

THE ROCK ISLAND RAILROAD IN IOWA

By Dwight L. Agnew*

The Mississippi & Missouri Railroad, which had entered Iowa City on January 1, 1856, with fanfare and promise, reeled under the heavy blows of depression and Civil War and failed to revive with the return of business activity.¹ In terms of miles of track constructed, the history of the M & M from 1860 to 1866 can be told briefly. The road had been started as an Iowa enterprise under the aegis of the Chicago & Rock Island Railroad of Illinois, and had been built westward from Davenport to Iowa City between July, 1855, and January, 1856. By 1866 the end of track had been pushed westward a mere forty miles beyond Iowa City. The lack of activity brought threats of suits, efforts at reorganization, and final demise.

From the standpoint of progress in construction the M & M was virtually dead during the war years. The bonded indebtedness was constantly increasing, while no dividends were paid. In October, 1860, there had been hopeful signs. "Advices from New York," noted an Iowa City paper, "bring the gratifying intelligence that the bonds to a large amount of the Mississippi and Mo. Railroad have been negotiated and that henceforth the work will be pursued forward steadily and rapidly to the Missouri." Company bonds were quoted in Wall Street at 68 or 69. "At the figures we name," said the editor, "they ought to satisfy the most greedy seekers for gain, even among the denizens of Wall street." In December a committee of stockholders in Iowa City had investigated conditions and prospects of the M & M. Not having access to the books of the Company, they had written Hiram Price of Davenport, one of the original organizers, for information. Price replied with figures for the last six months of 1859, showing that the net earnings would not meet the interest due on bonds. At a loss

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¹ For the early history of the Rock Island and the Mississippi & Missouri railroads, see the following articles by Dwight L. Agnew: "Beginnings of the Rock Island Lines," *Journal of the Illinois State Historical Society*, 46:407-424 (Winter, 1953); "Iowa's First Railroad," *IOWA JOURNAL OF HISTORY*, 48:1-26 (January, 1950); "The Mississippi & Missouri Railroad, 1856-1860," *ibid.*, 51:211-32 (July, 1953).

to know why Price had selected that particular period as an exhibit, the committee recommended that the city attorney enter suit against the road to obtain the desired information.² Apparently the threat was not carried out.

A board of directors meeting, held in New York on November 5, 1861, had considered ways and means for reviving the fortunes of the M & M. The company faced many difficulties. The track had been extended less than 100 miles from Davenport, although by the terms of the Iowa land-grant bill it should have been 135 miles out. Interest on bonds already issued was in arrears, and M & M bonds could not be sold "unless at a ruinous sacrifice." The company found it impossible to pay the contractor, Thomas C. Durant, who had agreed to proceed with construction in advance of payment. The board of directors waived claim to such materials as Durant might furnish and agreed to let him use the road as he completed it until the company could pay him in full. The board further resolved that the net earnings of the road not otherwise appropriated should be applied on construction of the road west of Marengo in Iowa County.³

On December 10, 1861, another mortgage on the M & M was executed with the issuing of bonds known as second mortgage construction bonds to the amount of \$700,000. These bore interest of 7 per cent and were to be paid on January 1, 1882. They were secured by "the entire property and franchises of the Company, together with all its lands now owned or which may hereafter be acquired by said Company." The mortgage was to be a third lien on the road from Davenport to Iowa City and on the branch from Davenport to Muscatine and a second lien on the remainder of the road.⁴

The mortgage only added to the company's problems, however. The road was extended so slowly that there was no appreciable increase in net earnings. Interest on bonds could barely be met, and no dividends were possible. Joseph Sheffield, financier for the Chicago & Rock Island construction, had considerable investments in the M & M. He realized, as indeed many others must have, that some plan must be formulated to re-

² Iowa City *Republican*, Oct. 3, 1860; Jan. 2, 1861.

³ "Copy of Resolutions passed at a meeting of the Board of Directors of the Mississippi and Missouri Rail Road Co'y, held in New York Nov. 5/61." *Leonard Collection*, 3-2-1-17. (The *Leonard Collection* at the State University of Iowa Library, Iowa City, is contained in four-drawer filing cases; 3-2-1-17 signifies third case, second drawer, first folder, seventeenth item.)

⁴ Copy of Indenture of Mortgage in *ibid.*, 3-2-1-23.

build the battered financial structure of the Iowa railroad. As an investor in county bonds in Iowa he stood to lose money in expensive litigation which might continue for years unless the activities of the railroad were made acceptable to the counties involved. On receiving word from Judge James Grant that the Iowa courts had failed to uphold the validity of the Washington County bonds, and that the case had been appealed to a federal court, Sheffield wrote to Clark Durant (uncle of Thomas C. Durant) that he was willing to pay his share of the expenses of the suits. "I have \$20,000," he wrote, "and feel sore as to the way I have them, and still more so as to the rascals in Iowa." He then outlined his suggestions "for the rescue and continuation of the Miss. & Misso. R. Rd. . . ." He advocated that all bondholders fund their coupons for the period of two or three years it would take "to complete the road to Des Moines. . . ." Then, he thought, all would be "interested in pulling together," interest on all classes of bonds could be paid, lands of the company would be made valuable, and Durant would "have some value to the large amount of security" he held.

While unless something is done, and that very speedily, to prevent foreclosure & break down, the bonds will be of little or no value in market. If the 1st bondholders seize the road and sell it, as they assuredly will do, unless those who have interest in protecting it will rescue it, the 2d Mortgage & Land Grant bonds can never come up again.

