.M. and 8:00 P.M. in order to be assigned a total of eight hours of work. The employees also considered the working conditions to be much more difficult for the operators of the one-man cars,

²¹See, for example, PRL&P Annual Report, 1919, 8. Also, Mason, *Street Railway in Massachusetts*, 172.

²²Most of the exclusively one-man cars operated in upper class neighborhoods, such as Arlington Heights, Kings Heights, Willamette Heights, and Irvington. An examination and comparison of the revenues received by each line reveals the lines in the upper class neighborhoods to be on the low end of revenue generation, thus indicating that they were lines with the least traffic. This would be expected, as these neighborhoods were less densely populated and, also, their residents were more likely to own automobiles. The lines that were exclusively two-man operations were all high-end revenue generators. See James W. Carey and Kenneth G. Harlan, *Valuation and Rate Investigation of the Portland Electric Power Company: Portland Street Railway Miscellaneous Daily Operating Statistics, before the Public Service Commission of Oregon, U-F-536*, prepared by for the City of Portland, 1929, AX 511, Box 2, Claude Lester Papers, Public Utilities Documents, Special Collections, University of Oregon Library, Eugene.

²³W.H. Lines, "One-Man Car Question," *The PEPCO Synchronizer* 2 (March 1927), 10.

who had to do the work of two men in the same amount of time. The company tried to reduce the burden on both the riders and labor by confining the use of the one-man cars to off-peak hours in the beginning, but this was not always effective. One driver remembers a night when he had to take fares and make change for ninety-six people at one stop in downtown Portland. This was at 12:30 A.M. -- certainly not during a peak hour -- but, because the theaters had just let out, there were crowds nonetheless.²⁴

Portland management agreed that employment would naturally be reduced through the use of the one-man car, but claimed that because of the one-man conversions during 1927, "we have not let out of employment a single man in the Transportation Department as a result of this operation." As conversion to one-man operations proceeded, the workers gained some concessions by receiving, for most one-man lines, six cents an hour more than men on the two-man runs.²⁵

Changes were made in Portland's interurban division, too, as the company shifted its emphasis from passenger to freight service. Hilton and Due note that the interurban industry in general had been heavily dependent on passenger traffic and that "for most companies, baggage, mail, express, and freight were peripheral activities." But, they go on to note that there were some companies that in fact came to derive most of their revenue from their freight operations. These included primarily the "Far Western" interurbans, such as eastern Washington's Inland Empire line, which had emphasized freight over passenger service from the beginning. In Oregon, the Oregon Electric Railway, which ran from Portland to Eugene, built a forty-four-mile freight-only branch eastward from Albany to logging towns in the Cascades. In addition to

²⁴Larson.

²⁵Lines, "One-Man Car," 11; Carey and Harlan, *Valuation and Rate Investigation*. In 1929, all bus drivers and operators of most one-man streetcars received sixty-eight cents an hour; other operators received sixty-two cents an hour.

operations such as these, which had already emphasized freight, many other companies were beginning to experience an increase in freight volume throughout the 1920s. Despite the growing competitiveness of the truck, Hilton and Due report that it was not an uncommon opinion in the American Electric Railway Association “that freight traffic had been almost the only bright spot in the industry’s dismal history in the 1920’s.”²⁶

Figure 25. Interurban ridership, 1920 to 1940.²⁷

²⁶Hilton and Due, *Electric Interurban Railways*, 119; 132-148; 389; 396-397.

²⁷Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal, Reorganization Case No. B-23986, Thomas W. Delzell and R.L. Clark, Trustees*, 1947.

PEPCO was quick to identify the freight operations of its interurbans as the money-making activity of that department. From the 1920s on, the company considered the health of the interurban division to be closely tied to the ups and downs of the lumber industry. Lumber transportation was one of the few freight-hauling rail operations that could compete to some advantage with trucking.²⁸ In 1923 there was a general increase in logging operations around the Portland area, and so, to serve the growing freight business, PEPCO purchased eighty new flat cars and twenty new logging cars in 1923 and then fifty more logging cars in 1924. Although interurban passenger service began to experience a decline after 1923, the freight business continued to do well until 1928, when a general depression hit the interurban industry.

Keeping Labor at Bay

Another issue creating a strain on the company during this period was the challenge of keeping labor's demands at bay. In 1924, a typical PEPCO employee with a wife and two children could easily spend as much as \$2,390 on living expenses.²⁹ The transit workers were earning an average of sixty to sixty-eight cents an hour, depending on whether they operated two-man or one-man cars. Working eight hours a day, seven days a week, 365 days a year, this amounted to a gross annual earning of a little less than \$2,000. The transit workers had not received an increase in wages since 1919, but the cost of living had continued to rise, so that by 1927, the real

²⁸Other bulk cargoes that were lucrative for rail freight transportation included coal, stone, gravel, sand, hay, grain, and livestock. See Hilton and Due, *Electric Interurban Railways*, 136.

²⁹*Employees of PLR&P, Arbitration*, February 13, 1924, to March 17, 1924, 122-129. The expenses included \$300 a year for rent, \$195 a year for utilities, \$695 a year for groceries, \$145 for furniture and household goods, \$275 for medical expenses and insurance, \$290 for miscellaneous items, \$175 for clothing, and \$315 for union dues and employment-related insurance.

weekly wage rate had fallen to nearly the lowest level since 1914 (see Figures 26 and 27).

In his 1924 testimony during arbitration between the company and Local 125 of the International Brotherhood of Electrical Workers, Franklin T. Griffith did not seem adverse to the men's claim to higher wages, explaining that he had "infinitely more resentment against the outrageous increase in taxes than I have against the demands of our men."³⁰

³⁰Ibid., 389. In 1926 Griffith reported PEPCO's paying over \$1.2 million in taxes, claiming this as "the largest tax of any single company in the state of Oregon," amounting to 11 percent of the company's gross income. See "The Tax Gatherer," *The PEPCO Synchronizer* 1 (July 1926), 3-4. Of this total, about 76 percent (\$934,905) went to state and county taxes; 13 percent (\$161,291) went to the federal government; 8 percent (\$100,655) went to bridge rentals, and about 3 percent (\$28,018) went for franchise and license fees. In addition, there were paving and maintenance assessments; from 1926 to 1928 the company paid an average of \$78,049 a year for street paving and maintenance. See James W. Carey and Kenneth G. Harlan, "The Carey and Harlan Traction Plan," 24, Box 265-2-2, Portland General Electric Library, Portland.

Part of the reason for the company's increasing tax bill was a 1923 change in the state's method for determining valuation, which, according to both the *Oregon Voter* and Griffith, "arbitrarily" added 21 percent to the 1922 valuations of railroads and utilities. The method used by the state until 1923 involved averaging a company's net earnings over a three-year period. But, explained Griffith, that method "didn't produce a figure quite high enough to satisfy the powers that be and they changed the basis. There is no rule today, just an arbitrary basis." The result was that the assessed value of the company, as well as that of other railroads and public utilities in the state, increased for tax purposes by 15 percent. This brought the railroads' and utilities' assessed value up to 75 percent of their full value, compared to the assessed value of other real estate, which was only 30 to 40 percent of the actual value. Griffith's testimony from *Employees of PLR&P, Arbitration*, February 13, 1924, to March 17, 1924.

Figure 26. Nominal weekly wage rates of Portland carmen and bus drivers, 1914 to 1937.³¹

Griffith even expressed a degree of empathy for the workers, acknowledging that “they are simply asking for more money if they can get it; they would like to have it; some of them possibly are honestly convinced that they need it for living expenses. If they do, that ought to be considered.”³² But when it came to a discussion of the workers’ real wage rate, which was on the decline, management expressed little concern. Orin B. Coldwell, a PEPCO vice president since 1916, remarked, “The real

³¹*Amalgamated Association of the Street and Electric Railway Employees of America, Division 757, and the Portland Electric Power Company and Portland Traction Company, Findings of the Board of Arbitration in the Matter of the Arbitration Proceedings, Together with a New Schedule of Wages, June 4, 1937, Box 265-5-2, Portland General Electric Library, Portland.*

³²*Ibid.*, 390.

wage . . . I really wouldn't want to accept that as a basis, because I don't know enough about it. It might be that those economists who have studied matters of this kind can talk in terms of it, but I can't. All I would know would be that that man has received an increase in Uncle Sam's dollars as the years have gone by."³³

Figure 27. Real weekly wages of Portland carmen and bus drivers, based on the cost of living index, 1914 to 1937; 1914 = 100.³⁴

The 1926 working and wage agreement negotiated between PEPCO management and the transit workers of Local 757 included no pay increases and still

³³Ibid., 473.

³⁴*Amalgamated Association of the Street and Electric Railway Employees of America, Division 757, Findings of the Board of Arbitration, Together with a New Schedule of Wages*, June 4, 1937.

provided for a seven-day work week, although the workers were receiving other considerations, such as time and a half for working in excess of 8.5 hours per day, and fifteen minutes' paid time for filling out accident reports.³⁵ Freeman explains that companies were able to avoid pay increases during this period by measures such as the employment of "extras" -- part-timers who were "a living reminder to those with steady jobs of the ease with which they could be replaced" -- and autocratic disciplinary procedures that intimidated workers from pressing for higher wages.³⁶

The stringent working conditions inherited from the Taylor Efficiency System, for example, still applied. Listed disciplinary infractions ranged from the conductor riding inside the car or the motorman failing to announce the car at loading points (both "Class A" infractions), to arriving at the car house ahead of scheduled time or the conductor reading while the car was running (Class B infractions), to leaving early (Class C), failing to report for duty (Class D), and "disloyalty to our company" (Class E).³⁷ Penalties ranged from a reprimand to losing a day's pay to suspension. One employee reported a coworker being fired for having lit his pipe at the end of a line while changing car ends.³⁸

By 1927 PEPCO employees had received few concessions in wages or working conditions, although on August 7, 1927, the number of days worked per week was

³⁵*Amalgamated Association of Street and Electric Railway Employees of America, Working and Wage Agreement and Discipline List of Division 757*, Portland, 1926-1927, Box 265-5-2, Portland General Electric Library, Portland.

³⁶Freeman, *In Transit*, 24-26.

³⁷*Amalgamated Association of Street and Electric Railway Employees of America, Working and Wage Agreement and Discipline List of Division 757*, 1926-1927. Also, "What It Costs to Be Careless," *The PEPCO Synchronizer* 3 (October 1928), 19.

³⁸Larson.

reduced from seven to six.³⁹ Workers had wanted a five-day work week, but opponents such as the *Oregon Voter* opposed the five-day week on the grounds that the reduction, which the *Voter* was certain would be accompanied by increased wages, would result in higher costs and lower profits for the employers.⁴⁰

In general, the company was able to forestall significant demands by labor during this period of depressed conditions; in fact, in 1931 and again in 1933 the employees would actually agree to a *reduction* in wages. Again, Freeman explains that it was a common practice for employees to accept wage cuts during the Depression years. Griffith, like other company executives, was able to convince labor leaders that it would be prohibitive for the company to increase wages during this period of decline, explaining that “due principally to increased wages,” PEPCO had not been receiving “anything approaching a reasonable return on the investment.” He promised a revival of the street railway once Portland’s population increased and urged that the workers be patient until then.⁴¹

ELECTIVE DISINVESTMENT, ROUND II: 1924 TO 1935

As noted, the process of the Portland company’s disinvesting itself of its traction properties had begun as early as 1924, when the company’s name was changed to reflect its emphasis on electric power. From that point on, the disinvestment process

³⁹Public Service Commission, “City Lines Wages of Trainmen, 1914-1928,” *Miscellaneous U-F-536 Exhibits*, Portland: Public Service Commission, 1929, AX 511, Box 2, Claude Lester Papers, Public Utilities Documents, Special Collections, University of Oregon Library, Eugene.

⁴⁰“5-Day Week Spreads,” *Oregon Voter* 49 (May 14, 1927): 24-25.

⁴¹Franklin T. Griffith, Letter to Executive Board of Local 757, Amalgamated Association of Street Railway Employees, Portland, 5 March 1926, Box 219-15, Portland General Electric Library, Portland. See also Freeman, *In Transit*, 39.

continued throughout the 1920s, spurred on by two primary forces. One of these was the mere fact that the transit division was becoming increasingly unprofitable and more costly to operate. It was felt by company executives that the transit department was repelling investment capital. In addition, its future was uncertain, as its franchise was about to expire in 1932. Thus, there would be a conscious effort by the company to distance the transit division from the light and power division.

The other force at work during this period of disinvestment was the increasing number of challenges facing the light and power division and the company as a whole; these served to distract management's attention from the less profitable and more problematic transit division and toward grappling with the concerns facing the potentially more lucrative electric operations. During the late 1920s and early 1930s, these challenges included recovering from a disastrous change in ownership; fighting municipal ownership activism; dealing with a competitor in light and power production, Northwestern Electric; and contending with the federal government's Bonneville Dam project for developing power transmission and distribution.

The PNPSC Holding Company Debacle

State Public Utilities Commissioner Charles M. Thomas may have been the local utilities' staunchest opponent so far.⁴² As was noted previously, in Oregon the state did not have as extensive control over the utilities as it did elsewhere. In June of 1933, Thomas criticized the powerlessness of the state as a regulatory apparatus: "For fifty years or more the utilities have, without resistance from the public, subtly and adroitly woven a net around the people . . . This net is known as regulation." Thomas's frustration is understandable, as he had come into the state regulatory scene

⁴²Thomas was the first public utilities commissioner (1931 to 1935).

at a time when PEPCO had fallen into the hands of another east coast holding company, whose unscrupulous activities had left the Portland company in a financially and politically weakened condition.⁴³

As noted earlier, the vast majority of the Portland company was owned by outside interests. In fact, by the spring of 1929, PEPCO's common stock was in the hands of only five separate stockholders.⁴⁴ So, when the Clarks decided in October of 1929 to sell their ownership in PEPCO to the New York-based Public Utility Holding Company of America (PUH), headed by Fred S. Burroughs, there was little that Griffith or anyone else could do to stop them.

Once the sale was accomplished, Burroughs visited Griffith in November of 1929 and convinced him that PUH's primary goal was to sell its holdings in the Portland company to "one of the aggressive holding companies which he believed could be of great assistance in developing to the maximum the possibilities of such a company as ours." By January of 1930, Burroughs had found an interested buyer: Colonel Albert E. Peirce, president of the Central Public Service Corporation (CPSC), of Chicago. Together, the two -- Burroughs and Peirce -- were interested in transforming PEPCO into a large regional holding company for the Northwest's utility

⁴³Charles M. Thomas, Address Delivered at Portland Civic Auditorium, June 13, 1933, AX 154, Political Correspondence File, Frank Lonergan Papers, Special Collections, University of Oregon Library, Eugene.

⁴⁴Franklin T. Griffith and his wife owned a little over 2,000 shares. The rest of the common stock -- 53,420 shares -- was held by the Philadelphia Clarks. See *Portland Electric Power Company, a Corporation, Debtor, Petition in the District Court of the United States for the District of Oregon, under Chapter X of the Federal Bankruptcy Act, Approved June 22, 1938, No. B-23986, First Report of Thos. W. Delzell and R.L. Clark, Independent Trustees of Portland Electric Power Company, Debtor*, February 15, 1940, Box 265-4-2, Portland General Electric Library, Portland, 5.

companies, which is why PEPCO's name was soon changed to the more regional-sounding Pacific Northwest Public Service Company (PNPSC).⁴⁵

By March of 1930, Peirce's CPSC, which at that time had fallen under the control of Burroughs's PUH, had majority ownership of the Portland company. Burroughs's and Peirce's representatives had replaced the Clarks on the company's board of directors and executive committee, with Peirce as chairman. Franklin T. Griffith was still president, however, and J. C. Ainsworth, C. F. Swigert, and E. B. MacNaughton still sat on the board along with a number of other Portlanders.⁴⁶

Once he had the Portland company's assets at his disposal, Peirce orchestrated the sale of \$16 million in PNPSC debentures and \$40 million in PGE bonds and used the proceeds for several purposes, including the purchase of a large portion of the securities of the Seattle Gas Company. Peirce had sunk nearly \$7 million of the Portland company's funds into Seattle Gas common stock alone, but by the time the books were examined and it was discovered that there had been inadequate depreciation accrual, Seattle's common stock was written down to about \$459,000. The Seattle Gas venture, along with several others, put CPSC in a bad position; and in early 1932, the holding company announced that it was going to have to suspend payment of its dividends to its investors, including all of the Portlanders who owned CPSC stock. Shortly thereafter, CPSC went into receivership.⁴⁷

A plan to convert the CPSC stock back to PEPCO stock was initiated; and control and voting power of the Portland company was vested in Griffith, Ainsworth,

⁴⁵Franklin T. Griffith, "Ten-Year Story," 1939, TMs [photocopy], Box 219-I, Portland General Electric Library, Portland.

⁴⁶Pacific Northwest Public Service Company [PNPSC] Annual Reports, 1929 to 1932, Box 219-K, Portland General Electric Library, Portland.

⁴⁷Griffith, "Ten-Year Story," 8-9, 12. Seattle Gas's name was changed from Seattle Lighting Company shortly after the March 14, 1930, purchase by Peirce.

and MacNaughton. The Peirce and Burroughs people all resigned from the board and executive committee, whose seats were now filled entirely with Oregonians, and the PEPCO name was restored.

Not only had the company, under the leadership of Colonel Peirce, overextended itself into speculative investments and risky securities issuances, but the company as a whole was doing poorly financially as a result of generally depressed economic conditions. PEPCO went into receivership in 1934 and then again in 1939.⁴⁸ Thomas W. Delzell and R.L. Clark were appointed independent trustees, with Griffith as the operating trustee. They were charged with undertaking a full-scale investigation of PEPCO's finances and general situation. The inquiry and resulting litigation would last until 1945.

The exploits of the Peirce people had left many Portlanders in a desperate financial situation, highly suspicious of utilities and holding companies. Possibly the most widely detested practice was CPSC's "customer-ownership" plan, involving the sale of CPSC preferred stock throughout Oregon. As discussed earlier, the Portland company had encouraged stock ownership by local investors as a means of maintaining customer commitment and confidence in the company; stock-ownership programs had been practiced for years. The stock-ownership campaign practiced by the Peirce people was of a different nature. Portlanders were not merely encouraged but strongly pressured into buying CPSC preferred stock. This was not a direct investment in the Portland operating company, but rather investment into the holding company itself.

There was strong pressure from CPSC headquarters for Portland management to carry out an aggressive stock-ownership campaign. Transit workers, who made up the

⁴⁸The 1934 receivership had been initiated by Percy H. Clark, of the Philadelphia Clarks, who still owned a large chunk of the company's securities, Greisser, "PGE: History," 101.

bulk of the company's employees, were especially targeted. "Are you honestly trying to sell C.P.S.Co. Securities?" asked a notice posted in the Ankeny division barn by division superintendent, R.A. Bird. Employees were required to attend meetings at which they were instructed to sell stocks to their family and friends. "It is part of our job," they were told. "We are expected to meet it cheerfully." Employees were even required to sign the following resolution:

RESOLVED, that I will do all I can to further the interests of the company for which I work -- by making friends for it, by seeking means of increasing its business, and particularly by interesting as many as possible in the securities of the parent company.⁴⁹

When CPSC declared itself unable to make dividend payments as a result of the 1930-1931 depression, thousands of local investors lost tens of thousands of dollars -- in some cases, entire life savings. Laurel Larson, who worked for the Portland company from 1925 until 1961, related a particular story of such a loss:

I remember one man that had some relatives that had some money. They [CPSC] got one of them to put in \$5,000: \$50 a share. That was a lot of money, especially when you worked all day . . . you could make less than \$5. So this particular man -- he was a streetcar operator, and he was working nights -- he stopped the car in the middle of the Burnside Bridge and jumped over, after they went broke.⁵⁰

It was situations such as this that prompted Commissioner Thomas to declare the Peirce and Burroughs people

pillagers of the high seas of frenzied finance . . . armed with every conceivable instrument of modern, immoral, financial method including

⁴⁹These various bulletins, resolutions, and so on were included as exhibits in *Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, Division 757, and Portland Electric Power Company, Portland Traction Company: Rebuttal for the Union and Supporting Exhibits*, May 1937, Box 265-5-2, Portland General Electric Library, Portland.

⁵⁰Larson.

depraved and poisonous tongue . . . [who] have left in their wake, thousands of honest and trusting investors in poverty and distress, a saddened and broken-hearted group of employees, and an operating company crippled and bathing its near-mortal wounds over the loss of sixteen and one-half million dollars.⁵¹

Portlanders not only lost money through the stock-investment scheme, but, as noted, the Portland company itself was forced into receiverships as a result of the speculative investments made by the Peirce people, using the Portland company's money. Peirce and Burroughs had been able to insert themselves into the control of the local operating company in a way that Portlanders had not seen with the Clarks, who had confined themselves to a few seats on the board of directors and executive committee while leaving management to the Portlanders. The Peirce and Burroughs strategy, on the other hand, was to try to take over a majority of board positions and then actively exercise their control by making all sorts of investments with the local company's money. This they had done in the Portland case.

When it was discovered, largely through Commissioner Thomas's investigation, that Peirce and Burroughs had not only lied to local investors, but that CPSC and PUH were part of a huge holding company pyramid, with the Chase National Bank and the Harris Forbes Company (owned by Chase and presided over by none other than Burroughs) at the top, it is no wonder that the backlash against public utilities and holding companies in Oregon was so extreme.

Despite the entire CPSC debacle, Franklin Griffith and the local operating company were able to emerge reasonably unscathed. Griffith in particular was widely credited with saving the local investors, which was especially fortunate for him and the company in light of the upcoming franchise negotiations. *The Oregonian* reported that Griffith was considered "the best financier who had come out of the west in recent

⁵¹Thomas, Address Delivered at Portland Civic Auditorium, June 13, 1933.

times.” The *Rose City News* congratulated him on his “splendid achievement” and “untiring work.” The *Linnton Public Ledger* claimed he was “entitled to first place without any strings, reservations or questions asked.” *The Spectator* commented that Griffith was “deserving of the support of the best citizenship of Portland.” “We believe in him 100%,” said the *Oregon Voter*.⁵²

The Peirce takeover had disastrous consequences for the company, not least of which was the diverting of executives’ attention to reorganization proceedings instead of to daily operations and to the upcoming franchise negotiations. In this regard, it was fortunate for the company that Franklin Griffith emerged as such a savior; had he emerged instead as a villain, his position during the franchise negotiations would have been much less favorable than it was.

Concerns about Public Ownership

Throughout the country the 1920s saw a wave of municipal ownership activism. As has been noted, Seattle’s transit system was fully municipalized by 1919. Detroit’s street railway system had been municipalized in 1922, in part, according to Foster, because the private company had not provided the necessary extensions of service to accommodate the growing city.⁵³

Barrett reports that Chicagoans considered two plans that would have brought real or quasi-municipal ownership of transit. One was a 1919 plan to raise taxes to pay

⁵²“PEPCO Comes Home,” *The Oregonian*, 19 December 1932; *Rose City News*, 23 December 1932; Editorial, *Linnton Public Ledger*, 23 December 1932; *The Spectator* 48 (December 24, 1932); “Frank Griffith is on the Spot,” *Oregon Voter* 70 (August 27, 1932), 25. For a more detailed discussion of the Peirce and PNPSC episode, see Wollner, *Electrifying Eden: Portland General Electric, 1889-1965* (Portland: Oregon Historical Society, 1990), 143-156, and MacColl, *Growth of a City*, 429-436.

⁵³Foster, *Streetcar to Superhighway*, 80.

for the purchase and operation of mass transit. For various reasons discussed by Barrett, this plan had little chance for success and was soon dismissed. But by 1925 the idea still had not died. Transit engineer Delos Wilcox warned that the public ownership crusade might be nothing more than a ploy to rescue the failing traction companies; indeed, as Barrett notes, “municipalization by 1925 had become but another means of bailing out traction investors and ensuring control of mass transit policy by CBD business and the banking community.” Thus, the idea of public ownership found support with Chicago’s new mayor, William Dever, and with much of the city’s business community, newspapers, and even the traction companies. Although the plan that Dever put forth in 1925 was “nothing more than a long-term private franchise with good amortization provisions,” its defeat at the polls was a defeat of the idea of municipal ownership in Chicago, whose transit system, for the time, was to remain private.⁵⁴

In the fall of 1918 civil engineer J.P. Newell had been retained by the Portland city council to represent the city’s interests before the public service commission on the eight-cent fare issue. His suggestions, which were released in 1919, included a charge for transfers, a zone system in outlying areas, and various traffic regulations to facilitate the movement of traffic downtown. However, he also noted that the eight-cent fare could be avoided through municipal ownership of the street railway company, much as was the case in Seattle. He was of the opinion that the various problems that plagued the Seattle system could be avoided in Portland because of the smaller population and resulting lesser demand on the transit system.⁵⁵

⁵⁴Barrett, *The Automobile*, 199-205.

⁵⁵“Tri-Partite Control,” *Oregon Voter* 19 (October 4, 1919): 20-21; “Some Car Facts Startle,” *Oregon Voter* 19 (December 27, 1919): 3-4; “Portland and Seattle

Newell's report and recommendations received little consideration. Although there was some minor agitation for municipal ownership of transit during this period, most of the efforts in Oregon were directed toward public ownership of electricity production and distribution. In fact, it was the campaigning for public ownership of light and power that concerned PEPCO officials, who by the mid-1920s clearly considered the light and power division of the company to be the most profitable. They therefore considered agitation for public ownership in this arena to constitute a significant problem. Even before the Peirce and Burroughs debacle diverted so much of management's attention, the disinvestment process progressed as company officials devoted increasing energies to warding off public ownership threats, at times leaving them little attention to devote to the struggling transit division.

The Housewives' and Granger Bills. During 1925 and 1926 Griffith spent a good deal of energy fighting the so-called "Housewives' bill" and the granger bill. The Housewives Council consisted of public-ownership advocates such as ex-council member Dan Kellaher. The group sponsored a bill, the Housewives' bill, which called for the creation of a state hydroelectric commission that would have the power to issue bonds and use the money to develop hydroelectric power and to construct *or purchase* any utility. "With these powers," Griffith remarked, "they might condemn the property I represent, if they so desire."⁵⁶ The other bill, promoted by the state grange (of which Governor Walter Pierce was a member) proposed a constitutional amendment authorizing the state to engage in power production and provision for farmers.

Cars," *Oregon Voter* 19 (December 27, 1919): 13-18; "Suggestions for Relief," *Oregon Voter* 19 (December 27, 1919): 29.

⁵⁶Franklin T. Griffith, "Relation of Public Service Men to Public.

In his speech before the National Electric Light and Power Association (NELA) opposing these two measures, Griffith clearly revealed his position vis-à-vis public ownership:

If you are true and loyal to the cause you represent . . . you will combat these policies as a social matter, as a matter of political economy, as a matter of differentiating between communism and republicanism. . . . There are two great powers in this world, two of the greatest powers governing the behavior of men: first, the fear of punishment; second, the hope of reward. Take from society those two great powers and you have an unleavened mass.

The rule in private ownership is that every man is striving, selfishly, if you please, realizing that by his own initiative, ambition and energy, he will climb farther and farther up the ladder of success, and he will be rewarded in proportion. It is this selfish motive that has made America industrially great.⁵⁷

Griffith regaled customer ownership of stocks as “true public ownership,” an opinion also voiced by vice president Orin B. Coldwell, who served as president of NELA in 1925. Both Griffith and Coldwell endeavored to convince themselves and others of the company’s success in dispelling negative public attitudes toward privately owned utilities, stressing that the company needed to “make public service an open book in which friends and enemies can find facts, and nothing but facts.”⁵⁸

In his president’s address to the NELA in 1925, Coldwell enumerated what would become the company’s three main arguments against “the public ownership cult”: (1) public ownership of utilities would not allow for the “exercise of initiative,

⁵⁷Ibid., 6.

⁵⁸O.B. Coldwell, “Annual Report of the President,” presented to the 48th Convention of the National Electric Light and Power Association, San Francisco, June 15-19, 1925, Box 219-20, O.B. Coldwell Papers, Portland General Electric Library, Portland. Later Griffith wrote the same thing in the president’s message in the first issue of the *Synchronizer*, November 1925.

genius and ability” found in private ownership; (2) public ownership could not insure “adequate service at reasonable rates,” as it was claimed private ownership could; and (3) public ownership would mean a “destruction of present tax resources,” because the state would lose the tax revenues generated by the industry.⁵⁹

The Housewives’ and granger bills, which did not propose public ownership of transit, were both defeated. But members of the Housewives Council had already made at least one formal attack on the company’s transit fares, bringing a complaint before the public service commission. They claimed that “accounts and reports of the defendant [PEPCO] are kept in a misleading manner and show fictitious results,” and charged that the result was unduly high streetcar fares. The Housewives’ representatives concluded that, while the eight-cent fare currently in effect might be unavoidable, the state commission should “recommend municipal ownership as the proper method of obtaining a lower fare.” The PSC found that, although “possibly such a plan would have its advantages,” it would ultimately impose a greater burden upon taxpayers, who had twice defeated measures that would have relieved the company of many obligations. The complaint was dismissed.⁶⁰

While the Housewives and other municipal-ownership advocates kept PEPCO busy fighting for the cause of private ownership of light and power production, they did not yet present an immediate and serious threat to private ownership of transit. Nevertheless, the company was concerned enough in this regard to campaign proactively. Its most frequent tactic was to critique the example of nearby Seattle, whose transit system had been completely municipalized after a public outrage

⁵⁹Ibid., 30-34.

⁶⁰*The Housewives Council, a Voluntary Association, Plaintiff, v. Portland Railway, Light & Power Company, a Corporation, Defendant, Hearing Before the Public Service Commission, U-F-385, Order No. 1257, August 21, 1925.*

successfully protested against the granting of a fare increase to six cents in 1919. PEPCO management made a point of noting that the promised return to the five-cent fare under municipal ownership had never materialized and that the system continued to lose money and patronage.⁶¹

Public Utility Districts and Bonneville. As the 1930s progressed, battling efforts to establish public utility districts would also prove a constant challenge to PEPCO management, continuing to divert attention from transit concerns. In 1931 the Oregon Legislature passed a People's Utility District (PUD) law, which provided for the creation of a county PUD for the development, distribution, and sale of electricity upon approval by a majority of the voters in the county. Although the concerns presented themselves early in the decade, most of the company's battles against the formation of PUDs would take place in the later 1930s and 1940s.⁶²

In addition, however, there was a growing concern on the part of management during the early 1930s about the possibility that the federal government's Bonneville Dam project might encourage a "ruthless policy" of the development of publicly owned transmission and distribution systems. "Such a policy," reported Griffith, if carried out, would mean confiscation of millions of dollars now invested in privately owned electric utilities. . . . Regardless of the final disposition of the electric energy to be generated at the new Bonneville development,

⁶¹"Seattle's Ten Cent Fare," *The PEPCO Synchronizer* 2 (February 1927), 6. See also "Czarists of Oregon," 1926 (?), a set of sixty-two short writings in opposition to the Housewives' and granger bills (no author given), Box 265-3-1, Portland General Electric Library, Portland. By the time the "Carey and Harlan Traction Plan" was issued in Portland, Seattle's fare had risen to ten cents. Carey and Harlan report that Seattle's five-cent fare had been restored in 1923-24, but due to a 28.5 percent reduction in revenue, the ten-cent fare was reinstated within four months.

⁶²Tillamook County was the first county in Oregon to adopt a PUD, in 1933.

it is obvious that it represents for the time being a problem of paramount importance to the management . . . ⁶³

The concerns about Bonneville persisted until 1937, when legislation creating the Bonneville Power Administration (BPA) was finalized. Even though the act directed the commissioner of the federal power commission to give preference to applications for power from municipalities and public utility districts, it also allowed for the sale of power to private utilities. Griffith finally was convinced that the Bonneville project would pose no threat to the private utilities. The BPA legislation, along with the April 8, 1938, defeat of a number of public utility district initiatives, led Griffith to conclude that the company was embarking on "an era of genuine cooperation between the Federal Agencies and the private utilities."⁶⁴ But this hopeful outlook came after half a decade of public relations campaigns devoted to ensuring the continuation of private utilities along with a positive working relationship with BPA.⁶⁵

⁶³PEPCO Annual Report, 1933.

⁶⁴Ibid., 1937. There would be more PUD elections -- and defeats -- in 1940, including one in Portland that went down 73,180 to 30,468 (only two PUD initiatives passed in 1940: Woodburn by just 22 votes, and a Columbia River PUD by 92 votes). PUD activism would subside during World War II, to reemerge after 1945.

⁶⁵The optimistic attitude toward BPA would fade as Griffith ended up in a bitter and protracted struggle with BPA administrator Paul J. Raver regarding the administration's refusal to give PGE any sort of long-term contract with conditions favorable to PGE. The lack of such a contract was seen as having a detrimental effect on PGE's securities, and by extension, upon the interests of PEPCO security owners in general. The disagreement between Raver and Griffith, and then later between Raver and Griffith's successor Polhemus, would continue throughout the 1940s, up until the early 1950s. See Franklin T. Griffith, Testimony Before Judge James Alger Fee, *Portland Electric Power Company, Debtor, Petition in the District Court of the United States for the District of Oregon, in Proceedings under Chapter X of the Federal Bankruptcy Act*, May 21, 1942, Box 3, BX 96, Special Collections, University of Oregon Library, Eugene. Also, "PEPCO to Pass," *Oregon Voter* 102 (September 19, 1942): 6-18; "PEPCO Investigation," *Oregon Voter* 102 (December 19, 1942): 15-19; Franklin T. Griffith and Paul J. Raver, "An Electrical Disturbance: Dr. Raver vs. Mr.

Northwestern Electric Company

Yet another contender for the attention of PEPCO management was growing competition by the Northwestern Electric Company, which had begun business in Portland in 1914.⁶⁶ In the spring of 1928 representatives from Northwestern Electric and PEPCO finally proposed a merger of the two companies. The proposal, which was enthusiastically promoted by PEPCO management, met a lukewarm reception by Portlanders, who were growing more and more wary of utility consolidations.

PEPCO poured large amounts of money and time into promoting the merger. Yet, despite aggressive campaigning by both PEPCO and the local press, Portlanders were not persuaded by the declarations of the various benefits of consolidation -- particularly the promise of lower electricity rates. One letter to the editor of *The Oregonian* (the paper supported the merger) complained that the two companies

after having taken the cream off the milk, are now attempting to hand the people a thin slice of bread sopped in the skim milk, in the nature of a promise to reduce rates . . . What assurance, that is binding, in the light of past performances, have the people that these promises are as valuable as the paper upon which they are written? Has the P.E.P. company promised a return to the 5-cent streetcar fare? No! . . . The time has come for Portland people to cease to lick the hand that exploits them.⁶⁷

The electorate overwhelmingly defeated the merger on April 9, 1928. The company's efforts at public relations campaigns, while frequently successful, could not

Griffith," *The Oregonian*, 28 March 1943; Wollner, *Electrifying Eden*, 245-252; MacColl, *Growth of a City*, 436-452.

⁶⁶In 1947 Northwestern Electric Company was subsumed into the Pacific Power and Light Company (PP&L), which came to control most of the Portland region's eastside power provision. See Wollner, *Electrifying Eden*, 289-290.

⁶⁷Letter to the Editor, *The Oregonian*, 10 March 1928.

counteract the pervasive mistrust among the public toward utilities, which disinclined the electorate from sanctioning the proposed merger.⁶⁸

Disinvestment Completed: The Final Act

During the decade of the 1920s, PEPCO management had devoted much of its energies toward promoting and protecting the light and power division, while necessarily devoting less energy to the transit division. The final act of disinvestment came on July 25, 1930, with the incorporation of Portland General Electric (PGE) and the Portland Traction Company (PTC) -- the street railway division -- as two separate corporate entities. PTC would, however, continue to operate under the aegis of PNPSC until January 1, 1932, when it began independent operation. PNPSC -- which would soon regain the PEPCO name -- would become little more than a holding company, issuing the preferred stocks for PGE and PTC. It would continue, however, to operate the interurbans.⁶⁹

The primary reason that the two operating companies, PGE and PTC, were separated was because, as noted earlier, there was a general consensus that the street railway division had become the less appealing of the two utilities from the standpoint of attracting capital. Since the street railway's franchise was up for renewal in 1932, there was also a general insecurity regarding transit's future in Portland. Griffith assumed most of the responsibility for the separation of the two companies, implying

⁶⁸For further discussion of the attempted Northwestern Electric merger, see Wollner, *Electrifying Eden*, 131-136, and MacColl, *Growth of a City*, 426-428.

⁶⁹Both operating companies were incorporated with common stock only (500,000 shares for PGE and 150,000 shares for PTC), which, at the time of incorporation, were owned and issued by Colonel Peirce. Shortly after the incorporation, Peirce caused to be transferred to PGE all of the mortgages of PNPSC. See Griffith, "Ten-Year Story," 18, and *PEPCO, Debtor, First Report of Thos. W. Delzell and R.L. Clark*, February 15, 1940, 9.

that the “divorce” -- as it was referred to in the newspapers -- was primarily his idea, not Peirce’s.⁷⁰ In his “Ten-Year Story,” Griffith explains that

securities based upon street railway properties with shortly expiring franchises were not considered desirable by investment bankers. On the other hand -- the securities of electric utilities were then accorded a ready sale at fair rates.⁷¹

Even without the insecurity of the rapidly approaching expiration of the franchise, the street railway was nearly useless as a security for borrowing capital; the uncertainty about the future only added to its unattractiveness. Since the early 1920s, the transportation division as a whole had been watching patronage and net revenues decline, despite the company’s various efforts to revitalize the division. Between 1920 and 1929 there was a 26-percent decrease in ridership on the city lines (see Figure 28) and 64-percent decrease in ridership on the interurbans (see Figure 25 on page 278).

Although this separation of the transit company from the electric company -- and the reasons therefor -- offers a perfect example of Jones’s description of the “elective disinvestment” process, it is important to remember that PEPCO continued to own the majority stock in PTC and that PEPCO executives continued to manage the affairs of the transit company, although day-to-day operations were still overseen by W.H. Lines, who had been general manager of the transit operations since 1926.

⁷⁰Thomas Delzell, “Abstract of Griffith Testimony before the Public Utilities Commission of Oregon, No. U-F-614,” October, 1932, BX 96, Box 3, Special Collections, University of Oregon Library, Eugene.

⁷¹Griffith, “Ten-Year Story,” 17.

Figure 28. City lines ridership, 1920 to 1940.⁷²

Jones suggests that through the divestment process “consolidated utilities gave priority to capitalizing electric power operations and . . . many allowed their street railway operations to decline by default if not design.”⁷³ However, as has been illustrated, the Portland company also continued to experience embattled attrition; that is, it also continued to struggle to survive in the face of increasing costs and decreased revenues. What needs to be kept in mind is that at the same time that the PEPCO executives were retrenching and distancing themselves from the transit company, they were also fighting hard to keep it alive. The clearest explanation for this seemingly

⁷²Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal, Reorganization Case No. B-23986, Thomas W. Delzell and R.L. Clark, Trustees*, 1947.

⁷³Jones, *Urban Transit Policy*, 50.

contradictory behavior is that PEPCO management must have felt an obligation to maintain the transit properties (which included meeting franchise terms) for a time in the future when they would again be profitable or, as turned out to be the case, for a time in the future when they would have to be sold.

In 1935 the Public Utilities Holding Act mandated that utility companies disinvest themselves of their transit holdings. Any “elective disinvestment” that had not yet occurred was at that point required. Bottles maintains that it was this mandatory disinvestment that allowed companies such as National City Lines to enter the field and buy up failing transit operations.⁷⁴ Although, as will be discussed later, that did not happen in Portland, the PUH Act did require that the transit properties ultimately be sold. World War II and the receivership litigation delayed this final step in Portland, but in the end, the transit properties were transferred to San Francisco interests. Although that did not occur until 1946, it would mark the end of a forty-year relationship between Portland’s electric and transit utilities. Until then, however, the Portland Traction Company remained for all practical purposes a subsidiary operating company of PEPCO, and the management of both entities continued to struggle to keep transit operations afloat.

TRANSPORTATION RATIONALIZATION: TRAFFIC AND TRANSIT PLANNING, 1915 TO 1932

As noted earlier, the Portland company was in the special position of experiencing both gradual elective (and then mandatory) disinvestment, while at the same time struggling to survive in the manner that Jones describes as embattled attrition. In this regard, the service improvements, public relations efforts, and

⁷⁴Bottles, *Los Angeles*, 237.

forestalling of labor wages were not enough. On April 23, 1929, PEPCO filed with the public service commission (PSC) yet another request for an increase in fares from eight to ten cents.

In the prevailing atmosphere of stricter controls, the PSC was not inclined to grant a fare increase without another investigation into the company's valuation. State law required the commission to take some sort of action within thirty days of the company's request, so the PSC announced that hearings would begin in November of 1929. But valuation inquiries could take several years, and the law also provided that the company could raise its fares after six months if no formal denial had been issued by the commission. Thus, Franklin Griffith announced that the ten-cent fare would go into effect in March of 1930.⁷⁵

In his letter to the PSC requesting the fare increase, Griffith had attributed the decline in ridership to the automobile, the growth of chain stores, neighborhood shopping districts and theaters, the radio, and increasing traffic congestion downtown, which, he said, was "constantly slowing up schedules and thus diminishing the popularity of street car rides."⁷⁶

Griffith further explained that, while the company had been endeavoring to attract and maintain ridership by cutting operating costs, it had been hindered by having to provide unprofitable bus service in order to meet the expanding needs of the growing city. The expansions involved \$500,000 in capital investments between 1925 and 1929 alone. In addition, the city's expansion had resulted in a general program of street

⁷⁵"Fare Hearings in Portland, Ore., on November 12," *Electric Railway Journal* 73 (September 14, 1929): 944.

⁷⁶Griffith's letter is printed in full in W.H. Lines, "The Ten-Cent Fare," *The PEPCO Synchronizer* 4 (May 1929), 3.

widening, which had necessitated the company's making further expenditures in order to relocate trackage.⁷⁷

The company's request for an increase in fares -- predicated on issues such as increased city center congestion slowing down streetcar movement, city expansion, and street-widening costs -- was bound up with the general concerns relating to traffic congestion and regulation, city growth, and automobile accommodation that occupied city and traffic planners during the first several decades of the twentieth century.

The request for a fare increase provided the impetus for the Portland city council to undertake the formulation of its first transit plan. The result, the so-called "Carey and Harlan Traction Plan," which will be discussed later, fit into the city's new, increasingly assertive and directive approach toward traffic rationalization and regulation and toward transit planning in general.

Accommodating the Auto: Planning from 1915 to 1923

As discussed in the previous chapter, much of the traffic and transit planning in the first decade of the twentieth century in Portland and elsewhere was devoted to road development, particularly in the form of city street paving. It was through street-paving programs that cities attempted to adapt their existing infrastructure in response to the technological innovation of the automobile. During the latter half of the second decade of the twentieth century, many urban areas found themselves in the position of retrenching -- evaluating, and rearticulating the policies of the previous decade. Urban populations had multiplied; centers had become more congested than ever. The pace and breadth of life had increased, as streetcar tracks blanketed the city, leading out to

⁷⁷"Fare Increase Sought," *Electric Railway Journal* 73 (May 1929): 613.

“suburban” neighborhoods, while automobiles brought businessmen and shoppers downtown and took entire families on weekend road trips.

There were three chief transportation planning and policy responses to the developments of this period, each of which will be discussed in turn: the institution of state highway commissions and the concomitant emphasis on state and county road building; the birth of city planning commissions; and the implementation of rudimentary traffic regulation. It is obvious that in general these developments had far more to do with the automobile than with urban mass transit. Again, this is because, for the most part, planning and policy-making for mass transit was still confined primarily to the regulation of a private industry. As far as transportation planning, this was unmistakably the era of accommodating the auto.

The State Highway Commission and Road Building. Oregonians’ attachment to and dependency on the automobile continued to grow. In 1915, there had been about one automobile for every thirty-three people; within two years there was one automobile for every twenty-four people.⁷⁸ As early as 1913, Oregon had adopted an act creating a state highway commission composed of the governor, the secretary of state, and the state treasurer. The act also created the position of the state highway engineer, who was to work closely with the commission. This arrangement proved unsatisfactory, however, in that it did not result in an articulated state highway policy, and there were calls as early as 1916 for a more formal and autonomous state highway commission.

⁷⁸In 1917, Oregon’s population-per-automobile rank was at the median for eleven far western states, with five states ranking lower (New Mexico had a ratio of one automobile for every fifty people) and five states ranking higher (California’s ratio was one to twelve). See “Automobiles: Some Statistics as to Fees Charged in States,” *Oregon Voter* 10 (July 21, 1917): 9-13.

Also in 1916 the federal government passed a law known as the Federal Aid Road Act, or the Shackleford Act, which was to appropriate federal moneys to states to be used on roads designated as post or forest roads; one of its purposes was to facilitate the delivery of postal mail. The Act required states to institute a highway department, if they did not have one already. This may have been further impetus for the movement in Oregon to implement a more formal state highway commission. Another condition of the Act was that states raise an equal amount of money to be devoted to the same purpose.⁷⁹

Oregon was to receive \$1.8 million in federal funds. There were various suggestions for raising the required match, including a gasoline tax, an increase in automobile license fees, and a bond issue. Oregonians were opposed to a gasoline tax at this point, but there seemed to be widespread support for a bond issue; in fact, the final ballot measure ended up requesting authorization for a \$6 million bond issue -- over \$4 million above what was necessary to match the federal grant of \$1.8 million.

In June of 1917, Oregon voters approved a number of auto-accommodating measures: one measure creating a state highway commission, to consist of three governor-appointed commissioners; two bills for prescribing methods of laying out highways and building county roads; one measure that would double the motor vehicle license fee from \$4.31 (the second lowest of eleven western states) to \$8.62; and one bill authorizing the \$6 million bond issue to cover the federal match requirements and also to finance a general system of state highways. In addition, the bill that created the three-man state highway commission also provided for a one-quarter-mill tax on all

⁷⁹John B. Rae, *The American Automobile: A Brief History* (Chicago: University of Chicago Press, 1965), 89.

taxable property, to be used by the commission for road construction (a total of about \$220,000). The moneys raised through property taxation and vehicle licensing would prove inadequate in Oregon and other sparsely settled states, so in 1919, a one-cent-per-gasoline tax was finally enacted, Oregon being the first state to do so.⁸⁰

Similar bills were being passed in other states. Illinois had had a state highway commission since 1906 and, according to Barrett, was fairly active in promoting state road building. Illinois' federal allotment as a result of the Shackleford Act was \$5 million, which the state had no trouble matching. Illinois voters approved a \$60 million bond issue in 1918 for road construction -- ten times the amount approved by Oregon voters. But Illinois' needs were on an entirely different scale from those of Oregon. What was common to most states is that the involvement of state *and federal* governments in road building, the creation of state highway commissions, the raising of money through bond issues and vehicle licensing, and so on, were all characteristic of the auto-accommodating policies of this period.⁸¹

Early Traffic Regulation. As Barrett notes, the improvement of state and county roads during this period generated more traffic and eventually aggravated the congestion in the downtown district. In most cities, street improvements in the urban core were proceeding rapidly, but only to make congestion worse. In urban Portland,

⁸⁰By 1929 every state had a gasoline tax, which at that point was typically three to four cents per gallon, Rae, *American Automobile*, 89; Flink, *Automobile Age*, 171. Other states instituting a gasoline in 1919 were New Mexico and Colorado. John H. Lewis, "Highways in Oregon," *Oregon Voter* 6 (September 30, 1916): 267-271; "The New Road Laws," *Oregon Voter* 8 (March 3, 1917): 266-269; "City Club Reports on Road Bond Issue," *Oregon Voter* 9 (April 4, 1917).

⁸¹Barrett, *The Automobile*, 69, 146.

nearly sixty miles of new pavement was laid between 1915 and 1920, and a municipal paving plant department was established in 1917.⁸²

Because the net result of auto accommodation through street improvements was an increase in the number of automobiles, with ever-worsening downtown congestion, a new element in transportation policy during this period involved the regulation of automobiles -- and pedestrians -- which was primarily an effort to control congestion and promote safety. Portland defined a "congested district" in the center of downtown, and as early as 1915 traffic ordinances restricted parking in much of that area. For instance, in 1915, there was no parking in the congested district between 9:00 A.M. and 6:00 P.M. for more than thirty minutes. Fines for disobeying these parking laws, or the fifteen-mile-per-hour speed limit, were as high as \$200 or ninety days in jail. Within one year, the no-parking rule in the congested area had been expanded to a fifteen-minute limit between 9:00 A.M. and 7:00 P.M. (see Figure 29).⁸³

Also by 1916 some Portland intersections were regulated by traffic lights (nonsynchronized), referred to as semaphores. These consisted of two lights -- green for "go" and red for "stop," with a bell as a warning for the change from green to red -- atop a pole erected on the corner of the sidewalk. Pedestrians were expected to obey these lights, as well. Traffic officers made their debut on Portland's streets in 1916, and traffic ordinances required all motorists to know such rules as two blows of the whistle meant that east-west traffic must stop, while one blow was for north-south traffic.

⁸²Portland City Planning Commission and Cheney, "Major Traffic Street Plan," 12; City of Portland, Department of Public Works, Municipal Paving Plant Division, Annual Reports, 1922-1930, Multnomah County Library, Portland.

⁸³Portland City Ordinance No. 30146, 17 February 1915; "Digest of Traffic Ordinance [No. 32091] for the Regulation of Street Traffic in the City of Portland, Oregon," September 6, 1916, Multnomah County Library, Portland.

Figure 29. Parking map for the “congested district” of downtown Portland, 1915.⁸⁴

Laws directed more specifically to safety or, even, good manners also appeared in 1916. For the first time, there were now laws prohibiting driving while intoxicated, as well as laws against allowing “offensive” exhaust to be emitted. Vehicles were for the first time required to have two white lights in front and one red light in the back. The enforcement of all the new regulations was likely an unwelcome additional burden

⁸⁴“Digest of Traffic Ordinance,” September 6, 1916.

for the police department, and in 1916 fines were raised *200 percent* to a maximum of \$600 or six months in jail.

Los Angeles' concern with regulating traffic had led to the installation of synchronized traffic signals even before 1920, but congestion was so out of hand that the California Railroad Commission and the Los Angeles Board of Public Utilities sought to ban downtown parking altogether. Like Portlanders, Angelenos already had a law limiting downtown parking to twenty minutes, but in Los Angeles the law was difficult to enforce and the consequences of overparking were much more severe than in more sparsely populated Portland. So, in 1919, the Los Angeles city council began considering an ordinance that would ban all parking in the downtown area. The ordinance was highly controversial, and the final proposal that went before the voters banned downtown parking from 11:00 A.M. to 6:15 P.M. Once in effect, the ordinance attracted vociferous opposition from many quarters, and it was finally amended to allow forty-five-minute parking downtown between 10:00 A.M. and 4:00 P.M., with no parking from 4:00 P.M. to 6:15 P.M. With these amendments, Los Angeles' infamous no-parking ordinance was less restrictive than that provided by the Portland code. The difference was that, as noted, because Portland was far less congested than Los Angeles and much less densely populated, violations of the parking ordinance had a much milder effect on downtown congestion.⁸⁵

City Planning, Wide Streets, and "Major Traffic Street Plans". The third development characterizing this period, 1915 to 1920, was the creation of a city planning commission. In 1917 there was renewed interest in the idea of city planning and in Edward Bennett's Greater Portland Plan, which had lain on the shelves since voter approval in 1912. In 1917, the city council passed an ordinance reconfirming its

⁸⁵Bottles, *Los Angeles*, 64-90; 108-109.

commitment to Bennett's plan, adopting it as the "official city plan." Then, in December of 1918, the city council voted to create a city planning commission. The duties of the commission were to make suggestions (it did not have the authority to issue orders) regarding street layout, parking, traffic congestion relief, and zoning.

Charles H. Cheney, who had come to Portland in 1917 as a war housing expert, was a major force behind the creation of the planning commission. The members of the first commission who worked with Cheney included civil engineer J.P. Newell and PEPCO officials J.C. Ainsworth and E.B. MacNaughton. Ex-officio members included city engineer Olaf Laurgaard and Mayor George L. Baker. The final plan, entitled "Major Traffic Street Plan, Boulevard and Park System for Portland, Oregon," was issued in January of 1921.⁸⁶

This report devoted many pages to the subject of core-area congestion, suggesting comprehensive land-use zoning and street widening as the primary solutions. A system of wide boulevards, mostly for pleasure traffic, was also proposed, with the idea that arterial streets would feed in to these wider thoroughfares. Like earlier plans, mass transit was not addressed as a separate issue in and of itself. The notion that streetcar traffic would adjust to changes in streets and boulevards continued to prevail; its presence somewhere along the widened streets was accepted as a given.

Cheney, for instance, recommended that double tracks line the center of the widened roadways. His most direct discussion of mass transit was confined to the suggestion that some streets be wide enough to accommodate "possible future standard

⁸⁶Abbott, *Portland*, 69-92. Abbott includes detailed coverage of the housing and zoning issues involved in Cheney's initial work. See also McVoy, "History of City Planning"; James J. Sayer, "Portland to Try City Planning," *Oregon Voter* 15 (December 21, 1918); Portland City Council Minutes, 11 and 27 December 1918; Portland City Ordinance No. 34870.

gauge double track car lines.” He also recommended against the implementation of one-way streets, arguing that they would mean one-way streetcar lines as well; this, the report concluded, could lead to the “curtailment of nearly one-half the possible volume of traffic on a street . . . [and might] seriously cut down purchasing power and adversely affect the retail business facing it.”⁸⁷

There were two aspects of the 1918-1919 planning activity in Portland that might be seen as far sighted -- although at the time, they were ineffectual. One was the realization that zoning was a necessary component of comprehensive planning. Zoning advocates during this period seemed to consider zoning as a key mechanism for commercial stabilization and for bringing order to the congestion and disarray of haphazardly built business districts. For example, in his 1921 report, Cheney expressed dismay that the prime business streets in downtown Portland had shifted so many times, serving to disrupt business stability. Following Cheney’s strong advocacy of zoning, the planning commission crafted a 1920 zoning ordinance, with controls on property use, building heights, and open space. This ordinance, was, however, strongly opposed by the Portland Realty Board and other commercial interests, who saw such regulation as a threat to private enterprise. Their opposition was strong enough to bring defeat to Portland’s first zoning ordinance, although by a very slim margin.

The other innovation during this period was the recognition of the importance of planning at the regional level. Cheney’s report recommended that the city planning commission make a regional plan, which it had been empowered to do by a 1919 Oregon statute, allowing city planning commissions to extend their authority for six miles outside the city boundaries. His report suggested regional planning encompassing

⁸⁷Portland City Planning Commission and Cheney, “Major Traffic Street Plan.”

seven activities, including parks and boulevards; economic use and regulation of the subdivision of land; and several aspects of regional transportation, including railways, waterways, and highways.⁸⁸

With regard to Cheney's conclusion that traffic congestion resulted in part from uncoordinated land use and his resulting recommendations stressing street widening and a system of boulevards, as well as comprehensive zoning, Bottles reports very similar activity in Los Angeles during this same period. The Automobile Club of Southern California was particularly active in undertaking studies and submitting reports to the Los Angeles city council. In 1922, the club, like Cheney and Portland's planning commission, concluded that much of the congestion problem in downtown Los Angeles was due to a haphazard pattern of land use. Frederick Law Olmsted, Jr., had made this clear in a report about Los Angeles, also issued in 1922. The club also suggested one-way streets, diagonal boulevards, extensive street widening, and, like Portland, a comprehensive master street plan. Eventually, a Los Angeles Traffic Commission -- an advisory and unofficial body -- adopted many of the automobile club's recommendations as its own. The commission appointed a Major Highways Committee, which hired Olmsted, Cheney, and Harland Bartholomew, who came up with a 1924 "Major Traffic Street Plan," with some suggestions very similar to those in Portland's plan as drafted by Cheney.⁸⁹

In many cities, the pervasive force during this period was that of accommodating the automobile by giving it more room to operate. Joel Tarr reports

⁸⁸1919 Oregon Statute 89. Land owners could, however, evade zoning regulation by selling their lots with metes and bounds descriptions, resulting in an "indiscriminate and illogical subdivision of land," McVoy, "History of City Planning," 4-5, and Abbott, *Portland*, 79. Also, Planning City Planning Commission and Cheney, "Major Traffic Street Plan."

⁸⁹Bottles, *Los Angeles*, 99-109.

this sort of auto-accommodation in Pittsburgh during this same period, where voters passed a \$20,000,000 bond issue in 1919, devoted primarily to street widening. Between 1920 and 1923, the Citizens Committee on City Plan of Pittsburgh, in its “Major Street Plan for Pittsburgh,” made regional recommendations very similar to those of Cheney for Portland: playgrounds and parks, street development, transit coordination, and railways and waterways.⁹⁰

Barrett reports similar activity in Chicago during the early 1920s. “Street widenings,” says Barrett, “were frequently proposed as the only means of ‘keeping up’ with the ever-increasing, irreversible growth of automobile traffic.” The other prominent activity was the drafting of “master street plans.” Foster reports that like Portland, Los Angeles, and Pittsburgh, Detroit, too, adopted a remarkably comprehensive master street plan in 1923.⁹¹

The emphasis during the late teens and early twenties was on making space for the automobile and giving it priority in the competition for the streets. Planners promoted an ideal of major traffic plans calling for coordinated thoroughfares and land-use activities that would allow commerce and the movement of people to proceed efficiently and harmoniously, rectifying the unplanned chaos of the past and directing the city toward a more orderly and rational future. Meanwhile, city officials sought to impose order on the chaos of the congested city center through increased traffic regulation.

However, as the protest against the parking ban in Los Angeles and the defeat of the zoning ordinance in Portland both demonstrate, Americans wanted their freedom of movement and activity to be facilitated, not regulated; and, thus, the most pervasive

⁹⁰Joel A. Tarr, *Transportation Innovation and Changing Spatial Patterns in Pittsburgh, 1850-1934* (Chicago: Public Works Historical Society, 1978), 26-27.

⁹¹Barrett, *The Automobile*, 142; Foster, *Streetcar to Superhighway*, 80.

tendency during this period was the accommodation, not the restriction, of the automobile and of space devoted to it.

Traffic Diversion and Channeling: 1921 to 1932

The result of the widespread trend of street improvement and auto accommodation in the late teens and early twenties, discussed above, was a condition of worsened, not improved, congestion in the central business district. As Barrett, Bottles, and Foster note, attempts to relieve congestion through street widening, parking regulation, and so on did indeed improve conditions -- but only temporarily. As a result of the improved conditions, more automobiles were able to use the streets. Eventually, the congestion was just as bad as, if not worse than, it had been before. "The better the facilities," comments Barrett, "the greater the congestion."⁹²

Although street widening in U.S. cities continued through the 1920s, there was much less emphasis on widening and improving streets as a solution to the increasing problem of urban congestion. Planners and traffic engineers still had as their primary purpose to facilitate the movement of the automobile, but more creative solutions needed to be found. After all, streets could not be continually and indefinitely widened. The major trends during the twenties include a widespread adoption of one-way streets; increased and more specific traffic regulation; advocacy of arterial highways, freeways, rapid transit, and decentralization; and traffic segregation, including devices such as double-decked streets and grade separation. In general, these trends in traffic planning, along with increased zoning, can be seen as attempts to direct land-use activity and to channel traffic, to divert it from congested areas.

⁹²Barrett, *The Automobile*, 143.

Traffic Channeling and Control, Part I: One-Way Streets and Regulation. In 1924, one-way streets were finally implemented in Portland, although there had been considerable opposition from retailers and the transit company, which had to reroute a number of its lines. As noted earlier, Cheney's "Major Traffic Street Plan" had argued against one-way streets in the interest of both the transit company and downtown businesses, which he feared would lose business. But civil engineer Newell had supported the idea of one-way streets since at least 1919, and by 1922 even the conservative the *Oregon Voter* announced that it was time for Portland to adopt a one-way street plan. So, in 1924, the downtown thoroughfares of Front, Second, and West Park avenues were made one-way northbound; First and Park avenues were southbound; Ankeny, Oak, Yamhill, and Taylor streets were all eastbound streets; and Pine, Stark, Alder, and Main streets were all westbound. As a concession to PEPCO, streetcars and interurbans were exempt from the one-way regulation on certain portions of certain streets, e.g., on Alder Street from First to Third avenues.⁹³

In 1924 the defined congested district of downtown Portland was enlarged at the southern boundary to include Taylor Street. As Figure 30 indicates, parking restrictions were increased, including several areas where there was no parking allowed at any time -- for instance, on the entire length of Ankeny Street and on Madison Street between Front and Second avenues. Parking was also prohibited between 4:30 and 6:45 P.M. on busy thoroughfares such as on Morrison Street from Front to Fifth avenues and on Alder Street from Front to Third avenues. During the rest of the day,

⁹³Portland City Council Minutes, 3 September 1918; "Suggestions for Relief," *Oregon Voter* 19 (December 27, 1919); "One Way Traffic," *Oregon Voter* 31 (November 25, 1922): 27-28; "Digest of Traffic Ordinance for the Regulation of Street Traffic in the City of Portland, Oregon," 1924, Multnomah County Library, Portland.

in most of the downtown area, parking was allowed, but limited to one hour. There were also a number of three-hour parking zones on the fringes of the downtown area.

Figure 30. Parking provisions and one-way streets in downtown Portland's congested district, 1924.⁹⁴

By 1926, however, the three-hour parking zones had disappeared and were replaced by a maximum two-hour allowance. Requirements regarding the operation of

⁹⁴"Digest of Traffic Ordinance," 1924.

automobiles were also becoming more specific. In 1924, all vehicles were required to have their rear license plate illuminated by a light. In 1926, motorists were expected to conform to a system of arm movements for signaling turns and slowing and stopping. In 1927, the city began installing a few tricolored synchronized street lights in the downtown area, suspended over the middle of intersections instead of on street-corner poles. Wherever the new street lights were installed, the city also installed pedestrian “Walk” and “Wait” signals, the second city (after Los Angeles) to adopt pedestrian traffic controls.⁹⁵

In 1928, the rush-hour no-parking period was extended to include the morning as well, from 7:00 to 9:30 A.M. To facilitate traffic flow further, there were, as early as 1924, a number of through streets at whose intersections motorists were required to stop. These included major thoroughfares such as Killingsworth Street, Sandy Boulevard, Union Avenue, Hawthorne Avenue (now Boulevard), Division Street, Macadam Avenue, Powell Boulevard, East Burnside Street, and Milwaukie Avenue (see Figure 31).

As Barrett notes, the use of one-way streets and through streets constituted policies for diverting traffic from congested areas, for channeling it to particular thoroughfares where traffic was allowed to proceed uninterrupted by stop signs or signals or, on one-way streets, by vehicles wanting to turn against traffic. The overall goal was to improve traffic flow.⁹⁶

Policy Making and Implementation by Engineers and Policemen. Much of the traffic rationalization during this period was carried out by engineers and enforced by police departments. Congestion and traffic were seen as physical problems relating to

⁹⁵“Digest of Traffic Ordinances Respecting Motor Vehicles,” 1926, Multnomah County Library, Portland; “Control System Starts,” *The Oregonian*, 19 October 1927.

⁹⁶Barrett, *The Automobile*, 142.

streets and requiring a structural solution, while traffic-control mechanisms such as street lights and parking prohibition were considered an extension of the traffic officer. Thus, traffic engineers and, to a lesser extent, police department captains, played an active role in the planning process. This is especially evident in a city such as Chicago, where the Board of Supervising Engineers (BOSE) had been in charge of transit and traffic matters since Bion J. Arnold had first chaired it in 1907. In Portland, too, the city planning commission relied on the expertise of consulting engineers and on the input of the police department.

In February of 1925, Portland's police chief, city engineer Olaf Laugaard, and PEPCO representative F.I. Fuller (vice president in charge of transportation, succeeded by W.H. Lines) had submitted a report to the city council regarding the rerouting of streetcars in order to permit the extension of the one-way street system. The city council had referred their report to the city planning commission, which in turn hired consulting engineer J.P. Newell, asking him to prepare a study.

In June of 1925 Newell presented a report to the commission in which he optimistically reported that "congestion, as it is found in large cities, does not exist in Portland." Newell gave much of the credit for the improvement to police supervision, which he considered more effective in controlling traffic than the new one-way streets. He did admit, although somewhat begrudgingly, that the one-way streets were improving traffic flow; he noted, for instance, that the average speed on one-way streets was 10 percent faster than on the two-way streets. Although Newell had been one of the earlier advocates of one-way streets in Portland, he did not now advocate an increase in their number. Instead, he proposed two other alternatives for controlling congestion. One, which was not adopted, was an extension of the no-parking zones, especially near bridge approaches, with the allowance of a small commercial parking zone in each block of the CBD.

Figure 31. Map of through streets entering the westside downtown district from east Portland, included in the 1924 "Digest of Traffic Ordinances."⁹⁷

Traffic Channeling and Control, Part II: Segregation and Separation. Newell's other suggestion -- also not adopted -- was an example of the current proposals for segregating traffic. He wanted to see streetcars virtually removed from the downtown area. A painstaking study had revealed that the average speed of automobiles on streets with streetcar tracks ranged from a low of 5.6 miles per hour to a high of 9.8 miles per hour. On streets without tracks, the average speed ranged from 10 miles per hour to

⁹⁷"Digest of Traffic Ordinance," 1924.

over 11. The average rate of speed for streetcars themselves was a sluggish 4.5 miles per hour, including stops. The solution to downtown bottlenecks, in Newell's opinion, was to remove streetcars altogether.

Newell had a clear grasp of the key problem facing the streetcar company: peak-hour ridership. He noted that the company had to operate a total of 410 cars per day, but "if service could be spread uniformly over the day, 240 cars would be sufficient." Staggering business hours did not seem to occur to Newell -- or anyone, for that matter -- and the idea would have to wait until World War II. For now, Newell recommended a beltline through the downtown area, on which motor buses would run. Streetcars would be banned from downtown streets. Instead, at the downtown fringe, streetcars would transfer riders to the more flexible trackless motor buses. The downtown streets would be limited to automobile and motor bus traffic only.⁹⁸

Traffic segregation was even more widely advocated in the more congested cities. At about the same time that Newell was presenting his report to the Portland city planning commission, the consulting firm of Kelker, de Leuw & Company was submitting a traffic report to the Los Angeles city council. Bottles reports that Kelker, de Leuw concluded that "only through segregating different types of vehicles could the city ultimately resolve [its] traffic congestion." Like Newell in Portland, Kelker, de Leuw insisted that railway tracks be removed from the downtown streets of Los Angeles and be replaced with rapid-transit lines. These rapid-transit lines, they

⁹⁸J.P. Newell, "Report on City Traffic to the City Planning Commission," June 1, 1925, Multnomah County Library, Portland.

maintained, could be elevated or in subways or in depressed ditches; it was only necessary that they be segregated from surface automobile traffic.⁹⁹

Pittsburgh had implemented one of the first traffic-segregated thoroughfares as early as 1901, with the opening of Grant Boulevard, a three-mile-long riverside parkway, which was originally intended for the exclusive use of carriages and other “light vehicles.” By 1912, it was used for automobiles as well. In 1916, it was widened and renamed Bigelow Boulevard, continuing to prohibit access by streetcars. New York’s William K. Vanderbilt’s Long Island Motor Parkway, constructed between 1906 and 1911, is another early example of a thoroughfare restricted solely to the automobile.¹⁰⁰

In addition to traffic segregation, another common traffic planning proposal during this period was the separation of grades. Foster explains that during the 1920s one particular fundamental principle dominated suggestions for facilitating traffic flow: “movement along more than one horizontal plane.” This principle meant the separation of grades -- and even multilevel streets.¹⁰¹

The Portland city planning commission consistently recommended grade separation as an answer to the problem of facilitating traffic flow. Every issue of the commission’s publication, *The Plan-It*, contained repeated recommendations for separating grades. The goal was to prevent vehicles from having to stop at intersections. It was maintained that streetcar or automobile traffic flowing in one

⁹⁹Bottles, *Los Angeles*, 129-132. The Kelker, de Leuw recommendations for rapid transit were not implemented; Angelenos opposed elevated tracks, and subways were considered to be too expensive.

¹⁰⁰Tarr, *Transportation Innovation*, 28; Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985), 166.

¹⁰¹Foster, *Streetcar to Superhighway*, 94.

direction should be made to travel below or above traffic flowing in a perpendicular direction.¹⁰²

Barrett reports that grade separation was taken to an extreme in the innovation of the double-decked street, of which there were two in Chicago as a result of efforts by the city's planning commission during the 1920s. Foster notes that throughout the twenties some urban planner-architects such as Harvey W. Corbett championed the notion of double- and even triple-decked streets, while others, such as Harland Bartholomew, were less enthusiastic, objecting to multilevel streets on the grounds that they would encourage more traffic and increase congestion, much the same way as the wider streets of the previous decade had done.¹⁰³

Another ambitious grade-separation innovation was the viaduct system implemented in Atlanta beginning in 1921. Howard L. Preston reports that the Spring Street viaduct, completed in 1923, was a 1,900-foot north-south expanse built over the railroad tracks that were located very near the heart of the central business district. By 1928, two more viaducts, the "Twin Viaducts," were built for the same purpose. The three spanning railroad crossings served to eliminate undesirable grade crossings in the downtown district almost entirely. However, by 1929, the successful effects of traffic diversion achieved by the viaducts had been replaced by increased congestion and bottlenecks at their northern approaches.¹⁰⁴

Highways and Garden Cities. Highways, expressways, or parkways -- all generally synonymous terms indicating a limited-access and often traffic-segregated

¹⁰²Portland City Planning Commission, *The Plan-It*, Multnomah County Library, Portland. The first volume was issued in 1927. The suggestions for grade separations were especially frequent in the first several years.

¹⁰³Barrett, *The Automobile*, 148; Foster, *Streetcar to Superhighway*, 94.

¹⁰⁴Howard L. Preston, *Automobile Age Atlanta: The Making of a Southern Metropolis* (Athens, Ga., University of Georgia Press, 1979), 118-125.

thoroughfare, uninterrupted by traffic signals -- were an increasingly popular solution for alleviating congestion, directing traffic flow, and, in general, adapting the urban infrastructure to the automobile.

Foster and Bottles note that highway planning during the twenties was intimately connected with the planning ideal of decentralization. Rapid transit was increasingly considered an obsolete solution for the expeditious and long-distance transportation of the population. In addition, it was widely felt that rapid transit exacerbated central city congestion. Highways, on the other hand, could direct people away from the central city, to spacious and green, planned suburban communities (the idyllic "garden cities") *and* they could accommodate both private automobiles and public transportation in the form of motor buses. In addition, highway building appeared to be far less expensive than most types of rapid-transit construction.¹⁰⁵

Street widening continued to be a persistent recommendation in Portland throughout the 1920s, but less as a solution to congestion in the downtown district than as a means for creating major thoroughfares. In 1927 the city planning commission, with J.C. Ainsworth at the helm, again renewed the Cheney "Major Traffic Street Plan," submitting a report to the general public. This report recommended widening more than forty-five streets from a present width of between forty and eighty feet (the majority were sixty feet wide) to a width of one hundred or in some cases one hundred and twenty feet. "In Kansas City," the report noted,

it was found that property on the widened streets increased from 100 to 600 percent in value. In Chicago the widening of Michigan Boulevard

¹⁰⁵Foster, *Streetcar to Superhighway*, 91; Bottles, *Los Angeles*, 159-160.

cost \$60,000,000.00 and was the means of adding \$100,000,000.00 to the assessed value of the property fronting on the improvement.¹⁰⁶

The most important thoroughfares the planning commission sought to widen were also what it considered “arterial highways,” that is, through streets that in many cases were capable of providing long-distance and in some cases intercounty transit. Examples of such thoroughfares included East Eighty-Second Avenue from the southern city limits to Columbia Slough Road, St. Helens Road, Powell Boulevard, and Interstate Avenue. As part of its authority to oversee regional planning, the commission also recommended a new highway from Oregon City to Portland (the present McLoughlin Boulevard) and a Tualatin Valley Highway (the present Barbur Boulevard) connecting downtown Portland with Multnomah, West Portland, and Tigard.

One of the pressing issues regarding the development of arterial highways was the source of funding. Portland had a tradition of a 25-75 basis of funding street improvements, whereby the city paid 75 percent of the improvement and the rest was paid by the district receiving the improvement. The planning commission determined that such a system would be too expensive for the city in the development of arterial highways, so it proposed that the city pay a maximum of 66.67 percent for widenings from a present width of sixty feet to an improved width of one hundred and twenty feet or over. It would pay 33.33 percent for street widenings from a present width of sixty feet to a new width of ninety feet. Any improvements under ninety feet were to be considered strictly a “local matter.”¹⁰⁷

¹⁰⁶Portland City Planning Commission, “Report on a Major Traffic Street System, Submitted to the Public for Discussions and Recommendations,” December 1927, Multnomah County Library, Portland.

¹⁰⁷Portland City Planning Commission, “Arterial Highway Development,” 1928, Multnomah County Library, Portland.

Barrett reports examples in Chicago similar to those implemented in Portland, such as grade separation, highways, through streets, and other devices to facilitate traffic flow. He notes that in 1922 Chicago began implementing through streets to accommodate the movement of automobiles, and this continued -- despite the problem of speeding -- throughout the 1920s. Unlike Foster and others, who considered most highway proponents to be also advocates of decentralization, Barrett notes an additional relationship of highways to suburbanization in Chicago. Instead of emphasizing the role of highways in promoting a desired decentralization, Barrett explains that as early as 1926 expressway advocates in Chicago promised that the highways would make the central city more accessible and more competitive with growing suburbs.¹⁰⁸

In Los Angeles, advocates of the highway system may have been less concerned with an economic weakening of the city center, which Bottles reports was beginning to lose economic advantage to the suburbs as early as the mid-1920s. An areawide, integrated highway system was encouraged in Olmsted's 1924 "Major Street Traffic Plan" for Los Angeles, which recommended continuing the developing practice of designating certain streets as major thoroughfares. By 1930 this approach had developed into a movement for an interconnected network of "freeways" throughout the entire region. This sort of activity would not develop in Portland or many other regions for at least another decade or two.¹⁰⁹

Although, as Foster notes, the idea of rapid transit was losing favor among planners during the 1920s -- primarily because of the belief that it aggravated central city congestion and that it was too expensive to implement -- there continued to be planners who suggested the implementation of rapid transit. As noted above, Kelker,

¹⁰⁸Barrett, *The Automobile*, 148-149.

¹⁰⁹Bottles, *Los Angeles*, 109; 216.

de Leuw had advocated rapid transit lines in Los Angeles in 1925. That same year, engineers Henry Miller and Nicholas Schorn proposed a surface rapid-transit system in Detroit. The system they proposed was implemented on a trial basis, but was soon dubbed a failure and abandoned. Other efforts in Detroit to implement rapid transit throughout the 1920s were repeatedly defeated.¹¹⁰

In 1927 Henry Miller even proposed a rapid-transit system for Portland, not unlike the system he and Schorn had proposed for Detroit. The Portland plan included through streetcars, making stops every mile or half mile at regular stations; buses to handle local traffic; and subways under street intersections, to connect loading stations with sidewalks. Miller estimated a cost of \$40,000 per mile, which was extremely inexpensive for rapid transit (the estimates for a similar system in Detroit had been for between \$250,000 to \$300,000 per mile). But, despite the low cost estimate, Miller's plan never received any serious consideration in Portland.¹¹¹

As Foster notes, efforts to build rapid transit in large American cities throughout the 1920s and 1930s were almost universally unsuccessful. By the late 1930s, only Chicago had been able to implement a subway system. Virtually every other medium- and large-sized city was concentrating on highway building, directed toward an exodus to the suburbs, as the primary solution to traffic and congestion in the central city.¹¹²

Portland's core, however, was not as congested as larger, older cities, where planners promised relief through the development of satellite garden cities, reached by a network of limited-access highways. Indeed, the suburbanization process in Portland

¹¹⁰Foster, *Streetcar to Superhighway*, 84-86.

¹¹¹"Portland May Have Express Trolleys," *Electric Railway Journal* 70 (August 6, 1927): 244.

¹¹²Foster, *Streetcar to Superhighway*, 155, 165.

was still relatively minimal, and, as noted, the highway development was on a correspondingly smaller scale -- in many cases, just enlargements of existing thoroughfares, with, of course, a few plans for connecting outlying suburban communities such as Tigard and Oregon City with Portland's downtown via intercounty highways.

Portland's East Side and the Willamette River Bridges. Kenneth T. Jackson, in discussing the "suburbanization boom" of the 1920s, notes that just as significant as the outward growth, facilitated by the automobile, was the growth *within* cities. Although, as Abbott notes, "automobile suburbs" did not begin to develop in the Portland region until the 1930s and 1940s, one feature of Portland's growth that did strongly influence its traffic and transit patterns was the continued growth within and expansion of the city's east side.¹¹³

Portland's earliest streetcar routes had been confined primarily to the business district of the west side. However, with the 1891 consolidation of East Portland and Portland and with the advent of electrification as a motive power for the streetcar system, the streetcar routes soon came to blanket the east side, with in fact much more trackage there than on the west side of the river (see Figure 32).

Although streetcar routing remained essentially the same between 1920 and 1930, eastside districts that had been previously sparsely settled because of their distance from streetcar lines became by 1930 increasingly accessible as thriving residential neighborhoods. As indicated by the statistics in Table I -- corresponding to the city map (Figure 33) on the following page -- in the early 1930s, an average of about 45 percent of the families on Portland's west side owned automobiles, compared

¹¹³Jackson, *Crabgrass Frontier*, 176; Abbott, *Portland*, 28-29. In *New Urban America*, 169, Abbott dates the major suburbanization wave in Sunbelt cities such as Portland as occurring in the late 1930s.

with an average of nearly 67 percent of the families on the east side. The total for all of Portland was about 62 percent. Despite the higher percentage of automobile ownership on the east side, it is important to remember that only 17 percent of Portland's families lived on the west side, while the remainder -- 83 percent -- lived on the east side.

