A HISTORY OF THE TEXAS ELECTRIC RAILWAY, 1917-1955

THESIS

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This is an economic and social history of the Texas Electric Railway, which operated three interurban lines branching out of Dallas. The railway operated from 1917 until 1948, although the company was not dissolved until 1955. Of necessity, the study is based on primary source materials, including railway pamphlets, trade journals such as the *Electric Railway Journal*, personal interviews, Texas and United States Government documents and publications, and newspapers. Unfortunately, original financial records of the company no longer exist; therefore, financial information comes from *Moody's Manual of Investments, Public Utilities*.

The work is organized chronologically. The first chapter contains a brief explanation of the evolution and growth of electric railways occurring in the early part of the century, and includes a history of the origin, early growth, and merger of the lines north and south of Dallas. Chapter two describes the critical condition of most interurbans as brought forth by the 1919 Federal hearings on the condition
of the industry. The problems were rising costs of labor and materials, increasing competition from automobiles, lack of conservative financing, and increasing governmental regulations. Texas Electric Railway did not suffer from lack of conservative financing, but the other factors began affecting the company critically during the twenties. Management sought to increase revenue by improving efficiency within the company, trying to attract more passengers by extra services and improvement to property, and lobbying for restrictive regulation on rubber-wheeled vehicles.

The next chapter relates management's efforts to find other sources of revenue. Freight carrying appeared to be the answer. In 1928 the interurban began hauling carload and less-than-carload freight. Passenger revenue and express revenue, however, declined faster than freight revenue increased. Much of the losses resulted from the nationwide economic depression. In January of 1931, Texas Electric Railway was forced into Receivership. The last chapter describes the company's re-organization proceedings in which the company's bonds were replaced by common stock, thus freeing the interurban from the fixed charges of interest payments that it had been unable to meet in the past. In the second year after re-organization, revenue began declining
once more, but the prosperity of the war years, beginning in 1939, reversed the trend. Labor unrest became a problem in 1941-1942 and burst forth as a full-scale strike in 1944, which ended in union recognition and extra pay benefits for employees.

When war ended, revenue began declining again. The company suffered a number of minor accidents and a major accident in early 1948. Stockholders agreed to abandonment and the interurban ceased running December 31, 1948. During the next seven years the company's lawyers gradually sold the property, disbursed the proceeds, and filed dissolution papers in July, 1955.

Texas Electric Railway was born at the peak of the electric railway boom. Although it survived longer than most of the other companies, it was almost obsolete from its beginning. The concept of lines radiating out like spokes on a wheel from a central hub with homes and businesses lining the route was no longer valid once the automobile established itself as a satisfactory mode of transportation. As long as there was a network of roads, the automobile could travel almost anywhere, thus giving its owner the extra mobility the interurban lacked by being tied to an electric power line. Furthermore, the automobile soon became a status
symbol against which the interurban could not compete. Other factors causing the demise of the railway were certain fixed operating costs, demands of workers for higher wages, dominance of Dallas to the detriment of industrial and commercial growth of other urban areas served by the interurban, and the decline in population in the outlying areas as people clustered closer to the metropolis.
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CHAPTER I

ORIGINS OF THE TEXAS ELECTRIC

With the growth of population and large urban centers has come the problem of providing rapid, frequent transportation from outlying towns and cities into metropolitan areas. Currently one hears and reads much about mass transportation other than by highway as if it were a new phenomenon. Yet, the electric interurban railway, a means of intercity mass transportation that was quite fast, ran often, and stopped frequently, existed before the turn of the century. The electric interurban car was essentially a child of the electric streetcar. Initially, streetcars ran along rails embedded in the streets with horses providing the necessary power. But once it was possible to distribute electric power from a central power station, it was not long before an inventive mind devised a method of operating cars by other than brute force. Situated on top of the car was a weighted pole with an under-running trolley wheel at its end which contacted an overhead electrified wire strung along

poles paralleling the desired route. Through this ingenious
device, electric voltage flowed downward to an electric
motor mounted on the car, which propelled the streetcar
along its tracks.  

The electric streetcar was such an extraordinary success
that it was inevitable it would stimulate thought about its
use in intercity travel.  

But streetcars needed only a low-voltage system in order to operate over the relatively short
city routes, and this system was inadequate for the longer
interurban distance. Consequently, it was not until the
evolution of the electric substation, which could convert
high-voltage alternating-current transmission lines to the
necessary low-voltage direct current, that the electric
interurban became a reality.  

Once operations became feasible, interurbans sprang up in almost every state of the
nation and their impact on the populace was soon evident.
Towns were stopping places for railroad trains, steamboats
serviced places close to navigable streams, but the electric

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Interurban Railways in America (Stanford: Stanford University


interurban could travel across country and stop at hamlet, village, or any location on its line in the open countryside. This new mode of transportation appeared the answer for a large number of rural dwellers made restless by an improved economic condition that brought with it increased literacy and a desire for wider horizons.  

When most people lived within the orbit of the big city, the farmer could enjoy the conveniences and delights of city life and could also complete his errands in town and then return to his farm chores with only about an hour used for his trip. Furthermore, suburban living became a possibility for the city worker who found less crowded living desirable. The suburban dweller could board the interurban almost in front of his peaceful, flower-surrounded country home situated many miles from the city, and arrive a short time later at his place of business in the bustling metropolis. In addition, the businessman could transact his affairs in half a dozen or

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5 Hilton and Due, pp. 7, 8.

6 Pamphlet with Timetable issued by the Traffic Department of the Texas Traction Company (Dallas, 1909). Located in DeGolyer Library at Southern Methodist University, Dallas.

more towns in a single day with no time lost waiting for undependable, infrequent steam railroad trains. Electric interurban railways promised social benefits other than mere convenience; children reared outside the city environment would become better citizens, and women become better wives, once they were no longer subject to temptation by living in the congested and wicked areas of the city.

Interurbans flourished in the northeastern part of the United States. Networks of rails radiated like spokes of a wheel around the large cities as population grew in the surrounding rural areas. Conditions in the southern section of the country, however, were not conducive to great interurban construction. The South generally had low population density, lower rural income than in other parts of the country, and fewer large cities than in the North and East. Nevertheless, Texas ultimately contained almost five hundred miles of electric interurban lines, with three hundred and fifty of them located in the Dallas-North Texas locale. Eventually, one line consolidated approximately two hundred and twenty-six miles of the three hundred and fifty

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8 Pamphlet with Timetable.
9 Ford, pp. 379-381.
10 Hilton, p. 42.
under its management. This was the Texas Electric Railway, which became the longest interurban line in the South and the second longest west of the Mississippi.\textsuperscript{11}

The man who proved most influential in the growth of Texas Electric Railway and of interurban travel in Texas was not a native Texan. J. M. Strickland came from Alabama to Texas in 1879 when he was eighteen years old.\textsuperscript{12} His is a true "Horatio Alger" story. On arriving in Waxahachie he began work as a farm laborer and worked diligently, refusing to spend any of his wages until he had repaid money he had borrowed for his journey to Texas. The young man involved himself in a number of varied business pursuits before becoming associated with electric utilities. On wages of fifteen dollars a month, he saved enough money to set himself up in the ginning business near Avalon. He farmed and also involved himself in the grocery business; at one time he had his own store, J. F. Strickland and Company. But in 1897 he deserted his former interests and took over the management of the Waxahachie Electric Light Company. This led to an interest in electric utilities that was to continue for the rest of his life.\textsuperscript{13}

\textsuperscript{11}Ibid., p. 376. The Pacific Electric system in California eventually became the longest in the West.

\textsuperscript{12}Makers of Dallas (Dallas: The Dallas Newspaper Artists' Association, 1912).

\textsuperscript{13}Dallas Morning News, 22 May 1921.
In 1902, after five years with the Waxahachie Electric Company, Strickland formed an alliance with Judge M.B. Templeton and Osce Goodwin. The three men conceived the idea of obtaining the electric light plants of Hillsboro, Bonham, Cleburne, Sherman and Waxahachie, and developed a plan of operating them with a central generating system. They then explored the surrounding areas of Dallas for other business enterprises, and from their findings decided conditions were favorable for a venture into the electric railway business. The triumvirate envisioned a network of interurban tracks radiating from Dallas to surrounding hamlets and towns. For their purpose, Strickland moved to Dallas in 1904 and organized the Dallas Securities Company. This company was to serve as owner of the stocks of the electric companies and as a general office through which they could operate both the power companies and future traction lines.14

The three entrepreneurs began their campaign by contacting leading citizens in the territory where they proposed to construct the first of their interurban lines. They were successful in gaining support for their endeavour. On September 25, 1906, the incorporators filed a charter with

14 Ibid.
the Secretary of State in Austin. The proposed line would run from Dallas north through Dallas, Collin, and Grayson counties to Sherman, a distance of sixty-six miles. Strickland served as head of the operation, Templeton provided the legal advice and legal services, and Goodwin aided Strickland in financial affairs.\footnote{C. F. McAuliff, interview held in August, 1971 at Mr. McAuliff's office in the Fidelity Union Life Building, Dallas, Texas. Mr. McAuliff began employment with the Southern Traction Company in 1914. He continued working for the electric railway, except for a time in the army during World War One, until 1955. He held a number of positions including Purchasing Agent, Treasurer, Vice-President, and President; \textit{Dallas Morning News}, 22 May 1921, 1 October 1935.} Construction began almost immediately, but it did not proceed as smoothly nor as rapidly as the incorporators expected. The year construction began was one of prosperity for the nation but the following year, 1907, brought panic, recession, and depression.

Lack of financial support within the state forced Strickland to look toward money interests in the East for aid. He journeyed to New York and was somewhat successful, although he was unknown in that city. On returning home, he found that the small stockholders along the route of the interurban had managed to produce extra money for investment in the line. By combining funds from these two sources...
work could once more proceed and continue until completion of the line.  

Operation of the Texas Traction Company began on July 1, 1908. The first car left Dallas for McKinney. On board were company directors, stockholders, and friends. It was a gala event. A holiday spirit predominated; passengers carried baskets of fruit, tickled each other with toy spiders, occasionally burst into song, and a number of males even removed their coats. The car sped through fields of grazing cattle and growing crops. Men, women, and children often waved enthusiastically or gaped in astonishment. But on arrival in McKinney a more serious note prevailed. Mayor J. L. Doggett of McKinney addressed the crowd; he said that although he and other civic leaders knew Dallas would drain business from McKinney through the interurban, they still subscribed to interurban stock. The businessmen believed an enterprise such as this would have compensations that would far outweigh any loss of trade.

Judge N.W. Finlay of Dallas spoke next and lauded the new venture because of its certainty in helping to develop

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16 *Dallas Morning News*, 1 July 1908, 22 May 1921.
Texas resources. Templeton responded on behalf of the management of Texas Traction Company. He related the difficulty encountered in getting the interurban into operation and maintained that success was surely due to the people living along the line who had shown their faith in the line by their willingness to invest in company stock. He further assured the stockholders there would be no graft either in operating or conducting the enterprise. Templeton probably made this last statement because Progressive reformers were already attacking steam railroads as well as other businesses because of unfair business practices. Speeches continued much in the vein of the preceding ones; stockholders complimented management and management in turn extended its gratitude to the stockholders.\(^{18}\) Apparently, it was a most gratifying and successful experience for all concerned.

Once Texas Traction Company convinced the triumvirate that it could operate efficiently and profitably, Strickland began investigating other areas for a second interurban line. During this time, it proved expedient for the line already in operation to absorb the short electric line operating over the eleven miles from Sherman north to Denison.

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\(^{18}\) Ibid.
This was accomplished on April 16, 1911, so thereafter, Texas Traction ran from Dallas to Denison. A couple of years later the same entrepreneurs began work on two lines that would begin in Dallas and proceed south. On March 27, 1912, the Secretary of State granted a charter containing provisions for the two lines. Both of them operated under the name Southern Traction Company. One line covered the ninety-seven miles between Dallas and Waco via Waxahachie and the other line ran fifty-two miles southeast from Dallas to Corsicana via Ferris and Ennis.¹⁹

The Southern Traction Company's lines took approximately two years to build and were finally opened for business on January 1, 1914.²⁰ Management had hoped to open the lines at an earlier date, but unfavorable weather interfered. Unusually severe rain washed away parts of the line, but company officials congratulated themselves that the electric interurban's branches recovered from the effects of the terrible flood before the steam railroads recovered. Management assured the public that workmen had repaired and strengthened any weakness in the rails and the interurbans

¹⁹ Ibid., 1 October 1936.

²⁰ Ibid., 1 January 1914.
had little to fear from future floods.²¹ Although Texas
Traction Company and Southern Traction Company were separate
companies, they were affiliated under the J.F. Strickland
Company of Dallas.²² Both companies were commonly called
the "Strickland-Goodwin" lines. During construction of the
Southern Traction Company's branches, another Traction company,
owned by the Stone and Webster interests, threatened the
Corsicana line with competition. The Stone and Webster
organization obtained a charter in July, 1912, and promptly
began building a line. Strickland, however, induced the
competing line to sell its property to his company.²³

The dream of an empire built upon electric railways
radiating out of Dallas was well on its way. Strickland,
Templeton, and Goodwin not only controlled the interurbans,
they also controlled street railways in Denison, Sherman,
McKinney, Waxahachie, Corsicana, and Waco. During the next
two years the railways continued operating as separate
entities, providing efficient service for people along the
lines. However, in 1916 the triumvirate decided the time
was ripe for consolidation. In the early part of July,

²¹Ibid.
²²Pamphlet with Timetable.
²³Dallas Morning News, 1 October 1935.
Strickland journeyed to St. Louis to settle financial matters incidental to the proposed merger and on his arrival back in Dallas announced that he would file an application for consolidation with the Secretary of State in Austin July 5, 1916. He proudly announced that according to railroad statistics the company would have the longest interurban line in the nation. Two days later, the Secretary of State granted a charter for the formation of Texas Electric Company with Strickland, Goodwin, and Templeton as incorporators.