Sheffield proposed also that five of the nine directors be selected from New York bondholders.⁵ Much of what he proposed was put into effect.

Ebenezer Cook, a Davenport banker, in writing to Durant in February, 1863, probably put his finger on the worst malady from which the M & M suffered:

I agreed with you perfectly when you say "As matters have been conducted the parties most in interest have the least to say about the management of the affairs of the company." I might add I think with perfect propriety that for the last two or three years nobody has had any management of the affairs except the Superintendent (and necessarily he can pay but little attention to it) and the Station agents, Engineers &c &c. Such an utter and complete departure from every Sound and proper principle and policy

⁵ Sheffield to Clark Durant, Apr. 1, 1862, *ibid.*, 3-4-26-9.

in the management of the affairs of a corporation of that magnitude I never before saw.

Cook might have said that the company was also feeling the loss of financier Henry Farnam, who had been, until his withdrawal, the leading spirit of the enterprise. Cook was right in saying:

The truth is there is no one here who is allowed to look after any of the affairs except as they are specially instructed to do so. I do not say these things to reflect upon any one for shortcomings or any thing of the kind, but as I have said to you & others, there is a clear and decisive want of a head to the concern.⁶

Whatever the fortunes of the company, Durant saw fit to buy up stock early in 1863. He may have felt that the prospects of the Pacific road would soon increase the price of M & M securities. He authorized Cook to purchase stock at as high as ten cents on the dollar, but told him to try to buy at from five to seven cents. "I went to work," wrote Cook, "but found that parties who had any Stock of any amt were not inclined to sell at as low figures as I talked say, 5 to 7 — The general reply was 'Well I don't think it is worth any thing but I have paid for it & may as well lose all or nearly all &c.'" Cook did manage to purchase some at eight and some at ten cents.⁷

In the summer of 1863, Cook, on behalf of the M & M, and John F. Tracy acting for the Chicago & Rock Island, drew up an agreement for dividing freight receipts on the road west of Davenport for items hauled to Chicago. Instead of prorating the receipts on the basis of miles hauled, the M & M received a larger proportion. From Grinnell, for example, while the pro rata division of \$100 would give the M & M \$39.73, the agreement gave the company \$44.03.⁸

In October, 1863, Cook drew up for his own consideration a report on M & M operations from July 1, 1858, to July 1, 1863. He concluded that the increase in earnings was not such as should have been expected from the return of business activity after the depression, the increased length of road, and the proportionately greater earnings of other western roads. "Take it *all in all* and it is not a very flattering Statement. Its publication would not enhance the price of either our Stock or Bonds in the market."

⁶ Cook to T. C. Durant, Feb. 18, 1863, *ibid.*, 3-4-40-32.

⁷ Cook to T. C. Durant, Feb. 3, 1863, *ibid.*, 3-4-40-33.

⁸ Cook to T. C. Durant, July 11, 1863, *ibid.*, 3-4-40-34.

Iowa Senator James Harlan expressed to Cook the opinion that the railroads of Iowa were "not getting their fair share for carrying Mails & Government Men & munitions of war" and that if the companies would make "proper representation" to the Iowa delegation, he would try to "get Justice done."⁹

While the M & M was crawling at a snail's pace through central Iowa, another road just to the north was doing little better. By 1864, what was to become the Chicago & North Western was made up of three roads — the Galena & Chicago Union, from Chicago to Clinton; the Chicago, Iowa & Nebraska, from Clinton to Cedar Rapids; and the Cedar Rapids & Missouri River from Cedar Rapids to a point near Nevada in Story County. During the later war years there was much talk of combining the efforts of the M & M and the Cedar Rapids & Missouri River Railroad for the final push to Council Bluffs. An agreement signed on January 14, 1864, by the company presidents did in fact provide for such a union. The friends of the two roads, so the agreement stated, believed that it would not be profitable to construct parallel lines to the Missouri at that time, that "perseverance in the attempt to do so might endanger or greatly delay the construction of both." The point of connection was not to be farther east than Marengo.¹⁰ The roads concerned had agreed to unite but could agree neither on the route to be followed nor on the exact point of intersection.

At some time during 1865 the principal bondholders and stockholders of the M & M drew up a plan for the sale of the road and submitted the plan in the form of an agreement to be signed before August 1, 1865, by any wishing to participate. The road was to be sold under decree of foreclosure and "purchased for the benefit of the Creditors and Stockholders assenting" to the agreement.¹¹ Bonds and stock in the new company were to be issued according to the following schedule:

	<i>Old Bonds</i>	<i>New Bonds</i>
First Mortgage, Eastern Division	\$1,000,000	\$1,000,000
Second Mortgage, Eastern Division	400,000	200,000
Oskaloosa Division	590,000	295,000
First Mortgage Land Grant	3,612,000	1,806,000
Second Mortgage Land Grant	695,000	347,500

⁹ Cook to T. C. Durant, Oct. 10, Nov. 25, 1863, *ibid.*, 3-4-40-38, 3-4-40-39.

¹⁰ A copy of this agreement is in *ibid.*, 1-3-29-15.

¹¹ The *Leonard Collection* (1-3-29) has several letters and documents bearing on the proposal.