PASSENGER TRAFFIC ON STREET CARS OF PORTLAND

Figure 32. Passenger traffic on Portland streetcars, with width of band indicating the relative average volume of passenger traffic for 1920.¹¹⁴

¹¹⁴*Portland City Club Bulletin* 1 (July 1921), 4. Passenger totals were computed by adding the number of transfers issued to the number of fares paid. The map was

As Table I and Figure 33 on the following page indicate, of Portland's ten districts, the three farthest to the east (Zones E, F, and H) consisted of 23 percent of the city's families. An average of 70 percent of the families in these districts owned an automobile, compared to the citywide average of 62 percent. This high figure indicates a particularly strong reliance on the automobile in these distant neighborhoods.

TABLE I
SOCIOECONOMIC/CONSUMER DATA FOR PORTLAND
BY NEIGHBORHOOD ZONE, Ca. 1932¹¹⁵

ZONE	A	B	C	D	E	F	G	H	I	J
Geographical District	West Portland Heights	CBD. NW (Linnton) SW (W Pkld. Multnomah)	Ctr NE/SE (Alameda, Irvington, Laurelhurst)	Inner SE/SW (Brooklyn, Dunthorpe)	Central SE (Mt. Tabor, Montavilla)	Outer SE (Mt. Scott, Lents, Woodstock)	Inner SE (Hosford- Abernathy, Richmond)	Ctr. Outer NE (Parkrose, Rose City)	Ctr-Inner NE (Albina, Woodlawn, E. Columbia)	North (St. Johns, Portsmouth)
No. of Families	7,440	8,020	7,520	8,420	7,880	5,400	13,620	7,480	17,540	7,120
Economic Rank	2nd	8th	1st	5th	10th	6th	4th	3rd	7th	9th
Percent										
"Native" White	84.68	80.30	91.22	80.05	82.23	84.07	86.34	86.10	79.82	82.02
Black	----	.25	----	----	.51	----	----	----	.57	----
"Foreign Born"	15.32	18.95	8.51	19.95	17.01	15.93	13.51	13.90	19.38	17.98
Pct Owning										
Home	29.57	32.92	75.00	67.46	74.37	62.59	49.49	73.53	59.52	69.10
Telephone	69.09	54.61	89.89	57.48	55.58	54.07	62.26	73.26	56.90	47.75
Radio	69.90	62.84	93.35	75.77	70.31	72.96	74.89	84.49	71.83	66.57
Elec. Refrig.	44.08	18.95	26.86	8.08	2.28	4.81	18.06	12.83	8.67	3.65
Automobile	47.31	42.89	77.93	62.95	65.48	68.52	58.44	77.01	60.89	61.80
Percent Having										
Savings Acct.	11.15	8.29	14.47	10.48	7.61	9.20	10.49	11.31	9.06	8.71
Insurance	15.19	6.90	21.82	10.25	5.79	8.55	9.28	12.06	7.36	6.78

prepared by the city planning bureau of the Portland City Club, with assistance from PRL&P.

¹¹⁵R.L. Polk & Co., "Consumer Study of the Greater Portland Market," 1932, Box 265-2-2, Portland General Electric Library, Portland. The data provided by this source indicate that in around 1930 there was approximately one automobile for every five people in Portland. Foster, *Streetcar to Superhighway*, 58, reports this as the average nationwide for the same time period.

The majority of Portland's traffic -- both streetcar and automobile -- was generated from the east side. In the early 1930s nearly 56 million passengers rode eastside lines, while only about 12 million rode the westside lines. A study conducted by J.P. Newell in 1925 revealed that at that time, about 45 percent of people entering the downtown district during both peak and off-peak hours came by automobile as opposed to streetcar, and most of these came from the east side.¹¹⁶

Figure 33. R.L. Polk zone map of Portland, Oregon, showing average economic position of families, 1932.¹¹⁷

¹¹⁶Data from Bartholomew and Associates, "Report on the Proposed System of Major Streets and Development of Waterfront," 379-380, Multnomah County Library, Portland; Newell, "Report on City Traffic," 4.

¹¹⁷R.L. Polk & Co., "Consumer Study of the Greater Portland Market."

There is no comparable data for the early 1930s, but the percentage was likely closer to 50 percent or even higher. Jackson reports a similar trend in other medium-sized cities, such as Milwaukee and Kansas City, where, he says, over 50 percent of the daily commuters entered the downtown district by automobile.¹¹⁸ Even with the effects of the Depression, automobile use did not appreciably abate. A number of sources indicate that automobile use and ownership remained essentially stable during the Depression. John Rae notes that although the production of new cars in the U.S. declined by 75 percent between 1929 and 1932, motor-vehicle registrations declined by only 10 percent. “Economic crisis or no, the family car was not a luxury to be jettisoned during the storm; it was a household necessity which, if it could not be replaced, had somehow to be kept running until better times arrived.”¹¹⁹

As noted earlier, another factor facilitating Portland’s eastside horizontal growth was the construction of bridges, which, along with the streetcar system, gave eastsiders relatively easy access to the westside downtown district. Civil engineer Newell conducted several studies analyzing the amount of eastside traffic entering the downtown district, particularly with regard to downtown congestion and bridge use. In 1924, for instance, he found that on a typical Thursday, about 45,000 vehicles crossed the Hawthorne, Morrison, Burnside, Steel, and Broadway bridges, westbound into downtown Portland. On a Saturday that number increased to about 49,000. By 1929, the numbers had risen 40 percent, to about 63,000 on a typical Thursday and about 68,000 on a typical Saturday.¹²⁰

¹¹⁸Jackson, *Crabgrass Frontier*, 174.

¹¹⁹Rae, *American Automobile*, 109. In *Crabgrass Frontier*, 187, Jackson notes that in all but the three deepest Depression years, motor-vehicle registrations actually continued to rise.

¹²⁰City of Portland, Oregon, Department of Public Works, “Vehicular Traffic Trans-Willamette River Bridges, 1923-1929,” Multnomah County Library, Portland.

Thus, an important element in Portland's transportation planning and congestion control was the building of bridges. Until 1924 Portland had only five bridges to connect the east side with the westside business district: the Morrison, the Hawthorne, the Steel, the Burnside, and the Broadway. The Broadway, built in 1913, was the newest, followed by the Steel, which had been erected in 1912. The Hawthorne, which went up in 1910, was a replacement of a 1900 Madison Bridge and its predecessor of 1891. The Morrison, built in 1905, was the oldest of the five.

As engineer Newell had noted in his 1925 report, congestion did not exist in Portland "except when the use of a bridge is interrupted." Newell was a proponent of bridge building and renovation *and* of limiting the access of streetcars to the bridges, although he did not advocate banning streetcars from any of the bridges. Between 1925 and 1931 three new bridges were built to connect Portland's east side with the downtown district, and one, the Burnside, was replaced. In addition, the Oregon City Bridge, originally built in 1888, was replaced in 1922, but it was rather far upstream to have a significant effect on Portland's traffic. On the other hand, the new Interstate Bridge, built in 1917, provided important automobile access between Vancouver, Washington, and Portland.¹²¹

Of the four bridges built during this period -- the Sellwood (1925), the Ross Island (1926), the rebuilt Burnside (1926), and the St. Johns (1931) -- probably the most important addition to Portland's east-west connection was the Ross Island Bridge. This bridge, connecting Southwest Front Avenue with Southeast Powell Boulevard, was the first bridge in Portland built without streetcar tracks, and, as a result, the Powell Boulevard bus that traveled over that bridge opened up the area of the Powell

¹²¹Newell, "Report on City Traffic"; Sharon Wood, *The Portland Bridge Book* (Portland: The Oregon Historical Society Press, 1989).

Valley for substantial residential development and growth. The rebuilding of the Burnside Bridge was just as important as the building of the Ross Island, for that bridge was the city's most central bridge and ranked second in bridge traffic.¹²²

Zoning for Business. The Portland city planning commission engaged in two other significant undertakings during this period. One, the successful promotion of a zoning code, had lasting consequences. The other, the hiring of St. Louis consultant Harland Bartholomew, had hardly any perceptible effect on the direction of the city's planning.

Since its inception in 1918, one of the city planning commission's primary concerns had been to implement a zoning code for the city. As noted earlier, the first zoning ordinance submitted to the voters in 1920 was defeated. In 1924, a new ordinance, this one fully backed by Portland Realtor Fred W. German (who had opposed the 1920 ordinance) did pass by 41,897 to 28,182 votes. The zoning ordinance had a heavy business and commercial bias from the beginning. Only 18.7 percent of Portland's land was zoned for single-family residences (Zone 1). Zone 2, 43.5 percent, was classified as general residential, which could, however, include apartments and hotels. The remaining land -- 28.2 percent -- was zoned for either business and light manufacturing or left unzoned, open to any activity (4.6 percent).¹²³

¹²²Ibid. Also, MacColl, *Growth of a City*, 259-266; Abbott, *Portland*, 98-100. Abbott notes that both the St. Johns and the Sellwood Bridges, on the other hand, were built by small constituencies, serving only about 3 percent of the city's bridge traffic during the 1930s. The St. Johns Bridge, in particular, was an unwise undertaking, serving a small population and built during the Depression years when funds were scarce, at a cost of \$3.9 million.

¹²³Portland City Planning Commission Annual Report, 1924, Multnomah County Library. See also Abbott, *Portland*, 71-92; MacColl, *Growth of a City*, 293-324.

In regard to transit planning, the decisions of the commission and the proponents of the zoning ordinance reflect the prevailing attitude that mass transit existed to serve commerce and economic expansion. Indeed, city planning commission notes taken during this period reveal that any street “upon which main or through streetcar lines were located” was to be designated Zone 3 (business).¹²⁴ Once the ordinance was in effect, its implementation continued to reflect the strong commercial bias and the prevailing attitude toward the commercial function of transit routes in the newly zoned city. For example, in the first month after the ordinance was passed, there were two petitions to change property from Zone 3 (business) to Zone 1 (single-family residential). Both were denied “because in both cases the districts affected were on main traffic streets, both having street car lines, and were logical business streets.” Two petitions to change property from general residential to business, however, were granted.¹²⁵

PEPCO fully supported the work of the commission and the resulting zoning ordinance. There existed a close, intimate relationship between Griffith, PEPCO, and the city’s real estate interests. In fact, Franklin T. Griffith himself was a member of Realty Associates of Portland, a group of local real estate investors. Clearly PEPCO could only benefit from supporting a zoning ordinance that favored the real estate upon which its streetcar lines ran.¹²⁶

¹²⁴Portland City Planning Commission, Secretary’s Notes, quoted in MacColl, *Growth of a City*, 301.

¹²⁵Portland City Planning Commission Annual Report, 1924.

¹²⁶MacColl, *Growth of a City*, 308-309, reports that in 1925, the year after the new zoning ordinance went into effect, PEPCO lent Realty Associates \$40,000 at 6-percent interest so that the group could purchase a choice piece of downtown property. The Portland Realty Board would later name Franklin Griffith as “Portland’s First Citizen for 1938.” See “Franklin T. Griffith is Named Portland’s First Citizen,” *The Spectator* 55 (January 1, 1939), 4.

Harland Bartholomew's Report. Indeed, the influence of Portland's businessmen on transportation planning (and planning in general) should not be underestimated. In 1930 the president of the city's planning commission was John C. Ainsworth, who still sat on the PEPCO board of directors and who was still president of U.S. National Bank. The commission, which had never been allocated a huge working budget by the city council to begin with, was constantly in the position of trying to raise "additional money in the community, by soliciting the larger business houses of Portland."¹²⁷

Although strapped for funds, in 1930, the commission -- both concerned by the lack of response to its 1927 "Report on a Major Traffic Street System," which had rearticulated Cheney's 1921 plan, and also increasingly dismayed with the "blighted" area between the west side of the Willamette River and Third Avenue -- decided that it was time once again to bring in an outside expert. The commission was able to retain the services of St. Louis consultant Harland Bartholomew, through an \$11,000 appropriation from the city council and another \$11,000 from the county commission. This was still not enough to cover Bartholomew's fees, so Ainsworth himself promised to put up part of the balance as a loan.¹²⁸

Bartholomew's "Report on the Proposed System of Major Streets and Development of Waterfront" was presented to both the city and the county in early

¹²⁷John Churchill Ainsworth, Letter to John A. Laing, Portland, 1 August 1932, AX 796, Box 1, John Churchill Ainsworth Papers, Special Collections, University of Oregon Library, Eugene.

¹²⁸In 1932 Ainsworth and then commission president John A. Laing bickered over who should pay what. Finally, on August 31, 1932, a letter from Ainsworth's secretary was written to Laing, pledging Ainsworth's share of the balance. On the bottom of the letter was penciled in: "\$1,000 paid by Mr. A." According to McVoy, "History of City Planning," the full balance was \$3,000. Laing probably put up the remaining \$2,000.

January 1932. Much of Bartholomew's report was devoted to recommendations regarding Portland's blighted waterfront area. Still, a significant portion of the report addressed traffic and transit.

Bartholomew praised Portland's program of street improvement, noting that forty-two miles of street had been paved between 1927 and 1932, which he called "the largest program of street openings and widenings undertaken in a brief period of time in any American city." He also approved of the city's implementation of one-way streets, traffic lights (most of which were still green and red only), and the use of traffic officers "as needed." As for mass transit, Bartholomew concluded that "in general, the developed area within the city is well served by the existing transit system."¹²⁹

But Bartholomew did have a number of suggestions, most of which were in line with the general traffic planning trends of this period, as discussed above. He stressed the need for a comprehensive plan, to encompass aspects such as main traffic thoroughfares, parks, zoning, and transit line routings, to name a few. He was somewhat critical of the fact that by the time of his report there were only eleven streets of a width of one hundred feet, this despite nearly a decade of street-widening recommendations. Thus, his report included a "Comprehensive Major Street Plan," which was devoted primarily to the subject of street widening.¹³⁰

As for transit and traffic control, Bartholomew suggested a system of skip stops for streetcars (which would not be implemented until World War II) and a prohibition of parking and loading during rush hours. He strongly encouraged segregating traffic, especially on busy, narrow streets like Hawthorne Boulevard, which was at that time

¹²⁹Bartholomew, "Report on Proposed System," 9, 376, 378.

¹³⁰Ibid., 10, 43.

only sixty feet in width, with double car tracks laid down the center. "Concentrate street widening improvements on major thoroughfares," Bartholomew suggested, squarely in line with the planning attitudes of the time, "and route the transit lines over them."¹³¹

Bartholomew predicted that the importance of mass transit would increase, despite a decrease in ridership, and that because mass transit was such a vital factor in the urban environment, "some of the capital to secure for the automobile the best conditions for its operation should be devoted to the betterment of this carrier [mass transit] of the greater part of the population." As for rapid transit, Bartholomew was of the opinion that Portland's greatest need would lie in the future; and he predicted that because of the heavy distribution of the population on the east side, it was in that direction that future rapid transit should be contemplated.¹³²

Another suggestion concerned streetcar routes. Because of the heavy east-to-west streetcar traffic, Portland's transit system involved a large amount of "looping": cars coming in to downtown Portland on one street and having to loop around one or two blocks, sometimes turning against traffic, in order to leave downtown by another street (see Figure 34). Bartholomew recommended that all looping be abandoned -- a suggestion that would recur and be strongly opposed by the transit company -- and that the implementation of through routes be increased and downtown route duplication eliminated (see Figure 35).

In March of 1932, the Portland city planning commission reported that Bartholomew's report was to be submitted to the voters "next November" --

¹³¹Ibid., 377, 381-382.

¹³²Ibid., 384.

Figure 34. Bartholomew & Associates' map of 1932 Portland transit lines, showing heavy route duplication and looping patterns in downtown district.¹³³

¹³³Bartholomew, "Report on Proposed System."

Figure 35. Bartholomew & Associates' map of proposed Portland transit lines, with looping and route duplication eliminated and through-routing increased.¹³⁴

presumably November of 1932. But the report, which was very long and detailed, was in fact never even published or presented to the public. *The Plan-It* attributed the

¹³⁴Ibid.

neglect of Bartholomew's report to the Depression.¹³⁵ Whatever the reason, even the conservative *Oregon Voter* had commented earlier on Portlanders' hesitation when it came to transportation planning: "Portland is cautious. Seattle is a plunger . . ." ¹³⁶

"Something Is Wrong with the Machinery, Somewhere"

Despite the hiring of experts, the commissioning of studies, and the writing and dissemination of reports, the city's lead in directing a cohesive transit and traffic plan had been generally ineffective. In 1929 the city planning commission had proclaimed that "the science of city planning could almost be expressed as 'wider streets with fewer intersections,'" and it was in that direction that most of the city's plans had actually been implemented. "The traffic problem is a physical problem," reported the commission, casting transportation planning as the domain of the engineer.¹³⁷

In 1934 Portland architect Jamieson Parker wrote a letter to the editor of *The Oregonian* commenting that

Portland, the metropolis, has had a planning commission for many years. Its members have given their time generously. . . . But we do not make progress. . . . There is something wrong with the machinery, somewhere. . . . The whole transportation system is a mess. We have sat by and let our narrow horse-and-buggy streets become a tangle of automobiles, trucks and busses, with street cars, still on their ancient routes, adding to the chaos. There must be a transportation plan made and acted upon which will link our busses, street cars, railroads, airport and arterial streets in a coordinated plan.¹³⁸

¹³⁵Portland City Planning Commission, *The Plan-It* 6 and 7 (March 1932 and July 1933).

¹³⁶Sayer, "Portland to Try City Planning," 19.

¹³⁷Portland City Planning Commission, *The Plan-It* 2 and 3 (December 1928), 3, and (February 1929), 2.

¹³⁸Jamieson Parker, "City Planning Held Urgent," Letter to the Editor, *The Oregonian*, 3 July 1934.

Jamieson's perception that there was "something wrong with the machinery somewhere" was accurate. Indecisiveness, fragmentation, and a lack of consensus had characterized the local policy-making apparatus for years. Traffic and transit planning in Portland had proceeded in a piecemeal fashion. This was true throughout much of the country. Foster notes that during the 1920s, "the seemingly minor adjustments required to ease automobile flow appeared irresistible," when compared to more comprehensive plans such as those for a rapid-transit system.¹³⁹ Tarr reports that in 1922 the chief technical adviser to the Citizens Committee on City Plan of Pittsburgh and a member of the city's planning commission lamented that the city's streets were "isolated units undertaken spasmodically . . . therein lies our community stupidity, for *piecemeal planning* leads us nowhere."¹⁴⁰

Although there were a number of measures undertaken throughout the 1920s to rationalize traffic and regulate automobiles through devices such as traffic signals, one-way streets, and parking restrictions, these were in general opposed by the Portland business establishment, who, while aware of the problems of congestion, hesitated to advocate the control of the free movement of people.

For instance, a 1926 measure providing for a \$100,000 bond issue to pay for a uniform system of traffic signals was defeated at the polls, although, as noted above, a system of synchronized tricolored lights was installed in the downtown area on a limited basis during the following year. The vast majority of Portland's busy intersections, however, remained controlled by the bicolored semaphores -- or by nothing at all -- until the early 1940s. Attempts to restrict parking or reserve curb space for taxicabs were also strongly opposed by the Portland Chamber of Commerce,

¹³⁹Foster, *Streetcar to Superhighway*, 65.

¹⁴⁰Frederick Bigger, quoted in Roy Lubove, *Twentieth-Century Pittsburgh* (New York, 1969), 90-92, quoted in Tarr, *Transportation Innovation*, 27.

which even wanted to see the ten-foot no-parking limit around fire hydrants reduced to one foot. Finally, the city began experimenting with parking meters in 1938.¹⁴¹

Although there were a handful of one-way streets in the downtown area, implementation of such streets had come only after a hard-fought battle, particularly by the traction company, which would have had to undertake costly routing modifications to conform to a one-way street program, and by merchants served by the transit lines.

In general, the Portland business establishment continued to be supportive of measures that would in fact allow for *increased* automobile usage, such as the 1924, 1926, and 1927 bond issues for street widening, the erection of new bridges, and the implementation of through streets. In Portland, as Yago reports was the case in Germany and Chicago, “everything was done . . . to promote the automobile, nothing to constrain it.” Others, such as Barrett, agree: “Restrictive regulation simply would not work in the Motor Age.”¹⁴²

Virtually all of the suggestions regarding mass transit that were made by the various traffic and planning consultants in Portland -- through-routing, segregation of streetcar traffic from automobile traffic, skip stops, elevated loops, subways, bus beltlines -- were not implemented. As noted, the city’s general attitude toward mass transit was nondirective; like most planners and engineers during this era, Portland’s planning commission and its consultants presumed that mass transit would somehow adjust to whatever street and traffic modifications could be implemented.

¹⁴¹Edward N. Weinbaum, Portland Chamber of Commerce Interoffice Memos to Walter W.R. May, 19 March and 18 June 1935; Edward Grenfell, Letter to Edward N. Weinbaum, Portland, 10 September 1935, BX 170, Box 34, Parking Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

¹⁴²Yago, *Decline of Transit*, 71; Barrett, *The Automobile*, 139; “Street Widening Bonds,” *Oregon Voter* 45 (May 15, 1926): 50-53.

There were a number of reasons for the limited role of the city in the process of transit policy-making. As has been noted, it had been a common perception that the provision of mass transit belonged to the realm of private enterprise and that the city's role was limited to regulation. This alone was a strong factor involved with the city's lack of participation. But there were several other important reasons for the nondirective, nonparticipatory role of the city in the transit-policy process in Portland.

A Lack of Urgency. One explanation for the city's passive stance toward transit planning, as has been noted, was that the transit situation in Portland had not reached that level of urgent crisis or emergency that required an immediate and drastic response. Partly because no emergency had yet presented itself and partly because of a tradition of powerlessness, the Portland city council would tend to express a sense of resignation, noting repeatedly that it simply had "no choice" in matters connected with the transit system. The council would often feel backed into a corner, by virtue of the city's captive position as a consumer of transit; by virtue of having (until 1931) only limited jurisdiction; by virtue of being in a helpless position between labor and the company and the riders; and always by virtue of the local tradition of initiative, referendum, and recall that made the council members reluctant to take any politically unpopular action.

A Lack of Institutionalized Response. As a by-product of the passive role the city council had assumed toward transit policy, there was very little in the way of an institutionalized response to the issue, at least until 1930. This meant that there was no formalized process or venue for dealing with transit concerns. It also meant that there was no one individual or even group of individuals (such as a committee) whose sole concern it was to address transit matters. Portland had no precedent for official or even semiofficial recognition of transit as a policy issue; it never had anything resembling the early rapid transit commissions that had sprung up in New York and Philadelphia in

order to address the exigencies involved with implementing rapid transit, or an apparatus like Chicago's Board of Supervising Engineers, which was responsible for implementing much of Chicago's early transit policy.

There was no one on the city council during the late 1920s who could be considered an active and outspoken proponent of working with the private company to facilitate its provision of public transit. Although there had been a general consensus that relief for the company was indicated, the council found it difficult to take the radical step of actually granting or even actively promoting such relief. Councilman John Mann, who had held the position of city public utilities commissioner since 1917, was for the most part generally sympathetic to the utility. Mayor Baker could also be considered a friend of the utilities. Neither of these men, however, found it politically advisable to work closely with the company or to campaign vigorously on its behalf.

Neither had the transit company had a crusading opponent in city hall since Mayor Harry Lane and Commissioner Dan Kellaher, both reformist anti-utility Democrats, had sat on the council. But there would almost always be at least one commissioner who made a point of arguing against the utility, even if that commissioner still voted with the majority. Commissioner Barbur, who had in the past shown an ambivalence toward the company, had by 1930 become a more outspoken opponent. "It seems to me that the time has come when the City of Portland should advertise to the world that it has something to sell and nothing to buy," he said, advocating an outright sale of the transit lines and the casting of a new franchise that would put city transportation entirely under the jurisdiction of the city.¹⁴³

In November 1930 the city's involvement with transit began to take on a new character. A new city public utilities commissioner, Ralph C. Clyde -- who,

¹⁴³Portland City Council Minutes, 5 March 1930.

ironically, had campaigned for the position on the platform of public ownership of utilities -- was appointed, replacing Mann, who now became commissioner of public affairs. Also in November of 1930, the city council for the first time took some formal steps toward bureaucratizing the mass transit issue. It created the office of assistant to the commissioner of public utilities, thereby recognizing that the transit matter deserved the focused attention of at least one commissioner; and it appointed a so-called Committee of 25 to consider coming up with a service-at-cost franchise, to be presented to the voters in 1932, when the current franchise expired.¹⁴⁴

The city's increased involvement with transit beginning around 1930 was the result of two factors. The first was the April 1929 request by the transit company for a fare increase from eight to ten cents. As noted earlier, in an attempt to forestall this fare increase, the city hired consultants James W. Carey and Kenneth G. Harlan to produce a traction plan. This move, along with the appointment of the Committee of 25 and the creation of the position of assistant to the commissioner of public utilities, marked the beginning of direct council participation in transit policy formulation. These actions also facilitated a working relationship between the transit company and the city, providing a means for city officials to negotiate directly with representatives of the traction company.

A Lack of Meaningful Jurisdiction. There was an additional development, subsequent to the developments discussed above and to the initial hiring of Carey and Harlan -- whose plan will be discussed shortly -- that brought the transit issue more directly into the city's domain. One of the reasons that the city's involvement in transit policy had been more passive than directive was that the city had lacked a meaningful legal jurisdiction over the utility's rates; thus, the council simply did not feel

¹⁴⁴Ibid., 19 November 1930.

sufficiently empowered to put itself in the position of a major policymaker. But this situation changed, too, in the early 1930s.

In 1930 Julius L. Meier had run for governor on a strong anti-utility platform, following in the footsteps of Walter M. Pierce. Like all of the other candidates for the governorship (except utility friend Henry Corbett), Meier had campaigned for the abolition of the public service commission as it currently existed and for a strengthening of the home rule provision giving municipalities regulatory control over the utilities.¹⁴⁵

Meier's election was soon followed by an amendment in 1931 of the Oregon Code, to provide for the abolition of the public service commission and the creation of the office of the public utilities commissioner (PUC), which was to consist of just one individual. Although in some instances the powers of the PUC were enlarged, the state commission lost some of its regulatory power.¹⁴⁶ The 1931 act included an amendment to the problematic Section 61 of the 1911-1912 Oregon Code, which had provided for

¹⁴⁵William C. McCulloch, "Is the Abolition of the Public Service Commission of Oregon Necessary or Desirable?" *Oregon Law Review* 9 (June 1930): 437-443. Meier's sweep at the polls indicated that Oregonians were ready for a change when it came to their public utilities. His election wasn't the only indication; as noted earlier, Oregonians also approved a public utility district initiative, which allowed them to create, through a majority vote, a public utility district for the development, distribution, and sale of electricity. However, like the amendment to the Portland City Charter that allowed for municipal ownership of utilities through a majority of the popular vote, the PUD law would receive little practical support in the years to come.

¹⁴⁶For example, Chapter 103, Laws of Oregon, 1931, provided that the public utilities commissioner could make orders without notice or a hearing. Chapter 441, Laws of Oregon, 1933, assigned the commissioner control over all public utility budgets, by requiring that he approve all contracts initiated by a public utility with an affiliated interest, and by providing for his approval of any purchase by one public utility of stock in another utility.

home rule by the municipalities in regard to utilities. It will be remembered that Section 61 stated that

every municipality shall have power to determine . . . the quality and character of each kind of product or service to be furnished . . . by any public utility . . . and all other terms and conditions not inconsistent with this act . . . and shall have power to require extensions and additions.

It had been a source of conflict and litigation that this section had not provided for the municipalities' regulation of rates. The 1931 amendment, however, made the municipalities' jurisdiction in this regard much broader and clearer, giving them the right "to fix by contract, to prescribe by ordinance, or in any other lawful manner, *the rates, charges or tolls to be paid to . . . any public utility.*"¹⁴⁷ This was the first time that the right to regulate rates had been specifically vested with the municipality.¹⁴⁸

The Carey and Harlan Traction Plan

After PEPCO requested a fare increase from the PSC in April of 1929, the city decided to take matters into its own hands, once again challenging the notion that the full jurisdiction for transit rate matters rested with the state. Mayor Baker called a special meeting of the city council in September 1929, and it was decided to pay the

¹⁴⁷Section 8, Chapter 103, Laws of Oregon, 1931. Italics added.

¹⁴⁸Unfortunately from a legal standpoint, the 1931 amendment still allowed for an overlap of jurisdiction between the two governmental levels, requiring that a copy of any proposed rate change be filed with the state commissioner, who would have ninety days in which to investigate the request. Through this provision, the commissioner was given a power of review that was tantamount to a veto power, which could be overridden only by the electorate of the municipality, whose decision the commissioner was explicitly denied the "power or jurisdiction to interfere with, modify or change." Nevertheless, while this overlap and implied veto power did exist, it was much more definite that the power to regulate rates resided with the municipality.

public utility consultant firm of Carey and Harlan \$12,000 to work with the city attorney in conducting the city's case against the fare increase before the PSC.¹⁴⁹

James W. Carey and Kenneth G. Harlan had already been hired by the Portland city council in May of 1928 in order to carry out a general investigation of PEPCO's financial situation. At the time, the council was primarily concerned with challenging the rates PEPCO was charging for electricity. However, by the time the city council made the decision to expand the consultants' investigation to include the traction matter, the entire issue of the city council's employing consultants -- particularly Carey and Harlan -- to undertake utility investigations was being called into question.

Part of the concern was the amount of money the council had appropriated for the consultants' fees for undertaking the PEPCO rate investigation, especially in light of the fact that, at the time, the city did not yet have jurisdiction over these rates. *The Spectator* commented that

the city council does not fix rates to be charged by or paid to public utilities; that is a power that resides in the Public Service Commission. It was not generally known that the city council would try to usurp the authority of the commission, until the news was printed that a rate expert had been employed, his fee of \$48,000 had been agreed on, and that a contract had been made . . .

And *The Spectator* went on to editorialize that

many of us thought the survey was proposed for political purposes. An election was approaching, and the members of the council who wished to remain in office were not insensible to the suggestion that they might gain votes by making a pretense of bullying and hammering a public utility corporation.¹⁵⁰

¹⁴⁹Portland City Ordinance No. 57246, 18 September 1929.

¹⁵⁰"Grand Jury Cast in Harlan Rate Inquiry Burlesque," *The Spectator* 45 (June 8, 1929).

The Portland Chamber of Commerce also had severe criticism for Kenneth Harlan, who was under investigation by a grand jury for practicing engineering without a license. So, by the time Carey and Harlan made their preliminary report to the city council regarding the city's transit, there was already a lack of support and trust for the consultants.¹⁵¹

The "Carey and Harlan Traction Plan" was first presented to the city council on January 21, 1930, and then to the public service commission on January 23. Carey and Harlan were generally sympathetic with the transit company's plight. Their recommendations centered around providing "service at cost." The basic plan acknowledged that fees such as bridge tolls and franchise taxes were part of the costs that would be transferred to the riders and that they therefore should be assumed by the city. It also recommended that the city actually purchase the tracks and the portion of the street upon which they were laid and that it take over track and pavement maintenance.

The plan contained further suggestions: the organization of a new company to take over the operation of the street transit system, with a city council member as one of the company's board of directors; the creation of a city transportation supervisor to oversee the financial operations of the company; and a transfer of the jurisdiction over transit rates from the state to the city. There were also recommendations for changes such as a conversion to one-man operations for nearly all lines and installing lengthwise seats in order to provide more standing room on cars.

The report also contained one of the first suggestions for the appealing-sounding "balancing fund," into which all surplus revenues would be deposited. If the

¹⁵¹"Memorandum Concerning Kenneth G. Harlan, March 1928," TMs [mimeograph], Box 17, BX 1709, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

company's operating revenues were not enough to cover expenses, this fund could be tapped. Alternatively, if the company's revenues exceeded a certain amount for a given period of time, fares would automatically be reduced; if the revenues fell for a certain period of time, fares would be raised. Carey and Harlan maintained that if the various recommendations were implemented, the company would, by 1933, realize a savings of over \$1 million a year and would therefore not need to raise fares above the current level. If the changes they recommended were not instituted, they were of the opinion that an increase in fares would only lower the company's revenues.

Critique of the Carey and Harlan Traction Plan. The Carey and Harlan plan actually had little support within the community, and it contained a number of faulty assumptions that would likely have made it unworkable. There were two important assumptions of the plan that made it problematic to begin with. One was the underlying belief that transit could and should pay for itself, and the other was that the Portland electorate would approve of relief for the transit company.

The idea that mass transit could be self-supporting had been persistent throughout the first decades of the twentieth century. For example, Chicago's ordinances of 1907, like Carey and Harlan's plan, had recommended a specific program of costly improvements. With these improvements, the Chicago city council -- again, like Carey and Harlan -- expected that the traction companies would realize returns substantial enough to allow for the companies to pay the city 55 percent of their net profits *after* setting aside their own profit of 5 percent. As Barrett notes, "Some of the most involved and ultimately self-defeating provisions of the ordinances arose from the beliefs that mass transit could and should make substantial profits and that money spent on new equipment was the surest guarantee of good service." These

provisions and beliefs were nearly identical to those embodied in Carey and Harlan's 1930 traction plan for Portland.¹⁵²

The retention of the current fare was based on the status of the balancing fund, which it was assumed would generally be above a certain amount. The idea was that service improvements would increase ridership and thus revenues in order to make this balancing fund adequate to sustain the current fare. But there was no evidence to show this would be the case, particularly given the cost of the various equipment conversions and modifications recommended -- even if the city did take over a number of the company's obligations.

There were other problems with the plan, such as the assumption that the city would be able to raise and lower the company's fares; in fact, it was assumed that the city would have full jurisdiction over the rates. However, at this time state code still vested full authority over rates with the public service commission, and it was naive to think that the city could just usurp this authority without a change in the state code or a legal battle. There was also the misguided recommendation that the city purchase the portion of the street over which the company's tracks were laid, when in fact the company did not own any of the street to begin with.

But the main difficulty as far as acceptance and implementation of the plan was the suggestion that the city take over or relieve the company's obligations. The city council had not been able to persuade the electorate to allow such a move on the two previous occasions (1918 and 1920) when relief measures were up for approval. Although the city could have passed such a measure without voter sanction on an emergency basis, the Portland city council had consistently shown itself to be generally

¹⁵²Barrett, *The Automobile*, 40.

irresolute when it came to making politically difficult transit decisions without voter approval.

The idea that, barring a state of emergency, voters would sanction city subsidization or relief was just as preposterous as was the persistent belief that mass transit could pay for itself and provide service at cost. When rapid-transit advocates were still trying to implement rapid transit in Los Angeles in 1930, one prominent proposal for funding such a system was through increased property taxes. Bottles reports one comment that illustrated a common attitude among Angelenos toward such aid: “We believe that the people of Los Angeles do not owe a single dollar to the Pacific Electric or the Los Angeles Railway Corporations.” The people of Portland had, for all intents and purposes, precisely the same attitude toward relieving the Portland transit company of its obligations to the city.¹⁵³

For these and other reasons, the Carey and Harlan plan faced widespread disapproval throughout the community. As noted earlier, there was already a good deal of opposition in the community to the employment of the consultants to begin with. Within a month of the initial presentation of the plan, the first negative feedback came to the council from the city’s own engineer, Olaf Laurgaard. While Laurgaard generally agreed that the company’s burdens should be relieved, he questioned the political ramifications of transferring all of the company’s costs from the riders to the taxpayers *and* adding costs to the city for ownership of tracks and financial supervision. He also thought that a fare increase was justified at this time and disagreed with Carey and Harlan’s optimistic estimate of increased revenues and savings under their plan. Like PEPCO management, he felt that the decreased ridership was due to a general

¹⁵³Greely Kolts, Los Angeles Board of City Planning Commissioners, *Second Conference on Mass Transportation* (Los Angeles: By the Commission, 1930), 6, quoted in Bottles, *Los Angeles*, 168.

business depression and that Carey and Harlan's plan would have no effect on counteracting that.¹⁵⁴

The independent firm of Professional Engineers of Oregon had also been asked to evaluate the plan, and they argued that if the economies suggested by Carey and Harlan could be effected under what, in the opinion of Professional Engineers, amounted to municipal ownership, then those same economies should be possible under private ownership, as long as the company received some relief. But in general, they were skeptical that service at cost could be delivered.¹⁵⁵

The City Club, whose rejection of the Carey and Harlan plan was published in a January 1931 issue of its *Bulletin*, felt that the consultants' recommendations would end up costing the city much more than they had envisioned, particularly in the form of new costs involved with the creation of a city transit supervisor. The City Club was especially concerned that the plan would remove any incentive for the operating company to keep down costs. Like Griffith and Laugaard, the City Club was convinced that depressed economic conditions were responsible more than anything else for decreased ridership and revenues, and they also felt that a relief of certain obligations would therefore be justified. However, the City Club's primary recommendation was for a full substitution of buses for streetcars, the idea being that buses would be more competitive than streetcars.¹⁵⁶

PEPCO was adamantly opposed to the substitution of buses for streetcars, arguing that they were too small; required a lot of maintenance; had a comparatively

¹⁵⁴Portland City Council Minutes, 20 February 1930.

¹⁵⁵Ibid., 28 February 1930.

¹⁵⁶"Rejection of Carey and Harlan Traction Plan Recommended by Committee; Trends of Mass Transportation and Local Problems Analyzed: A Report by the Port Development and Public Utilities Section of the City Club of Portland," *Portland City Club Bulletin* 11 (January 30, 1931): 1-16.

short life; and emitted objectionable noises, vibrations, and fumes. At this point, the management was much more supportive of the trackless trolley -- a position it would reverse in years to come. The company continued to campaign for relief from its obligations to the city and made it clear that it was hoped that the new franchise would contain such provisions.¹⁵⁷

Another vociferous opponent of the plan was the first public utilities commissioner, Charles M. Thomas. Thomas had been determined to correct what he later called the "atrocious thievery" of the utilities.¹⁵⁸ In May of 1931, while the Carey and Harlan plan -- by now more commonly referred to as the service-at-cost plan -- was still being seriously considered as the blueprint for the new franchise, Thomas spelled out the conditions of what he called "a new and modern transportation system." The primary condition consisted of the recommendation of a fare reduction from ten to seven cents.¹⁵⁹ The company promptly initiated a suit against the commission on the grounds that the seven-cent fare would be confiscatory, and by 1932 the United States District Court agreed, thus formally upholding the ten-cent fare.¹⁶⁰

Thomas, whose ability to issue rate orders had been significantly curtailed with the 1931 amendment to the state code, was incensed not only at the company and the courts for defeating his seven-cent fare recommendation, but also at the Portland city

¹⁵⁷The company's position is articulated in W. H. Lines, "Brief of Talk Given before the Members of the City Club on Friday, February 13th, 1931, Commenting on the Committee's Report on the So-Called Carey and Harlan Traction Plan," Box 265-2-2, Portland General Electric Library, Portland.

¹⁵⁸Charles M. Thomas, Address Delivered at the Pelican Theater in Klamath Falls, Oregon, April 11, 1933, Box 265-5-2, Portland General Electric Library, Portland.

¹⁵⁹Public Utilities Commission, U-F-536, Order No. 1949, May 29, 1931.

¹⁶⁰"Portland's Ten-Cent Fare Upheld," *Transit Journal* 76 (August 1932): 360; Portland City Council Minutes, 17 June 1931.

council, whose proposed service-at-cost franchise based on the Carey and Harlan plan “violates every recommendation made by the commission.”

Both the Council and the Company have ignored the recommendations of the commission and instead of formulating plans for a modern and adequate system have tenaciously persisted in resurrecting the present obsolete system . . . The so-called ‘Service at Cost Franchise’ . . . is merely a subterfuge squarely in conflict with the order in all essentials. It is indefensible from every conceivable angle so far as the public is concerned. Its enactment will only result in making a deplorable situation worse.¹⁶¹

Thomas accused the city of wanting to execute a “contract of co-partnership” with the company and of standing back and watching the city’s mass transportation be “emasculated” while the company got rich. He also criticized the city’s hiring of Carey and Harlan, whom were being paid in part by the company itself.

The City Council Accepts the Plan. Despite the considerable objections to the Carey and Harlan plan, the city council, whose members felt that their only hope of persuading the PSC not to grant the ten-cent fare increase was if they could demonstrate that they were trying to come up with a better plan, voted to support the general aspects of the plan and to submit it to the voters in November of 1930. Although there wasn’t unanimous agreement in the council about the merits of the plan, it did provide a place of departure and the council felt obliged to have something to present to the PSC as evidence that the city was trying to work with the company to come up with a compromise.¹⁶²

But by March 5, one day before the fare increase was set to go into effect, Mayor Baker expressed resignation toward the ten-cent fare, explaining that the only

¹⁶¹Charles M. Thomas, Letter to Portland City Council, 20 September 1932, in Portland City Council Minutes, 22 September 1932.

¹⁶²Portland City Council Minutes, 28 February 1930.

way the city could prevent the fare increase was if the council could convince the PSC that the ten-cent fare was unwarranted. He noted that in 1917, the council had failed to do that -- in fact, it had not even tried, because it had based its entire case on the issue of who had jurisdiction -- and now it was failing to do so once again. How could the city show that the ten-cent fare was not warranted, when Carey and Harlan, the city's engineer, and the PSC's engineer all agreed that the current eight-cent fare under present conditions was inadequate? The only hope, Baker felt, at this time was to work up a plan of relief to submit to the people because "after all is said and done the city's hands are tied completely until the people vote on some measure of relief from the present conditions faced by the company."¹⁶³ This was certainly not the first time that the city council would feel it had no choice vis-à-vis either the company, the PSC, or the voters, and it would certainly not be the last. So, Carey and Harlan were directed to carry out any work and studies necessary in connection with their plan, with the goal of having a final proposal ready for the voters in November of 1930.

As it turned out, the plan was not to be presented to the voters in November; instead the city council decided to turn its attention toward coming up with a new franchise for the company, whose current franchise was set to expire in 1932. Nevertheless, in September 1930, Carey and Harlan presented the findings of their investigation and plan development so far, and most of their plan became known as the "service-at-cost franchise" that was studied by the Committee of 25 and set for submission to the voters in the November 1932 election.

¹⁶³Ibid., 5 March 1930.

CONCLUSION

A Decade of Embattled Attrition and Elective Disinvestment

Improving Service and the Public Image. Portland's transit company spent the 1920s trying to survive in the face of rising operating costs due to the previous decade's inflation, higher wages, and increased obligations to both the city and the state, combined with decreasing ridership and revenues resulting from growing competition with the automobile. Some smaller companies were forced out of business during this period, while others, such as the Portland company, struggled to stay afloat, despite the bleak conditions facing them.

In an effort to improve its public image, the Portland company, like many others whose decline can be characterized by what Jones refers to as "embattled attrition," implemented a number of policies designed to increase both ridership and the attractiveness of the company's stock. These included image enhancements such as car refurbishing, and public relations tactics such as "customer-ownership" plans and the placement of weekly newspaper ads promoting the better "service" and cost-saving features of the streetcar over the automobile.

As part of their image-improvement campaign, many companies had begun rationalizing management even before the 1920s, making engineers and professional managers more visible in day-to-day operations than the financiers and businessmen who sat on the boards of directors. Despite control by eastern investors, Portland's board had always consisted of well-respected local community leaders, with professional manager Franklin T. Griffith as president. Like other companies seeking to rationalize operations, the Portland company did, however, appoint an engineer as head of its transportation department, making him and other division heads just as

visible to the public as the financier-directors such as local bankers J.C. Ainsworth and E.B. MacNaughton.

Direct service improvements implemented by the struggling transit companies during this period included a significant increase in both the use of one-man streetcars and motor buses. In Portland, as elsewhere, the motor buses primarily served suburban route extensions -- as required by the city's franchise -- that would have been too costly to effect through the extension of streetcar trackage. The company's rationale for implementing one-man car service was that manpower could be released to run more cars, thus addressing one of the most pressing service complaints: overcrowding. There was, of course, the added potential benefit of decreasing labor costs on those cars operated by just one man, although, as noted, the Portland company contended that any savings in this regard were counteracted by the cost of increasing the number of cars in service.

Companies controlling both city lines and interurban service also made changes in their interurban departments during this period, emphasizing freight operations over passenger service, which continued to decline precipitously with the increased use of the automobile. PEPCO's management was particularly aware of the potential of the interurban lines for serving the region's lumber industry, and during the 1920s the interurban department's freight fleet was substantially augmented.

Companies also strove to keep labor's demands at bay during the 1920s, as the cost of living continued to rise. Wages, which had been increased in 1919 as a result of union activism and mandates from the National War Labor Board, actually declined in both nominal and real terms during the 1920s and 1930s. An increase in wages in the early 1930s was only temporary (and, at that, not even up to 1919 levels), as workers in many companies accepted voluntary wage cuts during the Depression years. In addition to wage cuts or freezes, Portland transit employees continued to work a

seven-day week until 1927 when the workweek was reduced to six days instead of seven. Workers tolerated the low wages and long hours, primarily because of the threat of sudden unemployment represented by the abundance of part-time extras, whose numbers increased as companies substituted one-man for two-man service. In addition, harsh and autocratic work rules intimidated employees from making too many demands.

Elective and Mandatory Disinvestment. At the same time that the Portland company was striving to improve its public image and enhance service, while cutting operating costs wherever possible, it was also experiencing the final act of “elective disinvestment” by its parent holding company, PEPCO (also temporarily known as PNPSC), which sought to distance the transit operations from the more lucrative light and power company. It was widely felt throughout the industry, wherever transit and light and power operations were associated, that the declining transit operations repelled investment capital. Thus, companies deemphasized their transit operations. In 1930, the Portland company did this most dramatically by separating the transit and electric power divisions into two distinct corporate entities, the Portland Traction Company (PTC) and the Portland General Electric Company (PGE).

This “divorce” was effected primarily to help attract capital to the light and power division. It was in fact only superficial, because PEPCO continued to be the major stockholder in PTC, and PEPCO officials continued to manage the traction company’s affairs. But disinvestment had been occurring on another level even before 1930, and it continued on that level after the formal split. This other level of disinvestment involved a deflection of the management’s energies to pressing issues facing the light and power division, which distracted their attention from the equally needy -- but not as potentially lucrative -- transit division.

These issues facing PEPCO management during the 1920s and early 1930s, diverting attention from the transit operations, included dealing with and then rebounding from the scandals associated with the Peirce takeover; fighting a growing public ownership movement; worrying about the Bonneville Dam project; and attempting, unsuccessfully, to merge with a competitor, Northwestern Electric Power Company. The Peirce takeover, in particular, was devastating for the company, as investments undertaken during the Peirce regime ended up leading PEPCO into not one, but two receiverships, whose resulting investigations and litigation would further consume company energy until 1945. As a result of both the receivership and the Public Utility Holding Act of 1935, which mandated disinvestment of transit companies by electric utility holding companies, the Portland Traction Company was sold in 1946. Elective, and then mandatory, disinvestment was at that point complete.

Despite the various public relations efforts, wage reductions, and service improvements, ridership on both city and interurban lines continued to decline, along with net revenues. The Portland company, like many others around the country, found it a nearly insurmountable task to reverse the negative image of the large corporate utility. The companies were saddled with heavy debt loads and increasing operating costs, along with an obsolete service structure based on conditions of a late-nineteenth-century urban environment. Under such circumstances, they could hardly expect to compete with the increasingly available and affordable automobile, which offered flexibility, comfort, and -- most importantly for the American consumer -- freedom.

Many companies -- Portland included -- blamed their condition on the deficit operation of the motor bus lines, which they were obliged to run in order to serve sparsely settled suburban neighborhoods. They also complained that decentralization trends, which led to neighborhood shopping and theaters, negatively impacted ridership. The ubiquitous radio, which kept people at home, was also blamed.

Portland's management also lamented the costly relocation of streetcar tracks as the result of widespread street improvements to accommodate the automobile. In addition, transit officials around the country criticized the unmanageable congestion in the central business district, which was blamed on an increase in automobiles and poor regulation thereof. In the competition for street space, the streetcar was losing; its average speed slowed to a snail's pace in the city center. Congestion in the city center, the transit industry maintained, was ruining the streetcar business.

These conditions, which precipitated the Portland company's requesting a fare increase from eight to ten cents in 1929, impacted not only the transit industry, but urban transportation as a whole. As a result, the decade of the 1920s saw an increase in the rationalization of transportation policy on several levels. Attempts to professionalize and rationalize policy by the transit industry itself comprise one level. But on another level, the state, and particularly the city, was attempting to respond to the changing urban environment and its rapidly changing transportation needs. Throughout this period there were numerous attempts to bring order out of chaos in the form of traffic regulation and city plans for relieving congestion and improving transit.

Transportation Planning in the Automobile Age

Auto Accommodation. Because mass transit was still considered the domain of private enterprise, most of the transportation planning and policies of the 1920s were directed primarily toward the accommodation of the automobile. This accommodation, however, took several forms and was frequently modified by attempts at automobile restriction through regulation or diversion through traffic control and channeling.

The nationwide emphasis on street widening and improvement that characterized traffic planning until at least the mid-1920s had multiple effects. In the short term, street building alleviated the problem of a lack of thoroughfares for autoists; it also

allocated space for future needs. In addition, street building contributed to economic growth by increasing the commercial and financial reach of the CBD. Federally subsidized, state-directed road building, along with the creation of state highway commissions and the raising of money through bond issues, vehicle licensing, and gasoline taxation augmented local street-building policies. Their goal was to link rural and urban areas with one another in order to provide lines of communication and commerce.

But the auto-accommodating policies of the teens and early twenties had ironic and unintended effects as they initiated the cyclical nature of traffic and transit policy. These policies enhanced the access of the automobile to such an extent that central city congestion became intolerable. The result was a flurry of early traffic ordinances regarding traffic controls, speed limits, and parking, which sought to rectify inadequacies in congestion and safety control and to regulate the offenders, i.e., the motorists and, in some cases, pedestrians.

During the early 1920s, auto accommodation was directed by planning commissions and expert consultants, who fashioned comprehensive major traffic street plans calling for wider streets and traffic-channeling policies that would segregate vehicles and separate grades. Common suggestions included one-way streets; through streets, parkways, and freeways; and viaducts, beltline loops, and double-decked streets.

Since it was believed that uncontrolled land-use was in part responsible for the chaos of the congested core and a destabilization of the business district, many plans also recognized the need for land-use zoning and comprehensive regional planning. In Portland, the zoning policies that were implemented favored business and industrial land use, and the role of transit was clearly cast as a facilitator of commerce. Comprehensive plans stressed the development of parks and playgrounds; a

coordination of transit, railways, and waterways; and the building of wide boulevards and parkways as a means of directing and controlling growth.

But many of these policies continued to perpetuate the cycle of traffic planning, failure, and retrenchment referred to above. During the 1920s and early 1930s, there were increased attempts by city officials, engineers, and policemen to impose order on the chaos of the congested city center through more stringent traffic regulation, including the installation of synchronized traffic signals, pedestrian control, and attempts to ban parking.

Finally, planners and engineers began to give up on the idea of street widenings and rapid transit, convinced that both only increased central city congestion. A common goal during the mid-1920s was to direct traffic away from the city centers, toward the open spaces and garden cities of the suburbs. Highway promotion eclipsed the advocacy of rapid transit. Highway promoters could proclaim the democratic principle, as well, since highways and freeways could accommodate both private and public transport.

In the Portland region, auto suburbs were still a phenomenon of the future, but planners, engineers, and city boosters all supported the policy of implementing “arterial highways,” wide through streets that would provide connections among the most distant parts of the city. Regional highway planning was also promoted, with the intent of connecting outlying cities and communities with the Portland city center.

Although the widespread adoption of the automobile had a minimal effect on decentralizing Portland to the point of the development of truly autonomous suburban communities, it did contribute significantly to the continued horizontal growth of the city on the east side. Many of the neighborhoods located toward the farthest eastern boundaries of Portland were considered suburban areas, even though they were, in fact, well within the city limits.

The growth and expansion of Portland's east side created a unique problem for transportation planning, because a large number of the eastside residents converged upon Portland's westside business and industrial areas for work and shopping. Until 1924 only five bridges provided eastside access into Portland's west side. Thus, in an effort to increase access and ease the severe downtown congestion at the bridge approaches, a considerable amount of money and construction effort was devoted to the erection (or rebuilding) of four bridges during this period. Ultimately, however, bridge-building, like other policies serving to accommodate the automobile, only exacerbated city-center congestion by directing thousands of Portlanders into the downtown core.

Mass Transit Planning. The transportation planning and policy-making of the 1920s and early 1930s reflected the current American ideology stressing the freedom of individuals and their movement, limiting restrictions on the use of land and thoroughfares, and championing private enterprise with a concomitant reliance on governmental regulation. These principles meant that cities' planners and engineers would make room for their residents' automobiles, chiseling away at the old urban infrastructure and carving into new territory in order to allow the environment and new technology to conform to each other.

While the automobile was being facilitated and accommodated, mass transit meanwhile had been left to the policies of the private industry, checked by the regulatory devices of the city and state. Municipal authorities and expert consultants were turned to only when mass transit conditions reached a state of emergency. As was noted in the previous chapter, in some cities, such as New York and Boston, crisis conditions had led to participation and assistance by the city in rapid-transit undertakings. In Seattle and Detroit, municipal ownership of the transit system was a response to conditions of urgency in those cities.

In Portland, the first major crisis compelling the city's active participation in transit planning was the private company's 1929 fare increase. This, along with the abdication of the state of its rate-making authority for utilities, forced the city to define and grapple with the "transit problem" for the first time. Its first major undertaking in this regard was the hiring of consultants Carey and Harlan and the sponsorship of their ill-informed service-at-cost traction plan.

By suggesting a relief of company obligations, the consultants' goal was to rectify an imbalance in traditional mass transit policy that called for substantial fees to be paid to the city by the transit company, which would, at the same time, be expected to absorb the costs rather than pass them on to the riders in the form of increased fares. Carey and Harlan's plan for transferring many of the company's obligations to the city also called for service improvements that would increase ridership and revenues. This approach toward mass transit policy was unrealistic at the time. In Portland, policies that would have allowed for municipal relief of company obligations were not yet politically acceptable, while the notion that mass transit could and should make a profit was fundamentally unsound.

Transit Policy as a Political Issue

The various developments in transit and traffic policy and planning during the 1920s and early 1930s have led some to distinguish between the two policy arenas -- mass transit and the automobile -- on the basis of which is more "politicized." Paul Barrett argues that automobile policy was fundamentally less politicized than was mass transit policy. Most traffic planning, he notes, was conducted by "nonpolitical" planning bodies, composed primarily of businessmen. The subject of mass transit, he contends, was always more polemical because "the corporate ownership of mass transit made it the subject of persistent political

controversy.” In addition, mass transit’s traditional relationship with business and commerce “caused transit policy to become a battleground between decentralizing neighborhood interests, . . . and centralizing citywide business organizations.” The automobile, Barrett contends, “escaped this controversy.” Its flexibility presumably freed it from geographically defined skirmishes. In addition, Barrett maintains, automobile accommodation seemed to serve everyone’s interests. The rise of the automobile, he says, was “potentially compatible with the interests of all.” “Simply,” concludes Barrett, “streets never became politicized in the way mass transit had been.”¹⁶⁴

Scott Bottles disagrees with Barrett, contending that

the attempt to improve vehicular circulation in the nation’s cities involved extensive political maneuvering. The automobile’s popularity with many urban interest groups does not mean that its adoption occurred outside of the political arena.¹⁶⁵

Bottles agrees with Barrett that the automobile did have widespread support, and because of this consensus regarding the importance of the automobile, “it was easier to pass legislation and programs favorable to the automobile.” But that support and consensus, he contends, does not in and of itself depoliticize automobile policy-making.

In the Portland case, the evidence appears generally to support Bottles’s position. There are aspects of traffic planning that may indeed make automobile policy generally less polemical, while at the same time there are certain aspects of mass transit policy that make it more contentious. On balance, however, it seems that automobile policy cannot be characterized as fundamentally depoliticized.

¹⁶⁴Barrett, *The Automobile*, 5-7; 81.

¹⁶⁵Bottles, *Los Angeles*, 172-173; n., 276.

Bottles's and Barrett's agreement that the automobile had a widespread popularity that, in general, transcended any particular interest group was clearly the case in Portland, where, by 1930, over 60 percent of the families owned an automobile. In Portland, as elsewhere, the traffic policy implemented most frequently and with little opposition was that of street improvement. Everyone wanted streets -- more streets, wider streets, smoother streets, faster streets. The consensus in Portland and Oregon regarding street improvement and road building is demonstrated by the fact that the voters enthusiastically approved road- and bridge-building bond measures, an increased vehicle tax, and even a gasoline tax.

It is true, as Barrett says, that much of the traffic policy in Portland was formulated by the city planning commission, which consisted largely of prominent businessmen, not politicians. But this alone does not remove city traffic planning from the political realm, for the planning commission was still a creature of the Portland city council, which appropriated its paltry funds and agreed to refer its reports and recommendations to voters. It is also the case that in Portland, as elsewhere, traffic policy was seen as a physical, structural problem, left to engineers for coming up with solutions and police departments for enforcing the various regulations. In this regard, Barrett's contention that traffic policy was frequently removed from the political arena is supported.

But, throughout the 1920s and 1930s, decisions regarding traffic policy were by no means without conflict. In Portland, opposition by the transit company and downtown merchants delayed the widespread implementation of one-way streets for decades. In Los Angeles, the debate over the no-parking ban illustrates just how political a traffic policy issue can become; that ordinance was essentially reversed within sixteen days of its enactment. In Portland, too, downtown businesses objected to parking restrictions, while at the same time complaining that congestion was ruining

their business. Downtown merchants lobbied for changes in the parking regulations that would limit restrictions on loading and taxi stops.

The battle for street space itself -- automobile versus the streetcars -- is another arena where consensus did not prevail. This battle did not belong solely to the realm of either automobile policy or mass transit policy alone; this was an issue where the two intersected. The larger realm of *transportation policy*, encompassing both the automobile and mass transit, was inherently polemical because it involved modal conflict.

Another area where traffic and transit policy intersected, constituting the more comprehensive realm of "transportation policy," was in conflicts among planners and voters regarding the relative merits of rapid transit versus highway building in promoting decentralization or in relieving downtown congestion. Although the issue had not yet emerged in the Portland area to any significant extent during this period, where it was present, it was manifested in the political arena. Advocates of rapid transit considered it an important tool for maintaining central city economic strength, while opponents saw it as contributing to central city congestion and, in fact, weakening the economic position of the central city. Those who positioned themselves against rapid transit also supported highway building, which could develop the economic potential of outlying areas as well as relieve the central city of its unattractive congestion. The outcome of these conflicting positions during the 1920s and 1930s was voter rejection of rapid-transit proposals and approval of highway-development proposals.

The intersection of traffic and transit policy and the conflict between the two would become more marked in the upcoming decades. The conflict among competing constituencies that had characterized and fashioned mass transit policy over the last several decades would continue to exist, but would be supplemented by increasing

conflict between modal planning, i.e., between traffic planning and transit planning,
and by increasing conflict between the growing economic power of the suburbs and the
declining economic position of the central city.

CHAPTER VII

THROUGH DEPRESSION AND WAR, 1932 TO 1946

THE CITY AND TRANSPORTATION: TRANSIT POLICY IN THE 1930s

Transportation Policy: Transit and Autos

As the 1930s unfolded, the Portland city council was struggling to balance and respond to concerns from several quarters. Most pressing, of course, was the severe unemployment existing during the Depression years. The city's concern with planning continued, however, despite the bleak conditions and the existence of problems that from another vantage point might have been considered more pressing. In fact, the condition of the infrastructure, the mobility of people, and the economic viability of the city were all problems attracting the attention of planners throughout this period. As Foster notes, planners during the 1930s faced a formidable challenge. In earlier years, they had been concerned with controlling growth through restriction, regulation, zoning, and so on. By the end of the 1930s, however, the planners "were challenged to revive a very sick patient," and part of the challenge lay in finding remedies through urban transportation policy.¹

David St. Clair explains that a two-part urban transportation policy had begun to emerge during the 1920s, with transit planning and policy on the one hand and road, automobile, and highway planning and policy on the other. St. Clair acknowledges that, for the most part, during these early years transit policy consisted of regulation

¹Foster, *Streetcar to Superhighway*, 132.

through franchise provisions. As noted in the previous chapters, until the 1930s, this was also the extent of the role of the Portland city council in transit policy and planning: regulation through franchise requirements. The urgency for the city to involve itself more actively in transit policy and planning had not yet emerged.²

A more active participation in transportation policy as a two-pronged process, concerned with both transit and automobile planning, began to characterize the Portland case during the 1930s. During this period, the city's role in transit expanded from that of overseeing a private industry through regulation to a more direct involvement in setting service standards and working with the private industry in service provision. As discussed earlier, the city's more direct role had come as a result of the company's most recent fare-increase request, along with changes in state law that gave the municipality an extended role in transit regulation. Thus, by the early years of the 1930s, the city was actively involved with developing a transit plan, in the form of a new franchise somewhat more suited to the economic and service exigencies of the time.

But a city's involvement with transportation planning was not limited to carving out agreements with private transit providers. Transportation policy also continued to involve planning around the automobile. Congestion in the city center remained an ever-growing problem, and Portland's city officials and planners continued to experiment with ways to facilitate mobility. In addition, in various cities throughout the country, the decentralization process that had started in the previous decade was beginning to have disturbing consequences. Especially after the Depression hit, once-thriving areas of many city centers were abandoned, either by choice or financial

²David J. St. Clair, *Motorization of American Cities* (New York: Praeger, 1986), 17.

capable of attracting investment capital or of serving as an important source of tax revenues.

Both Abbott and Foster explain that during the 1930s a number of planners were beginning to denounce the “disease of decentralization” and the transportation plans that had encouraged it. However, widespread consensus on this point was lacking, and, at any rate, an alternative remained unarticulated. One factor was clear, though: “At least in the short run, accommodating the motor vehicle was far less expensive than new rapid transit systems, and cost was probably *the* critical consideration during the Depression.” In addition, planning for streets and highways continued to be thought of as a highly democratic approach to transportation problems.³

In Portland, then, public-sector involvement in transportation policy during the 1930s -- and into the 1940s -- began to be much more active in the two arenas of transit on the one hand and automobile planning on the other. In the former arena, the focus was on the formulation of a new franchise for the transit company, now called the Portland Traction Company (PTC).

No New Taxes, No New Franchise

The Committee of 25, which had been created by the city council in 1930 for the purpose of considering the new franchise for PTC, was discharged on August 5, 1931. Its report was sent on to the city public utilities commissioner, Ralph Clyde, who had meanwhile been working as a member of another city offspring, the Street Railway Franchise Committee. This latter committee -- unlike the Committee of 25, which included Portland businessmen and noncouncil members -- consisted only of

³Abbot, *New Urban America*, 167; Foster, *Streetcar to Superhighway*, 151.

Clyde, City Attorney Frank S. Grant, Franklin Griffith, and PEPCO attorney and officer Cassius R. Peck.

This franchise committee represented one of the first attempts by the city council to work in a close, intimate relationship with company management. The members of the committee were able to agree on a number of important points -- except the valuation of the company, which would be the basis for a fare.

In 1928, the state utilities commission had recommended a valuation of just under \$15 million for the transit division. At that time, the company had claimed a valuation of a little over \$19 million. In the more recent seven-cent fare hearings, the company had lowered its estimate of its valuation to about \$15 million. Carey and Harlan had determined a valuation of about \$12 million as of June 30, 1930, but subsequently reduced this to just under \$10 million. In fact, Carey and Harlan now claimed that by their calculation the actual value of the property should not exceed \$8 million. The final valuation agreed on by the company and the city council was \$8,662,558.⁴

Despite what the franchise committee called "sharp conflict," its four members were able to agree on a proposed franchise, which was very much like the service-at-cost franchise initially proposed by Carey and Harlan. In fact, the company even agreed to pay half the cost of Carey and Harlan's undertaking another valuation, the motivation being that the consultants would be less likely to present a biased valuation if they were being paid by both the city and the council (PUC Commissioner Thomas would claim that the copayment arrangement insured a finding favorable to the

⁴Portland City Council Minutes, 11 December 1931.

company). In early February the city council voted to present this service-at-cost franchise to the voters during a May special election.⁵

At this time, however, there were other important issues facing the Portland electorate, particularly severe Depression unemployment. The city council even faced opposition by groups such as the Federated Community Clubs for spending city funds on a May special election. On March 21, 1932, Commissioner Barbur moved to repeal the earlier ordinance that would have placed the service-at-cost franchise on the May ballot, adding that no matter should be put before the people in May unless it was directly concerned with unemployment. With both the mayor and Commissioner Mann facing a recall vote, this motion passed the council unanimously and the franchise measure was withdrawn.⁶

As it turned out, Mayor Baker escaped recall -- by only a 12-percent margin. But the voters recalled Commissioner Mann, public utilities commissioner from 1917 to 1930, by nearly a two-to-one vote. They also approved the issuance of \$1 million and \$400,000 in bonds for public work employment. The people were clearly much more concerned with relieving current unemployment conditions than with relieving the transit company. It is likely that had the service-at-cost measure been left on the May ballot, the results would have been disastrous for Mayor Baker and the other council members.

By September 1932 the council had nearly finished preparation of a double-headed measure to submit to the voters in November. This measure would have granted a service-at-cost franchise to the company *and* have authorized a tax levy of one mill. The tax-levy portion of the measure had been added after the council had

⁵Portland City Ordinance No. 62113, 3 February 1932.

⁶Portland City Council Minutes, 22 March 1932.

concluded that -- as predicted earlier by the City Club, City Engineer Laurgaard, and others -- the service-at-cost franchise would end up costing the city more money than it could currently afford.

Immediately the proposed measure began attracting opposition. State public utilities commissioner Thomas, who was required by law to review any new franchise, criticized both the company and the city council for having ignored his earlier recommendations and for having defeated his seven-cent fare proposal. He was particularly harsh with regard to the tax levy, being proposed at a time "when the public is staggering under excessive taxes and economic burdens and public servants should be striving to render every possible relief."⁷

The proposed measure was also opposed by the so-called Committee of 100, a nonprofit organization directing its energies to representing the unemployed and calling for governmental reform. The Committee published a pre-election pamphlet, which sold for twenty-five cents, whose front page proclaimed "Jungle Beast of Plutocracy Plunders People of Oregon -- Another Scheme! Traction Gang Plans Cleanup of Many Millions More on Car Franchise." For the November mayoral election, the committee supported prominent businessman, chairman of the Portland Restoration Organization, Inc. (devoted to assisting Portlanders who had lost money in CPSC investments), and public power advocate William F. Woodward, who, the Committee noted, was no "Trained Seal of the Reactionary Chamber of Commerce." As for the ballot measures, the organization was against every single one except those that would have lowered taxes and licenses.

The Committee of 100 was particularly opposed to the proposed franchise measure, deeming it "the most important measure on the ballot" and devoting forty-

⁷Thomas, Letter to Portland City Council, 20 September 1932.

four pages to the subject. Vehemently against the “same old street-car and power trust gang,” this group was, however, no advocate of municipal ownership, a “radical scheme” imported by “crazy Reds.” Instead, they recommended employee ownership: “If you *don’t* want municipal ownership right at this time,” the Committee suggested, “let’s initiate a charter amendment and grant a ten-year franchise to the street railway *employees*, about 2,000 of them, incorporated as a group.”⁸

Although it represented some of the opposition to the service-at-cost measure, the extreme position of the Committee of 100 likely had little significant effect on the May election. Rather, the political and economic atmosphere in 1932 was in general not one to favor a streetcar franchise that proposed company relief and a one-mill tax levy, despite the realistic appraisals of a partly lame-duck city council. So, again the proposed franchise measure was withdrawn from the ballot.⁹ Mayor Baker, who did not run for reelection, was replaced by Democrat Joseph K. Carson, and John Mann was replaced by utility foe Jake E. Bennett as commissioner of public affairs.

Public utilities commissioner Clyde, who had begun his city council tenure as an advocate of municipal ownership, had evidently developed somewhat of a positive working relationship with PTC as a result of the many franchise committee negotiations and was now the reigning transit policy player on the council. He recommended that the company be given a temporary permit until August of 1933, suggesting that the company experiment with rates every sixty days, beginning with a ten-cent cash fare, ticket books of three for twenty-five cents, and a five-cent cash fare for short hauls within the westside business district and between the west- and eastside business

⁸Committee of 100, “Jungle Beast Plutocracy Plunders People of Oregon,” 1932, Box 219-16, Portland General Electric Library, Portland.

⁹The measure was placed on a special-election ballot on July 31, 1933, but was defeated three to two.

districts. With no other option before them, the council approved Clyde's recommendation.¹⁰

The Committee of 15

On July 13, 1933, the city council appointed a Committee of 15, consisting of Portland citizens, to carry out the task of investigating any franchise presented to the council by either PTC or any other company. Over the course of the next several years, temporary operating permits would either be issued to or renewed for PTC on at least five separate occasions as the Committee of 15 undertook its deliberations. It would not be until January of 1936 that a franchise was finally submitted to the voters. In addition to the delay caused merely by virtue of the time needed to negotiate trade-offs between the city and the company, the primary reasons that the franchise took so long to be finalized were (1) the company's receivership hearings distracted company management from fulfilling its role in the franchise negotiations in a timely manner; (2) there was a more fragmented city council, with less consensus for coalition building than ever before; and (3) there was the entrance into the franchise negotiations of an unexpected competitor: the Portland Motor Coach Company.

Committee Recommendations: Motor Buses, Lower Fares, and No Franchise Fees. The Committee of 15 issued its first report on January 25, 1934, which it billed as "a study with the view of replacing the present street car system with a motor bus system," as the City Club had proposed in 1931. The Committee generally found that the agreed-upon valuation of \$8,662,558 was far too generous; that in light of declining revenues and deferred maintenance, the company's worth was minimal; and that "in

¹⁰Portland City Council Minutes, 29 December 1932; "Five-Cent Zone Proposed for Portland," *Transit Journal* 76 (December 1932): 561; "Five-Cent Zone Between Portland Business Centers," *Transit Journal* 77 (March 1933): 99.

the absence of a loan from the Public Works Administration, it is apparent that no substantial improvement can be made in the Company's existing transportation facilities." The members blamed Portland's "obsolete, antiquated mass transportation system," on the primary factor of what they considered to be the unsightly, unsafe, and slow streetcar. Motor coaches, on the other hand, were seen as fast, flexible, and modern. The Committee agreed that bus operations had heretofore been unprofitable for the company, but attributed this to the fact that the buses were being used as feeders in outlying areas, where costs were greater and income lower; further, they attributed the increased costs to the fact that bus drivers were generally not well trained and that suburban roads were not well paved and had severe grades.¹¹

The Committee recommended a five-year franchise, since any shorter term would prevent the company's securing a loan. For the first two and a half years, it was recommended, the city council would have full control over the fares and operating schedules as long as the gross operating revenues were at least equal to the operating expenses. For the council to retain control over fares after that two-and-a-half-year period, the company's gross revenues would have to exceed operating expenses and debts by a large enough margin to allow a return of \$300,000 per year plus a 7-percent return on any new capital the company would secure and expend for improvements. The \$300,000 amounted to a 6-percent return on a valuation of \$5 million, which was what the Committee felt the company was now worth.

The fare schedule at which the company had been operating was the ten-cent cash fare, with a reduced three-ticket rate of 8.33 cents per ticket. The company had also been offering a reduced-rate weekly pass, which had gone into effect in November

¹¹Committee of Fifteen, "Report to the Mayor," January 19, 1934, Box 265-2-2, Portland General Electric Library, Portland. Also, Portland City Council Minutes, 25 January 1934.

of 1930 as the result of pressure by the state commission.¹² The \$1.25 pass represented a little over a 10-percent reduction in the cash rate of ten cents, given that the holder of the pass would use it for no more than two trips per day. The company estimated that fewer than 10 percent of the riders actually paid the regular cash fare. Reduced-rate school tickets, free rides for city officials, the reduced-rate tickets and the weekly pass had the practical effect of pulling down average fares significantly -- to 6.7 cents.¹³

The Committee of 15 proposed to retain the current fare schedule for ninety days, after which time they recommended a seven-cent flat fare, plus an additional one cent for transfers (which had been free). They also recommended that all free transportation to city employees be abolished and that only a nominal franchise fee (\$1) be paid by the company. Finally, they suggested that if the company could secure federal funds for modernization, a new, longer term franchise should be granted, this one eliminating all other obligations such as paving requirements, bridge tolls, and so on.

One request of the company that the Committee did not accept was that the city involve itself in labor arbitration. This latter would be a persistent request of the company, which was finding itself increasingly at odds with labor's requests. The company felt strongly that the fare it charged was tied inextricably to the wage paid to labor and that labor's contract and wages therefore constituted important variables in the fare schedule. The city would maintain that labor matters were solely between the

¹²"Weekly Pass in Portland, Ore.," *Electric Railway Journal* 74 (November 1930): 717.

¹³Committee of Fifteen, "Report," January 19, 1934. Also, Portland Traction Company, "The 'Service at Cost' Plan in a Nutshell," 1932, in-house pamphlet, Box 265-1-2, Portland General Electric Library, Portland.

company and the employees, and it would continue to insist that it not be a party to any negotiations or arbitration.

Conflict in the Council

The franchise as recommended by the Committee of 15 was more realistic than Carey and Harlan's service-at-cost franchise. It was the result of a good deal of negotiation and compromise between the city and the company, especially Commissioner Clyde and Franklin Griffith. But there still existed a certain amount of opposition toward the franchise, primarily, it appears, because detractors had become completely dissatisfied with the Portland Traction Company -- less because they wanted a more stringent franchise than because they wanted an entirely new company. Commissioner Clyde realized that further consideration was necessary, noting that "the Council cannot adopt a street car franchise with an emergency clause and cram it down the throats of the people."¹⁴

A lack of consensus on the council also contributed to the general opposition. In fact, some of the strongest detraction from the Committee's plan came from within the council itself. Commissioner J. E. Bennett, elected in 1932 to replace John Mann, had positioned himself as Portland Traction's chief opponent in city hall. There was also Ormond R. Bean, who, as commissioner of public works since 1933, would become known for his steadfastly inquisitive and thoroughly circumspect suspicion of utilities (he would become the state public utilities commissioner in 1939). Together these two, Bennett and Bean, would work to delay the finalization of the franchise -- although the two cannot be said to have worked as a team.

¹⁴Portland City Council Minutes, 25 January 1934. The council, of course, could indeed have adopted a franchise with an emergency clause; Clyde's point was that it would have been political suicide to do so.

Bennett always opposed the company, taking every opportunity to voice an accusation. During one of Commissioner Clyde's reports, in which Clyde noted that Portland had one of the lowest fares on the west coast, while still paying tolls and maintenance -- in addition to an increase in wages -- Bennett accused the company of secretly planning to make cutbacks in its service. He also angrily insisted that the council strike from the record Clyde's "unfounded" comment about Portland's fares being the lowest on the west coast. Bennett and Clyde proceeded to argue, with Bennett further accusing the company of planning to fire a large number of employees, in addition to the alleged service cutbacks. At this point in the argument, the council agreed unanimously that Clyde should investigate Bennett's accusations; this was followed by a suggestion from Commissioner Bean for yet another study, this one an investigation by Clyde of the company in general and of the possibility of instituting an entirely new system.¹⁵

Over the years the city council had hired a number of expert consultants and had appointed a multitude of committees, studies, and investigations. For the past two decades there had been a variety of recommendations that had at least peripherally touched on transit issues. Edward Bennett's 1912 plan had envisioned grade separation, subways, and through-routing. Cheney's 1921 "Major Traffic Street Plan" had recommended continued street widening, with double car tracks running down the

¹⁵Portland City Council Minutes, 21 June 1934. Commissioner Clyde was found to be "absolutely right" in his contention that Portland's rates were among the lowest on the west coast. The company did acknowledge that it planned to cut back service after the Rose Festival, as it did every single year, and that it did plan to lay off thirty-four maintenance workers because they were unable to do any work at this time due to a lack of funds. But Bennett's accusations were exaggerated and misleading. When the entire council agreed to adopt the report and grant the company another temporary permit, Bennett refused to go along, Minutes, 28 June 1934.

center of the widened streets. In 1927, Henry Miller had even proposed a rapid-transit system. Several years later, Bartholomew recommended traffic segregation, skip stops, through routing, and the future consideration of rapid transit for Portland's east side.

All of these suggestions had come and gone, with essentially no implementation. Meanwhile, the transit company was in many ways the same company it had been for years, with little substantive change in management or policy, despite the various crises it had encountered. However, the city council was no longer the same council that had sponsored or overseen the many previous studies, plans, and recommendations. Those had all been conducted by previous regimes, and the new council had not been a party to those investigations. To this new council, the transportation problems were presenting themselves as if for the first time. The agenda of the new members was poorly articulated and lacked coordination and consensus, but there was among them all an overarching sense that Portland's transit system needed a major change.

The Portland Motor Coach Company

On March 14, 1935, the same day that the final report of the Committee of 15 was presented, the city council members received a letter from the Portland Motor Coach Company stating that it would like to apply for a franchise to operate motor buses in Portland, replacing all the streetcars. Commissioner Bennett promptly moved that discussion of the Committee of 15's report be delayed and that the new application be submitted to the Committee for its consideration. The motion was carried unanimously.