The charter for the Texas Electric Railway not only consolidated the Texas Traction Company and the Southern Traction Company, it also provided for three new lines. If additional lines became a reality, they would run from Waco to Houston, from Waco through Austin to San Antonio, and from McKinney to Bonham. A board of twenty-one directors was to oversee the company which could operate for fifty years, as long as it did not engage in transporting freight. Organizers of the company proposed the issuance of $10,500,000 of capital stock. Texas Traction would contribute $3,000,000

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24 Ibid., 5 July 1916.
25 Ibid., 7 July 1916.
capital stock and Southern Traction Company would contribute the remainder of $7,500,000 of capital stock.\textsuperscript{26}

Provisions in the charter permitted the company to issue 10,500 shares of stock at par value of one hundred dollars each. The stock was divided in the following manner: 1,500 was first preferred stock, 3,000 was second preferred stock, and 6,000 was common stock. Holders of the preferred stocks could receive up to seven percent yearly dividends paid at quarterly intervals. If first preferred stockholders did not receive the full seven percent for any period, then neither the second preferred nor the common stockholders would receive a dividend until holders of first preferred received, or the company set aside for them, sufficient amount to make up the full seven percent. Second preferred stockholders also had the same type treatment over common stockholders. All stockholders, however, possessed equal voting power.\textsuperscript{27}

Under other charter provisions, the directors could increase the stock issued at any time, as long as it was done in accordance with state laws and affirmed by stockholders.\textsuperscript{28}

\textsuperscript{26} Charter #30048, on microfilm at the Department of the Secretary of State in Austin, Texas;\textit{Electric Railway Journal} 48:205 (July 1916).

\textsuperscript{27} Charter #30048.

\textsuperscript{28} Ibid.
Before management could issue any dividends, a certain amount of the gross earnings of the company had to go into a special trust fund for the maintenance and renewal of the company's physical properties. This fund began at eleven percent of gross earnings in 1917 and increased by one percent each year until it had reached fifteen percent in 1921; thereafter, it remained at that figure.29 Once the department of the Secretary of State had granted the charter, the incorporators issued a call for a meeting of the stockholders of both Texas Traction Company and Southern Traction Company. The meeting occurred on July 18, 1916, and the stockholders voted to allow the directors of both companies the right of acting for them on any matter.30

The financial management of the new company recommended disposal of the new stock in the following way. The Texas Electric Railway treasury would hold $1,400,000 of first preferred stock; officials of the company would use this stock to take care of the $900,000 of existing floating indebtedness of Texas Traction Company and retire the $500,000 of outstanding second mortgage bonds of Southern Traction

Company. The new company intended using the remaining $100,000 of the $1,500,000 preferred stock in improving and extending the properties of Texas Electric Railway. The total value of the second preferred stock would go to the two merging companies; Texas Traction Company would receive $1,200,000 and Southern Traction Company would receive $1,800,000. Preferred stockholders of Texas Traction Company could exchange their original stock of par value worth one hundred dollars for one hundred and twenty dollars of Texas Electric Railway's second preferred stock. Preferred stockholders of Southern Traction Company could exchange their stock of one hundred dollars par value for one hundred and seven dollars of Texas Electric Railway's second preferred stock.31

The two original companies would also receive the common stock issue, with $4,000,000 going to Southern Traction Company and $2,000,000 going to Texas Traction Company. This meant that stockholders in the merging companies could exchange their original common stock for common stock in the new company. Those holders of Texas Traction Company common stock could make an even exchange of one hundred dollars of old stock for one hundred dollars of new stock, but Southern

31Ibid.
Traction Company stockholders would receive only eighty dollars of new stock for one hundred dollars of old stock.\textsuperscript{32}

Stock was not the only obligation assumed by the company, bonds amounted to $9,160,000 which brought total obligations of the company to $19,660,000. The securities consisted of twenty-five year, six per cent convertible debentures amounting to $2,160,000, first and refunding five per cent bonds worth $4,804,000, and divisional underlying bonds of $2,196,000.\textsuperscript{33}

Even though the charter ordered consolidation as of January 1, 1917, according to the \textit{Dallas Morning News}, it was not until January 29, that the stockholders of the two companies officially voted on consolidation. At a meeting called by the directors, 26,820 of 30,000 shares of Texas Traction Company had representation, and 67,298 of 70,000 shares of the Southern Traction Company voted. Those present elected directors for the new company, and re-elected the old directors and officials to their previously held positions in the two consolidating companies in order to allow them to complete the unfinished business of the two merging companies.\textsuperscript{34}

\textsuperscript{32} \textit{Ibid.}

\textsuperscript{33} \textit{Ibid.}, 49:267 (February 1917).

\textsuperscript{34} \textit{Dallas Morning News}, 31 January 1917.
From further discussion occurring at the meeting, the directors decided to file an amendment to the original charter. Under this amendment of January 31, 1917, the company could order redemption of first preferred stock at any dividend date after January 1, 1922, as long as company officials mailed a notice of the proposed action to all stockholders. In the case of company liquidation, first and second preferred stockholders would receive par value, but would not receive any amount in excess of seven and one-half per cent per annum dividend. Common stock would receive all further funds in an equitable distribution among holders of that particular stock. Directors of the company also had the right of increasing the amount of any of the three kinds of stock at any time upon the affirmative vote of holders of two-thirds or more of the aggregate amount of outstanding stock. Directors also had the right of disposing of additional stock in any way they saw fit as long as existing holders of common stock had first chance to purchase.\footnote{Amendment to Charter #30048, filed January 1, 1917.}

The president of the new company was J. F. Strickland, who stated at the organizational meeting that final arrangements for the transfer of stock would occur in Chicago the
following week. Thereupon, stockholders would receive notification of where to send their old stock for exchange for stock of the new company.\textsuperscript{36} Apparently, Strickland made his journey to Chicago and the necessary business was satisfactorily transacted, but it was not until February 16, 1917, that the interurban timetable listed in the local newspapers showed the consolidated lines under one company.\textsuperscript{37}

Although most of the income of the new company would come from passenger transportation, management anticipated a small amount of additional revenue from carrying United States mail between Dallas and Denison. Postal employees would sort this mail in a Railway Post Office car while the interurban was en route. Further income came from leasing a company-owned generating plant to Texas Power & Light Company, and from an agreement with the Electric Express and Baggage Company for its operation over the company's line.\textsuperscript{38}

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\textsuperscript{36}Dallas Morning News, 31 January 1917.
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\textsuperscript{37}Dallas Morning News, 16 February 1917. This first listing of the Texas Electric Railway proved rather confusing. Previously the paper listed the companies vertically in the following order; Southern Traction Company, Northern Texas Traction Company (a line running between Fort Worth and Dallas) and Texas Traction Company. In the new listing the newspaper left out the headings of the two merging companies and replaced Southern Traction Company with Texas Electric Railway, but left North Texas Traction Company between the consolidated lines.
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As a common carrier the company was subject to government jurisdiction over all its operations. At its inception, however, government agencies exercised little control. Regulation took the form of a necessary state charter and local franchises needed for use of city tracks. Although the Texas Railroad Commission did have power to regulate fares, it did not choose to implement its power at that time.

At last Texas Electric Railway was a reality. The interurban operated over approximately two hundred and twenty miles of company-owned track situated on a private right-of-way with approximately fourteen miles of sidings and turnouts and over approximately ten miles of city leased track. The company also owned local street railway systems in Waxahachie, Sherman, Denison, Waco, McKinney and Corsicana. In most of the towns the company owned its own depots, but in Dallas it used the depot built and owned by the Dallas Interurban Terminal Association. The Interurban Terminal was a splendid

39 Hilton and Due, p. 149.
40 There is some question over the accuracy of these figures, as no two sources seem to agree. Some include sidings and turnouts, while others include only mainline track; therefore, I have used approximate figures. Hilton and Due, p. 376; Moody's Manual of Investments, Public Utilities (New York, 1923), p. 2-0; S.G. Reed, A History of Texas Railroads (Houston: St. Clair Publishing Co., 1941), p. 498.
affair; it had eight stories and a basement, including a waiting room of 6,400 square feet, and a baggage and parcel room. Eventually, the Dallas Railway and Terminal Company purchased this property so that city authorities could have jurisdiction over its use.41

The new company used the rolling stock from its two predecessors; its interurban cars came from an outside manufacturer, but the company had its own maintenance shops for repairs. The electric railway located its main shop at Monroe, which would be in the Trinity Heights area of present-day Dallas. Other shops that could do major repairs were in Waco, Corsicana, and Denison.42

The Texas Electric Railway's interurban cars were heavier than those usually used for electric railway travel and operated either as single or multiple units. The motor cars could travel up to sixty miles an hour using power transmitted from sub-stations along the way as well as from portable substations. The company owned the sub-stations and also some gravel pits from which came some of the ballast

41 John W. Carpenter, President of Dallas Railway and Terminal Company, "Mass Transportation in Dallas" (Paper delivered at a meeting of the Critic Club, October 30, 1933).

for the tracks. The Dallas-Denison line used electric power of six hundred volts direct current, and the Waco and Corsicana divisions operated on twelve hundred volts direct current. Texas Power & Light Company provided the power under a long term contract that was advantageous to Texas Electric Railway.\textsuperscript{43}

The new company began in an atmosphere of great optimism, and the outlook for the company did seem very bright. It served the "Great Blackland Belt" of Texas. This was a rich agricultural area whose principal crop was cotton, but which also yielded rich harvests of corn, wheat, truck products, and fruit. Furthermore, the populace derived substantial income from raising cows, horses, poultry, and hogs. If one had at this time drawn a hundred-mile circle around Dallas it would have included an area that produced thirty-eight per cent of the state's farm production and included one-third of the state's population.\textsuperscript{44}

Businessmen in the metropolis saw a definite need for the speedy interurban. Alex Sanger, a prominent department

\textsuperscript{43} McAuliff interview; T.J. Moss Tie Company vs. Texas Electric Railway, Forty-Fourth District Court, Texas. Container #91062B at the County Courthouse Dallas, Texas.

\textsuperscript{44} Pamphlet advertising the opening of the Interurban Terminal Station at Jackson and Browder Streets (Dallas, 1916). Located in DeGolyer Library at Southern Methodist University, Dallas.
store owner, voiced the position of the business community when he expressed as his New Year desire an increase of interurbans bringing people from outlying areas into the growing wholesale and retail center of Dallas.\textsuperscript{45} Dallas was also getting a reputation throughout the nation as the Convention City of Texas. Programs held at the Opera House, exhibitions of farm equipment, attractions at the State Fairgrounds, and increasing manufacturing aided in drawing people into the city.\textsuperscript{46} Traffic also flowed outward from Dallas to such show places as Waco's Cotton Palace.\textsuperscript{47} In addition, the new company took over three parks that Texas Traction Company had maintained for public use. These parks contained swings, picnic tables, and dancing pavilions. One of the parks near Sherman had a summer theater with a seating capacity of nine hundred persons. Here the company encouraged the traditional Fourth of July fireworks celebrations.\textsuperscript{48}

\textsuperscript{45}Dallas Morning News, 1 January 1917.


\textsuperscript{47}Dallas Morning News, 1 November 1916.

\textsuperscript{48}McAuliff interview; Pamphlet with Timetable.
Another possible source of revenue was the student traffic to and from the campus of Southern Methodist University on the northern outskirts of Dallas. W. W. Caruth, who had been a director on the board of Texas Traction Company, had given the inaugurators of the University between six hundred and seven hundred acres of land for the new institution. In doing so he made sure the land would border the interurban tracks in order that the students would have transportation.49 Yes, the future did indeed look bright! Yet, success or failure of the line depended on the balance between passenger traffic, capital investment, and ratio of fare; therefore, to have a profitable enterprise, management would have to manipulate these factors to its advantage.

During the first year, management was fairly successful in its operations. Gross earnings amounted to $2,138,268 and after deducting operating expenses of $1,044,473, taxes, and fixed charges50 the net income amounted to $515,848. The

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50 Moody's Manual of Investments, Public Utilities (New York, 1923), p. 200; "Fixed charges" is the interest due on the securities. Each year it was between $417,877 and $478,281. Operating expenses included: maintenance of way and structures, maintenance of equipment power, conducting transportation, traffic, general and miscellaneous. Gross
company issued preferred dividends, but did not issue common stock dividends. At the annual stockholder's meeting Strickland reported that business was good. 51

Not only did the company show a profit the first year, it also improved services to the public. When the new company began, it continued the operating services of its predecessors. This meant hourly service to and from Dallas by local cars and also four daily runs by limited cars. 52

The local car was the regular car that stopped at all designated stopping points. It had a section of seats in the back for Negroes. The section had a movable sign for expanding the seating area if more blacks than anticipated rode the car. 53 The limited cars made fewer stops and had luxurious interiors with paneling of golden oak and deep comfortable seats upholstered in leather. This car had several distinct areas, among them a smoking compartment revenue included passenger revenue, baggage revenue, express revenue, miscellaneous transportation revenue, and revenue from other railway operations. After 1928 it also included freight revenue. Depreciation is not deducted from the Net Income. The author used Moody's as the source for financial background as the original documents are either lost or destroyed.

51 Electric Railway Journal 51:433 (March, 1918).
52 Pamphlet and Timetable.
53 McAuliff interview.
for men and a ladies compartment for women travelling alone.  

In addition to these services, on May 1, 1917, the company introduced the parlor car. The company scheduled it twice a day, thus supplementing the local and limited cars. A passenger could reserve his seat in advance, enjoy one of the twenty-two large comfortable chairs, read the current magazines, avail himself of the porter's courteous service while the train sped through the restful scenery of the Black Belt country. Texas Electric Railway offered all this for a very small extra fee of thirty cents from Dallas to Waco and twenty-five cents from Dallas to Denison. Of course the passenger paid less if he wished to alight at an intermediary point.

