



# A 'bail-in' instead of a bailout

by **Tim Smith, Guest opinion**

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General Motors, Ford and Chrysler are seeking a federal bailout. Of these, GM is in the direst of straits. Its competitive position has greatly eroded. Moreover, it doesn't have a business plan to sustain itself as a viable corporate entity. At stake are an entire industry, an enormous workforce and an ecosystem of related suppliers and businesses.



Should such a creature be saved? Yes. But let's not bail GM out, let's bail GM in -- into the sustainable transportation business. Let's give it taxpayer money and in return change its business plan from cars and trucks to public transit vehicles and transit system replacement. Yes, replacement. Let me explain.

In 1936, General Motors reorganized a subsidiary called National City Lines into a holding company funded by GM, Standard Oil of California, Phillips Petroleum, Firestone Tire and two suppliers of bus-related products. The business plan was to convert electric transit systems in U.S. cities to GM bus systems.

Aided by federal policy, GM sold existing streetcars to other cities outside the country and extracted contracts from local transit agencies that prohibited the future purchase of any equipment that was powered by any fuel other than gasoline.

By 1949, National City Lines had been so successful that more than 100 electric rail systems in 45 cities had been converted. That same year a federal jury convicted GM and its partners of criminally conspiring to monopolize the sale of buses to transportation companies throughout the United States.

Each company was fined \$5,000 and senior executives were fined the princely sum of \$1.

Despite the conviction, GM persisted with its business plan until 1955, by which time 88 percent of the nation's electric streetcar network had disappeared. In 1936 there were 40,000 streetcars operating in the United States; by 1955 there were about 5,000.

There has been lively debate over the years about whether a conspiracy was myth or reality, but in any event the nation's sustainable public transit system, once the envy of the world, was largely gone.

So, let's reorganize GM to replace it. Why not fund a conversion of General Motors from a purveyor of private transportation hardware to a planner, fabricator and supplier of a renewed, nationwide public transportation system?

Let's use the bail-in to retrain all GM workers -- converting their considerable manufacturing and design prowess so it can be applied to the creation of an urban network of streetcars, light rail and other public transit systems.

Let's even change the name to the Green Mobility Corp.

We, as a nation, are collectively paying billions of dollars to replace these systems, in many cases on the very streets from which they were removed. It seems only right that we seize this opportunity to achieve a win-win -- save and retool a dying employer, create a new industry, focus federal money on public infrastructure, get a positive return on our taxpayer investment, contribute to the creation of more sustainable land-use patterns and re-create a major public good that was destroyed.

Saving this GM sounds like a sustainable strategy to this taxpayer.

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