When Portland Motor Coach (PMC) applied for the Portland franchise, very little was known about the company. It took persistent pressure by the Committee of 15 for the details of the company's organization and financial backing to come to light.

PMC at first would not cooperate, refusing to send a representative to the Committee of 15 to answer their questions. This lack of cooperation angered Portlanders, even those who might have wanted to see PTC removed from the picture. The *News-Telegram* called PMC's reticence an "insult" and accused PMC attorney Frederick Piper of trying to sidetrack the Committee of 15 by suggesting that the gasoline taxes that would be collected from PMC be earmarked for old-age pensions. Committee member Eugene Smith commented that PMC was just trying "to fool the people into granting a franchise to the company that had not proved its financial responsibility."¹⁶ The *Oregonian* commented on the friction that had resulted, reporting that the Committee of 15 was threatening to resubmit its original report to the council and drop further consideration of PMC.¹⁷

But finally the details of PMC's corporate structure and financial backing were revealed. PMC, on whose board of directors sat none other than ex-commissioner and PTC archenemy Charles M. Thomas, had been organized by United Cities Motor Transit in 1935 for the purpose of applying for the Portland franchise.¹⁸ General Motors Truck Corporation, a subsidiary of the Yellow Truck & Coach Company of Pontiac, Michigan, in turn a subsidiary of General Motors Corporation, had conducted a study of Portland in December of 1934.¹⁹ At that time it was concluded that Portland offered the perfect opportunity for the organization of a subsidiary company to try to obtain a franchise for providing the city's mass transit through motor buses.

¹⁶"Trolley War Out in Open; 'Insult' Seen," *News-Telegram*, 3 April 1935.

¹⁷"General Motors Backs Bus Firm," *The Oregonian*, 19 April 1935.

¹⁸"Portland Franchise Undecided," *Transit Journal* 79 (June 1935): 197-198.

¹⁹Marmion D. Mills, "Proposed Service of the Portland Motor Coach Company in Portland, Oregon," August 1935, AX 220, Marmion D. Mills Collection, Special Collections, University of Oregon Library, Eugene.

Most of Portland's current equipment, the study noted, was old and antiquated, and the fare was relatively high. Public relations with the current company were bad, especially as a result of Portland's experience with Peirce and CPSC. The study recommended complete conversion to motor buses, accompanied by a marked reduction in the number of routes and total mileage. The result, it concluded, would permit a lowering of the average fare to 5.39 cents -- the major point that would give the company an edge over PTC. Promising this low fare would be key, the study emphasized, because there were likely to be several difficulties with proposing a franchise that would allow for so much route abandonment and at the same time lift the requirement that the company remove abandoned track and repave streets after the streetcar conversion.

Most of the organizational information about PMC was not made public until April 19, 1935. Portlanders, who were still smarting from the abuses of Peirce and CPSC, were in general quite unenthusiastic about the corporate structure and financing scheme that was revealed. The *News-Telegram* characterized the situation as one of "holding companies within holding companies and foreign corporations within foreign corporations entirely beyond the reach of the city of Portland" And U.L. Upson, chair of the Committee of 15, remarked "I thought we had just got rid of one holding company."²⁰

In addition to having been slow to reveal PMC's financial structure, Marmion D. Mills and other PMC representatives had refused to remove any of the present streetcar tracks that would be abandoned as a result of conversion to bus operations. They insisted that they could "see no reason why United Cities should pay for someone

²⁰"Coach Company 'Roots' Traced," *News-Telegram*, 19 April 1935.

else's mistakes."²¹ This attitude infuriated Mayor Carson, who repeatedly declared that the city would refuse a franchise to any company that would attempt "to unload this \$1,000,000 or \$2,000,000 burden on the backs of Portland taxpayers."²²

Although the support for PMC was already quite weak, the city council agreed to set a hearing on both companies' franchises for September 30, 1935. In the meantime, Commissioner Bean presented a series of questions to each company. W.H. Lines, general manager of PTC since 1933, was cooperative and forthcoming with answers to questions regarding the amount of capital stock, liability insurance, performance bonds, and so on. Colonel Eugene C. Libby, representing PMC, appeared much less cooperative, saying, "We would like to have this thing brought to a close sometime." Libby felt that the appropriate time for questioning would have been before the franchise was initially considered in the first place.

In addition, Libby did not feel that the same level of inquiry directed toward PMC was being directed toward PTC. And what would happen if the council did not like certain of PMC's answers to the various questions? Would it discontinue consideration of that company's franchise? If so, Libby went on, "we feel certain that many citizens would construe such an action as a subterfuge to protect the Portland Traction Company . . ."²³ Libby added that "scant courtesy" had been paid by the council when PMC representatives appeared before it to explain the financial backing and organizational structure. Mayor Carson, clearly running out of patience, retorted that it was PMC who had shown a lack of courtesy by refusing to cooperate with the Committee of 15 to begin with.

²¹"Committee Quizzes Bus Operators," *Oregon Journal*, 19 April 1935.

²²"Coach Company 'Roots' Traced."

²³Portland City Council Minutes, 12 September 1935.

The council continued to thrash out the two franchises for another month or so, and then on October 18, 1935, PMC requested the city auditor to remove its franchise application from further consideration. Commissioner Bean was reluctant to see the request granted, fearing that if PMC's franchise request were removed from consideration, it would indeed appear that the council was biased toward PTC. Griffith agreed, saying that if PMC's franchise were withdrawn, the council would

appear to have favored the Traction Company and it will place us in the position when we go before the electors, the Coach Company will be able to raise the question of the under dog who has been kicked out and it will be a heavy burden for us to bear in the election. We don't want to be put in that position. We want to be placed in the position of a fair field and a fair fight.²⁴

The entire issue had become far more complicated than anyone could have imagined. As had been its pattern in the past, the council was ready to drop the ball and send the issue directly to the voters. This was the position of Bean, Bennett, and Clyde. Mayor Carson and commissioner of finance, Earl Riley, disagreed, remarking that the council should fulfill its responsibility to come to *some* conclusion before dumping the matter in the voters' lap. A common ground was reached, with the council unanimously agreeing once again to send the entire matter back to the Committee of 15.

On October 31, 1935, the Committee of 15 made its final report in which it recommended that the council approve the franchise submitted by the Portland Traction Company. The franchise of the Portland Motor Coach Company was officially removed from consideration.

²⁴Ibid., 22 October 1935.

The 1936 Franchise

Despite the fact that many Portlanders and at least a couple of the city council members -- particularly J.E. Bennett -- were not particularly enthused about renewing a franchise for Portland Traction, the alternative offered by PMC had been doomed almost from the beginning. The attraction of PMC's proposed franchise -- the lower fare -- was predicated entirely on a full-scale substitution of motor buses for streetcars and a significant reduction in miles of route. Portlanders were not completely convinced that motor buses were what they wanted, and they certainly would not have welcomed or permitted a reduction in service, especially to outlying areas, which is what the PMC plan had proposed.

But PMC's biggest problem in the franchise negotiations was its organizational and financial structure. As U.L. Upson, chair of the Committee of 15, had noted, Portlanders were not about to accept another holding company pyramid while they were still recovering from the CPSC fiasco. To make matters worse, PMC representatives had presented themselves as unaccommodating, secretive, and uncooperative. On the other hand, PTC, for all its problems, had established its own sort of rapport with the city council and enjoyed the support of Portland's businesses and newspapers. The haggling and indecision had gone on long enough -- nearly four years now -- and it took very little time after PMC withdrew for the city to endorse a franchise and pass it on to the voters, who approved it in early 1936.

The franchise that the voters approved was essentially the same franchise that the Committee of 15 had presented to the city council on March 14, 1935, the very day that PMC had submitted its request for a franchise. The Committee, which had worked closely with the company, proposed a twenty-year franchise, with a required modernization program that had a strong emphasis on the trackless trolley. The

modernization plan consisted of two phases, the initial phase involving the expenditure of \$3 million in one year on 120 trackless trolleys and 35 gas buses. The “ultimate modernization plan” required that during the first ten years of the franchise, the company would set aside 75 percent of “any available income” for the purpose of buying additional equipment “for the ultimate and complete modernization of the system.” The Committee’s recommendation also included an annual franchise fee of \$500 (as opposed to the current annual fee of \$29,000). The recommended fare schedule involved no change from the current schedule: a single cash fare of ten cents, a \$1.25 weekly pass, three tokens or tickets for twenty-five cents, a short-haul fare of five cents, and a school fare of twenty-five tickets for \$1.²⁵ This was the same fare schedule that had been in effect since 1932.

Commissioner Bennett vigorously protested the twenty-year franchise provision, insisting on a shorter term of twelve years. In addition, he refused to accept anything but a five-cent fare. Commissioner Bean also advocated a twelve-year franchise. But Franklin Griffith appeared before the council and made it clear that the twenty-year term was the only term the company could accept if it were to get the credit required to undertake the modernization program.²⁶ The council in general did not accept the Committee’s recommendation of a \$500 franchise fee, preferring instead a 5-percent tax paid on the company’s gross earnings, after all other tax and fee obligations had been met. Bennett, however, stubbornly insisted that “I will forget all about the 5% gross earnings tax if they will accept a 5-cent fare.”²⁷

²⁵Committee of Fifteen, “Report of the Mayor’s Committee of Fifteen Appointed to Study and Report on the Mass Transportation Problem of the City of Portland,” Portland City Council Minutes, 14 March 1935.

²⁶Portland City Council Minutes, 21 October 1935.

²⁷Ibid.

The day that the proposed franchise ordinance came up for passage to final reading, Bennett again called for a five-cent fare, and was this time joined by old-time company foe and ex-officio member, Dan Kellaheer, who promised to sponsor an alternative franchise ordinance initiative that would specify a five-cent fare. But Bennett was outvoted and the ordinance was passed on to a third reading.²⁸ Several days later, matters came to a head, with Bennett accusing Bean of never having read the ordinance and Bean accusing Bennett of filibustering. Bennett made seventeen separate motions, none of which was even seconded. Again, Dan Kellaheer showed up for the meeting, announcing that he had no intention of giving up his fight for municipal ownership.

Although Mayor Carson and Commissioner Riley felt that the council should assume something of a leadership role in the franchise matter, the council as a whole still preferred to distance itself from the final decision. This was in large part due to the tradition of referendum, but it was also due to members' political uneasiness when it came to taking a firm position in regard to the transit company. The exception to this, of course, was J.E. Bennett, who never hesitated to come down against the company, regardless of the consequences of his opposition; but even he strongly advocated passing the final decision on to the electorate.

The pattern of the council was to avoid making tough decisions by appointing committees, hiring consultants, commissioning studies, bickering over findings, and then, when matters had reached a crisis point -- as they inevitably would after such delays -- passing the final decision on to the voters. The voters, often having their own ax to grind, typically voted against the company, leaving problems unsolved and back in the hands of a reluctant, indecisive, and incohesive council.

²⁸Ibid., 14 November 1935.

The members of the public who appeared at the city council meetings to consider the 1936 franchise were frustrated with the council's lack of agreement and indecision. There were even those who spoke in defense of the company, especially after having heard Bennett's and Kellaheer's lengthy and spirited denunciations. "We listened for days," said one woman, "to the vilification of the members of the traction company. People rose and said things detrimental to every member of the Portland Traction Company." A man from the East Side Commercial Club urged the council to settle the matter as soon as it could, for the people of Portland were ready to vote. Bennett, quick to pass the problem on to the public, angrily shot back, "If the people of the City of Portland want this franchise, why don't they initiate it?" to which the man responded, "The people of Portland have looked to your body to recommend something."²⁹

Councilman Bean finally admitted that continued disagreement was not in the people's interest, and the council (all except Bennett) passed the ordinance as recommended by the Committee of 15, with the amendment of a 5-percent tax on gross earnings, and agreed to pass it on to the voters at a special election.³⁰ But even at this point, the council seemed determined to maintain a distance from the final form of the franchise. When the proposed ordinance was published in *The Oregonian*, the title proclaimed that it was written and revised by the mayor's Committee of 15, and almost parenthetically added that it had been passed by the city council, as well.

After four years Portlanders were now ready for a new transit franchise, and on January 31, 1936, they approved the twenty-year franchise for the Portland Traction Company.

²⁹Portland City Council Minutes, 25 November 1935.

³⁰Portland City Ordinance No. 67778, 19 December 1935.

A Comprehensive Master Plan

While the Portland City Council was addressing transit policy through its franchise negotiations with PTC, transportation planning was taking place in another arena -- initiated and sponsored by downtown business interests, such as the Chamber of Commerce and the members of the Portland Planning Commission. As will be discussed in a later section, most of this planning involved a continued advocacy of policies that facilitated and accommodated use of the private automobile. The reasons for this -- the assumption of the relatively lower cost of implementing automobile plans compared to transit plans, the seemingly democratic nature of road and highway planning (which could provide for motor buses as well as automobiles), and the American proclivity toward facilitating individual mobility -- have all been discussed earlier.

Despite these compelling ideological bases for promoting the growth of the automobile, city officials, businessmen, and planners continued to recognize the importance of mass transit. Although few large-scale mass transit projects were undertaken during this period, provisions for transit -- albeit often peripheral provisions -- continued to comprise at least a portion of many cities' comprehensive plans during this period.

Coordinated and Comprehensive Planning. When in 1934 Portland architect Jamieson Parker wrote his letter to the editor of *The Oregonian* stressing that "there must be a transportation plan made and acted upon which will link our busses, street cars, railroads, airport and arterial streets in a coordinated plan," he was expressing the increasingly widespread concern for coordinated and comprehensive planning.³¹

³¹Parker, "City Planning Held Urgent," Letter to the Editor, *The Oregonian*, 3 July 1934.

Such a comprehensive plan was the goal of Portland's 1935 "master plan." The master comprehensive plan was not an idea newly conceived of in the 1930s. As discussed in the previous chapter, many cities had already attempted, with varying degrees of success, to implement master plans during the 1920s. But those master plans were most frequently master "street" plans, and their intended scope was not as comprehensive as the plans of the 1930s.

Foster reports that during the 1930s, "the most frequently achieved planning function was the preparation of 'comprehensive' city plans," and he notes that during the 1930s, 217 of the cities surveyed reported having such a plan. These plans set out to harness the cities' various problems with congestion, blight, zoning, coordination of different types of transportation, terminal unification, and so on.³²

Portland's 1935 comprehensive plan was a continuation of the comprehensive master plan impetus initiated by Harland Bartholomew's report of 1932, which never was actually published. The 1935 plan was to be based on the suggestions of W.W. Amburn, whose proposal for unifying terminals and all types of transportation and transit had already been incorporated into the city charter in 1913. Studies and data collection in preparation for the plan had been proceeding piecemeal ever since, but nothing had been done on the plan itself.³³

A Magnet for Capital Investment. Business and civic groups such as the Chamber of Commerce and the Portland City Club were active in advocating a revival of the Amburn plan. Support in the business community was reflected by the fact that

³²Foster, *Streetcar to Superhighway*, 134.

³³Portland Chamber of Commerce, Committee on Urban Land Utilization, "Report," July 17, 1935, BX 170, Box 35, Master Plan for Portland Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene. Also, "Amburn Plan Will Be Boon to Peninsula," *The Peninsula Times*, 27 September 1935.

the Chamber of Commerce's "Master Plan Committee" included Ainsworth, Griffith, and MacNaughton, as well as Aaron Frank of the Meier & Frank Department Store, David Simpson of the Portland Realty Board, Milo B. Mack of the East Side Commercial Club, and a number of local attorneys.³⁴

W.W. Amburn, a railroad civil engineer with over thirty years' experience, including sixteen with the James J. Hill railroads, devoted most of his attention to a terminal unification plan for the area's railroads and the relief of blight in the waterfront area. The Chamber of Commerce supported such a plan as a magnet for capital investment, convinced that it would be "of prime importance to the life of Portland and its industrial development . . . to lure new industry here or, for that matter, to maintain for long even our present commercial status."³⁵

The involvement of Portland's business and real estate communities in the city's master plan was typical of the nationwide trend during this period, when, as Foster reports, in thirty-one of the nation's largest cities, over half of the members of planning commissions were involved in business or real estate. The values and goals of these planning commissions were therefore directly in line with the values and expectations of the business community.

Amburn's emphasis on a master plan that would serve to attract capital investment to the Portland area reflects this value system. In transportation planning -- and planning in general -- the ultimate goal was to make Portland competitive with other west coast cities in attracting capital and industry. As Sy Adler

³⁴Walter W.R. May, Letter to Executive Committee, Board of Directors, Portland Chamber of Commerce, 15 October 1935, Portland, BX 170, Box 35, Master Plan for Portland Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

³⁵Portland Chamber of Commerce, Committee on Urban Land Utilization, "Report."

comments, it is “competition between places -- within and between metropolitan areas -- to attract mobile capital investment [that] structures urban transport politics . . . ”³⁶

The Role of Transit. Concerned that parts of the Amburn plan might conflict with the transit plan of the Portland Traction Company, currently in franchise negotiations, the Chamber of Commerce appointed a special committee to deal specifically with coordinating the Amburn plan and the PTC plan. Members of this committee consisted of local businessmen, none of whom had quite the power and prestige as the Master Plan Committee members.³⁷

Amburn finally did come up with a plan specifically for Portland’s mass transit. Acknowledging that congestion in the city center was out of control, Amburn advocated a plan he thought would reduce automobile travel to the center. This was a radial-spoke, center-oriented mass transit system, with radial trunk lines delivering patrons to a common transfer point in the city center, from which they could transfer out to all points beyond. Such a center-focused plan was widely endorsed by downtown businessmen, who may have been concerned about slowly increasing consumer defection to neighborhood retailers. But, in actuality, this aspect of the plan was not radically different from the sort of radial-routing system already practiced by PTC, and there is no evidence that any of its particular suggestions ever made it off the committee table.³⁸

³⁶Adler, “Transformation of Pacific Electric,” 53-54; Foster, *Streetcar to Superhighway*, 135.

³⁷F.M. Byam, Letter to Walter W.R. May, Portland, 10 January 1936, BX 170, Box 35, Master Plan for Portland Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

³⁸W.W. Amburn, “Objectives of the Proposed ‘Amburn Plan’ for Street Car Transportation in Portland, Oregon,” 1936, BX 170, Box 35, Master Plan for Portland

The Amburn plan also included the familiar elements of grade separation and traffic segregation by recommending an “elevated transriver loop streetcar line.” This would remove streetcar traffic from all of Portland’s bridges except the upper decks of the Steel and Hawthorne Bridges, which would be closed to automobiles. It was proposed that the upper deck of the Steel Bridge be connected with the Hawthorne Bridge by an elevated loop that would pass down Second Avenue and up Third, looping around Burnside Street. There would be three tracks along the Steel-to-Hawthorne loop: an outer track for standard-gauge cars; a center track for narrow-gauge streetcars; and an inside track for shuttle trains running continuously in opposite directions to provide transfers, similar to the subway transfer system in Manhattan.³⁹

THE CITY AND TRANSPORTATION: AUTOMOBILE POLICY, 1935 TO 1943

Planning for the Automobile

As has been illustrated above, during the 1930s both the Portland city council and the city planning commission demonstrated a more active concern with transit. Indeed, in 1933, the planning commission’s *Plan-It* addressed transit as a planning

Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon, Eugene.

³⁹Portland Chamber of Commerce, Committee on Urban Land Utilization, “Report: A Master Plan for Portland,” September 6, 1935, Multnomah County Library, Portland. There is also the mention of a proposal by a W.H. Downing for subterranean alleys, tunnels, and parking lots in the downtown district “to relieve traffic congestion, reduce accidents, eliminate front door deliveries, no parking curb signs, sidewalk elevators and trap doors, all day parking on streets . . .” and so on. There is no other mention of this somewhat intriguing proposal. W.H. Downing, “Proposed Sub-alleys & Tunnels: For Business in the City of Portland, Oregon,” February 19, 1935, BX 170, Box 8, Municipal Projects Committee, 1934-1935 Folder, Special Collections, University of Oregon Library, Eugene.

issue for the very first time in discussing the forthcoming Amburn plan. “One of the real problems of Portland,” proclaimed *The Plan-It*, “is what to do about the street cars. We can’t get along without them, and they can’t get along without the support we give them.”⁴⁰ However, as noted above, despite the involvement of the city council in the drafting of the 1936 franchise and the planning commission’s advocacy of elevated loops and radial routing, transportation policy *implementation* remained largely confined to accommodating the auto.

New Deal Road Policy and the Rural-Urban Conflict

Part of the reason for the continued emphasis on the automobile is that New Deal programs at the federal level supported road and highway building, but did little, if anything, to improve mass transit provision. Foster explains that federal officials were persuaded to support road- and highway-building projects because these would provide unemployment relief both immediately -- for those hired to work on the road-construction projects -- and in the future, as “more roads would create more sales for automobiles, in turn giving more men jobs.” Yago also notes that job creation was an important goal of highway building plans during the 1930s, but adds that a fundamental rationale remained facilitating the distribution of goods in an era when distribution defined the economy more than did production.⁴¹

Whether to create jobs or facilitate the distribution of goods -- or both -- the New Deal emphasis on road and highway development clearly deemphasized mass transit projects. In addition to the emphasis on highways over mass transit, Foster

⁴⁰Portland City Planning Commission, *The Plan-It* 7 (October 1933).

⁴¹“More Road Building Urged to Stimulate Return to Prosperity,” *The American City* 44 (January 1931): 94, quoted in Foster, *Streetcar to Superhighway*, 166; Yago, *Decline of Transit*, 166.

explains that “at the national level, planning thought consistently emphasized rural rather than urban concerns.” St. Clair echoes Foster, adding that “the story of highway politics from the late 1930s to the early 1950s is essentially one of struggle between rural and urban interests.” He notes that federal legislation had continued to make funds available for rural road and highway projects up through the late 1920s. During the 1930s, however, opposition began to arise from urban-based auto concerns, who expressed dissatisfaction with continued rural-oriented road policy. The rural-road programs had been successful; they had fulfilled their purpose of pulling rural areas “out of the mud,” of connecting them to the urban areas. Now the problem was in the cities, where the congestion of the urban thoroughfares was of immediate concern.⁴²

Federal urban highway policy had begun on a limited scale in 1928, when federal funds were made available to areas within the limits of cities with a population of 2,500 or more, on sections of highway where houses were spaced an average of two hundred feet apart. In effect, this meant that some extensions of intercity highways -- albeit sparsely settled sections -- could receive federal moneys. Federal highway policy changed again in 1932, when the Emergency Relief and Construction Act provided for a suspension of the requirement for 50-50 matching funds and provided for 100-percent federal financing of rural roads and highways *and their extensions into urban areas*. As St. Clair explains the situation, President Hoover, under whom the 1932 Act was passed, was unenthusiastic about providing funding for urban roads, but was persuaded by the prospect of unemployment relief.⁴³

⁴²Foster, *Streetcar to Superhighway*, 141; St. Clair, *Motorization of American Cities*, 22-23. The urban-based auto concerns mentioned by St. Clair include the automobile industry itself and affiliated lobbying groups such as the Automobile Safety Foundation.

⁴³Smerk, *Urban Transportation: Federal Role*, 123-5; St. Clair, *Motorization of American Cities*, 144. Herbert Hoover, by the way, had served as a lunchtime relief

Multnomah County's Struggle for its "Fair Share". As a result of the Emergency Relief and Construction Act, Oregon received \$6,100,000, of which 50 percent was to be spent on "primary highways," 25 percent on "lateral roads," and the remaining 25 percent on urban roads. Portland's Mayor Carson and the Multnomah County commissioners appointed a special committee to "bring some influence to bear upon the State Highway Commission to secure for Multnomah County its share of funds from the Federal allotment of \$6,100,000, to take up some of the unemployed, of which 87% in the state are in Multnomah County."⁴⁴

The chairman of the state highway commission in 1932 was Leslie M. Scott, also part owner and vice president of *The Oregonian*. Members of Carson's special committee met with Scott, urging that the federal funds be spent in Multnomah County, where in Portland there were 24,000 unemployed heads of families registered at the city's unemployment bureau during the month of March alone.⁴⁵

In a sworn statement, the members of the committee recounted that when they urged Scott to consider funneling federal road-construction funds into Multnomah County for unemployment relief, Scott reportedly remarked:

What you people don't seem to realize is that there is no demand for your labor anymore anyway. We don't need more roads. The tax-payer

driver for the Portland Traction Company in his earlier years, Reese, "Portland Electric Power Company," 47.

⁴⁴Special Committee for Securing Portland's Allotment of Federal Funds from the State Highway Commission for Highway Work in Multnomah County, "Minutes," 5 September 1933, and "Facts about Oregon's Quota of Federal Relief Funds," 1933, BX 1709, Box 19, City and County Highway Committee, 1933 Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

⁴⁵MacColl, *Growth of a City*, 453;

has no use for your labor. They don't need you and have no use for your labor.⁴⁶

The urban contingent was outraged at Scott's attitude and at his plan to apportion only 8 percent of the state's allotment to Multnomah County, where the projects under consideration consisted of improvements of Stark Street, Lombard Street, the "Eastside Superhighway" (McLoughlin Boulevard), Barbur Boulevard, and St. Helens Road (the Portlanders had also wanted funding for improvements in Interstate, Willamette, and Eighty-second avenues). The remainder of the 25-percent requirement for alleviating urban unemployment was to be achieved by contractors' giving out 25 percent of their work to urban unemployed -- which, in most cases, would mean those men so hired having to relocate.⁴⁷

Smerk explains that the federal moneys of this period were appropriated to state highway commissions with no strings attached to insure how -- or even *that* -- they be used for urban purposes. Even the provisions of the 1934 Hayden-Cartwright Act, which continued to make funds available for stretches of the federal highway system that extended through municipalities, could not guarantee specific allotments of funds for urban roads and highways.

By the late 1930s, Portlanders were still striving to get what they considered to be their fair share of federal funds. In 1938 U.L. Upson, who had served as chair of the Committee of 15 in considering the Portland Traction Company's 1936 franchise,

⁴⁶Special Committee for Securing Portland's Allotment, "Minutes." MacColl recounts this and a number of similar statements attributed to Scott, but he cites the source of the statement, also included in the Portland Chamber of Commerce papers at University of Oregon, as a sworn deposition filed with Multnomah County by the members of the Unemployed Citizens League, *Growth of a City*, 454-455; nn., 693. It seems likely that, at the very least, Scott maintained a fundamental reluctance to spread federal funds to urban areas in a spirit of unemployment relief.

⁴⁷"Facts about Oregon's Quota of Federal Relief Funds."

was executive secretary of The Metropolitan Association, Inc. In a letter to the Portland Chamber of Commerce, Upson reported that between 1917 and 1938 Multnomah County had contributed nearly 40 percent of the state's total highway revenues in the form of license fees and gasoline taxes, but had received only 5 percent (about \$6.5 million) back. "Of course we are told in justification for the heavy expenditure in the upstate counties," remarked Upson,

that "All roads lead to Portland," and that all of these roads are for the ultimate benefit of the city of Portland. However, the same statement could be made with regard to any other county since all roads which lead to Portland also lead from Portland . . . ⁴⁸

W.D.B. Dodson, general manager of the Portland Chamber of Commerce, replied to Upson that in the past the Chamber had supported the practice of the state's using revenues collected within Multnomah County for highway construction outside Multnomah County itself. The motivation, explained Dodson, was to get the general highway program underway. But, he noted, in recent years, as unemployment in Multnomah County had risen, "some of our people [in the Chamber of Commerce] felt it absolutely necessary to force road construction in or contiguous to this county [Multnomah] . . . If I am correct in my memory, this was the first departure we had made from the earlier agreement."⁴⁹

Portland was not alone in feeling the increasing demands upon its highway system and the stresses of unemployment. As Smerk notes, urban areas throughout the country were experiencing the same situation by the end of the 1930s. "It became

⁴⁸U.L. Upson, Letter to W.D.B. Dodson, Portland Chamber of Commerce, 3 March 1938, BX 1709, Box 34, State of Oregon Highway Commission, 1937-38 Folder, Special Collections, University of Oregon Library, Eugene.

⁴⁹W.D.B. Dodson, Letter to U.L. Upson, Portland, 7 March 1939, BX 1709, Box 34, State of Oregon Highway Commission, 1937-38 Folder, Special Collections, University of Oregon Library, Eugene.

clear at last, particularly to the more troubled cities” he remarks, “that aid was imperative.” However, as Smerk goes on to explain, the threat of war -- and then the war itself -- held up further federal intervention in urban highway planning until 1944.⁵⁰

The Superhighway. While Portland struggled with mixed success to progress in highway building during this period, other cities saw the beginnings of a new era in highway construction: the superhighway. The superhighway was the late 1930’s visionary dream for the future of transport. Foster quotes an article from a 1938 issue of *Life* magazine, which promised that

in 1958 the New York City commuter will be able to drive 50 miles to his office in an hour without ever doing more than 55 miles per hour. From his home he will head for the nearest limited highway. As he gets into the city this road will become an elevated highway. Four blocks from his office he will follow a ramp down to the street level, park his car in a basement, and walk into his building. There will be no more red lights, congested crossings, or cars parked on the street, and accidents will be reduced to a minimum. The car of the future will all but ride on railroad tracks.⁵¹

The superhighway was the latest fad in transport and mobility. New York’s system of parkways -- particularly its Westchester Parkway -- was praised throughout

⁵⁰Smerk, *Urban Transportation: Federal Role*, 125. St. Clair, *Motorization of American Cities*, 145-147, notes that some earlier federal activity had preceded the 1944 Federal-Aid Highway Act. In 1937 Roosevelt had requested a congressional study, which culminated in the 1939 *Toll Roads and Free Roads* report, proposing a system of interstate toll roads. Although the idea of an interstate system of toll roads was abandoned, the report led to Roosevelt’s 1941 appointment of the National Interregional Highway Committee, whose 1944 report designated a “national system of interstate highways.” An important point is that both the 1939 and 1944 reports emphasized the *urban orientation* of the proposed interstate system and resulted in “vigorous federal participation in urban highways programs,” Smerk, *ibid.*

⁵¹“Traffic,” *Life* 4 (February 14, 1938): 41, quoted in Foster, *Streetcar to Superhighway*, 163.

the 1930s. But, as Foster notes, no city matched Los Angeles in superhighway development. Here, the Arroyo Seco Parkway -- the current Pasadena Freeway connecting downtown Los Angeles and Pasadena -- was opened in December of 1940.

Significantly, Bottles reports that urban interests in southern California were much more successful than their counterparts in Oregon in obtaining state assistance. He notes that in Los Angeles, downtown interests pointed out that until 1932 the state had used all gas tax moneys solely for rural highway development, even though Los Angeles automobile owners accounted for 25 percent of the state's total.

Through the efforts of Los Angeles's Traffic Association and the Automobile Club of Southern California, state funding for urban road development was gradually increased. A new law also formally extended the responsibility of the state to many highways in urban areas. It was efforts and actions such as these, notes Bottles, that "finally provided state construction funds for the Arroyo Seco Parkway." Adler explains that the Automobile Club and the Traffic Association did not always share the same goal. The Traffic Association was more inclined to lobby for freeways radiating specifically from the Los Angeles city center, whereas the Automobile Club's proposals were not limited to freeways radiating from downtown Los Angeles. But together the two entities were able to persuade the state to help finance the Arroyo Seco Parkway.⁵²

Chicago, too, was experiencing success with highway development during this period. Chicago's superhighway plans had grown out of Burnham's Chicago Plan of 1909, which had advocated the same sort of wide diagonal boulevards that were proposed a few years later by Burnham's colleague, Edward Bennett, for Portland. Interest had been revived in 1926, when the Chicago Plan Commission proposed a comprehensive system of superhighways. Barrett reports that the proposal received

⁵²Bottles, *Los Angeles*, 232; Adler, "Transformation of Pacific Electric," 66.

support because one of its chief proponents, Alderman John A. Massen, “grounded his appeal for superhighways in the promise that they would help the city’s business and industry keep pace in the competition with surrounding suburbs,” a situation rather similar to that facing the Los Angeles urban contingent.⁵³

In the 1930s Chicagoans, who had previously been financing street improvements largely through bond issues, began looking to the state for assistance in implementing their superhighway plans. Like other urbanites, Chicagoans could not afford to finance urban infrastructure improvement during the Depression. According to Yago, Chicago’s superhighway planning received special support because former Chicagoans such as Harold L. Ickes were members of the Roosevelt administration.⁵⁴ Yago explains that when the National Resources Planning Board (created late in Roosevelt’s first term) began setting up state planning agencies, Chicago’s existing local and regional planning bodies -- the Illinois State Planning Board and the Chicago Regional Planning Association -- assumed a leadership role. Chicago’s prohighway initiatives resulted in a series of reports in 1937 and 1939, recommending radial subways and superhighways. The local planning bodies “succeeded in arranging for the state of Illinois to pay one-third of municipal highway costs.”⁵⁵

It is clear that the persistent efforts and lobbying strength of downtown interests played an important role in obtaining state assistance for superhighway development in both Los Angeles and Chicago during the 1930s. In addition, there were political

⁵³Barrett, *The Automobile*, 149; Yago, *Decline of Transit*, 164.

⁵⁴In Chicago, Ickes had been active as a Bull Moose politician -- a Progressive Republican supporting former president Theodore Roosevelt against the less progressive, but victorious William Taft. Ickes served as secretary of the interior from 1933 to 1946 under Franklin D. Roosevelt and Harry Truman. He also headed the Public Works Administration from 1933 to 1939.

⁵⁵Yago, *Decline of Transit*, 166-167.

factors in the Chicago case that may have contributed to state support. In the Portland area, although urban interests were concerned and, as has been noted, did attempt to obtain more state assistance, there is little evidence of a particularly strong and persuasive downtown coalition.

Moreover, the need for interurban superhighways was not as pressing as it was in southern California and in Chicago, where growing suburban areas did present a real threat to central-city businesses. In Portland, the central business district was still dominant. Further, the pattern of the area's highway system -- consisting of "highways" such as Powell Boulevard, Eighty-second Avenue, Interstate Avenue, Barbur Boulevard, and Sandy Boulevard -- was already in place, although the need for improvement and widening persisted. As noted above, the state was funneling some money into construction and improvement of the area's one so-called "superhighway," McLoughlin Boulevard (99E), which connected Portland with its nearest urban "rival," Oregon City.

Lewis Mumford and Robert Moses Come to Portland

Portland's "Melancholy Plan": Lewis Mumford. Foster notes that the New Deal programs that emerged in response to the Depression encouraged the development of "national planning," although, as noted, the emphasis was on the rural rather than the urban; and the concept of comprehensive, large-scale planning "made little impact . . . in terms of practical results." As Foster explains the situation, the national planners promoted long-range, large-scale projects that had to compete with social-welfare agencies for federal funding. Some of these huge construction projects, such as

the Tennessee Valley Authority and Bonneville Dam projects, were able to receive the political and financial support necessary for implementation.⁵⁶

Another tangible result of the national planning movement was the beginnings of institutionalization for national and regional comprehensive planning. As mentioned previously, the National Resources Planning Board was created late in Franklin D. Roosevelt's first term. State and regional planning entities were also created in order to participate in the implementation of New Deal programs. The Portland area did not yet have a specific regional planning agency like the regional planning commissions of New York and Los Angeles County, but it did have the Northwest Regional Council (NRC), which Abbott describes as a private advocacy group.⁵⁷

Shortly after the NRC was organized, the group invited Lewis Mumford to the area "in order to observe and critically appraise the growth and development of the region." Mumford's *Regional Planning in the Pacific Northwest* was originally prepared as a memorandum to the NRC and actually contains little in the way of recommendations or commentary specific to the Northwest. Much of what he had to say was of a general nature. For instance, Mumford acknowledged the slowdown in population growth that characterized the entire country during the 1930s. Although he didn't elaborate in regard to Portland, this trend was apparent here, as well, where there was only a 1.2-percent increase in population between 1930 and 1940, as opposed to a 16.9-percent increase in the previous decade, from 1920 to 1930.⁵⁸

⁵⁶Foster, *Streetcar to Superhighway*, 132-150.

⁵⁷Abbott, *Portland*, 123.

⁵⁸Lewis Mumford, *Regional Planning in the Pacific Northwest* (Portland: Northwest Regional Council), 1939, Millar Library, Portland State University, Portland; Metropolitan Planning Commission, *Population Prospects* (Portland: Metropolitan Planning Commission), July 1960, Millar Library, Portland State University, Portland.

For the eastern U.S., Mumford noted, the slowdown in population increase would provide a welcome respite to the “damages made by over-rapid and heedless growth . . . [and] create a more stable framework of urban culture.” But, for the Northwest, he continued, the slowdown was more of a mixed blessing. In this region, he maintained, earlier planning goals had overreached themselves in ambition -- particularly in Portland, where “the melancholy plan to increase Portland’s population from 300,000 to three million succeeded in disordering and unfocussing its growth: but it did little to give it the benefit of modern city planning practice.” As a result, there was still much left to do in transforming the Northwest’s cities into “regional centers.”⁵⁹

Although Mumford recommended that Portland itself *not* expand further as a metropolis, he did advocate development on “either side” of Portland, to “build up an urban inter-region,” which should include planned greenbelt towns and incentives for industry relocation. Mumford lamented that Washington and Oregon had been created as separate, rival states; and he advocated a regional authority -- for instance, a Columbia River Planning Authority -- that could represent the two states, like the New York-New Jersey Port Authority did in the east.⁶⁰

In his memorandum, Mumford took the opportunity to voice the need for “recentralization” as a remedy for the problems caused by the decentralization of the previous years and to emphasize that regional planning should not focus only on rural planning -- concerns that, as noted previously, were common in the planning philosophy of this era.

⁵⁹Mumford, *Regional Planning*, 2, 4.

⁶⁰*Ibid.*, 11, 13, 15-16.

In short, Mumford had little to say about Portland in general and nothing to say about transportation in particular. What is significant, however, is that local people interested in Portland's development continued to turn to the country's most important names in contemporary planning for declarations, if not specific recommendations, on Portland's progress in becoming a major city. By the time Mumford had arrived, it appeared that the ambitions of earlier Portland planners had not materialized and that the city was falling short of taking its place as a major west coast urban center.

Robert Moses: Big Plans for a Big City. Portland's situation changed dramatically as a result of World War II. Abbott notes that "World War II made the quiet town of Portland into a homefront problem with official recognition." The city experienced "extraordinary" growth during the war years as a result of its shipbuilding and maritime industries, which "pitched Portland headfirst into prosperity." The city's population, which had seen just over a 1-percent increase in the past ten years, suddenly grew by 10 percent between 1940 and the beginning of 1942. By May of 1944, the population had grown another 7 percent.⁶¹

The wartime boom prompted city leaders to begin to contend with *postwar* Portland. As Abbott notes, "beyond the immediate worries about adequate services and decent housing for war workers was a deeper fear of postwar recession." Portland's commissioner of public works, William Bowes, appointed a Portland Area Postwar Development Committee (PAPDC) to address issues of unemployment, industrial expansion, transportation, and urban and suburban growth that would face Portland once the war ended. At the insistence of Portland's -- and the

⁶¹Abbott, *Portland*, 125-126.

Northwest's -- premier wartime shipping contractor, Edgar Kaiser, the PAPDC joined him in inviting to Portland yet another national authority in planning -- Robert Moses.⁶²

As New York's park commissioner; chair of the Triborough Bridge Authority; and sole board member of the Henry Hudson Parkway Authority, the Marine Parkway Authority, and then the New York City Parkway Authority (which absorbed the Henry Hudson and Marine Authorities), Robert Moses was the nation's chief promoter of the urban parkway. His entourage of engineers and planners arrived in Portland in September of 1943, and two months later Moses's *Portland Improvement* was presented to the public.⁶³

Moses praised Oregon for being "exceptionally progressive in its attitude toward urban traffic," contradicting Mayor Carson's concerns of the previous decade that the state was not funneling enough money into urban road building. Instead, Moses felt that Oregon presented a fairly good balance in urban-rural road building, noting that "the narrow rural point of view, which has governed so much highway construction in recent years in other states, has had little influence on the distribution of federal and state highway funds in Oregon."⁶⁴

Although he commented that "Portland has always been a conservative town. . . . [and that] there are still honest, conservative and by no means reactionary leaders in the community who are not anxious that it shall grow rapidly or become a great metropolis," he praised the recent installation of parking meters (overseen by

⁶²Ibid., 136.

⁶³Ibid., 138; Walsh, *The Public's Business*, 213; Foster, *Streetcar to Superhighway*, 174.

⁶⁴Robert Moses, *Portland Improvement* (New York), 1943, 13-14, Mss 2599, Box 1, Chester A. Moores Collection, Oregon Historical Society, Portland.

then public works commissioner Ormond Bean in 1938) and the progressive use of pedestrian signal lights that had been in place for over a decade.

Still, Moses found that congestion had not abated, remarking simply that “free traffic movement is impossible.” The main cause of the problem, he maintained, was that nearly 80 percent of Portland’s population lived on the east side and converged daily on the westside business district over six bridges. Although he recommended some continued street widening -- for example, Hawthorne Boulevard -- Moses concluded that in general the street-widening approach of the past simply was not sound, especially in the downtown district, where the blocks were so short that the frequent intersections only aggravated congestion.

Instead Moses and his engineers proposed “constructing an inner belt thruway [*sic*] enclosing the central business district.” This throughway, which was to be depressed below the existing grade, was later realized in the current I-5 and 405 freeway loops, which were completed in the early 1970s. In addition to this throughway system, Moses suggested an additional bridge -- he criticized the existing pattern of bridge locations, with six bridges dumping travelers into the center of downtown -- to the north of the Broadway Bridge. He envisioned this as a high-level bridge extending from North Portland on the east side of the Willamette to the industrial area in the northwest; here, Moses’s suggestions seem to have presaged the current Fremont Bridge. In addition, Moses suggested construction of a new Morrison Bridge, which did in fact occur fifteen years later. His only other major suggestions with regard to transportation was an increase in the number of one-way streets -- which would occur toward the end of the decade -- and the construction of three-story parking garages, financed by private capital.

Moses’s suggestions for further facilitating automobile access to the central business district fell squarely in the city’s tradition of accommodating the automobile

and were enthusiastically endorsed by the city's businessmen and the planning commission. *Portland Improvement* contained suggestions for postwar development in areas other than transportation, as well. As Abbott notes, the report was responsible for Portlanders' approval in 1944 of \$19 million in bonds for the construction of new sewers, roads, and docks, as well as a \$5 million school levy.⁶⁵

But many of Moses's recommendations were large-scale construction projects that would take years to be implemented. "What triumphed in wartime Portland," Abbott comments, "was a conception of planning as a prelude to civil engineering." Many of Moses's suggestions were intended to be implemented in the spirit of postwar public works employment and economic progress. Like postwar renaissance projects throughout the country, these were huge undertakings. It would not be for several decades that the city would realize Moses's visions of a downtown freeway loop, a high-level northern bridge, an increase in the number of one-way streets, and the building of parking structures.⁶⁶

THROUGH DEPRESSION AND WAR: EMBATTLED ATTRITION, ROUND III

In 1929, the year that Franklin Griffith had requested an increase in fares from eight to ten cents, the city railway lines experienced the sharpest rate of decline in the company's history. The company maintained that the primary cause of the decline was, as Griffith termed it, a "temporary slowing down of business activities." But because of the Peirce investments, the Portland company had been in a very vulnerable position when the Great Depression hit, and it soon it became apparent that the slowing down of business was not as temporary as had initially been hoped.

⁶⁵Abbott, *Portland*, 140.

⁶⁶*Ibid.*, 144.

Decline of the Interurbans

Loss of ridership affected the interurban lines just as profoundly as, if not more than, the city lines. As Hilton and Due note, the interurban industry in general had already been experiencing significant decline since the period immediately preceding World War I. They attribute the decline of the interurban industry primarily to the development of the motor vehicle.⁶⁷

Although Hilton later noted that demand elasticity in transit was -- and still is -- "highly concentrated in off-hours riders," in *The Electric Interurban Railways*, Hilton and Due do not differentiate between the loss of peak and off-peak interurban ridership to the automobile. Extant records of the Portland company unfortunately do not differentiate between peak and off-peak ridership, but it is not unreasonable to assume that, if what Hilton says about demand elasticity is true, the decline of off-peak ridership was in fact much sharper than that of peak ridership.⁶⁸

It is clear that, as discussed earlier, the interurban industry had relied heavily on off-peak traffic to subsidize its peak-hour operations. As automobile ownership increased, use of the interurban for off-peak travel declined. But, there were other

⁶⁷Hilton and Due, *Electric Interurban Railways*, 226.

⁶⁸George W. Hilton, Testimony in U.S. Congress, Senate Committee on the Judiciary, *The Industrial Reorganization Act: Hearings Before a Subcommittee on Antitrust and Monopoly*, 93rd Cong., 2d sess., 1974, 2232. Elasticity of demand refers to the degree to which demand for a product or service -- in this case, transit -- changes in response to changes in other factors, such as the fare, the consumer's income, or the availability of a substitute such as the automobile. The more elastic the demand, the more responsive the consumer will be to changes in these other factors; the less elastic, the less responsive. In the present example, the relatively high demand elasticity of off-peak ridership means that off-peak riders are more likely than peak riders to decrease their use of transit as fares increase, as incomes rise, and as there is more accessibility to the automobile as a substitute.

factors that affected off-peak travel as well, which have already been noted: the advent of the radio and the increased availability of services, products, and entertainment in noncentral locations. It must also be noted that interurban bus lines were competing with interurban rail lines by the mid-1920s and that the workweek had decreased, as well. These developments contributed to loss of peak, as well as off-peak, travel.

The decline in Portland's interurban traffic was typical of that nationwide. Hilton and Due report that the first great wave of line abandonment began in 1925, during which a total of 302 miles were abandoned. For PEPCO's interurbans, there were six line abandonments in 1926 and 1927. In the early 1930s, abandonments continued; for the Portland system, between 1930 and 1934, there were ten more abandonments.⁶⁹

By 1933 the PEPCO interurban system consisted of ninety-one miles of track, down from its 1926 peak of 114 miles. Ridership had declined from a peak of over five million revenue passengers in 1914 to barely one million in 1933.⁷⁰ The same story of decline characterized the freight division of the interurbans, which had seen a drop from a peak of over six million freight ton-miles in 1911 to just over three million in 1933. Franklin Griffith was less inclined to attribute the precipitous decline of the interurbans to the automobile than to the general downward economic picture,

⁶⁹Data and dates from Robley, Original Notes. Also, Hilton and Due, *Electric Interurban Railways*, 214-218.

⁷⁰Interurban ridership had peaked in 1910, but the figures are misleading because in 1914 a number of the interurban lines were subsumed into the city lines, resulting in apparently precipitous decrease in interurban ridership between 1913 and 1914 and a corresponding increase in city ridership for the same period. Thus, for purposes of consistency, the 1933 ridership figure is compared with the 1914 figure, the peak for the period after the separation of the interurban lines.

particularly in the logging and lumber industries (see Figures 25, 36, and 39, pp. 278, 414, and 436).⁷¹

Figure 36. Map of Eastside Interurbans, showing extensions existing in 1915 and line discontinuances up through 1934.⁷²

Decline of the City Lines

As for the Portland Traction Company, all of whose stock was owned by PEPCO, 1933 showed a very slight increase in patronage; and earnings were sufficient to cover operating expenses. However, according to Griffith, they still were not sufficient to offset an increase in wages awarded to the employees by an arbitration

⁷¹PEPCO Annual Reports, 1930 through 1938.

⁷²Data and dates from Robley, Original Notes.

board. The situation was bleak enough that dividend payments from PTC to PEPCO had to be suspended.

By 1936, with the new franchise and the modernization program underway, Griffith expressed confidence that “the Portland Traction Company is entering upon an era of profitable operation,” although he was much less sanguine about the interurbans. As Foster notes, Griffith’s optimism was not atypical within the industry, as “street railway officials were convinced they could offer competitive service through technological advances and more up-to-date equipment.”⁷³

The key to service improvements seemed to lie in the adoption of the trackless trolley, also known as the electric bus.⁷⁴ The first trolley coach had run in 1910 in California, on a mile and a half of track from Hollywood to a nearby settlement, but this and other early ventures were largely experimental. Finally, in 1928 trackless trolleys began operating in Salt Lake City, then in Chicago in 1930. In short order, they spread throughout the rest of the country. By 1937, trackless trolleys were operating in thirty-four cities in the U.S.⁷⁵

James Polhemus, a civil engineer who joined PEPCO in 1936 and who would replace Griffith as president in 1940, wrote a paper in 1937 entitled “Modern Trolley Coach Operation.” By that year the company had purchased 140 electric trolley coaches and sixty-eight new gasoline buses. According to Polhemus, the purchase of the 140 trolleys, which ran on over forty-five miles of track, was the largest installation

⁷³PEPCO Annual Report, 1936; Foster, *Streetcar to Superhighway*, 121.

⁷⁴The President’s Conference Committee (PCC) streetcar was introduced in 1935. It was much larger and lighter than the older model streetcars, and its adoption was another facet of companies’ modernization programs.

⁷⁵Miller, *Fares, Please!: A Popular History*, 165-173; James H. Polhemus, “Modern Trolley Coach Operation,” Address to the American Transit Association, Los Angeles, 1937, Box 219-16, Portland General Electric Library, Portland.

There is wide agreement that the trolleys were immensely popular with the riding public in Portland, as throughout the country, and that they were far more popular than either the streetcar or the gasoline motor bus. Trolleys were considered more comfortable, more spacious, and less offensive in terms of noxious emissions

⁷⁶Polhemus, "Modern Trolley Coach Operation," 1, 8.

than were motor buses.⁷⁷ As St. Clair notes, trolleys were on average larger than motor buses, with a greater seating capacity. He estimates the average seating capacity of trolleys to have been about forty-three seats per vehicle mile, compared with thirty-three seats for the motor bus. The first trolleys in Portland had a forty-seat capacity, although they held from sixty to one hundred passengers during peak trips. Here trolleys carried nearly five passengers per coach mile, compared to the motor buses' three.⁷⁸

For the most part, trolleys were competitive with motor buses in terms of speed; the trolleys used in Portland had a higher average running and startup speed than the electric streetcars, although Polhemus's study indicated that the trolleys' average speed of 12.78 miles per hour was less than the gas buses' average speed of 13.40 miles per hour.⁷⁹

In addition to its superior comfort, another widely recognized advantage to the trackless trolley was the fact that it was not tied to tracks. This meant that it could draw up to the curb for passenger loading, allowing other vehicles to pass. It also meant that the trolley had some maneuverability around traffic tie-ups and accidents. Although the motor bus was recognized as being the most flexible mass transit vehicle, as St. Clair points out, its superior flexibility was rarely exercised because buses

⁷⁷See, for example, Polhemus, "Modern Trolley Coach Operation," 10, and St. Clair, *Motorization of American Cities*, 171. On the other hand, Barrett, *The Automobile*, 192, says that "it is clear that contemporary riders preferred the bus." From his discussion of the subject of buses (173, 177-179), it appears that he is indeed referring to motor buses and not trolley buses. Contemporary information regarding the Portland case indicates otherwise, i.e., that riders preferred trolley buses over motor buses.

⁷⁸St. Clair, *Motorization of American Cities*, 41; Polhemus, "Modern Trolley Coach Operation," 3, 9.

⁷⁹Polhemus, "Modern Trolley Coach Operation," 4.

remained tied to routes as firmly as trolleys and streetcars were tied to tracks and overheads. In Portland, motor bus routes remained the same as the routes of the track-tied streetcars they replaced. Thus, in terms of practical flexibility, there was little difference between the motor bus and trolley bus.⁸⁰

As a result of the introduction of the trolleys, Griffith was able to announce a slight increase in ridership during 1937, but noted that the increase had been counteracted by a continued decline in general industry and business conditions; an increase in labor disputes; the necessity of making large installment payments on equipment purchases for the modernization program; and the ever-increasing tax bill, which, Griffith complained bitterly, had risen 30 percent between 1933 and 1937 (see Figure 38). City lines ridership continued on a downward trend, and the company's net earnings declined with it (see Figures 28, 40, and 41, pp. 301, 437, and 438).

The Crises of the 1930s

The effects of the Great Depression and the company's growing tax bill, along with declining ridership, made the 1930s a difficult decade, indeed. The decline would have been serious enough, without the company's also having to face other adversities during this period. As noted above, the CPSC debacle culminated in reorganization proceedings from 1934 to 1935, and then again from 1939 to 1945. In addition to devoting their energies to these proceedings, the company's management had to contend with the franchise renewal and the competition of the Portland Motor Coach Company during the protracted negotiations.

⁸⁰St. Clair, *Motorization of American Cities*, 84.

Figure 38. Comparison of taxes, operating costs, gross earnings, and surplus, 1917 to 1936 (all figures logged), showing steady relative increase in taxes and decreasing margin between taxes and surplus.⁸¹

“You Can’t Eat Hours”: The Labor Situation. Another major source of difficulty for Portland Traction Company during this period came from unsettled labor relations. Franklin Griffith had been able to keep labor at bay during the 1920s. But in 1929 labor, feeling the effects of the downward-spiraling economy like everyone else, sought a ten-cent-an-hour raise.

Management refused to grant this increase in wages until the ten-cent fare-increase decision, which was still being litigated, had been settled. The company instead offered the employees a profit-sharing plan, whereby the employees would

⁸¹Data from PRL&P, PNPSC, and PEPCO Annual Reports, 1917 to 1936.

receive 50 percent of any increase in the gross revenues of 1928 that might accrue in 1930. The employees rejected the plan, as it did not provide for any definite amount of relief.⁸² As it turned out, in fact, the company experienced a \$874,724 *decrease* in gross revenues in 1930 as compared to 1928. Finally, by decision of an arbitration board, the employees received a small increase of one cent for operators of two-man cars and four cents for operators of one-man cars. But then in 1931 the company proposed and won through arbitration a decrease in wages, down to sixty cents per hour for two-man operators and sixty-six cents per hour for one-man operators. This was the lowest wage rate since 1919.⁸³

When the company initially refused to grant the workers' wage increase until the fare increase had been approved, this brought labor for the first time directly into the company-city negotiations, thereby bringing the fare and upcoming franchise matters into the realm of class politics. From this point onward, labor would be inexorably involved in the dance of negotiation between city political actors and company management.

The city itself quickly acknowledged the entrance of labor into the negotiations, promptly passing a resolution opposing the company's proposed 10-percent wage reduction of 1931.⁸⁴ But when the company wanted to include provisions for city arbitration of labor matters into the new franchise, the city refused.⁸⁵ By insisting that labor negotiations belonged solely between the company and the employees, the city

⁸²"Wage Proposal Rejected in Oregon," *Electric Railway Journal* 74 (April 1930): 234.

⁸³*Amalgamated Association of the Street and Electric Railway Employees of America, Division 757, Findings of the Board of Arbitration*, June 4, 1937.

⁸⁴Portland City Council Minutes, 13 May 1931.

⁸⁵Committee of Fifteen, "Report," January 19, 1934.

made it clear that it intended to be a partner with neither management nor labor, thus maintaining an adversarial relationship with and between both.

As noted earlier, union-approved wage cuts -- averaging 10 percent -- were common during the Depression. Freeman notes that in New York, both the Interborough Rapid Transit and Brooklyn Manhattan Transit Corporation implemented union-approved 10-percent wage reductions in 1932.⁸⁶ In 1933, Portland employees again accepted a wage cut, once again through arbitration, down to fifty-four cents for two-man operators and fifty-seven cents for one-man operators. Given current economic conditions, the employees clearly felt they had no choice. The wage cut was across the board, extending into all levels and divisions of PEPCO. On April 30, 1933, Griffith posted a letter to all employees of PGE, explaining the rationale for the wage reduction:

Fixed obligations of interest and taxes are beyond the control of management and the only way to improve the net earnings of the company is further to reduce operating expenses. Action to this end has been delayed in the hope that business conditions and, therefore, earnings would improve. In this hope we have been disappointed and the management, therefore, is forced to effect further economies by reducing the rate of compensation paid its employees.⁸⁷

The wages were finally raised to their highest point in 1934, again through arbitration, bringing two-man operators to sixty-five cents per hour and one-man operators to seventy-two cents. Once the new franchise had been approved and business conditions seemed to have stabilized somewhat for the company, the members of Local 757 became more serious than ever in demanding an increase in wages. Since

⁸⁶Freeman, *In Transit*, 39.

⁸⁷Franklin T. Griffith, Letter to All Employees, Portland, 30 April 1933, Box 265-2-2, Portland General Electric Library, Portland.

1934 their real wage had plummeted to nearly the 1920 level (see Figures 26 and 27, pp. 281 and 282).

The period from 1934 to 1937 was a period of generally increasing labor unrest throughout the country, particularly on the west coast, where maritime strikes were affecting industries throughout the region. Their twofold effect on the transit industry here was direct: (1) labor in general was encouraged to become more active in demanding higher wages and better conditions, and (2) the “domino effect” included a shutdown of essentially all major logging operations in the Columbia River district and Portland-area woolen mills, strikes by Portland lumber and sawmill workers and machinists, and picketing at lumber companies.⁸⁸ These were industries whose employment and financial situation had a direct impact on PEPCO’s ridership.

The maritime strikes, which had begun in San Francisco, reached Portland in 1935, and when they arrived, Portland’s businesses and industries reacted quickly. An editorial in a 1935 railroad employees’ yearbook, entitled “The Menace of Communism,” had admonished:

This is no time to make unreasonable demands on wages or hours. No doubt wages are not to a point where they should be and a lot of organizations are working their employees on a long hour basis. We all realize that the shorter workday is coming. . . . This is the time to get

⁸⁸The number of men employed in logging and lumber in Oregon before the 1935 strike was nearly 17,000; after the strike, the number had dropped to 4,440. See W.C. Ruegnitz, “The West Coast Strike,” *The Four L Lumber News* 17 (July 1, 1935): 3, BX 170, Box 25, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene. Also, E.S. Coates, “News Circular of the Waterfront Employers of Portland,” April 27, 1937; *Industrial Relations Association of Oregon Bulletin* 44 (April 3, 1937), BX 170, Box 25, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene. The Industrial Relations Association of Oregon was an offshoot of the Chamber of Commerce.

people back to work, regardless of hours or wages, but to get them to work. It is about time that we woke up to the fact that we are all human beings, that capital is just as dependent on labor as labor is on capital. One cannot exist without the other . . . both sides [must be] willing to face facts, bury the hatchet, make allowances for the mistakes of the past . . .⁸⁹

Later, the Chamber of Commerce called for "law and order," equating labor activism with communism and raising \$75,000 for the city to hire extra police officers.⁹⁰ Hamilton Corbett, president of the Portland Chamber of Commerce, sent a telegram to President Roosevelt, urging him to "take some step to bring about resumption of activities and final settlement."⁹¹

But the Portland transit workers were no longer convinced that a cap or reduction on wages was in their best interest. Once the maritime strike was well underway in the Portland area, the transit workers initiated arbitration proceedings of their own, asking for an increase in the hourly wage and a two-week paid vacation.⁹² PEPCO and PTC management both responded with a recommendation that either the hourly rate stay the same or actually be decreased while the number of hours worked be increased.

⁸⁹"The Menace of Communism," reprinted from a 1935 editorial in the *Railroad Employees' Budget and Year Book*, BX 170, Box 20, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

⁹⁰Walter W.R. May, Letter to G.E. Collisson, Portland, 3 June 1937, Box 25, BX 170, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

⁹¹Hamilton F. Corbett, Telegram to President Roosevelt, Portland, 6 January 1937, BX 180, Box 25, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

⁹²*Amalgamated Association of the Street and Electric Railway Employees of America, Division 757, Findings of the Board of Arbitration*, June 4, 1937. Also, *Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, Division 757: Rebuttal for the Union and Supporting Exhibits*, May 1937.

The company's argument, of course, was that workers could make more money if they worked more hours. Management had never been too happy with the institution of the six-day work week in 1927. When labor persisted, management offered to raise the wages of some workers while reducing those of others. Freeman reports such tactics in New York, as well, where the companies would agree to reduced hours only if there were no wage increases. The workers' slogan, "You can't eat hours," could just as well have applied to the situation faced by Portland workers.⁹³

Portland's transit workers, like those in New York, responded that management's recommendations were entirely unsatisfactory. They claimed that while wages for workers in other Portland industries had risen, the streetcar workers' wages had either stayed the same or decreased. They also argued that the nature of the work could no longer be classified as "common labor," citing an August 1931 American Electric Railroads Association finding that it was no longer true that the transportation employee could be classified as simply common, unskilled labor:

An operator must know his car and his equipment, and must be able to meet mechanical emergencies. . . . With the extension of one-man operations, he must collect fares and issue transfers. . . . He must handle accident claim matters. An operator today is a combination of many vocations. He is an electrical and air-brake expert, an engineer, a chauffeur, a cashier and a ticket seller, and policeman and a salesman. . . . There is perhaps no other business which is more dependent for its success upon the human element, upon co-operation, harmony, interest, together with honesty, enthusiasm and morale than is ours.⁹⁴

⁹³Freeman, *In Transit*, 114-116.

⁹⁴Quoted in *Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, Division 757: Rebuttal for the Union and Supporting Exhibits*, May 1937, 277.

The employees further argued that since the introduction of the one-man trolley, passenger traffic had increased while man hours declined, so that the typical trolley bus operator was handling an average of seventy-six passengers per hour. They also produced data from the Pacific Coast Labor Bureau in Portland, showing that of six cities employing between about seven hundred and nine hundred men in 1934, Portlanders had the lowest wage rate, at fifty-seven cents per hour on average (the wages for the other five cities ranged from sixty to eighty cents an hour). In 1937, the situation had improved somewhat: of five cities employing seven hundred to nine hundred men, Portland ranked third, at seventy-two cents per hour (the highest wage of these five cities was eighty-five cents per hour).

The Portland transit workers' complaints about the operators of one-man vehicles being responsible for excessively heavy passenger loads fell, for the most part, on deaf ears. Although the Portland company had had a pay differential in place since one-man operations had begun, the union did not, for instance, have the strength of the New York Transit Workers Union, whose contracts with the Fifth Avenue Coach Company in 1937 and 1939 required union consent in order for a line to convert from two-man to one-man operations. Similarly, the strong union presence in San Francisco and Los Angeles had resulted in voter-approved municipal ordinances restricting the use of one-man vehicles.⁹⁵

In Portland, one of the men's primary complaints was that the company always seemed to put the needs of its employees last. They charged that the company had been able to pay an average of \$903,749 in dividends per year, while consistently

⁹⁵Freeman, *In Transit*, 117. The 1935 San Francisco ordinance prohibited the use of one-man streetcars on the municipal railway; the 1939 Los Angeles ordinance required two-man streetcars within city limits, but this was repealed as unconstitutional shortly after passage. See Adler, "Transformation of Pacific Electric," 61.

claiming that it could not afford to raise wages.⁹⁶ It had been able to sell \$16 million in debentures during the Peirce regime -- to be used for the purchase of Seattle Gas Company -- but it still insisted it could not raise wages. How could a company able to achieve this sort of credit, they asked, still find it so difficult to pay its employees a living wage?

The workers also denounced the contract that management had made recently with the Mack-International Truck Corporation, which had committed the company to large annual installments on new equipment (required as part of the modernization program under the 1936 franchise). Mack had promised PTC first bid on the equipment, as long as certain conditions were met. These conditions had included the acquisition of a long-term franchise, as well as a promise to pay regular installments on the credit advanced for the equipment purchase. The Portland management claimed that it could not concede to labor's wage-increase demands as long as these payments had to be met. But labor countered that

if the contract with the Mack-International Motor Truck Corporation of Allentown, Pennsylvania, signed away the rights of the men for a living wage, then to what end has this arbitration been held? If the wages of the members of Division 757 were to be determined by the contract with the Mack-International Motor Truck Corp., then they [the workers] should have had something to say about it.⁹⁷

Finally the arbitration board found that "the men involved in these proceedings are not receiving adequate wages to permit them to provide for their families a decent American standard of living." In 1937 the board awarded operators of two-man cars

⁹⁶This "average" was calculated for the years 1912 to 1932 and was based on the dividend payments of PRL&P and, later, PEPCO.

⁹⁷*Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, Division 757: Rebuttal for the Union and Supporting Exhibits*, May 1937, 406.

an increase up to seventy-seven cents an hour and for one-man operators, up to eighty cents. Hours were set at six per day, the lowest in the country.⁹⁸ The board also awarded the workers a one-week paid vacation. In addition, the board admonished the city council to eliminate any and all five-cent fares (a short-haul five-cent fare was currently in effect) and to cease requiring the company to operate unprofitable routes.⁹⁹

Conditions continued to deteriorate for the company, which in 1937 had had to write down the book value of its capital stock by \$7,187,916. This was because, after retiring \$3.3 million of street railway property during the modernization program in 1937, management found that at the end of the year the depreciation reserve was totally inadequate to absorb these retirements. In addition, even the reserve applicable to the remaining street railway property was insufficient to cover the actual wear and tear on that property.¹⁰⁰

So, in order to provide a depreciation reserve sufficient to absorb the value of the abandoned street railway properties and to reflect the depreciation actually accrued on the remaining street railway property, on December 31, 1937, the PUC approved the creation of a capital surplus of \$7,187,916, effected by writing down the company's book value by that amount. Still, even after this write-off, the company had failed to earn any net income for the past seven years and had recently found itself unable to make its installment payments to Mack-International for the new trolleys and buses.

⁹⁸"Triple Trouble Brews Over Portland Traction Modernizing," *News-Telegram*, 24 May 1939.

⁹⁹*Amalgamated Association of the Street and Electric Railway Employees of America, Division 757, Findings of the Board of Arbitration*, June 4, 1937. While the company was still required to operate unprofitable routes for the time being, the short-haul five-cent was eliminated in 1937.

¹⁰⁰PEPCO Annual Report, 1937.

As management continued to find it gravely difficult to meet these payments, the employees again “manifested a spirit of cooperation” by agreeing in 1938 to take a reduction in wages, returning to the scale that existed prior to the wage raise in April 1937.¹⁰¹

Then management decided to abolish group insurance and cut off the \$20 monthly pension payments to the retired employees.¹⁰² Paul Gurske, the streetcar employees’ business agent, called the plan “one of the worst, rawest deals in labor ever received in Portland.”¹⁰³ The *Oregon Labor Press* referred to this “latest trick of the ancient bunco artists,” listing all of the expenditures the company *had* been able to make in 1938 while it claimed it was unable to cover insurance.¹⁰⁴ These “charitable expenditures” were, however, made by PGE, not by PTC, and the two companies were entirely separate from a corporate and financial standpoint, as far as management was concerned. The *Oregon Labor Press* refused to accept management’s explanation

¹⁰¹PEPCO Annual Report, 1938.

¹⁰²When CPSC took over, the insurance program that had been managed by the Brotherhood was abolished and the workers converted to the Metropolitan Life Insurance group plan, membership in which was at first voluntary and then compulsory.

¹⁰³Quoted in “Pepco Planning ‘Raw Deal’ Says Workers’ Agent,” *Oregon Journal*, 24 May 1939.

¹⁰⁴“Charity Ought to Begin at Home -- But Doesn’t,” *Oregon Labor Press*, 26 May 1939, reported that in 1938 PEPCO’s “charitable contributions” included \$4,593 paid to various chambers of commerce; \$4,848 to the San Francisco World’s Fair; \$12,511 to Sound Motion Pictures; and \$16,000 for “combating a ballot measure for the formation of a seven-county People’s Utility District.” The total “contributions” added up to about \$80,000, while it was claimed that the cost of the company’s share of the group insurance would have been \$68,000.

of the separate corporate entities, maintaining that “there is absolutely no difference in the PEPCo, PGE and the Traction company.”¹⁰⁵

Labor also expressed disgruntlement at management’s latest modernization plan, which involved the purchase of \$1 million worth of Mack-International buses. In the first place, the employees were dismayed that the company would make such a heavy debt commitment, but most of all, they feared that the purchase of buses was part of a plan to replace older employees, who, unable to operate the new buses, would lose both their jobs and their pensions. Management insisted that no such plan existed, that the fact was that they were able to get credit from Mack only for buses, not for trackless trolleys.¹⁰⁶

In the face of this significant opposition from labor from many fronts, management nevertheless sought in 1939 to decrease the wage rate, currently at eighty-three cents per hour, down to sixty-eight cents per hour, while at the same time increasing the workday to seven hours. Labor had asked for a raise up to ninety-five cents. In the end, neither labor nor management got their wish; wages and hours remained the same, although the extra men did get a monthly guarantee of \$90 instead of \$80 and seven days’ paid vacation.

In spite of the growing antagonism between labor and management, it must be noted that at eighty-three cents per hour, Portland transit workers had a relatively high wage rate. Their workday was only six hours long on average, which, while it meant lower overall earnings, did represent improved conditions. In New York, where the union was much stronger than in Portland, the highest wage was ninety cents per hour.

¹⁰⁵“Traction Company Denies Truth of Labor Press Figures Listing Gifts,” *Oregon Labor Press*, 9 June 1939.

¹⁰⁶“Federation Hits Traction Project,” *The Oregonian*, 4 June 1939; “Council to Study Traction Petition,” *The Oregonian*, 25 June 1939.

This was the top pay for the New York City Omnibus drivers; for Third Avenue Railway operators, the top pay was only seventy-eight cents an hour. New York workers had to lobby hard for reduced hours; in 1939 the Fifth Avenue Coach company finally won a forty-hour week for shop workers and a fifty-four-hour week for operators and conductors.¹⁰⁷

The *Oregon Labor Press* reported that after the fruitless 1939 negotiations, Local 757 secretary J.E. Barrick had said that “while they had made little in the way of gains they already enjoyed the best conditions in the United States.” What was lacking in Portland, however, was a strong and visible union presence, with articulated support from other working-class Portlanders or any meaningful advocacy at city hall. The relative weakness of the Portland union -- with its lack of articulated popular or political support -- would prevent transit matters from being imbued with the same degree of class consciousness that characterized conditions in New York and San Francisco.¹⁰⁸

Company Response to Crisis

Throughout this period, the Portland company had instituted a variety of measures in an attempt to increase ridership, decrease operating costs, and improve its general reputation with the community.

As has been noted, the chief and most visible response was the modernization program that involved the introduction of new trolleys and streetcars. But other service improvements had been implemented even before the trolleys appeared. In the early 1930s, load reports were studied carefully to determine whether cars should be added to

¹⁰⁷Freeman, *In Transit*, 114-115.

¹⁰⁸“Street Car Award Leaves Conditions as Before,” *Oregon Labor Press*, 21 April 1939.

a route or removed. Owl service was provided on a number of lines, despite its general unprofitability for the company. "Limited" -- or express -- cars operated on certain routes, as did "short" cars, which ran only part of the full length of a route. Extra service was provided to high schools and industrial plants during peak hours. One-man streetcar operations were greatly expanded on routes not already served by buses.¹⁰⁹

Public relations and marketing efforts continued to comprise no small part of the campaign to increase ridership. "We have found," remarked company management,

that our efforts at good-will building are beginning to pay dividends and our brothers in other industries are beginning to realize that the "street car company" is no longer a dormant necessary evil, but a vital factor in our community and metropolitan growth.¹¹⁰

In December of 1935, a month before the new franchise was to go before the voters, PTC unveiled its "Christmas Car," an all-white streetcar decked out with red and green lights, trimmed with cedar boughs, and driven by no other than Santa Claus himself. Painted on the outside of the car, which was put on every line in the city, was the message "Portland Merchants Invite You to Shop Early and Conveniently. Ride by Streetcar."

The public relations efforts did not come to an end after the franchise approval. In February of 1936, a half-inch-to-one-foot-scale model of the downtown district, complete with lights that came on at night, was put on display in a PEPCO window. A miniature trolley rolled through the little town, stopping and starting mechanically, with the front door opening and closing at each stop. There was even a wrecked

¹⁰⁹R.I. Perkins, "How the Schedule Man Gets That Way," *The PEPCO Synchronizer* 5 (March 1930): 6-7.

¹¹⁰Thomas C. Giffen, "A Goodwill Builder," *Mass Transportation* 21 (January 1936): 7-8.

automobile on the street corner with a large crowd gathered around -- a subtle message against autos. The industry journal, *Mass Transportation*, lauded the display:

“Flexibility, speed, lack of odors and safety,” the four salient features of the trackless trolley, are presented in dramatic fashion in this window from sign boxes which operate in conjunction with the bus. When the bus dodges in and out, the box in the foreground labeled “Flexibility” lights up; when the bus gets out on the straight stretch at full speed, the “Speed” box lights up; when the “Odorless” box lights up, nothing happens, for the trackless trolley runs by electricity; and when the bus draws up to the curb for a stop, the box labelled “Safe” lights up.¹¹¹

The introduction of the trackless trolleys was a great boon to the company, and there was no desire on the part of management to lose its new-found ridership. Merchants, in particular, were enthusiastic about the increased downtown travel. The Meier & Frank Department Store worked out a special advertising and merchandising deal with PTC in order to help stimulate sales of the weekly pass.¹¹² In 1937, Walter May even urged PTC to institute a special twenty-five-cent Sunday pass, allowing unlimited Sunday travel. The company was hesitant to take its public relations efforts quite this far, but in the end relented.¹¹³

Elective Disinvestment: Postscript. There were also significant administrative changes during this period. When PEPCO defaulted in 1939, the Guaranty Trust Company of New York, which held the common stock of PEPCO as security, claimed

¹¹¹Charles Hanson, “Unique Window Display ‘Sells’ Trolley Bus to Portland,” *Mass Transportation* 32 (February 1936): 35-40.

¹¹²“Merchandising the Service,” *Transit Journal* 80 (June 1936): 209.

¹¹³W.H. Lines had preferred that the implementation of the Sunday pass should come from “healthy popular demand rather than a demand that is developed” by the Chamber of Commerce. Walter W.R. May, Letter to Chamber of Commerce Executive Committee, Portland, 30 April 1937, BX 170, Box 42, Motor Transportation Folder, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

the right to vote the stock of the PGE and PTC subsidiaries. While Guaranty's claims were being debated, PTC -- already a separate operating company -- was removed as far as possible from either PEPCO or PGE.

As noted above, Franklin Griffith resigned his position as president of PEPCO on February 7, 1940, and was replaced by James H. Polhemus, a civil engineer who had been with PEPCO since 1936. Griffith then took over as chairman of the board of directors of PGE. Also in 1940 the "complete autonomy" of PGE and PTC was effected by moving the PTC headquarters out of the Electric Building on Southwest Alder Street, downtown. PTC's engineering department took up residency at the Southeast 17th and Center Street carshops (the location of the current Tri-Met offices and garages); and the administrative headquarters were moved to the Ankeny Building at East Burnside and Twenty-eighth. W.H. Lines, general manager of PTC since 1933, remained in charge as first vice president, with Gordon G. Steele as second vice president, in charge of operations.

Wartime adjustments. Also during this period, when the country entered World War II, the company became concerned that it would not have enough buses to serve wartime needs, especially in light of the fact that a 1939 equipment purchase from Mack, initially projected at eighty coaches, had turned out to be much less -- a total of only twenty coaches. Thus, in June of 1941 the company appealed to the federal Office of Production Management for priority in purchasing new equipment. The wartime conditions severely restricted the availability of equipment and materials, however, so the company was forced to bring old electric streetcars and other equipment out of retirement in order to serve the transportation needs of defense workers. Finally fifteen new gas buses were purchased during 1942 and 1943, and the

Maritime Commission and the Navy supplied 198 more on a lease agreement for use during the war.¹¹⁴

During the war, PTC, like transit companies throughout the country, was faced with a much heavier ridership load than ever in its history, reaching a high point of 129,278,832 passengers in 1944 (the prewar high point had been 100,301,793 in 1919). Because gasoline and tire rationing had reduced automobile usage, there were many requests from the public for service extensions. Most of these were sent to vice president Gordon G. Steele directly, but some were sent to Commissioner Bowes, who forwarded them to Steele. Steele responded (personally, in fact) to many with the same refrain, quoting an order issued on April 17, 1942, by the Office of Defense Transportation in Washington, D.C.: "Extensions of existing bus routes and inauguration of new routes should be made only to places of Defense employment . . ."¹¹⁵

Steele reported that the company had been able to handle the increased wartime load through a variety of measures, which included the cooperation of local businesses in staggering work hours to distribute ridership more evenly throughout the day; increased skip stops, which speeded up headways by 20 percent; cooperation of the public in adhering to off-peak shopping hours of 10:00 A.M. to 3:00 P.M., moving back in cars to allow for more passengers, and having correct change so as to expedite loading; "support and cooperation" from governmental officials; and good public relations with both the ridership and the employees. Steele wanted to see these

¹¹⁴"Bus Shortage Fear Voiced," *The Oregonian*, 19 June 1941; Greisser, "PGE: History," 34.

¹¹⁵Gordon G. Steele, Letter to Mrs. Charles W. Borders, Jr., Portland, 10 June 1942, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland. Public transit vehicles equipped to carry ten or more passengers were exempt from the tire-rationing restrictions.

measures continued after the war.¹¹⁶ He even ran an ad in the *Oregon Journal* offering a \$500 award for the best essays completing the sentence, “Portland should continue staggered hours because . . . ”¹¹⁷

The record slump the transit company had experienced during the Depression was more than reversed during the war years (see Figures 39, 40, and 41). Transit officials throughout the country were convinced that the upswing would continue, that the long-awaited return to mass transit would finally materialize. In 1943 the Transit Manpower Committee of the American Transportation Association had remarked:

None of us expect that business after the war will continue at the level we have now reached, although we do not expect it to drop off to the point where it stood before the war emergency.¹¹⁸

But the industry had long ago peaked, and the steady decline it had experienced since 1920, although interrupted by the aberration of the Second World War, would soon return.

