

# Automakers and Their Dark, Deadly Conspiracies

By [Yves Engler](#)

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*Over the past eighteen months two of the world's largest automakers have been found responsible for deadly conspiracies. But, recent revelations can't compete with the industry's previous scandals.*

Last month Volkswagen was caught rigging millions of its cars emissions testing systems to meet regulatory standards. The German company programmed its turbocharged direct injection diesel engines to activate emissions controls during laboratory testing while in real-world driving the vehicles produced up to 40 times more nitrogen oxide (NOx). Hundreds, probably thousands, of people will be afflicted with asthma, lung disease and other ailments as a result.

The Volkswagen scandal follows on the heels of General Motors' efforts to hide ignition and airbag defects in millions of its vehicles. The faulty ignition switches cause the vehicle to lose power and its airbag to fail during accidents. GM accepts that at least 124 people died as a result of a glitch company officials knew about for years.



In a much bigger scandal, a half century ago information surfaced implicating auto companies in a conspiracy to keep the population in a toxic haze. The "smog conspiracy" was revealed in 1968 when the US Department of Justice filed an anti-trust case against the Big Three. They were accused of colluding to withhold the installation of catalytic converters and other technologies to reduce pollution. "Beginning at least as early as 1953, and continuing thereafter," alleged the Department of Justice, "the defendants and co-conspirators have been engaged in a combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in motor vehicle air pollution control equipment."

In the early 1950s smog became increasingly common. Los Angeles (the car capital of the world) became the centre of the pollution debate. In a bid to quell mounting criticism of car generated air pollution, GM, Ford, Chrysler and the Automobile Manufacturers Association (AMA) agreed in 1953 to collectively research pollution-reducing technologies. The automotive manufacturers claimed their alliance was driven by a concern for public health. It was not. As time passed evidence emerged that the Big Three had in fact united to block the installment of anti-pollution devices. Their agreement stipulated they would wait for unanimous agreement to move forward on smog-busting technologies. In *Taken for a Ride*, Jack Doyle writes that "the automobile manufacturers, through AMA, conspired not to compete in research, development, manufacture and installation of [pollution] control devices and collectively did all in their power to delay such research, development, manufacturing and installation." The public had been hoodwinked.

But the biggest automotive scandal was much worse than the smog alliance. It was a conspiracy that changed the face of urban landscapes across North America. In 1922, Alfred P. Sloan, head of General Motors, created a working group charged with undermining and replacing the electric trolley. The group's first act was to launch a bus line that arrived a minute before the streetcar and followed the same route. The trolley line soon shutdown. At the time, there were hundreds of trolley lines in Los Angeles so it was not particularly noteworthy when one shut down. But it was a harbinger of things to come.

In the early 1920s the streetcar industry was booming. There were 1,200 tramway and inter urban train companies with 29,000 miles of track. In the best years they topped 15 billion riders. Over a thousand miles of trolley track criss-crossed the Los Angeles area alone, carrying most people to work. The streetcar dominated the transit scene, but the competition was gaining strength. The number of cars on the road reached 20 million in the 1920s. While pressure from the automobile mounted, the trolley remained the major form of urban transportation.

During this crucial period in transit history, GM was intent on eliminating the competition. As one of the biggest companies in the world, GM offered municipal politicians free Cadillacs to vote the company's way and insisted that railway companies shipping their cars aid their campaign. They also pressured banks in small communities to starve local trolley companies of finance and then made credit available to streetcar companies that replaced their tracks with GM buses. In 1932, GM established United Cities Motor Transportation (UCMT) to buy electric streetcar companies in urban areas and convert them into bus operations. After purchasing streetcar systems, UCMT ripped up their tracks and tore down the overhead wires. Once the conversion was complete, UCMT resold the new bus systems, on condition they were not reconverted to streetcars. New owners signed contracts with UMCT, stipulating that "new equipment using any fuel or means of propulsion other than gas" could not be used. The contracts also required that GM be the source of all new buses.

In the relative obscurity of Galesburg Illinois, UCMT made its first urban takeover in 1933.<sup>23</sup> Moving swiftly, it had already dismantled trolley systems in three urban centres before being censured by the American Transit Association. After its 1935 censure, GM dissolved UCMT. It was not long, however, before its anti-trolley activities were revived and redoubled.

GM and its co-conspirators developed a network of front organizations. In 1936, GM joined with Greyhound to form National City Lines; in 1938 they collaborated with Standard Oil of California to create Pacific City Lines; in 1939 Phillips Petroleum and Mack Truck joined National City Lines. American City Lines was created in 1943 to focus on the biggest cities.

GM's conversion strategy ran into a major obstacle in many big cities. In the larger urban areas trolley lines were often owned by electricity companies that made money from selling the energy to power the rails. The electrical companies benefited from a tax provision allowing them to absorb trolley deficits through lower taxes paid by the parent company. Frustrated by this trolley-electricity ownership arrangement, in the early 1930s GM produced a number of dossiers for Congress highlighting the loss in tax revenues that resulted. GM's strategy was successful.

The 1935 Public Utility Holding Company Act made it extremely difficult for energy companies to own trolley lines. Companies that had previously refused GM's advances began to sell. Eighteen months later, GM scooped up 90 miles of tramway in Manhattan. After successfully converting New York's trolley system, GM and its cronies moved on to

Tulsa, Philadelphia, Montgomery, Cedar Rapids, El Paso, Baltimore, Chicago and LA. When all was said and done a hundred electric transit systems in 45 cities were ripped up, converted and resold.

By the mid-50s nearly 90 percent of the US electric streetcar structure was gone.

GM's apologists deny any conspiracy took place. Some even claim GM invigorated public transit. Yet, the facts are overwhelming. As Edwin Black points out in *Internal Combustion*, GM and company were condemned by the Department of Justice, Senate and courts (from the lowest district venue to the Supreme Court) for anti-trust practices that were part of this nationwide conspiracy. In a section of the 1947 indictment labeled "THE CONSPIRACY," prosecutors and the grand jury jointly declared: "Beginning on or about January 1, 1937, the exact date being to the Grand Jury unknown, and continuing to and including the date of the return of this Indictment, the defendants, together with other persons to the Grand Jury unknown, have knowingly and continuously engaged in a wrongful and unlawful combination and conspiracy to acquire or otherwise secure control of or acquire a substantial financial interest in a substantial part of the companies which provide local transportation service in the various cities, towns and counties of several states of the United States, and to eliminate and exclude all competition in the sale of motorbuses, petroleum products, tires and tubes to the local transportation companies owned or controlled by or in which National City Lines ... had a substantial financial interest."

The verdict was guilty. Yet the punishment for conspiring to destroy a mode of mass transit amounted to a fine of five thousand dollars. Not much of a disincentive for a company worth billions of dollars. And just after its 1947 conviction, National City Lines revived its anti-trolley activities.

The only legitimate dispute is the extent to which GM's motivation was to promote private auto use or simply to increase the number of gasoline-powered buses, which GM sold. Some believe GM pushed buses to spur future personal automobile sales. Others think differently. "The conspiracy against mass transit," argues Edwin Black, "was first and foremost a conspiracy to convert cities from electric [streetcars] to petroleum [bus] systems."

*Yves Engler is the author of [The Ugly Canadian: Stephen Harper's Foreign Policy](#)*

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