Another measure taken by management that helped in improving service as well as cutting costs for the company was the initiation of a bonus program for trainmen who were particularly careful in avoiding accidents. The men worked in groups of ten and at the end of the year the team with

54"The Limited," Pamphlet issued by the Traffic Department of the Texas Traction Company, Dallas, Texas, November, 1912. Located in DeGolyer Library at Southern Methodist University, Dallas.

55"Interurban Parlor Cars," Pamphlet issued by the Passenger Department of the Texas Electric Railway in Dallas on May 1, 1917.
the lowest accident record received a cash reward which was divided among the participants. Through this project the company hoped to avoid costly repairs, law suits against the company, and annoying delays for the customers. It also had the indirect benefit of welding together groups of workers with a feeling of loyalty and gratitude toward the company.

A perusal of the company's first year's performance was not without unpleasantness. In November the company increased its passenger rates from two and one-half cents per mile to approximately two and three-quarters cents per mile. J.P. Griffin, the passenger agent, announced that the Federal war tax of eight per cent and the high cost of living which had raised wages increased the cost of operations. Even though the company increased its revenue, Griffin maintained the higher rate was still not adequate for meeting costs. As a salve for the sting of higher fares, management offered some changes in past policy. Validity of round trip tickets would now extend to thirty days instead of ten, and a purchaser of cash coupon tickets could use them for his whole family, not just for him and his wife.

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57 Ibid. 50:923 (November, 1917).
Texas Electric Railway's action of raising rates along with similar action by other Texas electric interurbans brought an almost immediate response from the Texas Railroad Commission. The Commission issued Interurban Circular No. 1 on November 19, 1917. The circular ordered interurban lines in Texas to file copies of all tariffs, schedules, classifications, rates, regulations, and rules governing transportation of passengers, freight, and express activities with the Commission's office before putting them into effect. Furthermore, the present terms of the above items had to remain the same for each railway until changed or eliminated by order of the Commission. 58

Regulation by the Railroad Commission was not the only worry of the company. Growing popularity of automobile travel cast a shadow over the interurban's future. The first automobile appeared on Dallas' street around the turn of the century. And after the first automobile agency opened its doors in 1908, agencies appeared so rapidly that by 1917 Dallas, with 15,000 motor vehicles registered, had the largest number of car sales per year of any city south of St. Louis. 59


Management was not unaware of the threat. Griffin stated that although the automobile aided the interurban by bringing passengers from outlying areas into the line's depots so that they could continue travel by rail, it also took potential passengers away. People in automobiles often stopped by waiting rooms and offered friends transportation. During March alone thirty-five per cent of the persons requesting refunds on round trip tickets did so because they made the return trip by automobile. Griffin, however, was optimistic about the future. He thought more intensive salesmanship and added comfort would summon back wayward customers. Furthermore, he was sure automobile owners would soon realize how costly automobile travel was compared to fast efficient, economical, interurban travel.  

CHAPTER II

TROUBLED EXPANSION

During the first four years of Texas Electric's operation, most of the nation's electric interurbans fared badly; apparently the electric railway growth reached its apex in 1917 and then gradually declined.¹ The situation was alarming enough in 1919 for the Secretaries of Commerce and Labor to unite in asking the President for the appointment of a federal commission for studying and reporting upon problems of the electric railway industry.² The President acceded to the request and the subsequent commission held numerous hearings concerning the issue. At the end of the inquiry, the commission engaged Delos F. Wilcox, a consulting franchise and public utility expert, to aid in analyzing and reporting the findings.³

³Ibid., p. x.
Wilcox pointed out a number of obstacles to the efficient and profitable operation of electric interurbans. From 1900 to 1916, unit price of labor and materials in constructing, maintaining, and operating electric railways had increased gradually, but thereafter, unit prices began escalating at a greater rate. Another hindrance was increasing competition from automobiles and buses which did not suffer from public regulation as did the interurban. Wilcox also maintained that a lack of conservative financing in their formative years hurt the interurbans. According to publications of the Bureau of Census for 1917, the average capitalization of electric railways exceeded that of steam railroads by 63.44%.

One of the participants in the hearings, Thomas Conway, who was professor of finance at the University of Pennsylvania, alleged that the largest portion of electric railway expense was wages, and that labor amounted to more than sixty percent of total operating costs. But by the National War Labor Board classing wages as operating expenses, the financial condition of employers could not determine what constituted a just wage. Under the present conditions both Conway and

4 Ibid., pp. xvi, i.
Wilcox agreed that the only way to augment revenue, which was badly needed, was to persuade more people to use the interurban more often and to raise the rate of fare. They also hoped for an increase in population, which would automatically increase interurban passengers.⁵

Was the financial picture of the Texas Electric Railway in 1919 as dark as analysis of the electric interurban federal hearings implied? It seemed not. An appraisal of company property as of January 1, 1917, indicated that Texas Electric Railway had more conservative financing than many of the other companies.⁶ Furthermore, one can see in Table I that the company’s net income increased steadily through 1920. Gross earnings increased at a greater percentage rate than combined operating expenses and taxes.⁷ Company profits permitted the issuance of preferred dividends in 1918 and 1919, and the issuance of both preferred stock and common stock dividends in 1920. Preferred stockholders received the full seven per cent dividend and the common

⁵Ibid., pp. 9-17.

⁶Appraisal by Hagenah and Erickson, cost accountants, First National Bank Building, Chicago, July 12, 1923. Located in the re-organization proceedings at the Federal Records Center, Fort Worth.

stockholders received a two per cent dividend. Most of the common stock dividend money for 1919 went toward increased working capital.


\begin{table}
\centering
\caption{Income and operating expenses of the Texas Electric Railway}
\begin{tabular}{l|c|c|c}
\hline
 & 1918 & 1919 & 1920 \\
\hline
Gross Revenue & $2,381,475 & $2,951,511 & $3,454,615 \\
Operating Expenses & 1,296,824 & 1,550,060 & 1,817,865 \\
Net Income & 477,820 & 735,454 & 972,934 \\
\hline
\end{tabular}
\end{table}


Even though Texas Electric Railway appeared to be in a better position than most electric interurbans, wartime inflation did have an effect on the company. In order to keep labor satisfied and the line running smoothly, management found it necessary to increase the wages of trainmen in the early part of 1918. The new level began with a minimum wage


\footnote{Electric Railway Journal 55:618 (March 1920).}
of twenty-seven cents per hour and a maximum of thirty-eight cents per hour. The particular amount paid to a worker depended on his length of service with the company.\textsuperscript{10} Trainmen were not the only employees receiving a wage boost during this year. An overall war bonus salary increase of three cents an hour went into effect on May 1, 1918. But this was strictly a bonus and had nothing to do with regular increases in wages.\textsuperscript{11} Management counteracted the loss of profit due to wage increments by instituting a general fare increase of eight per cent on fares costing over thirty-five cents. The company did not have to apply for permission to the Texas Railroad Commission in order to do so because section 501 of the War Revenue Law allowed for this procedure when necessary for the raising of revenue to defray war expenses.\textsuperscript{12}

The following year management continued showing confidence in the company by spending approximately $262,000 for property improvements. Close to $50,000 went into the purchase of land and buildings for new interurban stations, and company officials spent more money in improving facilities at older stations.

\textsuperscript{10}\textit{Ibid.}, 51:383 (February 1918).

\textsuperscript{11}\textit{Ibid.}, p. 983 (May 1918).

\textsuperscript{12}\textit{Ibid.}, p. 1255 (June 1918).
Track ballast in the rural areas cost the company $30,000, and repairing and replacing paving and track in city areas was an added expense. As business was steadily increasing, management felt the need for more baggage trail cars. Employees of the Monroe shops constructed two of these cars for $7,500, which was cheaper than buying them from an electric car manufacturing company.\textsuperscript{13}

Management looked forward optimistically to 1920. Company officials contemplated expenditures for that year in excess of $160,000, including the purchase of two new interurban passenger motor cars costing approximately $40,000. Apparently, officers of the Texas Electric Railway felt quite confident of the increased success of the company as they publicly forecast a very encouraging outlook for the future of the line.\textsuperscript{14}

Even though most of the country's interurbsans were in dire straits, Texas Electric Railway did not seem to suffer the same difficulties. Population density in the areas served continued to increase, making it still the most densely populated region in Texas. Dallas County had over ninety

\textsuperscript{13}Ibid., 55:213 (January 1920).

\textsuperscript{14}Ibid.
persons per square mile and the other counties, except Hill, had between forty-five and ninety persons per square mile. The possible growth of Dallas' metropolitan area appeared greater than ever when the city became the official Industrial Oil Center as well as the largest cotton center in the South. It was also the number one city in the state for the growth of manufacturing establishments and the value they produced.

The country surrounding Dallas remained primarily agricultural. During the early years of the interurban's operation, weather and crop conditions proved favorable for profitable farming. The company benefitted directly through some property owned by the company and indirectly through increased travel by affluent farmers. Especially affluent were the many cotton farmers in the area, because their product was not controlled by the Lever Food Control Act of August 1917.

Texas Electric Railway appeared to be well on the way to success. An examination and analysis of the electric railway industry revealed that it required one to three years


16 Santerre, n.p.


to build up business to a point where a company could be considered a profitable enterprise. Texas Electric had answered this requirement with a steady growth of traffic while keeping the property in excellent physical condition. Furthermore, an increase in fares that appeared to be acceptable to the riding public, had met the rising costs of material and labor.

There were dark clouds on the horizon that management either did not notice or dismissed as relatively unimportant. Potential trouble for the company occurred in the spring of 1918, when employees in Waco went on strike for a nine-hour day and time-and-a-half pay for overtime work. The strikers were summarily dismissed and new employees hired; thus the administrators averted any serious inconveniences for the company at that time. But would the company be able to continue such a practice in the face of rising union growth in the South?

Furthermore, expanding usage of automobiles and buses intensified the threat of interurban passenger loss. During 1919 one hundred and ten counties in Texas voted for road

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\(^{19}\) Appraisal by Hagenah and Erickson.

bonds totalling more than $80,000, and the State Highway Commission expressed a desire to participate in federal aid programs for state highway construction.\textsuperscript{21} The war effort, the prosperous economic conditions in general, and increased revenues of state government contributed to a desire of the populace for highway development.\textsuperscript{22} And these highways would carry the motor vehicles of Texas whose number had more than doubled between 1917 and 1920.\textsuperscript{23}

The first four years of the new decade did not justify the earlier optimism of Texas Electric Railway's management. As one can see in Table II, the company's gross revenue and net income declined between 1921 and 1924. The gross revenue and net income did increase in 1923 over the 1922 level but this trend did not continue. Furthermore, even though the fixed charges and taxes declined in 1923, operating expenses rose appreciably so that the full rise in gross income was not reflected in the net income figure.\textsuperscript{24}

\textsuperscript{21}P.J.R. MacIntosh, "The Biggest Highway Job in History," \textit{Texas Monthly}, December 1929, p. 596.


\textsuperscript{23}Santerre.

TABLE II

INCOME AND OPERATING EXPENSES OF THE
TEXAS ELECTRIC RAILWAY

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Revenue</th>
<th>Operating Expenses</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>$2,879,360</td>
<td>1,538,712</td>
<td>689,909</td>
</tr>
<tr>
<td>1922</td>
<td>$2,706,996</td>
<td>1,466,867</td>
<td>597,009</td>
</tr>
<tr>
<td>1923</td>
<td>$2,980,475</td>
<td>1,583,339</td>
<td>792,953</td>
</tr>
<tr>
<td>1924</td>
<td>$2,794,636</td>
<td>1,534,659</td>
<td>675,892</td>
</tr>
</tbody>
</table>


As the first year of the new decade drew to a close, management became alarmed at shrinking passenger receipts. This revenue had declined $500,000 over a ten month period. The company tried to compensate by cutting wages ten per cent over the whole system. Nevertheless, during this same year the company added materially to its capital stock by building eight single track safety cars costing $3,600 each. Neither did the company remain static in research and innovation. It pioneered the construction of a six-cylinder gas-propelled weed-cutter for operation over interurban tracks. This machine removed grass to a distance of two feet ten inches on either side of the track. It could travel between four
and forty miles an hour and the average cost per car mile, including labor, gas, oil, and repairs was much cheaper than wages paid for the old method of using manpower for cutting long grass and weeds.  

In this same year, Texas Electric Railway found it necessary to file a charter amendment increasing capital stock from $10,500,000 to $12,600,000. The amendment carried out an agreement made at the time of consolidation in 1916 for the retirement of debentures totalling $2,160,000. Stockholders met on January 25, 1921, and voted for the amendment. First preferred stock would now consist of 3,600 shares at one hundred dollars each while second preferred and common stock remained the same as in the original charter. The company could exercise an option to redeem all preferred stock upon any dividend date at one hundred and fifteen per cent of par plus any dividend due the stockholders. However, not less than a majority of

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25 Electric Railway Journal 58:961 (November 1921); Ibid., p. 694 (October 1921); Ibid., p. 448 (September 1921).