In the meantime, on June 15, 1944, the independent trustees appointed to oversee PEPCO’s reorganization began negotiations with various potential buyers of Portland’s transportation properties. On April 26, 1946, the District Court authorized the trustees to accept the purchase bid of the San Francisco-based Portland Transit Company.¹¹⁹

¹¹⁶Gordon G. Steele, “Address Before A.T.A. [American Transit Association] Business Meeting,” November 1, 1945, File 16/5, Box 13-07-09/3, Portland City Archives, Portland.

¹¹⁷*Oregon Journal*, 26 January 1946.

¹¹⁸*Passenger Transport* (1943), 8.

¹¹⁹*Portland Electric Power Company, a Corporation, Debtor, Petition in the District Court of the United States for the District of Oregon, under Chapter X of the Federal Bankruptcy Act, Approved June 22, 1938, No. B-23986, Report as of October 1, 1946, of Thos. W. Delzell and R.L. Clark, Independent Trustees of Portland Electric Power Company, Debtor.*

Figure 39. Interurban ridership, 1926 to 1948.¹²⁰

¹²⁰Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal, Reorganization Case No. B-23986, Thomas W. Delzell and R.L. Clark, Trustees*, 1947. Also from Exhibit K, *Portland Traction Company, a Corporation, Application for Authority to Abandon Service on the Portland Railroad and Terminal Division, Before the Public Utilities Commissioner of Oregon, F-2441, Order No. 33743, April 22, 1955.*

Figure 40. City lines ridership, 1926 to 1948.¹²¹

¹²¹Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal, Reorganization Case No. B-23986, Thomas W. Delzell and R.L. Clark, Trustees, 1947*. Also, Defendant's Exhibit 293, *City of Portland, Oregon, an Oregon Municipal Corporation, et al., Plaintiffs, v. Rose City Transit Co., an Oregon Corporation, Defendant, in the Circuit Court of the State of Oregon for the County of Multnomah, No. 352-667, May 17, 1971*.

Figure 41. Traction company net income, 1936 to 1948.¹²²

A CORPORATE CONSPIRACY TO DESTROY TRANSIT?

General Motors, National City Lines, and the Conspiracy to Destroy Transit

In his 1974 testimony before the U.S. Senate Subcommittee on Antitrust and Monopoly, Bradford Snell lay partial blame for the decline of transit in the U.S. on a targeted program, spearheaded by General Motors, with the goal of “substitution of

¹²²Data from *Securities Exchange Commission, Findings and Opinion, in Letter of Transmittal, Reorganization Case No. B-23986, Thomas W. Delzell and R.L. Clark, Trustees, 1947*. Also from “Portland Traction Income Statement,” 1946 to 1950, File 10/5, Box 14-06-15/3, Portland City Archives, Portland.

buses for passenger trains, streetcars and trolley buses; monopolization of bus production; and diversion of riders to automobiles.”

General Motors, claimed Snell, was responsible for “the destruction of more than 100 electric surface rail systems in 45 cities including New York, Philadelphia, Baltimore, St. Louis, Oakland, Salt Lake City and Los Angeles.” Snell contended that National City Lines was used by General Motors as an instrument for implementing its scheme of substitution, monopolization, and diversion.¹²³

General Motors and Portland. National City Lines (NCL) has an interesting, if oblique, relationship to Portland. It will be recalled that in 1935 the Portland Motor Coach Company (PMC) had applied for a franchise in Portland, which would have involved a full-scale substitution of buses for streetcars. As noted, PMC’s franchise bid had been the result of a 1934 General Motors Truck study regarding the potential of the Portland market. Shortly after the franchise proposal, the city demanded an explanation of PMC’s background and learned of its connection to General Motors, Yellow Truck & Coach, and United Cities Motor Transit.

United Cities Motor Transit (UCMT) had been organized in 1932 for the purpose of “installing and operating properly financed and well managed motor coach operations in cities where street railways were passing from the picture.” St. Clair explains that General Motors (GM) acknowledged that UCMT was created when it was “decided that the only way this new market for [city] buses could be created was for it

¹²³Bradford Snell, *American Ground Transport* (1973), reproduced as an appendix to U.S. Congress, Senate Committee on the Judiciary, *The Industrial Reorganization Act: Hearings Before the Subcommittee on Antitrust and Monopoly on S. 1167, Part 4A*, 93rd Cong., 2d sess., 1974, A-2, A-29.

[GM] to finance the conversion from streetcars to buses in some small cities.”¹²⁴ The president of UCMT was Colonel Marmion D. Mills, who had worked with GM after World War I. Between 1929 and 1932, St. Clair reports that Mills had worked as a regional sales manager for Yellow Truck & Coach.¹²⁵

Mills would soon be appointed vice president and general manager of NCL, in charge of subsidiary companies, and an officer and director of Pacific City Lines, an NCL affiliate responsible for west coast expansion.¹²⁶ NCL had been organized by E. Roy Fitzgerald and his four brothers (“those Chicago boys”) “for the purpose of taking over the controlling interest in certain operating companies engaged in city bus transportation.”¹²⁷ In order to accomplish this, Fitzgerald had already organized the Rex Finance Corporation in 1928, whose purpose was to organize and finance the purchase of bus lines. The securities owned by Rex Finance would be transferred to Fitzgerald’s Transportation Investors, Inc., in 1936, and it would be this company that would directly finance the purchase of companies that would comprise NCL.¹²⁸

¹²⁴Henry Hogan, general counsel for General Motors, quoted in St. Clair, *Motorization of American Cities*, 58. Also, “Backing Offered New Bus Concern,” *The Oregonian*, 18 April 1935.

¹²⁵National City Lines, “History of Subsidiary Companies,” TMs [mimeograph], October 15, 1936, AX 220, Marmion D. Mills Collection, Special Collections, University of Oregon Library, Eugene; St. Clair, *Motorization of American Cities*, 59-60. NCL’s “History” reports that Mills had worked with GM as a “transportation engineer,” but St. Clair reports in *Motorization*, 59, that he had been a “sales engineer.”

¹²⁶Marmion D. Mills, Letter to E. Roy Fitzgerald, Seattle, 6 July 1938, AX 220, Marmion D. Mills Collection, Special Collections, University of Oregon Library, Eugene.

¹²⁷National City Lines Annual Report for 1936, AX 220, Marmion D. Mills Collection, Special Collections, University of Oregon Library, Eugene.

¹²⁸*Ibid.* Also, “National City Lines: Growth and Progress,” *Mass Transportation* 40 (September 1944): 253-254.

In the meantime, the Fitzgeralds were attempting to buy up transit companies and, if these were not already bus operations, convert them as soon as possible. Their first property was purchased in 1933 in Oshkosh, Wisconsin. Other early properties included Mobile, Alabama, and Joliet, Illinois, both of which were purchased in 1934.¹²⁹ By the end of that year -- about the same time that PMC made its Portland bid -- NCL had sixteen operating companies, only four of which had had bus operations before the takeover. The companies were mostly smaller operations in Illinois, Indiana, Kentucky, Oklahoma, and Alabama.¹³⁰

The Fitzgeralds would come to own nearly forty companies in fourteen states, with controlling stock in companies in an additional four states. How they were able to finance the purchase of so many companies became the subject of a federal grand jury investigation in Los Angeles, which in 1947 returned a secret criminal indictment charging NCL and its affiliates and suppliers -- Firestone Tire & Rubber Company, Mack Manufacturing Corporation, General Motors Corporation, Phillips Petroleum Company, Standard Oil Company of California, and Federated Engineering Corporation -- of conspiring to restrain and monopolize trade.

The resulting criminal trial, held in Chicago in 1949, found NCL and most of the named suppliers and affiliates guilty of the first charge: conspiracy to monopolize trade. That is, it was found that they had participated in a "collusive agreement" whereby the supplier firms furnished capital to NCL and its affiliates in exchange for the exclusive rights on bus, gasoline, and tire contracts. Indeed, it was found that between 1936 and 1946, General Motors Corporation had sold \$25 million in buses to

¹²⁹Gus Newman, "How 5 Fitzgeralds Obtained L.A. Lines: Story of Brothers Who Rule Transportation Empire," *Los Angeles Examiner*, 30 January 1952.

¹³⁰National City Lines, "History of Subsidiary Companies."

NCL and its affiliates. However, a verdict of not guilty was returned on the second count of conspiracy to restrain trade.¹³¹

While the precise relationship of Mills and PMC to Fitzgerald and NCL is not clear, it is obvious that the agreement whereby General Motors Corporation supplied financing in return for an exclusive bus contract was in many respects essentially the same as the financing scheme that would have characterized PMC. In fact, Franklin Griffith had addressed a letter to the American Transit Association (ATA) questioning whether it was appropriate for manufacturing members of the ATA (General Motors and Yellow Truck & Coach) to be financing a company (PMC) competing with a current operating member (PTC) to secure a franchise. According to Snell, GM was censured by the ATA “for its self-serving role, as a bus manufacturer, in apparently attempting to motorize Portland’s electric streetcar system.” As a result of the censure, according to St. Clair, UCMT was dissolved and its activities taken over by the Fitzgeralds and NCL.¹³²

General Motors, NCL, ACL, and PCL. According to Snell, after UCMT was dissolved, GM decide to effect its motorization plan through more indirect means. For instance, in 1936 GM began “modernization” (bus substitution) in New York City through control of that city’s Omnibus Corporation. St. Clair explains that GM had already acquired partial control of Omnibus through its control of the Hertz Corporation in 1926 and that “by 1930 it essentially controlled Omnibus.” John Ritchie had cofounded the Hertz Corporation in 1922. By 1926 Ritchie was chairman

¹³¹Newman, “How 5 Fitzgeralds”; Also, Gus Newman, “Fitzgeralds’ Source of Cash Revealed: 1947 Indictments of 9 Firms Show Large Stock Purchases,” *Los Angeles Examiner*, 31 January 1952.

¹³²“Portland Franchise Undecided.” Also, Snell, *American Ground Transport*, A-30; St. Clair, *Motorization of American Cities*, 58.

of GM's Yellow Coach division and, at the same time, president of the Omnibus Corporation. He was still president of Omnibus when motorization began in 1935 and when it was completed in 1936. "The New York system," notes St. Clair, "was one of the world's largest, and its motorization is often cited as the turning point for electric railways in this country."¹³³

Through an NCL affiliate, American City Lines (ACL), GM continued to promote the motorization of west coast cities. John Ritchie was involved with the west coast takeovers, even from New York. He received a 1939 survey for the potential takeover of Los Angeles's city transit system, the Los Angeles Railway Corporation. By 1944 ACL was successful in acquiring the LA system.

Another affiliate organized for carrying out west coast takeovers was Pacific City Lines (PCL), which was organized in 1938 by GM and Standard Oil of California as an affiliate of NCL. Firestone was also involved in the initial investment and management of PCL. The purpose of both ACL and PCL was very similar to that of United Cities Motor Transit (UCMT), which had backed the attempted motorization of Portland by the Portland Motor Coach Company. The primary difference was that the focus of these affiliates was the takeover and conversion of the electric systems in California, since states to the north held little promise. The attempt at the Portland takeover had proved futile, and, as St. Clair notes, "Seattle's transit system was publicly owned, so an acquisition by NCL was out of the question." This left California for NCL and its west coast affiliates.¹³⁴

In 1946, both PCL and ACL merged into NCL. That same year, NCL acquired Oakland's Key System. Later, in 1953, Pacific Electric (PE) sold its properties to

¹³³Snell, *American Ground Transport*, A-30; St. Clair, *Motorization of American Cities*, 58.

¹³⁴St. Clair, *Motorization of American Cities*, 60-61.

Jesse Haugh, who had been president of PCL and was at the time in charge of Metropolitan Coach Lines (MCL), the actual entity purchasing PE. Haugh was able to motorize only one of PE's four remaining rail lines before the state's transit district, the Metropolitan Transportation Authority, acquired MCL's properties.

Explaining the Success of GM and NCL

The process and conditions of the GM/NCL takeover and modernization in these three major markets -- New York, Los Angeles, and Oakland -- are extremely complex. A detailed analysis of how and why the takeovers occurred is outside the scope of the present study. However, the question emerges of why GM was unsuccessful in Portland and yet successful in these other cities.

Failed Regulation. St. Clair explains NCL's success as a result of failed regulation. First, he explains, the exclusive franchise granted to NCL or its affiliates prevented competition by another transit company that might have offered a viable alternative to the motor buses operated by NCL or its affiliates. This viable alternative could have been either the trackless trolley or the PCC streetcar, both discussed above. St. Clair's detailed analysis of the three mass transit vehicles shows that on a vehicle-seat-mile basis, motor buses generated the least in terms of revenues and profits when compared with trolleys and streetcars. As noted earlier, initial comparisons in Portland showed the trackless trolley to be very competitive with the motor bus and streetcar. In addition, and perhaps most importantly, riders preferred the trackless trolley and improved PCC streetcar to the motor bus. But, according to St. Clair, these other technologies could not compete with GM's bus-substitution program because of the exclusive nature of the franchise granted to NCL and its affiliates.¹³⁵

¹³⁵Ibid., 89.

A second facet of regulation failure, according to St. Clair, is that the governmental regulatory bodies did not obtain the necessary data in order to make an informed decision when granting a franchise to NCL or an affiliate: “regulatory officials failed to insist on the relevant data that they would need to fulfill their regulatory responsibilities.” Officials were convinced that obsolete streetcars needed to be replaced. There were four available alternatives: trolley coaches, motor buses, modern PCC streetcars, or a combination of any of these. St. Clair’s argument is that if the regulatory officials had analyzed the data from a point of efficiency, as he claims to have done, they would have seen that full-scale motor bus substitution was *not* the optimal choice; therefore, they would not have allowed NCL to take over the franchise.¹³⁶

Political and Public Support. Both of St. Clair’s arguments regarding regulatory failure are correct. However, they do not go far enough in explaining why NCL was or wasn’t successful. In the Portland case, the franchise sought by PMC would have been just as exclusive as that sought by later NCL affiliates elsewhere. Competition would have been as absent as it was for the NCL systems and as it was, in fact, for the Portland Traction Company. Indeed, the Portland company began large-scale motor bus substitution about the same time that it was occurring in Los Angeles and Oakland. In other words, bus substitution occurred in Portland, and in other cities, without the presence of NCL. In addition, franchises had always been, for the most part, exclusive in nature. In Portland there was as little opportunity for successful competition by firms offering trackless trolley service as there was in Los Angeles, Oakland, and elsewhere. The exclusivity of the franchise seems an irrelevant factor in explaining NCL’s success.

¹³⁶Ibid., 98.

St. Clair's second argument regarding regulatory failure is that the regulatory apparatus failed to obtain the necessary data for comparing the competing technologies. It is true that in the Portland case, the consideration of PMC's franchise application appears to have involved little in the way of an analysis of modal efficiencies. In fact, this is itself the salient point. Portland's attitude toward PMC had nothing to do with a consideration of modal-comparison data. Even the fact that PMC was promising to provide bus service at an average of 5.39 cents, compared to the current ten-cent cash fare, seemed to provide little incentive for Portland officials to demand detailed modal-comparison information. In the Portland case, the negative attitude toward PMC was based on an aversion toward the financial backing of the company and the presentation style of its executives. PMC withdrew from consideration, but had it remained in the contest with PTC, it is highly unlikely that Portlanders would have granted the GM-backed company a franchise. In short, there was little popular or political support for a takeover by PMC. In the Portland case, this lack of support goes further toward explaining the success or lack of success by GM than does St. Clair's regulatory-failure explanation.

The Corporate Conspiracy Theory

The "corporate conspiracy" theory explains the motorization campaign conducted by NCL and backed by GM and other automobile interests, such as Standard Oil and Firestone, as an attempt to destroy mass transit, thereby diverting riders to automobiles. St. Clair refers to the activity of GM and the other interests in terms of "market foreclosure":

that the purpose of the NCL campaign had been to destroy the competitiveness of urban public transit vis-à-vis the automobile by excluding the most efficient vehicles [streetcars and trolleys], thus forcing uneconomical vehicles [motor buses] on transit systems.

St. Clair goes on to explain that if this in fact was a primary rationale, General Motors, Standard Oil, and Firestone would have involved themselves in the process in order to benefit from the results of mass transit being provided by uneconomical vehicles. In other words, their goal was “foreclosure of a rival technology” -- electric trolleys, for instance -- that could have competed with the automobile more successfully than the less economic and desirable motor bus.¹³⁷

For there to have been a conspiracy to replace rail transit with inferior motor buses, explains St. Clair, it must have been the case that motor buses were in fact inferior to trackless trolleys and modern streetcars. It has already been noted that motor buses can in fact be shown to be the least efficient of the three types of mass transit vehicle available and that riders preferred trackless trolleys to the motor buses. St. Clair concludes that “the activities of those alleged to have conspired to motorize and destroy public transit reveal a pattern that . . . is highly suspect, to say the least.”¹³⁸

Arguments Against the Conspiracy Theory. Three of the primary arguments against the conspiracy theory are (1) that the transit industry had been in decline before motor buses, GM, or NCL; (2) that bus substitution had been occurring well before NCL came into existence; and (3) that bus substitution occurred in cities where neither NCL nor GM had a stronghold. In Portland, for instance, it has been shown that industry decline began to occur in 1919, at least five years before motor buses began replacing streetcars on the city lines. It has also been shown that the roots of this decline were for the most part internal to the structure of the transit industry itself, that

¹³⁷Ibid., 89.

¹³⁸Ibid.

decline was not “caused” by some external force, such as the automobile, the Depression, or General Motors.

It has also been shown, as noted above, that in Portland motor buses began replacing streetcars on city routes in the mid-1920s. This was before General Motors began large-scale financing of motorization programs. The substitution of buses at this time was considered a means of providing necessary service extensions or improvements at a lower capital cost. In Portland, as elsewhere, companies soon realized that their bus operations were unprofitable. However, the motor bus was the only means for providing service as mandated by the company’s franchise. Bus substitution did not occur because of collusive pressure by GM or its affiliates; it occurred because companies were required to provide a certain level of service, and buses were the least expensive means, in the short run, for providing that service.

Finally, large-scale bus substitution occurred in Portland and in other cities, where NCL had not taken over the transit system. Portland’s major supplier of both motor buses and trolleys was Mack Truck, which had been included in the original indictment as one of NCL’s suppliers.

William C. Dixon, who had been the chief of the west coast office of the Department of Justice’s Antitrust Division, testified in 1974 that Mack Truck had originally been involved in the collusion:

General Motors was to furnish approximately 85 percent of all the motorbuses required by National City Lines, Inc., and its operating companies as of August 2, 1939. General Motors and Mack Manufacturing Corp. were to share equally in 85 percent of all new motorbuses of any of the National City Lines’ operating companies, thereafter acquired.¹³⁹

¹³⁹William C. Dixon, Testimony, *The Industrial Reorganization Act: Hearings*, 1974, 2418.

As indicated, Mack's share of sales (42.5 percent) was to come only from operating companies acquired after 1939. Further, Dixon explained, the agreement whereby Mack would share in subsequent bus sales did *not* apply to purchases by Pacific City Lines. In the end, Mack received only \$875,000 of business from NCL companies during the last seven years of its ten-year contract with GM. It is unlikely that this represented the agreed-upon 42.5 percent.¹⁴⁰

Mack Truck was acquitted in the 1949 trial, even though it had entered into the contract with GM as described above. It was Mack Truck, and not General Motors -- or a collusive partnership between the two -- that controlled the Portland market. Since bus substitution had been occurring and continued to occur in Portland even without the presence of GM or NCL, does this suggest a conspiracy to effect "technology foreclosure" by an actor other than GM and NCL, i.e., by Mack-International?

Mack-International's "Dictatorship" in Portland. Once the Portland Traction Company had been granted its franchise renewal in 1936, the company moved forward toward the completion of its "ultimate modernization plan," which, despite the popularity of the trolleys, involved a major purchase of motor coaches.

The company's franchise required it to seek the city council's approval of any purchase proposals. On June 2, 1939, a special council hearing was held, and Mayor Carson moved that the council postpone consideration of the proposed plan for a \$1 million expenditure on eighty motor coaches from Mack-International.

In the first place, the council noted, the public was resistant to substituting noisy, smelly motor coaches for the popular trackless trolleys. In addition, though, the council felt its decision should be postponed until the company had come to an

¹⁴⁰Dixon, Testimony, *The Industrial Reorganization Act: Hearings*, 2422.

agreement with labor regarding a dispute over insurance. It will be remembered that in 1939 the company had decided to discontinue providing group insurance for its employees.

It was generally felt that the company's desire to discontinue insurance coverage for the employees was a direct result of the financial difficulty the company was experiencing in trying to make its installment payments to Mack-International for the 1936 expenditure of \$3 million for the 120 trackless trolleys and 35 gas buses. There was concern about "a dictatorship over Portland's transportation system by the International Mack Truck Corporation and the Chase National Bank."¹⁴¹

It will also be recalled that the Portland company maintained that it could not get credit from Mack for the purchase of trolleys, only for buses. Management faced conflicting demands from all sides. Its franchise required continued modernization, yet its major supplier essentially refused to provide the equipment demanded by the public, the city council, and labor -- who were afraid that more motor buses would displace workers. Tied to Mack-International because of an existing debt, it is unlikely that PTC management felt free to seek contracts with another supplier. Thus frustrated, in July of 1939, the company withdrew its modernization proposal completely, leaving the initiative up to the city council.

Commissioner William A. Bowes, who had been elected that year and appointed to public works, took over Clyde's position as the reigning transit man at city hall. After PTC withdrew its modernization proposal, Bowes assumed the responsibility of piecing together a purchase plan. His plan, which was ultimately approved by then state public utilities commissioner Ormond Bean, called for PTC to purchase only

¹⁴¹ "Street Car Plan Has Opposition," *Oregon Journal*, 3 June 1939. Also, "Federation Hits Traction Project."

nineteen 31-passenger buses and just one 40-passenger trolley -- all from Mack-International.¹⁴²

Worries about Mack-International's maintaining a "dictatorship" over Portland were not entirely unfounded. As noted, by 1939 PTC's account with Mack for the 1936 trolley and bus purchase was in arrears. The traction company was supposed to make monthly payments of \$44,200. W.H. Lines had tried to negotiate with Mack-International president E.C. Fink to come up with a lower monthly payment, but Fink had refused. Franklin Griffith finally intervened, explaining to Fink that the independent trustees appointed during the reorganization proceedings "have been endeavoring for some time to secure control of the Traction Company." Griffith explained that the trustees would not be able to gain control unless it could be shown that PTC was unable to meet its financial obligations.

"Please understand that I am not presenting anything in the nature of an ultimatum to you," Griffith wrote. But he made it clear that if reduced monthly payments were not allowed, PTC would have to default and then control would pass from Guaranty Trust, which currently had voting control of the company, to the independent trustees. The resulting reorganization, Griffith suggested, might mean that Mack would end up getting little or nothing at all.¹⁴³

But Mack refused to set up a temporary schedule of lower payments (which would have amounted to about \$33,000 as opposed to \$44,200 a month), apparently wanting to maintain the upper hand. Mack must have believed that it would get its

¹⁴²"Pepco Tells City Plans Withdrawn," *Oregon Journal*, 11 July 1939; "Modernizing for Cars Withdrawn," *News-Telegram*, 11 July 1939; "Streetcar Revamp Starts," *The Oregonian*, 27 October 1939.

¹⁴³Franklin T. Griffith, Letters to E.C. Fink, Portland, 4 and 25 August 1941, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

money somehow, sometime, so it was willing to hold out and take the hard line. In addition, it had "offered" PTC the \$1 million deal on the eighty motor coaches. Mack's argument was that if PTC didn't agree to this deal now, Mack could not guarantee that the equipment would be there when PTC would want it at some later date. PTC had no hand to play, other than its threat that a default could have disastrous results for Mack, and felt pressured to accept the deal.

The high-pressure tactics used by Mack-International to force PTC into difficult contract obligations it could not meet or modify led to speculation "that the Mack Truck Co. might take over the Portland Traction Co. in view of the general situation." Griffith, of course, denied this, and there is no evidence that Mack was interested in acquiring the Portland company -- certainly not to the extent of making any serious efforts to do so.¹⁴⁴

In the end, PTC was exonerated in its role in allowing Mack-International a stranglehold over Portland when, in November 1941, the independent trustees concluded that

in view of the financial condition of the traction company and the terms and conditions of the contract and purchase obligations . . . all things considered, the prices paid were reasonable and . . . the directors and officials of the company exercised good judgment in purchasing same.¹⁴⁵

But the problem with Mack would not go away and would continue to be a factor in city-company negotiations in the future.

¹⁴⁴"Triple Trouble Brews."

¹⁴⁵*Portland Electric Power Company, a Corporation, Debtor, Petition in the District Court of the United States for the District of Oregon, under Chapter X of the Federal Bankruptcy Act, Approved June 22, 1938, No. B-23986, Third Report of Thos. W. Delzell and R.L. Clark, Independent Trustees of Portland Electric Power Company, Debtor, November 1, 1941, Box 265-4-2, Portland General Electric Library, Portland.*

Insidious Conspiracy Versus Corporate Strategy. The 1939 agreement between GM and Mack was likely the result of a market situation requiring cooperation. As David Jones notes, by 1937, only sixty-two diesel coaches were owned and operated by U.S. transit companies. Motor buses running on diesel, as opposed to gasoline, were found to be more reliable and fuel efficient, but “most street railways were understandably reluctant to adopt a technology that was viewed as essentially unproven in sustained urban operation. This posed a no-win situation for diesel bus manufacturers -- General Motors, Mack, and Twin Coach.”¹⁴⁶

Jones goes on to explain that “diesel units would not sell until experience data justifying acquisition were available; but experience data could not be assembled in the absence of sales and operation.” It is Jones’s contention that GM joined with Standard Oil and Firestone in backing NCL in order to create a market for its diesel engines. The same reasoning would explain why GM was willing to bring Mack into the fold. According to St. Clair, “General Motors recounted the reaction of its Yellow Coach president in 1939 to Mack Truck’s participation in the NCL arrangement. . . . the president voiced no objections, claiming ‘the more the better.’”¹⁴⁷

By 1940, according to Jones, seventy-five U.S. companies were operating 680 diesel buses, “primarily of General Motors manufacture.” Jones maintains that the

insidious conspiracy designed to destroy mass transit and stimulate the sale of automobiles . . . can more accurately be characterized as corporate strategy to sell diesel buses by creating first a pilot market and later a sole-source supplier relationship with effectively captive consumers.

He concludes that

the most important consequence was not the displacement of streetcar systems . . . [but rather] the dominance of a single manufacturer in the

¹⁴⁶Jones, *Urban Transit Policy*, 62.

¹⁴⁷St. Clair, *Motorization of American Cities*, 66.

diesel bus market and the preemption of routes and markets that might have been more economically served by the electric trolleybus.¹⁴⁸

The Portland case stands out as an exception to Jones's scenario, in which the "sole supplier" is presumed to be GM. Mack remained Portland's primary supplier of diesel buses for many years, and Portland was Mack's primary market. However, Jones's basic contention -- that the purposeful substitution of buses for trolleys was a corporate strategy to sell diesel buses rather than an insidious conspiracy to destroy mass transit -- remains plausible.¹⁴⁹

The transit business had become increasingly unprofitable, and automobiles clearly appeared to be the future of transportation. Motor buses were less expensive to purchase than were trolleys and modern streetcars, but they were less economical to operate over the long run. That their inferiority as a mass transit vehicle was probably known by GM, Mack, and other diesel-bus manufacturers and automobile interests does not in and of itself substantiate the conspiracy theory that holds that these companies wanted to destroy mass transit in order to facilitate the ascendancy of the automobile.

¹⁴⁸Jones, *Urban Transit Policy*, 63.

¹⁴⁹Sebree and Ward, "The Trolley Coach in North America." In 1948, thirty gas buses were purchased from Twin Coach, but Mack continued to supply diesel buses. It wasn't until 1961 that non-Mack *diesel* coaches were purchased: fifty-five from General Motors between 1961 and 1964 and nineteen from Flxible Corporation. See "A Rosy Picture: Saving over 10 Cents a Mile at Portland!", 1964 pamphlet put out by GMC Truck and Coach, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland; "Tri-Met's Bus Fleet," unaccessioned historical files, Tri-Met Library, Portland. According to Snell, by 1974 Flxible was GM's only remaining competitor for city bus production. However, he notes, Flxible relied on GM "for diesel propulsion systems, major engine components, technical assistance, and financing. In short, Flxible is more a distributor for GM than a viable competitor," Snell, *American Ground Transport*, A-26.

Insidious Conspiracy Versus the Failure of Public Policy. In the Portland case, the city council might be assigned as much blame as -- if not more than -- the diesel-bus industry for the substitution of inferior motor buses. It was, after all, the city council's modernization requirements (including in 1936 a \$3 million expenditure in *one year*) that resulted in the transit company's unmanageable debt to Mack and the latter's subsequent "dictatorship," requiring purchases of buses instead of trolleys. Public policy, as St. Clair notes, failed to prevent motorization and, in fact, facilitated it.¹⁵⁰

Public policy also encouraged expansion of the automobile industry. The highway planning of this period is the prime example of how public policy continued to accommodate and facilitate the automobile. St. Clair explains that the motorization campaign and the promotion of freeways -- both facilitated by public policy -- "contributed to the decline of transit and to a fundamental restructuring of city transportation around the automobile."¹⁵¹

However, as has been shown, motorization (i.e., substitution of buses) and automobile accommodation had been central to transportation policy and planning since the 1920s, and mass transit's decline had begun even earlier. It might be more accurate to say that the motorization campaign and promotion of freeways contributed to the *continuing* decline of transit and to a *continuing* restructuring of city transportation around the automobile.

¹⁵⁰St. Clair, *Motorization of American Cities*, 173.

¹⁵¹*Ibid.*, 172.

CONCLUSION

During the 1920s, transportation policy came increasingly to be concerned with two areas: mass transit on the one hand and automobiles, roads, and highways on the other. As in many cities in the country, the Portland city council had involved itself with transit policy and planning primarily through the regulatory provisions of the franchises granted to the private operating company. City boosters, politicians, engineers, policemen, and planners concerned themselves more actively in the formation of policies and plans that would accommodate the automobile, seen as a manifestation of democratic individuality and the future of transportation.

City officials and businessmen were more likely to intervene in directive transit policy only in the event of a crisis or increasing urgency. By the 1930s, such conditions began to face the Portland city council as a result of the private transit company's latest fare increase, combined with the impending expiration of the current franchise. Thus, the Portland city council began to become more actively involved with transit planning and policy, while at the same time continuing to plan for the automobile.

The Portland city council and the operating company, Portland Traction (PTC), were able to agree on provisions of a new franchise, largely because negotiation had been conducted on a one-to-one basis between the company's president, Franklin Griffith and the city council's public utilities commissioner, Ralph Clyde. This situation, in which one or two representatives from the company worked with one or two representatives of the city, proved fruitful for both sides.

It was, however, difficult for the company to compete at the polls with other pressing issues during the Depression years. Portlanders were not likely to vote for a franchise that would have offered the company substantial relief when they felt relief

ought to be going to the city's unemployed. The city council deferred referral of the new franchise to the electorate and appointed a Committee of 15 to investigate the franchise further.

The Committee, which began its investigations in 1933, recommended a program of transit "revitalization" that was typical nationwide. This called for a complete "modernization" of the rolling stock, a full-scale substitution of motor buses for the old, worn-out streetcars. The Committee also recommended lower fares, to be offset in part by a complete removal of any franchise fees. In addition, the Committee recommended continued modernization in the event that the company receive federal funding as part of the national relief agenda.

Dissension among a new city council led to a prolongation of the franchise investigation, the time delay affording the opportunity for a franchise bid by a competitor company, the GM-backed Portland Motor Coach Company (PMC). Portlanders were highly suspicious of PMC's financial structure and motives, and the council took a particularly hard line with the company's representatives. Sensing a diminishing opportunity, PMC withdrew its franchise bid, and Portlanders approved a new twenty-year franchise for PTC in January of 1936. Meanwhile, GM affiliated with National City Lines (NCL) and continued its motorization campaign with more success elsewhere.

The 1936 franchise represents the first attempt at cooperation between the city and the company in the provision of mass transit in Portland. The franchise fee was reduced to a 5-percent tax on gross earnings, and all other burdens (taxes, bridge tolls, and so on) had been met. The company was allowed to retain its ten-cent cash fare, but this was only part of a graduated fare structure of reduced tickets, tokens, and passes that brought the average fare down to just under seven cents. In exchange for being allowed to retain this fare structure, which was the best the company could hope

to get, PTC management agreed to implement a modernization program that involved a \$3 million expenditure in one year for 120 trolleys and 35 gas buses. The public was enthusiastic about the trolleys, and ridership appeared to improve somewhat after their introduction.

The city's concern with mass transit was demonstrated by the fact that the major comprehensive plans (the Bartholomew and Amburn plans) developed in the 1930s included specific provisions for transit. Amburn's 1935 plan emphasized radial routing of transit lines into the center of downtown, as well as traffic segregation and grade separation that were characteristic of contemporary plans. The downtown-focused nature of the plan was also apparent in suggestions for eradicating blight in the waterfront area and for achieving unification of terminals and all transportation. This city-center focus reflected the ethos of Portland's business, planning, and political community, whose primary goal was to increase and maintain the city's ability to attract investment capital.

The goal of attracting investment capital -- whether private or public -- began to dominate the politics of transportation planning and policy. One aspect of the political struggle can be found in the conflict between rural and urban interests in competing for federal and state moneys to develop transportation infrastructure. Although New Deal programs were primarily rural oriented, urban coalitions became more active in trying to obtain funding for urban transportation projects. Urban-based auto interests and business groups came increasingly to feel that the emphasis on building rural roads was no longer necessary in order to stimulate road and highway construction. These groups felt that transportation issues were increasingly urban issues -- problems of congestion, accessibility to downtown, and relief of urban unemployment.

Many cities moved forward in building "superhighways" during this era. In Portland the primary superhighway that had received public funding was McLoughlin

Boulevard. By the time Robert Moses visited Portland in 1943, he felt that the rural-urban imbalance that had characterized transportation building in other states had not been so extreme in Oregon. The construction of McLoughlin Boulevard may have convinced Moses of the progressive nature of the state's funding; in fact, many of Portland's political and business leaders felt that Portland, like many other cities in the country, had not received its fair share of public money.

While praising the relatively progressive nature of Portland's street development, pedestrian signals, and the mass transit system in general, Moses made recommendations for several large civil-engineering projects that were meant to stimulate a postwar renaissance and provide employment opportunities for decades into the future. Moses's visit to Portland was in keeping with the city's long tradition of inviting leading experts in the field of planning to comment on the state of the city and to provide hopeful suggestions for its future. As impressive as such visits were, they did not facilitate the emergence of a core of *local* planners, with a reputation for respected authority and expertise.

While the city's planners, politicians, and business leaders were struggling to find solutions for transportation problems, the private transit company itself was continuing to experience a decline in ridership in the face of rising taxes, increasing demands from labor, and a heavy debt load -- exacerbated by new purchases during modernization. City ridership had fallen 40 percent, from a peak of over 100 million in 1919 to under 60 million in 1940. Interurban ridership had dropped over 80 percent, from a high of nearly 5 million riders in 1918 to 871,000 in 1940. The particularly sharp decline in interurban ridership was the result of the loss of off-peak traffic, as more people used their automobiles for weekend and evening pleasure travel, and as the development of noncentral neighborhood shopping and entertainment lessened the need for center-destined trips.

Increasing taxes and the unmanageable debt to Mack Truck for the modernization equipment made it difficult for the company to meet labor's demands during a period when the fare structure kept the true price of transit ridership to an average of less than seven cents per ride. Arbitration-mandated wage cuts in 1931 and 1933 during the Depression years had brought Portland transit workers' wages down to their lowest point since 1919. Postwar arbitration and increased labor activism, fueled by west coast maritime strikes, resulted in increased wages and improved conditions. The company protested against wage increases because of its inability to meet installment payments for the new equipment, and by the late 1930s it decided to discontinue group insurance and pension payments. Antagonism between labor and management increased as a result.

In its ongoing struggle for survival in the mode of embattled attrition, the company continued to make service changes and improvements in order to increase ridership and decrease operating costs. The most significant service improvement was the institution of the trackless trolley, 140 of which were running on Portland's transit lines by 1937. The trolleys were comfortable, spacious, and relatively efficient. Other service improvements, some of which were instituted during the war in an effort to economize and increase service, included skip stops and express runs.

Despite these service improvements and the great peak in ridership experienced during World War II as a result of tire and gasoline rationing, the transit industry continued to decline in the 1940s. Some contend that the focus on the automobile and highway planning caused the demise of transit. Others have attributed transit's decline to a concerted effort on the part of General Motors and affiliated interests to destroy mass transit and divert riders to automobiles. Some see a combination of the two -- automobile accommodation *and* a conspiracy to destroy transit -- behind the decline of transit.

But, as has been noted previously, transit had already begun its decline before automobile accommodation began in earnest and before the actors in the alleged conspiracy entered the playing field. The actions of automobile interests and so-called conspirators -- whether planners, engineers, politicians, rubber and tire producers, or the driving public themselves -- only accelerated a decline that had already been set in motion.

The success of General Motors represented the ascendancy of a technology -- the diesel engine -- in motorized transport. Although neither GM, NCL, or an affiliate was successful in acquiring the Portland property, the motorized diesel-engine industry -- represented by Mack International -- was successful in establishing a stronghold in Portland through pressure tactics involving the Portland company's debt.

That the Portland Traction Company fell prey to these tactics was the result, at least in part, of a failure in public policy. This failure had been present from the turn of the century. There had never been a public policy to direct the development of transit or to prevent the overcapitalization that crippled the industry; indeed, public policy encouraged further debt by requiring costly modernization and service extensions without a commensurate increase in fares or adequate public relief. The result was a policy problem defined by sharply polarized points of antagonism and conflict.

The demands of labor, the restrictions and requirements imposed by the city, the transportation needs of business and industry, and the mobility and transportation requirements of people in an increasingly complex society: these conflicting sources of competing demand -- competing not only with one another, but with the private company's right to make a profit -- had characterized transit from the beginning. The conflict had not abated; it had in fact become more intense. The next two decades would see an increase in the antagonism and, finally, an inevitable conclusion.

CHAPTER VIII

THE PORTLAND TRANSIT COMPANY AND PRECIPITOUS DECLINE, 1946 TO 1963

A CIRCLE OF ANTAGONISM: THE 1940s

The Sale to San Francisco: The Portland Transit Company

The final report by Thomas W. Delzell and Ralph L. Clark, the trustees appointed to conduct PEPCO's reorganization investigation, was issued in 1942. Delzell and Clark began conducting negotiations with various potential buyers of the transit properties in 1944; and in April of 1946 the United States District Court authorized the trustees to accept the proposal of the San Francisco-based Portland Transit Company, whose offer was found to be the best received thus far.

The contract with the San Franciscans, which was dated May 3, 1946, called for the sale of all of the capital stock of the Portland Traction Company for \$6.9 million in cash. It also provided for the San Franciscans' purchase of all of the interurban properties, including the Center Street shop, for \$1 million. In addition, the deal provided for a \$2.35 million dividend payment to be issued to the San Franciscans as the purchase was being effected. This reduced the sale price from \$6.9 million to \$4.55 million, plus the additional \$1 million for the interurbans. At the time of the sale, the Portland transit system consisted of thirty-three miles of electric streetcar and interurban tracks, with 139 electric streetcar and interurban cars; sixty miles of trackless trolley routes, with 141 trolleys; and 134 miles of bus routes, with 303 buses

(including fifty-five still on lease from the Maritime Commission and the Navy as part of a wartime agreement).¹

According to the Delzell and Clark report, the sale was approved for three main reasons: one, the San Franciscans had offered a price higher than the valuation of either Guaranty Trust -- the trustee for the bondholders -- or the Securities Exchange Commission; two, the sale of the interurbans resulted in an operating loss, which made possible a \$1 million tax saving;² and, three, with this contract, the first preferred stockholders would receive double what they would otherwise have received.

The Threat of Bus Substitution. The purchase bids that were considered by the trustees had included one from Jesse Haugh and Tim Manning, operators of Pacific City lines (PCL), a west coast affiliate of National City Lines. As late as April of 1946, PCL was apparently still in the running, but the Portland Transit Company, a Delaware corporation with Leland D. Adams as its president, evidently came in with a better purchase bid than PCL. There is no evidence that the trustees had any particular reservations about PCL's affiliation with General Motors or its practice of motorizing

¹By the time the sale was effected, the price paid was \$5,116,750, in addition to a \$500,000 down payment. The total -- \$5,616,750 -- equaled the \$4.55 million for the city properties plus the \$1 million for the interurbans plus \$750 per day between June 1, 1946, and August 28, 1946, which had been agreed to in the original contract. *Portland Electric Power Company, a Corporation, Debtor, Petition in the District Court of the United States for the District of Oregon, under Chapter X of the Federal Bankruptcy Act, Approved June 22, 1938, No. B-23986, Report as of October 1, 1946, of Thos. W. Delzell and R.L. Clark, Independent Trustees of Portland Electric Power Company, Debtor.*

²Since 1942, PGE, PTC, and PEPCO had been filing a consolidated tax return. The consolidated tax situation had resulted in a considerable savings for both PGE and PTC, totaling \$3.5 million by 1945. The trustees estimated that, because of the consolidated situation, the sale of the interurbans would bring the total consolidated tax savings up to \$4.5 million as of December 1946.

transit systems. The explanation behind the victory of Portland Transit over PCL in the bid to purchase the Portland system in 1946 seems to have been overwhelmingly financial. For its part, Portland Transit would later comment that its interest in the Portland properties had been largely due to what it perceived to be “the stable labor relations for which Oregon is noted.”³

While the bidding by the GM- and NCL-affiliated PCL had apparently not concerned the trustees, it had made Portlanders extremely nervous. Before the purchase by Portland Transit, the Portland Traction Company had announced in March that it planned to spend \$2.6 million on continued modernization in the form of the purchase of 175 new buses. Despite this bus-purchase plan, which predated the purchase by the San Franciscans, many Portlanders considered bus substitution as part of a scheme orchestrated by the future owner of the system -- regardless of whether it turned out to be Portland Transit or PCL.

Labor was among the first to protest the large-scale introduction of new buses. The International Brotherhood of Electrical Workers’ Local 125 urged that trolleys be adopted instead, claiming not only that the electric trolley was faster, more efficient, and more convenient, but also that it was more economical to use “the inexhaustible hydro-electric power than the nation’s diminishing supply of oil . . . ”⁴

A lack of enthusiasm for bus substitution came from other quarters as well. An editorial in *The Oregonian* entitled “What Do Passengers Want?” observed that Portlanders had not been given an opportunity to say whether they preferred trackless trolleys or motor buses; but, the editorial continued, most people would probably want the “quiet, comfortable, fast, well-lighted trackless trolleys.” The article attempted to

³“Busses Asked Here Quickly,” *The Oregonian*, 31 January 1947.

⁴“IBEW Local 125 Urges Trackless Electric Busses,” *Oregon Labor Press*, 29 March 1946.

downplay the notion that there was any orchestrated corporate attempt to replace streetcars and trolleys with buses, noting that “the principal motivation is the ability to get more busses than trolleys with the moneys available.” Later, *The Oregonian* conducted a survey and found that riders preferred the trackless trolley “ten to one.”⁵

Paul Raver, administrator of the Bonneville Power Administration, also criticized the move toward increased use of motor buses. In a letter to Mayor Riley, Raver remarked: “I want you to know that everything we have learned so far confirms our belief that the electric trolley coach can be made to fill a very important role in the city transit field.” He also noted that he “greatly regretted” the use of an energy source (oil) from outside Oregon (i.e., from California). Clearly, Raver’s concern with the large-scale adoption of motor buses was what he considered to be the potential loss of the sale of electricity as a motive power for transit. Similar concerns were voiced by representatives from General Electric, who came to Portland to explain that trolleys were the superior vehicle for heavy-peak traffic. One of the few advocates for the motor bus as opposed to the trolley was city engineer Fred T. Fowler, who felt that motor buses could navigate more easily around traffic problems than could the trolleys.⁶

The San Franciscans denied charges of planning an across-the-board substitution of buses for trolleys and streetcars or of any collusion with General Motors or any of the other named conspirators. “We are not connected with any coach manufacturing company, bus company, rubber tire company or gasoline company,” said Portland Transit president Leland Adams. “We are absolutely independent.”⁷

⁵“What Do Passengers Want?” Editorial, *The Oregonian*, 1 April 1946.

⁶“Raver Criticizes Trend to Gasoline Buses,” *Oregon Journal*, 2 May 1946; “Shift to Gasoline Buses Criticized by G.E. Man,” *The Oregonian*, 15 May 1946; Dorothy McCullough Lee, Report to Portland City Council, 12 July 1946.

⁷“New Transit Officials Deny Bus Purchase Commitments,” *The Oregonian*, 17 May 1946.

“Money You Took from Us”. Bus substitution and collusion with corporate conspirators were not the only fears Portlanders had with regard to the San Franciscans. A persistent bone of contention between the council and the San Franciscan owners was the \$2.35 million dividend payment that had been issued to the San Franciscans as part of their purchase deal and the \$2.6 million modernization fund that the city had required the company to set up in November of 1945. Each side considered the money received by the other as “money you took from us.”

From the San Franciscans’ point of view, the required deposit of \$2.6 million into a modernization fund had in effect increased the purchase price of the Portland properties; but, of course, the city council considered the modernization fund as a requirement of the 1936 franchise. From the council’s perspective, the \$2.35 million dividend payment was money diverted from the Portland properties by the San Franciscans, money that should have stayed in Portland for the improvement of the system or for wage increases. The San Franciscans saw the \$2.35 million dividend payment as perfectly legitimate and claimed that it was what enabled them to purchase the interurbans.

Accusations of a Sellout. Although the District Court had approved the \$2.35 million dividend payment *and* the sale of the interurbans, the Portland city council considered the San Franciscans’ purchase of the interurbans as one step toward an ultimate goal of selling off all of the Portland properties. In May of 1946 Mayor Riley expressed concerns that were likely on everyone’s mind: that the San Franciscans wanted to buy up all of the Portland properties, focus on grooming the interurbans for freight service only, and then, once the interurbans were marketable as a lucrative

freight line, sell them. The city properties, it was feared, were bought only as part of a package deal, with the buyers' real concern being the potential of the interurbans.⁸

The council's concerns about the Portland Transit Company's allegedly planning to sell the interurban lines did not abate. In 1951, the city's commissioner of public utilities, Fred Peterson, wrote Franklin Griffith, inquiring about rumors that San Francisco management had been spotted "with a special representative from San Francisco," surveying the interurbans and supposedly considering an expansion of the freight lines over the old Estacada section of the interurban division, which had been abandoned in the early 1930s. The rumors and concerns regarding a sellout, which will be discussed in more detail below, continued for at least another decade.⁹

City Council's Demands: Modernization and Higher Fees

Dorothy McCullough Lee and the Transit Planning Commission. Given the concerns discussed above, Portlanders remained skeptical about the new owners and entirely unenthusiastic about absentee ownership, the prospect of bus substitution, and the rumors involving a sellout. Antagonism was present in every corner, from the riding public to labor to the press. Among the most vigorous opponent of the new owners was Portland city council member, Dorothy McCullough Lee, who was the city's commissioner of public utilities from 1943 until 1949, when she became mayor.

During the fall of 1945, Lee found that the Portland Traction Company had not put aside enough money for modernization, as had been required by the terms of the 1936 franchise's "ultimate modernization" plan. Although Lee had felt that the account should have contained \$5 million in modernization funds, the company and city

⁸Portland City Council Minutes, 31 May 1946.

⁹Fred L. Peterson, Letter to Franklin T. Griffith, Portland, 22 August 1951, File 10/3, Box 14-06-15/3, Portland City Archives, Portland.

were able to agree to a fund consisting of \$2.6 million, as has been noted above. It was later maintained that the disagreements over this modernization fund, which had involved the threat of a lawsuit by the city, had held up the reorganization proceedings and even the final sale to Portland Transit. Once the amount was agreed to, the final sale negotiations had proceeded.¹⁰

Thus, by the beginning of 1946, an extremely hostile relationship existed between the city and the company, particularly the San Francisco owners. Under Lee's direction, a city transportation planning commission was created in January 1946. The purpose of the commission was ostensibly "to study methods of alleviating the traffic congestion existing on city streets," although in short order it was clear that the commission's primary *raison d'être* was an investigation of the Portland Traction Company and the sale to the San Franciscans' Portland Transit Company.¹¹

Trolleys Versus Buses. Two issues in particular concerned Lee and the commission. One was a determination of which was in fact the superior vehicle for Portland's mass transit: the electric trolley or the motor bus. The company had asked that Lee and the commission make their decision as soon as possible so that an order for new equipment could be made. As noted, the company was planning to purchase 175 new motor buses; as had been the case previously, Mack had made the sale of the motor buses contingent upon agreement to purchase by a certain date. The company was concerned that Lee and the commission's investigation would take longer than the time allotted by Mack.

¹⁰Portland City Council Minutes, 22 August 1947.

¹¹Dorothy McCullough Lee, Letter to Gordon G. Steele, Portland, 24 January 1946, File 16/4, Box 13-07-09/3, Portland City Archives, Portland. The transportation planning commission, along with a traffic safety commission, had initially been established by a 1942 ordinance (No. 77780) affecting the city's administrative code. The commission was not activated, however, until 1946.

Gordon Steele, of the Portland Traction Company, urged Lee to approve the purchase of the 175 buses, which would cost about \$2.8 million. He noted that the company already had \$2.6 million available in the modernization fund, which Lee had required the company to establish in 1945. Steele emphasized the desirability of the Portland company's striking a timely deal with Mack International.

In order for Portland Traction to have "priority-buying status" with Mack, the Portland company was to have had authorization for the bus purchase to the management of Mack by November of 1945. As noted, that authorization had been delayed by the city council. Mack vice president Robert Hoyme made it clear that he was having "difficulty" keeping the Portland Traction order open, "due to the fact that many of the larger cities are now placing quantity orders, necessitating early delivery schedules." Hoyme said that he could extend the Portland company's priority status for another thirty days (until approximately April 2); however, he warned, if the order came in for under 150 buses, the company would lose its priority anyway. But Lee refused to be pressured into a decision and announced that it would be at least sixty days until she and her committee could complete their investigation.¹²

Meanwhile, the sale to the Portland Transit Company was underway. *The Oregonian* fueled suspicions about the San Franciscans, remarking that "it is not contended here that the Portland Transit company is dominated by [General Motors, Standard Oil, and Firestone Rubber], but in fact the people of Portland know very little about the new owners."¹³

¹²Robert Hoyme, Letter to Gordon G. Steele, 2 May 1946, File 16/6, Box 13-07-09/3, Portland City Archives, Portland. Hoyme was vice president of the Pacific Coast Motor Coach Division of Mack-International Motor Truck Corporation. See also Larry Smyth, "City Faces Shutdown on Gas Purchase," *Oregon Journal*, 5 May 1946.

¹³"The Public's Interest," Editorial, *The Oregonian*, 3 May 1946.

Franchise Fees for a “Quasi-City Operation”? While the transit planning commission pursued the question of whether buses or trolleys should dominate Portland’s transit, Lee involved herself with another area of concern. “Since [my] service on this Council, it has been a source of wonderment . . . as to why some of the public utilities operating in this city pay so little revenue to the City for the privilege of doing business here.” Lee recommended a 3-percent gross revenue tax for the utilities operating within Portland: Pacific Telephone & Telegraph, Northwestern Electric, Portland General Electric, Portland Gas & Coke, Northern Pacific Terminal, and the Portland Traction Company.¹⁴

In March of 1946 the city council had passed an ordinance granting Lee the authority to hire an accountant to make an audit of the city’s utilities and to investigate the fees they had been paying. The accountant, Fulton Y. Magill, was also directed “to examine the books of the Portland Traction Company to determine if the proper amounts had been set up on the books of the Company for the ultimate modernization of the system as required . . . ”¹⁵

Portland Traction’s franchise terms, it will be remembered, required the company to pay the city a fee of 5 percent of its gross annual revenues, after various

¹⁴Portland City Council Minutes, 2 May 1946. The amount currently paid by each utility, the amount proposed, and the percent increase are shown in the following table:

Utility	Current Amount	Proposed Amount	Percent Change
Portland Traction (incl. bridge tolls)	\$ 67,158	\$270,000	302
Pacific Tel. & Tel.	\$127,000	\$159,000	25
Northwest Electric	\$120,265	\$120,165	-5
Portland General Electric	0	\$240,000	240,000
Portland Gas & Coke	0	\$119,730	119,730
Northern Pacific Terminal	0	\$ 8,000	8,000
Total to City	\$314,423	\$916,995	192

¹⁵Dorothy McCullough Lee, Report to City Council, 26 July 1946.

deductions for taxes, bridge tolls, and so on, had been made. These other fees had reduced the company's gross to a point at which, for eight of the previous ten years, the company's fee to the city had never exceeded 1 percent of its gross revenues.

The company was outraged at Lee's proposal. Clarence D. Phillips, attorney for Portland Traction Company, explained the company's position: "The Traction Company is very greatly different in the effect of this [proposed] ordinance, than some of the other utilities," he said. Although Portland Traction has "monopolistic rights," Phillips explained, it is also "faced continually with severe competition." When Lee asked him if he honestly felt that it was fair that the company had rarely paid even 1 percent of its gross earnings to the city, Phillips responded that

I think it is fair compensation when you give consideration to the fact that you might call it a quasi-city operation because the transportation system means so much to the city; it is the life blood of the city.¹⁶

This was the first time that the company had challenged its treatment as a monopoly and that it had raised the issue of its providing a public service, of being a "quasi-city operation." In the past, the company had more frequently used the argument that high taxation and other fees deterred investment capital. Lamar Tooze, a Portland attorney representing the San Franciscans, continued to raise this issue, as well. "We are all interested, in Portland, in trying to attract outside investment for the purpose of increasing our local industries and enterprise," he said, going on to criticize the proposed 3-percent tax on gross, as opposed to net, revenue as the "most unfair feature," which would ultimately serve to distract investment capital.¹⁷

In the end, Commissioner Lee agreed to a 2-percent tax on gross revenues for the Portland Traction Company, as well as for the Portland Gas & Coke Company; the

¹⁶Portland City Council Minutes, 24 May 1946.

¹⁷Ibid.

other utilities, however, were subject to the 3-percent tax.¹⁸ As for Portland Traction, Lee maintained that the lower tax was based on the fact that the company was obliged to engage in large-scale modernization.¹⁹

A Simple Linear Equation: Improve Service and Profits Will Rise. Lee was certain that if the modernization plan she proposed were effected, ridership would increase and the company's gross revenues would increase along with it. "I don't think this company has such a dismal future. I think the company has a great future. . . . As soon as you get modernized, you are going to have a great deal more riders than you have before."²⁰

This belief that through modernization and service improvements, a transit company would increase ridership and hence revenues had been standard among city officials throughout the nation for decades. Barrett observed an attitude similar to Commissioner Lee's present among Chicago city officials responsible for passing the ordinances of 1907. It will be recalled that those ordinances required companies to give the city 55 percent of their net profits *after* a 5-percent profit, taxes, operating expenses, and salaries had been deducted. In return for the "guarantee" of a 5-percent profit, the companies agreed to a certain extent of through-routing, free transfers, night service, and six miles of extensions per year. In 1946 Portland, as in 1907 Chicago, the assumption underlying such agreements was, as noted earlier, that "mass transit

¹⁸Lee also wanted to impose a 2-percent tax on the gross revenues of the city's five taxicab companies. An ordinance to this effect was passed on May 21, 1947.

¹⁹In addition, under the terms of the 2-percent gross revenue levy, the company was authorized to claim as a tax deduction all free tickets presented by police officers in uniform.

²⁰Portland City Council Minutes, 24 May 1946.

could and should make substantial profits and that money spent on new equipment was the surest guarantee of good service.”²¹

Lee was concerned that whatever expenditure for modernization was made in the near future would be the last that the city council would be able to direct for a long time. “If we permit the Company to spend the entire modernization fund on gas and/or diesel buses now, we have no assurance that it will ever purchase any other type of equipment.”²² Lee advocated what she referred to as a “balanced system,” which would consist of motor buses, streetcars (specifically, the modern PCC cars), and trolleys. Her preference overall was for the trolley:

Some day in self-defense the city may have to take over the system to give people good service, which is our primary obligation. If we get all gas equipment, with its short life compared to electric trolleys, we will take over a broken-down bunch of junk. With a balanced system we will at least have a live operation.²³

By July the transportation planning committee had completed its investigation. Lee recommended that the Portland Traction Company purchase one hundred gas buses and a minimum of fifty trolleys. The thirty-day time period extended by Mack had long since elapsed, but Portland Traction put in an order for the one hundred buses anyway. Mack notified the company that confirmation would have to be received by January 1, 1947. Meanwhile, Mack’s own employees were on strike and production by that company was currently suspended. In addition, Steele contended that trolley

²¹Barrett, *The Automobile*, 40.

²²Lee, Report to the Portland City Council, 12 July 1946. The city council had the right to authorize any expenditures made out of the modernization fund. Once the money in that fund was spent, the council had the right to authorize only expenditures of \$10,000 or more that were *not* for replacement purposes.

²³Quoted in “Council Receives Decision of Group on Bus Purchase,” *The Oregonian*, 1 August 1946.

equipment could not be ordered until all of the special equipment necessary for new trolley lines had been installed. This, he said, could take months. In addition, trolley delivery took nine to twelve months, much longer than bus delivery. No new equipment would be arriving in the near future, regardless of the committee's recommendation.²⁴

Fares and Wages: The Deadlock between the City, Company, and Labor

While the company and the city were awaiting the arrival of new equipment, even though no specific order had been finalized, the company petitioned the city council for a fare increase in March of 1947. About a year prior to this request, Gordon Steele had addressed the council, explaining that, with the exception of Los Angeles, the fares in Portland were the lowest of any west coast city. In considering the company's revenue situation, Steele maintained, two facts needed to be kept uppermost in everyone's mind: one, that the company relied on one single source for its revenues: fares; and two, that the company had one major source of costs: wages.²⁵

The 1946 labor contract had brought wages up 16 percent from what they had been in 1944 and 1945, with the top operator pay in 1946 at \$1.25 per hour. The new contract also provided for a forty-hour workweek and company payments of \$20 per month in pension benefits. Portland employees, who had been anxious about the sale to the San Franciscans and the possibility of large-scale bus substitution, were for the time being, satisfied.

²⁴"Traction Company to Buy 150 Gas, Electric Buses," *The Oregonian*, 2 August 1946; Gordon G. Steele, Letter to Dorothy McCullough Lee, Portland, 13 December 1946, File 16/6, Box 13-07-09/3, Portland City Archives, Portland.

²⁵Portland City Council Minutes, 31 May 1946.

Since the franchise renewal in 1936, top operator pay had risen 84 percent.²⁶ Meanwhile, however, the fare structure was essentially the same in 1946 as it had been in 1936: a ten-cent cash fare, three tokens for a quarter, and a weekly pass for \$1.25. The only concession that had been made to the company in recent years was that reduced-price school tickets (twenty-five for \$1) could not be used during the evening peak hours (4:00 P.M. to 6:30 P.M.).

Now, in the spring of 1947, the union was again asking for an increase in wages. The workers requested a twenty-five-cent raise, retroactive to April 1, 1947, and threatened to strike if their demands were not met. The company agreed to an eleven-cent increase, but made this contingent upon the city's increasing the company's cash fare to fifteen cents, eliminating the three tokens for a quarter, and raising the weekly pass to \$1.50.

Still infuriated over the \$2.35 million dividend payment, the city turned down the company's fare-increase request. Mayor Riley made it clear that "if the streetcar men go on strike, it will be the company's responsibility, not ours." Expressing the consensus of the council, Riley continued that if the company was now short on surplus funds for meeting employee demands, "it's because your company drained it all and distributed it to the stockholders." The company -- that is, the Portland management -- maintained that the allocation of surplus funds in the form of dividend payments was a common, perfectly legitimate business practice, which, moreover, had been approved by the District Court.²⁷

²⁶Based on an average top one-man operator wage of sixty-five cents for 1936; operators of one-man vehicles made seventy-two cents per hour, and operators of two-man vehicles made sixty-five cents an hour.

²⁷Mayor Riley quoted in S. H. Wilderman, "10-Cent Fare Gets Turndown by City," *Oregon Journal*, 25 March 1947.

John Bauer's Rate Investigation. With the fare increase thus denied, Commissioner Lee began a search for a rate expert to investigate the company's accounts. Her primary concern was what the company's future revenue situation could be expected to be; for this, she felt that an experienced rate expert should be retained. Finally, despite some disagreement among the council members (some of whom would have preferred to hire a local rate analyst), New York rate expert John Bauer was hired in June of 1947. One month later, Lee also persuaded the city council to hire the Chicago-based consulting firm of de Leuw, Cather to undertake a study of the city's transit and traffic requirements.

The Oregonian meanwhile urged that the three parties to the deadlock -- the company, the city, and the union -- agree to some sort of compromise. The union, the paper editorialized, should wait for a reasonable period of time to see what Bauer recommended, before going out on strike; further, the paper advised that the union not seek retroactive pay increases, whatever the outcome. As for the company, the paper recommended that management not seek to base their fare on the criterion of a reasonable return on investment (the company was predicated their fare-increase request on a 7.5-percent return) and that they, too, wait for the outcome of Bauer's investigation. *The Oregonian* concluded by recommending that the city grant a fare increase adequate for covering the requested increase in wages.²⁸

In mid-April, the union acquiesced. Labor accepted a raise of eleven cents, as opposed to the twenty-five cents they had requested. It was agreed, however, that the workers would receive an additional four-cent increase once the fare increase went into effect. The company, meanwhile, still had no indication from the city when, if, or to what extent its fare increase would be granted.

²⁸"The April 1 Deadline," Editorial, *The Oregonian*, 27 March 1947.

John Bauer's investigation was completed in August, several months after the union's acquiescence. In general, Bauer reiterated and validated everything the city council had been saying. He attributed the company's current financial situation to a decline in passenger revenues, an increase in operating costs, a lack of fare adjustments, and outdated equipment: "What has caused this continuous decline? . . . The only real answer is the unattractiveness, the repelling condition of the transportation system." And -- like the members of the Portland city council -- Bauer blamed the company's condition on the "extraordinary dividends of [\$2.35 million] paid in 1946 to help finance and maintain the newly promoted Portland Transit company, . . . "29

Bauer recommended that the fare structure be changed so that the three-tokens-for-a-quarter fare be eliminated. Instead, he suggested sixteen tickets for \$1 (6.25 cents per ticket), good only during off-peak hours. Responding to Lee's adamant urging, Bauer also recommended a "fare equalization fund," into which any profits representing over a 5-percent return on investment would be deposited. In the future, whenever the company's revenues did not provide a 5-percent return, the company could draw on this fund as opposed to raising fares. In addition -- Lee was particularly insistent on this point -- the company must agree to mandatory modernization, involving the replacement of all streetcars by the end of 1948. "The riding public," explained Bauer, "will not ride ramshackle, obsolete streetcars."30

²⁹Portland City Council Minutes, 21 August 1947; "Rainy Day Impound of Income Conned," *Oregon Journal*, 11 August 1947.

³⁰Dorothy McCullough Lee, Report to Portland City Council, 14 August 1947, File 10/4, Box 14-06-15/3, Portland City Archives, Portland; "10-Cent Carfare O.K.d by Rate Expert," *Oregon Journal*, 11 August 1947; "Traction Traffic Stimulus Forecast in Special Fare," *The Oregonian*, 12 August 1947; Portland City Council Minutes, 21 August 1947.

Opposition to Bauer's Report. The Portland company's management was, again, outraged. They reiterated that the \$2.35 million dividend payment had been authorized by the United States District Court, that it was the first dividend payment ever declared by Portland Traction Company, and that it "represented an earning or income of less than 3 per cent upon the capital investment in the Company." Speaking on behalf of the company, attorney Clarence Phillips also noted that "but for this dividend you'd have had as an owner a subsidiary of National City Lines of Chicago instead of Portland Transit of San Francisco, and National City apparently isn't in good graces these days, having been called in for an anti-trust investment." In addition, the company contended, the Portland Traction Company (i.e., the Portland management) had had nothing to do with the dividend payment; it had been the sole decision of the independent trustees.³¹

The company also was strongly opposed to mandatory modernization as a quid pro quo for a fare adjustment. The management resented having strings attached to a fare increase, and they also resented the implication that they would not undertake modernization without a council mandate:

We want the Council to understand that the Company itself fully realizes that if it cannot satisfy the riding public, that it will not induce the people to ride, and thereby will lose revenue. It means the Company fully realizes that it has to modernize this system in order to induce the public to ride because our greatest competitor is the private automobile.³²

The company opposed Bauer's fare recommendation, noting that with his plan the average fare would be 7.13 cents, below the present average and below the

³¹Portland City Council Minutes, 20 and 21 August 1947; "Transit Fares Take Spotlight," *The Oregonian*, 21 August 1947.

³²Portland City Council Minutes, 20 August 1947.

company's proposed average of 8.48 cents.³³ Further, Phillips continued, the 5-percent return on which the fare equalization fund would be based was much lower than the company would desire; but this last point was of little consequence since, as Phillips acknowledged, the company's current rate of return was well below even 5 percent.

Management also protested the continuation of the weekly pass. Phillips explained that "if you want to be absolutely equitable," then the most frequent users should in fact pay more, not less. But, he noted, a higher fare for peak-hour users would not be "a good thing for the riding public."³⁴

The company was not alone in protesting the recommendations of Bauer and Commissioner Lee. Union representatives urged that the company's fare increase request be granted. Clearly, the workers' interest in the fare increase was based on their own desire for an increase in their wages. "That is the only way the five-cent fare stayed in existence for years and years," explained Local 757 vice president William Cooper, " -- because they took bread and butter out of the employees' mouths."³⁵ The Portland union's position is in marked contrast with that of larger, more powerful unions in cities such as New York and San Francisco. In these cities, fare increases were class issues that were protested by the transit unions as members of the working class.³⁶

³³Average fares were calculated by assuming a higher ratio of reduced-pass and -ticket fares to straight-cash fares. Reduced-rate student fares were also included in these calculations.

³⁴Portland City Council Minutes, 20 August 1947.

³⁵Ibid., 21 August 1947.

³⁶See, for example, Seymour Adler, *The Political Economy of Transit in the San Francisco Bay Area, 1945-1963*, part 3 of *Redundancy in Public Transit*, prepared for the U.S. Department of Transportation, Urban Mass Transit Administration (Washington, D.C.: GPO, 1980), 17; Freeman, *In Transit*, 43.

The city's two major newspapers criticized both Lee and Bauer, as well. *The Oregonian* referred to Bauer's recommendations as "highly dangerous" and called Lee's criticism of the San Franciscans "extremely harsh." The *Oregon Journal* was even more critical, referring to Lee as "Mrs. Solomon." Other cities, the *Journal* reported, were moving *actively* to improve their transit systems: public agencies in Chicago and Boston were in the process of purchasing privately owned transit systems in those cities; systems in San Francisco and Cleveland were already municipally owned; other cities, such as Philadelphia and Seattle (whose system was municipally owned) were granting necessary fare increases. Portland, meanwhile, appeared to be doing nothing.³⁷

Finally, in September of 1947, the Portland Traction Company was granted a new fare structure. The cash fare remained at ten cents. The weekly pass was increased from \$1.25 to \$1.40, and tokens were sold at a rate of eleven for \$1.00 -- an average of nine cents per token, up from eight cents.³⁸ Three months later, the union announced that it would be seeking another twenty-five-cent wage increase when its contract expired in the spring of 1948. In short order, the company again appealed for a fare increase.³⁹

The Cycle of Antagonism. The cycle of antagonism that characterized negotiations among the city council, the company, and labor during 1947 and 1948

³⁷"In the Traction Role of Solomon," Editorial, *Oregon Journal*, 4 September 1947; "Cities Act to Improve Transportation Setup," *Oregon Journal*, 25 August 1947.

³⁸Calculations for the average fare are based on one cash ride per two reduced-fare token rides and, where applicable, one pass ride used by a rider traveling at a frequency at which each pass ride equals one token ride. Student fares are not included.

³⁹Portland City Ordinance No. 85840, 7 September 1947.

would continue through 1969, when the city took over the operation of the transit system. Virtually every year the union sought a wage increase when negotiating its new contract. Invariably, the employees would receive a wage increase, but it would be at least 50 percent less than requested. The company would meanwhile petition for a fare increase, which it frequently did not receive. A year-by-year recounting of the union's requests, followed by the company's requests would be repetitive and tedious. Certain details will be highlighted to illustrate the nature of the ongoing cycle of antagonism.

The company's 1948 fare increase had gone directly to the state public utilities commissioner, with the company bypassing the city council altogether. The only constructive outcome of that ill-advised move -- which only further antagonized the city council -- had been a formal ruling by the state commissioner, John H. Carlin, that the city alone had the full jurisdiction and authority over the company's fares. By the end of April, labor had appealed to the Federal Conciliation and Mediation Service for assistance and then voted to submit their request for a wage increase to a board of arbitration. The employees voted unanimously to strike on May 17, 1948, if the company did not agree to a twenty-five-cent, across-the-board wage increase. The company asked for three-way arbitration involving the city, the company, and the union, but Lee vehemently opposed such arbitration, accusing the company of "public blackmail."⁴⁰

⁴⁰"Fare Case Passed Up by Carlin," *The Oregonian*, 21 March 1948; "Labor-Management Issue Brought Out in Fare Talks," *The Oregonian*, 4 May 1948. In 1947, state commissioner George H. Flagg had also ruled that the city had the sole and complete authority for determining the company's rate base, "City Authority on Fare Change," *The Oregonian*, 28 May 1947.

Lee was especially opposed to any suggestions by the company because the management had still not agreed to her mandatory modernization program. In fact, very little new equipment had arrived to complete the "ultimate modernization." Finally, with the threat of a strike again imminent, a compromise was reached. The tokens were eliminated and the weekly pass raised to \$1.60, with the cash fare remaining at ten cents. The company was also relieved of its 2-percent gross revenue tax for a temporary period.⁴¹

Although fifty new trolleys were already set to arrive in 1948, Steele also agreed -- as a quid pro quo for the fare increase and fee relief -- to purchase thirty new buses and to begin replacement of all streetcars, reporting to the council on the company's progress every thirty days.⁴² Wage arbitration, which began on July 26, ended on August 3, granting the employees a twelve-cents-an-hour raise, instead of the twenty-five cents requested. This raise, reported Steele, "gives to our employees the highest wage scales of all transit properties on the Pacific coast as well as higher than any city in the United States within a comparable population range."⁴³

⁴¹The proposal to forgive the 2-percent tax, even for a temporary period of time, was opposed by city employees, such as police officers and firefighters, who argued that the city would be losing \$132,000 per year that could have gone toward an increase in their wages. Among those opposing the removal of the 2-percent tax was future mayor and current firefighter, Terry D. Schrunk. See "10-Cent Fare Passed; Strike Antidote Eyed," *Oregon Journal*, 14 May 1949.

⁴²The thirty new motor buses (gas) were ordered from Twin Coach instead of Mack, although one gas bus was also ordered from Mack during 1948.

⁴³"Labor-Management Issue Brought Out in Fare Talks," *The Oregonian*, 4 May 1948; "10-Cent Fare, \$1.60 Pass Virtually OK'd," *Oregon Journal*, 5 May 1948; "Traction Pay Up \$385,000," *The Oregonian*, 19 September 1948.

TRANSIT PLANNING DURING THE POSTWAR ERA

As has been illustrated, the city became much more involved with the situation facing Portland's transit system during the postwar years. Again, this involvement arose primarily as a reaction to a perceived crisis: the sale of the Portland Traction company to outside interests and the fear of full-scale bus substitution. However, the city's involvement would very likely have arisen even in the absence of the sale to the San Franciscans and the concerns about bus substitution.

Postwar Revitalization of the City Center

As has been shown, the city was inextricably involved in the standoff between the company and labor, as the company continued to make wage increases contingent upon fare increases, which the city did not easily grant. This situation -- involving the company, labor, and the city in a three-way tug-of-war -- would have kept the city involved with transit issues even if the San Franciscan sale and bus substitution had not been concerns. Another urgent concern facing the city during the postwar years, also affecting its involvement with transit policy, was the revitalization of the central-city core, whose competitive edge with outlying districts was beginning to erode.

"Mass Transportation Service Is Taken Too Much for Granted". Concerns about the negative effects of decentralization were not confined to members of the city council. Any of Portland's businesses and industries that depended on the vitality and dominance of the city center had reason to be concerned. Even the Portland Traction Company was worried. Gordon G. Steele wrote Commissioner Fred Peterson that "decentralization now threatens the central district, unless immediate steps are taken to relieve desperate traffic congestion." To make his point, Steele sent along a copy of a

recent address by American Transit Association (ATA) executive manager, Guy Hecker, entitled "Transportation -- A Vital Element of City Planning."⁴⁴

In his address, Hecker explained that the transit industry in general was aware that decentralization had had a "depressing effect" on property values in the central business district. The concerns of many planning and traffic experts, Hecker said, could be reduced not to the problem of how to move more vehicles, but of how to move more people. The answer to this problem, Hecker maintained -- and citing Harland Bartholomew -- was in better mass transit.

Hecker proclaimed the streetcar as more efficient than the motor bus, primarily because of its greater carrying capacity, but went on to make a case for incorporating motor buses into freeway planning. Citing L. Deming Tilton, director of planning for San Francisco's planning commission, Hecker noted that if motor buses could operate on highways, more people would opt to leave their automobiles at home, parked on relatively cheap land, as opposed to in a high-value downtown space.

Hecker also insisted that, contrary to the expectations of some observers, mass transit ridership had not markedly declined since World War II had ended; instead, he claimed, high demand persisted and there was a dearth of new equipment available to replace the unusual wear and tear from increased wartime ridership, primarily because of a series of strikes in the automotive industry (including the Mack strike referred to above). Undoubtedly speaking for many in the transit industry, Hecker said,

Sometimes I am inclined to believe that mass transportation service is taken too much for granted; that too few people realize the unpredictable demands placed upon a transit system and that the greatest interest is

⁴⁴Gordon G. Steele, Letter to Fred L. Peterson, Portland, 12 December 1946, File 16/4, Box 13-07-09/3, Portland City Archives, Portland.

evidenced by the public only when there is a service failure or something that inconveniences a patron.⁴⁵

Continuing in his address, Hecker spoke specifically of Portland:

We in the industry recognize Portland as one of the difficult communities among the major cities of the country for mass transportation operation. You have here in some degree almost all of the problems that confront any transit system in the country. You have a comparatively small population spread over an area large enough to accommodate three times as many people; you have a river with continuous bridge openings intersecting the city and with a high percentage of your population crossing the river by mass transportation or automobile twice daily; you have the usual general public demand for direct service across the river and from all corners of your city to the downtown district; and you also have your narrow congested downtown streets.⁴⁶

The de Leuw, Cather Report. The city council's concerns about Portland's postwar transit and traffic needs were much the same as those expressed by Hecker and other transit-industry officials. Everyone involved in Portland's transportation policy-making for the past few decades was aware of the problems of heavy east-to-west traffic, bottlenecks around bridge approaches, and downtown congestion. Although Portland had experienced a significant wartime boom, worries about sustaining the growth -- especially in the face of increasing competitiveness from other urban and suburban areas -- had already prompted planners and city officials in 1943 to bring in Robert Moses to suggest a postwar direction for the city.

The city's approach to the specific transportation-related problems to which Hecker referred once again involved contracting with a nationally known expert. As noted above, in July of 1947, one month after hiring New York rate analyst John

⁴⁵Guy C. Hecker, "Transportation -- A Vital Element of City Planning," Address before the American Transit Association Meeting in Portland, 1946, File 16/4, Box 13-07-09/3, Portland City Archives, Portland.

⁴⁶Ibid.

Bauer -- also a nationally known expert -- the city council contracted with the Chicago consulting firm of de Leuw, Cather to undertake a study and make recommendations with regard to the city's transit and traffic situation.

The de Leuw, Cather report, delivered by Charles E. de Leuw himself at a University Club dinner on January 7, 1948, restated many of Portland's problems noted by ATA executive manager Guy Hecker one year prior: the sparse population over a relatively large area; the extremely short blocks downtown, creating frequent intersections and exacerbating congestion; and Portland's unique topography -- hills and a river -- that compromised "regularity" in the city's transit system.

Like the members of the city council who hired the company, de Leuw, Cather criticized the extreme age of most of the city's streetcars (most of which were at the time over thirty-five years old) and the inflexibility of the track-tied vehicle in general. Like Lee, de Leuw, Cather championed a "balanced system" of trolleys and motor buses, noting, however, that the latter were generally "of a type and design as to be unattractive to transit passengers."

De Leuw, Cather made a number of specific recommendations with respect to traffic and transit, all of which were to prove highly unsatisfactory to the company. One of these was the immediate replacement of all streetcars with motor buses or trolleys. The firm made a similar recommendation for the San Francisco transit system that same year.⁴⁷ Another recommendation for Portland was the full-scale adoption of one-way streets. The consultants also suggested the implementation of through-routing, as well as the creation of several new cross-town bus lines and extensions of existing lines.⁴⁸

⁴⁷Adler, *Political Economy*, 13; 25.

