Historical Perspectives on Business Enterprise Series
The Passenger Train in the Motor Age
California’s Rail and Bus Industries, 1910–1941

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For my parents,
Virginia A. and Karl W. Thompson
Contents

List of Maps ix
List of Figures xi
Preface xiii
Introduction 1
1. Passenger Service and the Seeds of Decline, 1856–1920 9
3. Troubles during Prosperity, 1920–1929 63
5. Rising Deficits in a Rebounding Market: Rail Passenger Strategy, 1930–1941 113
6. What Went Wrong 135
7. Conclusion 152
List of Abbreviations 163
Appendix 165
Notes 201
Index 235
## Maps

1.1 California rail lines, ca. 1880  

1.2 Mainlines of the Atchison, Topeka & Santa Fe, ca. 1915  

1.3 Mainlines of the Southern Pacific and the Union Pacific, ca. 1915  

1.4 Southern Pacific and Santa Fe lines in California, ca. 1915  

4.1 Pacific Greyhound Lines, routes in central California, 1931  

4.2 Pacific Greyhound Lines, routes in central California, 1936
# Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Southern Pacific passenger train services in central California, ca. 1915</td>
<td>26</td>
</tr>
<tr>
<td>1.2</td>
<td>Population growth in California regions, 1860–1910</td>
<td>28</td>
</tr>
<tr>
<td>2.1</td>
<td>California passenger revenues as a percentage of California income, 1911–1920</td>
<td>52</td>
</tr>
<tr>
<td>3.1</td>
<td>California passenger revenues as a percentage of California income, 1911–1930</td>
<td>72</td>
</tr>
<tr>
<td>3.2</td>
<td>Southern Pacific passenger train services in central California, ca. 1920</td>
<td>74</td>
</tr>
<tr>
<td>3.3</td>
<td>Southern Pacific passenger train services in central California, ca. 1925</td>
<td>75</td>
</tr>
<tr>
<td>3.4</td>
<td>Southern Pacific passenger train services in central California, ca. 1930</td>
<td>76</td>
</tr>
<tr>
<td>3.5</td>
<td>Passenger fare yields in U.S. regions, 1922–1930</td>
<td>81</td>
</tr>
<tr>
<td>5.1</td>
<td>Southern Pacific passenger train services in central California, ca. 1935</td>
<td>116</td>
</tr>
<tr>
<td>5.2</td>
<td>Passenger fare yields in U.S. regions, 1922–1935</td>
<td>117</td>
</tr>
<tr>
<td>5.3</td>
<td>Indices of growth of Los Angeles to San Francisco passenger train revenues, area population, and area income, 1934–1941</td>
<td>130</td>
</tr>
</tbody>
</table>
5.4 California passenger revenues as a percentage of California income, 1911–1941 131

6.1 Gross earnings for major trains on the Southern Pacific, Pacific Lines, 1938 146
Governments of many of the world’s advanced countries took a leading, proactive role in intercity transportation development. In the United States, however, the intercity transportation system, consisting of facilities, vehicles, services, and institutions, arose from contests between disparate private interests in markets and political arenas. Developers, transportation corporations, automobile manufacturing concerns, urban regions, industrial conglomerates, and private individuals, among others, created the system as they maneuvered in pursuit of profit and advantage. Governments played reactive, supporting roles.¹

Over the past three-quarters of a century, this contest went badly for intercity rail passenger service in the United States. Little of it survived into the 1970s, and I began writing this book intending to explain why. I particularly wanted to examine the extent to which passenger train disappearance reflected consumer tastes, political interference in markets, or unwise decisions by railroad corporations.

As I proceeded, I discovered that America’s golden age of the passenger train occurred not in the 1950s, as many people believe, but during the first decade of the twentieth century. By 1941 passenger trains already appeared headed for extinction. Although airlines offered only limited competition, and passenger trains still figured importantly in the popular imagination, they lost money. More ominously, the railroads that made the heaviest investments to improve passenger service before World War II lost as much if not more money than those that made few improvements. At the same time, bus companies made money carrying passengers. Reflecting on these results and the likelihood of better and cheaper airline service in the postwar era, thoughtful observers during World War II predicted the demise of rail passenger service.

The fact that the passenger branch of the railroad business was failing even before airlines offered serious competition suggests that railroad managers unsuccessfully adapted the passenger train to the automobile age. I wanted to discover why. Accordingly, I changed my study’s focus to the thirty-year period after 1910, when America adopted the automobile.

This book addresses how railroad corporations made decisions during those important three decades. I examine the sensitivity of railroad management structures to market signals, how regulation constrained managers,
how fairly or unfairly they were treated by government policy, and why
government policy evolved as it did. I originally did not intend to address
intercity bus management, but I found that it had become so intertwined
with rail management by the 1930s that I could not ignore it. Likewise, I
examine highway and, to a lesser extent, steamship development.

This work rests on a foundation of sources that historians rarely use,
case files of regulatory commissions. A brief description of what case files
are will illustrate their value as primary source material. Unless historians
make greater use of this type of source, it likely will disappear.²

Shortly after Congress formed the Interstate Commerce Commission
in 1887, Thomas M. Cooley, the first chief commissioner, defined the new
agency’s procedures for administrative regulation. Drawing upon his own
experience as a supreme court justice in Michigan, Cooley adopted an ad-
versarial judicial model. When a complaint was brought against a railroad, a
presiding hearing examiner methodically prepared a record through exami-
nation and cross examination. Counsel for the plaintiff presented evidence
by examining qualified witnesses. Testimony often centered on exhibits,
consisting of charts, tables, company records, specially conducted surveys,
or other material bearing on the argument. Counsel for each of the pro-
testing parties poked holes in the arguments and exhibits through cross
examination. They then presented rebuttal arguments in like manner.³

The complete record of such a case is called a case file and is iden-
tified by a docket number. It contains transcripts of testimony, exhibits,
abstracts, briefs, correspondence, and opinions and decisions. Important
cases sometimes dragged on for two or three years, producing transcripts
in excess of 20,000 pages and exhibits reaching into the thousands.