26 Amendment to Charter #30048 filed July 27, 1921 with the Secretary of State, Austin, Texas.

27 Electric Railway Journal 58:337 (August 1921).
holders of outstanding common stock had to accede to the option before the company could act upon it.28

Once the department of the Texas Secretary of State accepted the amendment on July 27, 1921, residents of Dallas and towns along the line expressed confidence in the company by becoming holders of the new stock.29 Their confidence was rewarded as all stock received dividends during the early twenties.30 Even though income was declining, Texas Electric was still in a relatively healthy condition compared with most other electric railways. A survey involving one hundred and forty-seven electric railway companies covering 9,092 miles of line revealed an average operating ratio of eighty-five whereas Texas Electric Railway's operating ratio was sixty-four.31

Employees of the Texas Electric Railway entered the decade of the twenties with personal sadness as well as concern

28 Amendment to Charter #30048, July 27, 1921.

29 Electric Railway Journal 58:337 (August 1921).


31 Hilton and Due, p. 212. "Operating ratio refers to the ratio of operating expenses to operating revenues. Thus if the expenses are one-half the revenue, the ratio is 50 per cent . . . . Taxes have been included with operating expenses." pp. 187-188.
for declining company receipts. The man who had done so much in pioneering electric utilities in Texas and who had dreamed of an empire built upon the proliferation of electric railways died of heart disease. J.F. Strickland, affectionately known to his friends as "Colonel" and to the linemen as "Big Boy," died without realizing his desire for a twenty-four-story building erected on the site of the old Santa Fe station on Commerce Street which would house his many electrical interests. Even though in ill health, he spent his last year of life organizing a company which was to construct an interurban line between Dallas and Terrell. 32 He died, however, before he could bring his plans to fruition.

The people who worked with Stickland in bringing fast efficient transportation to the Dallas-North Texas locale paid him a last tribute. At 4:40 p.m. on the afternoon of May 23, 1921, the day of his burial, all Texas Electric Railway interurbans and streetcars stopped and all the company's stations closed for five minutes of mourning. 33 With Strickland's death, it was necessary to appoint a new president;

32 C.F. McAuliff; Dallas Morning News, 18 August 1969.

33 In Memoriam pamphlet held at the Dallas Historical Society in the Hall of State at the Texas State Fairgrounds.
the secretary called for a meeting, at which Congressman Jack Beall of Waxahachie, Strickland's brother-in-law, received the honor. 34

As the early years of this decade known as "the roaring twenties" passed, the country witnessed a phenomenal growth of automobile ownership. 35 In 1918 the government had ordered automobile production reduced, and this had given the interurban a short respite from unrestrained rubber-wheeled competition. But by the early 1920's, the automobile industry was in "full swing." The tremendous growth of installment buying 36 gave almost everyone the chance of owning his own personal transportation vehicle. By 1925, in Texas alone, people had registered over 1,000,000 vehicles. 37 Texas Electric Company certainly felt the impact of this competition. The overall decrease in wages of 1921 had not solved the problem of inadequate revenue; therefore, in December, 1923, the company petitioned the Texas Railroad

34 Dallas Morning News, 18 August 1969.
Commission for permission to institute a fare increase. The request was denied.  

Continued diminishing returns prompted the company to look for methods of increasing passenger travel on the interurban. Management initiated an intensive campaign for advertising the attributes of travel by electric railway. Advertising travel on the interurban was not new in North Texas; drug stores and hotels, as agents for the pioneer traction companies that had merged to form Texas Electric Railway Company, sold tickets and lauded the pleasures of interurban journeying as early as 1909. Notices had informed the public that Texas Traction Company gave round trip discounts, reduced party rates, excursion rates on Sunday, and one-way reduced tickets to regularly ordained Ministers of the Gospel who held Southwestern Clergy Bureau credentials. Furthermore, the company's ticket agencies disbursed theater and opera tickets. Advertising notices urged patrons of the arts to take advantage of this service when it was thought the season's offerings were particularly outstanding.  

38 Electric Railway Journal 62:955 (December 1923).  
39 Pamphlet and Timetable.
Fifteen years later the advertising program had become more sophisticated. The company contracted with daily and weekly newspapers for advertising space. Under a Texas statute, a company could pay for advertising space in services or merchandise of dollar value; consequently Texas Electric Railway issued special tickets containing ten dollars worth of five cent coupons which the bearer could use for transportation on the interurban. Newspapers were not the only media the company employed for advertising the pleasure and convenience of interurban traveling. Each year the passenger traffic department put out 50,000 time cards to hotel men and steam railroad agents. Also, hotels, restaurants, drug stores, post offices, and banks displayed advertising cards for Texas Electric Railway. The company was not content with advertising which would reach only the local populace; far afield it distributed postal cards showing scenic points of interest and desk blotters listing special events in the North Texas area. Probably the most ambitious of the company's advertising schemes was the booth at the 1924 State Fair of Texas. Within the booth was a fully operable miniature interurban and stereopticons through
which one could view interesting scenes including advertising for travel on the Texas Electric Railway.  

Despite the thrust of an aggressive advertising campaign, as the 1920's progressed the profits of Texas Electric Railway declined. The figures for 1924 through 1928 contained in Table III show the continued decline in gross revenue and net income, even though taxes and fixed charges decreased $90,900 and $10,292 respectively over the four year period.

TABLE III

INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>$2,363,114</td>
<td>$2,036,860</td>
<td>$1,865,000</td>
<td>$1,821,057</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,402,491</td>
<td>1,260,393</td>
<td>1,118,604</td>
<td>1,121,439</td>
</tr>
<tr>
<td>Net Income</td>
<td>411,762</td>
<td>250,770</td>
<td>258,512</td>
<td>220,582</td>
</tr>
</tbody>
</table>


The company paid dividends to all stockholders for 1925. First preferred received a dividend up to April 1, 1926.

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second preferred received one up to February 1, 1926, but
common stockholders received no dividends. None of the
stockholders received dividends for 1927 or 1928.\textsuperscript{42}

The automobile and bus continued to prove attractive
as alternate methods of transportation for potential pas-
sengers of the interurban. Recognizing the public's interest
in good roads, the Texas State Legislature enacted a statute
giving authority to the State Highway Commission for the
construction and maintenance of a connecting system of state
highways.\textsuperscript{43} There was no doubt that rubber-tired transporta-
tion was hurting Texas Electric Railway substantially as
passenger revenue declined despite further service improve-
ments in 1925.\textsuperscript{44}

Competitive transportation, however, was not the only
cause of declining passenger receipts. Severe drought
conditions began in 1925, causing tremendous loss of crops
for the farmer and through his financial plight the whole
economy of the region suffered. Farmers harvested less than
half the usual cotton crop and no other agricultural product

\textsuperscript{42}Ibid., pp. 158-159.

\textsuperscript{43}MacIntosh, pp. 600-601.

\textsuperscript{44}Electric Railway Journal 67:568 (March 1926); Ibid.,
p. 777 (May 1926).
was so important to the area. President Beall wrote to common stockholders in December, 1925, explaining the absence of a dividend but expressing optimism for the future. He assured everyone that the physical property was in excellent condition, even though revenue was scarce.

Texas Electric Railway was not the only interurban having financial difficulties. This was still a national phenomenon. Spokesmen for the industry expressed the need for modernizing equipment if the interurban was to regain passengers lost to the motor coach and automobile. Harry Reid, president of the Interstate Public Service Company acknowledged the advantages buses and cars had over the interurban for certain kinds of travel. He maintained, however, that the interurban still had a definite function in transportation. He said the steam railroads were best suited for long hauls of ten to twenty-four hours and buses and cars for short distances covering five or six miles, but the electric interurban was the ideal way to travel for distances taking around five hours. What sane person would even contemplate traveling that many hours on a bus when

\[^{45}\text{Ibid.}, p. 777 (May 1926).\]
\[^{46}\text{Ibid.}, 66:1094 (December 1925).\]
he could do it faster and cleaner on an electric interurban? 47

Nevertheless, Reid continued, interurban equipment must improve in order to attract passengers. He advised using parlor-buffet cars and sleeping cars which were especially useful to traveling men and theater troupes. But none of these innovations would suffice without good public relations. His prescription for a successful operation was

Good service, fair rates, education of the public through publicity, and keeping pace with modern equipment and developments enable the traction company to render itself attractive and desirable to the public, and to thus attain success. 48

Britton I. Budd, president of several electric railway companies in the Northeast, echoed Reid's assessment of the problem. To be successful, the electric railway must modernize and give greater speed and comfort to the passenger. He also stressed a need for co-operation between railways and motor coach companies. He believed that a traveller should be able to buy one ticket that would suffice for travel over the short distance serviced by the bus and then transfer,

48 Ibid.
using the same ticket, to the interurban for the greater part of his trip to his destination. Budd ended his article on a note of optimism, saying he thought the interurbans were "entering upon a period of their greatest usefulness."\footnote{Britton I. Budd, "Requirements of the 1927 Interurban," Electric Traction 23:474 (September 1927).}

Texas Electric Railway took cognizance of the advice to foster good public relations, advertise, and modernize. Management increased its advertising and within the advertising content stressed its safety record as a public service to its customers. Seventy-five daily and weekly newspapers ran items containing information about the low rate of accidents on Texas Electric Railway. No serious bodily harm had occurred to anyone in all its years of operation.\footnote{Electric Railway Journal 67:541 (March 1926).}

President Beall urged state legislators to pass regulations governing bus and truck operations as a safety measure for the public good. He spoke out strongly against what he called the "grisly harvest of death."\footnote{Ibid., 66:1094 (December 1925); Ibid., 67:568 (March 1926).} Incidental to the safety legislation he proposed, Beall advocated legislation exempting street railways and interurbans from the tax upon gross
receipts so that they could compete more equitably with bus
lines.  

The safety program was not only expressed through
advertising; management instituted a safety contest among
its employees. Just as they had done in 1917, workers
formed teams of ten men. Each team had to assume responsi-
bility for an accident involving one of its members.
Furthermore, if the accident went unreported the team paid
a penalty of twenty-five dollars. These teams competed
for prizes; every six months management examined the safety
records of the teams and the team having the minimum accident
cost received two hundred dollars and the next lowest team
received one hundred dollars. In addition, each individual
on the winning teams without an accident received an extra
seven dollars and fifty cents.  

This safety contest benefited the company in several
ways. The fewer accidents there were, the less cost to the
company in lost time and damage to material. The smaller
the number of mishaps the less chance for costly law suits
being pressed against the company. And of course the public

\[52\] Ibid., 69:309 (February 1927).
\[53\] Ibid., 67:630 (April 1926).
would feel kindly toward a business which was willing to spend money out of its own pocket in order to assure passengers of the safest ride possible.

Expanded advertising, however, was the main vehicle Texas Electric Railway used in trying to promote travel and thus increase revenue. Management formed a special advertising council which arranged not only for increased billboards, posters, and mailing cards, but also extended its methods to the cars themselves. The express cars were painted in a spectacular way. The body was a very bright blue and on this background were the words "Safe, Sure, Saving" in large gold letters. Also on the blue background was a white heart-shaped design and superimposed on this was a map of Texas Electric Railway's route painted in red with connecting interurban lines painted black. 54

The advertising campaign also emphasized the interior comfort of the passenger cars. Workers installed several types of new car seats on one of the cars and a number was placed over each seat. The passenger used the seats and then before alighting stated his opinion and preference on a card provided for the survey. This idea served a dual purpose: first, the company could determine which seat was

54 Ibid., 67:723 (April 1926).
preferable for most of the passengers before permanently installing a number of them; secondly, the survey could engender a friendly feeling in the passenger toward a company which was obviously concerned with his physical well-being. The company also placed the seats wider apart (one of the innovations suggested by Reid), giving the long-legged person a more comfortable ride.55

The company's agents continued offering extra services. Through the ticket offices, passengers could book pullman reservations on steam lines, and could reserve theater, baseball, and football tickets. The purchaser could pay for the tickets at the local company office or upon arrival at the particular event.56

Despite increasing advertising, re-investing surplus earnings and reserves in property maintenance and improvement, revenue continued to decline. In 1926 a motorcoach line began competitive service between Dallas and McKinney and Dallas and Waco. At first company officials thought the bus line would fail because they expected its gross earnings would fall below its operating and maintenance cost, but this

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56 Electric Railway Journal 67:882 (May 1926).
did not occur. As the years progressed, more and more passenger traffic deserted the interurban for the bus.\footnote{Ibid., 67:56 (March 1926); Ibid., 68:309 (February 1927).} This growing importance of the bus as a means of public transportation was clearly evident by the large exhibit of them at the Electric Railway Convention of 1927.\footnote{Railway Age Gazette 83:502 (September 1927).} Moreover, the figures in the 1928 yearbook of the National Automobile Chamber of Commerce showed the growing importance of the automobile. In Texas alone investment in motor vehicles registered for 1927 was well over a billion dollars.\footnote{Ibid., 84:823 (October 1928).}

If one were now to draw a circle with a hundred mile radius around Dallas one would find a difference of great significance to the circle drawn in 1917. The land was still the richest in Texas. The area continued to enjoy the greatest concentration of population. Now, however, the region was criss-crossed with a dense web of highways and roads.\footnote{J.W. Atwood, "History of the Texas Auto Industry."}

Since the federal hearings of 1919, Texas Electric Railway had tried to increase revenue by making the interurban
more attractive to potential passengers, but to no avail. Furthermore, the company found that the theory of Wilcox and Conway which stated that a growth in population would automatically increase the number of interurban travelers was fallacious. As the population grew so did the attraction of rubber-wheeled transportation both public and private. No longer could the electric railway afford to petition the Texas Railroad Commission for the right to raise the fares because the higher cost of travel would no doubt alienate some of its existing customers. If there was little hope for increased revenue through passenger travel, Texas Electric Railway would have to look in some other direction for the necessary finances to stay in business.
CHAPTER III

DEPRESSION AND RECEIVERSHIP

Texas Electric Railway's management looked with alarm at the receipts for 1927 and decided the only alternative to going out of business was to enter the freight carrying market. President Beall said that it was unrealistic to continue looking toward the decline of motor coaches and automobiles for an increase of passengers on the interurban. Furthermore, the electric railway could not depend on the present number of customers continuing into the future as the buses were charging less per fare than the interurban. He suggested the stockholders meet and amend the charter giving the company expanded corporate authority to arrange the matter of freight carrying. He warned, however, that by transporting freight Texas Electric Railway would probably fall under further regulation of the Texas Railroad Commission and the Interstate Commerce Commission.¹

Stockholders, company officials, and citizens of the community were receptive to the proposal for expanding the

¹Electric Railway Journal 71:715-716 (April 1928).
line's operations. For various reasons, all of them feared the inevitable curtailment of service if receipts continued to decline.\(^2\) Prospects for profitable freight operation appeared encouraging. Dallas held a commanding position as the primary industrial and distribution center of North Texas, and the communities at the end of each branch of the line appeared favorably as growing centers for certain products which would need transportation into other areas served by Texas Electric Railway.