⁴⁸de Leuw, Cather & Company, "Report on Transit Modernization and Traffic Improvements," Portland, December 1947, File 16/8, Box 13-07-09/3, Portland City

Implementing Postwar Transit Policy: Continuing Conflict

The de Leuw, Cather report was submitted to the transit committee of the transportation planning commission early in 1948. It will be recalled that in early 1948 the Portland Traction Company's employees had announced that they would be going on strike if they did not receive a twenty-five-cent wage increase as part of the upcoming spring contract renewal. In preparation, the company had requested a fare increase, first through the state public utilities commission and then to the city council itself. The employees did receive a wage increase, which was approximately 50 percent lower than they had requested. The company also received a fare increase, bringing its average fare up to about ten cents, as well as relief from its 2-percent gross revenue tax.

At virtually the same time that these concessions were being made, however, the transit committee began issuing suggestions based on the de Leuw, Cather report. The company considered these suggestions to be difficult and costly, in effect defeating the purpose of the recent fare increase and fee relief, which had made the wage increase possible.

The Problem with One-Way Streets. The one-way traffic plan for downtown, which widely extended the system of one-way streets in Portland, was approved in January of 1949. The system had been recommended by every planner who had come to Portland, from Charles Cheney in 1917 to Robert Moses in 1943. One-way streets had been opposed by the transit company and many downtown businesses for decades, although a number of downtown merchants had come to accept the one-way street as a solution to traffic congestion that disrupted business. As early as 1922, the

Archives, Portland; "Expert Criticizes City Transit Setup, Suggests Changes," *Oregon Journal*, 8 January 1948.

conservative *Oregon Voter* had announced itself to be in favor of one-way traffic.

"Portland must come to it," the *Voter* proclaimed. But opposition remained. The Portland Association of Building Owners and Managers' committee on traffic and zoning, for example, opposed the one-way street plan, advocating instead an emphasis on easing bottlenecks at the easterly approaches to the bridges as a means of alleviating congestion.⁴⁹

The Portland Traction Company was also opposed to the implementation of one-way streets. First, the company explained, there would be a high cost involved with changing trolley coach wires as required for the new system. In addition, transfer connections would be entirely disrupted. Stops would have to be changed to conform with the one-way street pattern. For example, there could be no stops at corners where right turns were permitted; otherwise, traffic would become hopelessly backed up while coaches were stopped for passenger loading. Finally, management noted, vehicles that looped around blocks would have to travel back and forth between a right-hand lane and a left-hand lane, and then back again to a right-hand lane, going a total of four extra blocks during all of the lane switching.⁵⁰

The city council did not feel itself to be in a position to forgo implementation of the one-way street plan in order to accommodate the concerns of the transit company. Congestion and accessibility to the downtown business district appeared to be of greater urgency, and the needs of a transit company held in low regard by current members of the city council came in a distant second. Implementation was, however, delayed in

⁴⁹"One Way Traffic," *Oregon Voter* 31 (November 25, 1922): 27; Albert R. Bullier, Letter to Portland City Council, Portland, 29 July 1948, Mss 1372, Box 2, William A. Bowes Collection, Oregon Historical Society, Portland.

⁵⁰Gordon G. Steele, Letter to Stanley M. Lanham, Portland, 9 January 1952, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

order for the company to change the electric overheads. Dorothy McCullough Lee, who was by this time mayor, gave the company until October 1, 1949, to make the necessary changes. Later, in a 1952 letter to the director of planning for Los Angeles Transit Lines, Gordon Steele remarked that “the entire downtown area was converted to one-way traffic . . . and our traffic situation is just about as bad today as it was the day the switchover was made.”⁵¹

The Problem with Through-Routing. Another suggestion made by de Leuw, Cather and strongly endorsed by Lee was that of increasing the number of through-routes operated by the transit company. The company’s routing pattern had since the beginning relied heavily on looping. The Mt. Scott line, for example, would come into downtown Portland from Southeast Foster Road by crossing the Hawthorne Bridge, entering downtown on Madison Street. It would then travel north on Second Avenue, turn east on Alder Street, run south down First Avenue, and then back to the east side across the Hawthorne Bridge. The line would continue out Hawthorne Boulevard, to Southeast Fiftieth and then to Foster Road again (see Figure 34, p. 339).

The looping pattern was, for the company, convenient and cost efficient. The primary cost efficiency lay in the fact that by looping, the line not only delivered passengers who had already paid for the inbound journey, but picked up more paying passengers for the outbound journey. From the point of view of planners and the city council, however, looping not only increased congestion by involving more turns by the larger mass transit vehicles, but it impeded implementation of a one-way street plan, as noted above. In addition, the planners reasoned, through routes would emulate cross-town service by allowing riders to travel from, say, Foster Road in the southeast to, say, St. Johns in the north -- without having to transfer.

⁵¹Ibid.

To accomplish this, the Mt. Scott line, for instance, would come into downtown Portland across the Hawthorne Bridge, as it presently did. Instead of looping north and south and then back out Hawthorne again, however, the line would continue northbound through downtown Portland, eventually crossing the Broadway Bridge and traveling north on Interstate Avenue toward St. Johns (see Figure 35, p. 340). From the company's perspective, through-routing such as this allowed too much "dead time" during which few or no paying passengers would be boarding, yet the number of vehicle miles traveled remained the same as or even increased over the loop-route procedure.

Some downtown businesses also opposed through-routing. Albert R. Bullier, chair of the committee on traffic and zoning for the Portland Association of Building Owners and Managers, explained to the city council that through-routing would, in the opinion of his committee, create more congestion by directing an extra load of trolleys and buses into the traffic stream on streets where they had not been before. But, more importantly, the effect on downtown business was perceived to be detrimental:

Another reason for our recommendation that perimeter looping of transit lines be maintained is that we believe property values, as influenced by transit routes of long standing, should not be destroyed without overwhelmingly adequate reason . . . It is interesting to note . . . that the consolidation and through-routing of transit lines . . . evidently was not made for the convenience of shoppers . . . Obviously, De Leuw & Cather did not design the Portland transit re-routing plan to bring more business into the downtown area.⁵²

The Problem with Service Extensions. The de Leuw, Cather report also recommended a number of service extensions to outlying areas. Steele tried to be conciliatory in his response to all of the consultants' suggestions. "We welcome the

⁵²Bullier, Letter to Portland City Council, 29 July 1948.

opportunity to discuss with all interested parties any and all phases of city transportation here in Portland," he explained in a letter to the city council. But, he continued, those who exert pressure for service extensions grossly underestimate the costs involved.

We frequently have requests for extensions to new real estate additions. We know from experience that in a district in which say some 200 families may reside, close to 75 percent of the men of that group will drive their own automobile to and from work, that the average wife will make one trip to the city per week, and as a result we come out with a total gross revenue from such a [service] extension of perhaps \$25.00 per day to apply against an operating outlay of about three times that amount. . . . We must point out to this Council that we cannot . . . provide taxicab service for everyone on a mass transit basis.⁵³

The company also continued to resent the prevailing attitude at city hall that politicians, planners, and consultants were in a better position to direct the modernization and service provision of the company than was the company management itself. "No order is necessary for us to increase service on any line," explained Steele. "It is not only our responsibility but just good business to increase service as the demands increase." Alluding to the city council's habit of employing outside experts to make service recommendations for the transit company, Steele concluded his response to the de Leuw, Cather recommendations by remarking, "We believe the people of Portland should know that the recommendation made by the Portland Traction Company is based on a personal knowledge and on many years of experience in public transportation."⁵⁴

⁵³Gordon G. Steele, Letter to Portland City Council, Portland, 14 July 1948, Mss 1372, Box 2, William A. Bowes Collection, Oregon Historical Society, Portland.

⁵⁴Ibid.

City Transit Policy: Competing Demands. Dorothy McCullough Lee had become mayor in 1949 and was succeeded by Fred L. Peterson as commissioner of public utilities. However, Lee retained her position as the primary transportation-policy actor at city hall. As mayor, she was also the commissioner of public safety. Upon becoming mayor, she replaced the transportation planning commission with the traffic and transportation commission, which could ostensibly concern itself with issues of traffic safety, as well as transportation in general. Its members included Lee, Peterson, and Ormond Bean, who was now back on the city council (after serving as the state public utilities commissioner) as commissioner of finance.

By early 1950 the new traffic and transportation commission had been able to implement most of the recommendations set forth by de Leuw, Cather. From the point of view of the company, the costs incurred by the three major programs discussed above -- one-way street implementation, through-routing, and service extension -- were tremendous. It will be recalled that these programs were *in addition* to the mandatory modernization program the company had agreed to undertake in exchange for its fare increase in 1948.

The city was still waiting for the full-scale replacement of all streetcars. Despite the higher initial cost involved with trackless trolleys, by the mid-1940s both company and city officials had come to agree that the trolleys were the preferable replacement for streetcars, particularly on heavily traveled routes. In 1945, Steele had proclaimed that the trackless trolley was "the most acceptable vehicle yet produced for the transportation of passengers. . . . [Its qualities] cannot be equalled by any other rubber-tired vehicle."⁵⁵ Two years later, Steele continued to exclaim that trolleys were

⁵⁵Gordon G. Steele, Letter to Akron Transportation, Portland, 15 December 1945, quoted in Douglas McKean, "Rate Expert, Lawyer Swap Verbal Punches over Who 'Runs' Company," *Oregon Journal*, 26 August 1947.

“the most acceptable vehicle yet produced for transportation of passengers.”⁵⁶ In 1948 the company purchased fifty new trolley coaches as part of its modernization commitment.⁵⁷

But by 1950, Steele’s attitude had changed: “We know now that a modern motor coach is just as acceptable, if not more so, to the riding public than is the electric trolley coach.” He cited the motor bus’s better maneuverability as the primary factor in its superiority over the trolley. From this point on, the company would focus entirely on replacing old equipment with diesel motor buses. The last electric, track-tied streetcar was pulled off the streets of Portland in 1950. Although the trackless trolleys continued to operate for another eight years, there were no additional trolley purchases. During 1950 and 1951 the company purchased fifty-seven new diesel motor buses from Mack. There were no further equipment purchases until 1960.

By the early 1950s the company faced the same set of conflicting and competing demands that it had faced in 1920. The public wrote letters directly to Gordon Steele, asking that new stops be installed, that schedules be changed by two or three minutes to accommodate work hours, that buses not stop in front of people’s houses, that routes be changed to serve individual riders, and so on. Many letters were passed on to Ray Perkins, superintendent of schedules, who would write back to Steele informing him of the advisability or inadvisability of effecting the requested change.⁵⁸

⁵⁶Gordon G. Steele, quoted in “Illness of Commissioner Halts Hearing on Bus Fare Raise as Expert Finishes,” *The Oregonian*, 26 August 1947.

⁵⁷This 1948 purchase also included thirty new gas buses from Twin Coach and one gas bus from Mack. The fifty trolleys were from the Kenworth Company in Seattle; this order constituted the only trolley equipment ever built by that firm, which specialized in trucks and intercity buses. See Sebree and Ward, “The Trolley Coach in North America.”

⁵⁸Letters to and from the public, covering about a ten-year period, may be found in Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

The majority of the public's numerous and personal requests were not granted, although most letters appear to have been answered. Some requests, however, were granted. Verne Perry, a member of the prestigious Multnomah Athletic Club, asked that a westbound stop for the Council Crest bus be put up directly in front of the club. Five days later, the stop was installed. It was not only upper income patrons whose requests were granted. Adam De Martino, an employee at the out-patient clinic at the Oregon Health Sciences University Hospital was granted his request that the Sam Jackson bus leave the clinic at 9:15 P.M. instead of at 9:18 P.M., so that he could make his transfer downtown.

Regardless of whether or not requests were granted, it seems remarkable that each letter from the public was read and responded to, not by receptionists or secretaries, but by upper level management. These were the same individuals responsible for effecting new equipment purchases and the service and operational modifications involved with the implementation of one-way streets, through-routes, and service extensions. Implementation of service improvements and changes exacted a heavy toll on the company, which was already hard pressed to provide quality service to riders, to grant higher wages for labor, and to maintain the lowest possible fare structure.

Perkins would later become general manager and then president of the city lines company.

THE CIRCLE OF ANTAGONISM CONTINUES: THE 1950s

The Portland Transit Company entered the decade of the 1950s on a pessimistic note. As Figures 42 and 43 illustrate, both interurban ridership and city lines ridership continued to decline precipitously during the postwar period.⁵⁹

The Inflammatory Issue of Interurban Abandonment

Given the various demands placed upon the company in the form of service improvements and extensions, regular wage increases, and so on, the company had little choice but to begin to seek additional ways to decrease its operating costs. As was common around the country during this period, the Portland company began to look at cutting back, once again, on its interurban service.

Hilton and Due note that in the postwar years “many officials were convinced that the [interurban] lines were doomed as passenger carriers, and they merely ran their equipment until it wore out.” In a review of abandonments during this later period, Hilton and Due found a

surprisingly high number of cases in which abandonment was directly and immediately prompted by accidents, damages, and other factors that forced either liquidation or a large capital investment that was impossible or clearly undesirable from a profit standpoint.⁶⁰

⁵⁹From 1946 until 1956, the company, which was owned by the Portland Transit Company in San Francisco, was referred to as either Portland Transit or Portland Traction for the city lines and as Portland Traction Interurbans or Portland Railroad and Terminal for the interurbans. Technically, the city lines retained the name Portland Traction Company and the interurbans were the Portland Railroad and Terminal division of the Portland Traction Company.

⁶⁰Hilton and Due, *Electric Interurban Railways*, 238; 243.

Figure 42. Interurban ridership, 1940 to 1954.⁶¹

Figure 43. City lines ridership, 1940 to 1963.⁶²

⁶¹Data from *Portland Traction Company, a Corporation, Application for Authority to Abandon Service on the Portland Railroad and Terminal Division, before the Public Utilities Commissioner of Oregon, F-2441, Order No. 33743, April 22, 1955*. Note that this source did not include interurban ridership figures for the period after 1954. Interurban passenger service was discontinued in 1958.

⁶²Data from *Portland Transit Company Annual Reports, 1971 to 1975, Box 6, Tri-Met Library, Portland*.

The Portland-area interurbans were an exception to this trend. There were no disastrous car barn fires or horrendous wrecks. From the perspective of the Portland Transit Company, the primary factor in its decision to abandon service was the perception that the cost of providing passenger service was far greater than the revenues derived therefrom. The company had already abandoned service on its Springwater division from Bellrose to Gresham in 1949. Now, in early November of 1952, it was asking to abandon passenger service on what remained of the Springwater division and on the Oregon City line (see Figure 36, p. 414).

Opposition to Abandonment. There was immediate opposition to the company's request to abandon its passenger service. Protest came from the United Amusement Company, which operated The Oaks Park, served by the Oregon City line; from the Clackamas County Realty Board; from the Oregon City Chamber of Commerce; and from a group called Transit Savers, a voluntary citizens association organized in Oak Grove (located a couple of miles south of Milwaukie) in November of 1952 for the purpose of protesting abandonment or a fare increase in its stead.⁶³

Transit Savers, which was incorporated as a nonprofit organization in 1953, galvanized support for its cause throughout Clackamas County. An editorial in the *Enterprise-Courier*, an Oregon City newspaper, urged local residents to attend Transit Saver meetings, stressing that the group needed the "verbal approval of the people who

⁶³*Portland Traction Company, a Corporation, Application to Abandon Passenger Service on the Portland Railroad and Terminal Division, before the Public Utilities Commissioner of Oregon, November 5, 1952; Transit Savers, Request for Postponement of Tentative Hearing Date of Portland Traction Company, Application to Abandon Passenger Service, November 28, 1952; Oregon City Chamber of Commerce, Resolution against Abandonment by Portland Traction Company, December 9, 1952; Protest against Portland Traction Company, Application to Abandon Passenger Service, December 29, 1952, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.*

are most concerned -- the people who ride the Toonervilles," as the interurbans were affectionately called. "The company has a mighty weak moral case for the rate increases," the editorial continued. "Attend the meeting Thursday night at Oak Grove. It's the only way which you can indicate you want to protect your rights -- the rights of a transportation service which is at once economical and modern."⁶⁴

Transit Savers was a remarkably persistent and vocal organization, which appears to have in fact been successful in persuading the state public utilities commission to deny the 1952 abandonment request.⁶⁵ The denial was issued on November 18, 1953, about one year after the initial petition. The company immediately filed a request to revise its passenger operating schedules by reducing nonpeak-hour service and terminating Sunday service on the Portland-to-Bellrose segment of the Springwater line. This last request -- abandonment of Sunday service from Portland to Bellrose -- was granted in the spring of 1954.⁶⁶

Transit Savers had argued that the company's receipts would increase if service on the interurbans were improved, again voicing the common perception that service improvements would lead to increased ridership. In fact, the company did introduce all-steel reconditioned electric cars on the interurban lines in 1953, hoping to attract more riders. The company found that nevertheless ridership continued to decline and

⁶⁴"Protect Your Rights Thursday Night," Editorial, *Enterprise-Courier*, 20 May 1953.

⁶⁵In "Transit Savers Asks for Recess in Hearings When They Are Held in October of 1954," the *Milwaukie Review*, 30 December 1954, referred to Transit Savers as "the only group in the country that has ever *successfully* opposed a transit abandonment proceeding."

⁶⁶*Public Utilities Commission of the State of Oregon, in the Matter of the Portland Traction Company, a Corporation, Application to Abandon Passenger Service on the Portland Railroad and Terminal Division, before the Public Utilities Commissioner of Oregon, Order No. F-2419, April 19, 1954.*

that despite the discontinuance of Sunday service, operating revenues had not improved. Thus, in July of 1954 the company renewed its petition to abandon passenger service.⁶⁷

The public utilities commission again denied the petition, citing the strong protest by the still-active Transit Savers, Inc. The commission based its opinion largely on the finding that the rate of return for the interurban properties had averaged nearly 20 percent during the four-year period between 1950 and 1954, although, the commissioner added, "it is appreciated, of course, that such [rate of return] is chiefly derived from the . . . freight operations." The order went on to note that "there is little evidence of any real effort on the part of Applicant to encourage additional passenger patronage," despite the fact that the reconditioned equipment had been purchased and that schedules had been revised to be more convenient -- points both acknowledged by the commission. The order emphasized what it considered to be a neglect of facilities and limited appreciation by the company of the fact that patronage was as good as it was only by default -- because riders had no other form of transit.⁶⁸

The state sided with Transit Savers in taking the position that people were *entitled* to transit service and to a certain standard of service. The commission maintained that the people who lived in the areas served by the interurbans were highly dependent upon them for transportation, that their communities "were virtually generated by the inauguration and continuance of the Interurban service."⁶⁹

⁶⁷Portland Transit Company Annual Report, 1954, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

⁶⁸*Public Utilities Commission of the State of Oregon, F-2441, in the Matter of the Portland Traction Company, a Corporation, for Authority to Abandon Passenger Service on the Portland Railroad and Terminal Division, before the Public Utilities Commissioner of Oregon, Order No. 33743, April 22, 1955.*

⁶⁹*Ibid.*

Cutting Off Access: The Hawthorne Bridge Issue. Hilton and Due note the loss of connections or access to downtown areas as another major factor in abandonment decisions from the mid-1930s on. They report this to have been the case when the San Francisco Napa and Calistoga was cut off from downtown San Francisco because ferry service from Vallejo to San Francisco was discontinued in 1937. It was also the situation for the Seattle-Everett interurban line, when the Seattle Municipal system abandoned its streetcar lines in 1939, leaving the interurbans without access to downtown Seattle. But Hilton and Due make particular mention of the Portland case, noting that the end of the Portland company's passenger service "was assured when its cars were barred from the bridge over the Willamette River by which they reached the downtown area."⁷⁰

The state's insistence that the interurbans continue to provide suburban-to-downtown service, despite the company's claim of increasing operating losses, conflicted with the city's position that interurbans were not welcome in the downtown area. As early as 1952, city engineer Fred Fowler had maintained that the interurbans' passage into downtown Portland exacerbated traffic congestion; he also felt that the interurbans' use of the Hawthorne Bridge constituted a safety hazard. Although Fowler did not necessarily advocate abandonment, he was clearly opposed to permitting the interurbans to continue to run into downtown Portland.⁷¹

In the early fall of 1956, new approaches to the Hawthorne Bridge were constructed. Fowler had advocated not only that these approaches not be laid with tracks, but that any remaining tracks on the city's bridges be removed. Representatives from Transit Savers had opposed Fowler's recommendations, arguing that although

⁷⁰Hilton and Due, *Electric Interurban Railways*, 244; 392.

⁷¹Fred T. Fowler, Letter to Fred L. Peterson, Portland, 19 December 1952, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

“some expense would be encountered in including tracks at the approaches[,] we know that much more expense would be encountered through loss of business.” The city assured the group that there would be an arrangement whereby the traction company would furnish bus shuttle service across the river, but the Transit Savers representatives remained skeptical.⁷²

By the end of 1956, Fowler’s recommendations had been implemented, “a modernization which stopped the old-type interurban trolleys from entering the downtown area.” As the city had promised, shuttle service was provided. The Portland Traction Company had voluntarily allowed interurban passengers to transfer to buses in order to cross into downtown Portland. However, the company was not satisfied with this arrangement, maintaining that the ailing city lines could not continue to provide free transfer service to riders of the interurban lines, which the company considered to be independent from the city lines. Thus, on January 1, 1957, the company terminated the transfer privileges.⁷³

An outraged public utilities commissioner, Howard Morgan, responded by ordering the company to continue to provide interurban service into downtown Portland by operating shuttle buses from its interurban terminal at Southeast First Avenue and Hawthorne Boulevard. If the company did not provide the service within five days, it would be fined \$500 per day for every day without the shuttle service, retroactive to January 1. If it still had not instituted the shuttle service after that five-day period, the company would be fined \$1,000 per day.⁷⁴

⁷²Portland City Council Minutes, 12 April 1956.

⁷³Portland Transit Company Annual Report, 1957; “PUC Chief Orders PTC Shuttle Plan,” *Oregon Journal*, 3 January 1957.

⁷⁴*Public Utilities Commission of the State of Oregon, F-2441, in the Matter of the General Investigation of Interurban Passenger Rates and Operations of the Portland*

The company, of course, immediately appealed the commissioner's ruling. Meanwhile, however, the company had been attempting to substitute bus service on its interurban lines. Current laws limited the scope of the Portland franchise to allow for operation of the city bus lines for only three miles outside the city's limits. Thus, in order to run buses into another municipality, the company needed to obtain a franchise from that city. For this reason, the company had applied to the city of Milwaukie to extend its Sellwood bus line into Milwaukie. This would replace much of the passenger service provided by the Oregon City interurban line. However, bus service was already being provided to this area by a competitor company, Inter-City Buses, Inc., which in 1955 had received a tariff from the public utilities commission to provide service between Portland and Oregon City.

Howard Morgan later recounted that one of the owners of the Inter-City Buses, Ed Larson, had testified in 1957 that his company was providing service along this route by buses that had actually been loaned to Inter-City by Portland Traction for a fee of \$1 per month. Morgan understandably was confounded as to why the Portland company would loan buses to a potential competitor. Upon questioning by Morgan, Portland company executives said only that the arrangement was a "prudent piece of business."⁷⁵

What the executives didn't explain was that the Portland company was already negotiating with Larson to purchase his company and its franchised routes; thus, it was

Traction Company, an Oregon Corporation, before the Public Utilities Commissioner of Oregon, Order No. F-2544, February 13, 1957.

⁷⁵Howard Morgan, Letter to E. Kimbark MacColl, Alicante, Spain, 30 March 1980, photocopy to author.

in the Portland company's interest to foster bus patronage along these interurban routes, regardless of which company, for now, provided the service.⁷⁶

On January 25, 1958, Commissioner Morgan finally relented and granted the company permission to abandon partial service: sixteen trips on the Oregon City line and two on the Bellrose line. The company had wanted to abandon all passenger service on these lines, but Morgan refused to allow complete abandonment. The same day his order was issued, the attorney general for the state of Oregon secured a peremptory writ of mandamus, overriding Morgan's order and requiring immediate continuation of all service. The company's legal counsel began an appeal to the Supreme Court, meanwhile advising management that the order to continue any service at all was "invalid and unenforceable. Accordingly, on Saturday, January 25, 1958, Portland Traction Company brought its interurban trolley service to an end."⁷⁷

Thus ended sixty-five years of passenger service on what many consider to be the country's oldest interurban line. Freight service, however, continued on the line, which was shortly thereafter sold to the Southern Pacific and Union Pacific, which assumed joint operation of the line.⁷⁸

⁷⁶Despite years of negotiation, the Portland company's executives and Ed Larson were never able to agree on a purchase price. Larson's properties didn't merge with the Portland properties until after Tri-Met had taken over.

⁷⁷Harold H. Rice, Letter to William U. Taylor, Portland, 5 February 1958, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland; Portland Transit Company Annual Report, 1957.

⁷⁸What interested SP and UP, according to Morgan, was the high-premium liquor freight from the new Oregon Liquor Control Commission warehouse located along the interurban tracks near Milwaukie, Morgan, Letter to E. Kimbark MacColl.

Accusations and Denials

The Creation of Rose City Transit Company. The crisis involving the interurbans occurred at a crucial time. The Portland Traction Company's franchise with the city was set to expire in February of 1956. The company had already requested a renewal of the franchise in October of 1955. According to Commissioner Bean, the franchise proposed by the company was crafted "without any preliminary discussions with the City. The City believed that it had a right to consider the franchise and discuss it with the Company." In light of the general hostility that existed between the city and the company regarding the interurbans, fare-increase requests, and so on, the city denied the company's October 1955 request, instead granting a thirty-day operating permit.⁷⁹

Shortly after the denial of the franchise renewal, Gordon Steele was given a leave of absence from Portland Traction in order to devote all of his time to the formation of a new corporation, Rose City Transit, whose purpose it would be to take over operation of the city lines. Charles C. Bowen, executive vice president and treasurer of the San Francisco-based Portland Transit Company, was appointed the new executive vice president and chief executive officer of Portland Traction.⁸⁰

⁷⁹Ormond R. Bean, Notes on Portland Mass Transit, TMs [mimeograph], March 4, 1957, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland.

⁸⁰Gordon G. Steele, Notice to All Employees, Portland, 27 December 1955, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland. Fred G. Stevenot had been president of the San Francisco-based Portland Transit Company since 1947, when Leland Adams died. "Incidentally," noted Howard Morgan, "Bowen and I, at separate times, studied transportation economics and regulatory law under probably the most eminent academic authority in the U.S. during the early forties -- Stuart Daggett at the University of Cal. graduate school in Berkeley. I went there to learn how to protect the public and Bowen went there for the opposite reason."

Upon its formation on January 13, 1956, Rose City Transit (RCT) requested a ninety-day permit from the city and began operation of the city lines. Both the city and the company maintained that the primary purpose for the formation of RCT was to create a new corporate entity that would be entirely separate from the interurbans. As discussed above, these were at the time in the process of being shut off from downtown and under order to provide free bus transfers. Commissioner Bean lamented that the separation of the city lines and incorporation of RCT “was a sad mistake as far as the City was concerned,” but, he continued, the ninety-day permit “was forced upon [the city] because of the lapse of the ten-year franchise and the threat of removal of the City lines from the streets if the City did not grant the permit to the Rose City Transit Company.”⁸¹

“Our Objective Is to Sell Rose City Transit”. The company’s petition to abandon interurban passenger service had already reactivated suspicions that the San Franciscans’ intent all along had been to sell the interurban lines and, in the process, abandon all passenger service -- interurban *and* city. In 1954, the *Milwaukie Review* had criticized what it called “the persistent policy of the Portland Traction Co. to try to abandon passenger service on the Oregon City and Bellrose lines, so it may sell the service [to a California syndicate] to be used for freight only.”⁸²

The city maintained that the creation of RCT was further evidence of the San Franciscans’ original intent to sell the Portland properties. The Portland Transit

Both of us, I would say, got what we came looking for,” Morgan, Letter to E. Kimbark MacColl.

⁸¹Ormond R. Bean, Notes on Portland Mass Transit.

⁸²“Commuters, Property-Owners, Gird for Long Fight to Save Transit Line,” *Milwaukie Review*, 23 September 1954.

Company's annual report for 1955, dated March 14, 1956, was read by Commissioner Bowes to the city council as proof of this intent:

It is not desirable for Portland Transit Company, through its operating subsidiary, Portland Traction Company, to become involved in a long-term renewal of the city passenger franchise.

Orderly change-over to a successor system, and orderly liquidation of our Portland city property is in the best interests of all concerned.

Accordingly, after many meetings and negotiations, on January 13, 1956, Rose City Transit Co. was organized to acquire the city lines from Portland Traction Company . . .

Through the agency of Rose City Transit Co., Portland City properties are now completely separated from the freight and interurban passenger properties.

Our objective is to sell Rose City Transit Co., and thus divest ourselves of any connection with or responsibility for operation of Portland City lines. It is further our purpose, pending disposal of the City lines, to avoid any unnecessary interruption to service which would cause public inconvenience, unemployment, and possibly have adverse affect [sic] on our asset value. The accomplishment of these purposes will require the full cooperation of the City Council, the employees' union, and ourselves . . .

It is clear that *no one financially able to take over the Portland city operation would be willing to do so on any such unsatisfactory franchise* and other conditions as we have operated under these past nine years and longer. It is clear that Portland Transit Company is *not warranted in continuing its interests in the City lines on any long-term basis*. It is clear that responsibility for working out a successor arrangement now rests with Portland City Council, the body which last October rejected our application for a franchise renewal.⁸³

From the city council's perspective, the company had never wanted to renew its franchise, had never wanted a long-term commitment with the city. The council was

⁸³Portland Transit Company Annual Report, 1955, as quoted in Portland City Council Minutes, 5 April 1956, Portland City Archives, Portland, and William A. Bowes, Letter to Portland City Council, 3 January 1958, Mss 1372, Box 2, William A. Bowes Collection, Oregon Historical Society, Portland. Italics added.

convinced that the San Franciscans' plan all along had been to dispose of the properties and to leave the city without public transportation.

Howard Morgan would later note that "it was only with the greatest difficulty that [the San Franciscans were] persuaded to accept the interurban lines, virtually as a gift. . . . [They were] primarily interested in the urban system and regarded the interurban setup as a dead or dying horse."⁸⁴ Perhaps, however, it later became the San Franciscans' intent to groom the Portland properties for sale once it became apparent that the interurbans -- particularly the freight division -- were more lucrative than the city lines. The investors were, after all, in the business in order to make a profit. A similar process had characterized the creation of the Portland Consolidated Railway Company in 1904 by Abbot Mills, Charles Swigert, J.C. Ainsworth, and others, who had set up the consolidated company specifically for the purpose of selling it to the Philadelphia Clarks in 1905. There was no reason why the current San Franciscan investors should not have wanted to sell the Portland properties -- if they could.

The condition of the properties during the 1950s did not make them particularly attractive to a prospective buyer. Both the city and interurban lines had become increasingly unprofitable. The Portland Transit Company's annual report for 1954, the year prior to the annual report cited above and prior to the city council's denial of the company's request to renew its franchise, made it clear that the San Franciscans considered the Portland operating company to be an unprofitable burden. The company claimed that its forty- to fifty-seat coaches had been carrying an average of four paying passengers per mile of travel. "This is like running a 10-story hotel with only one

⁸⁴Howard Morgan, Letter to E. Kimbark MacColl.

floor occupied; or like operating a factory about one working day out of ten,” the 1954 report observed.⁸⁵

The report further noted that wages had increased during 1954 and that the company was facing repeated denial by the state public utilities commission for permission to abandon unprofitable interurban passenger service. To offset these drains on operating revenue, in 1954 the city council had allowed the company to increase its headway and had permitted an increase in student fares from seven to ten cents; the regular cash fare had been increased in January of 1955 from fifteen to twenty cents. But revenues continued to decline. “It cannot be argued,” reported Portland Transit management,

that increase in fares is a logical reason for keeping people away from the buses. The increase in both purchase and maintenance of the automobile has been much greater. The plain fact is that more and more people prefer the automobile as their vehicle of transportation, and in these days of high wages evidently they can afford it.⁸⁶

Despite the seemingly negative outlook, the company’s annual report for 1954 retained an air of optimism. As for the prospect of a long-term commitment and renewal of the franchise, there is no evidence in the annual report at this time (early 1955) that the San Franciscans desired otherwise. Indeed, the management concluded the 1954 report with optimistic expectations for 1955, stating:

In negotiations looking to a renewal, both the Portland City Council and ourselves will be deeply interested in developing a basis for *permanent or at least long-time solution* of the problems now involved in conducting a mass transportation business.⁸⁷

⁸⁵Portland Transit Company Annual Report, 1954, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

⁸⁶Ibid.

⁸⁷Ibid. Italics added.

In fact, there is no evidence of or compelling reason for the San Franciscans' not desiring a renewal of the franchise -- as they in fact did try to obtain in October of 1955. If indeed their plan was to sell the properties, the management would in fact *need* a franchise in order to make the properties attractive to a potential buyer. It was highly unlikely that a prospective buyer would be interested in acquiring a property with declining ridership, hostile relations with the city council, and no long-term franchise. Furthermore, no company would be able to obtain financing for new equipment without a long-term franchise, and no company could expect to operate for any length of time without eventually buying new equipment.

On the other hand, once the company was denied a renewal of its franchise, the management admitted that its new objective was to sell RCT in order to divest the company of any connection with or responsibility for the city lines. Even so, management still understood that it needed a viable franchise, plainly stating that "it is clear that no one financially able to take over the Portland city operation would be willing to do so on any such unsatisfactory franchise." The "unsatisfactory" nature of the franchise probably referred to the conditions of the expiring 1936 franchise, but it can be assumed that the absence of a franchise would be just as unsatisfactory.

Although in 1956 management expressed that it was uninterested in continuing a long-term relationship with Portland, that did not imply that it was uninterested in obtaining a long-term franchise. Further, the company's annual report for the previous year suggested that management would have welcomed a long-term relationship with Portland. Once that relationship had turned sour, with the city council denying a franchise renewal and the public utilities commission denying line abandonment, the San Franciscans no longer had any reason to desire a continued relationship.

By 1957, a year after RCT had been formed and one year before passenger service on the interurbans was discontinued, Charles Bowen, who, as noted above was

the Portland Transit Company's executive vice president and now the Portland Traction Company's president, explained that the San Franciscans' goal was to develop the Portland Traction Company as "Portland's own" freight-hauling railroad. The interurban division, he said, simply should not be in the passenger business. "It would be in the best interest of the area to support a movement to provide a good bus service," leaving the Portland Traction Company to develop itself as a "rail-borne freight-hauler." Indeed, the company had recently purchased thirty acres of industrial tract in Kellogg Industrial Park at Milwaukie from the U.S. Public Housing Administration, which it considered a good investment for attracting new freight-producing industry to the area. "After all," Bowen remarked, "in the long run it's industrial growth which will do the most to help that area progress." Such an investment does not appear to be the action of a company with imminent plans for discarding the Portland properties.⁸⁸

When asked point-blank by the *Oregon Journal* whether the company was essentially "grooming" Portland Traction in order to sell the freight line to a major railroad, Bowen responded matter-of-factly, "We have had offers from all the big railroads. Whether we would sell depends on whether we got an offer we couldn't afford to turn down." From the company's point of view, the sale of the Portland properties for a good price was simply good business sense. As noted above, Portland Transit did in fact end up selling its freight-carrying interurbans to the Southern Pacific and Union Pacific.⁸⁹

⁸⁸Donald J. Sterling, Jr., "PTC Explains Desire to Abandon Trolleys," *Oregon Journal*, 8 January 1957.

⁸⁹Ibid.

Council-Company Relations

No New Franchise. The Portland city council expressed its frustration with the Portland company by refusing to renew the franchise for the city lines. As noted, the reason given was that the franchise offered by the company had not been fashioned through cooperative negotiation, as had the 1936 franchise. It will be remembered that that franchise was hammered out over a four-year period by essentially a four-man team: Franklin Griffith and Cassius R. Peck representing the company and city public utilities commissioner Ralph Clyde and city attorney Frank S. Grant representing the council.

The terms of the new franchise that the Portland company had requested were based on recent actions by the council itself that had removed “practically all of the objectionable features of the franchise” under which the company had theretofore been operating. Most significantly, this had included the lifting of the requirement that the company pay the 5-percent tax on its gross revenue. It will be recalled that the company had for years not been able to pay even 1 percent of its gross revenue; that in 1946 Commissioner Lee had attempted to extract a 3-percent tax, then agreed to lower it to a 2-percent tax; and that in 1948 the 2-percent tax was temporarily waived because the company had not able to pay even that. Finally in January 1954 the council voted to reduce the company’s franchise fee to 1 percent of its gross revenues instead of granting another fare increase.

The new franchise offered by the company in late 1955 proposed to continue the reduced-fee clause. It also proposed to continue the increased headways that the council approved in 1954. In 1953 the council had also relieved the company of the requirement of paving over abandoned tracks and maintaining that pavement for a ten-

year period. The new franchise proposed by the company therefore also included a provision relieving the company of the ten-year street maintenance requirement.

“We did seriously consider requesting a franchise that would contain the automatic fare adjustment provision,” Gordon Steele wrote to a colleague, Powell C. Groner of the Kansas City Public Service Company, “but primarily because of the sympathetic understanding of the present members of our Council, we have taken this other approach [requesting a new franchise with significant relief of obligations].”⁹⁰

It appears that what the city council found most objectionable about the proposed franchise was not its contents, which, as noted, included provisions already in place as approved by city council ordinances, but the fact that the company had not sought a negotiating relationship with the council, that it had instead merely appeared before the council one day in the late summer of 1955 and said, “Here is what we propose.”

Friends and Foes. As in earlier eras, in 1955 the company had enemies and allies on the city council. The company’s latest archenemy, Dorothy McCullough Lee, who had served as commissioner of public utilities from 1943 to 1949 and then as mayor from 1949 to 1953, was no longer in the picture -- much to the company’s relief. Under the new mayor, Fred Peterson, nearly all of the company’s through routes that had been mandated under the Lee regime reverted to loop routes. Peterson had never advocated a reformist, vigilante position toward the company. In fact, Carl Abbott notes that “Peterson took his election as a firm rejection of the municipal reform agenda” championed by his predecessor, Dorothy Lee.⁹¹

⁹⁰Gordon G. Steele, Letter to Powell C. Groner, Portland, 9 June 1955, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

⁹¹Abbott, *Portland*, 159.

A 1951 election had brought back another sworn enemy of the company, Jake E. Bennett, as commissioner of public affairs. He was, however, recalled in May of 1952 and appears to have had little impact on company-city relations. Bennett was replaced by Nathan A. Boody, who immediately positioned himself against the company. In the summer of 1955 Boody wrote the president of the American Transit Association, Donald C. Hyde, with the information that the Portland company's franchise was about to expire and that interested parties were encouraged to apply to take over its franchise as "there has been some dissatisfaction with the operations of the company." Boody should have done a little homework before sending this letter; transit officials take care of their own, and Hyde promptly forwarded Boody's letter to Gordon Steele, noting that "I think it would be most inappropriate to publicize the availability of the Portland franchise." Boody had apparently written other transit officials as well, all of whom diligently forwarded copies on to Steele.⁹²

However, like Ralph C. Clyde, commissioner of public utilities from 1930 to 1943, Boody eventually became more conciliatory, on occasion even defending the company. There is evidence that Boody may have been responsible for courting Eugene Boswell, of the Ogden Bus Lines in Ogden, Utah, to apply for a franchise in Portland in 1957 -- which will be discussed later -- but, in general, Boody appears to have become less antagonistic toward the company between 1955 and 1957.

Part of the reason for Boody's weakening hostility toward the company may have been his closer involvement during a 1957 investigation of the company's latest fare-increase request. RCT, which had been operating since 1956 under a series of temporary permits, had requested a fare increase on December 19, 1956. This request

⁹²Nathan A. Boody, Letter to Donald C. Hyde, Portland, 25 August 1955, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

was rejected by the city council. RCT responded by giving notice that it would terminate operations as of March 22, 1957. This was the first -- but certainly not the last -- time that the company had given a formal termination notification.⁹³

The council responded by hiring an expert, Ernest C. Willard, to investigate the company's fare request. The city's propensity for turning to engineers for advice regarding transit matters was still apparent; Willard was a professional engineer, not an experienced rate analyst. But, this was the first important hiring of a *local* expert to conduct an investigation of a matter involving transportation.

Even more importantly, Boody and Commissioner Bean took it upon themselves to work together in the hiring and review of Willard's work. Boody and Bean had never been polar adversaries, but Bean always felt that his concerns were not being addressed and that he was never given enough information on which to base decisions. It was Bean, as commissioner of finance, who had urged Boody to hire Willard. Thus, when Willard was hired in February of 1957, both Bean and Boody were thrust into a much closer relationship with each other and with the company officials with whom they worked during the rate investigation. As had been the case with the franchise negotiations between 1932 and 1936, the closer relationship among council and city officials resulted in a better understanding of each side's position and a more conciliatory atmosphere.⁹⁴

Other council members during the 1950s included William A. Bowes, commissioner of public works from 1939 to 1970; Stanley W. Earl, commissioner of public affairs from 1953 to 1967; and Terry D. Schrunck, mayor from 1957 to 1973.

⁹³Portland City Ordinance No. 105586, 24 March 1957.

⁹⁴Ormond R. Bean, "Mass Transportation Statement," TMs [mimeograph], April 12, 1956, Mss 1494, Box 2, Ormond R. Bean Collection, Box 2, Oregon Historical Society.

Of these three, Earl maintained the most hostility toward the company, although he did not consistently vote against it. As for Bowes, despite his concerns with the Portland Transit Company's 1955 annual report, discussed earlier, he came to be regarded by the company as having played a strong role in normalizing relations between the two sides.

Terry Schrunk became mayor at the same time that the company was threatening to terminate service. He thus had a very volatile situation thrust into his hands immediately. Schrunk, however, remained less involved with the transit situation during the late 1950s than Bowes, Boody, and Bean, who together constituted the important transit-policy players during this period. Schrunk's involvement with the company would become much more active and direct in the later 1960s. As a newcomer, Schrunk had little investment in siding with or against the current company. His primary concern was that mass transit service continue to be provided, whether that meant granting a franchise to another company, increasing fares, or effecting municipal ownership.

Who's In Charge Here? The hostility between the company and the city during the 1940s and 1950s may have been fueled by the antagonistic approach taken by detractors such as Commissioner Lee, but the fundamental reason for the hostility was the utter lack of trust held by the council and most Portlanders toward the San Franciscan owners.

Richard G. Montgomery, president of the advertising firm of Montgomery & Associates, employed by RCT to try to enhance the transit company's image, lamented the company's public relations crisis: "I don't wish to seem unduly critical of what has been, but in the past -- when the company had financial resources to build a reputation

for top service -- it failed to do so.” He went on to summarize the public’s sentiments as expressed in letters to the editor in the city’s two newspapers:⁹⁵

We [Rose City Transit Company] have no intention of improving our service to the people -- no thought of buying new equipment, adding new routes, training our employees . . .

All of our talk about a long-term franchise is insincere. It’s just a device to get a fare increase.

Our owners are looking for the first chance to unload the company.

There is something unholy about the way we keep our books. We have never “come clean” with the City Council and we have hoodwinked them at every turn.

Actually we are making big profits despite our claims to the contrary.

The separation of the Rose City Transit Company from the Portland Transit Company is pure fiction.

Our owners will probably throw us out at the drop of a hat the minute they disapprove of anything we [Portland management] do.

We cannot call our souls our own as we are completely dominated by San Francisco.

That it seemed to the council and to the public that the Portland management could not call their souls their own was in fact a dominant factor exacerbating the city’s hostility toward the company. It appeared to the council that, unlike the situation in the past, the current Portland management had virtually no authority and that its actions were controlled entirely by the San Franciscan owners.

Gordon G. Steele retired from the Portland transit business in 1956, shortly after he had taken his leave of absence from the Portland Traction Company in order to form the new Rose City Transit company. The new president of RCT was Ralph L. Clark, who, along with Thomas Delzell, had been trustee during the fourteen-year

⁹⁵Richard G. Montgomery, Letter to R. L. Clark, Portland, 18 March 1957, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

reorganization process that had resulted in the Portland company's sale to the San Franciscans.

The city council demanded to know where the final authority lay. Who had the authority to negotiate a franchise with the city council? Was it Charles Bowen, president of the Portland Transit Company? Was it Ralph Clark, Steele's successor as president of Rose City Transit? Or was it Raymond I. Perkins, the general manager for Rose City Transit? In fact, from the city council's perspective, no *formal* application for a new franchise had ever been made.

There had, however, been a formal application. On June 7, 1955, Gordon Steele had written the city council that "the Portland Traction Company hereby makes the request for a ten (10) year extension of Franchise Ordinance No. 67778 and early approval thereof by the City Council." It was this request that had been denied by the council.⁹⁶

In March of 1957 Ralph Clark sent Mayor Schrunk a copy of a resolution passed by the Rose City Transit Company's board of directors (of which Charles Bowen was a member), giving Clark full authority to negotiate for a new franchise. It seemed clear now that the company did want a long-term franchise and that Clark, as RCT president, had full authority for negotiating its terms.⁹⁷

Franchise discussions took a sudden turn, however, when it was revealed in May of 1957 that Charles Bowen, who was also treasurer of Rose City Transit, announced that he had a plan to distribute \$300,000 to stockholders out of funds that

⁹⁶Gordon G. Steele, Letter to Portland City Council, Portland, 7 June 1955, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

⁹⁷Ralph L. Clark, Letter to Nathan A. Boody and Ormond R. Bean, Portland, 4 March 1957; and Terry D. Schrunk, Letter to Rose City Transit, Portland, 24 May 1957, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland.

had been listed as depreciation reserves. Ralph Clark resigned, infuriated at Bowen. "I did not become president to liquidate," Clark exclaimed. The *Oregon Journal* reported that as far as franchise negotiations were concerned, the "commissioners emphasized they will deal only with the written signature of Treas. Bowen. All councilmen agreed that Bowen and Bowen alone runs RCT."⁹⁸

Raymond Perkins was appointed president of RCT shortly after Clark resigned. Perkins immediately attempted to continue franchise negotiations. Schrunk, however, considered that the recent turn of events had renewed the question of just who had authority to negotiate the franchise. Because of Clark's recent resignation, wrote Schrunk in a letter to Perkins, "it is apparent that Mr. Clark's authority to negotiate a franchise . . . has terminated. We wish to know just which official of the Company is authorized now to negotiate." In a later letter, Schrunk told Perkins, "I personally have never questioned your motives or desire in providing good, sound mass transit in this community. What I have questioned . . . is the intentions and desire of your parent operating companies . . ."⁹⁹

Charles Bowen might have been purposely stalling by avoiding a direct assignation of authority to negotiate the franchise renewal. A bill was pending before the state legislature that would have affected the terms of any new franchise. Company management was clearly waiting until the outcome of the hearings regarding this bill before moving ahead with franchise negotiations.¹⁰⁰

⁹⁸John White, "Irate Council Charts Move to Block RCT," *Oregon Journal*, 21 May 1957.

⁹⁹Terry D. Schrunk, Letters to Rose City Transit, Portland, 24 May and 4 June 1957, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland.

¹⁰⁰Ralph L. Clark, Letter to Terry D. Schrunk, Portland, 15 January 1957, File 10/8, Box 14-06-15/3, Portland City Archives, Portland.

The bill, HB 528, would have amended the Oregon statutes so as to permit the city bus lines that operated within the city of Portland to extend their routes to outlying communities within a radius of fifteen miles. The bill was part of a report of the Legislative Interim Committee of Local Government, of which Ormond R. Bean was chair. The *Oregon Journal* supported the bill as a “logical preliminary step” in attacking the area’s mass transit problems on a metropolitan level.¹⁰¹

The transit company wanted to see the bill succeed. Mass transit service in the outlying areas was currently being provided by several companies, operated by Edward G. Larson and George G. Fourier. These companies, referred to collectively as “Portland Stages,” and eventually as the “Blue Lines,” provided interurban service to a number of suburbs, including Oregon City, McMinnville, Forest Grove, Beaverton, Tualatin, Estacada, and Molalla. In a letter to Charles Bowen, Raymond Perkins wrote:

You asked what [HB 528] would do to Larson. It would be [sic] plenty. However, he is stealing our patrons in Portland and has been doing so for years. His Oregon City routes helped ruin our Oregon City operation. His operations in East Portland contributed in a large way to the end of our Belrose [sic] line . . .¹⁰²

Larson, however, was fighting the bill that would have allowed the Portland buses to serve the suburbs. “I don’t believe in just laying down docile and letting him do it,” Perkins continued in his letter to Bowen. “We have the buses, so there is no reason for not conducting a vigorous offense, which is the best defense when you face an attack.”

¹⁰¹“Mass Transit in California,” Editorial, *Oregon Journal*, 16 March 1957.

¹⁰²Raymond I. Perkins, Letter to Charles Bowen, Portland, n.d., Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

But Larson was successful in persuading the legislature not to continue with HB 528. The *Oregon Journal* lamented the “cavalier tabling of this important legislation.” Meanwhile, Bowen evidently felt that there was no longer the threat of any legislative changes that might alter the playing field for franchise negotiations. He finally sent a letter to the Portland city council, stating in no uncertain terms what the council had been demanding to hear:

Due to the very substantial investment that the Company has in properties and equipment, it is interested in a long-term franchise to operate mass transportation within the City of Portland, providing a mutually satisfactory franchise can be negotiated.

Mr. Raymond I. Perkins as General Manager has authority to negotiate for a franchise, and to handle operating matters pertaining to the company.¹⁰³

Regardless of this intention, however, it would still be another five years until the company's franchise was renewed.

Response to Continuing Attrition

The Nature of Attrition. As Figure 43 on page 496 indicates, city ridership in Portland declined precipitously from 1950 on. In 1950, ridership was about 60.6 million; by 1955 it had declined 43 percent to 34.6 million. According to Wilfred Owen, who cites American Transit Association figures, during this period the average rate of decline for cities in Portland's population range (250,000 to 500,000) was 35.8 percent. The same relatively high rate of decline characterized Portland for the period

¹⁰³“Fringe Areas and Mass Transit,” Editorial, *Oregon Journal*, 3 April 1957; Charles C. Bowen, Letter to the Portland City Council, San Francisco, 28 June 1957, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland. It should be noted, however, that Bowen's letter was dated exactly four days after the Ogden Rapid Transit Company had sent a letter to the city council, formally requesting a franchise for the city's mass transit provision.

1955 to 1963, during which ridership fell from 34.6 million to about 20 million -- a decline of about 42 percent. For cities with a similar population the rate of decline was also highest during this later period, but the average -- 55.1 percent -- was higher than Portland's.¹⁰⁴

As noted above, RCT officials blamed the automobile for the decline in ridership. That is, they felt that regardless of what they might do to try to improve service, more people were choosing to use their automobiles, even though the cost of doing so was greater than the cost of using mass transit. According to a Portland planning commission report cited by RCT administrative assistant, Harold H. Rice, 52 percent of the people entering the downtown district in 1946 had arrived via mass transit; in 1954 the figure had declined to 24 percent. This is much lower than the percentage of people in larger cities who entered the downtown district by mass transit. Owen notes that in Chicago, over 72 percent of the commuters entered the central business district by mass transit in 1954.¹⁰⁵

It is important to remember that none of these figures cited take into account the continued importance of mass transit during peak-hour travel. For example, the number of riders in the Boston metropolitan area decreased 38 percent between 1946 and 1953, but the decline in peak-hour ridership was only 10 percent. There is no detailed time-of-day data for the Portland company's ridership figures, but there is also

¹⁰⁴Wilfred Owen, *The Metropolitan Transportation Problem*, rev. ed. (Washington, D.C.: The Brookings Institution, 1966), 73. In 1950 Portland's population was 373,628; by 1960 it had decreased to 371,032, Metropolitan Planning Commission, *Population Prospects*.

¹⁰⁵Harold H. Rice, Letter to Paul O. Dittmar, Portland, 10 April 1957, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland; Owen, *Metropolitan Transportation Problem*, 77. Rice notes that the Portland traffic engineer's figures for 1946 mass transit ridership was 30 percent, not 52 percent, as claimed by the planning commission.

no evidence to suggest that mass transit did not continue to play an important role in providing peak-hour service, particularly until the early 1950s.¹⁰⁶

As Figure 44 indicates, the number of automobiles registered in the Portland area did increase dramatically in the postwar years. There was a 66-percent increase in automobile registration in Multnomah County between 1940 and 1950, and yet there was only a 1-percent decrease in city-lines transit ridership during that same period. This suggests that despite increased automobile ownership between 1940 and 1950, transit ridership continued to be important, most likely for the peak-hour commuter.

However, in the later postwar period, the transit ridership in Portland decreased at a higher rate than the corresponding increase in automobile ownership. Between 1947 and 1951, there was a 27-percent increase in automobile ownership, but a 41-percent decrease in transit ridership on the city lines. For the entire period from 1947 to 1956, there was a 50-percent increase in the number of automobiles registered in Multnomah County, compared to a 65-percent decrease in the number of city-lines transit riders. Because of the disparity in the rates of automobile registration and transit ridership, it seems likely that peak-hour ridership may have begun to erode somewhat after 1950; however, there is no definitive evidence that that was the case.

¹⁰⁶Owen, *Metropolitan Transportation Problem*, 83.

Figure 44. Number of automobiles registered with the Department of Motor Vehicles for Clackamas, Multnomah, and Washington counties, 1940 to 1969.

Company Response to Attrition. During the mid-1950s, the company took a number of steps to increase ridership and decrease operating costs. Since the decrease in off-peak ridership was a significant factor in the company's declining revenues, one of the most important responses was the institution of a "shoppers' special." This special allowed passengers to ride within the downtown shopping district for ten cents (instead of twenty cents) during off-peak hours. By 1958 RCT was experimenting with a "merchants refund plan," whereby the bus operator would give a ticket to the passenger, who would present it to one of the participating merchants in exchange for a token to be used on the return trip. Not all participating merchants required that a purchase be made. RCT also provided special services such as reduced rates for riders going to the horse races and, after the Lloyd Center and Memorial Coliseum opened in

1960, free return trips for passengers riding the bus to the Memorial Coliseum to attend a performance.¹⁰⁷

The company also made changes in downtown routings so that stops for various lines were closer to one another, decreasing the walking distance for those passengers who had to transfer. Transfer times were extended from fifteen to sixty minutes in order to give riders more time and also to provide for riders who wanted to make a quick stop for business or shopping.

As the company eliminated trolleys, more through-routes were instituted, which helped decrease downtown congestion. The company even began exploring the possibility of instituting “park-and-ride” facilities, whereby riders would park at gasoline stations outside the downtown district and then ride the bus into town; it does not appear, however, that this system was instituted during the 1950s.¹⁰⁸

In order to decrease operating costs, RCT management had introduced two legislative bills in 1955, one that would have made the company exempt from paying gasoline taxes and one that would have allowed for longer buses to decrease crowding. Neither of these bills was passed. The company also cut back on night and Sunday service and reduced personnel in all departments. It also took measures to improve safety in order to reduce legal and claims costs. Both to improve safety and to respond to unexpected traffic conditions, the company instituted the use of two-way radios and developed a more efficient system of street supervision. And, as previously, RCT

¹⁰⁷Harold H. Rice, Letter to Walter G. Rainville, Jr., Portland, 17 April 1959, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland. The merchants refund plan was discontinued after a couple of years because of a “lack of interest” by participating merchants.

¹⁰⁸Ibid. As for the through routes, the company claimed that rerouting had been a difficult undertaking with trolley lines; without having to take them into consideration now, rerouting was not as problematic.

management devoted considerable attention to public relations, by keeping the city council and chamber of commerce informed of industry developments and by running advertisements in the newspapers and on radio and television.¹⁰⁹

Similar efforts were made in other cities. The frequently cited Nashville case provides an example of a situation in which company policies, combined with city support to bring about a turn-around in the state of affairs. In 1952 the Nashville Transit Company announced that it was going to have to go out of business. The city's mayor, Ben West, met with local business leaders and representatives from the company in a series of meetings to try to come up with a plan to save the company.

The results of these meetings are impressive. The city paid for the erection of bus shelters and allowed the company to eliminate unprofitable routes. Special bus lanes were created in the downtown district. A five-member transit "authority" was appointed to regulate the private transit system instead of the twenty-one-member city council, as had been the case previously.

The company sent out postcards to the public, asking for suggestions. One result was more readable, "user-friendly" schedules. The company also responded to suggestions from the public by providing free baby strollers for riders who called in ahead of time and reserved them. The company also instituted a "stop and shop" plan, which allowed riders to obtain free tickets upon boarding a bus downtown to permit layovers in outlying shopping districts on the way home. After patrons finished their shopping, they could reboard with their ticket for the rest of the trip home.

¹⁰⁹Gordon G. Steele, Letter to Carl Wendt, Portland, 19 January 1955, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland; Harold H. Rice, Letter to O.W. Rexford, Portland, 28 December 1956, and Letter to Walter G. Rainville, Jr., Portland, 17 June 1959, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

Nashville, whose population was similar to that of Portland, ended up with a two-zone fare system: fifteen cents within the central city and twenty cents for a trip to the suburbs. "Needless to say," reported the industry's *Transit Clip Sheet*, "the company's efforts would have been futile if the city hadn't cooperated."¹¹⁰

City Concessions. Regular installments of the *Transit Clip Sheet* during 1958 reported a variety of approaches for saving urban transit systems around the country. In virtually every case, cooperation from the city government was a requisite. Reserved bus lanes, which required approval by municipal authorities, were instituted in the downtown districts of Baltimore, Peoria, and Birmingham.

In Butte, the city took over the responsibility for paying for gasoline, diesel, and lubricants and agreed to pay forty-two cents per mile for any extension that the company could not afford. The Butte company set up an arrangement whereby it leased the system to the city for an annual rental equal to 8 percent of its gross operating revenues; in return, any net earnings over \$10,000 (which was to include the rental amount paid by the city) would be split fifty-fifty between the company and the city.

In Portland, as has been discussed, the decade of the 1950s was a time of increasing antagonism -- not cooperation -- between the city and the company. Nevertheless, city officials were aware that in order for Portland to keep its transit system, concessions needed to be made, particularly if the city wanted to avoid further fare increases. As noted, by 1954 the city had significantly reduced a number of the company's obligations. These concessions included reducing the franchise fee to the city to 1 percent of the company's gross revenues, increasing headways, and

¹¹⁰"Municipal Aid, Cost Cuts Keep One City's Bus Line in the Black," *Transit Clip Sheet* 293 (December 15, 1958), File 10/9, Box 14-06-15/3, Portland City Archives, Portland.

eliminating the requirement that the city maintain paved-over tracks for a period of ten years.

Owen reports similar efforts made in other cities during this same period to relieve the transit systems of their various burdens. As in Portland, the Houston transit company was granted a reduction in its gross-receipts tax from 3 to 2 percent. In Grand Rapids, Michigan, there was a permanent discontinuance of the 3-percent gross tax required by the company in that city. The company in Washington, D.C., was relieved of its obligation of sanding icy streets.¹¹¹

“They Are Horse Traders”: Fares and Franchises. In early 1957, Commissioner Boody had approached the council, recommending that a long-term franchise and an improved fare structure be granted to RCT. Despite the earlier concerns that the company had never really wanted a long-term franchise, Boody now reported that “the Rose City Transit Company has on different occasions, and in writing, indicated its willingness to enter into a long-term franchise agreement with the City of Portland.” Then Boody went on to observe that

if such a franchise is executed, there are several remedial steps which could and should be taken by the City and by the Company which would quite materially aid the Company in providing and enlarging its service to the public. Resort to temporary expedients is generally of little or no lasting value, but in order to negotiate a long-term franchise it is vital that the company continue as a going concern and be permitted to earn a reasonable profit.¹¹²

Boody concluded his presentation to the council by recommending that a committee of 15 be appointed by the mayor to study any proposed franchises, that a transportation expert be hired, and that the company’s fare structure be changed so that

¹¹¹Owen, *Metropolitan Transportation Problem*, 99.

¹¹²Portland City Council Minutes, 7 February 1957.

the price of the weekly pass be raised from \$2.75 to \$3.00 and the reduced token fare be increased from three for fifty cents (seventeen cents each) to four for seventy-five cents (nineteen cents each). The cash fare would remain at twenty cents. This fare structure, as suggested by Boody, would have brought the average fare up to nineteen cents.¹¹³

The “expert” that Boody recommended hiring was Ernest Willard. While Willard began work on his investigation, the council passed a modified form of Boody’s suggested fare structure and recommended the appointment of yet another committee of 15 to consider proposed franchises. Commissioner Bean remained unconvinced that RCT would follow through on its threat to terminate service if not granted a fare increase. “If they didn’t mean it,” asked Boody, “why did they say it?” Bean responded simply: “They are horse traders.” Boody had learned that in order for one to work with Bean, one had to respect Bean’s dogged insistence for detailed information and involvement in fact-finding undertakings. So, Boody agreed to accompany Bean and meet with RCT officials in order to determine whether or not they really did intend to cease operations.¹¹⁴

What Bean and Boody learned upon meeting with RCT officials was that the company really did want and need a long-term franchise in order to obtain adequate financing for implementing improvements. The company also made it quite clear that it could not continue to operate on temporary, short-term extensions of operating permits and inadequate rate schedules. By this time, the council as a whole seemed

¹¹³Calculations for the average fare are based on one cash ride per two reduced-fare token rides and, where applicable, one pass ride used by a rider traveling at a frequency at which each pass ride equals one token ride. Student fares are not included.

¹¹⁴Portland City Council Minutes, 28 February 1957.

convinced that the company did want a long-term franchise, although in general there was continued skepticism that the company would really follow through on its threat to terminate service. Nevertheless, the council did grant the company a two-year operating permit and a new fare schedule, which provided for a twenty-cent cash fare and a pass for \$3. No reduced-rate tickets or tokens were included. This was the most generous fare schedule ever granted the company. However, the ordinance also specified that if, after Willard's study, it was found that the earnings under this new fare schedule exceeded a reasonable profit, then the company would have to operate at a reduced fare as a means of reimbursing the ridership.¹¹⁵

Willard's investigation was completed by the end of the summer of 1957. In January of 1958, Councilmen Bean and Boody, who, as noted above, had taken over the responsibility of reviewing Willard's report, recommended to the council that the company's fare structure be changed. They recommended an increase in the cash fare up to twenty-five cents, two tickets for forty-five cents, and a weekly pass for \$3.50 -- making the average fare twenty-three cents. The two commissioners also recommended that RCT be given a five-year extension of their operating permit.

The only other company that had requested a franchise to provide mass transit for Portland was the Ogden Rapid Transit Company, presided over by Eugene R. Boswell of Utah. As noted earlier, the council had advertised for additional applicants. Commissioner Boody had been particularly active in courting potential firms, and he seems to have been responsible for securing the bid by Ogden. Even now, as RCT and the city were approaching an agreement, Boody hoped to keep Ogden Rapid Transit as an ace in the hole. "We'll call on you if this thing backfires," he is reported to have

¹¹⁵Portland City Ordinance No. 105586, 20 March 1957.

told the Ogden people after the city council had decided to continue negotiations with RCT.¹¹⁶

In fact, the Ogden Rapid Transit Company withdrew its application as soon as the Willard report was issued. The city council was left to negotiate with RCT. The enmity between the council and the company had begun to ease, partly as a result of the absence of strong and vociferous opponents, such as Dorothy McCullough Lee, and partly because council members had been working closely with the company for the past year. Several members of the council appeared sympathetic toward the company. "The operating and holding companies are doing what any business people would do under existing tax laws, declining riders and dwindling resources," Commissioner Bowes declared. "It must be recognized that they are in a business for profit and without a reasonable profit, the service will be withdrawn."¹¹⁷

The new mayor, Terry Schrunk, was particularly concerned with the effect that declining mass transit provision would have on the central business district. As will be discussed later, Schrunk had come increasingly to advocate municipal ownership of transit. For now, however, he felt that an increase in fares was the only way to ensure the continued provision of mass transit. Finally, after much discussion and confusion,

¹¹⁶John White, "Transit Bid Invited by Mayor," *Oregon Journal*, 23 May 1957; "Pact Ends Threat of Transit Halt," *The Oregonian*, 5 March 1957. The city council did not seem entirely convinced that the Ogden Rapid Transit Company had the financial ability to take over the franchise, Portland City Council Minutes, 16 January 1958. The company had promised to emphasize rapid transit and promised to be an "owner-operator managed business, as contrasted to a 'holding' type investment with absentee owners," Eugene R. Boswell, Letter to Portland City Council, Ogden, Utah, 24 June 1957, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland.

¹¹⁷Portland City Council Minutes, 16 January 1958.

the council voted unanimously to adopt the fare structure recommended by Willard and presented by Bean and Boody.¹¹⁸

Fares and Wages. Despite the various concessions made to the company during the mid-1950s, the company had continued to experience a decline in ridership revenue and an increase in operating costs in the form of increasing wages. Both the city and the company recognized that fares were inextricably bound up with wages. There was a general sense on the part of company management that it had to grant wage increases to the workers in order to avoid a strike, and there was a general sense on the part of the city that it had to grant fare increases in order to avoid the termination of mass transit service.

The interrelationship of fares and wages had a long history. For the Portland company, the first fare-increase request had come immediately after the first wage increase. Officials from both the city council and the company attempted on occasion

¹¹⁸Ibid., 6 February 1958. One of the areas of confusion involved the claim by the state public utilities commission that it was to approve all rate increases. Commissioner Howard Morgan, who had opposed the company during the interurban-abandonment crisis, maintained that by law city council rate increases were to be submitted to the state commission; however, the city council had not done so since 1952. Commissioner Bowes noted that he remembered “someone” who in 1948 claimed the state had no jurisdiction over city utility rates “and dropped it right there.” Although Bowes couldn’t remember at the time, that “someone” was then state commissioner John Carkin. Carkin’s predecessor, George Flagg, had also ruled that the city had sole authority. By the time this issue was raised with the city council during these fare hearings of 1958, all of the council members (except ex-state utilities commissioner Ormond Bean) agreed with Schrunk, when he said, “I don’t recognize [the state commissioner’s] veto power over the action of the City Council of Portland. I don’t recognize his authority to throw our entire mass transportation system in chaos,” Portland City Council Minutes, 27 January 1958. The city passed the rate-increase ordinance without seeking state approval, and the issue of the state’s authority was not raised again.

to analyze the wage and fare structure from a comprehensive and comparative standpoint. City officials conceded that they did not want to deny the company its right to make a profit; they also acknowledged that employees should earn a decent wage. Company officials also acknowledged that the employees should receive regular wage increases, although rarely to the extent asked for by the union. As a rule, however, fares and wages were considered in isolation, as completely independent variables. City officials looked only at Portland's cash fare and saw that it was higher than that of other cities; and for their part, the company officials looked only at the top wage rate for their employees and saw that it was higher than in other cities.

It is important to look at the wage and fare picture from a wider perspective. In 1948 the Portland company's agreement with labor had brought the top operator wage up to \$1.52 an hour, considered by the company to be the highest rate in the country. By 1951, Portland's top operator pay had increased 13 percent, up to \$1.72, which was the second highest wage on the west coast. The fare structure, meanwhile, consisted of a thirteen-cent cash fare, two tokens for a quarter, and a weekly pass for \$2. Not including student fares into the equation, this fare structure resulted in an average fare of about 12.6 cents, which represented nearly a 26-percent increase over the 1948 fare structure.¹¹⁹

Although Portland's average fare had for the first time increased at a greater rate than wages, the city's transit workers were by 1951 among the highest paid in the country. Table II compares Portland wages and fares with those of other west coast cities and with those of other cities with a similar wage rate. In 1951 all of the west

¹¹⁹Calculations for the average fare are based on one cash ride per two reduced-fare token rides and, where applicable, one pass ride used by a rider traveling at a frequency at which each pass ride equals one token ride. Student fares are not included.

coast cities, except the publicly owned Seattle system, had a lower top wage rate for operators. In Seattle, where the top wage rate was only 2 percent higher than in Portland, the average fare was 12 percent higher. As is apparent from the table, no west coast city besides Portland had a weekly pass.¹²⁰

Portland's token fare (two for a quarter) was comparable to those cities where the top operator wage was at least 8 percent lower than Portland's. In the two west coast cities with a lower cash fare than Portland -- San Francisco and Los Angeles -- the top wage rate was over 10 percent lower than Portland's *and* there was no reduced ticket or pass fare. On the other hand, the ten-cent cash fare that prevailed in those two cities was 12.6 percent lower than Portland's average fare; however, the San Francisco system received municipal subsidies, and the Los Angeles system utilized a zone fare.

Portland's fare structure compared with other cities with a similar wage rate not located on the west coast is even lower. As Table II indicates, the only city with a reduced-token and pass structure similar to Portland's was Washington, D.C. That city's average fare was about 8 percent higher than Portland's, while the top operator wage was 1 percent lower. Of the non-west coast cities listed, Boston had the lowest fare, at ten cents cash, and its top wage was higher than Portland's. However, Boston's system utilized zone fares *and* received a municipal subsidy.

¹²⁰It should be noted that at \$2 per pass, Portland riders would not realize a savings over the cash fare unless they used the pass for at least sixteen rides per week.

TABLE II
COMPARISON OF WAGES AND FARES, 1951¹²¹
*(m) indicates publicly owned system

City	Cash Fare	Token/ Ticket	Pass	Average Fare ¹²²	Zones?	Top Wage
Portland	.13	2/.25	\$2.00	.126	none	\$1.72
Seattle (m)	.15	7/\$1.00	none	.143	none	\$1.76
Spokane	.13	2/.25	none	.127	none	\$1.525
Tacoma	.15	7/\$1.00	none	.143	none	\$1.60
San Diego	.13	2/.25	none	.127	none	\$1.58
SF Muni (m)	.10	none	none	.100	none	\$1.53
Oakland	.13	2/.25	none	.127	yes	\$1.53
Los Angeles	.10	none	none	.127	yes	\$1.55

Cleveland (m)	.15	7/\$1.00	\$2.25	.143	1¢ transfr	\$1.67
Wash., DC	.15	3/.40	\$2.00	.137	none	\$1.70
Chicago (m)	.17	none	none	.170	none	\$1.77
Boston (m)	.10	none	none	.100	yes	\$1.73
Pittsburgh	.15: feeder .20: thru bus	5/.60 10/\$1.60	none	.130 .173	none	\$1.72

The cycle of antagonism involving the company, the union, and the city is better understood not only when Portland's fares and wages are compared with those of other cities, but when the pattern of increase is looked at over time. As Table III indicates, by 1958 Portland's cash fare had increased to twenty-five cents. This was as a direct result of the report issued by Ernest Willard in late 1957. What the table does

¹²¹Data from American Transit Association, "Transit Fares," *Bulletin* 753, 758, and supplements (July 17, 1951), File 10/5, Box 14-06-15/3, Portland City Archives, Portland. Dates of public ownership are as follows: Seattle, 1919; San Francisco Muni, 1909; Chicago, 1945; Boston, 1947; Cleveland, 1942.

¹²²Calculations for the average fare are based on one cash ride per two reduced-fare token rides and, where applicable, one pass ride used by a rider traveling at a frequency at which each pass ride equals one token ride. Student fares are not included.

not indicate, because comparable data for other cities was not available, is that the 1958 fare structure also included two tokens for forty-five cents and a \$3.50 weekly pass. This fare structure brought the average fare to 23.5 cents. In addition, Portland remained one of the only west coast cities -- if not *the* only -- not to utilize a zone or transfer system.

TABLE III
COMPARISON OF WAGES AND FARES, 1958¹²³
*(m) indicates publicly owned system

City	Cash Fare	Zones?	Top Wage	Percent Change Over 1951
Portland	.25	none	\$2.19	+26%
Seattle (m)	.20	yes	\$2.31	+31%
San Diego	.20	yes	\$2.18	+38%
SF Muni (m)	.15	transfers	\$2.45	+60%
Oakland	.20	yes	\$2.08	+36%
Los Angeles	.17	yes	\$2.15	+39%

The average fare for Portland in 1958 represented an increase of 87 percent over that of 1951. However, as Table III indicates, the top wage rate had increased only 26 percent, a smaller increase than any of the other west coast cities listed in the table -- including Oakland, controlled by National City Lines, which typically held wages to a more depressed level than other systems. In other words, although the top wage rate for Portland transit workers was competitive with that of other west coast cities in 1958, the *rate of increase* was much lower than the rate of increase for the city's fare and also lower than the rate of increase for most, if not all, other west coast wages.

¹²³Data for 1958 from untitled, mimeographed sheet dated February 17, 1958, Mss 1494, Box 2, Ormond R. Bean Collection, Oregon Historical Society, Portland.

The significance of this information is that Portland transit workers were coming increasingly to be underpaid compared with transit workers in other west coast companies. Had the company received a long-term franchise and fare increases earlier, perhaps management would have granted higher wage increases. The fact is, by 1958 the company was still operating under a temporary permit and the recent fare increase had come too late to alleviate the financial situation of a company whose average fare had been the lowest on the west coast and whose wage rate had been among the highest. By the end of the 1950s, Portland's labor situation had become increasingly unstable. And the company was still without a franchise.

Thus, the question arises of why the Portland city council had been so reluctant to grant a long-term franchise and higher fare increases that might have helped to stabilize the labor situation earlier.

THE MOVEMENT TOWARD PUBLIC OWNERSHIP

Portland's reluctance to grant Rose City Transit another franchise in 1956 can be explained by a number of factors, most of which have been discussed previously. It is clear that the city council did not trust the San Franciscan owners, that the council did not know who had the final authority to negotiate a franchise. It is also clear that the council bitterly resented being put in the position of having no choice, of having to grant fare increases to a company threatening to terminate service if it did not get what it wanted. The council also resented being presented with a franchise by the company without having first been consulted about the terms.

Another factor, however, that may contribute even more to an explanation of the city's reluctance is the fact that beginning in 1952, the city began making its first very serious attempts at public ownership of the transit system. It seems likely that the

council members were reluctant to grant Rose City Transit a new franchise because they expected that in the very near future the city would be taking over the transit system and the private company would be out of the picture. However, as will be shown, this would not turn out to be the case for another seventeen years.

Precipitous Decline of the Central City and Mass Transit

Declining Ridership. As is evident from Figure 43 on page 496, the period of most precipitous decline, in terms of city lines ridership, was between 1946 and 1950. In Portland, this period saw a 41-percent decrease in ridership. In the succeeding four-year period -- 1950 to 1954 -- there was another 34-percent decline. Jones, noting that the entire eight-year period witnessed the greatest decline nationwide, reports American Transit Association figures indicating that the average decline for the country was 26.2 percent for 1946 to 1950 and 28.1 percent for 1950 to 1954. Portland's decline was more marked than the average, but the general trend of precipitous postwar decline was present everywhere.¹²⁴

Jones explains that the postwar decline was a result of three primary factors: one, the normalization that reflected the return to peacetime employment levels, the end of gas and tire rationing, and the introduction of the five-day workweek; two, postwar wage increases contributing to higher operating costs, which many companies tried to offset by cutting back on service and increasing fares -- both of which contributed to rider attrition; and, three, the growth of personal income and automobile ownership.¹²⁵

The increase in automobile ownership in the Portland area has already been discussed and is illustrated in Figure 44 on page 523. Jones refers to the synergistic effect of the second and third factors -- decreased service and higher fares, along with

¹²⁴Jones, *Urban Transit Policy*, 74.

¹²⁵*Ibid.*, 75.

increased personal income and automobile ownership -- as “secular competitive erosion.” This erosion was the same attrition that had been going on since the 1920s, but with one major twist. Attrition in the earlier years had hit smaller companies the hardest; they were the properties that went out of business. The attrition of the 1950s -- “secular competitive erosion” -- now hit the larger properties that had managed to battle their way through the earlier years of attrition; the result was that many of these larger properties were no longer able to stay in business as they had managed to do for the past thirty years.

Postwar Suburbanization and the Weakening City. Jones and others explain that the severity of the attrition experienced during the 1950s, compared with that of the 1920s, is attributed to “intrametropolitan shifts in the geography of household location and retail activity.” These shifts occurred, Jones explains, “because the postwar economy permitted an increasing percentage of American households to afford home and auto ownership and the move to the suburbs.”¹²⁶

Writing about the postwar suburbanization of Dayton, Ohio, Richard Hébert explains the city-to-suburbs exodus succinctly: “Racism, the urge for a green lawn, and the desire for space and quiet and undisturbing homogeneity may have sent American’s urban dwellers to the suburbs, but cars and highways took them there [and] made the trip easy . . . ” To this, Kenneth Jackson adds that while inner cities did have empty lots available for the location of business and industry, the nature of the lots “was not amenable to mass production techniques.” Mass-production industries

¹²⁶Ibid.

were more suited to the flat sprawl of the suburbs, not the vertical congestion of the city.¹²⁷

TABLE IV
RATES OF POPULATION GROWTH,
PORTLAND-AREA SMSA,
1930 TO 1960¹²⁸
(* indicates estimate)

AREA	Total Population 1930	Total Population 1940	Percent Change 1930-1940	Total Population 1950	Percent Change 1940-1950	Total Population 1960	Percent Change 1950-1960
Multnomah County Total	338,241	355,099	+5.0	473,298	+33.3	521,118	+10.1
exurban area	*2,776	*3,395	+22.3	*4,016	+18.3	4,470	+11.3
urban area	*335,465	*351,704	+4.8	*469,282	+33.4	516,648	10.1
Portland	301,815	305,394	+1.2	373,628	+22.3	371,032	-0.7
Clackamas County Total	46,205	57,130	+23.6	87,042	+52.4	112,455	+29.2
exurban area	*19,338	*23,683	+22.5	*33,140	+40.0	35,751	+7.9
urban area	*26,867	*33,447	+24.5	*53,902	+61.2	76,704	+42.3
Washington County Total	30,275	39,194	+29.5	61,495	+56.9	91,975	+49.6
exurban area	*19,800	*24,800	+25.3	*33,993	+37.1	38,549	+13.4
urban area	*10,475	*14,394	+37.4	*27,502	+91.1	53,426	+94.3
Clark County Total	40,316	50,127	+24.3	85,479	+70.5	92,204	+7.9

Jackson notes that by 1950, the rate of suburban growth nationwide was ten times that of central cities. Carl Abbott cites data by Brian Berry and John Kasarda indicating that in terms of population, suburbs nationwide grew by nearly 200 percent between 1930 and 1940 and by 121 percent between 1940 and 1950. The rate of increase slowed appreciably during the next decade, 1950 to 1960, when there was only

¹²⁷Richard Hébert, *Highways to Nowhere: The Politics of City Transportation* (The Bobbs-Merrill Company, Inc.: Indianapolis, 1972), 48; Jackson, *Crabgrass Frontier*, 238.