Income Bonds	560,000	280,000
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Total	\$6,857,000	\$3,928,500
First mortgage bonds reserved for completion of the Road to Des Moines, 41 miles, and for additional rolling stock		1,571,500
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Total amount of new mortgage		\$5,500,000
Preferred Stock of New Company		3,500,000
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		\$9,000,000
Common Stock of New Company		3,000,000
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		\$12,000,000

The trustees acting for the creditors were John P. Yelverton, president of the Bank of North America; Frederick P. James; and David M. Hughes, all of New York.¹²

In October, 1865, John A. Dix, president of the M & M, called a meeting of the stockholders to "consider business of vital interest to the road." A Des Moines paper commented:

The Davenport *Gazette* pertinently asks, "What's up?" That's what we want to know. Does it mean consolidation, or accelerated movements, or some new speculation, or — what? The people out this way are beginning to get up in their honest bosoms considerable confidence in the M & M R. R. Is this confidence to be dashed to the ground by a lick back on the part of the Company? We shall wait, and hear more on this subject, before going off diagonally into spasms.¹³

What "was up" was made clear in a circular letter dated October 20, 1865, which General Dix addressed to the stock and bond holders. He reviewed the financial history of the M & M. The company had received the first division of the road from the contractors on July 1, 1856. Out of the earnings of the first six months, \$184,193.82, interest on bonds had been paid and a 4 per cent dividend declared. From then on, however, the situation had gone from bad to worse. For instance, for the year ending June 30, 1860, the gross earnings were \$207,688.97, the net earnings \$92,899.-

¹² "Agreement for the Reorganization of the Mississippi and Missouri Railroad Company," *ibid.*, 3-2-1-25.

¹³ Des Moines *Register*, Oct. 24, 1865.

45, but the interest on the bonded indebtedness was \$145,300. Obviously no dividends were possible. By 1862 the company was so in arrears on interest that an arrangement had to be made for funding the bond coupons. Operating expenses had been about 60 per cent of the earnings, but the equipment of the road was badly in need of repair, and during 1865 the operating expenses had increased to 65 per cent. The M & M had been compelled to dispose of land-grant bonds at 60 per cent in order to complete the road within a limited time, making the cost of the road west of Iowa City 40 per cent higher than it should have been. The bonded debt was now \$6,851,754.64. By January 1, 1866, the company would be in arrears on interest to the amount of half a million dollars. The only means of satisfying the creditors was by sale or complete reorganization.¹⁴

Rumors of the impending sale encouraged the people of Des Moines and other communities of western Iowa to think that the road might be extended. The *Des Moines Register* commented: "We have no intelligence confirmatory as yet of the sale of the M. & M. R. R. to the Rock Island Company. We have been anxiously looking around for information on this subject, but have failed to obtain it. The news of the sale gave our people considerable enjoyment; and we hope that it will be confirmed."¹⁵

In April, 1866, even before the sale was consummated, news came to Des Moines that the road was to be extended without delay. The *Register* reported:

Officials belonging to the road are busily engaged hunting up hands to prosecute the work. Such is the intelligence which we have received, and we are inclined to think that Rip Van Winkle, who has been asleep since the commencement of the Christian era, is about to wake up, and see the time of day. The M. & M. R. R. has been going to do big things for a long time; but the only contract which it has ever taken and executed, was a heavy sleep lasting for half a dozen years. Still, we guess the road is now in good hands, and will come through this time.

The people of Jasper and Polk counties were asked to give "proper encouragement" to the railroad. The promoters no doubt hoped that right of way and station grounds would be donated. The *Register* remarked that "any encouragement which can be extended to the successor of the old M. & M.

¹⁴ Iowa Board of Railroad Commissioners, *2nd Annual Report, 1880, 94-5.*

¹⁵ *Des Moines Register, Nov. 8, 1865.*

corporation by the citizens of Jasper and Polk Counties, will assist materially at this juncture in hastening the day when the snort of Old Behemoth shall wake the echoes of the Des Moines Valley."¹⁶

To the *Jasper Free Press*, J. B. Grinnell wrote:

The Rock Island Company is very strong in funds and purpose, and have every motive to reach Des Moines at the earliest day possible. A few days since I saw Mr. Durant, the Prest., and Mr. Tracey [sic], the Sup't, in New York, and I can assure you that it is their wish that the words of law "as near the old line as practicable" may be regarded in the location. They will expect liberal treatment as to the right of way, and I cannot doubt that you will have a locomotive visit at an early day, and I trust on a located line, which will promote the interests [of] your people, who have waited so long, patiently and with courage.¹⁷

As the time of the sale drew near, activity increased. "The state of the case is just this," said the *Davenport Democrat*. "The 'sinews of war' have been provided. The entire amount of money requisite for extending the road to Des Moines is now provided — lying idle in New York, awaiting the sale of the M. & M. Road under the late foreclosure." Engineers were engaged in determining the exact location of the line between Kellogg and "Skunk Bottom." A gang of laborers was at work cutting ties and quarrying rock. There was no scarcity of labor. Reynolds and Saulspaugh were at work again on a contract between Kellogg and Newton. "This string of facts goes to show that there is now something more than talk in this extensive matter."¹⁸

To manipulate the transaction by which the Chicago & Rock Island took over the M & M properties, a new corporation was formed in Iowa by the interested parties. Articles of incorporation for the Chicago, Rock Island & Pacific Railroad Company of Iowa were filed in the office of the recorder of Scott County on May 28, 1866. The *Des Moines Register* reported:

The object of the organization is to extend the M. & M. R. R. from Kellogg's station to Council Bluffs at once. Good morning, Mr. Kellogg? How d'ye do, Mr. Council Bluffs? Soon we shall say, "farewell, horses, and coaches, and hacks," and then we shall

¹⁶ *Ibid.*, Apr. 25, 1866.