Denison and Sherman ranked high among the burgeoning industrial cities of Texas; indeed, Sherman was the south-west center for the flour milling industry as well as being important in such widely diversified industries as garment manufacturing and nursery and seed breeding. Corsicana had the heaviest petroleum production field in Texas, which gave impetus to manufacturing in oil field supplies. The community also produced brick and clay products and had a healthy growth in confectionary and soft goods. Waco had become one of the leading commercial and industrial centers of the state. It had the second most productive and

\(^2\)Ibid., 73:390 (March 1929).
populous hinterland of any large Texas city. Dallas, of course, was number one.³

Besides the communities at the end of each line, there were the small towns where farmers brought their wares for shipment to other regions and bought goods shipped in by carrier. The interurban with its frequent fast service radiating out from a major wholesaling community would prove a boon to local retailers. The Texas Electric Railway could carry wholesale goods out into the rural area and return loaded with needed agricultural products.

Prospects looked bright, but how would the steam railroads react to an invasion of their claim on the freight business? In the past steam railroads had not been very resentful toward Texas Electric Railway for the loss of most of their passengers to the electric interurban, because the transporting of these customers was the least profitable part of their operations.⁴ Freight handling, however, was their lifeblood.

Fortunately, the electric railway found an important freight service it could offer a number of the steam railroads;


⁴Hilton and Due, p. 15.
by negotiating full freight interchange agreements with lines such as the Missouri Pacific, Texas Electric Railway could give them direct fast entrance into Dallas. This was a service certain steam railroads had not enjoyed in the past. Upon inquiry, Texas Electric Railway's management found freight sources not only willing but eager to co-operate. No doubt prospective shippers thought added competition between carriers was beneficial to their own interests.

Board directors filed an amendment with the office of the Secretary of State at Austin on April 11, 1928. The amendment stated that two thirds of the stockholders had met on January 31, 1928, and authorized the company to "... construct, acquire, maintain, and operate additions, connections, and buildings" necessary for the company to enter the freight carrying business. The Texas Railroad Commission issued circular number 7545 on April 12, 1928, granting Texas Electric Railway the right to transport local

5 _Electric Railway Journal_ 71:917 (June 1928); Ibid. 72:1012 (December 1928).

6 Ibid., 73:390 (March 1929).

7 Amendment to charter #30048 filed April 4, 1928 with the Secretary of State, Austin, Texas.
and interline intrastate freight over its entire system, effective May 1, 1928.8

Texas Electric Railway formally entered the handling of carload and less-than-carload freight on May 22, 1928, when it transported material from the Texas Power & Light Company at Waco to the Missouri Pacific line at Italy. The goods then went to Fort Worth, where they were transferred to the Texas Pacific, which took them to Odessa, the final destination.9 With the commencement of freight operations, Texas Electric "... became the first operating (electric) railway in Texas to be designated a common carrier subject to freight regulations of the (Texas) Railroad Commission."10 The company negotiated a new franchise with the city of Dallas providing for passage of freight cars to its express and freight depot on Jefferson Avenue. Freight could travel into the city from the south, but it was denied entry through the northern residential section of the city.11

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10 Electric Railway Journal 72:778 (October 1928).
11 Ibid., p. 119 (July 1928).
Management proceeded to invest more money in improvements to existing property and in purchasing additional rolling stock. It bought electric motors for handling freight in the company's expanded Dallas terminal facilities,\(^\text{12}\) and the company constructed special facilities for handling cotton, oil, and tobacco. Handling these three commodities was most profitable for the company.\(^\text{13}\) The schedule for hauling freight over the busiest section of the line, between Dallas and Denison, was on an hourly basis, with most of the freight handling at the Dallas terminal occurring at night.\(^\text{14}\)

In almost all towns serviced by Texas Electric Railway, cotton docks became a standard part of the physical plant, as much of the freight consisted of baled cotton.\(^\text{15}\) Often the company collected the fee for compressing the cotton along with the shipping fees from the producer and then passed the amount along to the compressing agent.\(^\text{16}\)

\(^{12}\) *Electric Railway Journal* 71:917 (June 1928).

\(^{13}\) *Trolley Sparks Bulletin*, #69 April 1947.

\(^{14}\) *Electric Railway Journal* 72:1012 (December 1928).

\(^{15}\) McAuliff interview; Hilton and Due, p. 143.

\(^{16}\) *T.J. Moss Tie Company vs. Texas Electric Railway*, Filed January 9, 1931 in the Forty-Fourth District Court of Texas. Documents are located under file No. 91062B at the County Courthouse in Dallas.
of the balance of freight consisted of other agricultural products such as corncobs, maize, kaffir pummies, corncob meal, and pummy meal. This freight was transported in either straight or mixed carloads between points on the Texas Electric Railway line and the Texas and New Orleans Railroad. Some freight, however, came from points far distant and was not agricultural in nature. For example, automobiles came by steam railroad from Detroit to Denison and then transferred to the electric interurban for shipment further south. The company did originate some business from small manufacturing establishments and a meat packing plant along the line.

While Texas Electric Railway was busily involved in setting up freight operations, events were occurring in Washington that might have a significant effect on the company. Representative Johnson of Indiana introduced a bill to amend the Interstate Commerce Act in its application to electric railways. This bill would give the Interstate Commerce Commission expanded jurisdiction over electric railways.

17 Electric Railway Journal 72:778 (October 1928).
18 McAuliff interview.
If an electric railroad operates as an integral part of a steam railroad system of transportation or is engaged in general transportation of freight it may be declared by the commission to be a common electric railroad and subject to the commission's jurisdiction, as distinguished from street, suburban or interurban electric railways. 19

Up to this time, the Interstate Commerce Commission had dealt with the classification of electric railways on an individual basis. Usually, the Commission had ruled that an electric interurban carrying freight, but dependent for a large portion of its revenue on passenger fares, was not governed by regulations governing the steam railroads. 20

But there were persons such as Representative Johnson who wanted to change this situation.

Washington, however, was far away and Texas Electric Railway's freight operations were proving successful. During this same year, the company purchased all the stock except directors' qualifying shares of the Electric Express and Baggage Company. As the officers of both companies were almost identical, the Express Company actually became a subsidiary of the electric railway system. 21

19 Railway Age Gazette 84:822 (April 1928).

20 Hilton and Due, p. 156.

In the second year of freight operations, freight revenue more than tripled over the six months operation of 1928.\textsuperscript{22} And the 1930 total was fifty per cent above the 1929 level.\textsuperscript{23} The future looked bright indeed! In anticipation of continued growth of freight the company constructed three electric locomotives in its own shops and planned two more at an early date.\textsuperscript{24}

Unfortunately, as the freight revenue increased, the express revenue declined. Therefore, Texas Electric Railway joined with the Cotton Belt and Southern Pacific steam railroads in using a Dallas company, the Electric Freight Agency, to try to build up the express business. This agency would pick up goods at the customer's abode and deliver them to either the railway or steam railroads which would take them to the city of destination. At the station, a local firm under contract to the electric railway and steam railroads picked up the goods and delivered them to their final destination. In using this method of delivery the railway


\textsuperscript{24}Electric Railway Journal 74:260 (May 1930).
and railroads could advertise door-to-door delivery. Texas Electric Railway charged the same rates as those prescribed by the Texas Railroad Commission for trucklines hauling over the same distance. This service, however, did not seem to boost the declining express revenue. Perhaps potential customers thought the minimum of handling done by direct truck lines would be more advantageous for their express packages.

Freight operations did not solve Texas Electric Railway's problem of insufficient revenue. One can see in Table IV that passenger revenue continued declining while freight revenue began declining in 1931. Even though total revenue increased in 1929, almost all the factors included in operating expenses increased also. With the rise in gross revenue the company could meet its current maintenance and operating costs but it could not raise the revenue high enough to pay the charges on the funded debt. Texas Electric Railway had fallen upon bad times. It had begun freight operations at a period in history when the whole nation faced a financial crisis.

25 Ibid. 75:57 (January 1931).
TABLE IV
INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue</td>
<td>$1,315,919</td>
<td>$1,004,600</td>
<td>$668,662</td>
<td>$460,296</td>
</tr>
<tr>
<td>Freight Revenue</td>
<td>217,738</td>
<td>309,433</td>
<td>252,698</td>
<td>213,070</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1,864,816</td>
<td>1,601,042</td>
<td>1,163,383</td>
<td>855,275</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,177,584</td>
<td>1,103,787</td>
<td>973,082</td>
<td>774,597</td>
</tr>
<tr>
<td>Net Income</td>
<td>201,291</td>
<td>21,443</td>
<td>D260,884</td>
<td>D356,719</td>
</tr>
</tbody>
</table>


On January 9, 1931 the T.J. Moss Tie Company, of St. Louis, sought recourse in the courts for an unpaid bill owed to it by Texas Electric Railway. During October and November of 1930, the Electric Company had purchased cross ties and materials totalling $687.11 from the Tie Company but had not paid for the materials; therefore, the creditor filed a mechanic's lien upon all properties of the company. The T.J. Moss Tie Company sought a court-appointed receiver to administer the affairs of the electric interurban. The plaintiff asserted that since receiving the goods, the defendant had contracted other liabilities in excess of the reasonable
value of all its assets and properties. A receiver was necessary to take charge of the company and institute measures to counteract any loss of value to the property through deterioration, damage, or lack of proper maintenance. The plaintiff was afraid that the Texas Electric Railway would be declared in default because of an inability to pay semiannual interest on its mortgages and deeds of trust. If this occurred, the T.J. Moss Tie Company feared that its lien would be lost. 27

Texas Electric Railway answered the charges immediately. As the defendant, it admitted that the T.J. Moss Company's allegations were substantially true. The electric railway did have debts in excess of the cash market value of its assets. However, representatives of the interurban maintained that its services were necessary to the areas in which it operated. Waco, Corsicana, Waxahachie, Sherman, and Denison were wholly dependent upon it for street railway service. The interurban also served as an important carrier for inter-line shipments. The reply stated that the freight and express revenue amounted to approximately $700,000 per annum and the passenger revenue to approximately $1,000,000

27 T.J. Moss Company vs Texas Electric Railway.
per annum. In addition, the company received revenue for services to the United States Post Office Department. The reply further stated that the combined revenues were sufficient to pay for current operating expenses, including wages, material, and power.²⁸

Judge Towne Young of the Forty-Fourth District Court handed down his decision on the following day. The Court deemed the Texas Electric Railway, being a public service corporation under state laws, was necessary for public transportation. Therefore, Judge Young appointed James P. Griffin as Receiver, effective from 12:01 A.M. January 10, 1931. In this capacity, Griffin, who was the president of the company, was to use his own judgment and discretion in carrying out the necessary tasks for operation of the common carrier in all its former functions. Griffin had permission to function much as he had done before receivership in purchasing needed materials and supplies for the daily operation of the interurban, but funds for matters outside this area had to be released by court permission. An Assistant Receiver aided Griffin in administering the interurban's affairs.²⁹

²⁸ Ibid.
²⁹ Ibid.
The Court gave creditors other than the Tie Company six months to prepare and file intervention papers. Texas Electric Railway had to submit an inventory statement to the court within sixty days and within ten days had to submit a report of indebtedness. The company submitted this report on January 19; debts amounted to $8,103,363.03.30

Although the company had not managed through freight carrying to increase revenue enough for satisfaction of the accrued charges on its funded debt, Griffin expressed optimism for the future.

We have not lost confidence one whit in the country which we serve . . . with the co-operation and good will of the people whom we serve, the Texas Electric Railway will come out of this a stronger and even more valuable agency of service.31

During the six months given for the submission of intervention petitions, creditors deluged the Court with requests. Still there was not enough time for all who wanted to file against the electric railway; consequently, the court extended it again to February, 1932.32 The bondholders not only intervened, they formed a protective committee demanding that they receive consideration before suppliers

30 Ibid.

31 Dallas Morning News 11 January 1931.

32 T.J. Moss Company vs Texas Electric Railway.
received any kind of payments. The bondholders pressed for re-organization of the company, maintaining that Texas Electric Railway was a "public convenience and necessity" and that creditors would receive little or no benefit from dismantlement of the property.  

In the first year of the receivership, the Court recognized that Texas Electric Railway would have to spend some money for other than operation in order to remain competitive in the freight business and thus continue revenue at the present or increased level. Judge Young authorized the Receiver to release funds for leasing land and building an unloading platform at the Oak Cliff Junction. The company also proposed the construction of interchange track in Sherman between its facilities and the Missouri, Kansas Texas Railroad. The Court gave permission for this addition.  

Even though the company had to spend some money, management also sought ways of bringing in additional income without expanding facilities and also sought ways of cutting costs. Company officials leased trackage rights and space located in the Jefferson Street terminal for the operation of an

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33 Ibid.
34 Ibid.
express business to the Northern Texas Traction Company. Management then critically examined the company's street railway operations. These short lines had brought very little, if any, profit to the company; most of them had been on the debit side of the ledger since Texas Electric Railway's earliest days. Sherman's local car service was operating at a loss. Furthermore, it would cost the company approximately $1,500 in the near future for improvement of property and maintenance and repair of paving and track on city streets. Company officials offered to pay the city $3,500 for street repair around the tracks if the city would agree to abandonment of the street railway service. The city accepted the offer and also took the advice of the company in seeking bus service to replace the service lost.  