¹²⁸The Portland-area SMSA (Standard Metropolitan Statistical Area) includes Washington, Clackamas, and Multnomah Counties in Oregon, and Clark County in the state of Washington. Data from Metropolitan Planning Commission, *Population Prospects*.

a 3-percent increase.¹²⁹ Table IV shows the increases in population for the Portland area and its suburbs between 1930 and 1960. The data is summarized, as well, in Figure 46.

As is apparent from Table IV, the city of Portland itself grew at a slower rate than any of the contiguous urban areas or exurban areas in the Standard Metropolitan Statistical Area (SMSA). Indeed, between 1950 and 1960, the city experienced a slight *decline* in population, while the contiguous urban area in Washington County increased by over 94 percent. The period 1940 to 1950 saw the greatest rate of population increase for Portland (22.3 percent), but the rate of increase for the city was modest compared to that of the urban and exurban portions of Clackamas, Washington, and Clark Counties (see Table IV and Figures 45 and 46).

The significance of the geographical shifts in the population is twofold. As noted, the declining rate of central-city population growth and the concomitant increasing rate of suburban population growth are associated with declining urban mass transit ridership. This relationship was particularly marked in the case of off-peak ridership. With the growth of suburban malls and shopping districts, remarks Jones, "downtown declined from its preeminent position as a mecca for shopping and entertainment."¹³⁰

Declining transit ridership did not affect just the transit industry alone. Throughout the U.S., merchants, politicians, and civic boosters were alarmed by the weakening of the central city that went hand in hand with the decline of mass transit. In Portland, Mayor Terry Schrunk in particular was concerned with the decline of downtown Portland, which he felt was exacerbated by city-center congestion that

¹²⁹Brian Berry and John Kasarda, *Contemporary Urban Ecology* (New York: MacMillan Co., 1977), 173, cited in Abbott, *New Urban America*, 58.

¹³⁰Jones, *Urban Transit Policy*, 76.

caused people to avoid coming downtown. It was this concern that provided Schrunk's primary incentive for advocating public ownership of the transit system.

This [public ownership] is our only alternative . . . every time the fare is raised there will be less riders, less service to our people, and we will have more cars congesting the downtown area. Our retail merchants will have less business because of that traffic congestion. So, I think the community has a tremendous stake, and I think we would be doing a great disservice to the community if we postponed this [public ownership] . . . I would like to see the Council face up to it now and go to the people. I have confidence in the people, if they know the facts. I think mass transit in this area is part of our life blood, of our business life, and our business life affects the welfare of every single person, whether he works in the City or out of the City.¹³¹

Mayor Schrunk made these comments to the council in 1958, when the city was considering a fare increase for RCT. However, this was not the first time that the subject of public intervention in Portland had been raised.

¹³¹Portland City Council Minutes, 16 January 1958.

**STANDARD METROPOLITAN
STATISTICAL AREA
PORTLAND, OREGON**

URBAN AREA
 STANDARD METROPOLITAN AREA
 COUNTY LINE
 NATIONAL FOREST

SCALE IN MILES
 0 5 10 15

Figure 45. Standard Metropolitan Statistical Area, Portland, Oregon, as of 1975.¹³²

¹³²Map from Metropolitan Planning Commission, *Population Prospects*.

Figure 46. Population comparisons, tricity area, 1930-1960.¹³³

¹³³Data from Metropolitan Planning Commission, *Population Prospects*, 28-29.

Public Aid, Operation, and Ownership of Transit in Portland: A Historical Overview

Almost from the first day that Portland's private transit company began experiencing financial difficulties, both the city and the state did make occasional efforts to intervene and provide some assistance for the company in the form of relief from obligations. Four periods can be identified in Portland's history of attempts at public relief.

Reaction to Crisis: The Fare Increases of 1917 and 1919. It will be recalled that in the fall of 1917, the Portland company requested its first fare increase. At that time, fare-increase requests were directed to the state public service commission (PSC). The commission recommended that the company petition the city for relief from various obligations, which included paving and maintaining street areas between tracks and to one foot to each side; transporting city officials without compensation; renting bridges, and paying city franchise fees.¹³⁴

The city council members seemed prepared to grant the relief. The city attorney advised the council members, however, that the only obligation that the council could lift without voter approval was that requiring the free transport of city officials. The council was not enthusiastic about referring the other relief proposals to the voters, but it was agreed to lift the requirement of free transport for officials. At the last minute, however, the council decided *not* to lift that requirement, deciding instead to wait and see what happened during the process of the state's reviewing the company's fare-increase request.

¹³⁴Portland City Council Minutes, 24 and 31 October and 7 November 1917; *Portland Railway, Light & Power Company, Application for an Increase in Fares on Street Railway Lines in the City of Portland*, No. U-F-199, *Twelfth Annual Report of the Public Service Commission of Oregon*, P.S.C. Order No. 321, January 5, 1918.

What happened was that the PSC granted the company the fare increase. As the city council began their appeal of the increase, which was never overturned, they also decided to refer an act to the voters, amending the charter so as to give the council the authority to eliminate all future assessments on the transit company for street improvements, sewer construction, and bridge tolls.¹³⁵ The amendment also provided for the council to eliminate franchise charges and licenses and the free transportation of city employees. In addition, the measure provided for the council to levy a tax that would compensate the city for the revenues lost as a result of lifting these obligations on the company. Eight separate civic associations, including the East Side Business Men's Club of Portland, assisted in the preparation of this measure, which would have given the council only the authority to lift the obligations; the measure wouldn't have automatically lifted them.¹³⁶

The fare increase, from five to six cents, had meanwhile gone into effect. There was a gentlemen's agreement with the PSC that if the Portland voters approved this measure, the five-cent fare would be restored. Portlanders understood this. But they also understood that their taxes might be raised to compensate for the revenues lost to the city. Further, the measure would have allowed the city council to lift obligations at its discretion, and Portlanders were not ready to give the city that power. On May 17, 1918, the people voted 27,327 to 5,867 against passage of this measure.

Again in 1919, the Portland company requested a fare increase. Again the PSC recommended that the company's burdens be relieved. The commission even "held out the prospect of a fare even less than the then existing 6-cents." So, the council once

¹³⁵Dan Kellaher, staunch opponent of the transit company, was the only dissenter among the city council members.

¹³⁶"Civic Associations Would Aid," *Electric Railway Journal* 51 (April 27, 1918): 823.

again put the issue before the people. One measure would have relieved the street railway company from paying its portion of the cost of street repair and maintenance. This was defeated 32,456 to 16,386. Another measure would have relieved the company from its share of the cost of street improvements *and* would have authorized a six-tenths-mill tax levy; this failed 29,705 to 19,248. Finally, there was a measure that would have relieved the company from paying certain taxes *and* have authorized a one-half-mill tax levy; this went down 30,535 to 20,308.¹³⁷

Dire Straits: The Depression Years. With the Depression, there were renewed suggestions for relief, this time in the form of outright subsidy or municipal ownership. In 1930, the commissioner of public affairs, John Mann, had suggested a direct subsidy to the streetcar company to cover the amount necessary to allow the company to give “first-class service at a five-cent fare.” His suggestion fell flat; nothing more was mentioned on the subject at the time.¹³⁸

A couple of years later, Ralph Clyde, the city’s public utilities commissioner, spoke out in support of municipal ownership of interurban operations. His sentiments regarding the importance of transportation vis-à-vis the economic viability of the city were similar to those expressed by Mayor Schrunk nearly thirty years later:

Now is the time to take a decisive step in the establishment of a municipally owned and operated central bus terminal. The city of Portland is facing a crisis in the terminal situation. Our streets are congested, and the growth and development of the city is dependent, in a great measure, on adequate bus transportation service.¹³⁹

¹³⁷Merton K. Cameron, “The Experience of Oregon with Popular Election and Recall of Public Service Commissioners,” *The Journal of Land and Public Utility Economics* 5 (February 1929): 53; Portland City Council Minutes, 24 January 1930.

¹³⁸Portland City Council Minutes, 16 September 1930.

¹³⁹“City Asked to Act on Bus Terminal,” *The Oregonian*, 24 October 1934.

The Portland city council again considered substantial relief of company obligations during the early phases of the 1932 franchise-renewal negotiations (which began in 1932 and ended in 1936). The council agreed to put the Carey and Harlan service-at-cost franchise before the people in the November 1932 election. This franchise would have relieved the company of essentially all obligations and, in the middle of the Depression, would also have authorized a one-mill tax levy to compensate the city for the lost revenues. The council wisely decided to withdraw this controversial measure from the November ballot.

The measure did, however, make it to a special election ballot on July 21, 1933. In addition to the obligation relief and the tax-levy authorization, the measure also would have allowed the city council to grant franchises without having to refer them to the people first. Although organized labor, the City Club, and the city's two newspapers all supported the measure, it was defeated by a three-to-two margin.¹⁴⁰

Municipal ownership, subsidy, or even the lifting of obligations for transit companies was a bold and daring step during the early 1930s, despite the example at the federal level of government relief. At that time only a few cities in the country had municipally owned streetcar systems: Miami, whose system was subsidized through taxation; Detroit, whose system was self-supporting through fares; Seattle, whose system was also self-supporting (at least at this time); and San Francisco, whose system was subsidized. Toledo and Philadelphia had systems involving both private and public operation; the Philadelphia company, for instance, leased two high-speed municipal lines. Augusta, Georgia, and Trenton, New Jersey, were privately owned companies whose paving requirements had been eliminated.¹⁴¹

¹⁴⁰“Relief Proposal Lost in Portland,” *Transit Journal* 77 (August 1933): 262.

¹⁴¹Trenton, N.J., Chamber of Commerce, “Summary Re: Trolley Operation and Revenue,” 1932, Transportation -- Portland 1931-1935 Folder, Box 42, BX 170,

In Portland, although the city council seemed to recognize the importance of mass transit in sustaining the city's economic health, the council members were extremely hesitant to pass any ordinance that would have relieved the company of obligations or that would have resulted in subsidy or municipal ownership. For their part, the voters were reluctant to approve relief for a company whose financial activities they did not trust and whose service they found generally unsatisfactory. In addition, the city council typically attached tax levies to the relief measures. Portlanders were by no means generous when it came to approving more or higher taxes. "Regardless of what the rest of the nation was paying," remarks MacColl, "Portlanders always felt overtaxed."¹⁴²

Postwar Renaissance and Self-Preservation. The third wave of attempts at municipal aid, subsidy, or ownership came during the period between the late 1940s and early 1960s. There were two primary forces behind these attempts: one, the city was in general supporting policies aimed at revitalizing the Portland city center, improving and maintaining its competitive edge against the growing suburbs; and, two, the council and many Portlanders were wary of the San Francisco-controlled transit company and feared it might at any time sell its properties and leave the city without a transit system.

There were two forms that attempted municipal intervention took during this period. One, which has been discussed previously, was the lifting of company obligations. This began in 1948, when the company's 2-percent gross-revenue tax was temporarily suspended. Then, in 1950, the city began allowing the company to substitute motor buses on trolley lines. In 1953 the city authorized the abandonment of

Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

¹⁴²MacColl, *Growth of a City*, 289.

nonpaying lines and relieved the company of its obligation to pave streets and maintain paved-over tracks. One year later, the franchise tax was reduced from 2 to 1 percent and headways were adjusted. In addition, during the ten-year period from 1948 to 1958, the fare structure was changed eight times, increasing from an average fare of ten cents in 1948 to an average fare of twenty-three cents in 1958.

The attempts at this form of intervention -- relief of company obligations -- were successful because they were all effected by the council. None of these relief measures was put before the voters. The Portland city council of this era finally felt the transit situation to be of such urgency that they were willing to take matters into their own hands and pass these relief ordinances as emergency measures, not requiring a vote by the people.

The other form that attempted municipal intervention took during this period was the submission to voters of measures that would have either indirectly or directly allowed for municipal ownership and operation of the transit system. These measures, which will be discussed shortly, were all resoundingly defeated.

Takeover by Default: 1969. Portlanders in fact *never* approved a measure authorizing the city or any other public body to take over the private transit system. Instead, as will be discussed in the following chapter, the state legislature authorized the creation of a regional transit authority upon the motion of the largest city in the state (i.e., Portland). In 1969, the city of Portland asked the governor to create the Tri-County Metropolitan Transit District (Tri-Met); by the end of 1969, Tri-Met was running the city's buses.

The rationale for the takeover, according to the Portland city council, was that the private transit company had defaulted on its franchise by not providing the service it had contracted to provide. The motivation for the public takeover, however, was much more complex. At any rate, by this time political expediency required unprecedented

and decisive council action, not the appointment of another study committee and referral to the voters of a no-win proposition.

Postwar Public Ownership Proposals in the 1950s

1952 Proposals for “Opening a Wedge for Municipal Ownership”. There was a measure on the November 1952 ballot that would have resulted in a municipal parking lot run by a seven-person municipal transit commission. The commission would also have the authority to oversee transit matters in general, including any that would come under municipal ownership. The municipal parking structure was to be paid for out of parking-meter revenues, while a one-tenth-mill tax levy was to finance any other work. Conservative organizations, such as the Portland Chamber of Commerce, opposed both measures. The Chamber cited four reasons: one, the “unnecessary extension of public ownership as opposed to private ownership”; two, there would be no restrictions on the amount of money to be spent; three, the measures would allow for an “unnecessary delegation” of the city council’s powers; and, four, “it is an opening wedge for municipal ownership of the transit system.”¹⁴³ The more liberal Portland City Club, however, enthusiastically supported the measures.

The notion of municipally owned parking structures had begun to gain some popularity during the 1940s. In a 1943 report, the Los Angeles County Regional Planning Commission, for instance, maintained that it was the government’s responsibility to construct parking facilities in conjunction with freeways: “The provision of parking facilities is a public responsibility, and public action should be taken to assure adequate off-street accommodations.” Of course, World War II

¹⁴³Portland Chamber of Commerce, “November Ballot Measures,” 1952, BX 1709, Box 1, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

interfered with any plans that might have made these publicly owned parking structures a reality.¹⁴⁴

In Portland, the idea of a municipally owned parking structure came a decade later, but even then it went down in defeat. Perhaps it would have been more successful had it not been part of a measure authorizing the levying of an additional tax and the creation of a transit commission to oversee transit affairs. The measure was defeated 32,279 to 21,781.

1954 "Standby Legislation". In 1954 another measure went before the people of Portland, this time proposing a transit commission only, not the municipal parking structure. The 1954 proposal for the transit commission emerged out of deliberations conducted by a citizens' committee. The recommendation was for a transit authority, similar to the transit authorities already in operation in larger cities. Although this five-person commission would be appointed and approved by the city council, it would take over all of the powers and duties regarding transit matters that were currently vested with the council, including negotiation of a franchise renewal, regulation of fares and schedules, and so on. The proposal did not necessarily provide for municipal ownership, although a commission would be in place if municipal ownership were to occur. It was equally likely, however, that the private company could continue to operate, overseen by this commission rather than the city council. For this reason, the San Francisco owners supported the measure.¹⁴⁵

¹⁴⁴Los Angeles County Regional Planning Commission, *Freeways for the Region* (Los Angeles: Los Angeles County Regional Planning Commission, 1943), quoted in Bottles, *Los Angeles*, 226.

¹⁴⁵Portland Transit Company, "Transit Topics: An Interim Report to the Stockholders of Portland Transit Company," May 4, 1954, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

However, the transit commission could also establish a transit department, which would be responsible for operating the transit system if it were to come under city ownership. The measure, which was referred to as “standby legislation,” allowed the city to purchase RCT, but did not give the city authority *to require* the company to sell. Although the measure did include a ten-year levy of \$65,000 per year for administrative expenses, it did not provide for any financial support for the commission for transit operation or capital improvement if, in fact, the city did purchase the transit system.

The City Club opposed the measure, criticizing the notion that the city council should divest itself of its responsibility for transit planning. This was a matter, in the City Club’s opinion, that belonged with the elected officials of the council; they should assume responsibility for the city’s transit situation, employing technical expertise as necessary and working toward a long-range plan.¹⁴⁶

The defeat of this measure, in the words of Commissioner Boody, “left the mass transit problem in the hands of the Council.” It was shortly after the defeat of this measure that Commissioners Bean and Boody began urging the council to appoint an expert to study the transit situation, which eventually resulted in the hiring of Ernest Willard. Boody also noted that he would like to see the city hire a “properly experienced staff member,” who would hold a permanent position in the department of public utilities and whose sole responsibility would be to make recommendations to the city council regarding mass transit policy.¹⁴⁷

¹⁴⁶Portland City Club, “Interim Report on Mass Transportation,” *Portland City Club Bulletin* 37 (March 1, 1957), 320.

¹⁴⁷Nathan A. Boody, Address to City Council, Portland, 2 December 1954, File 10/2, Box 14-06-15/3, Portland City Archives, Portland.

The 1954 measure, which would have given the city nothing more than the authority to create a commission to oversee transit policy and operate the transit system if necessary, was defeated nearly one year before RCT applied for its franchise renewal. At this point, the council was only partly convinced that municipal ownership was the answer. Commissioner Boody, for instance, conceded that “we must have transit service in our city if we are to have a city,” but he positioned himself against municipal ownership, citing the “unsatisfactory” records of San Francisco and Seattle. Instead, Boody advocated another private transit company taking over the franchise; it will be recalled that he later sent out notices advertising the availability of the Portland franchise, which resulted in the unsuccessful bid by the Ogden Rapid Transit Company. Boody also advocated what was referred to as the “Tacoma plan,” whereby the employees became the owners of the Tacoma transit system, “which makes the Tacoma Transit System a home-owned, home-managed, and home-operated transit system.”¹⁴⁸

When the city council denied the transit company’s request for a franchise renewal, the members were still not wholeheartedly enthusiastic about the idea of municipal ownership replacing the private system, but they clearly were hoping to avail themselves of an alternative to the current situation, whether that would be the appointment of some sort of transit commission to handle transit matters, a new arrangement of transit ownership and operation -- such as the Tacoma plan -- or the granting of a franchise to an entirely different private company.

“I Have Always Been against Municipal Ownership, but . . . ”. By the spring of 1956 -- just months after the franchise request had been denied and the Rose City Transit Company had been formed -- there were murmurs of change on the city

¹⁴⁸Ibid., 30 December 1954.

council. Commissioner Bowes stated succinctly what was increasingly the predominant opinion at city hall:

I have always been against municipal ownership, but in view of the chain of circumstances and the predicament we are now in and in view of the failure of private ownership here in Portland to show a real and cooperative interest to provide a reasonable service, I see no other way than to prepare ourselves to go into the mass transit business if we are to continue to enjoy and have this much-needed service.¹⁴⁹

Bowes's sentiments were reiterated in a January 1958 letter by Ernest Willard, the consultant hired by Commissioners Boody and Bean:

First, I want to say that I am against the principle of municipal ownership. The more the government keeps out of business, the better for all concerned. However, the private capital must make a return on its investment. I believe that mass transportation has reached the point that private capital cannot make an adequate return.

We have seen the same formulas for the last ten years, at least -- wage increases, reduced service, increased fares, loss of riders, and then the same thing over and over again so that fewer riders pay higher fares when the entire City, and especially the high value downtown area, benefits and is dependent upon mass transit.

It, therefore, seems inevitable that mass transportation must and should become a subsidized business.¹⁵⁰

At the time of his report for the year ending in December 1957, Mayor Schunk was urging that unless the city could work out an agreement with RCT, the people should vote to create a mass transit authority and to authorize municipal ownership. In

¹⁴⁹Portland City Council Minutes, 5 April 1956. Although not particularly vociferous about it, Commissioner Stanley Earl appears to have been the one member of the council to be most opposed to municipal ownership.

¹⁵⁰Ernest C. Willard, Letter to Nathan A. Boody, Commissioner of Public Utilities, and Ormond R. Bean, Commissioner of Finance, Portland, 13 January 1958, Mass Transit Committee 1958-1959 File, Box 7, BX 170, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

a February 9, 1958, statement entitled “Portland’s Problem,” Schrunk noted that “a group of citizens in Portland have been using the present mass transit crisis to mislead the people of Portland into thinking that the transit problem could be solved by merely changing the form of government.” Schrunk was evidently referring to efforts by groups such as the Central Labor Council to change the type of city government from the present commission form to a strong-mayor form. Transit labor still opposed the notion of municipal ownership because of fears that bargaining and pension rights would be lost.¹⁵¹

Schrunk went on to praise the merits of capitalism’s free-enterprise system, but explained that certain functions, “such as national defense and the postal service,” cannot be run efficiently by a private concern. Mass transit, he noted, falls into the same category. The city, Schrunk explained, was faced with three choices: one, allow RCT to raise its fares; two, take over the transit system; or, three, find another company to take over RCT’s franchise.

The public should realize, he continued, that the city cannot subsidize a privately owned company and that the only other private company to have expressed an interest in the city’s franchise, Ogden Rapid Transit, simply had not shown itself to be financially capable of taking over the franchise. “Perhaps we need some entirely new thinking on this matter,” Schrunk went on, suggesting that riders and employees pool their resources with local businessmen to form some sort of transit cooperative. He noted that a “similar approach was made in selling stock in the Portland Baseball Club.”¹⁵²

¹⁵¹Portland City Council Minutes, 6 February 1958; Portland City Ordinance No. 107384 (raising the transit company’s fare), 9 February 1958.

¹⁵²Portland City Ordinance No. 107384.

By February of 1958, an act had been prepared that provided for the creation of a transit commission that would be empowered to deal with a private operator *or* to operate a mass transit system on behalf of the city. Unlike the 1954 measure, this act provided for a \$7 million bond issue for the creation of a publicly owned company and a two-mill tax levy for ten years to underwrite any revenue deficit to the city.

Labor opposed the measure because it did not provide for a continuation of collective bargaining or for a continuation of pension payments.¹⁵³ The San Franciscans outwardly expressed neutrality, but clearly favored retention of their position as the city's private transit operator:

If the people of Portland wish to assume ownership and operation of their public transportation -- and raise taxes with which to subsidize it -- we will assist in an orderly change-over. If the people of Portland . . . indicate that they prefer to have further efforts made to find a workable way to continue a privately financed transit system, we will do our utmost to help find a way. . . . In the eyes of some, profit from private enterprise seems to have become an unholy thing -- when that enterprise is a mass transportation business.¹⁵⁴

As before, the City Club opposed the measure. Its primary argument continued to be that the city council "has not met its responsibility in aiding the development of a long-range plan for metropolitan area transit operations, whether public or private. . . . In proposing municipal ownership and operation [the council] has taken an 'easy way out.'" The City Club recommended that the council negotiate a franchise with the current owners for a period of time adequate for the council to formulate a long-range plan.¹⁵⁵

¹⁵³Harold H. Rice, Letter to William U. Taylor, Portland, 17 February 1958, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

¹⁵⁴Portland Transit Company Annual Report, 1957.

¹⁵⁵Portland City Club, "Report on Municipal Transit Charter Amendment and Related Mass Transit Problems," *Portland City Club Bulletin* 38 (May 2, 1958), 477.

The conservative *Oregon Voter* opposed the measure, as well, editorializing that “we do not know of any political or municipal management anywhere that can do as well as private management in a complex business such as modern mass transportation.”¹⁵⁶

The act, known as Measure 53, went before the electorate on May 16, 1958, and was defeated 69,485 to 41,679. Once again, the “mass transportation problem” was “left in the hands of the city council.”

The Failure of City Transportation Policy: Opposing Views and Recommendations

The Portland Chamber of Commerce: Tax Relief for a Private Regional System. The Portland Chamber of Commerce’s mass transit committee was appointed in September 1958, after the defeat of Measure 53, “to make a study of the mass transit problem in the City of Portland and to make recommendations.” At the first meeting of the committee, it was agreed that a mass transit system connecting the outlying districts, the city as a whole, and the downtown core was “essential.” The committee also agreed that some action was necessary in light of the transit company’s “recent statements . . . to the effect that the company would probably not operate for more than a year.” The committee concluded that the Chamber should seek assistance from other local organizations and “assume leadership . . . to study and make recommendations for a solution of the mass transit problem.”¹⁵⁷

The committee’s initial recommendations included referring to the voters a measure that would create a transit commission, which would have the authority to levy

¹⁵⁶*Oregon Voter* (May 10, 1958), 23.

¹⁵⁷Portland Chamber of Commerce, Mass Transit Committee, “Report to the Executive Committee,” October 30, 1958, Mass Transit Committee 1958-1959 File, BX 170, Box 7, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

a \$500,000 tax per year. The Chamber's preference was for private operation, so the committee recommended that the transit facilities be leased to a private operator, who would have the freedom to adjust fares and service without any prior commission approval. Any profit that the private operator would make in excess of 7 percent would go either to the city or to reinvestment in new equipment.

"It is recommended," emphasized the committee,

that every effort be made by the city to encourage private operators to contract with the city for operation of city owned equipment. The private operator will almost certainly make a greater effort to hold down costs than would be the case under public operation.¹⁵⁸

The committee also suggested that the school district and the city explore the idea of having the school district assume the cost of subsidizing school rates, which were 57 percent lower than the average fare for nonstudents. The members also recommended that the transit company be exempt from paying gasoline and diesel taxes "with the justification that mass transit reduces the expenditures which would otherwise be required by the state for additional freeways, bridges, etc."

Although the Chamber's mass transit committee did not specifically recommend a regional transit authority, it did recommend that the city of Portland annex outlying areas as a means of allowing the city to obtain revenues from those areas that would be served by the mass transit system.

The Portland City Club: Dedicated Bureaucracy and a Regional Authority.

The Portland City Club had been studying Portland's mass transit situation since the ballot measures of November 1952, which had proposed the creation of a transit and

¹⁵⁸Portland Chamber of Commerce, Mass Transit Committee, "Draft No. 2 of Initial Committee Report," n.d., Mass Transit Committee 1958-1959 File, BX 170, Box 7, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

parking commission. By the spring of 1957, the City Club's general conclusion was that the city had failed miserably in providing coordinated and long-range direction for transportation policy.

The City Club found a "serious lack of imagination and initiative on the part of city officials in developing long-range policies that seem to be indicated by the basic data already available." The report continued:

While thousands of man-hours of time are being devoted to matters such as the location of an \$8 million exposition-recreation center, almost no consistent effort seems to be applied to the development of a coordinated transportation policy for either the city or the Portland metropolitan area as a whole.¹⁵⁹

The City Club pointed to the advisability of rapid rail in the future, but noted that there was "no evidence that existing and potential rapid transit routes are being preserved or even given serious study."

City transportation planning had proceeded piecemeal for decades, with the most serious problem being that "policy in this area has been dominated by highway engineers." "Such control as the city has over mass transportation facilities and service," the report continued, "is vested in the City Council, and from time to time -- normally on the occasion of some emergency -- it is called upon to deliberate upon changes in the transit company's franchise or permit."

The City Club lamented the fact that transit matters were vested in the commissioner of public utilities, who had only a part-time general staff assistant to handle transit matters; in fact, the commissioner of public utilities was, until recently, "the only Commissioner who did not have a general administrative assistant." Lacking

¹⁵⁹Portland City Club, "Interim Report on Mass Transportation," *Portland City Club Bulletin* 37 (March 1, 1957), 317.

a department dedicated to transit issues, the city council instead typically turned to the city traffic engineer for expert advice, and “his office will naturally tend to subordinate mass transit problems to the problems of private vehicular traffic.”

In addition to the piecemeal approach and the lack of dedicated bureaucracy, the City Club attributed Portland’s transportation problem to a general fragmentation in jurisdiction: the city had jurisdiction over only certain streets, bridges, and expressways belonging to the county or state, which in turn had to rely on the federal government for funding.

The City Club concluded with a strong recommendation that transportation policy be vested in a single commissioner and that the city council petition the legislature for legislation that would create a regional mass transit authority.

Movement toward a Settlement

The recommendations made by the Chamber of Commerce assumed that private operation, as the most efficient solution, would be self-sustaining if the company were granted further tax exemptions. The City Club recommendations assumed that a dedicated governmental bureaucracy would result in more directive and comprehensive mass transit planning. What resulted in 1958 was somewhat of a compromise between the two positions.

A Working Relationship: City Transportation Director Carl J. Wendt. In August of 1958, Mayor Schrunk “assigned” the “mass transit problem” to Commissioner Bowes’s department of public works. Bowes was then authorized to create the position of a full-time city transportation director. Carl J. Wendt, who had been the general manager of Salem’s private transit company, assumed the position. The Rose City Transit Company continued to operate and provide the city’s transit service, and its officials worked closely and cooperatively with Wendt. As had been

the pattern in the past, when officials from the private company were allowed to work in a close one-on-one relationship with one or two officials from the city, antagonism decreased and productivity and cooperation increased.

As Wendt came to understand the company's situation, he grew increasingly sympathetic with the company's plight. For example, after consultation with company officials, Wendt concluded that, based on the company's revenue alone, it would be impossible for the company to both finance and amortize the purchase of new equipment. If the city wanted the company to improve service in the form of providing new equipment, something -- such as the granting of a long-term franchise -- would have to be done to facilitate the company's acquisition of new capital.¹⁶⁰

Wendt was particularly reluctant to blame the company for declining ridership. In 1960 he reported that the decline in ridership experienced by the Portland company "closely parallels the national pattern." He also noted that the opening of the Lloyd Center and the Eastport Shopping Center accounted for a portion of the decline in core-area patronage. This decline, he said, "no doubt prompted the management of Rose City Transit to proceed cautiously in scheduling new equipment purchases."¹⁶¹

By the end of 1960, Wendt felt that there had been a marked improvement in city-company relations and in the general condition of the company. Working with the company, Wendt had overseen the implementation of nine new through routes, service extensions offset by elimination of unprofitable routes, improved maintenance and bus renovation, and scheduling changes that included easy-to-remember off-peak intervals

¹⁶⁰Carl J. Wendt, Report to Commissioner Bowes, Portland, 29 April 1959, File 10/8, Box 14-06-15/3, Portland City Archives, Portland.

¹⁶¹Wendt, "Report on Rose City Transit Company's Financial and Operating Statement, Year of 1960," February 3, 1960, File 10/8, Box 14-06-15/3, Portland City Archives, Portland.

(e.g., every ten minutes instead of every eleven or thirteen minutes). Wendt optimistically maintained that the decline in ridership had not been as sharp in the past couple of years as it had previously, attributing this to “the fine spirit of cooperation between the City and the Rose City Transit.”¹⁶²

Wendt consistently noted with optimism the decrease in the rate of patronage decline and the positive working relationship between the company officials and his office. As positive as his reports were, they never betrayed an element of vested interest. Wendt did not appear to have any stake in finding either good or bad in the company. When he did have bad news to report about the company’s financial situation, he generally attributed it to depressed economic conditions, retaining optimism that in the future “an improvement in the national economy will result in improved transit patronage.”¹⁶³

Wendt’s outlook may have been overly confident, but the transit company management clearly appreciated the opportunity to have a positive working relationship with the city. As an indication of the company’s commitment to the improved circumstances, management announced in 1960 that it intended to purchase eighty to ninety buses over the next seven to eight years. This was the first such announcement since the last equipment purchase in 1951.

Measure 55: Security against “Whim and Caprice” or a “Death Warrant”? A commitment to public service and the spirit of cooperation were not the only factors motivating the company’s agreement to purchase new buses. In the spring of 1960,

¹⁶²Wendt, “Report on Activities of the City Transportation Director Over the Two-Year Period September 1958 to September 1, 1960,” September 1960, File 10/8, Box 14-06-15/3, Portland City Archives, Portland.

¹⁶³Wendt, “Report on Rose City Transit Company’s Financial and Operating Statement, Year of 1960.”

Raymond I. Perkins, the current president of RCT, wrote Charles Bowen in San Francisco that

the City Hall has been under considerable pressure to put a Municipal Ownership proposition on the ballot. This will be done with the fall elections. The opinion has been given us that a few [new] buses will insure the failure of this proposal.¹⁶⁴

The proposal in question did not in fact make it to the ballot in the fall of 1960. Such a measure would appear on the November 1962 ballot, however. In the meantime, there again arose yet another crisis involving the company, the city, and labor.

The company's current temporary operating permit was set to expire on October 31, 1961. That was also the date that the union's current contract was set to expire. The company published notices in the press announcing that service would terminate at 11:00 P.M. on October 31. That night, employees were given final checks and equipment was dismantled, but labor-management negotiations continued through the night. Finally, at 2:00 A.M. on November 1, an agreement was reached and service was restored. The city had been barely three hours without an operating transit service.

The situation repeated itself during the night and early-morning hours of November 9 and 10. Finally, the city council agreed to the company's request for a fare increase and to the union's request that a measure be put on the ballot authorizing municipal ownership. At this point, labor felt that its condition would be better under public ownership than it was under private ownership; according to the City Club, Portland drivers were currently paid less than drivers in other west coast cities. "The

¹⁶⁴Raymond I. Perkins, Letter to Charles C. Bowen, Portland, 16 March 1960, Mss 2462, Box 5, Rose City Transit Files, Oregon Historical Society, Portland.

Council was, as usual, in the middle,” reported Commissioner Bowes during a later radio address.¹⁶⁵

In February of 1962 Mayor Schrunk appointed a Committee of 21 to come up with a measure for municipal ownership to present to the voters in May. Committee representatives came from business organizations such as Downtown Portland, Inc., the East Side Commercial Club, the Chamber of Commerce, and the Portland Retail Bureau. RCT’s president, Raymond I. Perkins, and Local 757 representative, Gene Watson, were named as advisers. Commissioner Bowes was the chair, Bean was the vice chair, and Wendt was appointed secretary.

The measure became known as Measure 55, or the Standby Transit Authority Measure. Like the 1958 measure, Measure 55 authorized the creation of a transit department with a transit commission that could take over operation of the transit system. The measure also authorized the issue of \$6.5 million in general obligation bonds if in fact the city did take over transit operation, and it authorized an additional special tax levy to cover operating deficits up to \$300,000 per year. Finally, the measure allowed for the issue of revenue bonds up to \$5 million.

Measure 55 was endorsed by the City Club, the Central Labor Council, Local 757, *The Oregonian*, and the *Oregon Journal*. The city council considered the measure a safeguard against “the whim and caprice of a company which gets what it wants first, or says, ‘We quit.’” Rose City Transit opposed the measure, referring to it as a “death

¹⁶⁵Portland City Club, “Reports on Standby City Transit Authorization,” *Portland City Club Bulletin* 42 (April 27, 1962), 457; William A. Bowes, Radio Address, 14 May 1962, Mss 1372, Box 2, William A. Bowes Collection, Oregon Historical Society, Portland.

warrant" that made it impossible for the company to obtain financing for new equipment.¹⁶⁶ The *Oregon Voter* opposed the measure, as well, noting that

All City Commissioners say they oppose public ownership of mass transportation and would not use the authority except in a breakdown of private operation. Their intentions we do not question. We seriously question that a breakdown of private operation needs to occur. Why destroy a tax-paying private operation and create a tax-spending operation? . . . A municipal operation . . . would mean more taxes to make up losses from fares and the purchase of new equipment.¹⁶⁷

RESPONSIBLE UNION
MEMBERS, BUSINESSMEN,
CLERGYMEN, EDUCATORS,
CITY OFFICIALS, NEWS-
PAPERS AND CIVIC
ORGANIZATIONS URGE
YOU TO

VOTE YES on #55

BECAUSE:

- Thousands of workers need buses to get to work daily.
- Transit Employees will be thrown out of jobs if the company decides to quit.
- School children and college students must have buses to get to schools, libraries, recreation areas.
- Traffic and parking facilities would be jammed if the 70,000 who daily use buses are forced to drive.
- Sports-lovers would lack public transportation to the Memorial Coliseum and Multnomah Stadium.
- Many families use buses to attend Church.
- Shoppers depend on buses to go to and from stores.

**PASSAGE OF
#55**

**IS URGENTLY
NEEDED BY ALL
THESE GROUPS**

**THE REAL ISSUE IS
WHETHER OR NOT
PORTLAND IS WILLING
TO DO WITHOUT BUS
SERVICE!**

The City Council is without any power to resist demands of the company. It has no bargaining power. With passage of #55 it will have the authority it must have to protect the public interest.

**#55 DOES NOT MEAN THAT
THE CITY WILL OPERATE
THE BUSES. IT MEANS
ONLY THAT THE CITY MAY
OPERATE THEM IF THE
COMPANY CONTINUES TO
FAIL TO GIVE GOOD
SERVICE!**

*Vote to Take the Big Whip
Out of the California-con-
trolled Company's Hand . .*

**VOTE xYES
ON 55!**

**VOTE 55 ☒ YES
TO THROW OUT
CALIFORNIA
CONTROL OF
OUR PUBLIC
TRANSPORTATION!**

This information furnished in the Public Interest by Standby Transit Committee, Larry Nelson, Treasurer, 3340 S.E. Crystal Springs Blvd.

Figure 47. Advertisement supporting Measure 55.¹⁶⁸

¹⁶⁶William A. Bowes, Radio Address, 14 May 1962; Charles C. Bowen, Statement to the Honorable Mayor and Members of the City Council of Portland, 29 March 1962, Mss 1372, Box 2, William A. Bowes Collection, Oregon Historical Society, Portland.

¹⁶⁷*Oregon Voter* (May 12, 1962), 27.

¹⁶⁸Pamphlet disseminated by the Standby Transit Committee.

THE OREGONIAN, THURSDAY, MAY 15, 1962

LOOK OUT FOR CITY BUS BUREAUCRACY

BEWARE OF MEASURE 55

"Standby City Transit Authorization" really gives the City power to take over Rosy, any time.

Here is why. Any three men on the City Council may put the City into the mass transit business just by calling Rosy's service "unreasonable." No "transit emergency" is needed for this action.

PROPERTY TAXES WILL GO UP and this means your living costs will go up.

THE START OF AN EXPENSIVE TAX-SUPPORTED, CITY BUS BUREAU

No bureau stays small. The city-owned bus systems in San Francisco, Seattle and Los Angeles prove it. (San Francisco taxpayers dig up \$5,500,000 each year to cover operating losses. It could happen here.)

THE PRICE TAG IS GIGANTIC

- \$6,500,000 IN GENERAL OBLIGATION BONDS WHICH MUST BE PAID OUT OF TAXES.

- UP TO \$300,000 IN ADDITIONAL TAXES TO SUPPORT ANNUAL OPERATING LOSSES.

- THE ACT ALSO AUTHORIZES \$5,000,000 IN REVENUE BONDS AND THIS IS NOT EVEN MENTIONED IN THE BALLOT TITLE.

NO PROVISION FOR 300 RETIRED ROSY WORKERS

If passed, measure 55 will cut off some 300 retired Rose City Transit employees who are now receiving pension benefits.

ROSY WANTS TO KEEP WORKING FOR PORTLAND

Rosy is working for a long term operating arrangement with full protection for the people of Portland and for continued bus service.

LET ROSY SAVE YOU TAX DOLLARS—VOTE AGAINST CITY OWNED BUSES

VOTE 55 ☒ NO

Figure 48. Advertisement opposing Measure 55.¹⁶⁹

¹⁶⁹Advertisement paid for by the Rose City Transit Company and published in *The Oregonian*, 15 May 1962.

Once again, however, Portlanders proved reluctant to authorize any combination of increased government revenues, special government bureaucracy, and public ownership; the measure was defeated on May 18, 1962, by 69,102 to 52,263. "Saved again," proclaimed RCT.

SAVED AGAIN

Figure 49. Cartoon celebrating the defeat of Measure 55.¹⁷⁰

A "Model Franchise". Even before the May election, Charles Bowen had written the city council renewing his request for a long-term franchise.¹⁷¹ It was obvious to the council that in the absence of voter approval of municipal ownership, the

¹⁷⁰*The Rosy Review*, in-house publication of Rose City Transit Company, May 1962.

¹⁷¹Bowen, Statement to the Honorable Mayor, 29 March 1962.

city should grant a long-term franchise to the company in order to facilitate its ability to obtain credit and begin equipment improvements. Bowen, Wendt, and Perkins immediately set to work on a new franchise.

The new ten-year franchise, referred to by company and city officials alike as a “model franchise,” was submitted to the council in July of 1962. Speaking on behalf of the city’s business leaders, Henry Kendall, chair of the mass transit committee of the Building Owners and Managers Association, said that, considering that transit

is probably the most important factor in bringing prosperity and attractiveness to our City . . . until the people are willing to vote to spend a little money to get better transportation [in the form of municipal ownership], I think this [franchise] is as good as we can hope to get.

Labor also supported the franchise, union representative Gene Watson noting that it would provide “an opportunity to gain security and to bring our wage standards up to the levels in this area.”¹⁷²

On August 22, 1962, the council voted to accept the proposed franchise. After minimal discussion, it was decided *not* to present the franchise to the voters for their approval, but to exercise the council’s authority to enact the franchise by passing an emergency ordinance.

The new franchise, which became effective as of January 1, 1963, was for a period of ten years. Unlike all previous franchises, this franchise was expressly nonexclusive. The company’s sole obligation was the payment to the city of one tenth of 1 percent of its gross revenue each month. There were no provisions for bridge tolls, paving requirements, or free transport of city officials. The company was required, however, to purchase twenty new buses within the first year of the franchise, fifteen additional buses within the next two years, and by the fifth year, another ten.

¹⁷²Portland City Council Minutes, 19 July 1962.

Service was required daily (including weekends) with thirty- or sixty-minute headways. No service past 11:30 P.M. was required.

The fare schedule consisted of a single cash fare of twenty-five cents and a weekly pass of \$3.50. Transfers were free. The shoppers' special consisted of a ten-cent fare for travel between 10:30 A.M. and 3:30 P.M.; it applied to Fifth and Sixth avenues, between Pine and Clay streets.

The franchise further provided for the company to earn a return of not less than 4.5 percent and not more than 6.5 percent per year. All earnings in excess of 6.5 percent were to be paid to the city as additional compensation. If the company failed to earn 4.5 percent for three months in a row (excluding July and August) and projected that the trend would continue for at least two additional months, the company could then apply for a fare increase, elimination of routes, or a combination thereof.¹⁷³

The franchise also provided that

in the event the Company violates any of the provisions contained in this franchise ordinance, then the Council shall notify the Company of such violation. If the violation shall continue for a period of thirty days after such notice, then the City may declare a forfeiture of this franchise.

If the city declared a forfeiture, the company was obligated to continue providing service for a six-month period unless the city ordered earlier termination. It would turn out to be the case that through this basic provision, public ownership came to Portland.¹⁷⁴

¹⁷³July and August were typically low-ridership months.

¹⁷⁴Portland City Ordinance No. 115674, 22 August 1962.

CONCLUSION

The period from 1946 to 1963 began on a note of hostility and mistrust between the Portland city council and the transit company. There were fears regarding the true intentions of the new San Franciscan owners, fears that they planned to sell Portland's transit properties and leave the city without any mass transit. There were also fears that the company planned a bus-substitution scheme not unlike the National City Lines programs that had recently raised so much controversy and suspicion.

Despite the preferences of the city council and Portlanders in general, the last trackless trolley would run through the streets of Portland in 1958. From then on, mass transit belonged to the diesel bus -- until, several decades later, light rail was introduced. Bus substitution had been occurring almost everywhere throughout the country; buses were cheaper to install and to maintain. However, studies indicated that in the long run buses were less profitable than trolleys. But for an industry facing severe financial difficulties, it was the short run that mattered. Bus substitution was the result of several factors in combination: one, the ascendancy of diesel technology; two, the increasing advocacy of buses on freeways as a form of rapid transit; and, three, the implementation of one-way streets, which was impeded by the necessity of trolley rerouting.

The public's preference for trolleys represented just one facet of the overarching sense of entitlement to mass transit as a public service. This sentiment was most clearly expressed by state public utilities commissioner Howard Morgan, who during the mid- and late 1950s steadfastly refused to allow the company to abandon interurban passenger service that the company considered to be a financial liability. Morgan maintained that because the interurban lines had essentially built the suburban

communities they served, the company had an obligation to continue to serve those communities.

In general, Portlanders and city and state officials did not accept the fact that the transit company was a private enterprise and that it was in business in order to make a profit, not to provide a public service. As in previous decades, most people continued to feel that they were entitled to high-quality mass transportation, provided at a low fare by a private company. There was a general feeling among many that if the company would not be so eager to keep profits to itself -- profits that were assumed to exist, despite the fact that operating costs were increasing and revenues decreasing -- that improvements in equipment and service could be made, wages could be increased, and ridership -- and profits -- would increase.

Dorothy McCullough Lee, like many, believed in this "simple linear equation" of service improvements leading directly to an increase in ridership and hence profits. An observer of the transit situation in Boston in 1953 referred to this view as the "myth of transit solvency," and noted that if it persisted, mass transit services and the areas they served were doomed.¹⁷⁵

It wasn't until the city was faced with a strong sense of urgency, of impending crisis, that it began to take direct action in transit policy-making. This had been the case in 1932, when the threat of fare increases and an expiring franchise had provoked council involvement with the fashioning of the new 1936 franchise. Again, in 1946, the fears regarding the new ownership and the threat of bus substitution prompted the city into its most direct involvement to date. Concerns regarding postwar revitalization

¹⁷⁵Deem, *The Problem of Boston's Metropolitan Transit Authority*, 1953, 42, quoted in Owen, *Metropolitan Transportation Problem*, 107.

and the economic viability of the city center also gave the council cause to intervene in mass transit affairs.

Commissioner Lee hired outside experts -- New York rate analyst John Bauer and Chicago consultants de Leuw & Cather -- to study the Portland case, ferret out evidence of misconduct on the part of the company, and make recommendations regarding transportation in general. Recommendations such as one-way streets, through-routing, full-scale bus substitution, and line extensions were expensive and only increased the company's operating costs, despite recent fare increases.

Ridership continued to decline as costs continued to rise. The company took steps to increase patronage, ranging from improvements in schedules to reduced-rate shoppers' specials. The company tried, too, to cut back on operating costs by eliminating unprofitable night and Sunday service. The city made concessions, as well, by allowing marginal fare increases, eliminating many company obligations, and reducing the franchise fee. But the absence of a strong spirit of company-city cooperation prevented the implementation of innovative, progressive policies such as reserved bus lanes, fare zones, bus shelters, and so on.

A short-term, short-range vision also prevented the city council from looking at Portland's mass transit needs as a regional issue that should involve long-term, comprehensive planning. Concerned about the declining economic viability and competitiveness of the city center as the retail and residential balance began to shift toward the suburbs, Portland's business and political leaders began to advocate municipal ownership in terms of a transit commission that *could*, but not necessarily *would*, take over transit operations if the private company failed to provide service. Such measures were consistently defeated. In each case, they provided for an increase in taxes, an idea that Portlanders abhorred; they allowed for more government bureaucracy, also unpopular with Portlanders; and they provided for an

arrangement -- municipal ownership -- that still carried about it the aura of a socialistic evil.

Despite the council's lifting of obligations and the company's efforts to improve service, ridership continued to decline in the 1950s and 1960s. Transit now had a serious competitor in the automobile, which was owned by an increasingly large percentage of urban and suburban residents. The biggest problem was the erosion of off-peak ridership, which had been exacerbated as the workweek shortened, televisions became ubiquitous, and shopping malls sprang up in noncentral locations. In Portland there is evidence that during the 1950s, peak-hour ridership began to erode, as well, with the automobile being used increasingly for commuter travel.

The Portland City Club called for long-term, comprehensive, regional transportation planning and the appointment of a municipal official whose sole job was to handle the city's "mass transit problem." The concept of regional transportation planning would have to wait, but the city did create the office of city director of transportation, held by Carl J. Wendt from 1958 until 1969. Wendt was instrumental in easing tensions between the company and the council and bringing about a compromise franchise that relieved the company of virtually all obligations in return for commitments to purchase new equipment.

The city had always refused to include any provisions regarding labor in the franchises, and the franchise of 1962 was no exception. Fares and wages had been inextricably tied together since 1917, and for one (fares) to be regulated while the other (wages) was left to "market conditions" resulted in a vicious cycle of rising wages leading to higher fares and increasing antagonism.

Portland's transit workers had begun 1946 with a top operator pay that had risen 84 percent since the 1936 franchise, whereas fares had not risen at all. By 1951, the city council had granted fare increases that brought the average fare up to 12.6 cents,

approximately 40 percent higher than it had been in 1936. The top operator wage, meanwhile, had increased nearly 153 percent in the same period of time. Clearly, fare increases had not kept pace with wage increases.

By the early 1950s, however, the Portland fare was increasing at a higher rate than wages. By 1958, Portland's average fare had increased 87 percent over that of 1951, but its top operator wage had increased only 26 percent, a lower rate than any other west coast city of comparable size, most of which were publicly owned. By 1962 the Portland City Club would report that Portland's transit workers had the lowest wage rate on the west coast.

The result was an increasingly unstable labor situation. Despite recent fare increases and relief from obligations, the company continually faced demands from riders for constantly improving service, demands from the city council for new equipment purchases, demands from business leaders that favorable downtown routings be preserved, and demands from an increasingly volatile work force that wages and benefits keep pace with other west coast systems.

The settlements of the 1950s and early 1960s were clearly temporary, makeshift compromises. One crisis after another had been averted or temporarily forestalled through classic reactive policy-making. By the mid-1960s, Portland was one of the few cities in the country where mass transit service was still expected to be a self-sustaining enterprise provided by a private company. The expectations were indeed of mythical proportions, and it would not be long before the devastation predicted by Boston's 1953 observer hit, bringing with it a radical change in the state of affairs.

CHAPTER IX

SAVING THE CITY: TRANSPORTATION POLICY DURING DECADES OF DESPERATION, 1950 TO 1970

OBITUARY

Downtown Business District of City X, last surviving member of a family of City Downtown Business districts, died yesterday in the City of X, a one-time prominent member of the community.

He suffered an increasing paralysis due to the congestion of his main arteries of travel. Doctors worked over him with increasing vigor during the last days of his life, but the disease had become so acute that little relief was possible. Injections of policy regulations, parking meter pills, and traffic plan treatments seemed to instill new life in this venerable old gentleman of the city. However, long-term treatment and major surgery was necessary if the patient was to survive. Before the surgeons could agree upon the type of anesthetic, outlying shopping centers developed, complications of attractive parking space at the outlying shopping centers caused undue pressure on the competition, and the patient died.¹

These were introductory words to a 1952 Portland city planning commission document entitled "Bus Transportation in Downtown Portland." This planning report, one of the first -- if not *the* first -- devoted almost entirely to the subject of mass transportation, signaled the dawn of a new era in Portland's transportation planning. The city's concerns about the impending death of the central business district, which were also addressed in the previous chapter, were the motivation behind the city

¹From an introductory page to Portland City Planning Commission, "Bus Transportation in Downtown Portland," December 1952, Oregon Collection, University of Oregon Library, Eugene. This "obituary" was cited as appearing in a legal bulletin of the New York State Conference of Mayors.

council's relief of various mass transit company obligations, as well as attempts at municipal ownership. Policy initiatives such as these had their roots in concerns regarding accessibility to an economically competitive downtown core.

To provide access to services and businesses in the city center had long been a primary focus of transportation planning initiatives in Portland and in cities throughout the country. Indeed, as early as 1912, Edward Bennett's "Greater Portland Plan" had envisioned wide boulevards converging in the center in a radial, spokelike fashion. For decades, the emphasis had been on street widening and highway building -- in short, on improving central city access for the individual autoist. Mass transit, it had been generally conceded, did have a role to play in improving this access, but policy and planning initiatives had traditionally placed this role in a peripheral position to the more central concern of accommodating the automobile and facilitating its access. In addition, whatever role mass transit was to play had been left to the fates and fortunes of the private industry, struggling to meet the competing demands of labor, city and state regulators, creditors and bondholders, planners and engineers, and the riding public. Beginning in the 1950s, however, the role of mass transit was shifted to a more central position in the transportation planning initiatives promoted and endorsed by the public sector.

TRANSPORTATION PLANNING: THE 1950s AND 1960s

Crisis in the Center

The "obituary" quoted above illustrates the sense of fear among central city advocates about the decline of the core. The concern was not limited to the downtown business district, but to the entire central city. Population data, which were presented in the previous chapter, indicate that indeed the central city was not growing at as rapid

a rate as was the rest of the SMSA ring. Clearly, a declining central city population meant the threat of a declining tax base, assuming declining population led to decreased commercial investment, as well. This alone could have alarming consequences with respect to the city's economic strength and competitiveness. But what may have been of more immediate concern -- that is, more readily apparent -- was the decline in business activity in terms of sales and number of employees.

Figure 50. Changes in retail sales, Portland and SMSA ring, 1940 to 1987.²

²U.S. Census of Business, various years. The period 1940-1948 has been excluded from the lower graph because during the war years, the rate of increase in

Figure 51. Number of employees, Portland and SMSA ring, 1948 to 1987.³

retail sales for both Portland and the SMSA was over 200 percent. The charts have *not* been adjusted for increases in dollar amounts due to inflation.

³Ibid.

Figures 50 and 51 show that both in terms of retail sales and number of employees, the SMSA ring (see map, Figure 45, p. 542) was generally growing at a faster rate than the city of Portland during the period between the end of the 1940s and the end of the 1960s. In terms of retail sales alone, in 1954 the city of Portland reported \$65.8 million and the rest of the ring reported \$24.5 million, a 63-percent difference. Fewer than ten years later, in 1963, Portland reported \$75.2 million and the ring reported \$52.8 million, only a 30-percent difference. Thus, by the early sixties the trend must have been painfully obvious to Portland retailers and city center advocates in general: the core was losing its retail advantage to the suburbs. Within another decade, the balance would be reversed, with the city reporting \$1.2 billion in sales and the ring reporting \$1.3 billion.

Saving the Center: Horizontal Separation of Traffic

Portland's planners noted that although bus patronage had declined since the 1940s, "people [were] not coming to Downtown Portland by automobile in sufficient numbers to offset the drop in bus patronage." The cause, they concluded, was clear: a lack of parking, combined with unbearable congestion and unsatisfactory bus service was "causing people to forego doing business, shopping, and seeking entertainment in the downtown district."⁴ The answer to the problem of loss of economic activity, it was reasoned, lay in making the downtown district more accessible. Thus, a primary goal of transportation planning during the fifties and sixties was to increase and maintain accessibility to a revitalized downtown core, as well as to improve the desirability of the central city in general. The solutions set forth by Portland's

⁴Portland City Planning Commission, "Bus Transportation," 1.

transportation planners centered on one dominant theme: horizontal separation of traffic.

Segregation of Traffic. The notion of separating types of traffic dates back to the turn of the century, when horses, omnibuses, carts, bicyclists, and pedestrians all competed for narrow street space. Adding horse-drawn or electric trolleys to the picture only made things worse. Thus, in larger cities, where congestion was at its most extreme, to many planners the logical solution lay in separating traffic vertically. The elevateds and subways constructed around the turn of the century were, in part, the result of this philosophy that advocated separating types of traffic by levels.

As noted in Chapter 5, Edward Bennett's 1912 plan for Portland had addressed downtown congestion by recommending vertical separation in order to remove traffic from surface streets in the downtown core: at least one suspension bridge or even a tunnel and an elevated roadway crossing Front Street. The Portland planning commission had continued to advocate separation of traffic, most notably in the repeated suggestions in *The Plan-It* for grade separations that would reduce the number of intersections.

A variation on the theme of vertical separation had been made by the local consulting engineer J.P. Newell, who had been hired by the Portland city planning commission in 1925 to prepare a study regarding the continuing problem of congestion. Newell made the relatively extreme recommendation that streetcars be entirely banned from downtown streets, which would be open to automobiles and motor bus traffic only. As noted in Chapter 6, Newell was by no means alone in advocating the complete removal of rail traffic from downtown streets; in a 1925 plan for Los Angeles, the firm of Kelker, de Leuw & Company also recommended that railway tracks be removed from downtown streets and be replaced with rapid-transit lines,

which could be elevated or in subways or in depressed ditches -- just as long as they were segregated from surface automobile traffic.

A common element in most of these recommendations for separation of traffic was that mass transit vehicles be removed from the main surface streets, which would be devoted exclusively to automobile and truck traffic. What was new in the plans of the 1950s and 1960s were suggestions for the removal of *automobiles* and the creation of bus-only streets in the downtown core. This departure from the transportation plans of the past signaled a recognition of the important role that mass transit could play in facilitating access to the central business district.

“Congestion in the streets must be solved by separating conflicting types of traffic,” proclaimed Portland planners in the 1950s. They agreed that vertical separation was the ideal, but conceded that a city the size of Portland could not yet support subways or elevateds. Thus, the only alternative was to separate traffic horizontally. “The objective . . . here presented is to separate horizontally automobiles -- which take up by far the largest street space -- from pedestrians, buses, and delivery trucks.”⁵

One element of the plan called for banning all automobile traffic and parking along at least two main streets in the downtown core. These streets would be bus-only thoroughfares that would be part of a looping system. Instead of the jumbled pattern of bus routing that currently existed -- buses entering the downtown core from multiple access points, traveling along nearly every street in the core -- buses would come in on just several primary routes, looping in and out of the downtown core on the two or more reserved lanes (see Figures 52 through 54). Suburban buses could load and

⁵Ibid., 5.

unload at midstreet platforms instead of being forced to use the interurban bus terminals of the Greyhound or Trailways companies.

Figure 52. Proposed bus-only lanes in downtown Portland, with suburban buses loading at midstreet platforms.⁶

⁶Ibid.

Figure 53. Existing city bus routes, converging on most streets of Portland's downtown business district, 1952; existing interurban and suburban bus terminals in shaded blocks just south of central business district.⁷

⁷Ibid.

Figure 54. Proposed bus loop rerouting plan, with bus-only loops through center of downtown business district.⁸

The recommendations for bus-only lanes, looping, and midstreet suburban platforms were, of course, predicated in part on the notion that the bus companies would support the plan. The suburban bus companies expressed enthusiasm for the

⁸Ibid.

proposal -- not surprisingly, since the midstreet platforms would work to their advantage in encouraging ridership. Rose City Transit, operator of the city lines, was, however, much less enthusiastic, maintaining that the extra mileage involved with sending buses around the downtown loops would increase operating costs by \$168,000 per year. The planning commission countered that these increased operating costs would be more than offset by increased ridership.⁹

The commission also underscored its position that the bus-only lanes and the loop plan would decrease core congestion and bring more people closer to their destinations, thus increasing the attractiveness of bus travel and improving overall accessibility to business: "Public policy should be oriented toward making bus travel more attractive. One step, among many others which must be taken, is to give bus transportation at least an equal status in the downtown district with the automobile."¹⁰ Interestingly, this "new" policy position, advocating an equal status for the mass transit vehicle and the private automobile, sounds remarkably similar to the position articulated by Harland Bartholomew twenty years earlier. In his 1932 report, Bartholomew had predicted that the importance of mass transit in Portland would increase and that, therefore, "some of the capital to secure for the automobile the best conditions for its operation should be devoted to the betterment of this carrier [mass transit] of the greater part of the population."¹¹

Segregation of Parking. Another aspect of the horizontal-segregation planning of the 1950s and 1960s involved segregation by function, which included the notion of

⁹Ibid., 8-9. The three largest suburban carriers at this time were Portland Stages, Oregon Stages, and the Portland-Vancouver Bus Company.

¹⁰Ibid., 6.

¹¹Harland Bartholomew and Associates, "Report on the Proposed System of Major Streets and Development of Waterfront," 384.

peripheral -- or fringe -- parking. Bus-only lanes could not be implemented, it was reasoned, unless motorists were offered an alternative to cruising the streets to look for parking. In Portland, the suggestion at this time was for off-street parking structures, located just outside the core. It was pointed out that new suburban shopping centers utilized the concept of peripheral parking, with shops grouped around a central pedestrian mall. Since Portland's core was particularly compact and the stores and business within it amenable to pedestrian access, the idea seemed easily transferable to the downtown area.¹²

"Shopper" parking garages reached directly from freeway leave core-area streets free for pedestrians and busses*

PLATE 5
RELIEF AND PREVENTION OF DOWNTOWN TRAFFIC CONGESTION

Figure 55. Peripheral parking garages and parking field, accessible by expressway, in 1960 proposal.¹³

¹²It will be recalled that in 1952 a measure was put before Portlanders -- and defeated -- that would have provided for a municipal parking garage, as well as for the creation of a transit commission, which would be authorized to oversee any future municipal transit operations.

¹³Downtown Portland, Inc., "Sunset Freeway Report," March 10, 1960, 20, Millar Library, Portland State University, Portland.

The suggestion for peripheral parking continued to have strong support by downtown advocates when proposals for expressway loop routes were being considered in early 1960. The top illustration in Figure 55 shows an expressway (the so-called Market-Clay route) feeding into the periphery of the downtown core. Automobiles would enter downtown via this expressway and park in the parking garages on the periphery; from there, shoppers could walk into the downtown core on some sort of covered walkway. Those wanting even more direct access to the core would be encouraged to ride buses, which would run directly through the center of the business district on the bus-only lanes. On the other hand, those insisting on driving their private automobiles and parking close in would be charged higher rates than those who parked in the peripheral parking garages.

The lower illustration in Figure 55 shows a “parking field,” of which there would be several, located on the fringe of the downtown area, where all-day parkers would park and ride shuttle buses into the core for work or business. The park-and-ride alternative would cost forty cents, which would cover not only the parking but the round-trip shuttle ride, as well. There were at least two parking fields envisioned in the 1960 study, both of which were on the west side of the river and accessible directly by expressway.

The “New Perspective” toward Transportation Planning. During previous decades, road and freeway construction had proceeded relatively unfettered, not only because of the American democratic ideal that stressed freedom of mobility in one’s own automobile, but also because there was a widespread consensus that there would be a place for mass transit vehicles in a well-developed arterial and expressway system. In Los Angeles, for example, it was assumed that the construction of freeways would benefit mass transit, since buses would be able to use them, taking advantage of the limited access and increased speed. As early as 1939, Los Angeles’s Transportation

Engineering Board had issued a report proposing a superhighway system, with the median strip reserved for rapid transit, which could be provided either by buses or rail. By 1949, the rail-corridor advocates had lost, but it could still be claimed that mass transit had a place on the highway. Bus-priority lanes were still a possibility.¹⁴

During the 1960s, reaction to the emphasis on freeways and automobiles was much more widespread among planners, and a number of innovative mass transit projects were being planned that were even more extensive than the Portland plan to reserve a few streets in the downtown core. By the early 1970s, a number of bus-priority projects had been implemented throughout the United States, including reserved freeway and arterial lanes, bus malls, and even traffic signal preemption.¹⁵ As was the case with Portland's recommendations for fringe-parking lots, there was an emphasis on encouraging drivers to park away from the center and ride mass transit in. Cleveland's rapid-rail system, for example, was operating with free parking for transit riders before 1964.¹⁶ By the end of the 1960s, other fringe-parking arrangements existed, mostly on the east coast (e.g., Pennsylvania, New Jersey, Connecticut, Massachusetts), although by 1971 Seattle also had a fringe lot served by freeway express buses.¹⁷ The Shirley Highway Express-Bus-on-Freeway Demonstration Project from Washington, DC, to Northern Virginia is an example of a dedicated bus lane project, which first opened in 1969 with fringe parking and five miles of reserved

¹⁴Adler, "Transformation of Pacific Electric," 68.

¹⁵Weiner, *Urban Transportation: An Historical Overview* (New York: Praeger Publishers, 1987), 29-30.

¹⁶Fitch, *Urban Transportation and Public Policy*.

¹⁷Barton-Aschman Associates, Inc., R.H. Pratt & Company Division, *Traveler Response to Transportation System Changes*, prepared for the Department of Transportation, Federal Highway Administration, Office of Highway Planning, Urban Planning Division, DOT-FH-11-9579 (Washington, DC: GPO, 1981), 93-122.

busway.¹⁸ In the 1970s, after public takeover of the transit system, Portland itself realized the completion of a bus mall in the downtown district, with reserved lanes for buses and amenities for riders such as sheltered waiting areas and information kiosks.

As in the Portland case, many of these projects were the result of advocacy on the part of downtown commercial interests. Foster notes that even during the period of strong financial support for freeway building of the 1930s and 1940s, there was at least some “half-hearted” support for rapid transit. He underscores the point, however, that the most frequent source of that support was downtown business interests, who “often sponsored core-city-oriented rapid transit proposals in last ditch efforts to make their businesses more accessible to vanishing patrons.” Although Foster was writing about the thirties and forties, his basic contention about the the interest of downtown businesses in supporting mass transit holds true for the later period of the sixties and early seventies.¹⁹

Thus, this new perspective in transportation planning, which assigned priority to the mass transit vehicle over the private automobile, was the result of an awareness of the potential of the mass transit vehicle in contributing to the economic vitality of the downtown core. The perspective was “new” to Portland because the threat of diminishing economic position was new. In cities where that threat had been perceived earlier, such as Los Angeles, this perspective of transportation planning, which integrated and assigned some priority to mass transit vehicles (particularly rapid transit), had emerged decades earlier.

¹⁸Ibid., 205-231.

¹⁹Foster, *Streetcar to Superhighway*, 154.

Saving the Center: The Expressway Loop

Despite the attention paid to prioritizing mass transit, most transportation planning in the 1960s continued to emphasize freeway building. In this regard, one of the most important items on a city's agenda was facilitating access to the center by means of the construction of one or more expressway loops.

Major freeway construction in the Portland area during the mid-1950s included the east-west Banfield Freeway (now I-84) between Portland and the Columbia Gorge, and the north-south Baldock Freeway (now I-5) between Portland and Salem. That freeway construction, conceived of and begun by the Oregon State Highway Commission, preceded the Federal-Aid Highway Act of 1956, which provided for a national system of interstate and defense highways, connecting the country's urban areas.

The 1956 act established the Highway Trust Fund, into which gasoline and certain highway-related taxes would be deposited. The system was intended to be entirely self-financing, with no funding coming from general revenues. In 1958, the federal government began financing the construction of urban and intercity stretches of the interstate system on a 90-to-10-percent matching basis, with the 10 percent coming from the states (in Oregon, the match is 92-to-8 percent because of the large proportion of federally owned land in the state). There was no requirement by the federal government that any community planning be connected with localities' freeway projects, nor was the federal government particularly concerned about routings or any of the various congestion problems associated with federal freeways carrying traffic through metropolitan areas. The state governments had the primary responsibility for

location of the interstate thoroughfares, although all three levels of government -- city, state, and federal -- had to be in agreement on the final location.²⁰

Despite the major weakness of not addressing urban congestion caused or exacerbated by the interstate freeways, the interstate act did allow urban areas such as Portland to begin carrying out the planning dreams of earlier decades, including the expressway loops encircling the downtown core. There were two major expressway-loop plans considered and implemented in Portland in the 1960s: a loop encircling the central downtown core, referred to as the "central freeway loop," and an outer loop, referred to as the "inner circumferential freeway."²¹ Each loop emerged with its own set of conflicts and political struggles.

The issues associated with the Stadium Freeway link of the central freeway loop poised downtown economic interests against professional engineers. The I-205 Freeway link of the inner circumferential freeway pitted neighborhood activists against the professionals, and suburban political leaders against central city interests. The nature of the conflict differed in each case, as did the immediate victor. In both instances, however, the ultimate goal of the expressway loop plan was to increase and improve accessibility to and desirability of the central city and its downtown core. Despite the conflict and controversy, the loops were constructed, reinforcing the radial pattern of travel that had characterized Portland since the late 1800s.

The Politics of the Central Loop: "A Basic Difference in Approach". It will be recalled that in 1943 Robert Moses had proposed an inner belt throughway enclosing Portland's central business district. He had recommended that this throughway be

²⁰Smerk, *Urban Transportation: Federal Role*, 131-133; Portland City Club, "Report on Freeways Location," *Bulletin* 41 (June 24, 1960): 18-26.

²¹Portland City Planning Commission, "Interstate 205 Freeway: Report to Portland City Council," March 1965, Millar Library, Portland State University.

depressed below the existing grade, connecting with a new high-level bridge to the north (which would become the Fremont Bridge) and a new expressway bridge to the south (which would become the Marquam Bridge). Much of the freeway planning of the early 1960s was directed toward bringing Moses's suggestions to fruition.

There were two primary views toward central expressway loop construction in Portland during the early 1960s: the view of the downtown business interests and that of city and state engineers. Figure 56 shows the proposed expressway loop, with several alternative routes. The plan that emerged during the 1950s planning for the Baldock Freeway (I-5) to Salem envisioned traffic as coming into downtown Portland via the Baldock Freeway or crossing the Willamette River on a new bridge (the Marquam) and then proceeding north on the east side of the river, toward two interstate bridges crossing the Columbia (at this time, there was only one interstate bridge for automobiles).

This plan was complicated, however, by the fact that such a large percentage of Portland's population crossed from the east side into the west side each day. This factor was considered "unusual" enough to warrant the federal government's approval of a second *westside* link to the interstate system. The federal government required only that the westside link meet federal standards and be "reasonably located," but, as was standard, did not concern itself with the precise location of the link.

Skirmishes over the location were thus left to the local level. The westside link -- commonly referred to as the Stadium Freeway (currently I-405) -- consisted of two main sections, one an east-west section that would take traffic westward from the proposed Marquam Bridge, and the other section a north-south portion that would run past the west side of the downtown core, connecting with the proposed Fremont Bridge (the high-level northerly bridge proposed by Moses).

The locational controversy concerned the east-west section of the link. Advocates of the Stadium Freeway positioned themselves in one of two camps. One camp championed an east-west link that would run in a depressed right-of-way, two hundred feet wide, along the corridor currently occupied by the blocks between Market and Clay Streets. This was referred to as the Market-Clay (or Clay-Market) route. A key component of this proposal was the parking fields and parking garages that would be accessed by offramps; these had been integral to the plans set forth by downtown business interests and the planning commission since the early 1950s (see Figure 55).

Figure 56. Proposed downtown expressway loop, showing both the Market-Clay and Foothills routes, as well as the proposed Mt. Hood Freeway and Marquam and Fremont bridges.²²

²²Downtown Portland, Inc., "Sunset Freeway Report."

The other camp advocated a route that would carry traffic from the Marquam Bridge, through the southern end of the proposed urban renewal area in the southwest district of the downtown area, along the foot of the hills that front the southwest portion of the city. This route, which would also be depressed, hooking up with both Canyon Road (the Sunset Freeway, US-26) and the proposed Fremont Bridge, was referred to as the Foothills route.²³

“There seems to be a basic difference in approach to the two locations of this freeway,” explained the City Club.

Advocates of the Clay-Market location are concerned about the maintenance of the downtown core area's value, and are proposing to furnish parking for the cars that will come from the freeway into this core area. These advocates also are concerned about the effect of the freeway on the general growth of the community and have more the comprehensive outlook of the planners than the analytical approach of the engineers. The Clay-Market location seems to have been planned for the general growth of the community, while the Foothills Route seems to have been engineered primarily as to construction details and cost.

The engineering studies claim that the Foothills Route would be a more economical construction, with less backup of automobiles getting off the ramps, with easier solution of such problems as minimum grades and minimum curvatures.²⁴

²³There was another section being proposed at the time, as well. Indicated by a dashed line on Figure 56, this so-called Mt. Hood Freeway (named for its view, not its destination) would carry traffic from the Baldock Freeway across the Willamette River and eastward, where it would connect at about Southeast Fiftieth Avenue with another north-south freeway. As will be discussed, this north-south freeway, the current I-205, would eventually be built, although farther east than originally planned. Planning for the Mt. Hood Freeway, however, was abandoned as a result of the “freeway revolt” of the 1970s. The 1973 Federal-Aid Highway Act allowed for the diversion of federal freeway money to mass transit projects. Portlanders and their city and state officials voted to divert the Mt. Hood Freeway moneys to the dual light rail-Banfield Freeway improvement project that was completed in 1986.

²⁴Portland City Club, “Report on Freeways Location,” 24.

As noted, the overarching theme of downtown planning initiatives during the sixties was the revitalization and preservation of the economic advantage of the downtown core, which was to be effected by horizontal segregation of traffic, separation of parking, and the expressway loops coming as close to the central core as possible. Another important element of the downtown planning -- one emphasized particularly by the downtown business interests -- was the maintenance of the *compactness* of Portland's core. This was considered to be one of the Portland center's primary advantages. Indeed, advocates of the Market-Clay route emphasized that that compactness would be preserved if their route were implemented, whereas it was maintained that the Foothills route would encourage more horizontal spread of the downtown business area, thus disrupting the compactness that was considered essential to downtown vitality.²⁵

Advocates of the Market-Clay route came primarily from the city's business sector and included the private downtown-revitalization organization, Downtown Portland, Inc., the Chamber of Commerce, and the city planning commission. The relatively progressive City Club also endorsed the Market-Clay route, viewing it as in line with the "comprehensive" downtown revitalization planning that had been underway for the past decade.

Advocates of the Foothills route, who strongly opposed the Market-Clay route, came chiefly from those with an engineering perspective: the state highway commission, the city traffic engineer, the city's transportation bureau, and the city's traffic safety commission. The engineers' perspective was that the Foothills route would cost \$4 million less than the Market-Clay route, that its curves were superior to

²⁵Downtown Portland, Inc., "Sunset Freeway Report," 12; Portland City Club, "Report on Freeways Location," 22-23.

those of the Foothills route for handling speeds of fifty miles per hour, and that its more numerous off and on ramps would more easily avoid congestion due to backups.

The Portland Realty Board also favored the Foothills route, primarily on the basis that that route would have less of a negative economic impact on the real estate in its proximity than would the Market-Clay route. The Foothills route was also supported by the Portland Development Commission, on the grounds that it would take away less acreage from the planned urban renewal projects than would the Market-Clay route, which proposed to use some of the urban renewal land for parking.²⁶

There were, of course, those who opposed building any portion of the Stadium Freeway anywhere at all. Representatives from the Oregon Chapter of the American Institute of Architects opposed the potentially harmful aesthetic and social impacts of unrestrained freeway building; they advocated more study on impacts and alternatives. In a similar vein, Walter Durham, Jr., of the Portland Housing and Planning Association, urged an immediate halt to all freeway planning until a comprehensive study of the traffic needs of the entire metropolitan area could be prepared, referring to government highway planners as

paving maniacs in federal and state highway bureaus who so often seem to lose sight of the cultural, commercial, and aesthetic values which must be preserved if the community is to grow in ways which will achieve the balanced needs and desires of our citizens.²⁷

The Impotency of Planners and the Passivity of the City. In the end, the position advocated by the engineers prevailed. *The Oregonian*, which had tended to favor the Market-Clay route, was critical of the city council's apparent abdication of

²⁶"Downtown Freeway Supported," *The Oregonian*, 8 June 1960; "Purpose of Freeway," Editorial, *The Oregonian*, 12 June 1960; "New Freeway Decision Set for July 7-8," *The Oregonian*, 14 June 1960.

²⁷"New Freeway Decision Set for July 7-8."

the matter to the state highway department and the U.S. Bureau of Public Roads. Likewise, the City Club criticized the “passive acceptance of local governments of routeway projects of the State Highway Commission,” explaining the passivity as the result of financial impotence. Local governments, the City Club noted, had far fewer funds to back any projects they might initiate than did either the state or private developers.²⁸

In the case of the city of Portland, the local government’s passivity was also bound up with the tradition of a generally weak city planning commission in matters of transportation planning. Although a series of important figures in planning had been brought to Portland for the purpose of recommending city plans that would include solutions to traffic congestion, few of their suggestions had ever been implemented. The building of infrastructure related to transportation had proceeded on a piecemeal basis, nearly always overseen by engineers and technicians, whose vision was understandably confined to technical solutions of immediate problems. Rarely if ever did the engineers work with urban planners, who might have had a broader vision of how transportation fit into the city as a whole.

Portland’s city planning commission had never received much real support from the city council, being allotted little in the way of funds or authority. The City Club criticized local planners’ tasks as primarily administrative:

Most of the time of planners is taken up in reviewing proposals to change existing land use zoning, and they know that even here a substantial portion of their decisions will ultimately be overruled. When planners have pursued a more active role, it has largely been in the less controversial realm of data collection or development of general theory,

²⁸“Purpose of Freeway”; Portland City Club, “Report on Planning for Transportation in the Portland Metropolitan Area,” *Bulletin* 49 (December 6, 1968), 270.

rather than in a direct attack on the specific problems of the Portland urban environment.²⁹

A “direct attack on the specific problems of the Portland urban environment” would likely have meant a radical departure from the cautious and conservative approach to city evolution that had been the general preference of Portland’s business and political leaders over the past century. A city planning commission that did little other than preserve the status quo and provide necessary administrative services fit best into the scheme of things. By the time the city’s business leaders could have used the support of a strong, directive planning commission, united with and supported by a decisive city council, it was too late; the Foothills route of the state highway engineers prevailed.³⁰

The Inner Circumferential Loop: Neighborhood Activism and a Lack of Political Consensus. Although the state highway commission and engineers from both the city and state prevailed during the 1960 controversy regarding the placement of the Stadium Freeway, the technically sound “engineers’ solution” to traffic congestion would not always dictate highway policy. Two elements emerged during the 1960s that weakened the voice of engineers from both the city and state level.

