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If the sale of Washington's Capital Transit Co. to E. Roy Fitzgerald's National City Lines (NCL) goes through, CTC will become one of the bigger brothers in a nation-wide family of transit systems serving 103 cities.

But if NCL's operations elsewhere are repeated here, Washington may find some interesting parallels to the present management of Louis E. Wolfson, except for NCL's preference for quick conversion from street cars to buses.

Like Wolfson, NCL has been a tremendous financial success. Like Wolfson, President Fitzgerald, NCL's founder and prime mover, is a self-made millionaire who started out small (running a couple of rattletrap buses on the Minnesota iron range in 1919).

Like CTC under Wolfson, bus companies under Fitzgerald have a reputation for "superb" maintenance of equipment and tight-fisted, efficient operation. NCL bus firms are controlled from the Chicago headquarters, at a considerable saving in local administrative costs.

Like CTC's policy under Wolfson, NCL makes money, as a competitor told the Wall Street Journal last year, with "a real tough, hard-boiled wage negotiation policy."

"They know what their costs are and absolutely refuse to submit wage questions to outside arbitrators, whose main concern often is to prevent a strike and get the city out of an unpleasant situation," the competitor said.

National City Lines, in a dozen or more of the cities where its wholly owned subsidiaries operate, also has tried to peddle the same scheme Wolfson failed to sell to Washington before last year's strike ended with cancellation of the CTC franchise by an aroused Congress.

This is the so-called "Bingham" formula, under which a city would buy the bus company, giving its stockholders 20-year revenue bonds for payment and hiring the private operators under a management contract to run the company.

Already in the transit business while Louis Wolfson still was in the junk-selling business in Florida, NCL once found it highly profitable. It successfully licked declining patronage in its smaller cities with nickel fares. But rising costs and big-city congestion have caught up with it, forcing fares upward, resulting in strikes, service cutbacks and, in 1955, an 8 per cent drop in operating income.

In 1949 the company and six other companies were convicted by a jury of 12 housewives in Federal District Court, Chicago, of conspiracy under the anti-trust laws.

The Government had charged that National City and a subsidiary had entered into agreements whereby in exchange for cash advances, six other companies were given exclusive contracts to supply the transportation companies with basic products, including tires, tubes, petroleum products, and the like.

The other companies convicted were General Motors, Standard Oil of California, Firestone, Mack Manufacturing, Federal Engineering and Phillips Petroleum. The corporate defendants were fined $5000 each. The individual defendants drew $1 fines. Leading the individual defendants was E. Roy Fitzgerald.

Fitzgerald denied charges of conspiracy, saying:

"The policy of National City Lines has been to acquire and modernize urban transportation systems through the extensive use of buses. It plans to continue this policy.

"This program has required capital. A portion of this has been furnished by suppliers of oil, buses and tires."

Seven years later, by a consent decree, a companion anti-trust civil suit was settled. The decree required the company in the future to take competitive bids.

Nearest NCL outpost to Washington is Baltimore, where NCL assumed direct control of the transit system in 1946.

E. ROY FITZGERALD
... National City head

A statement by Gerald S. Wise, Chairman of a Baltimore Commission studying transit problems in 1951, repeated since then many times, is an indicator of feeling there about the company. Said Wise:

"We believe the Baltimore Transit Company would be in a healthier state if National City Lines would pick up its marbles and go home."

The control "seems to have shaken confidence of the community in the Baltimore utility and has been a disturbing factor in its public relations," Wise said.

Statements were the result of a threatened transit strike in 1952. They have been heard in many forms since then during two actual strikes in 1952 and this year.

The threatened strike in 1951 was averted after the intercession of Gov. Theodore R. McKeldin and Mayor Thomas D'Alesandro. The one in 1952 lasted 19 days and state seizure ended this year's after 40 days of a city without a bus or trolley.

Douglas Pratt, the president in 1953, wrote the Mayor a letter because the city was opposing its petition for a fare increase.

"If the city continues to press its demands for increased service under rates of fare which yield the company an inadequate return on its investment, the city alone will be able to provide the service," Pratt wrote.

"Conditions now facing the company, if permitted to continue in the future as they have in the past, can bring only one of two results—either liquidation of the BTC or its purchase by the city."

While all except one city councilman in a poll opposed city purchase, early this year during the strike four of them introduced a bill to revoke the franchise and establish a city authority. The AFL Transit Workers Union also urged municipal operation last year.

A grand inquest called by the House of Delegates this year reported:

"National City Lines had an investment at cost in the Baltimore Transit Co., as of Dec. 31, 1954, of $574,436 compared with $2,400,000 Jan. 1, 1945. National City Lines had a gross capital gain from its holdings in the BTC of approximately $1,160,000 in addition to interest on bonds and dividends received, and still holds securities based on present market prices of approximately $3,800,000.

"It appears that the transit knowledge and experience of National City Lines has been well-rewarded."

The report also showed that "no substantial additions to the bus fleet" were made between 1949 and 1955; the number of passengers declined 50 per cent since 1944 and 33 per cent since 1950; the vehicle miles declined 32 and 25 per cent in the same periods, and the number of employes reduced 37 per cent since 1950.

Fares have doubled since 1947, climbing from 10, to 13, to 15, to 17, to 18 and 20 cents now.