Two months later a similar situation occurred in Corsicana. The line in this city showed a loss of approximately $1,500 in 1930 and almost $3,000 for the first eight months of 1931. The line also needed much investment in repairs. The court allowed the company to abandon the line. The following year brought further abandonment of street lines; in May part of the Waco line fell into disuse and in December the company closed the Waxahachie operation.  

35 Ibid.  
36 Ibid.
In every way possible the company sought to cut expenses and increase revenue. The Assistant Receiver lost his position, as his salary was considered an unnecessary expense, and services to the Postal Telegraph Cable Company brought in additional income. Texas Electric Railway arranged for the telegraph company to operate from the interurban's principal offices at stations along the line's branches. The electric railway company received fifty per cent of the fees for all telegrams and twenty cents for each cablegram or radiogram.\(^3\)

The company also received additional money because of overpayment of taxes on gross receipts from January 1, 1917 until March 31, 1927. For several years, a representative for the company had lobbied the state legislature asking members to pass a bill authorizing refunding of this overpayment amounting to $26,470.95. In 1931 the company officials thought they were successful when the legislature did pass a bill authorizing the return of the money, but the Governor vetoed the bill. In 1932 Griffin notified various county tax collectors to whom Texas Electric Railway owed money that the company could not pay the counties' bills unless the interurban received the refund from the state.

\(^{37}\) Ibid.
Thereupon, the county tax collectors pressured the Governor to sign a bill authorizing re-imbursement of the overpayment. The Governor acceded to the requests and the company received the funds. 38

Even though people in Texas seemed to fare somewhat better than the nation as a whole during the depression years, 39 the unusual economic conditions caused the company to ask for an extension of the receivership from January 8, 1934 to January 8, 1935. After this date, its representatives sought and received another extension to January 8, 1936. During this last year of receivership the company sold off some of its properties, settling debts amounting to approximately $16,500. Management also tried to realize some funds from the sale of old cars which they felt should be replaced and some equipment that was deemed unnecessary. Because of nationwide abandonment of interurban and suburban lines, there was little cash realization. Texas Electric Railway was in need of some new equipment; fortunately, the company was able to purchase six cars in very good condition

38 Ibid.

from Northern Texas Traction Company, which was going out of business.\(^{40}\)

One can see in Table V an improvement in revenue over the last few years of the receivership. The operating ratio declined from a staggering 101.51 per cent in 1932 to 95.75 per cent in 1935.\(^{41}\) But of course this was still far too high for the company to be considered a profitable operation.

**TABLE V**

**INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY**

<table>
<thead>
<tr>
<th></th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue</td>
<td>$388,745</td>
<td>$443,113</td>
<td>$430,844</td>
</tr>
<tr>
<td>Freight Revenue</td>
<td>216,316</td>
<td>254,503</td>
<td>292,795</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>769,620</td>
<td>856,576</td>
<td>866,927</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>698,704</td>
<td>779,414</td>
<td>794,883</td>
</tr>
<tr>
<td>Net Income</td>
<td>D364,795</td>
<td>D355,892</td>
<td>D357,101</td>
</tr>
</tbody>
</table>


\(^{40}\)T.J. Moss Company vs. Texas Electric Railway.

Altogether Texas Electric Railway was in receivership for five years, 1931 through 1935. In the last year of the receivership, the company found itself embroiled in a controversy with the railroad organizations and the Railroad Retirement Board. The issue centered around the Railway Labor Act as amended June 21, 1934. Under this amendment an electric interurban "... operating as a part of a general steam railroad system of transportation" or using "... any part of the general steam-railroad system of transportation" was considered a "carrier" and as such was under the rules and regulations of the Railway Labor Act and the Railroad Retirement Act. Texas Electric Railway maintained it did not fall within these provisions, but the Brotherhood of Railroad Trainment maintained it did.42

The National Mediation Board requested a hearing from the Interstate Commerce Commission to determine the status of Texas Electric Railway after the company refused to accept the Board's ruling that the interurban was not exempt under the aforementioned amendment. The members of the Interstate Commerce Commission recognized that Texas Electric Railway was not owned or controlled by a steam railroad, but they

wished to investigate the relationship between the electric railway company and the other part of the proviso. The members referred back to a former Interstate Commerce Commission decision, *Rules for Testing Other Than Steam Power Locomotives*, 122 Interstate Commerce Commission 414, in which the Commission defined an electric interurban as an extended electric street line. That is to say, its primary function was transporting passengers. This report also recognized that over the years interurban lines could change in character, although not necessarily in name. Therefore, the Commission deemed it pertinent to examine the present character of Texas Electric Railway.  

At this time the interurban ran through thirty-three cities and towns with 88.7 per cent of the right-of-way owned privately and the rest located on public thoroughfares. The company employed four hundred and seventy-six people to conduct its operations. Even though the company originally began as a passenger and express service and obtained its revenue therefrom, after the filing of an amended charter in 1928 authorizing the carrying of freight, the per cent of freight revenue rose to fifty-four per cent of the total revenue by 1934. At the present time the company had sixteen

\[43\text{ Ibid.}\]
interchange connections with six steam railroads, with the bulk of freight handled by the steam railroads' standard equipment. Furthermore, for the promotion of freight business the company used soliciting agents at Chicago, St. Louis, Kansas City, Louisville, New Orleans and Houston. Texas Electric Railway belonged also to the Texas Tariff Bureau and the Southwestern Freight Bureau. The Interstate Commerce Commission's conclusion stated;

The Texas Electric may have been a mere interurban originally, but it has lost its distinctive character as such by the changes in its business. . . . whether the [freight] revenue . . . is less than its passenger revenue . . . [it] has more of the characteristics of a commercial railroad operated by electric power than of an interurban . . . . Everything considered, we find that the Texas Electric Railway is not a street, interurban, or suburban electric railway within the exemption proviso to the first paragraph of section 1 of the Railway Labor Act, as amended June 21, 1934. 44

From then on Texas Electric Railway was required to subscribe to the laws, rules, and regulations governing the railroads. For example, employees who belonged to the various Railroad Brotherhoods were eligible for certain benefits such as the pension under the Railroad Retirement Act. Of course, this was a financial blow to Texas Electric Railway.

44 Ibid.
However, by the end of 1935 the company was in a better financial position than it had been in the beginning of the receivership. Management had sold enough property to the Texas Power & Light Company to take care of all outstanding claims against the company prior to receivership. This included almost all claims against the line for personal and property damage. The company maintained attorneys representing the organization in all major towns to take care of these suits that constantly plagued the interurban.

Most of the suits were minor in nature. For example, W.F. Varner sued the interurban for killing two registered Jersey cows and the matter was settled out of court. Another rather interesting case was Scott versus Texas Electric Railway. Scott sued the company for damages inflicted when the interurban hit a flying buzzard which shattered a glass window. This case went to court and the judge ruled against Texas Electric Railway, stating that the motorman should have stopped the car until he was sure the three buzzards originally sitting on the track were well clear of


46 McAuliff interview.
the interurban. A higher court, however, reversed the decision. Altogether Texas Electric Railway's affairs appeared to be improving; therefore, on September 30, 1935, the company filed a voluntary petition in the United States District Court for re-organization. 47

Probably, Griffin and the rest of the company's management believed a number of factors were to be favorable for Texas Electric Railway in the coming year. Total revenue was increasing and the state economy as well as the national economy was improving. The federal government's farm program assisted the South's agriculture in benefits, prices, and income, especially the cotton farmer. 48 Furthermore, the city fathers were building a great new attraction in Dallas; they were refurbishing the Dallas Fairground for the Texas Centennial celebration occurring in 1936. Dallas had triumphed over other Texas cities in vying for this event which was sure to give great economic impetus to the area where it was held. Contractors razed the old buildings at the Fairground and then built the nine major buildings that now constitute the present exhibit buildings. Furthermore, a completely new midway amusement area was added and would

47 T.J. Moss Company vs. Texas Electric Railway.
48 Dallas Morning News 8 January 1936; Tindall, p. 403.
remain open most of the year. Centennial officials even expected a visit from the President of the United States as well as other important personages during the coming year. 49

Perhaps, the new regulations governing motor vehicles were a source of optimism for company officials. In July, 1933, the Texas Railroad Commission drew attention to an act passed by the legislature defining the classification of motor bus companies and stating as common carriers they must obtain insurance for liability and property damage. They must also participate in workmen's compensation insurance. 50 Furthermore, in January 1934, Texas law prohibited transportation agencies and travel bureaus from obtaining passengers for share-expense trips in private automobiles. 51 Perhaps, management knew that motor vehicle registration in six of the counties served by Texas Electric Railway was less in 1935 than in 1930, 52 and assumed the automobile craze was

49 Santerre.

50 Circular issued by the Railroad Commission of Texas, July 1933.

51 Railway Age Gazette 96:173 (January 1934).

52 Letter from the Texas Highway Department, Austin, Texas September 17, 1971.
waning. With bus transportation feeling the weight of
government regulation and automobile ownership declining,
the electric interurban could now compete for passengers
on more equitable terms.
CHAPTER IV

DECLINE AND DEMISE OF THE TEXAS ELECTRIC

Re-organization hearings for Texas Electric Railway began on September 30, 1935, in the District Court of the United States Northern District of Texas, Dallas Division. Griffin sent out notices on behalf of Texas Electric Railway to stockholders and creditors informing them that the hearing would convene at 10:00 A.M. October 26. At the meeting, the bondholders' committee pressed for re-organization of the company, but others opposed the continuance of the inter-urban. Griffin gave lengthy testimony on conditions which had brought Texas Electric Railway to its present financial state. He concluded by saying he thought the interurban should continue under a new company brought into existence through a re-organization plan.1

Griffin also requested that the court allow the remaining street railway owned by the company in Waco to discontinue service. He said that the City Council was complaining about

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1 Reorganization Proceedings, Docket #3651 in the District Court of the United States Northern District of Texas, Dallas Division. Records in file #366938 at the Federal Record Center, Fort Worth, Texas.
the poor condition of the road surrounding the railway tracks. For Texas Electric Railway to rectify this condition, it would take more money than company officials felt the organization should invest in an economically declining operation. For example, workmen had laid the complete trackage system with ties too far apart; consequently, adequate repair meant tearing up all the track in order to replace the ties. The company had already sought permission of the Waco City Council for permission to substitute buses for the services of the street railway and company officials had understood the City Council agreed to this change. However, before the parties signed a franchise, city elections occurred which involved much bitterness because of certain internal problems of the city. Now Texas Electric Railway found that the new City Council was considering two other bus operators who were offering favorable terms to the city. The court indicated a willingness to allow the substitution of buses if the railway could negotiate an agreement with the city of Waco. With this knowledge, Texas Electric Railway forcefully urged Waco's City Council to accept its offer, pointing out that the railway company had a Dun and Bradstreet rating while the other two operators did not. The City Council awarded Texas Electric Railway a twenty-five
year franchise specifying the use of at least twenty-eight buses; thereupon, the street railway in Waco ceased operations.²

The court found the interurbans and street railways of the nation in a "pitiable" condition. Nevertheless, Governor Colquitt, appointed Special Master by the court, examined the affairs of Texas Electric Railway and spoke out favorably for the company. Colquitt had not only served as Governor of Texas, he had worked on the Railroad Commission of Texas for eight years and served on the United States Board of Mediation for almost five years, consequently the court considered his opinion an authoritative one. Colquitt advocated re-organization.³

The court handed down its decision on December 6, 1935. The judge stated that he had listened carefully to all the testimony for and against re-organization of Texas Electric Railway. He had also read and carefully analyzed a number of letters he had received asking him to deny re-organization. Those who wanted re-organization were in the majority. Among those in favor of it were the security

²Ibid.
³Ibid.
holders; therefore, even though the court considered that the property might well end up as "junk" it also believed the bondholders had ". . . the right to take this step and make this effort" to redeem their investments. 4

The court issued an order on December 16, 1935, approving a charter for the new company and authorizing the Debtor . . . to make due transfer and conveyance of . . . all properties and assets free and clear of all claims of the Debtor, its stockholders and creditors except such claims as reserved in the Plan and Federal and local taxes due.

There were some debts the new company had to assume; these were funds owing to the Southwestern Life Insurance Company, Pennsylvania Railroad Company, and expenses and compensations to the trustees of Texas Electric Railway's first and refunding mortgage. The new company would not be responsible or liable to any creditor of either Texas Electric Railway or former Receiver Griffin. 5

Representatives of Texas Electric Railway Company filed a charter with the Secretary of State for the franchising of a new company for fifty years. Under the charter, the new company could ". . . construct, acquire, maintain, and operate lines of electricity, gas, or gasoline, denatured

4 Ibid.
5 Ibid.
alcohol, or naptha, motor railways and interurban railways freight or passenger or both." It included the cities where the line already operated but ignored the additional towns and cities included in the old charter of Texas Electric Railway.6 Strickland's dream of an expanding electric railway system was gone forever.

Under this charter the company could substitute motor bus lines in whole or part in towns, and also in place of the electric interurban. The new company issued 61,850 shares of capital stock replacing the $5,444,000 Texas Electric Railway first and refunding mortgage in thirty-year gold bonds and the $741,000 of first mortgage five per cent sinking fund gold bonds. It was all in common stock with no par value. The security holders received ten shares for each one thousand dollar par amount of bonds.7 The stock transfer took place at the company's office on February 2, 1936. There were 973 stockholders.8

On December 27, 1935, the Directors of the old company called a general meeting. A quorum of the new stockholders

6Charter #68572 on microfilm at the Department of the Secretary of State, Austin, Texas.