¹⁷ *Jasper Free Press*, as quoted in *Des Moines Register*, May 30, 1866.

¹⁸ *Des Moines Register*, July 4, 1866.

go ridin' on a rail. Railroad prospects are bright, coruscating in superb loveliness.¹⁹

Trustees of the second mortgage of M & M properties, Thomas C. Durant, Jacob Wetmore, and Robert B. Minturn, brought suit for foreclosure. This original bill was supplemented by cross-bills which took care of the remaining M & M property. Details of the sale, which took place in Davenport on July 9, 1866, were arranged by a committee composed of George Stanton, Jr., John Elliott, and Blakely Wilson. When Thomas F. Withrow, Master in Chancery, opened the sale, Ebenezer Cook, on behalf of the newly created Chicago, Rock Island & Pacific Railroad Company of Iowa, bid \$800,000 for the first division of the road from Davenport to Iowa City and the branch to Muscatine. John Elliott, on behalf of the bondholders, advanced the bid to \$900,000, and Cook took the property for \$1,000,000. The Oskaloosa division was sold for \$300,000, the land grant for \$200,000, and the western division, from Iowa City to Council Bluffs, for \$600,000. The M & M properties were thus sold for a total of \$2,100,000. "It has fallen into good hands," said the *Davenport Democrat*. "The people may rest assured that the day of inactivity is over on this line of road, and immediately the dirt will commence flying in good earnest along the Western Division. The money has been raised to do the work, and iron is already provided for, and in a short time the westward progress of the M. & M. will be rapid."²⁰

As soon as the M & M properties had been acquired by the new company, a consolidation was effected with the Chicago & Rock Island Railroad Company of Illinois. The new corporation was the Chicago, Rock Island & Pacific Railroad Company. Stock certificates of the Illinois company were called in, to be replaced by stock in the new corporation.²¹

When news of the sale of the M & M came to Council Bluffs a local editor surmised that there would be a "rattling among the dry bones" on the old line.²² Indeed, the railroad which had lain so long dormant sud-

¹⁹ *Ibid.*, June 28, 1866.

²⁰ George H. Crosby, *History of the Chicago, Rock Island and Pacific Railroad Company* (Chicago, 1904), 13; Iowa Board of Railroad Commissioners, *2nd Annual Report, 1880*, 95; *Davenport Democrat*, as quoted in the *Council Bluffs Bugle*, July 26, 1866.

²¹ Circular of the Chicago & Rock Island Railroad Company, *Leonard Collection*, 1-2-14-18.

²² E. Douglas Branch, "The Rock Island," *The Palimpsest*, 10:220-21 (June, 1929).

denly awoke, stretched, and became active. Bids were opened for the entire line from Kellogg, forty miles east of Des Moines, to Council Bluffs. The contract was awarded to the experienced firm of J. & J. Casey. In the opinion of the *Des Moines Register*, James and John Casey had built, in their thirty-five years of activity, more miles of railroad and canal than any other firm in the country.²³

In August, 1866, as sale of the M & M was confirmed by action of the United States Circuit Court, preparations were made for definite location of the line west of Des Moines. Either Dallas County or Madison County might be awarded location of the main line. "We presume," said the *Register*, "that nothing has been done as yet to indicate which of the two counties . . . will be fortunate enough to hold the pole which knocks the persimmon."²⁴ As finally located, the line just missed the northern boundary of Madison County.

Construction west of Kellogg began in October. By December "things were moving all along the line" from Kellogg to Newton. Two thousand laborers and nearly one thousand teams were finishing up the grading and bridging. On a heavy cut near the North Skunk River, a "ponderous steam shovel" was "making sad inroads, scooping out the dirt in a frightful manner, while all over the surface of the ground, men and teams" were "making the dirt fly in earnest."²⁵ Out in Cass County, about half way to Council Bluffs, this great activity brought encouragement and hope.

Take courage then, farmers and stock growers of Cass County, for this road will soon be built through to Omaha to connect there with the great Union Pacific Railroad, in which the said Chicago and Rock Island Company have a heavy interest. A bright day is surely dawning upon the people of western Iowa. Our farms will advance in value, and the more we improve them, the more our comfort and prosperity will increase. Our rich and fertile soil — our beautiful groves of timber — our climate, unsurpassed for health — our sparkling streams of water, all combined, hold out an inviting hand to the working men of the pent up cities of the east, asking them to come *now*, while lands here are cheap, and make for themselves a home on the broad and fertile prairies of our beautiful County of Cass.²⁶

²³ *Des Moines Register*, June 23, 1869.

²⁴ *Ibid.*, Aug. 15, 1866.

²⁵ *Ibid.*, Dec. 5, 1866.

²⁶ *Ibid.*, Dec. 26, 1866, quoting the *Cass County Messenger*.

