

The Wabash Reaches Omaha

Omaha loomed large as an objective for the Wabash since it was an important gateway after the first transcontinental railroad was completed in 1869. Previous to this event, a predecessor of the Wabash linked St. Louis with Kansas City. But it was not until the Council Bluffs & St. Louis Railway was incorporated, September 2, 1878, that the way was made clear to tap the Omaha gateway. This line was constructed from Council Bluffs to the Iowa-Missouri border between July, 1878, and October 11, 1879. At the border it connected with a branch running through Pattonsburg, Missouri, to Brunswick, on the main stem between St. Louis and Kansas City.

The pattern of control was much the same as on the extensions to Ottumwa and Des Moines. The Council Bluffs & St. Louis was operated under lease by the St. Louis, Kansas City & Northern and afterward by its successor, the Wabash, St. Louis & Pacific. Also, according to pattern, the Council Bluffs road went into receivership, and it was reorganized as the Omaha & St. Louis Railway in 1887. It operated the line from Council Bluffs to Pattonsburg, Missouri, a distance of 143 miles.

Little is known about the early corporate history of the Council Bluffs road for it was run by the Wabash as its "Omaha Division." With the reorganization of the company as the Omaha & St. Louis Railway, however, it issued a separate report to the Iowa Board of Railroad Commissioners. From this report it is noted that five townships in Page County, three in Miller County, and one in Fremont County voted an aggregate of \$144,834 to aid in building the original line. Nevertheless, by 1889, out of the road's \$4,500,000 capital stock only one share was held in Iowa and that had a market price of \$25. The lone shareholder was W. H. M. Pusey, a resident of Council Bluffs.

Most of the executives, along with an overwhelming majority of shareholders, lived in New York City. The only officers from Iowa during this time were General Manager F. M. Gault and Auditor W. L. Bedison, both of whom resided in Council Bluffs. All the directors were from New York City except the solitary Iowa stockholder — Pusey.

In 1889 the road had 144 employees in Iowa. Apart from officers, the best paid men were locomotive engineers who averaged \$5.25 a day, and the lowest on the scale were sectionmen whose average pay was \$1.10. None of the rolling stock had automatic couplers although such devices had made their appearance on many roads by this time. Gross earnings, from operation for the year ended

June 30, 1889, were \$455,509, of which approximately twenty-nine per cent came from passenger train operation.

At the time the road was being constructed to Council Bluffs, a feeder line was built from Roseberry, Missouri, to Clarinda under the auspices of the St. Louis, Kansas City & Northern. The 21-mile short line, called the Clarinda & St. Louis Railway, was paralleled by a branch of the Burlington and had little economic justification. The little railroad struggled along for a dozen years, went into receivership in 1886, and was dismantled four years afterward.

By the time the Wabash reached Council Bluffs, Jay Gould had gained control of the system. Now he was in a position to shunt Wabash traffic from the East to connections at Omaha or at Kansas City. He made the most of this by cutting rates and making favorable traffic agreements through either gateway as it seemed expedient. As one who had controlled the Union Pacific and still had a heavy investment in that line, he was in a good position to bargain. By playing one gateway against the other, Gould jeopardized the rate structures in the Midwest. In having the only through line from the West to eastern points, such as Toledo and Detroit, he upset standard traffic patterns and wrought havoc in established rates and routings.

One never knew where Gould would strike

next. Ruthless and calculating, he was a wizard in finance and a past master in getting control of railroads. He was equally adept in getting out from under, if they went bankrupt, and coming in by the back door again to regain control under more auspicious circumstances.

By the end of 1881, after a barrage of rate-cutting, Gould had forced his way into the Iowa Pool. This association had been formed by all the other trunk lines entering Council Bluffs to stabilize rates. Once in the Pool, the Wabash proceeded to cut rates as it had from outside the Pool. Not content with his lines to Council Bluffs, Des Moines and Ottumwa, Gould sought to invade the Burlington territory across southern Iowa.