7Ibid.

arrived and these people elected officers for the new company and also adopted by-laws for the organization. Texas Electric Railway Company, through its officers, obligated itself to comply with the plan of re-organization. Officers of the old company drew up a final financial report for the period from October 1 to December 31, 1935, and submitted it to the court. The court then stated that as of 12:01 A.M. January 1, 1936, all assets and properties free and clear of debt now belonged to Texas Electric Railway Company and its successors.\(^9\)

The court called for a final hearing on February 29, and announced it in the local press. At the hearing no one presented any further objections against re-organization. Therefore, the Texas Electric Railway was laid to rest and a new company emerged.\(^10\)

As one can see in Table VI, 1936 was a good year for the new company. Operating expenses had increased since re-organization but all revenue increased more. The taxes paid by the company in that year remained approximately the same as they had in the previous few years.\(^11\)

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\(^9\) Charter #68572.

\(^10\) Re-organization Proceedings.

TABLE VI

INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY COMPANY

<table>
<thead>
<tr>
<th></th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue</td>
<td>$ 534,835</td>
<td>$ 540,122</td>
<td>$ 512,335</td>
<td>$ 498,035</td>
</tr>
<tr>
<td>Freight Revenue</td>
<td>441,565</td>
<td>427,640</td>
<td>394,325</td>
<td>393,918</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1,131,895</td>
<td>1,100,679</td>
<td>1,025,960</td>
<td>1,009,972</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>942,084</td>
<td>957,886</td>
<td>879,648</td>
<td>855,422</td>
</tr>
<tr>
<td>Net Income 12</td>
<td>145,947</td>
<td>83,133</td>
<td>78,804</td>
<td>87,902</td>
</tr>
</tbody>
</table>


After 1936 all revenues began declining. Although management succeeded in lowering the operating cost quite substantially in 1938, Texas Electric Railway Company seemed to be following in the footsteps of its predecessor. Taxes paid by the company in 1937 were approximately $17,000 over those paid the previous year. 13

12 "Other" Income is included in the Net Income. Taxes, Interest and rent are deducted, but not depreciation.

Texas as a whole recovered quite well from the depression years. The average national per capita income was usually higher than the one for Texas, but this was not true in the early years of depression recovery.\textsuperscript{14} During the recession of 1937-1938 the factory payrolls of Texas dropped only a fraction of the national percentage drop and national per capita farm index of 1929 was sixty-nine per cent for the country but seventy-six per cent in Texas. During these years there was unprecedented oil development and Dallas was the oil center.\textsuperscript{15} By the end of the thirties North Texas entered a time of expansion and prosperity.\textsuperscript{16} Texas Electric Railway Company, however, did not seem to enjoy this great burst of prosperity.

No doubt the electric interurban did profit somewhat from the general recovery, but management felt it would be much healthier if it did not have to spend money it could ill afford because of being classified by the Interstate Commerce Commission as a railroad. Therefore, in 1939 the company took its case to the United States Supreme Court. Its brief maintained the line was an electric interurban and not a

\textsuperscript{14} Dallas Morning News, 17 October 1940.
\textsuperscript{15} Fortune, December 1939, p. 82.
\textsuperscript{16} Santerre.
railroad. The Court ruled against the railway company, meaning that it was not exempt from the Railway Labor Act, the Carrier's Taxing Act of 1937, nor the Railroad Retirement Act of 1937.\textsuperscript{17}

At the time the decision seemed quite a blow to the company. But S.P. Burford, attorney for the company, said it was a blessing in disguise. If the railroad had not been classed as a railroad it would have fallen under the jurisdiction of the Wagner Act.\textsuperscript{18}

The interurban's old nemesis, rubber-wheeled transportation continued to grow. As the populace recovered from a depressed economy, the vehicle registration in Texas increased steadily. All the counties served, except Hill, registered substantially more vehicles in 1940 than they had registered in 1935,\textsuperscript{19} and the mileage designated as state highway increased more than fifty per cent between 1923 and 1940. Furthermore, the expansion of state highways was only a small fraction compared

\textsuperscript{17} Railway Age Gazette 106:792 (May 1939); Ibid., 107:766-767 (November 1939).

\textsuperscript{18} S.P. Burford, interview held in September, 1971 at Mr. Burford's office in the Fidelity Union Life Building, Dallas, Texas. Mr. Burford served as attorney for Texas Electric Railway Company from its inception until its dissolution.

\textsuperscript{19} Letter from the Texas Highway Department in Austin, September 17, 1971.
to the increase in county roads. County roads also improved greatly in quality.\(^{20}\)

As shown in Table VII, the decline in Texas Electric Railway Company's revenues discontinued once the nation entered World War Two.

### TABLE VII

INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY COMPANY

<table>
<thead>
<tr>
<th></th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue</td>
<td>$478,811</td>
<td>$479,915</td>
<td>$1,010,181</td>
<td>$1,698,116</td>
</tr>
<tr>
<td>Freight Revenue</td>
<td>406,707</td>
<td>395,431</td>
<td>271,081</td>
<td>254,918</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>986,993</td>
<td>963,062</td>
<td>1,360,188</td>
<td>2,026,869</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>824,781</td>
<td>754,774</td>
<td>953,943</td>
<td>1,107,012</td>
</tr>
<tr>
<td>Net Income</td>
<td>95,083</td>
<td>146,967</td>
<td>333,420</td>
<td>754,297</td>
</tr>
</tbody>
</table>


Between 1940 and 1943 passenger revenue increased greatly. No doubt some of this increase was due to government rationing tires and gasoline so that more people had to rely on the

interurban for transportation. Furthermore, a large number of troops stationed in the area used the electric railway.\textsuperscript{21} Freight and express revenue, however, continued declining. Before 1942 Texas Electric Railway had hauled a considerable quantity of gasoline, but it lost this during the war because the tank cars were pressed into long-haul service.\textsuperscript{22} At this time, the company also lost the automobile freight it had enjoyed. The increase in passenger travel brought an increase in operating expenses so that by 1943 this item went above the million dollar mark. In 1941 the company issued a $6.36 dividend, in 1942 a $4.00 dividend, and in 1943 a $12.00 dividend to its stockholders.\textsuperscript{23}

Not all branches of the line were equally profitable after the re-organization proceedings of 1936. On December 10, 1940, Texas Electric Railway Company submitted a request to the Interstate Commerce Commission for the abandonment of the branch running from Dallas to Corsicana. A number of labor organizations filed protests against the request.\textsuperscript{24}

\textsuperscript{21}Santerre.


The members of the Interstate Commerce Commission reviewed the circumstances affecting the branch. Since 1930 the population in Dallas County had increased, but in the rest of the area served by the branch population had either remained the same size or had declined. Although there was a variety of freight in the region, Texas Electric Railway had to compete with other common carriers in the territory and was not successful in obtaining a healthy percentage of available freight. The line carried mostly onions, cotton, and brick. Other rail transport, as well as two truck lines and one bus line that ran frequently, covered the same territory as the interurban. The company was the sole carrier for one manufacturing establishment. However, this was a malt-beverage plant which expected to go out of business very soon because the county had recently passed a prohibition law against alcoholic beverages.

During the years 1935-1936, the passenger traffic remained fairly constant, but freight declined. The branch needed extensive repairs to the roadbed, tracks in paved streets, bridges, culverts, and needed a large number of new crossties. The branch required all the repairs done and the purchase of new equipment in order to stay in business on

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25 Ibid., pp. 765-767.
an economical and efficient basis. The repair costs alone would amount to $90,085. It seemed unrealistic to management to invest this amount of money over the next two years when freight tonnage was decreasing and passenger revenue was not improving. During the previous two years, funds from the rest of the railway's operations had subsidized the Corsicana branch. 26

The brotherhoods of trainmen, railway clerks, and maintenance-of-way employees opposed the abandonment, but did not introduce testimony before the Commission on their own behalf. Forty employees lost their jobs because of the abandonment. None of them had seniority rights and the company did not see fit to absorb them into any other part of the line. 27 The personal tragedy of the men who worked on the Corsicana branch was an echo of what was happening nationally. Many electric railway employees began as young men with companies, but found when the electric railways curtailed service they no longer had jobs and had little skill for other employment. This situation became worse as time went on and so many lines abandoned complete operations. 28

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26 Ibid.
27 Ibid.
28 Hilton and Due, p. 250.
The Interstate Commerce Commission ruled that the various costs the company would have to undertake to put the branch into good operating condition did not warrant a continuance of service. It stated that "... under the circumstances that continued operation of the branch would impose an undue burden upon the applicant and upon interstate commerce." Furthermore, other rail carriers as well as motor carriers could serve the territory. The Commission handed down its decision on December 26, 1940, and it went into effect forty days from that date. The Commission estimated that the net salvage value of all branch property, exclusive of land, would amount to approximately $178,904.29

Texas Electric Railway Company had problems other than with repair and maintenance of physical property. Labor unrest became more intense around 1941-1942, but management refused to recognize it as serious at that time.30 The Congress of Industrial Organizations was gaining strength in the South31 and had organized railway workers who were not already in railroad brotherhoods.

29 Interstate Commerce Commission Reports Vol. 242, p. 768.
30 Burford interview.
Representatives from the union called on company officials making certain demands for the workers, but at first management refused to recognize them because they said the representatives had no proof that they represented a majority of the employees. However, after the United States entered the war, workers were in a position of strength to press their demands upon the company. Transport workers were desperately needed. By 1943 increased revenues of the railroads spurred workers to insist on a share of the rising affluence.

Serious labor trouble which had been brewing for a long time in the Texas Electric Railway Company burst forth in late 1944. By March of 1945 the War Emergency Board intervened to avert trouble between the company and the Brotherhood of Maintenance of Way employees, who demanded a working agreement. But in June mediators could not turn trouble away so easily. Transportation, shopline, and power department employees walked out on strike. The Congress of Industrial Organization had called the walkout. The union demanded an eight-hour day and time-and-a-half for

32 Burford interview.
33 Dallas Craftsman, 12 February 1943.
34 Burford interview; Railway Age Gazette 118:9 (March 1945).
overtime work, and a wage increase of from seventy-five to ninety-five cents an hour for motormen and bus drivers.35

No longer could the company merely dismiss its dissident employees as it had done in earlier years; it was forced to negotiate.

The situation was very sensitive. The federal government sent an emergency board to Dallas in an effort to get the parties together. Hearings held at the Adolphus Hotel continued day and night. The union did not seem to have particularly competent legal help, and this prolonged the proceedings. Instead of originating their own labor contract, union representatives brought sample contracts from railroads such as the Santa Fe and wanted to use one of these. However, according to Texas Electric Railway Company's management, this attitude was completely unrealistic. Such a small operation as the electric railway could not possibly function under the same labor-company conditions as a large steam railroad. Eventually, both parties modified their stands and compromised on a contract that both of them found acceptable. The railway did not function during the four days of the strike but negotiations continued all of that

35 *Railway Age Gazette* 119:43 (July 1945).
time. "Never," said one of management's negotiators, "have I worked so hard or been so tired in all my life."\(^{36}\)

Between 1944 and 1947 passenger revenue declined more than fifty per cent. Once the war came to an end people went back to driving automobiles and travelling in buses. Furthermore, the large troop encampments had left the area. Freight and express revenue remained relatively stable, but the company was still not able to operate profitably. The railway never did recover the gasoline freight it had carried before the war. Perhaps one of the reasons for this loss was the sale of the bus line in Waco to the Waco Transit Company and the bus line in Sherman and Denison to the City Transit Company in August of 1946.\(^{37}\) In earlier years the gasoline companies and Texas Electric Railway Company had a reciprocal agreement; the company would use a certain gasoline in its buses if the producer gave the freight to the electric railway.\(^{38}\)

In 1946 income classed as "other" rose tremendously. Over the years from 1936 to 1945 it rose gradually from

\(^{36}\)Burford interview.


\(^{38}\)McAuliff interview.
approximately $3,000 to $7,000, but in 1946 and 1947 it jumped to approximately $70,000.\textsuperscript{39} This increase was probably the result of the sale of the city bus lines. The company issued a $9.00 dividend in 1944, no dividend in 1945, and an $18.00 dividend in 1946. Most of the dividends after 1940 were from funds realized on the sale of properties and land of the old Corsicana branch. From the time of reorganization in 1936, a stockholder received $49.36 in dividends on one share of stock.\textsuperscript{40}

The decline of revenue after the war years is described in the following table. The declining receipts continued into the early months of 1948. Griffin, who was still president of the company, declared the losses were averaging about $20,000 a month. Inadequate revenue was bad enough, but there was worse to come. On April 10, 1948, a disastrous wreck occurred just north of Dallas in the White Rock area. A motorman failed to obey a dispatcher's order and caused a head-on collision between two interurban cars.\textsuperscript{41}

\begin{itemize}
\item \textsuperscript{41} Dallas Morning News, 11 April 1948.
\end{itemize}
## TABLE VIII

INCOME AND OPERATING EXPENSES OF THE TEXAS ELECTRIC RAILWAY COMPANY

<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1945</th>
<th>1946</th>
<th>1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Revenue</td>
<td>$1,876,018</td>
<td>$1,836,458</td>
<td>$1,344,597</td>
<td>$720,510</td>
</tr>
<tr>
<td>Freight Revenue</td>
<td>294,684</td>
<td>274,826</td>
<td>287,295</td>
<td>337,244</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>2,261,643</td>
<td>2,215,943</td>
<td>1,734,122</td>
<td>1,198,614</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,481,943</td>
<td>1,519,144</td>
<td>1,353,214</td>
<td>1,055,849</td>
</tr>
<tr>
<td>Net Income</td>
<td>578,195</td>
<td>379,777</td>
<td>296,773</td>
<td>22,037</td>
</tr>
</tbody>
</table>


When the operator of a northbound car stopped at the Vickery station, he received orders to go approximately one mile further to the Kirkland switch and to wait until the 5:30 A.M. car from McKinney passed through. The motorman failed to obey the instructions. The car proceeding north was only about half full, but the car travelling south was so crowded passengers were standing in the aisle. Fortunately, when the accident occurred the southbound car had not yet picked up speed after stopping for some passengers. It was travelling about twenty-five to thirty miles an hour. Both
motormen driving each car saw a crash was inevitable; consequently, they locked the car brakes and ran back through the cars trying to warn passengers of the shock to come. Even though both cars were going slow by the time they made contact, it was quite a spectacular accident. The southbound car drove like a wedge a quarter way into the northbound car. Seats came loose and both seats and passengers were scattered all over the area surrounding the tracks. Help came very quickly as ambulances, squads of police, and all available deputy sheriffs rushed to the scene. Forty-nine people suffered injury, two were in serious condition, and one was in critical condition. Luckily there were no fatalities and even those seriously hurt eventually recovered.\textsuperscript{42}

This accident was the death blow for Texas Electric Railway Company. Previously there had been a number of small wrecks; one occurred at a park near Sherman and another at Red Oak in Lancaster. The company simply did not have the money to pay for all the damages.\textsuperscript{43}

There were also complaints about the company by irate Dallas citizens. On April 12, Griffin and some north Dallas citizens. On April 12, Griffin and some north Dallas citizens.