While the Rock Island was struggling to renew its westward march, the Chicago & North Western to the north was closing in on the Missouri River. The completion of the road to Council Bluffs in April, 1867, necessitated a change in Rock Island routing so that the track would less closely parallel that of the North Western.²⁷

When the first Rock Island train pulled into Des Moines in September, 1867, a crowd gathered at the station, but there was no celebration, for which everyone was thankful — “nobody cared to make or listen to speeches.”²⁸ By December grading was in progress thirty or forty miles west of Des Moines; track laying was to begin as soon as the bridge across the Des Moines River had been completed. “We are apprized,” said the *Register*, “that it is the intention of the Company to commence laying track west of here as fast as the locomotive can creep along after it crosses the river. . . . Our neighbors out in that direction can begin to drill their ears for the music of screaming steam.” Council Bluffs, however, had long been accustomed to that sound. “We hear so much whistling *now*,” said the *Bugle*, “from the locomotives of the Union Pacific, Chicago and Northwestern, Council Bluffs and Sioux City, and the Council Bluffs and St. Joe Railroads, that when the Chicago Rock Island and Pacific railroad gets here, we will hardly discover the accession to the whistling.”²⁹

During the latter part of 1867 and the early part of 1868, however, a well-organized conspiracy aimed at thwarting efforts to extend the Rock Island beyond Des Moines was engineered by what the Iowa papers called the “New York Ring.” Rock Island stockholders were divided into two camps — one supporting President Tracy in his efforts to extend the road, the other attempting to channel the money from the sale of the stock for the benefit of the old stockholders. The history of the case began on September 13, 1867, when the executive committee of the Rock Island resolved to extend the line to Omaha. Funds on hand were insufficient to cover the cost, and it appears that David Dows and John F. Tracy were authorized to provide for the issuing of such stock as would be necessary.

In November or December, David Crawford, representing Henry Keep, Rufus Hatch, and other Wall Street speculators, approached Tracy with a

²⁷ *Yesterday and Today* [History of the Chicago & North Western Railway System], (Chicago, 1905), 45; *Des Moines Register*, March 27, 1867.

²⁸ *Adel Gazette*, Sept. 12, 1867.

²⁹ *Council Bluffs Bugle*, Dec. 19, 1867.

proposition for using the proceeds of the sale of stock to line the pockets of the principal stockholders. The plan called for issuing stock to the amount of about \$6,000,000, which was to be turned over to the old stockholders in return for a payment of 50 per cent. Such an issue would increase the company's cash on hand to about \$4,500,000, a sum which could be used ostensibly to extend the road but actually to enrich the speculators. Henry Keep would control the election of Chicago & North Western directors who would then make a contract with the Rock Island to pay \$300,000 or \$400,000 a year as an award for not building the road beyond Des Moines. The Rock Island would then have a large yearly surplus to distribute among the stockholders. Tracy told Crawford that he thought Dows would not consent to the scheme.³⁰

On December 30 the stock market responded to a sudden weakening of Rock Island stock which opened at 98³/₄ and closed at 92³/₄. The drop was due to a report then circulating that the Rock Island directors had sold stock to pay for the construction of the road from Des Moines to Omaha. The New York *Tribune* financial editor was certain that the rumors would prove to have no foundation and that John Tracy and David Dows would so report.³¹ The fact was, however, that 49,000 shares of stock had been issued as authorized by the directors and were sold on the market without notice to the public. The New York stock brokers, involved as heavy holders of original stock, moved swiftly to prevent use of the proceeds of the sale — close to \$5,000,000. In suits brought by Rufus Hatch, Fisk and Beldon, and D. R. Fanshawe against the Chicago, Rock Island & Pacific Railroad Company, the directors were charged with illegal use of the 49,000 shares. On January 6, 1868, Judge Cordoza of the Supreme Court of New York issued injunctions which would have effectively tied up the money intended for construction. Before the injunction could be served, however, Tracy transferred the books and cash to Chicago. There Judge Drummond of the United States Circuit Court for Northern Illinois was applied to for an injunction, an action which caused the books and cash to be transferred again — this time to Davenport, Iowa.³²

To forestall further legal tangles, President Tracy and his group requested the Iowa legislature for assistance. The matter was presented in

³⁰ Des Moines *Register*, March 25, May 13, 1868.

³¹ New York *Weekly Tribune*, Jan. 1, 1868.

³² Des Moines *Register*, June 10, 1868, quoting the New York *Herald*.

both houses and both took similar action. The Senate recommended that the committee on railroads make inquiry into the matter of legislating for the early completion of the Rock Island, evidence having been presented that certain stock speculators in the city of New York had obtained an injunction against the officers of the company, restraining them from further expenditure of money in construction. The company was willing to complete the road except for this "outside influence." Railroad committees in the Senate and the House presented bills which were passed without much opposition. In the course of the debate Senator John Meyer of Newton thus presented the case:

The question is, whether the New York sharpers under the leadership of Rufus Hatch shall have this money to use up in dividends, or whether the other party under the leadership of Tracy shall have the money to use in the completion of the road. . . . Suppose Tracy does not intend to put this road to the Missouri river. What do we do? We resume these lands from Tracy, Reuben [sic] Hatch, and the whole caboodle of them, if I may use the expression.³³