One of these was the growing activism of neighborhood coalitions, protesting the placement of highways through residential neighborhoods. The earliest example of this activism in Portland was the neighborhood fight against the proposed I-205 freeway (also called the East Central Freeway), which was initially planned as part of

²⁹Portland City Club, “Report on Planning,” 272.

³⁰In retrospect, the engineers’ route seems far superior to that supported by the business interests. The Market-Clay route running practically through the center of downtown would have “bisected the city like another Willamette River,” and, because of so few on and off ramps, would most likely have greatly exacerbated downtown congestion.

Figure 57. Proposed inner circumferential freeway, showing I-205 link along 52nd Avenue, with dashed line representing contested Lake Oswego route.³¹

³¹Portland City Planning Commission, "Interstate 205 Freeway."

In June of 1964 the Technical Advisory Committee of the Portland-Vancouver Metropolitan Transportation Study (P-V MTS) announced that it would recommend the 52nd Avenue route to the state highway commission. As with the Foothills route of the Stadium Freeway, there was general approval for this route among transportation experts and engineers. In this case, the city planning commission -- which was now again directed by Lloyd Keefe, previously head of Downtown Portland, Inc. -- also approved of the 52nd Avenue route.³²

The transportation experts and engineers with P-V MTS explained that by 1980 there would be a 77-percent increase in vehicle ownership and a 40-percent increase in population in the area served by the proposed I-205. If this segment of the inner circumferential freeway were not built as recommended, these experts claimed that the only alternative would be for the greatly increased traffic to use the already existing streets and arterials, thus hugely magnifying their congestion.

The residents of the neighborhoods affected, however, were not at all convinced that their best interests would be served. These neighborhoods, specifically Lake Oswego and Laurelhurst, consisted of high-value residences, whose owners were horrified at the notion of a freeway lowering their property values, slashing their districts in half, splitting school districts, and even displacing residents.³³ The high

³²Lloyd Keefe had directed the planning commission until 1959, when he resigned in order to head Downtown Portland, Inc. He returned to the planning commission position in 1961. See Abbott, *Portland*, 172-173.

³³"52nd Avenue Freeway Route Recommended," *The Oregonian*, 11 June 1964; "Proposed Freeway Route Said Favored by Transportation Experts," *The Oregonian*, 11 June 1964; "Oswego Citizens Urge Freeway Route Farther East, to Skirt Core Areas, Residential Zone," *The Oregonian*, 23 July 1965; "Parkrose Group Declares Opposition to Freeway Anywhere within School District Area," *The Oregonian*, 15 July 1964.

economic stake of and the considerable resources available to these upper class residents enabled them to organize effective resistance to the placement of the freeway.

The other factor that weakened the voice of the engineers was the lack of consensus among all political bodies affected. Unlike the Stadium Freeway, the I-205 route affected not only the city of Portland, but Lake Oswego, Milwaukie, and Vancouver. Clackamas County, Multnomah County, and Clark County were all involved, as well. In addition to the disapproval by residents of Lake Oswego and Laurelhurst, strong opposition to the 52nd Avenue route came from the Multnomah County commissioners. They favored a 96th Avenue route, which would provide better service for the growing suburbs to the east and, they maintained, speed up development of the Mt. Hood Freeway -- also expected to provide important service for the eastern suburbs. These suburban political leaders resisted the continued dominance of the central city, advocating freeway development that stimulated suburban growth and autonomy.³⁴

The combined opposition of Multnomah County and the various neighborhood groups that would have been affected by the 52nd Avenue route -- eventually a Citizens Freeway Committee, representing twelve neighborhoods, was organized in opposition to both the 52nd Avenue route *and* the Mt. Hood Freeway -- politicized the freeway-routing issue to a degree that traffic engineers and expert planners could not overcome.

The state highway commission ended up adopting the 96th Avenue route and approving a four-lane freeway instead of the six- to eight-lane freeway that was planned

³⁴"County Pushes Battle against Freeway Route," *The Oregonian*, 1 July 1964. As mentioned in a previous footnote, the Mt. Hood Freeway would never be built.

for the 52nd Avenue route.³⁵ This alternate route, connecting with I-5 south of Lake Oswego, crossing the Willamette at the current Oregon City Bridge, running north through Gladstone, and continuing north on 96th Avenue, also had its opponents: residents of Maywood Park in the Parkrose district incorporated as a city in hopes of fighting the 96th Avenue placement; but, since Multnomah County had already approved the eastern route, the strategy proved ineffective. The City Club later remarked that it “deplored” the fact that the state had had to make the final decision regarding the placement of I-205 because of the lack of consensus that had existed at the local level.³⁶

Freeway Building and Locational Skirmishes. The opposition by Multnomah County Commissioners to the location of a freeway that, from their standpoint, would only have benefited the central city, was a situation not unique to the Portland case. Sy Adler notes a similar phenomenon in Los Angeles, with the political struggles associated with the superhighway proposal issued by Los Angeles’s Transportation Engineering Board (TEB) in 1939. Although that case is more complex in the issues involved, it offers an early example of suburban opposition to city-centered transportation planning.

As Adler explains, Los Angeles’s downtown activists enthusiastically supported TEB’s proposal for a superhighway system with reserved space for future rapid transit, in which “virtually unlimited reception capacity for the downtown business district was promised.” As planning for the postwar project proceeded, the momentum of the Los Angeles contingent grew, as did the prospect for corridor rail rapid transit. In a 1945

³⁵Although a four-lane freeway was approved in 1964, the I-205 freeway that was eventually built consists of six lanes. The final I-205 route is outside the boundaries of the map shown in Figure 55.

³⁶Portland City Club, “Report on Planning,” 271.

report, the consulting firm of de Leuw, Cather had even gone so far as to rule out any rapid transit (e.g., express lanes for buses) other than the rail lines in the median strips.³⁷

By 1948, Los Angeles's Rapid Transit Action Group (RTAG) had seized the initiative and presented a \$310 million proposal encompassing de Leuw, Cather's recommendations. As Adler notes, the RTAG plan "was a prelude to the creation of a transit district that would be empowered to sell general obligation bonds to finance the acquisition of additional freeway rights-of-way and to build rapid transit facilities." RTAG's initial proposal, however, also allowed for a general tax on property within the district.³⁸

In the Los Angeles case, the property tax fueled antagonism from suburban business leaders, who, from a perspective similar to that of the Multnomah County Commissioners, argued that the RTAG plan was

designed to carry people from outlying districts into the old center of the City of Los Angeles with the obvious purpose of increasing trade and property values within that center. . . . no attempt has been made . . . to show to what extent, if any, a radial system converging in the so-called central business district of the City of Los Angeles would benefit other cities and communities . . . ³⁹

By 1949, RTAG was downplaying the property-tax scheme, arguing that riders would be able to pay the full cost of the rail system. But opposition remained. The executive secretary of the chamber of commerce in South Gate, located in the south central part of Los Angeles County, stated plainly that people in South Gate "are not

³⁷Adler, "Transformation of Pacific Electric," 68-69.

³⁸Ibid., 71-72.

³⁹E.E. East, *A Proposed Rail Rapid Transit System for the Los Angeles Metropolitan District* (Los Angeles: Automobile Club of Southern California, 1948), 5, quoted in Adler, "Transformation of Pacific Electric," 72.

interested in getting to downtown Los Angeles.” In other words, people in outlying areas had their *own* transportation agendas -- for decreasing their dependency on Los Angeles and for enhancing their own economic autonomy.⁴⁰

In the end, the corridor rail proposal was defeated, although the proposal for the extensive system of radial freeways survived. However, there was continued opposition because of the freeways' Los Angeles-centered focus. The important point raised by Adler's discussion is that transportation proposals in modern metropolitan areas came increasingly to be subjected to a type of locational conflict and competition that had not existed prior to the 1930s. Because of Los Angeles's extensive suburbanization and nearly unmatched highway expansion, this intraregional place competition may have begun to play itself out earlier in Los Angeles than in many other metropolitan areas.

By the 1960s, suburban communities around Portland had developed to the extent that they, like the Los Angeles suburbs before them, were struggling to assert their autonomy. In the case of the freeway building in Portland, this meant refusal by a strong suburban county coalition to support the more central location of the I-205 freeway. As in the Los Angeles case, however, the real battle between the suburbs and the Portland central city would arise out of issues related to funding for mass transit.

NEW FUNDS FOR AN OLD PROBLEM

Two factors emerged during the 1960s that would significantly impact the direction that transportation planning and policy-making would take. One of these was the availability of federal funds for urban mass transit projects and the other was the

⁴⁰California Assembly, "Preliminary Report of the Assembly Investigating Committee on Traffic Control," *Assembly Journal*, 23 March 1950, 448, quoted in Adler, "Transformation of Pacific Electric," 74.

increasing popularity of the special service district or public authority as a device at the local level for funding public ownership and operation of mass transit services.

The Federal Mandate for Rational and Comprehensive Planning

By the 1960s, “comprehensive planning” had become a key feature of planning in an era when the federal government was beginning to play its most active role to date in urban affairs. The Federal-Aid Highway Act of 1962 had emphasized the need for a “continuing, comprehensive, and cooperative” planning process. This “3C” requirement, which emphasized consensus building and large-scale, long-range planning, was the quid pro quo for federal funding. The Urban Mass Transportation Act of 1964, providing for federal grants and loans for the acquisition, construction, and improvement of mass transit facilities, also required that the facilities be part of a comprehensive plan.⁴¹

In Oregon, the Portland-Vancouver Metropolitan Transportation Study (P-V MTS) was the entity first responsible for carrying out the federal requirements of comprehensive transportation planning. P-V MTS had been created by the Oregon state highway commission in 1959. Entities participating in the study included the University of Oregon; the Port of Portland; the cities of Portland, Gresham, Milwaukie, Oregon City, Beaverton, and Tigard; the counties of Multnomah,

⁴¹Federal requirements for large-scale, long-term plans and consensus building were not the only impetus behind the comprehensive planning movement of the sixties. Concerns about the “livability” of urban areas, threatened by environmental pollution and blight, motivated planners and community leaders to advocate transportation planning that could contribute to the direction of land use decisions, instead of merely responding to them. Another factor was that of depleting urban resources. Community leaders throughout the urbanized portions of the Portland metropolitan area recognized that the growing suburban population was exerting an increasing strain on public utilities and urban facilities in general.

Washington, and Clackamas; the Metropolitan Planning Commission; and various bodies from the state of Washington, such as the state highway commission and Clark County.

In 1965, the Oregon members of P-V MTS formally agreed that the study would conform to the 1962 Federal-Aid Highway Act requiring a continuing comprehensive transportation planning process. The activities and reports of the P-V MTS illustrate the increasing emphasis in transportation planning during the mid-1960s, not only on “comprehensive planning,” but on analytical, scientific, “rational” methodologies. One result of the P-V MTS was an Oregon state highway commission-sponsored 1966 “Portland-Vancouver Mass Transit Use Study,” conducted by the San Francisco-based consulting firm of Simpson & Curtin.

Like the Portland city planning commission’s 1952 report, “Bus Transportation,” the Simpson & Curtin study emphasized the role of mass transit in maintaining “a strong economic and commercial center.” Unlike the previous Portland transit study, however, the Simpson & Curtin study used state-of-the-art transportation planning methods such as scientific and statistical procedures for estimating trip generation and distribution, utilizing then-arcane computerized data-analysis techniques.

This analytical approach was by no means unique to the Simpson & Curtin consultants. The *Urban Mass Transportation Planning Requirements Guide* of 1966 defined comprehensive planning in relation to transportation in part as follows:

. . . a systematic and continuing process designed to help solve current problems and provide for future needs. It includes provisions for identification and continuous refinement of objectives and criteria; collection and analysis of pertinent data; consideration of alternative courses of action; policy decisions on selected courses of action; coordination of local plans and of programs and activities affecting the development of the area; formulation, maintenance and updating of the

comprehensive development plan; the improvement of programming and other measures to implement the plan.⁴²

This 1966 definition of comprehensive planning clearly places a strong emphasis on analytical methods and is predicated on the assumption that a primary purpose of planning was “rational” decision making, combined with the development of comprehensive plans for urban areas.⁴³ Urban transportation planning had long been dominated by traffic engineers, despite the visions of city planners, whether businessmen and bankers or urban sociologists and architects. The approach to urban transportation as fundamentally an engineering problem was given further impetus as the analytical techniques that characterized transportation planning in the late fifties and sixties became more widespread, in part due to the increasing availability of computer technology.

However, the use of these analytical methods was “based on many implicit assumptions about the future availability of gasoline, transportation technology, economic stability, and urban demographics.” It was also based “upon a presumed continuation of present trends of land use.”⁴⁴ For instance, the 1966 P-V MTS study -- which proposed that fifty new freeway projects be constructed by 1990 -- also concluded that by 1980 mass transit ridership could be increased 22 percent over that of 1960.⁴⁵ This estimate was based almost entirely on the suggested provision of rapid bus transit. Like many of the plans during this period, the P-V MTS plan envisioned an

⁴²U.S. Department of Housing and Urban Development, *Urban Mass Transportation Planning Requirements Guide* (Washington: HUD, 1966), 1.

⁴³Michael D. Meyer and Eric J. Miller, *Urban Transportation Planning: A Decision-Oriented Approach* (New York: McGraw-Hill Book Company, 1984), 2.

⁴⁴Ibid.; Portland City Club, “Report on Planning,” 278.

⁴⁵Metropolitan Service District, Transportation Department, *Regional Transportation Plan for the Portland Metropolitan Area* (Portland: Metropolitan Service District, 1982), 1-1, Millar Library, Portland State University.

exclusive bus right-of-way in the median strip of the proposed Mt. Hood Freeway and express bus transit on the existing Banfield Freeway. In addition, there would be a bus-only subway in the downtown core, running under Fifth Avenue, to accommodate buses entering the core from the freeways.

Figure 58. Underground busway along Fifth Avenue as proposed by Simpson & Curtin for the Portland-Vancouver Metropolitan Transportation Study.⁴⁶

⁴⁶Simpson & Curtin, "Portland-Vancouver Mass Transit Use Study," prepared for the Oregon State Highway Commission and conducted for the Portland-Vancouver Metropolitan Transportation Study, July 1966, 40, Millar Library, Portland State University, Portland.

In fact, bus ridership increased 69 percent between 1960 and 1980. Part of the explanation for the increase no doubt lies in system improvements somewhat similar to those suggested by the P-V MTS, including dedicated bus lanes in the downtown core. But some of the explanation lies in factors *not* captured in the analytical methodologies of the P-V MTS or other transportation planning entities of the 1960s: the oil embargo of the 1970s, a huge increase in the number of women entering the job market, a cultural shift toward heightened environmentalism, and an increasingly active neighborhood-organization movement. These last two factors were in large part responsible for the 1973 abandonment of the plans to build the Mt. Hood Freeway, whose existence was a key assumption in the Simpson & Curtin formulae.

The transportation-planning activities of the P-V MTS were taken over by the Columbia Region Association of Governments (CRAG), which was formed in the 1960s, also as a response to the federal requirement that continuous and comprehensive planning be in place for the receipt of federal aid for local or metropolitan projects. CRAG was to serve as the federally mandated agency to carry out review of all applications for federal grants from communities in the metropolitan area.

Membership in CRAG was voluntary and limited to governments with elected, rather than appointed, officials. By 1968 members included the cities of Beaverton, Forest Grove, Gresham, Hillsboro, Lake Oswego, Milwaukie, Oregon City, Portland, Tigard, Vancouver, and West Linn, as well as the counties of Clackamas, Multnomah, Washington, and Clark. In addition to taking over the responsibilities of P-V MTS, CRAG also absorbed the staff and projects of an earlier regional planning body, the Metropolitan Planning Commission. In 1967, the P-V MTS was formally made an advisory body to CRAG and given the responsibility of developing a master transportation plan.

CRAG's contribution to transportation planning by the end of the 1960s was minimal. A large part of the reason for this general ineffectiveness was the voluntary nature of membership and the year-to-year contract basis of its federal funding; the latter led to rapid staff turnover, a disproportionate amount of staff time devoted to preparing requests for federal funds, and a lack of continuity in the organization's vision and agenda. The voluntary nature of membership meant that CRAG's authority was effectively quite limited. For example, local transportation plans developed by an individual county or city *not* belonging to CRAG could push aside any plan that CRAG might have devised. Yet CRAG's rubber stamp of approval would be crucial for the city of Portland in trying to obtain federal funding for public acquisition of the transit system.

How to Finance and Administer Local Transit

With or without federal funding, the challenge of financing and operating a local transit system was great, particularly if the transit system was regional in scope. Lifting franchise requirements, waiving taxes, and allowing for service reductions all relieved the operating costs of private companies and were frequently considered a form of subsidy by the local regulatory body involved. By the 1960s, there were, however, several options available for local governments to fund and operate their transit systems. These included municipal ownership and lease to a private operator, ownership and operation by municipal departments or authorities, and ownership and operation of transit systems by state-created authorities.

Municipal Leasing Arrangements. Cities where the municipal government leased a privately owned system tended to be very small cities, a number of which were served by subsidiaries of National City Lines. By the end of the 1950s, these included the Tacoma Transit Company; Pueblo, Colorado, Transportation Company;

Kalamazoo, Michigan, City Lines, Inc.; Jackson, Michigan, City Lines, Inc.; Ann Arbor, Michigan, City Lines, Inc.; and Great Falls, Montana, City Lines. The size of the cities made it unnecessary to implement a regional transit system; further, the small scale made financing and operation through the lease arrangement manageable.⁴⁷

Municipal Ownership and Operation. Transit systems operated by a department of the municipal government tended to be in larger cities, with a population in excess of 100,000. These included Detroit's department of street railways, the Cleveland Transit System, the Municipal Railway of San Francisco, the Seattle Transit System, and Phoenix Public Transit. Portland had tried unsuccessfully to implement a municipal transit department in 1962.

An example of a municipal transit department is the Cleveland case discussed by Owen. The city purchased the transit system in 1942 as a result of the private company's bankruptcy. Initially, the city's department of public utilities had control over transit operations, but in 1943 a charter amendment allowed for the creation of a three-member transit board with limited financial powers. Those powers were enlarged in 1949, when Cleveland decided to construct a rapid-rail transit system and make other improvements whose costs would have exceeded the authority of the transit board. The board was given no taxing authority, however, and the system was expected to be self-sustaining. A concession was made in 1958, when the Ohio Supreme Court ruled that municipally owned transit systems such as Cleveland's were exempt from taxes.⁴⁸

Public Authorities. The device of the public authority -- an autonomous, government-created agency, typically with bond-issuing and even tax-levying

⁴⁷Harold H. Rice, Letter to Phillip Hunt, Portland, 15 September 1958, Mass Transit Committee 1958-1959 File, BX 170, Box 7, Portland Chamber of Commerce Papers, Special Collections, University of Oregon Library, Eugene.

⁴⁸Owen, *Metropolitan Transportation Problem*, 108.

powers -- is especially suited for large public undertakings because of both its money-raising ability and its autonomy. Annmarie Hauck Walsh explains that the device of the public authority in the contemporary United States has as its precedent the Port Authority of New York and New Jersey; many authorities are patterned on the Port system.⁴⁹

The board of the Port Authority of New York consists of governor-appointed members, confirmed by their respective state senates. This nonrepresentative nature of the governing board of the authority has been a source of continuing conflict. Even in the beginning, Walsh reports, the nonrepresentative nature of the Port Authority of New York was challenged by local machine politicians, but Progressive reformers, preferring a nonrepresentative body that would be insulated from political influence, prevailed.

Over the decades, financiers backing the Port have considered its reputation to be based on the "quality of the businessmen serving on its board," not on democratic principles of representativeness or on any requirement that the board members be experienced in a particular field such as transportation, architecture, or urban planning. "Through fifty years of board appointments by governors of both states and parties," notes Walsh, "businessmen, bankers, brokers, and insurance men have dominated the Port Authority board." Indeed, she explains that members from the industries that rely on the Port -- railroads, airlines, bus companies, and so on -- have been intentionally excluded in order to avoid undue influence on the Port's board.⁵⁰

Public authorities, such as a port authority or transit district, Walsh explains, were seen as providing a means by which governments could "reconcile traditional

⁴⁹Walsh, *Public's Business*, 172.

⁵⁰*Ibid.*, 175.

suspensions of government-in-business with the obvious need for massive public involvement.” The potential for public authorities to be autonomous and to operate outside the traditional political framework was also appealing:

The acceptance of public authorities also owes a great deal to the American political reform movements that have reiterated two central but inconsistent themes: faith in participatory democracy and suspicion of elected politicians.⁵¹

A primary attraction of the authority is, of course, the ability to raise money in new and creative ways. The devices employed by public authorities -- most frequently the issuance of tax-exempt municipal bonds -- provide an alternative to raising capital through voter-approved tax levies. However, there is a burden on the authority's board to market the bonds on the reputation of the agency and its revenue-making potential. This requirement is what lies behind the appointment of businessmen and bankers to the board of directors -- as much as, if not more than, the desire to foster autonomy and independence from politics.

Regional authorities for the ownership and operation of transit became an increasingly viable alternative as metropolitan-area transit systems became truly regional in scope. From the late forties through the sixties, options for the regional provision of transit included the creation of multipurpose and single-purpose service districts. Four issues emerge as sources of potential conflict in passing regional-district legislation:

- the scope of service provision, i.e., whether multi- or single purpose
- the amount of local consensus required in order to implement the district
- the extent and nature of the district's taxing power
- the representativeness of its board of directors

⁵¹Ibid., 24, 27.

For example, in 1949, the California legislature passed a metropolitan rapid-transit district act, which could have created a regional rapid-transit district for the nine counties around San Francisco and Oakland. The act, which would never be implemented, provided for majority approval by all nine counties involved, a board of directors appointed by either city mayors or county boards of supervisors, bond-issuing powers, and taxing powers of ten cents per one hundred dollars' assessed valuation of property in the district.⁵²

As Adler notes, a significant difficulty with the 1949 act was the requirement that all nine counties involved approve of the district formation. When the Senate Interim Committee of Rapid Transit in the San Francisco Bay Area began holding hearings in 1956 to consider the formation of a rapid-transit district for implementing the proposals of the Bay Area Rapid Transit Commission (BARTC), a primary goal was to avoid the difficulties of the 1949 act by not requiring unanimous consent. BARTC, in fact, wanted a district that could be created "without any action being necessary at the local level." BARTC also wanted unrestricted property taxing power *and* the authority to levy a one-percent sales tax. Further, the commission lobbied for power to bond up to 25 percent of the assessed valuation of district property, with a 50-percent popular vote. Finally, BARTC pressed for a board of directors that would be appointed according to a population-based formula, with some members appointed by county boards of supervisors and some by the governor.⁵³

The local governments that were to be included in the district objected to the sales tax, the 25-percent bonding capacity, and the appointment of directors by the governor. The final bill that created the Bay Area Rapid Transit District (BARTD) in

⁵²Adler, *Political Economy of Transit*, 81-84.

⁵³*Ibid.*, 200-202.

1957 no longer included any provision for appointment by the governor; instead, all board appointments were to be made by city and county elected officials. In addition, all plans produced by the district had to be approved by individual county boards of directors. The taxing power was reduced from that of the 1949 act to five cents per one hundred dollars' assessed value, and the bonding capacity was reduced to 15 percent, requiring a two-thirds popular vote.⁵⁴

According to Walsh, most regional authorities are patterned on the Port Authority model, with a governor-appointed board. In this regard, the California legislation was unusual. So, too, was legislation creating Metro Seattle. In 1957 a measure was before the Washington state legislature that would have created a regional agency to handle sewage disposal, water supply, garbage disposal, parks and parkways, comprehensive planning, and public transportation. The agency that finally emerged, however, was responsible for only one service: sewage treatment and disposal. Seattle attorney, James Ellis, internal counsel for Metro and also a member of its transit committee, lobbied for years to expand Metro to include transit provision, which it finally did as of 1972.

Metro's sixteen-member board is composed of elected local councilmen from the towns and counties it serves: seven Seattle council members, the mayor of Seattle, three mayors or council members from other cities with populations of 10,000 or more, one mayor representing nine smaller cities, two county commissioners, and one county commissioner appointee representing the unincorporated part of the county. A private citizen serves as the chair.⁵⁵ Metro succeeded in raising money primarily as a result of its connections, through Ellis, to local business and political support; it does, however,

⁵⁴Ibid., 239-241.

⁵⁵Fitch, *Urban Transportation and Public Policy*, 90.

have the authority to levy general property taxes if operating revenues and money from state and federal sources aren't enough to repay bond indebtedness.⁵⁶

Thus, by the time business and political leaders from the Portland-metropolitan area were considering means for implementing public ownership of transit, they had a variety of examples to examine. As noted in the previous chapter, voters had defeated a 1962 measure that would have created a municipal transit authority -- the "Standby Authority." That measure would have created a municipal transit department, with a commission appointed by the mayor and approved by the city council. The authority would have had no taxing authority, but would have been able to issue up to \$6.5 million in general obligation bonds, plus \$5 million in revenue bonds.

Since the 1962 measure did not call for a regional authority, most of the political issues referred to above (nature of the board, taxing and bonding authority, extent of required consensus, and duties of the authority) were irrelevant. There appears to have been little concern regarding the nature of the commission (appointed by the mayor); but voters were persuaded that repayment of the general obligation bonds would have meant increased taxes. In addition, there was still at that time widespread disapproval of government intervention into private enterprise. As will be shown, in the end, the decision regarding the nature of public ownership was not left to the voters; in addition, the four political issues noted above were all present during the final implementation of the regional transit authority.

⁵⁶Walsh, *Public's Business*, 195-197.

EMBATTLED ATTRITION: THE LAST ACT

The Wage and Fare Crisis

Labor signed a new wage agreement with Rose City Transit in October of 1963, not long after the company's new ten-year franchise had gone into effect. As in the past, the new wage agreement provided for incremental increases. It also mandated that the company pay 60 percent of the employees' medical coverage. One noteworthy element of the new agreement was that the time period for reaching the top operator pay, in an industry with an already compressed career ladder, was reduced from two years to one.

Because labor costs account for the bulk of a transit system's operating costs, a number of economists and transit policy analysts have pointed to declining labor productivity as a major factor in transit operating inefficiencies. "Declining labor productivity" must be understood in terms of finite opportunity for output. The root of these productivity problems, as Jones notes, has been the fundamental structure of the transit industry. As bus operators' wages would increase, the workers' productivity typically remained stable; that is, there existed no opportunity for increased output. In most cases, transit employees began as operators and ended as operators; there were few opportunities or avenues for career promotion. A minority of operators might advance to supervisory positions or attain a level of seniority that would allow them to choose runs with the greatest likelihood of overtime; but for the majority, once the top operator wage was reached -- which, as in the Portland case, was typically within one year or less -- there was no other opportunity for increasing take-home pay.

"The majority of the work force has only one way to 'do a little better,'" says Jones, " -- supporting efforts to bargain for increases in the base wage rate. In short,

increases in the base wage rate and in fringe benefits bear essentially the full burden of bettering the transit worker's standard of living." What this meant, in the Portland case as well as in others, was regular bargaining for wage increases, followed by company petitions for higher fares.⁵⁷

It should be noted that the 1963 wage increases were not the proximate cause of the company's petitioning for fare increases in the fall of 1963. The new wage increases had not even gone into effect when the petition was made. Indeed, it was the terms of the "model franchise" -- which had specified that the company could seek a fare increase if its net profit fell below 4.5 percent of its gross operating revenues for three successive months -- that prompted the company to petition for an increase in fares: in the first ten months of operation under the new franchise, RCT had not once even reached the 4.5-percent minimum. So, in November of 1963, the cash fare was raised to thirty cents.

Labor's contract was up for renewal in the fall of 1965, and once again incremental wage increases were agreed to. Top operator pay was scheduled to be \$3.10 per hour by 1968. This represented an 11-percent increase over the 1965 wages, but it was still behind other west coast cities by nearly 20 percent.⁵⁸ The new agreement also brought the time to reach the top operator pay up to three years, a concession to the company, which hoped to stagger the payment of higher wages.⁵⁹

⁵⁷Jones, *Urban Transit Policy*, 167-168; Hilton, "Rise and Fall," 48; "Decline of Commutation," 174-175.

⁵⁸Portland City Council Minutes, 1 November 1968.

⁵⁹Rice, Letter to Robert G. Skinner, Portland, 15 November 1965, Mss 2462, Box 1, Rose City Transit Files, Oregon Historical Society, Portland.

Also in 1965, labor began calling for the institution of a pension fund. "There is much discussion among the rank and file about pensions," RCT president Raymond I. Perkins wrote San Francisco owner Charles Bowen.

It seems today that the average workingman is most interested in something he calls "security." It would seem this comes ahead of dollar pay. And a pension seems symbolic of "security." While we may be successful in evading the issue at this time, it will come up in every contract negotiation until eventually they get it.⁶⁰

Service Improvements and Extensions. While satisfying the labor contract calling for incremental wage increases, and at the same time working to avoid instituting a pension fund, RCT management was facing additional costs in the form of several service improvements, including a line extension into a new zone, for which an additional five cents was charged; a new rush hour extra-fare express service to an outlying residential development; and southerly extension of the shoppers' special, into the city's "urban renewal area" near Portland State College.

In addition to these improvements, in December of 1965, just after the most recent new labor contract, the company announced its most extensive route change ever, with five new lines and service to eighteen new areas. "We are now at a point," Perkins told the city council, "where the franchise authorizes an increase in fares.

⁶⁰Perkins, Letter to Charles C. Bowen, Portland, 10 February 1965, Mss 2462, Box 5, Rose City Transit Files, Oregon History Society, Portland. RCT already provided retirement compensation, but did not currently keep an insured fund expressly for that purpose. Management was concerned that if the money it set aside to pay retirement were considered by the federal government to constitute a "pension fund," the company would have to treat it as profit, not as an expense, thereby increasing the company's tax liability. Thus, management wanted to avoid implementing a formal, insured taxable pension fund.

Before resorting to that, however, we would like to try getting more riders.” The company asked for the route extensions as a means of increasing ridership.⁶¹

RCT management maintained that increased fares and new buses were not the answer to declining ridership. Instead, the company positioned itself as adopting a new, “positive” approach, by seeking to extend service into areas not previously served by RCT. In fact, the areas were served, but by the competing suburban Blue Lines. As was noted in the previous chapter, RCT had bitterly resented what it considered to be the Blue Lines’ encroachment into RCT territory; in the struggle for suburban territory, Blue Lines president Edward G. Larson had successfully fought a 1957 bill that would have extended the boundaries within which RCT could operate from three miles to fifteen miles outside the city limits.

As early as 1957 RCT and Larson had conducted informal negotiations for RCT to purchase the Blue Lines, and these had continued sporadically into the summer of 1964. By that time, Larson was asking over \$600,000 for equipment for which Charles Bowen was not willing to pay more than \$200,000. Larson had refused to negotiate more formally or to work with an arbitrator, so RCT finally submitted its application to the city council for the route extensions. Almost immediately after the company’s request, Larson announced he would be willing to negotiate through arbitration, but by then his company was in the middle of labor negotiations. RCT had its own labor problems, and, unwilling to acquire Larson’s as well, withdrew from the purchase negotiations.⁶² During hearings for RCT’s route extensions, city council members were

⁶¹Portland City Council Minutes, 21 October 1965.

⁶²According to Perkins’s records, in December of 1964, Larson approached RCT with the information that he planned to sell thirty of his “worst buses” to Mexico for \$2,500 each. He announced that this, along with the purchase of six new school buses, would change the value of his companies. He told Perkins that a new sale price would soon be forthcoming. Then, abruptly, on December 22, Larson announced that

convinced that RCT was not out to squash competition and that the company had indeed tried in good faith to negotiate with Larson; thus, the route extensions were approved in November of 1965.⁶³

By 1966 the city council had also granted RCT permission to extend service eastward to the growing suburb of Gresham. Whether RCT was attempting to preempt service to that community by a competitor, to increase ridership, to comply with riders' demands, or a combination of all three, the fact remains that by continuing to extend service to the suburbs, the company was increasing its operating costs without a commensurate increase in revenues. Thus, once again, in the spring of 1967 the company petitioned for another increase in fares.

The Fare Increase of 1967. The granting of this latest fare increase, from thirty to thirty-five cents, brought good news for the company, which saw an 8.45-percent increase in passenger revenues, despite a 3.56-percent decrease in the number of riders. This was actually a smaller decrease than the company had anticipated; on the other hand, the 8.45-percent increase in revenues was somewhat lower than the hoped-for 9.10-percent increase. The company attributed this more modest increase to the fact that an additional 20 percent of the riders had started using tokens, which currently cost two cents less than the cash fare. At any rate, the fare increase had had its intended effect of increasing revenues.

the Blue Lines properties were no longer for sale. See Perkins, "Preliminary Comment on Our Examination of Larson's Property," journal records regarding 1964 negotiations with Larson, Mss 2462, Box 3, Rose City Transit Files, Oregon Historical Society, Portland.

⁶³Portland City Council Minutes, 17 November 1965. The new territory included the communities of Multnomah, Vermont Hill, and Maplewood in Southwest Portland. RCT management claimed that the community of Multnomah had been under the impression that it would receive RCT service when it voted to be annexed in 1962.

Despite this positive result, the latest fare increase for the company had not come easily. As had been the case in the past, not all members of the council felt conciliatory toward the company. While the city's transportation director Carl Wendt supported the company's request, noting that "the problem in Portland cannot be attributed to negative actions by the Company," Commissioner Grayson announced that if he supported this fare increase, it would be the last one he would.

There were also members of the public present at the hearings, representing groups that had traditionally opposed fare increases. Several representatives of senior groups spoke in protest of the fare increase, as did a representative from the Society for New Action in Politics, a recently formed organization of 700 members, "devoted to securing good government from the representatives that we have elected." In addition, however, these 1967 hearings saw one of the first appearances by representatives from Portland's African-American community in northeast Portland, who complained about the relative infrequency of service to their neighborhoods, as well as the economic difficulty associated with an increased bus fare.

The city served by the Portland transit company in the late 1960s was not the same city it had been during the many fare-increase hearings that had preceded the 1967 hearing. Several Portlanders announced that they in fact supported the fare increase as a necessary means of assisting mass transit as an alternative to pollution-causing automobiles. And Commissioner Earl explained the fare increase as an inevitable result of the "war economy" facing not just Portland, but the entire country during these years of the Vietnam War.⁶⁴

In the end, of course, the council had had no choice but to approve the fare increase. It was manifestly clear to all council members that without a fare increase,

⁶⁴Portland City Council Minutes, 2 March 1967.

there would be a shutdown of transit service. Even if the system were to pass over to public ownership, at the present time it would be eligible for only 50-percent funding by the federal government. Until CRAG or some other metropolitan organization submitted a comprehensive metropolitan study, the transit system would not be qualified by the Department of Housing and Urban Development to receive the maximum 75-percent funding. It would be very unlikely that Portland voters would approve a subsidy to come up with the rest of the funding necessary to operate the system.

Labor's 1968 Wage Contract and Management's Ultimatum. For a little over a year and a half, Portland's transit system operated relatively uneventfully under the fare and wage schedules of 1967. However, the relationships between labor and management and between the company and the city, which had been tenuously held together by agreements reached out of desperation and resentment, finally began to collapse.

The new wage contract being asked for by labor in October of 1968 was to bring the top operator pay up to \$3.55 by the end of 1969. As before, it would take three years instead of just one to reach this top rate, which was at this point just slightly less than 5 percent lower than the top operator wage in Seattle, Tacoma, and San Diego. In these other west coast cities, top operator wages were around \$3.75 per hour. In addition, the Portland operators were asking for fifteen minutes' paid preparation time and an additional fifty cents per hour for training a new operator.⁶⁵

⁶⁵Rose City Transit Company, "Working and Wage Agreement," November 1, 1968, Series TRI-30-0020-03, Box 2, Rose City Transit Documents, Tri-Met Library, Portland. The other west coast wages were reported by city transportation director, Carl J. Wendt, Portland City Council Minutes, 1 November 1968.

The new contract was set to go into effect on November 1, 1968. On October 31, RCT management circulated a memo among the employees, which ordered them to extend their current contract for another fifteen days. If the employees did not agree to do so, the company would terminate operation and the employees would be fired:

If our extension order is not accepted in writing by the union by midnight on October 31, 1968, or if a new labor contract is not agreed upon by that time, all of the company's operations will cease at that time. Your employment will thereupon be terminated, and you will receive, or be entitled to receive, a check in full payment for all wages and any other sum that may be owing you. We thank you for your past loyal service.⁶⁶

The City Intervenes. When Mayor Schrunk was informed of this ultimatum, he immediately intervened. The city council had always refused to become involved with disputes between the company and labor, maintaining that any problems should be solved between the employees and the management; the city, it had always been held, had no place in these disputes. While the city had refused to involve itself with arbitration or to include employment standards in franchises and operating permits, it nevertheless had been unable to divorce itself entirely from labor's concerns; at the very least, the city found itself raising fares nearly every time wages increased. The council's involvement had always been reactive, not participatory or cooperative. But now that the city faced the immediate threat of cessation of its mass transit, the mayor stepped in.

The city's intervention came too late. Relations between labor and management were far too strained. Easy reconciliation could not be hoped for after fifty years of antagonism. In addition, some of Schrunk's tactics may not have been the most diplomatic. After hearing rumors that at 10:30 P.M. on October 31, the company had

⁶⁶This memo, signed by RCT general manager and vice president Victor Cox, was read by Mayor Terry Schrunk to the Portland City Council on November 1, 1968.

started pulling buses off the streets, Schrunk called RCT management and, in his own words, “accused” the company of violating their franchise. He directed management to restore full service immediately, which they refused to do.

Schrunk spent the entire night of October 31 in negotiations with representatives from the union and from the company. He was unable to persuade union representatives to agree in writing to continue working under the old contract on a day-to-day basis; union leaders insisted that they were not authorized to sign such a written agreement. For its part, management refused to consider anything short of a written agreement for the fifteen-day period, fearing certain pension liabilities without one. As “a final desperate attempt,” Schrunk persuaded the company to accept a day-to-day written agreement, foregoing the fifteen-day contract. The union, however, still refused. Schrunk concluded that both parties wanted “to cause a crisis that would cause a City takeover.”

By 6:00 A.M. on November 1, it was rumored, the company was disconnecting batteries. When the morning shift of employees showed up for work, the doors were locked. Charles Bowen maintained that he had been advised that he would lose his legal rights if he were to operate service without a labor contract; thus he had ordered the locking of the doors.⁶⁷ Mayor Schrunk had failed to negotiate an agreement, and Portland was without bus service. At a 9:00 A.M. emergency meeting of the city council, Schrunk reported that Bowen had said that the only way the company could meet labor’s demands was with an increase in student fares, an abolition of the reduced-fare pass, and single cash fare of forty cents. “I was pretty disgusted by that time,” Schrunk told the council, “and I frankly told him I didn’t think he had much of

⁶⁷Harold Hughes, “Transit Company, City, Union Head for Three-Way Bus Collision,” *The Oregonian*, 31 October 1969. This was also Bowen’s rationale for shutting out employees on the night of October 31, 1961.

a chance, and, frankly, I told him I would not recommend it.” Commissioner Grayson agreed, reminding the rest of the council that he had promised that his vote for the last fare increase was to be his last. He said it was time the city council “put ourselves in the transportation business, whether we like it or not.”⁶⁸

Commissioner Frank Ivancie was not so sure. He wondered whether a forty-cent fare would really be out of line for Portland and how it compared with the fare structure in other cities. Portland, reported transportation director Carl Wendt, was the only major city on the west coast that still had a privately owned and operated transit company; one could not easily compare its fare structure with that of other -- subsidized -- cities. San Francisco, he reported, had a fifteen-cent fare; but that system received a \$9 million annual subsidy. The publicly owned Los Angeles system had twenty-five- and thirty-cent fares, and that city also charged extra for additional zones. Tacoma’s system, which received a subsidy from general tax funds, also charged twenty-five to thirty cents.

As for the Portland situation, Wendt concluded:

I think it is grossly unfair that labor should be expected to subsidize the operations by working at a lesser wage than is gained by other people in comparable jobs, and by the same token, I don’t think that the company should be subsidizing the cost of operation by not working for a fair and reasonable profit.⁶⁹

And, although he was not opposed to public subsidy of the transit system, Wendt noted that “if the City took over the operation, we will just say hypothetically today, we couldn’t get a dime of federal funds under our present structure, without a vote of the people permitting use of general tax funds.”

⁶⁸Portland City Council Minutes, 1 November 1968.

⁶⁹Ibid.

Finally, around 1:00 P.M. on November 1, 1968, the city council passed an ordinance declaring a forfeiture of Rose City Transit's franchise and requiring the company to continue to provide service for six months, as required by the 1963 franchise. RCT responded by threatening to fight the city in court and refusing to provide transit service. Bargaining between the company's attorney, General Lamar Tooze, and the city attorney, Marian Rushing, resulted in a November 4 ordinance rescinding the November 1 franchise forfeiture; in return, the company restored service. Portland had had no mass transit service for three days. The new wage contract went into effect, and within fewer than two weeks, the council had before it a petition by RCT to increase fares to forty cents.⁷⁰

1969: The Year of Transition

The negotiations by the two attorneys -- Tooze for the company and Rushing for the city -- resulted only in the restoration of transit service. There had been no resolution of the conflicting issues facing the city, the company, and the union. Over the next several weeks the council devoted itself to trying to come to a permanent solution. The entire council had run out of patience with both management and labor; they were particularly frustrated with the situation of being forced to grant a fare increase every time there was a new wage contract or face the threat of service cessation. For the first time, the council listened intently as state and local political leaders discussed mechanisms for public takeover. Although fare-increase hearings were held, the real issue wasn't whether to grant the company a fare increase, but rather when and how to take over operation of the transit system.

⁷⁰Ordinance No. 127988, passed on November 1, 1968, declared the 1962 franchise, Ordinance No. 115674, forfeited. Ordinance No. 127989, passed on November 4, rescinded the forfeiture and reinstated the franchise.

State representative Keith Skelton urged the creation of a special transit authority, suggesting a tax on automobiles as a source of revenue for a subsidy. Skelton was also working on the current incarnation of an amendment to ORS 767.035, which limited city transit operations to within three miles of the city boundary. Ruth Hagenstein, chair of the service district committee of the Portland Metropolitan Study Commission (PMSA), created by the legislature in 1963 for the purpose of finding solutions to metropolitan-area concerns, emphasized the need for a regional authority, stressing that city ownership should be thought of only as a temporary solution. Mayor Schrunk agreed, noting that the city of Portland should not be solely responsible for the provision of areawide transit: "Too long, the City of Portland has helped subsidize some of its neighbors," commented this advocate of a "vigorous" annexation policy.⁷¹

The fare hearings ended rather precipitously, not with a fare increase, but with a motion by Commissioner Bowes that the city revoke RCT's franchise. The motion was carried and the city auditor instructed to serve notice to the company. This December 12, 1968, council meeting concluded with Schrunk announcing that he intended to appoint a citizens' study committee to help prepare an orderly transition to temporary city operation, with an ultimate goal of the creation of a regional transit authority. Meanwhile, RCT was expected to continue to provide transit service.

Because the company continued to provide the transit service, its fare-increase application was still pending. The council had been able to delay action, but a decision had to be made by the middle of February or the company could charge the forty-cent fare of its own accord. During the early months of 1969, the council deliberated the fare increase, while the newly appointed Mass Transit Advisory Commission, which

⁷¹Portland City Council Minutes, 12 December 1968.

was Schrunk's citizens' committee, began working on the details of public takeover.⁷² All of the city council members, with the exception of Commissioner Frank Ivancie, were at least resigned to, if not entirely supportive of the notion of city ownership and operation on an interim basis. Ivancie -- advocating a continuation of private ownership and operation, with the possibility of public subsidy -- maintained that the mayor's committee should work with the company to come up with a new "model franchise."

Deciding on a District

The four issues discussed earlier, which have frequently emerged as sources of conflict during negotiations for regional political machinery, were present during the 1969 debates over how a mass transit district might be fashioned: the scope of service provision, i.e., whether the district is to be multi- or single purpose; the amount of local consensus required in order to implement the district, i.e., whether the district would be created by majority vote of the residents or by petition of a governing body; the extent and nature of the district's taxing power; and the representativeness of its board of directors, i.e., whether governor appointed, selected by local-level elected officials, or elected directly by the voters.

House Bill 1786: Takeover by the Port of Portland. Mayor Schrunk represented those who were of the opinion that the Port of Portland should take over operation of transit. The Port of Portland was a state agency, with a governor-appointed board, responsible for the maintenance and development of the city's ports

⁷²The committee, appointed on January 14, 1969, consisted of chair Leland Johnson, Mary A. McCravey, George A. Brown, Jack Meier, William E. Roberts, Alvin Batiste, and Al McCready. The representatives from the city were transportation director Wendt and utility rate analyst Sam J. Maerz.

and harbors, including air and rail ports. In February of 1969, the city council passed a resolution favoring state legislation that would enlarge the boundaries of the Port so as to include all of the Portland metropolitan area and that would direct the Port to provide mass transit service for the area.⁷³

The city supported Port takeover for several reasons. In the first place, the Port was an agency that was already in place, with all the necessary bond-levying and taxing powers; thus, it was felt that implementation could begin immediately. But equally important in the city's support of the Port takeover was the city's opposition to a multiservice district. The city preferred an agency with a more limited scope, one that would not threaten to usurp the city's jurisdiction. Fitch notes this as a common obstacle in implementing regional machinery. The Port was already in place and its duties would be limited to its current undertakings, plus transit. This posed the least threat to the city's jurisdiction.⁷⁴

The city's decision to support the Port takeover was not applauded from all corners. The Port itself did not want to take on transit operations. Much of the focus of the Port was economic development and attraction of capital; it is understandable that the agency would not want to take on the administration and operation of an ailing transit system, despite its taxing powers. In an editorial entitled "The Port is Already Busy," the *Journal* criticized the council's decision as "dumping mass transit on the Port" and "toss[ing] the hot potato to the reluctant Port Commission."⁷⁵ The

⁷³In 1970, a long-discussed plan to combine the Port of Portland and the city's Commission of Public Docks was implemented, resulting in a new Port of Portland that covered all of Multnomah County. This jurisdiction was enlarged in 1973 to cover Clackamas and Washington counties, as well.

⁷⁴Fitch, *Urban Transit and Public Policy*, 85.

⁷⁵Donald J. Sterling, Jr., "The Port is Busy Already," Editorial, *Oregon Journal*, 13 March 1969.

progressive City Club also opposed the Port takeover, noting that the Port had had no experience in transit operational responsibilities, no direct contact with the public, and “no experience whatsoever with supercharged labor relations such as they characterize transit operations.” In addition, the City Club continued, the Port’s ability to attract investment might be seriously compromised:

The Port is . . . fearful that the addition of another major responsibility might seriously dilute the management of the Port, jeopardize its financial stability, and deter high caliber people from accepting appointment to the nonremunerative position of Port Commissioner.⁷⁶

Of the several bills before the legislature addressing the problem of public operation of mass transit, one -- House Bill 1786 -- proposed to enlarge the boundaries of the Port of Portland to include Washington and Clackamas counties and to authorize the Port to provide mass transit and, to do so, to levy taxes, issue bonds, acquire rights-of-way and operating systems, and so on. It also provided for the Port to appoint a five-member commission to administer such a system. This bill, which directly named the Port of Portland as the transit operator, was supported by the city. The City Club opposed the bill for the reasons noted above, in addition to the fact that Port’s board was governor appointed:

There is serious question as to whether an agency of this nature, headed by commissioners appointed by the Governor, is sufficiently sensitive politically to handle adequately a program in which there is such a prime need for broad community participation in the decision-making process. This situation is somewhat aggravated by the provisions of the bill that would permit delegation of most of the Port’s responsibilities to the transit authority that would be appointed by the commissioners themselves. In

⁷⁶Portland City Club, “Interim Report on Portland Mass Transit and the 1969 Oregon Legislative Assembly,” *Portland City Club Bulletin* 49 (May 2, 1969), 343.

this connection it should be noted that none of the Port commissioners is himself an elected official . . . ⁷⁷

Senate Bill 494: The Metropolitan Service District. Another bill before the legislature was SB 494, to create a tricounty metropolitan service district, which, like the original Metro proposed for Seattle, would be responsible for transit provision, sewage treatment, and solid waste disposal. One of the objectives of this multipurpose agency would be to prevent the proliferation of numerous special-service districts throughout the region. The bill would allow for five percent of the residents of the proposed county or the governing body of either the most populous county or most populous city to petition the legislature to create the district. The district would be able to raise money through bond issues, tax levies, special assessments, user charges, and government grants. Unlike the Port arrangement, the governing body would consist of representatives from each governing body in any county within its territory and three representatives from the governing bodies of the cities in the district, chosen by a joint convention of the cities' mayors -- somewhat similar in representativeness to the boards of Metro Seattle and BARTD.

This proposal met resistance from the city, which, again, feared the potential usurpation of city functions by a newly created governmental entity with multipurpose functions. City Attorney Rushing, for instance, accused the senate of trying to create a "super city." But the city was also concerned that the issue of mass transit was dealt with by the bill in a vague and peripheral fashion. "This is pretty nebulous on mass transit," Mayor Schrunk observed. "I'd hate to see this used as an excuse not to come up with a well-defined and financed mass transit proposal." Marian Rushing agreed, noting that "there is no provision in the bill for purchase of existing bus lines that would be put out of business by a metropolitan system." In an editorial entitled "City

⁷⁷Ibid.

Hall's Parochial Stand," the *Journal* criticized Rushing and Commissioner Ivancie, along with the rest of the "Portland opposition" for their "negative, nit-picking attack" on the bill.⁷⁸

SB 494 was receiving widespread support outside city hall, however. The City Club supported it because of its comprehensive nature and the representativeness of its board. CRAG's executive director, Homer Chandler, supported the bill, as did the majority of Portlanders sampled by *The Oregonian*.⁷⁹

By the time SB 494 passed the Senate on April 24, 1969 -- with continued opposition from the Portland city council -- it was understood by most involved that the metropolitan service district created by this bill would contract with the Port of Portland to operate the transit system; this activity would be financed by bonds issued and taxes levied by the service district itself. Even with the understanding that the Port of Portland would operate the transit district, the city remain opposed.⁸⁰

⁷⁸"Metro Roadblock," *The Oregonian*, 27 March 1969; Jack Ostergan, "City Attorney Blasts Metro Service District Bill," *Oregon Journal*, 26 March 1969; "City Hall's Parochial Stand," Editorial, *Oregon Journal*, 28 March 1969.

⁷⁹A poll of 505 tricity voters was conducted by professional pollster Roy Bardsley. To the question, "Would you favor or oppose the idea of a tricity district, involving Multnomah, Washington and Clackamas counties, to deal with the problems of sewage, mass transportation and solid waste disposal?," 69 percent said they would favor such a district, 13 percent reported opposition, and 18 percent were undecided. Roy J. Bardsley, "Tricity Backs Service District," *The Oregonian*, 20 April 1969.

⁸⁰According to Kay Rich, executive secretary of the Portland Metropolitan Service District, CRAG's director, Homer Chandler, had cautioned advocates of SB 494 to avoid referring to its "municipal thrust." The term, Chandler worried, "further frightened the City by affirming their fear that slowly the district will replace Portland." See A.A. McKay Rich, Memo to Orval Etter, Portland, 26 March 1969, BX 144, Metropolitan Study Commission Papers, Special Collections, University of Oregon Library, Eugene.

The city's opposition centered on several issues. One concern the city had was that a popular vote to establish a metropolitan service district would mean that such an action would be irreversible; the people could no sooner dissolve the district if they no longer needed it than they could dissolve the city itself. The city also complained that the functions of the proposed district were still too vaguely defined. In addition, the city criticized the tax-levying authority of the proposed district, fearful that the voters were being called upon to create a district with a taxing power of \$28.4 million per annum, with no idea of exactly what services would be provided.⁸¹ Finally, Abbott notes that city officials feared that the district would take over Portland's money-making water supply.⁸² In general, however, the city's primary opposition appears to have been the fear that the metropolitan service district would overshadow the city in both jurisdiction and power.

SB 494 had been introduced to the Senate by the Portland Metropolitan Study Commission (PMSC), a study group created by the legislature in 1964 at the urging of Portland-area business and progressive political groups, including the Portland Chamber of Commerce and the League of Women Voters. These were the same sorts of people, says Abbott, "who had brought Edward Bennett to Portland in 1909 and supported zoning in 1920." These forward-looking groups "now pushed for the downtown plan and looked toward the creation of new institutions for metropolitan government." The PMSC, which consisted of members appointed by legislators representing the tricity area, was behind many of the successful efforts directed

⁸¹Orval Etter, Memo to A.A. McKay Rich, Portland, 13 September 1969, BX 144, Metropolitan Study Commission Papers, Special Collections, University of Oregon Library, Eugene. The district was to have the authority to levy an ad valorem property tax of up to 1 percent of the cash value of taxable property, which would amount to \$28,432,000.

⁸²Abbott, *Portland*, 254.

toward regional planning and government; according to Abbott, the creation of CRAG, for instance, was the result of the commission's lobbying.⁸³

Chief actors on behalf of the PMSC were the PMSC's legal counsel, Orval Etter; its executive secretary, A.A. McKay (Kay) Rich; and chair of the PMSC's metropolitan service district committee, Ruth Hagenstein. These individuals argued against the parochial stance taken by the city of Portland, noting in particular that no taxes could be levied and no district made indissoluble without the voters' consent. At any rate, despite the success of SB 494 in passing the legislature, the PMSC became equally as focused on seeing through the implementation of a bill being sponsored by the House Urban Affairs Committee, HB 1808. Introduced to the legislature on March 24, 1969, this bill was taking shape as a single-purpose mass transit bill, unlike the multipurpose metropolitan service district bill, SB 494. Because of its single-purpose nature -- presenting no threat to the city -- this was the bill the city supported.

House Bill 1808: The Creation of a Mass Transit District. Several options were under consideration regarding the actual creation of a mass transit district. One was that the city of Portland would be given the authority to take over RCT and then in a popular election -- for example, May of 1970 -- voters would vote on whether or not to establish a metropolitan transit authority. Another option was for the county commissioners of the three counties -- Multnomah, Clackamas, and Washington -- to declare a mass transit district and initiate its operation. The option that was enacted, however, was House Bill 1808, creating a mass transit district.

In its original form, HB 1808, similar to SB 494, provided that ten percent of the residents or the governing body of the most populous county or city in the district could petition for its formation. Like the Bay Area Rapid Transit Commission in 1956,

⁸³Ibid., 249.

the city of Portland lobbied to reduce the amount of regional consensus required. Thus, in its final form, HB 1808 provided that the city council of the most populous city in a standard metropolitan statistical area (SMSA) -- which, in the Portland SMSA, would be Portland itself -- could pass a resolution proposing that the state legislature create an areawide mass transit district. On the other hand, suburban interests had realized a concession toward representativeness. The original form of the bill had provided only for a seven-member board appointed by the governor. The final compromise version specified that

In appointing directors the Governor shall endeavor to assure representation of the most populous cities, other cities and unincorporated territory in the proposed district proportionate to their respective populations.⁸⁴

As was the case with the implementation of other regional authorities, a primary concern centered on the transit district's money-raising powers. The original bill provided that the district could raise money by any one or a combination of the following procedures:

- levying an ad valorem tax
- imposing user charges, fees, or tolls
- selling bonds
- levying a motor vehicle license tax

There was significant opposition to the option of levying a motor vehicle license tax, which since its inception, had been earmarked for the use of road improvements. Voters, strongly influenced by the lobbying of automobile interests, had traditionally been reluctant to amend their constitutions to allow diversion of motor vehicle or gasoline taxes. Fitch reports an exception to this rule in San Francisco, when the local

⁸⁴HB 1808, Section 4 (2).

automobile association actually supported the use of Bay Bridge motor-vehicle tolls to help finance the construction of a tunnel under the bay. But, he notes,

the motives were mixed, since the program also involved removing old transit tracks from the Bay Bridge. Even so, the local automobile association reportedly was hotly criticized by the national automobile associations and state and local automobile associations elsewhere.⁸⁵

By October of 1969, the HB 1808 legislation provided that the district could raise money by any one or combination of the following procedures:

- levying an unlimited ad valorem tax
- imposing user charges, fees, or tolls
- selling bonds
- imposing license fees on any business, trade, occupation, or profession within the district
- imposing a 1-percent income tax on all income earned from business activities carried out within the district
- imposing an excise tax on every employer within the district equal to not more than .6 percent of that employer's payroll

These were unusually broad fund-raising powers. Once the motor vehicle tax was ruled out, the sponsors of the bill knew they had to come up with viable alternatives. It was already known that the income and property taxes would be politically difficult to implement, so the payroll tax was added as an additional alternative. Each one of these funding sources was a potential source of political disagreement. So, too, was that aspect of the legislation that provided for the governing body of the transit district to be appointed by the governor, rather than

⁸⁵Fitch, *Urban Transportation and Public Policy*, 87.

elected by the people or even appointed by local-level officials. Although, as Walsh notes, governor-appointed boards were the most common, they were not overwhelmingly prevalent on the west coast.⁸⁶ As discussed, both California and Washington had authority boards that were more representative. The amendment requiring the governor to “endeavor to assure representation” was added to appease those, such as the progressive City Club or suburban interests, who balked at a nonrepresentative governor-appointed board, despite its advantage of autonomy and attracting experts at finance. Regardless of this compromise, the city of Portland emerged from the negotiations for a district as the chief victor. Nevertheless, the city’s struggle to maintain regional dominance had only just begun.

TRI-MET: BORN OUT OF CRISIS AND INTO CONFLICT

The Obligation to Ensure Transit Service

No More Fare Increases. It will be recalled that in November of 1968, RCT had requested a fare increase to forty cents. Even city transportation director Carl J. Wendt, perhaps the strongest ally the company had ever had, finally felt the time had come to deny further fare increases and move as quickly as possible toward city takeover. The result was the city council’s revoking the company’s franchise and proceeding to involve itself with discussions regarding a move to public ownership and the creation of a transit district.⁸⁷

The fare-increase request was not denied, but rather postponed by the council; the company meanwhile had been continuing to provide service. Six months of operation beyond termination of the franchise was required by the terms of the 1963

⁸⁶Walsh, *Public’s Business*, 172.

⁸⁷Carl Wendt died on March 19, 1969.

franchise; in fact the company refused to recognize the revocation of the franchise, maintaining that the contract was still in effect as it had been since 1963. In the minds of management, service was being provided as part of a continuing ten-year franchise. From the city's council's perspective, June 11, 1969, was to be the last day of company operation. The city, however, was far from ready to step in and provide transit service, so both the termination and the fare increase were deferred for sixty days, during which RCT was to complete an appraisal of its properties. This occurred during the summer of 1969, shortly before HB 1808 became effective on August 22, 1969.⁸⁸

As fall -- and the annual negotiation of the new wage contract -- approached, members of the Portland city council, wary of what crises might befall them once labor negotiations began, exercised the option as provided by HB 1808 to propose the creation of a regionwide transit district. On October 1, 1969, the city council passed a resolution requesting the governor of Oregon to appoint a board of directors of a mass transit district for Multnomah, Clackamas, and Washington counties.⁸⁹

The Creation of Tri-Met. Thus, on October 14, 1969, without a popular vote or even consensus from commissioners of the counties involved, Governor Tom McCall authorized the creation of a regional mass transit district and appointed a seven-member board of directors. As noted, public authorities' boards were typically expected to function not only independently of the political process, but in the fashion of a corporate board of directors, whose main concern was not votes but the bottom line. Thus, the members of this first board were individuals whose community standing differed little from that of the members of the private transit companies'

⁸⁸HB 1808 was signed into law (Chapter 643) on June 16, 1969.

⁸⁹Portland City Council Resolution No. 30598, 1 October 1969.

boards at the turn of the century: president William Roberts, of Lipman Wolfe & Co. department store; vice president Leland Johnson, of First National Bank of Oregon; secretary Angie Davis, from Pacific Northwest Bell Co.; treasurer Al McCready, an editor with *The Oregonian*; George Brown, a consultant with the AFL-CIO; Sed Stuart, of Stamm & Stuart Insurance Management Co.; and Robert P. Weil, of Weil Properties, Inc.

The board's first order of business was to ensure that transit service continued, which meant coming to terms with the labor issue. On November 1, the contract between labor and RCT management expired. No new contract was negotiated, but it was agreed that transit service would continue to be provided on a day-by-day basis. The members of Local 757 were nearly unanimous in their support of the regional transit district, convinced that their situation would be measurably improved under public ownership and operation over what it currently was under RCT. For its part, RCT management sought to cooperate with the board in the continued provision of service, as the company knew it would soon be in the position of negotiating a sale price.

On November 4, the seven-member board formally adopted "Tri-County Metropolitan Transportation District of Oregon" (Tri-Met) as the name of the regional district.⁹⁰ The next day, the board -- as officers of Tri-Met -- petitioned the Portland city council for a permit to operate buses in the city of Portland. As a governmental entity, Tri-Met did not need a permit from the city council, but sought one primarily as

⁹⁰Earlier, *The Oregonian* had suggested TART (Tricounty Area Rapid Transit) and TREAT (Tricounty Exurbia Area Transit). In an even less serious tone, the paper went on to suggest other possible alternatives: BOMB (Bowen's Old Mass Buses), MEL (Mass Exurbia Lines) -- Mel Schoppert was Local 757's business agent at the time -- , FOOL (Far Out Occident Lines), and BARF (Big Area Rapid Flyers). "Whatever to Call What It Is," Editorial, *The Oregonian*, 31 October 1969.

a means of preventing a strike. Labor, which had been unable to come to an agreement with RCT management, scheduled a strike for 3:00 A.M. on November 12.⁹¹

Apparently convinced that all of the employees would be guaranteed jobs under the new system, the union canceled the strike, but at the same time broke off negotiations with company management. The next day, November 13, the council granted the operating permit to Tri-Met.

Labor's Last Stand. During the two weeks following the November 13 granting of the operating permit, disagreements among the city, labor, RCT management, and Tri-Met, which had been brewing since October, came to a head. Although both the company and labor agreed to continue to provide service until December 1, RCT management persisted in refusing to recognize the city's forfeiture of its franchise. The company maintained that the city had refused to grant a necessary fare increase and had been attempting to buy the company "on its own terms" ever since; the creation of Tri-Met, the company continued, was simply another tactic being used by the city to "bring us to our knees."

Local 757 business representative Mel Schoppert threatened that the union would not back down. A strike had been averted, but under current conditions, Schoppert promised, a walkout was "inevitable." The problem lay with San Francisco and Charles Bowen. "He runs his own show," Schoppert commented. "Nobody tells him what to do . . . he may not have a firm grasp of the human equation, but he knows

⁹¹Local 757 was asking for a fifty-five-cent wage hike, which would bring the rate up to \$4.10 an hour, on par with other west coast cities. The company refused to grant a wage increase without a fare increase.

how to read a balance sheet.” From the union’s perspective, the money for a wage increase could be found in the depths of the San Francisco owner’s pockets.⁹²

Morton Paglin, an economist from Portland State College, agreed with the union’s conclusion. According to Paglin, through depreciation, tax write-offs, a cash reserve of \$2.5 million, and separate balance sheets, the Portland Transit Company was realizing a 10-percent profit, yet claiming only a 1-percent profit. According to the terms of RCT’s franchise, a profit below 4.5 percent allowed the company to petition for a fare increase. It also lay behind management’s refusal to increase wages. Bowen was duping Portland, Paglin claimed, although he did note that the company’s general business philosophy “makes good management sense.”⁹³

By Friday, November 28, the union was again threatening to strike. Finally, the city council passed the necessary emergency ordinances providing for RCT to transfer its plant and property to the city as of 12:01 A.M., Monday, December 1, and for the city to pass them on to Tri-Met immediately. At the same time, the union received an offer from the city and Tri-Met for a twenty-cent pay raise during the first year of 1970.

⁹²Stan Federman, “Portland Reasonably Sure of Bus Service for Next Two Weeks,” *The Oregonian*, 14 November 1969; Mel Schoppert, “‘He Runs His Own Show,’” *The Oregonian*, 16 November 1969.

⁹³Gerry Pratt, “Rosy Transit Claims on Profits Examined,” *The Oregonian*, 16 November 1969; Portland City Council Minutes, 12 December 1968. Paglin’s conclusions may have been a bit unrealistic. In the first place, RCT’s financial-accounting practices and methods of calculating profit and return conformed to a widespread standard in the transit industry. Secondly, Paglin’s approach to calculating profit and net worth is itself controversial; he typically assigns monetary value to items not normally included in an accounting of profit and net worth. See Morton Paglin assisted by Gerald Wood, *Poverty and Transfers In-Kind: A Re-evaluation of Poverty in the United States* (Stanford, Calif.: Hoover Institution Press, Stanford University, 1980).

Trials and Tribulations for Tri-Met

The transfer of Portland's mass transit system to a public authority was accompanied by a number of difficult issues, ensuring that for the first couple of years the new agency would be able to devote only partial attention to the matter of providing transit service. The first area of conflict was the negotiation of a sale price with RCT and the transfer of property and equipment. In this area, the city and Tri-Met faced resistance that resulted in years of costly litigation. Litigation was not confined to the subject of the sale price. Other issues of conflict that resulted in litigation concerned employee pensions and the company's claim that its franchise had been wrongfully revoked. In each case, Tri-Met became a coparty to the suit.

Another area of conflict, although one not involving litigation, was Tri-Met's negotiations to take over the Blue Lines that served a number of suburban routes. Finally, intense conflict surrounded the issue of Tri-Met's funding, achieved through a payroll tax; this matter also was resolved through litigation. These battles were all being conducted while Tri-Met was also struggling to define its role as the region's mass transit agency.

We Are Perfectly Willing to Negotiate, but We Are Not Willing to Capitulate.

The 1963 franchise required that if the city desired to purchase RCT's property upon termination of the franchise, an appraisal of all the property and equipment was to be obtained. Thus, in accordance with this requirement, in early February 1969, the city hired Ralph C. Walstrom to appraise the fair value of the real property, plant, and equipment.⁹⁴ In May, Walstrom estimated the fair market value of RCT's real estate and office equipment to be nearly \$780,000, plus \$200,000 replacement value for the

⁹⁴Portland City Council Ordinance No. 128513, 6 February 1969.

buses owned by the company. This did not include seventy-five buses that were leased by RCT from a corporation called the Landport Company. The replacement value of those buses was set at about \$1.6 million. At this point, then, in May of 1969, the city would not have paid more than about \$2.6 million for everything. The company, however, announced that it would not accept less than \$5.3 million.⁹⁵

According to the 1963 franchise, if the company and city were unable to come to an agreement on a sale price -- which was clearly the case -- they could submit to arbitration. Alternatively, the city could bring a condemnation suit against the company, with the court deciding the final price. The company, which still refused to recognize the termination of the franchise, made it quite clear that it preferred a condemnation proceeding, under the assumption that the sale price set by the court would be more advantageous than that set by arbitration.

The final termination of the franchise had been deferred to August 13, 1969. On that date, the council directed the city auditor to deliver approximately \$2.8 million in revenue certificates to Charles Bowen, which, if accepted, would have effected the complete transfer of all RCT property and equipment to the city. As expected, however, Bowen refused the certificates, so the council moved to initiate legal proceedings to force the company to recognize the franchise termination and sell its property and equipment.

By August, RCT had raised its sale price from \$5.3 million to \$5.6 million. As matters became more strained over the next few months, the company did, however,

⁹⁵Ralph Walstrom, "Appraisal for City of Portland Re: Rose City Transit Company Property," May 5, 1969, Mss 2462, Box 5, Rose City Transit Documents, Oregon Historical Society, Portland; Raymond M. Kell, Memo to Mass Transit Advisory Committee, Portland, 21 November 1969, Box 2, Rose City Transit Takeover File, Tri-Met Library, Portland.

lower its sale price to \$4.1 million. This was still nearly twice what the city was willing to pay. The company was effectively forcing the city to commence condemnation proceedings. Edwin J. Peterson, RCT's attorney, remarked that the company was ready to "hand over the entire system should you be willing to follow due process of law, that is, by filing a condemnation suit." "We are perfectly willing to negotiate," Peterson added, "but we are not willing to capitulate."⁹⁶

By the time of the November 28 strike threat, both the city and company were willing to come to an agreement in order to forestall a work stoppage. The resulting "Memorandum of Understanding" authorized the transfer of all property and equipment to the city as of December 1, 1969. The city would then lease the property and equipment until a final purchase price was agreed upon. The memorandum also provided that if it were decided in a court of law that the city did not have to take over RCT's existing pension liability, then the city would agree to file a condemnation suit.⁹⁷

The day after the city had offered the revenue certificates to RCT, the company filed a complaint for declaratory judgment with the Circuit Court, claiming that its franchise had been wrongfully revoked and that a fare increase was warranted. In May of 1971, Judge William M. Dale ruled that the franchise had in fact been validly terminated.⁹⁸ RCT appealed the ruling, but on December 18, 1974, the original ruling was upheld. The final mandate, issued in 1975, affirmed the 1974 decree and ordered

⁹⁶Portland City Council Minutes, 13 November 1969.

⁹⁷"Memorandum of Understanding," November 30, 1969, Mss 2462, Box 5, Rose City Transit Files, Oregon Historical Society, Portland.

⁹⁸*Rose City Transit Co., an Oregon Corporation, and Landport Co., Inc., an Oregon Corporation, Plaintiffs, v. City of Portland, an Oregon Municipal Corporation; and Tri-County Metropolitan Transportation District of Oregon, a Municipal Corporation, Defendants, in the Circuit Court of the State of Oregon for the County of Multnomah, No. 350-760, Opinion, May 17, 1971.*

the payment of over \$2.9 million, plus 6-percent interest accrued over the past six years. The total amount owing was somewhat over \$4 million, but the basic purchase price was barely \$75,000 above the city's 1969 offer.⁹⁹

The Pension Problem: Landport Co., Inc., and the "Corporate Veil". As noted earlier, in 1965 labor had begun lobbying for a pension fund, which management had tried desperately, but unsuccessfully, to avoid. The San Francisco owners resisted the implementation of a pension plan for two fundamental reasons: one, the existence of the fund would increase their tax liability and, two, pensioners would have a claim to the company's assets.

In 1957, the San Francisco-based Portland Transit Company had organized the Landport Company in Portland. In 1958, RCT, the other Portland company owned by Portland Transit, traded the Center Street property (consisting of the company's primary garages and administrative buildings) for fifty shares of Landport stock. The fifty shares were shortly thereafter transferred from RCT to Portland Transit. The Landport properties were thereafter leased to RCT. In 1961, two hundred buses were transferred by RCT to Portland Transit, which in turn sold them to Landport for \$1. Landport then leased the buses to RCT. At this point, RCT itself owned virtually nothing.¹⁰⁰

⁹⁹*Rose City Transit Co., et al., Plaintiffs, v. City of Portland, et al., Defendants, in the Circuit Court of the State of Oregon for the County of Multnomah, Decree Entered Pursuant to Mandate No. 350-760, February 18, 1975.*

¹⁰⁰Portland Transit Company, "Bill of Sale," May 10, 1961, Mss 2462, Box 5, Rose City Transit Files, Oregon Historical Society, Portland; *City of Portland, Oregon, an Oregon Municipal Corporation, et al., Plaintiffs, v. Rose City Transit Co., an Oregon Corporation, Defendant, in the Circuit Court of the State of Oregon for the County of Multnomah, No. 352-667, Opinion Re: Retirement Issues, May 17, 1971.*

As the city takeover of the transit system became imminent, Charles Bowen became increasingly concerned about the likelihood of his company's continuing liability to RCT pensioners. In October, a suit was filed in Circuit Court by RCT; Landport; and their parent, Portland Transit, in order to determine who -- Portland Transit or the city and Tri-Met -- would be responsible for pension and disability payments incurred up to the time of a takeover. The company maintained that the city and Tri-Met should assume the liability; the city and Tri-Met, of course, held that the company should be responsible for any disability or pension payments to anyone incurring such payments before a city or district takeover. As early as 1958, when there had been previous discussions about the city taking over the transit system, the city attorney had cautioned that the city would not be able to assume the contractual obligations -- including pension liabilities -- of a private corporation. For its part, the company sought to avoid payment of a pension and disability liability that, according to Bowen, amounted to over \$3 million.¹⁰¹

During the litigation that ensued, the city maintained that the real reason for the incorporation of Landport, which was separate from RCT in no practical or physical sense (other than separate corporate minutes and tax returns), was "to insulate the assets of the transit system from creditors, including pensioners." The company countered that the creation of Landport "was done so as to render the assets more saleable to the city or to another private operator."¹⁰²

¹⁰¹"Transit District, City File Suit to Clarify Workers' Pension Rights," *The Oregonian*, 23 October 1969.

¹⁰²*City of Portland v. Rose City Transit Co.*, No. 352-667, *Opinion Re: Retirement Issues*, May 17, 1971; *City of Portland, Oregon, an Oregon Municipal Corporation; Mass Transit District for Washington, Clackamas and Multnomah Counties, Oregon, an Oregon Municipal Corporation, Respondents-Cross-Appellants, v. Rose City Transit Co., an Oregon Corporation; Landport Co., Inc., an Oregon*

Judge Dale discredited the company's explanation, maintaining that the creation of Landport was *not* in fact crucial to the increased marketability of the company. While he did not go so far as to agree with the city's accusation that Landport had been created for the express purpose of insulating the company's assets from creditors and pensioners, he did note that even the company itself acknowledged situations where a corporation "is only a 'shell' and . . . the real assets are held by a separate corporation [and] that the corporate veil cannot be pierced." He went on, however, to note that the city officials and even the union representatives "were generally aware of the situation" with regard to Landport's relationship with RCT.¹⁰³

In the end, Judge Dale ruled in favor of the city and Tri-Met, finding that the company was responsible for pension payments to employees who had retired before December 1, 1969. The ruling, of course, was appealed. The company maintained that the Urban Mass Transit Act of 1964 expressly provided that all obligations for pensions "for retired, eligible to retire and those not eligible to retire" were to be assumed by the public authority. In 1974 the Court of Appeals concluded, however, that this provision was intended to be "worker-protective, not company-protective," and upheld the lower court's decision.¹⁰⁴

Regionwide Transit: Purchase of the Blue Lines. One of the first orders of business for the new transit agency was the acquisition of the suburban Blue Lines, headed by Ed Larson.¹⁰⁵ Larson had opposed the city takeover of RCT, knowing that

Corporation; Portland Transit Company, a Delaware Corporation, Appellants-Cross-Respondents, No. 352-667, Argued and Submitted in the Court of Appeals of the State of Oregon, March 25, 1974.

¹⁰³Ibid.

¹⁰⁴Ibid.

¹⁰⁵Larson was actually the president of only one (albeit the largest) "Blue Lines" company, Portland Stages. George Fourier was president of the other three operating

his properties would be next in line for public acquisition. The buyout of the Blue Lines was in fact delayed nearly a year after the takeover of RCT. Larson was reluctant to include real estate as part of the sale -- although, given the extremely dilapidated condition of his rolling stock, the real estate was the only property of any value, as far as Tri-Met was concerned. Another factor delaying negotiations was Tri-Met's various legal battles, not only with RCT but, as will be discussed below, with dissenters within the tricounty area. The major impediment in purchase negotiations, however, was Larson's continuing labor problems.

The Blue Lines' drivers were members of Local 1055. During the early months of 1970, when acquisition negotiations began, Local 1055 members were making approximately \$1 an hour less than Tri-Met's drivers. Tri-Met was concerned about the cost involved with bringing approximately one hundred Local 1055 members into Local 757. The agency estimated that approximately \$125,000 in increased annual operating expenses would result by bringing these additional drivers up to current Tri-Met wages, although it was acknowledged that some of this would be offset by virtue of increased revenues due to serving a larger territory.

As negotiations between Tri-Met and Larson continued, Local 1055 members became increasingly anxious to achieve a resolution. Like the RCT employees in 1969, Larson's drivers expected better working conditions under public operation. As the expiration of their contract approached during the summer of 1970, the workers threatened to strike unless their wages were raised. Larson stalled, trying to force Tri-

companies: Intercity Buses, Tualatin Buses, and Estacada-Molalla Stages. He was also president of the Larson-Fourier Company, which owned the buses leased by all of the operating companies except the Intercity. Larson was the chief player involved with all negotiations on behalf of the Blue Lines, although the final agreement between Tri-Met and the Blue Lines was signed by president George Fourier.

Met to initiate condemnation proceedings as had been done with RCT. The Department of Transportation, however, had taken a skeptical stance on condemnation proceedings, preferring “negotiated” sale prices in order to grant public agencies the money to buy out private operators. Tri-Met, Larson, and Local 1055 were in a stalemate situation.

Finally, on June 1, Larson agreed to a twenty-five-cent wage increase, bringing Local 1055 workers up to \$3.30 an hour -- seventy-five cents lower than Tri-Met drivers. In return, the employees agreed to a strike moratorium while negotiations continued. But, warned the union’s business representative, “We’re not going to sit back and play the good guys anymore in this thing. . . . We’re tired of propaganda. We want to see some honest negotiating begin -- or we’ll kill that strike moratorium after July 1.”¹⁰⁶

Finally, both Tri-Met and Larson agreed to obtain independent appraisals of the Blue Lines’ worth. Gannett, Fleming, Corrdry & Carpenter, employed by Ed Larson, appraised Blue Lines’ properties at about \$977,000. DeLeuw, Cather, the firm employed by Tri-Met, produced an appraisal of \$425,000. In early August Tri-Met offered \$575,000, and Larson countered with \$800,000.¹⁰⁷

Negotiations continued, with labor discontent becoming ever more intense. Finally, after Larson actually tried *to reduce* the employees’ wages back to \$3.05, a strike was again scheduled for September 2, 1970. *The Oregonian* announced that 8,000 riders would be affected by the strike. On September 1, Tri-Met, concerned that

¹⁰⁶Federman, “Strike by Blue Bus Drivers Threatened to Force Tri-Met Settlement,” *The Oregonian*, 21 June 1970.