Case files are a remarkably rich repository of contemporary views and
data shedding light on a nation in change. New competitive pressures, new
technologies, changing social conditions, or decline or expansion of differ-
ent parts of the country affected railroad profits and losses. Such change
often provoked railroad corporations to initiate new ways of doing business,
which in turn threatened to upset social and economic relations within com-
munities and sectors of the country. Threatened interests used regulatory
bodies to protect their positions; the case file is the record of their efforts.

Although they do not all do so equally or sometimes at all, case files
may offer insight into groups and institutions reacting to change. They can
reveal the internal decision-making structure of railroads and sometimes
other agencies of transportation. They also can reveal values, fears, and
decision-making procedures of community, regional, and national associa-
tions of businesses.

Case files are also useful to historians because of their adversarial foun-
dation, which ensures at least two views on controversial issues. Trying to understand the inevitable contradictions and paradoxes in the evidence that this approach creates, the historian gains considerable insight into conflict.

The focus of case files offers a third advantage. Contending parties pulled evidence from their records or created it with special surveys to buttress their point of view. The historian who finds a case whose questions are of intellectual interest will benefit from the work of knowledgeable employees who decades earlier culled relevant company records. A case file assembled between 1936 and 1938, for example, will contain abundant relevant evidence for those years and sparser relevant evidence bearing on the case for up to twenty-five years before.

The file for the Santa Fe Case, heard by the California Railroad Commission between 1935 and 1938, provided much of the source material for this book. Faced with a mounting passenger deficit despite increasing traffic, the Atchison, Topeka & Santa Fe Railway used a bus subsidiary in 1935 to file applications with the commission to establish statewide bus service in competition with the West Coast bus monopoly, Pacific Greyhound Lines. The railroad also promised to inaugurate new streamlined trains to compete with the Southern Pacific Company, the dominant railroad in California. The Southern Pacific, with a 39 percent stake in Pacific Greyhound, bitterly fought the Santa Fe applications, as did Pacific Greyhound. Their efforts produced the longest case in California’s regulatory history to that time. The case’s 17,000 pages of transcript and 850 exhibits proved a rich find illuminating transportation modernization in California.4

I supplemented the file of the Santa Fe Case with several other case files from the California Railroad Commission and the Interstate Commerce Commission. In 1942, in a labor of love, the chief clerk of the Washington, D.C., Union Station, Clyde H. Freed, summarized ICC decisions pertaining to passenger fares. His work prompted me to spend the summer of 1983 researching several ICC case files.5

Railroad annual reports to the California Railroad and Interstate Commerce commissions, employee magazines, California Highways and Public Works, railroad timetables, and railroad records found in private collections provided additional source material. In a few instances I made use of primary source material published in railroad enthusiast books. Enthusiasts perform a valuable service in saving historical material that otherwise would not survive. Where I gained insight from such material, I credited the source.

I also benefited from the work and insights of numerous other historians cited throughout this book. In some instances their work, read in the context of the primary sources that I examined, led me to different conclu-
sions than they had reached. This does not imply disrespect for their work, without which I could not have reached my own perspective. Numerous individuals and institutions assisted me with this work, and to each of them I am deeply indebted. As my committee co-chairs during dissertation work, out of which this book grew, James J. Flink and Gordon J. Fielding at the University of California, Irvine, deserve special thanks. I also appreciate the help of committee members Charles Lave and David Brownstone. Peter Lindert and Alan Olmstead from the Agricultural History Center at the University of California, Davis, deserve thanks for encouraging me to pursue the costing of railroad passenger service. During a year-long postdoctoral fellowship at the Hagley Museum and Library in Wilmington, Delaware, I benefited from additional critiques from Glenn Porter, Maury Klein, and Brian Gratton. After becoming aware of my use of ICC case files, Leonard Rapport, recently retired from the National Archives, discussed at length with me his insights on their great value, for which I am most grateful. Many of the ideas in this book matured as I prepared transportation planning courses at Florida State University. I thank my colleagues, with whom I discussed developing thoughts, for their insights, and in particular I thank James Frank and Mark Ellis for helping me refine my argument on the growth machine.

I am especially indebted to the several individuals who opened their private collections to me. In particular, William A. Myers of Anaheim Hills and James Seal of Santa Monica most generously loaned me the entire file from the Santa Fe Case, which they obtained when the Public Utilities Commission discarded it in the early 1980s. I am grateful to Mr. Seal for making me aware of the importance of the file, which at first did not interest me. After finally traveling to Santa Monica to inspect it, I realized immediately its richness. Back home, I spent the next three years poring over this copious source. Subsequently, Mr. Myers donated to me photocopies of all transcripts and exhibits from the case, to which I have referred repeatedly since. Mr. Myers and Mr. Seal also made available to me files from two Sacramento Northern abandonment hearings.

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The Southern Pacific Company kindly allowed me to photocopy annual reports to the Interstate Commerce Commission from the 1930s. I thank the company for this privilege.

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