The act approved February 11, 1868, entitled "An Act providing for and Requiring the early Construction of the Chicago, Rock Island and Pacific Railroad," contained several provisions significant for the future of the road: (1) the consolidated company, that is, the Chicago, Rock Island & Pacific Railroad Company, was to complete its line so as to connect with the Union Pacific within two years from the passage of the act; (2) lands granted the M & M were reassigned to the new company but with the stipulation that the latter was to be subject to such regulations and tariff schedules as might be fixed by the General Assembly; (3) the 49,000 shares were to be used in construction; (4) election of directors was postponed until June, 1869; and (5) the company was to relinquish to Pottawattamie County all claims for bonds or agreements to take stock.³⁴

The "Ring" sued out an injunction restraining the directors from accepting the act. At a meeting of the directors in Chicago, the New York mem-

³³ *Senate Journal, 1868, 86; Des Moines Register, Feb. 5, 19, 1868; Laws of Iowa, 1868, Chap. 13.* While action on the law was pending, the "New York Ring" obtained an injunction from a court in New York City restraining the officers of the Rock Island from applying to the Iowa legislature for assistance — to no avail, of course. *Des Moines Register, Feb. 12, 1868.*

³⁴ *Laws of Iowa, 1868, Chap. 13.*

bers of the board, against whom the injunction was filed, resigned to be replaced by others not so hampered. On application, Judge Drummond then issued an injunction against these directors, whereupon they resigned, and the remaining members moved to sanctuary in Iowa. In lieu of the presence of a full board, the Iowa legislature resolved that the president and secretary of the board could accept the act of the Assembly in the name of the board of directors.³⁵

Upon acceptance of the act, Tracy and Ebenezer Cook found themselves accused of being in contempt of the United States District Court for Northern Illinois. Judge Drummond issued an attachment against them and dispatched a United States Marshal to Davenport to bring them in. Tracy and Cook were arrested and taken to Keokuk where they appeared before Judge James M. Love of the United States District Court to show cause why they should not be taken to Chicago. The Rock Island *Argus* thus described some of the circumstances:

The attorney of the Wall Street Brokers accompanied the marshal, and was exceedingly anxious to have him take them to Keokuk by boat, which would, in its course, necessarily make many landings in Illinois. It is not known how many "plug uglies" the brokers had on board the boat, nor what processes were awaiting the parties on their appearances at some Illinois landing. The marshal, however, refused to be a party to any such proceeding, and took the gentlemen to Keokuk by rail, leaving the attorney and his associates to return to Keokuk by boat.

Judge Love refused to send anyone beyond the state of Iowa to be tried for acts committed within the state. He held that Judge Drummond's injunctions were not operative outside his own district. "This," said the *Register*, "is good sense and should be good law."³⁶

Tracy and his aides replied with legal devices of their own. George Chandler, the Chicago lawyer who had made out the affidavit for arrest and who had accompanied the marshal on his errand to Davenport, was sued for malicious arrest and false imprisonment. Chief Justice George G. Wright of the Iowa Supreme Court issued an order requiring the directors of the Rock Island to proceed with construction and enjoining all persons from interfering with their actions. "Thus far," said the *Argus*, "the State

³⁵ Des Moines *Register*, June 10, 1868.

³⁶ *Ibid.*, Apr. 15, 1868; the article is in part a quotation from the Rock Island *Argus*.

of Iowa and the friends of the road are ahead, and we think Wall Street might as well abandon the hunt and find some new scheme for replenishing its coffers."³⁷

The battle was not entirely over, however. In June, the "Ring" attempted to grasp control of the company at the time of the regular election, although the Iowa legislature had specifically provided that the 1868 election should be omitted. Upon their arrival at the Sherman House in Chicago, however, members of the "Ring" were confronted with injunctions which effectively blocked their attempts to reorganize the company. On the question of filling vacancies in the old board, a compromise resulted in the election of persons acceptable to both parties.³⁸ The fight was over.

Meanwhile, construction continued in Iowa, and President Tracy made use of every opportunity to popularize the Rock Island road. When the Iowa legislature adjourned in April, 1868, a special train took members of the General Assembly whose homes were in eastern Iowa to points in that direction. At the invitation of John P. Cook of the Rock Island, the editor of the Council Bluffs *Bugle* returned home by a round-about way — east on the Rock Island to Marengo, across to Blirstown on the Chicago & North Western, and thence west. The Rock Island special made the run from Des Moines to Marengo, ninety-two miles, in three hours, with twenty minutes out to repair a rail and thirty minutes for dinner. "This road is one of the best, if not the best, in Iowa," wrote the editor. "It is as smooth and level as a 'house floor,' and being constructed with continuous rail, or rather rail bolted together, that eternal click and jerk heard and felt on roads constructed with rail connected by 'chairs,' is not experienced upon it." The editor commented on the fact that the whole distance from Des Moines to Marengo along the line of the road, wild prairie two years before, was now covered with extensive farms, showing, he declared, "what beneficial results to the country are caused by the construction of railroads."³⁹

By the summer of 1868 the road was completed twenty miles west of Des Moines. When end of track reached De Soto in Dallas County, "the good ladies of that new little city" provided a dinner for the railroad men

³⁷ *Idem.*

³⁸ Des Moines *Register*, June 10, 1868. For other items relative to the controversy, see *ibid.*, Apr. 15, 29, June 10, 1868; Council Bluffs *Bugle*, Apr. 23, Sept. 10, 1868; *Fanshaw v. Tracy et al.* (4 Biss. 490), United States Circuit Court, Northern Illinois.