¹⁰⁷“No Price Mentioned in Negotiations between Tri-Met, Suburban Blue Bus Lines,” *The Oregonian*, 25 June 1970; “225,000 Separated Last Offers of Tri-Met, Blue Bus Owners,” *The Oregonian*, 4 August 1970.

the Department of Transportation (DOT) would refuse a grant if condemnation proceedings were initiated, finally received a “letter of no prejudice” from DOT, stating that a condemnation suit would not prejudice its evaluation of a grant application. With this letter in hand, Tri-Met announced that it would take over the Blue Lines on September 6, bringing the drivers up to scale and averting a strike. Now that the Blue Lines had been acquired, *The Oregonian* editorialized, it was evident that Tri-Met was “doing the job,” and it was time to let up on any criticism of the new agency “and just allow Tri-Met to turn into an efficient system.”¹⁰⁸

Suburban Opposition to Tri-Met: “We Are Paying to Help a Downtown Portland”

One important roadblock preventing Tri-Met from operating “an efficient system” during its first couple of years of existence was the serious opposition to the regional authority on the part of business and political leaders who were located within the suburban portions of the tricity district. As noted above, the bill that created Tri-Met, HB 1808, provided only for the city of Portland to request the formation of the regional transit district, and, in addition, required that the governor appoint a board to administer the district. There was virtually no provision for regionwide consensus or representativeness, beyond the fact that Portland was the largest city and the governor was an elected official.

It was thus outside of Portland, where the largest percentage of population growth and increase in retail sales had been occurring over the past decade, that the greatest opposition to Tri-Met lay. Cities such as Gresham, Beaverton, Hillsboro,

¹⁰⁸Oregon congresswoman Edith Green had appealed directly to assistant transportation secretary Carlos Villereal to expedite the letter of no prejudice. “8,000 Blue Bus Riders Face Threat of Strike,” *The Oregonian*, 1 September 1970; Federman, “Tri-Met Action Averts Strike of Bus Drivers,” *The Oregonian*, 2 September 1970; “Tri-Met Doing the Job,” Editorial, *The Oregonian*, 8 September 1970.

Tigard, and Oregon City were experiencing the lion's share of the region's economic and population growth, and, at the same time, were becoming increasingly autonomous -- less dependent on the central city of Portland for services, employment, and economic viability. The fundamental issue around which opposition to Tri-Met centered was that of funding for the district.

Tri-Met's first budget earmarked about \$24.3 million to be spent in 1970 on new buses and satellite parking lots. This included approximately \$3 million for the purchase of the Blue Lines buses. It was estimated that \$7 million of the required funding would come from a federal grant. About \$5 million was expected to come from operating revenues (fares). It wasn't completely clear where the \$3 million for the purchase of the Blue Lines would come from; that would depend on whether condemnation proceedings delayed the actual purchase for a number of years. The remaining \$9 million was expected to come from the exercise of one or more of the district's taxing powers.¹⁰⁹

As noted, before the district had been created, various funding and tax options had been considered. In late 1968, Multnomah County Commissioner Dan Mosee had recommended a business license tax, as a means for subsidizing either a public agency or a privately owned company. The most frequently cited option for funding, however, was that advocated by state representative Keith Skelton, chair of the Urban Highway Subcommittee of the Interim Highways Committee that had been studying the mass transit situation for the state legislature since 1964. Skelton recommended

¹⁰⁹"Tri-Met Directors Accept \$24.3 Million Budget for 1970," *Oregon Journal*, 13 December 1969; Hughes, "Arm-Twisting Begins in Business Revolt against Tri-Met Transit Levy," Editorial, *The Oregonian*, 7 June 1970.

increasing the automobile registration fee by \$5. As noted above, this option had proved unworkable and had been removed from the final legislation.¹¹⁰

The funding powers that remained with Tri-Met after the final legislation were in fact quite broad, and the agency could have implemented virtually any means of acquiring money, although each method at its disposal carried varying degrees of difficulty in implementation. Both a property and sales tax were ruled out as too problematic politically. Dan Mosee's suggestion for a business tax was also dismissed as too difficult to collect.

During December of 1969, as Tri-Met considered its various options for funding, the most pressing concern was less the political popularity of the tax than the immediacy of its collection. Nearly any tax would be unpopular; the question was which could be implemented the soonest. In order to be eligible to receive a federal match, some sort of tax program needed to be started immediately. With the concern of immediate access to federal funds, the Tri-Met board settled on a payroll tax as its best option -- "relatively easy and inexpensive to collect." The imposition of the tax was set to begin on January 1, 1970. In addition, the state attorney general announced that Tri-Met would be exempt from payment of state gasoline taxes.¹¹¹

One question that immediately arose was which, if any, businesses, services, and governmental entities would be exempt from the payroll tax. As the matter stood in December of 1969, the federal government was the only entity to be exempted from payment of the Tri-Met payroll tax. Other public agencies, such as cities, school boards, docks, ports, and other special service districts, would all be liable for payment. None of these agencies had budgeted for payment of a new tax during the

¹¹⁰Portland City Council Minutes, 1 November and 12 December 1968.

¹¹¹"Tri-Met Directors Accept \$24.3 Million Budget."

next fiscal year -- for example, the payroll tax to be paid by Multnomah County alone would be nearly \$140,000. Payment of the tax was expected to exert quite a strain on resources. By the spring of 1970, however, a list of exempted entities had been worked out, so that no state public agencies would be required to pay the tax. In addition, financial institutions and companies engaged in the insurance business were also exempt.¹¹²

"It Got Shoved Down Our Throats". There was little doubt, however, that most private businesses in the tricity area served by Tri-Met would be responsible for payment of the .5-percent payroll tax. Vociferous opposition to the tax by suburban business and political leaders was immediate, with the formation of the Committee for Metropolitan Cooperation, consisting of employer-businessmen groups. Thomas D. Telford, a Clackamas County commissioner, called for a protest against the tax by all employers in the tricity area. "I will be the first to admit that Clackamas County . . . [has] a mass transit problem in the metropolitan area, *but the metropolitan area does not take in all of Clackamas . . . only a portion,*" Telford explained in a letter to the editor of *The Oregonian*. In addition, he opposed the nonrepresentative nature of Tri-Met's board and resented the manner in which it had been created:

They answer to no voters; submit their plans and operating budget to no one for approval; levy taxes as authorized by the Legislature at will

¹¹²Blaine Schulz, "Public Agencies Face Squeeze," *The Oregonian*, 24 December 1969; Harold E. Carlson, "Teacher-Legislators Help Tri-Met, Hurt Schools?" Letter to the Editor, *The Oregonian*, 8 March 1970; "Exemption Won from Bus Tax," *The Oregonian*, 3 April 1970; Schulz, "Ruling Slashes Tri-Met Tax Take by \$1.5 Million," *The Oregonian*, 10 January 1970. Financial institutions were exempt because they were already paying an 8-percent excise tax, which was meant to be in lieu of all other taxes. Insurance companies were exempt because they were paying insurance premium taxes to the state insurance commissioner.

without the approval of the people affected; and ignore the wishes of the people.¹¹³

The same day that Telford wrote his letter, a lawsuit was brought against Tri-Met by Washington County, an action that *The Oregonian* said dramatized “the strong feelings of many public officials and businessmen in outlying communities against everything Tri-Met stands for.” About a month later, another lawsuit was initiated by Horner’s Market, Inc., of Estacada, in Clackamas County, and by independent grocers, William and Ellen Burghardt of Beaverton, in Washington County. *The Oregonian* criticized the lawsuit, taking the position that there was no way around the fact that Tri-Met needed money in order to operate, that no other entity could purchase and operate buses any cheaper than the district, and that there was just no practical way to obtain the funding other than a payroll tax.¹¹⁴

Suburbanites also took the tack of accusing Tri-Met of discrimination in levying its taxes on one particular group -- employers. Lee Irwin, publisher of the *Gresham Outlook* and the *Sandy Post*, argued that the money for Tri-Met should come from the riders. They were the “people who get the benefit,” he argued, ignoring the positive externalities that accrued to businesses served by transit routes.¹¹⁵

¹¹³Thomas D. Telford, “Don’t Pay Bus Tax, Says Clackamas Official,” Letter to the Editor, *The Oregonian*, 15 January 1970. Italics added.

¹¹⁴“Tri-Met’s Woes,” Editorial, *The Oregonian*, 15 January 1970; “Thornton Files Appeal Against Tri-Met Law,” *The Oregonian*, 24 February 1970 (Robert Y. Thornton, former attorney general for Oregon, represented the plaintiffs in the *Horner* case). It should be remembered that Al McCready, one of the *Oregonian*’s editors, was a member of the Tri-Met board; the paper rarely, if ever, came out in opposition against the agency.

¹¹⁵Schulz, “Businessmen Agree Mass Transit Needed but Tax Held Discriminatory,” *The Oregonian*, 29 January 1970.

To the parochial view that Tri-Met's services benefited primarily Portlanders and those directly riding the buses, Sed Stuart, a Tri-Met board member and himself a Gresham businessman, responded:

If we had a bus crisis in downtown Portland, it would be every bit as critical here [in Gresham] as the Boeing layoffs in Seattle. . . . Businessmen need to recognize that the majority of people living in their suburban areas don't work in those areas. Suburbanites work in downtown Portland. This is where our growth in the suburban areas is coming from.¹¹⁶

Stuart added that "pollution and mass transit don't stop at the city limits of Oregon City, Gresham, North Clackamas, Tigard, or any other suburban area." As for the charge that the district and its board were not representative, Stuart countered that the legislators that passed the bill creating Tri-Met and the governor signing the act into law were all elected officials. "If they don't represent the people, who do they represent?" he asked, adding that "the people have the right of referendum." But the suburban interests were not convinced. Milton Erickson, a Gresham Realtor, voiced a common complaint against the agency, which was considered to exist primarily for the good of Portland: "We are paying to help a downtown Portland, to ship our clientele to Portland." Merrill R. Roth, a Hillsboro businessman, echoed Erickson, noting that the Tri-Met board was "charging us to send people into Portland. I just don't believe in it. It got shoved down our throats, in my opinion."¹¹⁷

The Need for Consensus. Legislators and officials connected with Tri-Met were concerned about the effect the growing lack of consensus would have on obtaining voter approval for a metropolitan service district measure that would be before the voters in May. In addition, representatives from the federal government were making

¹¹⁶Ibid.

¹¹⁷Ibid.

it clear that they wanted to see some coordination and consensus among cities in the Portland region, including Vancouver in Washington state. Any region receiving funding from the Department of Transportation would have to demonstrate regional consensus and areawide planning activity.¹¹⁸

The Columbia Region Association of Governments (CRAG) was the entity responsible for preparing Tri-Met's regional plan. For this purpose, CRAG had appointed a technical advisory committee, which also had the responsibility of approving grant applications submitted by Tri-Met. As Tri-Met was preparing to send in its application for \$4.25 million in federal aid, CRAG stalled in providing its required letter of support for the application file. CRAG approval came just in time for Tri-Met to submit its grant application by the end of April 1970. Regional consensus had been in no way achieved, but at least CRAG, the federally recognized regional planning agency, had given its approval.¹¹⁹

The lack of consensus for Tri-Met was further demonstrated in the May 1970 election to approve the regionwide Metropolitan Service District (MSD). This was the district proposed by SB 494, which the city of Portland had so opposed. Portland remained opposed to the MSD on the same principles as before -- threatened jurisdiction, ambiguous authority, and so on -- but at the same time, city officials recognized that the MSD's operation of the transit system might be more palatable to voters than was currently the case with Tri-Met. One reason for this was that the MSD's board -- unlike that of Tri-Met -- was to consist of seven members representing all three counties and the cities within the counties, thus giving the impression of being more representative. In addition, the only type of tax the MSD could levy was a

¹¹⁸Ibid.; Mershon, "Federal Official Studies Tri-Met Facilities in Response to Request for Capital Grant," *The Oregonian*, 19 February 1970.

¹¹⁹"CRAG OKs Tri-Met Bid," *The Oregonian*, 22 April 1970.

property tax; this would require voter approval, but at least employers would not feel singled out.

Despite the city of Portland's less-than-enthusiastic position toward the MSD, the measure creating the district did pass in May of 1970. However, a majority of those voting in Clackamas and Washington counties voted against the measure, signaling their opposition to what they saw as Portland- and Multnomah County-centered regional agencies. Perhaps their disapproval would not have been so marked had their opposition to Tri-Met and its payroll tax not been so great during the months preceding the May election.

The Employer Boycott. Tri-Met's first-quarter payment of payroll taxes was expected on April 20, 1970. Opposition against the tax and a serious threat of a boycott was being led by the computer and electronics giant, Tektronix, whose head offices were located in the suburban community of Beaverton, Oregon's own "Silicon Valley." Senator Betty Roberts wrote a scathing letter to the editor of *The Oregonian*, blasting Tektronix for its selfish stand:

Before there could be a Tektronix at Beaverton there first had to be a Portland. The highways and other essential services, both public and private, which made Tektronix possible were provided by Portland businesses and taxpayers.¹²⁰

By the end of March, just one month before payroll taxes were due, the Oregon Court of Appeals, which had inherited the *Horner* case on March 17, ruled that Tri-Met's .5-percent payroll tax was constitutional, citing *Cook v. The Port of Portland* (1891), which had settled the constitutionality of taxing authority delegated to a board selected by the governor. The appellate court's action was swift, coming only nine

¹²⁰Betty Roberts, "Community Supported Tektronix; Now It's Tek's Turn," Letter to the Editor, *The Oregonian*, 28 February 1970.

days after the lower court's ruling; the appellate court had moved so quickly in order to furnish a decision before the end of the first quarter.¹²¹

By May 5 -- with a 5-percent-per-month penalty and 8 percent per annum for late payment accruing -- only 63 percent of the 15,000 employers who had registered for the tax had paid.¹²² By early June, when returns were tallied for this first quarter, a total of 11.5 percent of the businesses filing income reports had withheld payment, representing about 16 percent of approximately \$1.7 million due for the first quarter.

It was not so much how much wasn't being paid but *which* companies were refusing to pay. A partial list of the boycotters reads like a local Fortune 500: Tektronix, Inc.; Crown Zellerbach; Hyster Corp.; Freightliner Corp.; Consolidated Freightways; Publishers Paper Co.; Reynolds Metals Co., Inc.; Fred Meyer, Inc.; United Airlines, Inc.; Kaiser Foundation Hospital; Northwest Marine Iron Works; and Oregon Steel Mills. Not all of these companies were, like Tektronix, suburban based, but all had payrolls of more than \$1 million.¹²³

On July 3, 1970, the Oregon Supreme Court took the unusual step of writing an opinion denying a petition for review of the Court of Appeals' decision of the *Horner* case. This move by the Supreme Court virtually guaranteed that any other pending cases (such as the one initiated by Washington County in Hillsboro) would be decided unfavorably for the plaintiffs. The court decision brought an end to the taxpayer revolt. The Committee for Metropolitan Cooperation officially backed down and

¹²¹*Cook v. The Port of Portland*, 20 Or 580, 582, 27 P 263, 13 LRA 533 (1891); *Horner's Market, et al., Appellants, v. Tri-County Metropolitan Transportation District, et al., Respondents*, 2 Or App 288, P 288 (1970).

¹²²"Taxes Lag for Tri-Met," *The Oregonian*, 30 April 1970; "Payroll Tax Receipts Indicate Tri-Met District in 'Ballpark,'" *The Oregonian*, 5 May 1970.

¹²³Hughes, "Big Firms Shun Tax of Tri-Met," *The Oregonian*, 5 June 1970.

recommended payment of the .5-percent tax, still holding out hope that the new MSD would be more “responsive” in terms of transit provision.¹²⁴

Attempts to Repeal the Tax. Although the taxpayer revolt ended, the opposition to Tri-Met and its payroll tax remained. On June 15, a group called the Tri-County Citizens Committee for Fair Taxation had filed an initiative with Multnomah County to force a referendum in the November 1970 election to repeal the payroll tax. The Portland city council, meanwhile, began considering alternate forms of funding, such as a city income tax.¹²⁵

In June of 1970 Tri-Met received a grant of \$3.2 million from the Urban Mass Transit Administration of the Department of Transportation. The money was earmarked by Tri-Met to pay half the purchase price of RCT and to buy seventy-five new buses.¹²⁶ Some of the suburban groups criticized Tri-Met’s spending proposals -- which at this point included the purchase of the Blue Lines, as well as RCT and the seventy-five new buses. Irwin Adams, manager of the North Clackamas Chamber of Commerce, referred to Tri-Met’s spending plan as a “veritable fairyland of finance.” Adams announced that his chamber, along with the Committee for Metropolitan Cooperation, would continue opposing Tri-Met by supporting the November initiative and actively endorsing the merger of Tri-Met and the “voter-sanctioned” Metropolitan Service District.¹²⁷

¹²⁴“Tri-Met Tax Holdouts Quit,” *The Oregonian*, 30 July 1970.

¹²⁵“Labor Opposes Tri-Met Tax Repeal,” *Eugene Register-Guard*, 1 July 1970.

¹²⁶The federal government would eventually provide additional funds amounting to 75 percent of the cost of the RCT purchase, but that disbursement was contingent upon the completion of a long-term study. “\$3 Million Aid Given to Tri-Met,” *The Oregonian*, 15 June 1970;

¹²⁷“Tri-Met Taxes, Spending Plans Draw Fire of Critics at Hearing,” *The Oregonian*, 1 August 1970.

The organized opposition against Tri-Met consisted of about 900 individuals and businesses, 500 of whom were members of the Committee for Metropolitan Cooperation and 400 of whom were members of the North Clackamas Chamber of Commerce. On the other hand, Tri-Met had the support of important groups such as the AFL-CIO, Metro Seniors, *The Oregonian*, and Portland businesses. By mid-August, 10,000 names had been gathered for the November initiative (18,000 were required), but the Oregon Supreme Court had ordered the title of the initiative changed, thus requiring supporters to recommence the process of canvassing for names. By September it was clear that the required number of names could not be obtained in time for the November 1970 election. The matter of the payroll tax had, for all intents and purposes, come to a close.¹²⁸

¹²⁸In "High Court Revises Ballot Title for Tri-Met Payroll Tax Election," *The Oregonian*, 18 August 1970, the original initiative was reported to read:

Should we change HB 1808 in order to establish relief for these 900 underprivileged individuals caught in this terrible 1/2 of 1 per cent bind, or should we consider the 15,000 recently registered Honored Citizens over 65, and the other thousands who are not registered, and yet other thousands who have not reached the age of registering but who are still dependent upon a public transportation system?

The revised ballot initiative to repeal the payroll tax was somewhat less histrionic and more to the point:

Purpose: Repeals employers' payroll tax heretofore levied by the board of directors of Tri-County Metropolitan Transportation District and provides that no taxes shall be collected thereunder after this ordinance is passed. Prohibits levy of tax in any area not actually served by transit system. Prohibits amending or repealing this ordinance without district voter approval. This ordinance becomes effective upon approval by voters.

CONCLUSION

In Portland, the 1950s brought the recognition among city leaders that mass transit could play an important role in revitalizing the strength of the central city and the downtown core. This awareness was illustrated, for example, in the transportation plans that, for the first time, sought to remove automobiles -- not mass transit vehicles -- from downtown streets, creating bus-only thoroughfares or dedicated lanes.

Another element of transportation planning during the 1950s and 1960s that reflected the city's desire to improve accessibility to its core was the promotion of the expressway loop. The building of these loops constituted huge projects, which, by the nature of their cost, physical location, potential economic benefit, and aesthetic effect, engendered intense conflict among competing groups who, in the past, had disagreed with equal passion over matters such as the placement of streetcar lines: downtown business leaders and city boosters, professional planners and engineers, city and state political actors, and neighborhood residents.

In the 1960s, transportation plans continued to be born primarily out of the commitment of central city business and political leaders toward economic survival and growth. Nevertheless, even with the added impetus of federal funding for freeway and mass transit projects, in most cases, the rational, technical approach continued to dominate transportation planning, whether through the implementation of highway projects, such as the Foothills route of Portland's westside Stadium Freeway -- advocated by civil engineers because of design and cost -- or the emphasis on transit studies that focused on data collection and analytical techniques. A broader -- albeit, in many ways, more idealistic -- vision that sought to integrate transportation planning with socially and economically sound land-use decisions,

responsive to cultural and aesthetic values at the community level, belonged to the planning discipline of the near future.

There were elements of this broader vision present, however, in the movement toward long-range, areawide planning and governing during the 1960s. To an extent, the comprehensive planning ideal of this era was the result of federal requirements for the receipt of grant money. But also, there were concerns regarding the environment, out-of-control sprawl, diminishing resources, and general livability that encouraged many planners and politicians to adopt a comprehensive perspective and attempt regional unity and consensus.

During this era of suburban growth and central city decline, however, it was increasingly difficult to garner consensus for transportation projects that affected diverse groups. An early example of the conflict inherent in suburb-central city competition was the opposition by the Multnomah County commissioners to the 52nd Avenue route proposed for the eastside I-205 freeway. These commissioners wanted to stimulate economic growth of communities located farther to the east than 52nd Avenue and could not bring themselves to approve a route that would have, from their perspective, most directly benefited inner Portland. In this case, residential opposition to the proposed 52nd Avenue route combined with the county commissioners' insistence on a more suburban route, and a 96th Avenue route was implemented.

The mechanism of a regional mass transit authority lay at the intersection of two concurrent issues present in the political economy of 1960s Portland: one, the recognition that an effective mass transit system was vital to the region's -- and, particularly, to Portland's -- economic viability; and, two, increasing interest in regional government and service-provision devices such as the special service taxing district. An autonomous regional mass transit authority could be given taxing and bond-levying powers, yet at the same time the officials who sat on its board of directors

would be relatively insulated from the political process. The autonomy and fund-raising capabilities of a mass transit authority that could be implemented on a regional, districtwide basis appealed to state and local business and political leaders facing the imminent collapse of the privately owned transit system. The availability of federal funding added further impetus to the public-ownership movement.

The Portland city council had worked for nearly a decade to forestall the inevitable collapse of the city's transit system, primarily by begrudgingly granting fare increases. For its part, company management had also tried to keep the company afloat by instituting service improvements and route extensions and by negotiating labor contracts that allowed for a more gradual increase in wages. But the Portland transit labor force, for over a decade the lowest paid of all major transit operators on the west coast, became increasingly resentful about bearing the burden of the company's operating losses.

Meanwhile, state and local leaders continued to advocate implementation of a regional transit authority. But ownership and operation of mass transit, even by a public authority, was still eyed with suspicion by Portlanders and Oregonians in general, who mistrusted government and feared increased taxes. Implementation of such an agency was not likely to result from a popular vote; all attempts to do so in the past had failed. What was necessary was a legislative action that could bypass popular sanction, coupled with a transit crisis so severe that implementation of a nonvoter-approved district was warranted.

The crisis finally did come, in the form of a shutdown of the city's transit service for a three-day period -- the result of a stalemate in labor-management contract negotiations. This was, however, only the most immediate manifestation of a larger crisis that was broader and more protracted over time: the decline of economic activity in the central city. Fortunately for the city of Portland, by the time the final impasse

was reached between labor, management, and the city itself, state legislation was already in place authorizing the city to request the formation of a regional transit district.

Deciding upon the structure of the regional transit district had been fraught with political controversy. The city of Portland had opposed the mechanism of the multipurpose metropolitan service district, fearing the encroachment of its own political jurisdiction. Takeover and operation by the Port of Portland was more palatable to the city, but opposed by the Port itself, which was better equipped to focus on economic development and access to the city's ports and docks than on the operation and administration of regional mass transit.

The final legislation (HB 1808) provided for an autonomous regional transit district, operated by a seven-member governor-appointed board of directors, with very broad taxing powers. The city of Portland supported the single-purpose district and wasted little time in petitioning for its implementation. Even before the funding mechanism had been decided, however, neighboring suburban communities voiced disapproval of the nonrepresentative nature of the agency, expressing concern about being forced under the jurisdiction of a regional transit authority whose primary focus would clearly, from the perspective of the suburbs, be the Portland central city.

Once formed in the fall of 1969, the new agency -- Tri-Met -- faced immediate challenges, including forestalling yet another labor crisis (the private company, Rose City Transit, was still operating the transit system), negotiating a purchase price for the RCT plant and properties, settling disagreement with RCT over who was responsible for RCT employee pension payments, and taking over the suburban Blue Lines. Most of these issues were resolved through litigation that lasted as long as six years.

But Tri-Met's most pressing challenge was the prompt implementation of a tax in order to raise the necessary funds to qualify for federal-match grant money. The

decision to levy a payroll tax on employers within the tricounty district was based on the fact that this was the most expedient means of obtaining funds; employers' payroll taxes, representing .5 percent of their payroll, would be due at the end of the first fiscal quarter after implementation of the tax. No voter approval was necessary.

The Tri-Met board apparently did not anticipate the taxpayer revolt, not only by the suburban employers, who resented having to pay taxes to what they considered a Portland-focused agency, but by some Portland employers, as well, who resented having to pay any tax at all.

Regional consensus was, however, just as vital to Tri-Met's application for federal funding as was the immediate collection of tax moneys. Consensus was also important if the Portland metropolitan area was to move forward with the further implementation of regional authorities, such as the Metropolitan Service District (MSD). Although suburban counties voted overwhelmingly to defeat the MSD initiative in May of 1970, the measure passed, and suburban interests turned their energies toward supporting an MSD takeover of Tri-Met.

In the meantime, although Tri-Met would have to overcome other hurdles -- such as establishing its autonomy from the MSD -- its struggle over the payroll tax had essentially ended. This in and of itself did not signal areawide consensus for the agency; that would require time and tangible evidence of economic benefit to the members of the suburban coalition. As 1970 drew to a close, bringing to an end the battles of the previous year, the regional transit district could begin to devote some of its energies to service and operating improvements that would, within a decade, reverse the ridership decline that the urban transit system had been experiencing for decades.

Locational Conflict and Urban Transportation Policy

The ideological opposition to public ownership of transit appears dwarfed next to the opposition by suburban business and political leaders who did not want to contribute to the economic ascendancy of the central city. In the Portland case, the issues of locational conflict did not emerge until the 1960s because the suburbs had not yet developed as significant competitors to Portland's primacy and because there was so little support for the concept of public ownership of transit. However, as illustrated by the brief discussion of the superhighway plan in Los Angeles during the 1930s and 1940s, locational conflict had already emerged elsewhere.

Adler, for instance, discusses the initial opposition by Oakland to the 1949 bill that allowed for the creation of a metropolitan rapid transit district for San Francisco and Oakland. Like the suburban coalition that opposed Tri-Met, Oakland opposed the rapid transit district, because it was feared the district would "give San Francisco the whiphand," while at the same time saddling Oakland with "the costs of operating [San Francisco's] antiquated and inadequate transportation system."¹²⁹ An Oakland council member remarked that he was "interested in transportation, but not in getting people to San Francisco to spend money they would normally spend in Oakland."¹³⁰ Later, after the competitive rift between Oakland and San Francisco had healed, it was replaced by protests from peninsular communities, who, like Oakland before them, feared the loss of retail activity to the larger San Francisco. The city manager of San Mateo testified that "the commercial people [who had made significant investments in commercial

¹²⁹Oakland *Tribune*, 13 March 1949, quoted in Adler, *Political Economy of Transit*, 80.

¹³⁰Oakland *Post-Enquirer*, 23 July 1948, quoted in Adler, *Political Economy of Transit*, 77.

property in San Mateo] are afraid that rapid transit will make it awfully easy for people to run [to San Francisco] again like they used to.”¹³¹ This sounds remarkably similar to the Gresham Realtor who had complained that “we are paying to help a downtown Portland, to ship our clientele to Portland.”

Much of the conflict in urban transportation prior to the 1940s had centered around those issues that have been the focus of this study: labor versus management; the private company versus the city or state regulators; the private company versus ridership entitlement. During the years of private ownership, the underlying conflict was one of the private company’s right to make a profit versus its obligation to provide a public service to various competing constituencies.

The underlying conflict in urban transportation policy in the latter half of the twentieth century, however, is marked by competition among locations for economic advantage. The conflicts among competing constituencies -- riders, labor, government -- and among competing modes -- auto, mass transit, pedestrian, and bicycle -- are secondary. Those battles no longer define and shape transportation policy.

The current conflict involves several battles. On one front, there is a battle over which locality will be the primary magnet for and chief beneficiary of the region’s routes of transportation, whether they be freeways or mass transit lines. On another front, the conflict also involves a struggle for autonomy, as communities that rank second or third in a region resent having to contribute financially to transportation networks that, by feeding into the primary city, deepen their dependency on that larger city. Finally, conflict emerges because investors who have committed large sums of

¹³¹Senate Interim Committee on Rapid Transit in the San Francisco Bay Area, “Transcript,” 19 to 20 November 1956, 218-220, quoted in Adler, *Political Economy of Transit*, 207.

money to commercial developments in the suburbs fear the loss of customers who would desert them and return to the central city for their shopping and entertainment. A central task of transportation policymakers in the current era is to convince those suburban investors that they will not lose their economic position by supporting regional transportation projects. In this respect, the political process requires necessary compromise until the proposed project appears to offer the various localities a level of economic benefit that is commensurate to their financial contribution.

CHAPTER X

CONCLUSION

It has been the argument of this study that urban transportation policy has emerged from and been shaped by crises arising from conflict among competing actors in the urban transportation policy process: transit labor; private transit company owners, investors, and management; city and state regulatory bodies; downtown business and political interests; suburban business and political interests; urban planners and traffic engineers; automobile industry interests; and, of course, the consumers of urban transportation, primarily transit riders and autoists.

This study, which has dealt with a hundred-year period of developments in urban transportation in Portland, Oregon, reveals distinct stages in the development of transportation policy that coincide with changes in the transit industry, with technological advances, with social and cultural developments, and with changes in the local political economy. These stages, which will serve as a basis for the discussion in the first part of this concluding chapter, are (1) the formative years, (2) reaction and the beginning of decline, (3) the stage of embattled attrition and secular competitive erosion, and (4) the stage of public ownership of transit.

It is important to remember that these four stages do not tightly correspond to particular dates and that the timing differed from city to city in the United States. In addition, not all cities experienced all four of the stages. In some cases, such as Seattle and San Francisco, public ownership of transit occurred very early on, while many other cities' transit systems were just beginning to decline. In other cases, the third stage of embattled attrition was not as protracted as it was in the Portland case, and

public ownership occurred before secular competitive erosion could have a marked effect on transit as a private industry. New York, Cleveland, Chicago, and Boston are examples of such cities, where public ownership occurred in the 1940s.

Indeed, secular competitive erosion, as defined by David Jones, is quite similar to embattled attrition as a process of decline. Embattled attrition is characterized by the private company's struggling to survive in the face of declining revenues and increasing operating costs, along with incipient competition from the automobile. Secular competitive erosion, however, is characteristic of the more mature city, where suburban sprawl has increased the dependency on the automobile; radial transit routes become "increasingly dissonant with the geography of off-peak travel."¹ The competitive erosion by the automobile during off-peak hours becomes even more devastating than the declining revenues and rising operating costs. This process of decline occurred in those cities such as Portland, where public takeover did not occur until relatively late. The fact that Portland's mass transit system remained under private operation for so long is a chief factor in making it so attractive for a case study; Portland experienced a wide range of conflicts and crises in urban transportation over the one-hundred-year period, and the city and the industry responded with equally as wide a range of transportation policy initiatives. These will be summarized and discussed below.

¹Jones, *Urban Transit Policy*, 76.

FOUR STAGES IN THE DEVELOPMENT OF URBAN TRANSPORTATION POLICY

Stage I: The Formative Years

Urban mass transit -- the transport of people *en masse* within an urban area -- really begins with the trackbound, horse-drawn streetcar. These streetcar companies operated as businesses seeking to make a profit and thus were compelled to seek a franchise from the municipality, employ labor, and charge fares.

The mechanism of the franchise contained the seeds of much of the conflict that would emerge and shape urban transit policy. The franchise was a contract granting the streetcar company monopolistic rights -- that is, exclusive rights to operate a streetcar line on given streets -- and requiring in return a standard of service and various fees and obligations. But, it was also a *social contract* in that the service to be provided was a particular kind of service: a public service.

Mass Transit as a Public Service. Early streetcar companies, like other companies then and now, were profit-seeking businesses marketing a product. In the case of the streetcar companies, this product was transit service.

Transit service is not, as Jones points out, "an essential public service in any absolute or intrinsic sense." There is "no universal need for public transportation," as there is for, say, health care, police protection, water treatment, and education. The essentiality of transit service -- that which makes it a *public* service -- is derived from its function in the urban political economy and social culture. Transit service *becomes* an essential public service because central cities' downtown business districts come to

depend upon it for its role in facilitating commercial activity, capital investment, and the transport of labor.²

Urban mass transit did not begin as a public service, but as a private, profit-seeking business that had *a service* as its product. In order to market this product, streetcar company owners not only agreed to burdensome franchise terms, but quickly sought to extend their routes into new real estate developments, even despite the fact that there frequently was no short-term profit. The goal for the streetcar companies was never “public service.” Instead, territorial economic domination and the eventual realization of profitable return on investment was the ultimate goal.

The first horse-car lines were not laid in working-class neighborhoods, but rather within the downtown business district. In Portland, these early lines first spread from the business district toward the upper-class neighborhoods. Successive additions finally took lines into working-class neighborhoods. With steam, cable, and electricity, choice real estate developments both close in (as was the case with cable) and in the suburbs could also be connected with the downtown commercial center.

Territorial economic domination meant that a company’s streetcar lines would eventually establish and control an exclusive transportation network, connecting virtually all of the neighborhoods and suburbs of a city with the downtown business district. Realtors and bankers worked hand in hand with the streetcar companies to effect this network, enabling a horizontal urban spread of the company’s lines into the farthest reaches of the city.

Streetcars were not necessarily meant to be carriers of the masses, but they became so. As the city grew, everyone became dependent on the streetcar for mobility. In addition, early patterns of land use and investment were established, as

²Jones, *Urban Transit Policy*, 2; n., 11.

places of business, retail, employment, manufacturing, and real estate development grew alongside the streetcar lines. "Once transportation service is introduced and patterns of job holding, household location, business relations, and real estate investment are organized around it," says Jones, "users have a right to expect *reasonable* continuity of service and fares." It is in this expectation that transit service becomes a public service, one on which the entire community is dependent. It is in this dependency that constituency entitlement is rooted.³

Profit Versus Public Service: During this stage of formative development, then, two elements of conflicting demand identified by Jones are immediately apparent: the demands of the franchise and the demands arising from constituency entitlement. Still, by the end of the nineteenth century, most companies were not yet finding it difficult to meet these demands. Franchise fees and service obligations were factored in as operating costs, and the operating revenues -- realized through the five-cent fare -- were in many cases more than sufficient to constitute a comfortable profit.

Another operating cost, which would also emerge as an element of conflicting constituency demand, was labor. As a labor-intensive industry, this was, in fact, transit's primary operating cost. Franchises made it difficult if not impossible for companies to raise their five-cent fare or cut service, so the only way of increasing profits was to manipulate the labor variable. As demonstrated by Freeman and as

³In *Urban Transit Policy*, Jones, 110, elaborates on the relationship between dependency, constituency entitlement, and the social contract:

To understand the rights created by reliance, it is essential to remember that transportation has no value in and of itself. Its value is attributable to its role as an organizer and facilitator of society's patterns of production, consumption, and leisure. . . . In turn, transportation's value depends, in large measure, on the extent to which it can be *relied* on to provide a secure foundation for long-term investment, location, and job-holding decisions.

illustrated by this study, this was done by increasing labor productivity through unusually long hours and very strict conditions, while keeping wages low. In this formative stage, transit labor activism had not yet emerged as a significant source of conflict in Portland. But the roots of the later activism are found in the extreme working conditions of this early period.⁴

Two forces coalesced to encourage consolidation of individual streetcar companies: the desire for increased territorial domination and the availability of new technologies that required larger operations in order to effect economies of scale. Throughout the country, companies combined in the years surrounding the turn of the century so that by the first decade of the twentieth century, transit operations in most cities were controlled by one consolidated company. In Portland, this was the Portland Railway, Light & Power Company, which by 1906 controlled not only the city's entire transportation network, but its light and power production, as well. This was not an uncommon arrangement; a similar situation characterized Seattle's Puget Sound Traction, Light & Power Company. The consolidated Portland company was owned by the E. W. Clark Company in Philadelphia and, similarly, the Seattle company was owned by Stone & Webster in Boston. Barrett, Cheape, and Mason provide examples of other arrangements for consolidation in New York, Philadelphia, and Chicago.⁵

From this widespread consolidation that characterized the transit industry around the turn of the century emerges another element of conflict identified by Jones and others: overcapitalization.⁶ In their pursuit of territorial domination, companies acquired millions upon millions of dollars of bonded debt. As this study indicates, by

⁴Freeman, *In Transit*.

⁵Barrett, *The Automobile*; Cheape, *Moving the Masses*; Mason, *Street Railway in Massachusetts*.

⁶See for example, Mason, *Street Railway in Massachusetts*.

1912 Portland's bonded debt equaled 64 percent of its total assets; this is much greater than the figure of 50 percent given by Bottles and 40 percent given by Mason for the same period.⁷ The burdensome obligation to bondholders prevented companies from implementing one important policy that might have made a difference in later years: the maintenance of an adequate depreciation reserve.

In this first stage of formative development -- lasting in most cases through the first decade of the twentieth century -- urban transportation policy was still in its incipient stages. There was no articulated policy; what there was, rather, was a widely accepted belief that urban mass transit was best provided through private enterprise, regulated through competition and the restrictions of the franchise. But the forces that would shape urban transportation policy in the years to come were already firmly rooted: the constraints and obligations of the franchise, pitting the city against the transit provider in an adversarial relationship; entitlement demands, not only from riders but from all segments of society -- including business, commercial, and real estate development -- that had become dependent on the urban geography as defined by the streetcar system; the exploitation of transit labor; and unmanageable bond indebtedness, the result of the quest for territorial domination.

Stage II: Reaction and the Beginning of Decline

Three developments distinguish this next stage in the evolution of urban transportation policy. One is the failure of the policy of regulation through competition. It becomes clear that in the Portland case, as elsewhere throughout the country, the transit industry was no longer a competitive industry. From 1906 on, the city's transit would be provided by one single company, a situation leading directly to

⁷Bottles, *Los Angeles*, 27, 40; Mason, *Street Railways in Massachusetts*, 27.

the imposition of stricter franchise requirements. The other developments, which will be discussed later, were increasing operating costs -- specifically due to higher wages for transit labor -- and the increasing use of the automobile.

The Failure of Regulation through Competition. The franchise had granted monopoly rights and restrictions. The monopoly right of exclusivity was, clearly, no longer relevant. But the monopoly restrictions appeared, to the Progressive reformers of the first decades of the twentieth century, to be more relevant than ever before. The methods used by the companies to attract capital were widely held to be unscrupulous and dishonest; further, so much capital was attracted that companies found it difficult to keep up with their bond repayments. Indeed, some companies declared bankruptcy.

But many companies did not go bankrupt. Instead, they tried to hold down costs by delaying service improvements. Service inadequacies, combined with the popular impression of a corrupt industry, led to a reactive backlash among reformers until, by 1915, most franchises had become stricter in their provisions than ever before.

The severity of the new franchise restrictions appears to have been in direct proportion to the city's sense that the transit situation had reached a state of crisis. In many cities, it was felt that the future of transit service itself was in jeopardy. This fear prompted municipalities to intervene, often by increasing franchise obligations calling for service improvements and higher payments to the city. Chicago's 1907 ordinances, as discussed by Barrett, provide a case in point. Companies had to agree to implement a number of improvements such as night service and line extensions, as well as free transfers; in addition the companies were required to pay the city 55 percent of net profits after certain deductions had been made.⁸

⁸Barrett, *The Automobile*, 40-42.

In Portland, the reforms were much less stringent than elsewhere, because the city did not yet perceive its transit situation to be approaching a crisis. In addition, the commitment of the city to the principles of *laissez-faire* enterprise made it reluctant to interfere with the private company. Nevertheless, in Portland as elsewhere, franchise obligations were significantly increased. Eventually the Portland franchises, like those throughout the country, would require regular expenditures for service improvements, free transportation of municipal employees, heavy tolls for bridge crossings, and higher franchise fees. Between 1913 and 1921 -- in Portland, the period of most stringent reform -- fees, taxes, and tolls paid by the company increased by 54 percent.⁹ These increased requirements, in turn, repelled investment capital. From 1909 to 1913, investment had risen 59 percent; during the period of increased regulation, from 1913 to 1921, it increased only 22 percent. The declining investment made it all the more difficult for the company to undertake necessary service improvements.¹⁰

Service improvements were vital if the transit industry was going to compete with the automobile, whose growing use during this period adds another dimension to the development of urban transportation policy. In the late teens and early twenties the automobile still did not present itself as a serious competitor for mass transit, particularly for peak-hour travel. But modal competition would eventually become an issue; by 1930, 62 percent of Portlanders would own an automobile. The only means the transit companies could have had for effectively competing -- the institution of innovative service improvements -- would be economically impossible.

⁹From \$615,463 in 1913 to \$949,647 in 1921. It should be noted that this was a period of general inflation in Portland; in that same period, gross operating earnings also increased 58 percent.

¹⁰These percentages are for investment of bonds and notes only. For total investments, including stocks, the increase was 46 percent between 1909 and 1913 and 22 percent between 1913 and 1921.

Organizational and operating procedures inherited from the middle of the nineteenth century had become carved in stone, in large part due to the symbiotic relationship between the transit industry and the spatial and temporal pattern of commerce and industry. The radial routing of streetcar lines and the peak-hour nature of business and industry contributed to a tremendous amount of operational inefficiency within the industry. This, combined with the financial incapacity to make service improvements, resulted in what Jones refers to as “structural obsolescence.”

By structural obsolescence, Jones means that the form of the transit industry “suits the functions and markets that transit served at the turn of the century.”¹¹ Those forms and functions had changed, even as early as the late teens. People wanted greater convenience and speed. What made the jitney attractive was its speed, flexibility, and maneuverability -- unlike the streetcar, which was bound to its track and its route and was, in addition, rendered motionless in severe downtown congestion. In some cities, the streetcar companies exerted enough pressure on the municipality to regulate the jitney out of existence; as has been shown, this was not the case in Portland, but the jitney’s popularity was short lived here, too, once unemployment eased.

But companies also felt the pressure to provide improved service, and the most promising answer appeared to be the motor bus. Like the jitney, it was flexible and maneuverable. In addition, the fact that it was operated by one individual provided the potential for savings in labor costs -- although, as has been shown, these savings were not always effected. However, the motor bus was never used to its full advantage; its flexibility went untapped, as old routes and schedules continued to be adhered to. In addition, shortly after the introduction of the motor bus, it became apparent that its

¹¹Jones, *Urban Transit Policy*, ix.

long-term operating costs were much greater than those of the streetcars. On the other hand, motor buses were typically used on suburban routes, where the cost of extending streetcar service would have been prohibitive. The companies, required by stricter franchise amendments to provide the suburban service, had no choice but to install the costly motor buses.

Transit Labor. By 1920, mass transit was thus caught in the middle of the conflicting demands of the regulatory body and of the ridership. Both constituencies had their entitlements: the city (or state) felt itself entitled to the imposition of monopoly regulation, and the ridership felt entitled to fast, safe, convenient, and comfortable service. In addition, commercial, business, real estate, and industrial interests all had a stake in transit. But by 1920 another element of conflict, simmering since transit's inception, was introduced: the demands of labor.

After World War I, labor activism spread throughout the country, and transit industry workers began organizing and demanding shorter workdays and higher wages. With wage increases, transit's already declining economic outlook worsened. In Portland, as in many cities, wage increases began to be granted around 1917. These wage increases were not the only factor in increased operating costs; the price of materials increased, as did the obligations to the regulatory bodies. These increased costs were not in proportion to increases in operating revenues. Between 1914 and 1918, profits declined by 19 percent.

The Portland company had no choice but to petition for fare increases. By 1920 the fare had been increased two times, from five cents to eight cents. Profits were on the rise again; by 1921 they had increased 54 percent since 1918. Ridership, however, which had peaked in 1919 at over 100 million, had fallen by over 9 percent. This was the beginning of a longtime trend, mirrored throughout the country: increased operating costs led, in many cases, to increased fares, which -- combined

with other factors such as the increasing availability of the automobile -- resulted in decreased ridership and the decline of the industry. Again, it must be stressed that the low fares, the franchise requirements, and the condition of labor were all in place during the formative years prior to the turn of the century, long before the automobile. The growing availability of the automobile only exacerbated the existing decline of the mass transit industry.

The Automobile. In the late teens and early twenties the competition the mass transit industry faced from the automobile was less a competition for riders than a competition for space. What political and business leaders were acutely aware of was the decline of the urban center due to congestion. "Urban transportation policy" began to be defined primarily in terms of dealing with the automobile. Mass transit policy continued to be left to the regulated private industry. Automobile accommodation, on the other hand, dominated the interests of city planners and traffic engineers. Road building, street widening, bridge building -- these undertakings were central to the activities of those who saw the automobile as the embodiment of the American ideal of individualism and freedom. Mass transit, it was reasoned, would find its way; it would always be there somewhere, under the streets in subways, above them on elevated tracks, or squeezed in along with other vehicles on the surface.

The accommodating policies of early automobile planners, stressing radial-patterned road building and street widening, only exacerbated the congestion in the city centers and led to attempts to rationalize traffic by regulation and restrictive ordinances. By the mid-1920s planners in many parts of the country began to encourage an outward direction of traffic, away from the center, by promoting suburban garden cities that would be reached on superhighways by automobile. Portland did not see the early development of the automobile suburb, although settlement on the east side of the Willamette River spread farther and farther away from the central core. By 1930

eighty percent of Portland's population lived on the east side, and every day most of them traveled across a handful of bridges feeding into the city's westside downtown district. The congestion was so extreme that transit industry executives, such as Portland's Franklin T. Griffith, reasoned that there could be no more room for additional automobiles. The hoped-for point of automobile saturation, it was believed, would bring riders back to the streetcars.¹²

Stage III: Embattled Attrition and Secular Competitive Erosion

Jones explains that once decline set in, it was manifested in one of several ways. As mentioned, some companies went bankrupt. Another manifestation of decline was what Jones calls elective disinvestment. Light and power companies that also operated transit systems began to distance themselves from their transportation divisions, frequently to the point of selling them. This was the case with the Seattle company. In that instance, Stone & Webster recommended that Puget Sound Traction, Light & Power sell the transit division to the city, which it did; Seattle's transit was provided municipally from that point on. Portland Railway, Light & Power also began placing less emphasis on its transit operations, changing the name of the holding company to the Portland Electric Power Company (PEPCO) and then incorporating the Portland Traction Company as a separate entity in 1930. Disinvestment had as its primary goal to increase the attractiveness of the holding company to potential investors. As Franklin T. Griffith so succinctly put it: "Capital is cowardly. It follows the line of best return and least adversity." Once the transit division began losing money, it could no longer be the primary focus of attention for PEPCO management.

¹²Foster, *Streetcar to Superhighway*, 57.

However, company officials could not entirely neglect their transit divisions. There was still hope that transit would regain the ridership it had begun to lose after 1919. Even if it did not, though, selling the properties would depend on maintaining their attractiveness for a potential purchaser. This attractiveness in turn depended on the quality of one of the company's primary assets: its franchise.

Transit companies had agreed to the various requirements of their initial franchises in the 1800s primarily because of two factors: the five-cent fare, which at the time was seen as a guarantor of profit, and the generous long term, which was attractive to investors, who knew it would take years to realize profits on their initial investments. Since the mid- and late 1800s, the length of the typical franchise term had decreased significantly, chiefly as a product of Progressive reform. But companies still sought the longest term possible for their franchise renewals, and when the Portland Traction Company's franchise expired in 1932, the company negotiated for a twenty-year contract. This was, at the time, a victory for the company, as some reform-minded council members were lobbying for a much shorter term.

The quid pro quo for the franchise, which wasn't in fact granted until 1936, was an extensive modernization program. For over a decade the Portland company had been trying to decrease costs and increase revenues through a variety of measures: substituting one-man for two-man cars, using motor buses more extensively to provide suburban and cross-town service, emphasizing freight operations over passenger operations for the interurban lines, implementing wage freezes and cuts, and requesting fare increases. Such activities constitute what Jones refers to as embattled attrition. This manifestation of decline characterized many of the industry's larger properties, including Portland.¹³

¹³Jones, *Urban Transit Policy*, 50.

An important feature of those properties that engaged in embattled attrition during the period following World War I was the loss of off-peak ridership, which began to occur at the same time that the automobile was being more widely used for leisure pursuits. Companies had relied on midday, weekend, holiday, and summer ridership to subsidize the heavy operating costs incurred during peak days and hours. The availability of the automobile for off-peak activities, combined with the shortening of the workday and workweek, had a devastating effect on the transit industry.

It was in the face of this decline that many companies continued to struggle to stay afloat. Many were unable to. This was the period -- beginning in the latter 1930s -- when National City Lines (NCL) began buying up smaller companies and converting them to motor bus operations. This was NCL's "modernization" campaign, but for many municipalities, modernization meant the introduction of the newer, cleaner, quieter trackless trolley, as well as extension of service. NCL insisted on motor buses and service cuts; this vision of modernization did not win over the Portland city council, and NCL's affiliate, the Portland Motor Coach Company, was rebuffed in its attempts to secure a franchise.

But not all cities were successful in avoiding falling into the clutch of NCL. In 1946, NCL was successful in acquiring majority ownership in Oakland's Key System, after having done the same with the Los Angeles Railway the year prior. In fact, by the end of 1950, most of California's transit properties would be controlled by NCL or an affiliate. In the name of modernization, NCL began substituting buses for trolleys and streetcars, even though the public strongly preferred the trolley. Local Oakland officials tried unsuccessfully to intervene with NCL's plans, but in California, as in

many other states, it was the state public utilities commission, not the local municipal government, that oversaw transit.¹⁴

In Portland, however, it was the city council that had full control over every aspect of urban mass transit, although until the early 1930s fare-increase requests still went to the state public utilities commission. This direct relationship between the city council and the company extended over the entire period of private ownership. It allowed for both an entrenched antagonism between the two and at the same time an occasional close and productive working relationship -- this latter feature depended on who happened to be the chief transit policy player in city hall at any given time.

Thus, in the Portland case, the primary source of conflict that continued to shape transportation policy -- at least in the arena of mass transit -- was the persistent demands by competing constituencies: labor for wage increases, the riding public for service improvements, and the city council for modernization. These competing demands conflicted with the company's inherent right, as a private business, to make a profit.

What exacerbated the conflict was the fact that the transit industry was in the unusual position of being regulated as a monopoly -- through the imposition of fees and service requirements -- while at the same time facing competition from an alternate mode of transportation: the automobile. Although the transit industry did not face competition from within, it did face it from without. The monopoly regulation became anachronistic during the period of embattled attrition, when automobiles were being increasingly used for off-peak travel. Yet it persisted, even into the later period, when automobiles began eroding the peak market.

¹⁴Adler, *Political Economy of Transit*, 55-65.

Transportation planning continued to emphasize the automobile, and during the stage of embattled attrition, highway building continued unabated. By the 1940s and 1950s Portland was surrounded by automobile suburbs. In the Portland area, however, the highways still did not present direct competition to mass transit because the transit routes that served the suburbs had from the beginning been the least profitable. The short-haul, peak-hour rider still depended on the transit system, and there were no rapid-transit routes that paralleled any of the major arterial highways. The primary source of competition generated by the freeways continued to be for space -- limited by congestion in the central-city core, receptor to trolley and bus traffic in addition to the automobile traffic that radiated in from the highways and bridges.

More significantly, however, the highways were contributing to what Jones refers to as the "locational advantage" of the suburbs. That is, they were contributing to settlement patterns of business, commerce, real estate, and industry in much the same way as the streetcar routes had decades before. However, these new settlement patterns were in secondary urbanizing areas -- Beaverton, Gresham, Hillsboro, Oregon City, Milwaukie -- whose development would come to compete with the ascendancy of the central city. Thus, concludes Jones, the "changes in locational advantage that freeways produced were probably of greater consequence to mass transit than was the direct competition afforded by the new facilities."¹⁵

Coincident with the growth of the suburbs was a declining central-city population. This in and of itself explains the decline in city lines ridership during the 1950s and 1960s. Simply put, the peak-hour traffic density that had sustained the mass transit industry was beginning to erode. This phenomenon is what Jones refers to as "secular competitive erosion." Transit ridership in Portland declined most rapidly

¹⁵Jones, *Urban Transit Policy*, 70.

from 1950 on -- at the same time the suburbs were experiencing their most significant growth. Peak-hour travelers, who, had they lived closer in, would have ridden the city lines, now were in the medium- and long-haul market and, thus, were increasingly likely to drive or ride suburban buses. Thus, it was the erosion of the peak-hour market that contributed most significantly to the precipitous decline of central-city transit after World War II.

Stage IV: Public Ownership

This study has shown that in the Portland case, public ownership of transit was initiated once the city's transit situation had reached crisis proportions. For Portland -- and for other cities -- the most immediate crisis was the threat of the cessation of transit service; and it was this threat that precipitated public intervention. In those cases where the economic and social fabric of a city would have been severely disrupted had mass transit service ceased to exist, there was intervention by the public sector and, finally, public takeover of the transit system.

Again, this happened at different times in different cities. It is also not the *only* explanation for public takeover. In the Seattle case, for instance, a combination of an eagerness on the part of Stone & Webster to divest itself of its transit holdings along with Seattleites' general receptiveness of the idea of municipal ownership of utilities resulted in the public takeover. There was no crisis that precipitated the event. In other situations, rapid-transit undertakings were too large to be sponsored by private investors; in those cases, public involvement was necessary. While no crisis precipitated the public involvement, it might be said that public involvement prevented a crisis: had the public sector not stepped in and sponsored the rapid-transit projects, an economic and social emergency would surely have resulted.

In the Portland case, as in others, it was the conflict between labor, the city council, and the ridership that finally resulted in an impasse of crisis proportions. In Portland, wages had increased 84 percent between 1936 and 1946, but fares had remained essentially the same. The continued use of the discounted token or pass exacerbated the fare situation. Other west coast cities whose transit systems were considered comparable in size to Portland's had no discounted fares and were either municipally subsidized or, at least, employed differential-zone fares. By 1951, some progress had been made: fares in Portland increased 40 percent over the 1936 level, but wages had increased 153 percent. By 1958, wages had increased only 26 percent since 1951, while fares increased 87 percent. The increase in operating costs due to the modest wage increases of the 1950s had two effects: one, they resulted in an increase in fares at the precise time that the company was beginning to lose its peak-hour ridership anyway; and, two, they made it increasingly difficult for the company to continue to grant wage increases, thus antagonizing the work force, which was, by 1962, the lowest paid on the west coast. Exacerbating this antagonism was the fact that new San Francisco owners were unsympathetic with and disengaged from the workers' concerns.

By the time labor-management negotiations had reached the latest stalemate in 1969, the city was already poised to implement public takeover. This in and of itself is significant. The city had feared for a long time that the transit situation would come to a breaking point and that the city would be left without transit service either as a result of a strike or closure by the private company. But the city's preemptive move of asking the governor to create a regional transit district was not due only to the fact that the city feared being without transit service.

Another, and perhaps even more important, reason that the city had fought for the regional transit district was that it wanted to regain its regional economic

dominance, which had been eroding steadily since the 1950s. By the late 1960s, retail sales in the suburbs nearly equaled those in the central city. Portland's business and political leaders recognized the role that mass transit could play in revitalizing the central city's economy.

For the first time, transportation planning had begun to focus on accommodating mass transit as opposed to the private automobile. The emphasis was on a transportation system, both transit and highway, that could bring people back into the city center for commercial activity, thus enhancing the attraction of central city real estate for commercial investors. Although a significant public crisis would have resulted had transit services ceased, the transit initiatives implemented by the public sector in the late 1960s had as their ultimate goal the improvement of transportation services and infrastructure in order to attract shoppers to downtown stores, and capital investment to downtown real estate.

For the private transit company owners of the late 1800s, the provision of transit service had been but a means to an end: profit and territorial domination. Similarly, in the latter half of the twentieth century, the provision of transit service by the public sector was also a means to an end: the attraction of investment capital to and regional dominance of the central city.

Historically, the conflicts that precipitated public ownership in Portland had been on two fronts. On the one front, there was the decades-old competition between the conflicting demands of labor, management, and the ridership. On the other, there was the relatively recent competition between places: between the declining central city and the growing suburbs. This locational conflict became more marked during the process of implementing regional public ownership and then persisted throughout public ownership as new transportation projects were proposed.

As is evident in the Portland case, the implementation of Tri-Met sparked strong controversy and bitter antagonism between the central city and the suburbs, which resented having to support a regional transit district that was clearly oriented toward Portland. These suburbs wanted to enhance their autonomy and lessen their dependency on the central city. Further, they wanted suburban shoppers to shop in the suburbs and suburban investors to invest in the suburbs. From their perspective, they had nothing to gain from supporting a transit district that would serve to divert retail and investment activity from them back to the central city.

Economic advantage belongs to the location that is the primary receptor of transportation networks. This awareness was the motivation behind the laying of the first street railway tracks in Portland -- down the main street of the business district. It was what motivated all later routings, as well, whether out to new real estate developments or to established residential districts. The goal was either to enhance the economic prosperity of a given district in or around Portland or, on a larger scale, to enhance Portland's regional competitiveness with other west coast cities. This is evident in the support by the Portland business community for the Amburn Plan of 1935, lauded because of its ability "to lure new industry here or, for that matter, to maintain for long even our present commercial status."¹⁶

Adler concludes that "the primary dimension of conflict in metropolitan transportation politics is competition between places for locational advantage . . ."¹⁷ This is particularly true with regard to regional transportation projects. This conflict was evident in the locational skirmishes, between central-city advocates and representatives of the suburbs, over the placement of the I-205 freeway. It became

¹⁶Portland Chamber of Commerce, Committee on Urban Land Utilization, "Report."

¹⁷Adler, *Political Economy of Transit*, 353.

even more evident in the negotiations among places during implementation of the regional mass transit district and the projects that that district began to undertake. The conflict is particularly sharp in this case because of the volatile issues of taxation and representation, combined with the inherent issue of which place will receive the greatest economic benefit.

THE PUBLIC ROLE IN TRANSIT POLICY-MAKING

The public sector in America has been historically much more reluctant to involve itself with mass transit than has been the case in other countries. The primary explanation for this, of course, is the long tradition of viewing mass transit as a private enterprise, with the public sector's role limited to that of regulation.

Besides direct takeover -- ownership and operation of mass transit -- public-sector involvement with transit can be manifested in several ways. The city may, for example, effect various forms of institutionalized response. This was the case in New York and Philadelphia, where commissions were appointed to address the exigencies involved with implementing rapid transit; it was also the case in Chicago, whose Board of Supervising Engineers was responsible for implementing much of Chicago's early transit policy. Public-sector involvement can also be manifested in directive policy-making, which was the case, for example, in the aggressive modernization programs required by Dorothy McCullough Lee as public utilities commissioner and then as mayor. Finally, public-sector involvement occurs when committees are appointed and expert consultants hired and charged with creating a transportation plan. This occurred frequently in the Portland case and in many other cities as well. Committees hired reputable experts and consulting firms -- Daniel Burnham, Edward Bennett, Charles Cheney, Harland Bartholomew, Charles de Leuw, Robert Moses -- to come to their cities and either create master transportation plans or give direction and advice.

In virtually every case, public involvement was precipitated by an impending crisis in transportation. When Edward Bennett was hired in 1912 to create a City Beautiful plan for Portland, his plans sat untouched because Portland was not yet experiencing great urgency; the streets were not yet unbearably congested and the urban population was not yet in exodus. But by the time James Carey and Kenneth Harlan were hired in 1930, there was a crisis: the transit company had recently requested another fare increase, and the city was determined to step in and take over mass transit policy. The inadequacies in the Carey and Harlan plan prevented its implementation, but the council's involvement with the plan -- which included appointing an assistant public utilities commissioner and a special committee to work directly with the consultants and the company -- marks its first attempt at directive policy-making.

The Portland city council had more opportunity than other cities to involve itself directly with mass transit policy because Portland, unlike many other municipal governments, had full jurisdiction over urban mass transit by 1931. In other states, after the Progressive backlash in the first decade or so of the twentieth century, the utilities lobbied successfully to transfer regulatory power to the state public utilities commission. This distanced the regulatory body from the operations of the transit company and freed transit companies from being subjected to frequent tightening of franchise requirements at the local level. In the Portland case, the reverse was the case. Through amendments to the state constitution, which created the office of a single public utilities commissioner, the state lost all of its regulatory control over municipal utilities; the city council was thus the sole regulatory body.

Yet the Portland city council was reluctant to make policy changes that would have relieved the company of its franchise requirements, which the council could have done at any time by exercising its power to pass emergency ordinances without a vote

of the people. The council never did this until 1962, when it renewed the private company's franchise, and then again in 1969, when it took over operation of the transit system. The reason for the council's reluctance is patently obvious: mass transit was a highly charged political issue, and the council members felt that policy changes that would have benefited the company -- even though they would also have resulted in a direct benefit to the ridership -- would have been politically unpopular.

Instead, the council addressed transit policy in one of three ways: by approving fare increases (which were just as unpopular as an earlier lifting of franchise requirements would have been); by appointing study committees and hiring consultants; and by requiring modernization and service improvements. The council refused to involve itself in labor arbitration, even though fares -- with which it did involve itself -- were inextricably bound with labor's wages. This was a policy contradiction in much the same way as was monopoly regulation of the transit industry, which in fact had a strong competitor in the automobile. Yet both persisted until the 1960s. The franchise obligations were significantly reduced in the 1962 franchise, and the mayor finally intervened in labor-management negotiations in 1968.

The Role of Expert Consultants. As noted, Portland -- typically through its planning commission or a mayor-appointed citizens' committee -- employed a number of well-known transportation consultants over the years. The habit of hiring outside experts to try to solve the city's transportation plans had had two important results. One was that the city devoted few resources to developing its own local expertise. The other is that the plans of the outside consultants, if implemented, generally fueled the antagonism between the city and the company, impeding the development of productive relationships.

The Portland planning commission, which was a creature of the city council, was made up of local businessmen and bankers and had little in the way of professional

planning staff for support. Other groups that concerned themselves with planning, such as the Chamber of Commerce and the City Club, also consisted primarily of members of Portland's business and professional elite. From time to time all of these bodies appointed a subcommittee to consider transportation issues, but never were adequate resources allocated -- particularly in the case of the city's own planning commission -- for the development of a department staffed by individuals trained in any aspect of urban planning that related to transportation. In addition, the planning commission lacked any real authority, as well as the committed backing of the city council itself. When it came to fashioning plans for the city, whether transit related or otherwise, Portland's city council and its business community tended to look to the outside, to imported professional consultants. "In comparison to residents in many other cities," Abbott remarks, "Portlanders were surprisingly willing to accept decisions as well as advice from outsiders."¹⁸

For decades, the council relied on the city traffic engineer to conduct transportation studies. These were predominantly data-gathering in nature and resulted primarily in decisions related to infrastructure, such as the building of new bridges or the prohibiting of streetcar tracks on new bridge approaches. Of course, the ramifications of such decisions were huge, but they were not at the time considered within a larger context. For instance, the decision not to allow streetcar tracks on the new Hawthorne Bridge approaches, which effectively ended interurban transit, was not considered in the overall context of the region's transit needs.

Similarly, the advocacy for the planning of the placement of the Stadium Freeway link of the I-405 expressway loop came from downtown business interests on the one hand (who advocated the Market-Clay route) and from civil engineers on the

¹⁸Abbott, *Portland*, 140-141.

other hand (who advocated the Foothills route). The City Club criticized the city council and the planning commission for taking such a passive role in the decision-making process, which resulted in the engineers' Foothills route, but the city planning commission hardly had the resources or expertise to present a stronger advocacy.

In addition to stunting the development of homegrown expertise, the city's tendency to contract with outside experts exacerbated the antagonism that existed between the council and the transit company. This is illustrated by Dorothy McCullough Lee's hiring of both New York rate analyst John Bauer and the Chicago consulting firm of de Leuw, Cather in 1947. Under strong pressured by Lee, Bauer recommended the controversial "fare equalization fund," mandatory modernization, and a lower average fare. De Leuw, Cather's report called for one-way streets, through-routing, full-scale bus substitution, and line extensions. The company bitterly resented having policy thrust upon them by people who came not only from outside Portland, but who had little, if any, experience with the operational aspect of transit. The policies recommended by the experts were extremely costly and had a devastating effect on the company's financial situation.

The hiring of outside consultants had two advantages.¹⁹ On the one hand, they could be promoted as "objective," their work uninfluenced by local politics or private transit company concerns. This objectivity enhanced the validity of the final product, making it easier to "sell" to the voters and elected officials who would decide whether to implement the proposals.

On the other hand, however, the consultants' work was never truly objective. The consultants were, after all, hired and paid for by the very body -- the city

¹⁹In *Political Economy of Transit*, Adler, 134, 356, makes similar points about the hiring of outside consultants as representatives of financial institutions underwriting public transportation projects.

council -- who would also insist on promoting the value of the consultants' objectivity. In other words, the consultants' first obligation was to address the concerns of the sponsor -- in the Portland case, the city council. Thus, John Bauer, who was personally hired by Dorothy Lee, went to great lengths -- upon her request -- to support her insistence that the company set up an equalization fund and undertake mandatory modernization. Lee, in fact, had been dismayed when Bauer was unable to recommend the lower fare that she had sought (although he was able to recommend a fare lower than that requested by the company). Similarly, de Leuw, Cather's recommendations duplicated precisely what the city council and city traffic engineer had been advocating for years: one-way streets, through-routing, and so on. The Bauer and de Leuw, Cather reports merely conferred legitimacy on the existing agenda of the city council.

INDUSTRY-INTERNAL POLICY INITIATIVES: UNTAPPED OPTIONS

Most of the policy responses initiated from within the transit industry during the years of private ownership were equipment or service related as opposed to alterations of the fundamental structure of the industry. It has been maintained that it was the obsolescence of this fundamental structure that made the industry incapable of adapting to the changing needs of society and therefore incapable of competing with the automobile.

In his discussion of attempts by the public sector to maintain the provision of transit service, Jones explains that while the loss of transit ridership has been reversed, mass transit has not in fact been brought to a position of stability.²⁰ This, he says, is

²⁰In the Portland area, for example, under public ownership, by 1990, mass transit ridership had increased 122 percent over the 1969 low prior to public takeover.

because the public transit policies whose implementation began in the 1960s did not address “the root causes of the industry’s financial distress.”²¹

Jones goes on to recommend an agenda for structural change, which is directed toward stabilization of mass transit under public ownership. The present section of this concluding chapter will briefly discuss these strategies within the context not of the publicly owned transit system, as Jones does, but within the context of the private industry, which dominated the provision of transit service for decades.

The policy initiatives suggested by Jones for stabilization under public ownership may well have promoted a healthier industry had they been implemented under private ownership. Their implementation might have resulted in a less stagnant industry, one more capable of competing with the automobile and of responding to consumer demand.

However, it will be shown that the strategies suggested by Jones could not have been easily implemented during the period of private ownership. In the Portland case, many of these policy changes would have had to have been approved by the city council and sanctioned by the business community and the riders themselves. Those involving labor would have had to have had the support of the union rank and file. In short, many of the organizational and structural features that characterized the stagnant transit industry had an interdependency on equally entrenched habits -- such as the peak-hour nature of employment and commerce -- in the larger society. Systemic change within the industry would have been mightily difficult, if not impossible, without equally as fundamental change in society as a whole.²²

²¹Jones, *Urban Transit Policy*, 161. See also Sy Adler, “The Evolution of Federal Transit Policy,” *Journal of Policy History* 5 (1993): 69-99.

²²Jones acknowledges the difficulty involved with implementing his strategies for stabilization even during the current era of public ownership. He recommends a

Pricing and Service Differentiation

Jones recommends peak-hour pricing as an alternative to reliance on off-peak subsidization. As he notes, the fixed-fare structure

bears little relation to the cost of providing peak-hour service or serving trips of any considerable length. Flat fares overprice short-distance and off-peak travel and underprice long-distance and peak-hour travel.²³

The economists' argument in support of peak-hour differential pricing is similar, but adds also that it would reduce crowding and enhance the quality of the transit ride. Some economists, while agreeing that economic efficiency would be improved through peak-hour pricing, recognize the additional administrative costs involved. Others recognize the political costs involved with the inherent inequity of raising prices so that lower income people are the most adversely affected. Jones does note that "special classes of riders" could be afforded service at reduced fares, but he identifies the elderly, the handicapped, and school children as comprising these special classes.²⁴

The fact is that the Portland company was never allowed to experiment with peak-hour pricing, nor did it ever request to do so. In fact, it was encouraged to do just the opposite: sell discounted passes and tickets, which would be used primarily by peak-hour commuters. Although the Portland company never asked to implement peak-hour pricing, it did repeatedly protest the use of discount tickets. The only

conditional-subsidy program by the federal government that would reward the implementation of the various strategies he recommends. *Urban Transit Policy*, 175.

²³Ibid., 172.

²⁴Heilbrun, *Urban Economics and Public Policy*, 218-219; Schreiber and Clemmer, *Economics of Urban Problems*, 221-228; Mason, *Street Railway in Massachusetts*, 119; Smerk, *Urban Transportation: Federal Role*, 51; Jones, *Urban Transit Policy*, 165.

variation of differential pricing based on time was the use of the “shoppers’ special,” which allowed for a reduced rate for travel in the downtown business district during off-peak hours. But because the “shoppers’ special” fare was merely a discount on the regular low peak-hour fare, it only detracted from company revenues. Again, the company made some attempt to eliminate the shoppers’ special, but to no avail.

Another type of differential pricing is the zone fare. By the 1950s a number of cities were employing this system, whereby riders pay an additional fare for traveling outside of a certain base zone. The zone-fare device is meant to correct for the spatial cross-subsidy of short-haulers subsidizing the higher cost of the long-haul rider. There is evidence that Portland company management recognized the value of implementing zone fares, but there is no evidence that it tried to do so until 1965, and then on a very limited basis only. Part of the rationale for this may be that by the 1950s most of the company’s revenues were coming from the peak-hour short-haul rider. There would be little to be gained in implementing a zone fare for the long-haul rider, many of whom were either Blue Lines riders (the Blue Lines did employ a complicated zone system) or automobile users. Yet, Portland’s fare structure would clearly have been more in line with other west coast cities had it discontinued the discounted tickets and implemented some sort of zone fare for all of its most distant routes. This, in turn, may have allowed the company to bring workers’ wages up to the west coast standard.

Another suggestion made by Jones is service differentiation. One element of service differentiation involves the integration of more differentiated modes. This would allow a transit system to offer a variety of service options, tailored to various submarkets: jitneys, charters, shuttles, rapid transit, motor buses, trolleys, and so on. The Portland company did provide specialized and charter service very early on: interurban excursions and funeral cars; trolleys and buses to parks; and, later, to the Lloyd Center and the Coliseum. Shuttle service from park-and-ride lots to downtown

Portland was considered in transit plans beginning in the 1950s, and earlier the city council had strongly advocated a “balanced system” of trolleys and motor buses, for serving different needs. But, as George Hilton points out, by the late 1950s, the transit industry had become “a relatively homogeneous one of diesel buses.” For surface transit, the industry had no other option. This, as has been noted, was the result of the ascendancy of diesel technology. There was little that the city or the company could do to counteract that development.²⁵

The provision of advanced-reservation or subscription service remained with the taxi or private-charter companies. The high costs involved with implementing such services prevented company management from considering the possible long-term benefits of capturing a market. Company management balked even at requests to extend service to sparsely populated areas, maintaining that the role of the transit company was not “to provide taxicab service” on an individual basis.

Improvements in Labor Conditions

In discussing options for improving working conditions for transit labor, Jones advocates a career ladder that would provide more opportunity for advancement. According to both Jones and Freeman, the promotional ladder in transit has historically been unusually compressed: “from platform man to guard to switchman to motorman, or platform man to agent.” One by-product of such a compressed career ladder is that top wages are reached within a relatively short period; there is no way to increase take-home pay other than increasing the base starting wage through labor activism. As a corollary to a more differentiated career ladder, Jones also advocates an easing of the

²⁵Hilton, “Rise and Fall,” 45.

principle of craft specialization to allow for cross-training, so that drivers, for example, could be performing mechanic duties during off-peak hours.²⁶

Jones's recommendations for cross-training would have violated the unions' "no breach of craft specialization" tenets, as would his recommendations for a more generous use of part-time labor. Jones espouses the cost-cutting merits of employing part-time labor to cover increased demand during peak hours, as an alternative to maintaining a large, full-time labor force. Charles Lave argues that cutting back on full-time labor and employing part-time labor might result in a one-time cost reduction; however, he notes, wage-rate increases would continue to compound forever. Still, Lave does conclude that the use of part-time labor would lower operating costs, at least in the short run. At any rate, workers have remained resolutely opposed to opening the industry to a more widespread use of part-time labor.²⁷

Concluding Remarks

The maintenance of healthier depreciation reserves might have prevented early dissatisfaction with inadequate service and the punitive and frequently crippling Progressive reforms that resulted.²⁸ But the transit industry had always maintained notoriously paltry depreciation funds, rarely, if ever, adjusting for inflation. The explanation, of course, lies in the fact that the industry was so overcapitalized that its obligation to bond and note holders precluded its setting up adequate reserves. Companies had to borrow further in order to finance the replacement of equipment.

²⁶Freeman, *In Transit*, 9.

²⁷Charles A. Lave, "Part-Time Labor: A Cure for Transit Deficits?," *Traffic Quarterly* 34 (January 1980): 61-74.

²⁸As the maintenance of depreciation reserves applies more specifically to the privately operated industry, it is not one of the strategies suggested by Jones for stabilization during public ownership.

Many companies made the decision to defer maintenance, buy used equipment, or buy no equipment at all. This, in turn, fueled rider discontent and stricter franchise regulations. In the Portland case, when the company was forced to modernize, it had to borrow in order to do so; and then it claimed that its debt to Mack International for the required equipment prevented it from increasing workers' wages.

During the formative years of the transit industry, company owners were remarkably short sighted, frequently planning on disposing of the properties before replacement of equipment would be necessary. But heavy bond indebtedness consumed profits and made properties difficult to market, particularly once equipment became dilapidated. In addition, early company owners did not foresee the effects of future inflation, which would render wholly inadequate what reserves were in place. In short, the maintenance of adequate depreciation reserves required a far-sightedness that was not part of the business philosophy of the transit industry of the late nineteenth century. Once neglected, the depreciation reserve became increasingly difficult to implement in the decades that followed.

In order for any of these changes to be effected, whether they be changes in equipment, service, labor, or the fundamental structure of the industry, certain conditions have to exist in order to facilitate the change; historically, in the case of structural change at a fundamental level of the industry, such conditions simply had not been present. For instance, in cities such as Portland, the majority of such changes had to be either mandated or approved by the city council, which was no more willing to bear the political consequences of a policy change such as peak-hour pricing than was the company management. Certain changes involving labor conditions would not have been acceptable to the rank and file of the unions. The maintenance of healthier depreciation reserves would have required either higher revenues, lower operating costs, or diminished debt, none of which was possible under the system as it existed.

The policy alternatives discussed in this section simply were not practicable under private ownership because conditions in society and in the political economy prohibited them. Again, the chief impediment to the implementation of these policies may be found in the conflict among transit's competing constituencies -- labor, the regulatory body, political and business interests, and the riding public -- a conflict that was compounded by the competing objective of the industry, which was to make a profit.

SUGGESTIONS FOR FURTHER RESEARCH

This study has focused on a single case, Portland, Oregon, and therefore the conclusions drawn cannot necessarily be generalized to other cities. Portland was in many ways typical of most mid-sized American cities, and its transit problems were considered common within the transit industry. However, comparative case studies would be of great merit in determining to what extent the analysis of the Portland case pertains to other cities. In particular, other case studies that span a similarly long period of time would be of interest.

In addition, it would be useful to identify and compare patterns of conflict among the competing constituencies in those systems that municipalized very early, such as Seattle, San Francisco, or Detroit. Were the same elements of conflict present? If so, how were they played out in those cities?

Although some work has already been done in this area,²⁹ more detailed analysis of the effect of the locational skirmishes involved with the legislation that finally resulted in House Bill 1808, which created Tri-Met, would constitute another area of

²⁹Adler and Edner, "Governing and Managing."

fertile research, particularly in conjunction with comparative studies of the same sort of legislation in other cities.

In a similar vein, a detailed historical analysis of how locational economic competition has evolved in the implementation of public transportation projects in the Portland metropolitan area since 1969 would be a logical continuation of the material presented in this study. Again, some research has already been done in this area.³⁰

Finally, an additional area of potential research would be to identify new or changing sources of conflict and crisis in transportation policy-making. Have new sources emerged since public takeover? For example, is the federal government's role in mandating procedural requirements a significant source of conflict? Do the demands of the older, traditional constituencies still constitute an important source of conflict in the policy process? For instance, how have changing ridership demands affected the direction of policy-making? Does labor still play a significant role in transit-policy making? What are the "transportation crises" facing the cities and the public agencies that provide transit service in the 1990s?

³⁰Ibid.

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