\textsuperscript{42}Ibid. Hilton and Due state there were some fatalities; however, according to local papers there were no persons killed.

\textsuperscript{43}Burford interview.
home owners appeared before the City Board of Adjustments. The home owners were most unhappy about switching operations on a spur line at Anita and Matilda Streets. The property owners presented a petition of grievances against the company. These grievances included late hour switching, excelsior blowing off a car loaded with pipe and littering the surrounding yards, a load of peat moss being scattered over the neighborhood, and the danger of the line to school children as it ran within a thousand feet of Stonewall Jackson school near Greenville and Mockingbird Streets. One of the petitioners asked Griffin if the rumor was true that the electric railway planned on ceasing operation. Griffin would not answer the questioner directly, but said the stockholders were to meet on April 20. He refused to amplify this statement and refused to disclose the stockholders' meeting place. 44

The stockholders met on April 20, 1948, and decided to ask the Texas Railroad Commission for permission to substitute bus transportation for part of the present interurban system and to petition the Interstate Commerce Commission for permission to completely abandon the electric railway system.

44 Ibid.
The Texas Railroad Commission approved the company's proposal for a bus line from Dallas to Waco on the condition that the Interstate Commerce Commission agreed to abandonment of the line. The company had no plans for motor operation over the Dallas to Denison branch.\textsuperscript{45} Many people living in towns along the two branches were very upset at the thought of losing the interurban. These people had the opportunity of voicing their opposition in hearings held at Waxahachie, Hillsboro, and McKinney.\textsuperscript{46}

Texas Electric Railway Company's abandonment request went to the Interstate Commerce Commission on September 23, 1948, with the company still maintaining it was an electric interurban and not actually under the jurisdiction of the Commission. Members of the Commission referred back to the decision in the Corsicana branch abandonment stating that the company's status was the same now as then. The Commission reviewed the past history of the company and noted that the electric railway's revenues had been declining for some time. It examined the present territory served by the company and decided that shippers had access to common

\textsuperscript{45}Dallas Times Herald, 7 July 1948.

\textsuperscript{46}Burford interview.
carriers other than Texas Electric Railway Company. The Commission observed that both branches of the line paralleled "... improved highways over which common carrier truck and bus lines operate regularly."\textsuperscript{47}

The applicant brought the deterioration of the property to the attention of the Commission. Repairs and replacement of equipment to maintain the line in safe operable condition would amount to more than $475,000. The main items included in the list of needed repairs were bridge strengthening, new ballast to replace the old, which sank very quickly into the black clay of the area, and replacement of a large number of ties. Furthermore, the electric railway needed to replace a substation which had recently burned; this would cost an additional $60,000. Several cities through which the interurban travelled demanded the company repave part of the streets; this would cost another $200,000. In addition to all the repair and maintenance costs, the company urgently needed some new rolling stock.\textsuperscript{48}

The Commission also had to decide on petitions of three hundred employees asking that "... conditions for their

\textsuperscript{47} \textit{Interstate Commerce Commission} Reports Vol. 271, pp. 391-399.

\textsuperscript{48} \textit{Ibid.}
protection be prescribed."

The men wanted severance pay. Many of these men were approaching retirement age, which meant they were too old to secure new jobs. Some had been with the electric railway for many years and felt they should get special consideration because when the company had fallen upon difficult times at an earlier date they had voluntarily agreed to wage cuts. The petitioners based their claim on the fact that Texas Electric Railway Company was hoping to substitute bus service for the interurban between Dallas and Waco. They said this meant the line would not completely abandon its operations; therefore, the precedent set by the Commission for employees after complete electric railway line abandonment should not apply in this case. In other cases the Commission had denied special consideration for employees on total abandonment.\(^4\)

The Commission denied the employees' request. The proposed bus service would employ only fifty persons, and with the competition of a bus line already operating from Dallas to Waco, it was doubtful the proposed bus company would be "... sufficiently profitable to enable the payment of benefits to the employees of the applicant." One

\(^4\)Ibid.; Burford interview.
Commissioner issued a dissenting opinion on this portion of the case. \(^{50}\)

The Interstate Commerce Commission handed down its decision on November 16, 1948.

We find that the present and future public convenience and abandonment by the Texas Electric Railway Company, as to interstate and foreign commerce, of its entire lines of railroad . . . subject to the conditions that the applicant shall sell the lines or any portion thereof, including such tracks and other facilities and property of said company as may be essential to the continued operation of such lines or portion thereof, to any responsible person, firm, or corporation offering, within 40 days from the date of the certificate, to purchase the same for operation in railroad service, and willing to pay therefor not less than the fair net salvage value of the property which they may seek to acquire.

The Commission set the net salvage worth at $1,800,000. \(^{51}\)

No purchaser came forth. Thus abandonment took effect at midnight December 31, 1948. The company offered its passenger cars complete with seats, plate glass, and floor covering for $1,000 apiece. The express cars sold for $500 each. The Illinois Terminal Railroad and some West Virginia coal mines purchased most of the electrical equipment. Depots and other such buildings remained where they were and were sold to interested parties. A number of short railroad lines in the Southwest purchased 200,000 cross ties which were in

\(^{50}\) *Interstate Commerce Commission Reports* Vol. 271, pp. 391-399.

\(^{51}\) Ibid.
usable condition. Another 200,000 cross ties went for use as fence posts. Most of the copper wire went to smelters. On January 1, 1949, the Commercial Metals Company began tearing up the rail despite efforts of four members of the Electric Railway Association to stop the destruction by handcuffing themselves to the rails. By using the electric railway itself for transporting the material, stockholders derived some funds from freight charges paid by the Commercial Metals Company.

Management issued its final accounting for 1948. Total revenue for the year amounted to $1,061,454 and operating expenses were $966,198. Net income amounted to $30,973.

Abandonment of the interurban brought sadness to many. Some, like the pastor of a Presbyterian church in Italy, wrote letters to newspapers mourning the loss and paying tribute to the men who operated the line. Others made a

52 *Dallas Morning News*, 1 January 1949; *Interurbans* No. 8 November-December 1948.

53 Telephone conversation with Mr. Bill Womack, Vice-President of Commercial Metals Company. Mr. Womack had begun working with this company at this particular time. He was one of the workmen who removed the tracks.


55 *Dallas Morning News*, 5 December 1948.
pilgrimage to the Dallas terminal on December 31, 1948, to say farewell to an old friend. One motorman who had driven the first scheduled trip on the Waco to Dallas branch in 1913 asked for and received the privilege of driving the last interurban passenger car traveling on the same branch. The car arrived at the Dallas terminal at midnight December 31, 1948.56

The company's officers took seven years for the conclusion of the electric railway's affairs. The company became embroiled in some litigation in 1952 concerning title to right-of-way land. The interurban had received some of this land as a gift, other land it had bought. Some of the purchase contracts included a clause saying "... in event an interurban line is not constructed this instrument shall be void and in no effect." An attorney representing former owners of the land said this clause applied when an interurban ceased operation. This particular land was very valuable as it paralleled the highway between Dallas and Waco; consequently, it meant a great deal financially to the stockholders. The original court handed down a decision

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56 Ibid., 1 January 1949.
against the Texas Electric Railway Company, but the Texas Supreme Court later reversed the decision.\textsuperscript{57}

From time to time during the seven years, company officials distributed part of the net proceeds received from the sale and disposal of properties. At the beginning of 1955 the United States District Court for the North District of Texas issued an order published in the local newspapers denying the right of any bondholder of Texas Electric Railway bonds or any holder of Texas Traction stock to receive an exchange for Texas Electric Railway Company stock after July 31, 1955. On May 6, four-fifths of all holders of outstanding stock met and unanimously agreed that the final dissolution of the company should occur as soon as possible after the end of July. Before going out of business the officials would have to pay all debts and divide all money collected between the stockholders. Burford sent the minutes of the meeting and a signed consent of the stockholders for the dissolution of the company to the Secretary of State in Austin. On October 10, 1955 the Secretary of State issued a certificate of dissolution.\textsuperscript{58} Texas Electric Railway no longer existed.

\textsuperscript{57} Neale vs. Texas Electric Railway, Southwest Reporter 252:451.

\textsuperscript{58} Dissolution permission filed October 10, 1955 under Charter #68572.
Shortly before the Interstate Commerce Commission's decision for the 1948 abandonment, representatives of the electric railway's employees had approached James P. Griffin asking him to consider continuance of the line if they would work for less money. Griffin's reply was short and bitter, "... if you had not demanded the last wage increase. You waited until the patient was a dead duck before you called the doctor. It's too late now." Despite Griffin's answer to the employees, continuing decline of revenue after the profitable war years and possible claims of accident victims indicate that not even a substantial reduction in wages could have kept the company afloat. Rubber-wheeled transportation had finally achieved victory over the electric interurban railway.

This victory was inevitable. Americans have always been a spatially mobile people, and as such have been receptive to any innovation that would increase mobility. Thus, in many areas the steam railroad gave way before the more convenient electric interurban, and in turn, the electric interurban gave way before the promise of increased mobility of rubber-wheeled vehicles. Automobiles, buses, and trucks

59Interurbans 6 (March-April).
did not have to travel over fixed tracks, nor remain attached to the umbilical cord of an electric power line. They could travel over any reasonably smooth stretch of ground. In a single decade, 1920-1930, automobile registration in the nation almost tripled for passenger cars and more than tripled for trucks. In 1913, "... there was only one motor vehicle for every seventeen families, but by the late 1920's there was an average of nearly one per family."\(^{60}\) The counties served by Texas Electric Railway Company reflected this continual rise in vehicles registered. In Dallas County alone, the registration of 1947 doubled that of 1930. All the other counties included in the interurban's territory showed a substantial increase in vehicle registration, even though they did not show a similar increase in population.\(^{61}\)

During the years the interurban operated, population in Dallas County increased at a high rate but this growth in the metropolitan area, which had seemed so favorable to the electric railway in the early years, proved not to be a boon as time passed. The dominance of Dallas over an expanding hinterland did much to halt the growth of surrounding towns. Between 1930 and 1940, all counties except Dallas


\(^{61}\) Letter from the Texas Highway Department.
which the interurban serviced lost population. People and businesses preferred locating in, or close by, the big city.

The growth of rubber-wheeled transportation and improved highways struck a mortal blow at the freight business before it had really begun. The concept of a rail system spreading out like spokes of a wheel with homes, industry, and wholesale establishments paralleling the spokes was no longer valid. Ownership of an automobile meant people could live anywhere they desired providing roads were available. An industry or wholesaling business could establish itself wherever it wanted as long as there was a highway nearby which could equalize time-cost factors with competitors.

The electric interurban railway simply could not withstand the onslaught of the automobile. The company had certain operating costs that remained the same, even though revenue declined. Furthermore, once the railway went into the freight business it came under the more restrictive regulations governing railroads. In addition, it had to deal with the increasing power and activities of unions that

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gained strength during the war years. Members of the unions pressed the company for higher wages and fringe benefits which would bring the company in line with the practices of other industries. The company could not meet these added costs.

The Texas Electric lasted only thirty-one years. But one should marvel at its continuance for even that length of time. For it came into existence at that point in time when trucks, buses, and cars were starting to give real economic competition to other modes of transportation. Moreover, it had to compete with psychological factors involving the automobile; a car offered the owner a feeling of a second home, personal power, and increased social status. Although the electric interurban ceased existing twenty-three years ago, it still lives on as a nostalgic memory for many of those who had the pleasure of travelling over the line. And perhaps, those people who sit with eyes half-closed, whom one sees riding the bus from Dallas to Denison, and Dallas to Waco, are imagining themselves once again enjoying the journey aboard the comfortable, roomy Bluebonnet Limited, as it speeds across the North Texas countryside.

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Burford, S.P. Personal interview with Burford at his office in the Fidelity Union Life Building September 1971. As an attorney Burford represented the electric railway from 1935 until 1955.


Caruth, W.W. Jr. Telephone conversation with Caruth September, 1971. Caruth's father donated the land for the construction of Southern Methodist University and was a board member for Texas Traction Company.
Letter from the Texas Highway Department, Austin, September 17, 1971.

McAuliff, C.F. Personal interview at his office in the Fidelity Union Life Building, Dallas, Texas, August, 1971. McAuliff began work with the Southern Traction Company and worked for the Texas Electric Railway from its inception until its dissolution in 1955. He served in a number of capacities including Purchasing Agent, Treasurer, Vice-President and President.