³⁹ Council Bluffs *Bugle*, Apr. 16, 1868.

in honor of the occasion. In July the construction trains were running forty miles west of Des Moines. Beyond that point the "summit" required a cut of one mile, fifty feet in depth. On this section of the road six thousand men with three thousand teams hacked away at the tough blue clay. By the end of August track had been pushed to the "Middle Coon," a branch of the Raccoon River in Guthrie County. "So tramps our Road on its way to the Pacific!" exclaimed the *Register*. "All hail the day! We already feel one day nearer Council Bluffs; and in the romantic figurism of T. Tilton, we soon shall see the final welding of 'the iron marriage ring,' which shall wed Des Moines to the Queen of the Slope forever, and marry the two cities together in commercial interest as they ever have been in social sympathy and mutual pride."⁴⁰

During the last week of August, 192 carloads of construction material were sent to the end of track. Hemlock ties were brought from Michigan. Ordinary freight was held back to make room for timber and rails. Work was progressing on the bridge over the Middle Coon. Meanwhile, work was in progress on the western end from Council Bluffs east. From Mosquito Creek a thousand-foot-long cut had been tackled by a large force under Contractor John Jones who was anxious to place more men and teams on the job as soon as they could be found — "a hundred laborers could here find employment any moment."⁴¹

At the end of October, track was laid fifty-six miles west of Des Moines, and a party of Chicago railroad men and Des Moines citizens made "a flying trip" to the end of the track. The new roadbed was skillfully constructed, and the track carefully laid. "The cars passed over the new road with less jar and clatter than they make on three-fourths of the old roads," reported the editor of the *Register*, "and it is the enthusiastic testimony of all passing over it, that it is the best new road they ever traveled over. And it should be — for it is to be the great right arm of the Union Pacific."⁴²

In November track layers began working east from the depot grounds in Council Bluffs, and it appeared that the whole line might be completed by the first of January. Frost and snow, however, delayed construction effec-

⁴⁰ Des Moines *Register*, July 15, Aug. 19, 1868; Council Bluffs *Bugle*, June 4, July 23, 1868.

⁴¹ Des Moines *Register*, Aug. 5, 1868, quoting the Council Bluffs *Democrat*; also see *Register*, Sept. 2, 1868.

⁴² Des Moines *Register*, Oct. 21, 1868; Council Bluffs *Bugle*, Oct. 22, 1868.

tively. About the middle of February, 1869, construction trains began running again west of Atlantic, and track laying was resumed on the section from Council Bluffs eastward. For the bridge over Mosquito Creek, teams were hauling long timbers through Council Bluffs. Great piles of ties were stacked up at the depot of the Council Bluffs & St. Joseph Railroad, waiting for construction trains to haul them to the end of track. Early in March twenty additional carloads of ties were brought up from Missouri for the Rock Island. "Wake up, day is dawning, and the bright sun of prosperity will soon be shining upon us in its fullest glory," exclaimed the *Bugle*, as the gap between ends of track narrowed.⁴³

Just as in eastern Iowa, the growth of communities along the route from Des Moines to Council Bluffs illustrates the influence of the railroad as a town builder. In anticipation that a station would be established there, Atlantic, county seat of Cass County, was located about four months before the arrival of the railroad. The founder of the town, F. H. Whitney, owner of a considerable amount of land a few miles to the southwest, had tried in vain to have the railroad located through Lewis, but failing in that he succeeded in persuading the railroad to locate a station and lay out a town on his land to the north. Thus in September, 1868, the town of Atlantic was born. In that month the first residence was erected. During the winter, in spite of the fact that lumber had to be hauled in by team and wagon, fifty buildings were begun, some of them two-story structures. In February, after the railroad came, lands in the vicinity of the town sold at ten and fifteen dollars per acre; while from five to seven miles distant from the railroad lands were only five dollars an acre.⁴⁴

The founding of Avoca offers another illustration of how stations along the line of railroad became focal points of settlement. "Four months ago," wrote a *Register* correspondent in August, 1869, "the site of this busy, thriving little town was but a portion of the broad prairie, without a settler, and covered only with a mantle of wild grass." Definite location of the railroad through a point naturally suited for a town invited settlement. Lumber for the first building was hauled the thirty-five miles from Council Bluffs in February or March, 1869. The railroad company erected a two-story passenger depot and eating house. Much of the land along the railroad right of way belonged to the railroad as part of its land grant. The

⁴³ Council Bluffs *Bugle*, Nov. 19, 1868; Feb. 11, 18, March 4, Apr. 25, 1869.

⁴⁴ Des Moines *Register*, Feb. 3, 1869.

company adhered to the general policy of selling to actual settlers, according to the *Bugle*.

A fine field is open at this point for those seeking a place to invest capital. In the immediate vicinity is plenty of unoccupied land for sale, as well adapted for farming or grazing purposes as can be found in the State — well watered and abundance of timber for needful purposes. . . . Lots are selling cheap, to those who will erect buildings immediately — the agent, Mr. [Ebenezer] Cook, having wisely adopted the system of selling only to those who contemplate occupying or building soon, and not for speculation.⁴⁵

On May 10, 1869, news came that the golden spike had been driven that day at Promontory Point, Utah, the last link in the transcontinental railroad. Rock Island builders had hoped to complete their line to Council Bluffs in time to make the celebration a double one. As it was, the contractors laid the last rail just one day late, but nine months ahead of the deadline set by the Iowa legislature. Early completion was important — mail contracts and through freight might go to the Chicago & North Western. "This will be a consummation of things long devoutly wished for," said the *Bugle*, "and to our people particularly, will it be an event worthy of commemoration." On May 12, Council Bluffs held a double celebration — the cornerstone of the Ogden House was laid, and the first train arrived over the tracks of the Rock Island.⁴⁶

In the first few months of through service to Council Bluffs the Rock Island won the approval of the traveling and shipping public. There was much favorable comment on the structure of the roadbed:

The curves are light, the steepest grade is a trifle over fifty feet to the mile, the embankments are unusually wide and solid, the bridges — and there are many of them — are substantial Howe truss structures, the rails are heavy, of good quality, most carefully laid and thickly tied, there has probably never been a new railroad in the West so solidly built.⁴⁷

There was approval, too, of the fast schedules. The "fast Pacific express" made the run from Chicago to Council Bluffs in 18 hours, an average of 27½ miles per hour. "We were also pleased," said the *Bugle*, "with the

⁴⁵ *Ibid.*, Aug. 11, 1869; Council Bluffs *Bugle*, Jan. 27, 1870.

⁴⁶ Council Bluffs *Bugle*, May 13, 1869; D. C. Bloomer, "Notes on the History of Pottawattamie County," *Annals of Iowa* (first series), 11:623-4 (October, 1873).

⁴⁷ *Western Railroad Gazette*, as quoted in the Council Bluffs *Bugle*, June 17, 1869.

genteel and affable manner in which the passengers were treated by the conductors and [others] connected with the road. Such a road and such managers are sure to win the esteem and patronage of the travelling and business public."⁴⁸ A good many years later, L. F. Andrews, a Des Moines resident, recalled that in the days when John F. Tracy headed the Rock Island, "the road came to be known as the 'Old Reliable' with business men and travelers everywhere."⁴⁹

Features introduced on the Rock Island in the years 1868 and 1869 are illustrative of improvements in western roads during the period. Wood-burning locomotives were being converted to coal burners with the introduction of fireboxes which could burn soft coal. The transition was gradual. In June, 1869, when President Tracy made his report to stockholders, the Rock Island had 107 locomotives, 83 of which were coal burners. Eighteen were converted wood burners.⁵⁰

Another significant improvement was the introduction of gas for use in lighting the cars. The candle light of the early days had been supplanted by coal oil lamp light, but neither was satisfactory. Said the *Bugle*: "arrangements have been made for supplying the passenger cars on the C., R. I. & P. R. R. with gas, thus giving the advantage of clear bright light during the night ride, instead of the dull light of a smoky coal oil lamp. This is an item for the traveling public."⁵¹

Improvements in rails came in the late sixties. The use of cast iron "chairs" in connecting ends of rails was abandoned with the introduction of "fish plates." By this device, rails were held together by plates fitted in the hollow of the rail on each side and bolted to the rail. This tended to eliminate the noisy clicking which accompanied travel on rails laid on chairs.⁵²

At the end of the decade the Rock Island began to substitute steel for iron rails. Introduction of heavier rolling stock on all railroads focused attention on the unsatisfactory qualities of iron. Replacements were expen-

⁴⁸ Council Bluffs *Bugle*, Oct. 28, 1869.

⁴⁹ Des Moines *Register and Leader*, June 17, 1906.

⁵⁰ Advance report to stockholders, June, 1869, as published in the Des Moines *Register*, June 30, 1869.

⁵¹ Des Moines *Register*, June 9, 1869; Council Bluffs *Bugle*, June 10, 1869.

⁵² J. L. Ringwalt, *Development of Transportation Systems in the United States* (Philadelphia, 1888), 157-8.

sive, and operation hazardous. It was not until the late sixties, however, that steel rails manufactured by the Bessemer process were available for use in the United States.⁵³ In October, 1865, the Rock Island began experimenting with steel rails at the terminal in Chicago where they met a severe test from being pounded by locomotives and trains of the Michigan Southern and Northern Indiana as well as by those of the Rock Island. The chief engineer was satisfied that the steel rails were more economical; consequently, the company in 1869 contracted for five hundred tons of the "John Brown Atlas toughened steel rails," as a beginning in replacement.⁵⁴

The year 1869 also witnessed the placing in service of six new sleeping cars, the wonder and delight of people along the line, unused to such luxuries.⁵⁵ The Pullman car was already the model, but the Pullman Company had not yet attained a monopoly in manufacture. Diners were introduced at about the same time.⁵⁶

By 1870, fifteen years after the introduction of transportation by rail, railroads were firmly entrenched in the Iowa economy. Symbolic of the change was the sale of the Western Stage Company properties. From settlement to settlement across Illinois and Iowa, the stage lines had shortened as the rails had lengthened. In the summer of 1870, at its headquarters in Des Moines, the Western Stage Company sold its horses at \$80 and \$90 a head, its two-horse coaches at \$50, and its four-horse coaches for \$100.⁵⁷ In the coming years the people might employ all sorts of invectives against rail transportation, but no stage company could again operate where railroads were available, nor could the slow wagon compete in the new economy.

⁵³ *Ibid.*, 198-201.

⁵⁴ Council Bluffs *Bugle*, Aug. 5, 1869.

⁵⁵ *Ibid.*, Aug. 14, 1869, quoting the Davenport *Gazette*.

⁵⁶ Council Bluffs *Bugle*, June 3, 1869.

⁵⁷ Des Moines *Register*, July 27, 1870.