

One of the "Big Three"

It is almost impossible to trace the early development of the North Western in Iowa without continual references to the Burlington and the Rock Island. Iowa was (and still is) a battleground where each road fought for tonnage. Unlike the heavily populated, highly industrialized states, Iowa's local business, while important, is far overshadowed by its through traffic. Nor are the major cities of Iowa strongholds of any one railroad such as San Francisco is of the Southern Pacific or Philadelphia of the Pennsylvania.

After the Union Pacific-Central Pacific Omaha-to-the-West-Coast line had been completed on May 10, 1869, there was a lively jockeying for position by the three trans-Iowa connecting links. Having reached Council Bluffs first, the North Western had the advantage of priority. According to the *Omaha Herald*, the Union Pacific in the late 1860's was to build "two hundred and fifty cars for the transportation of their own material over the Chicago and North Western." It goes without saying the North Western hauled much of the Union Pacific's supplies. Furthermore, the North Western's first president, William Butler Ogden, was also the first incumbent to that office

on the Union Pacific. In addition, Oakes Ames, who was so active in the Union Pacific's management, was likewise prominent in the early affairs of the Cedar Rapids and Missouri River Railroad. Not content with building the North Western across Iowa, John I. Blair found another outlet for his tremendous drive in constructing the first 100 miles of the Union Pacific in Nebraska.

But fully as important in the transcontinental railroad strategy was the Rock Island. It very adroitly claimed a major share of the Union Pacific's traffic, for had not Thomas C. Durant, Henry Farnam and John A. Dix, representing the Union Pacific's management, also been active in promoting the Mississippi & Missouri road?

On the other hand, there was little community interest between the Chicago, Burlington & Quincy and the Union Pacific. But the Burlington was a skillful bargainer; it had the soundest financing of the Big Three, and, like its Iowa-Missouri satellites, was dominated by the able James F. Joy.

There was also a "dark horse" in the picture to further complicate matters. This was the Kansas City, St. Joseph & Council Bluffs Railroad, which entered Council Bluffs more or less by the back door, coming in from St. Joseph, Missouri, on the south. A Joy-property, it connected with other Joy-controlled roads, forming a roundabout route from Council Bluffs to Chicago via northern Missouri and southwestern Illinois.

All in all, the complex situation would seem to equate a knock-down and drag-out battle of rate wars, rival construction and unbridled competition. Such direct action often characterized the turbulent era of early railroad expansion. But nothing of the kind happened in Iowa, at least for fifteen years. Instead, the Big Three formed "The Iowa Pool" which Dr. Julius Grodinsky has described as "the envy of the railroad world."

The initiative came from President John F. Tracy of the Rock Island after conferring with the North Western's executive committee. Both roads were fearful of the Burlington's expansion program. As an alternative to cut-throat competition, they suggested pooling the earnings of all three trans-Iowa roads serving the Omaha gateway. Joy, who headed the Burlington, was amenable. Although not adverse to extending the Burlington where it seemed expedient, he nonetheless favored restricting competition and considered rate-wars disastrous to all parties concerned.

A series of conferences between the Big Three, with the tacit approval of the Union Pacific, led to the formation of the very real, yet scarcely tangible institution known as the Iowa Pool. For authority, effectiveness and informality, it is unique in the annals of American railroading. Based only "upon confidence between man and man" it lasted from 1870 to 1884. In his *The Iowa Pool*, Julius Grodinsky writes:

While the competitive forces swirled in all directions, the Pool roads continued to function as members of an organization which, in its informality, flexibility, and tentative — almost experimental — nature, was unprecedented in American business history. The roads carried traffic and distributed earnings without the help of any written contract. Neither was there any formal organization set up to administer the operations of this co-operative enterprise.

The three pool roads made a verbal agreement in which each line retained forty-five per cent of the passenger revenues and fifty per cent of the freight to meet the cost of doing business. The balance of the revenues was equally divided among the members of the pool.

Until the wily and unpredictable Jay Gould got control of the Union Pacific about 1875, the Iowa Pool operated with surprising harmony. But when Gould began exerting undue pressure in Union Pacific affairs, discord immediately developed. For one thing, he felt the Union Pacific should have a greater share in the "division" of the Chicago-Pacific Coast freight receipts. To this idea the pool members were obdurate.

By one manner or another the crafty Gould sought to break up the pool. He tried to get control of the Kansas City, St. Joseph & Council Bluffs road and thereby divert traffic from the pool. He had himself elected a director of both the North Western and the Rock Island. By so doing he hoped to align these two against the Burling-

ton. In none of these undertakings was he successful. Probably he dealt his most telling blow when he brought the Wabash into Council Bluffs and for a time shunted a major part of Union Pacific freight routed via Omaha to and from the far-flung Wabash system.

The Iowa Pool valiantly withstood the assaults of Gould. Other economic factors, however, led to its inevitable downfall. The railroad picture had changed. Early in the 1880's the Wabash was admitted to the pool and subsequently the Missouri Pacific (which came up from the south through eastern Nebraska to Omaha) and the Chicago, Milwaukee & St. Paul. By this time the North Western had considerable mileage in northeastern Nebraska; the Burlington had a line to Denver; and the Rock Island was expanding in the southwest. The Omaha gateway could easily be bypassed so that pool-members were no longer constrained to share their revenue as they had formerly done. The pool triumphed over Gould-made traffic changes, but it could not hold out against changes made by an expanding railroad economy. In 1884 the Iowa Pool quietly expired.

What effect did the pool have on the North Western? It stabilized rates, kept other railroads from encroaching on its territory, and aided in its weathering the panic of 1873. But the great system which William B. Ogden envisioned was neither very great in the 1870's nor was it entirely

independent. For about a year it wore the collar of the St. Paul (now known as the Milwaukee Road) when Alexander Mitchell, president of the St. Paul, also headed the North Western. On June 3, 1870, John F. Tracy, head of the Rock Island, doubled in brass by starting his three-year term as the North Western's president. He was followed by Albert Keep, who restored the North Western to a measure of independence.

The North Western did not come into its own, however, until a young man by the name of Marvin Hughitt rose from general superintendent to top executive in 1877. Hughitt came to the North Western from the Pullman Company in 1872. As he rose in position and power, so rose the North Western in public esteem and financial stature.

While the Iowa pool flourished, the North Western's expansion in the state was mostly confined to its own immediate bailiwick—beginning at the eastern edge of Iowa at Lyons, where it had acquired the land grant of the ill-fated Iowa Central Air Line Rail Road and transferred it to the Cedar Rapids and Missouri River Railroad. With the transfer there was a curious stipulation: the new land grant recipient had to build a line from Lyons to connect with the Chicago, Iowa & Nebraska Rail Road. Thus, the Cedar Rapids company, whose nearest rails were 82 miles away, was required to build a 2.60-mile stub line from Clinton to Lyons in 1870.

The same year, the Iowa Midland Railway Company was chartered to build over the partly-graded Air Line from Lyons to Anamosa via Maquoketa. The entire 71-mile line was completed in December, 1870. It was subsequently leased to the North Western. Farther west the Stanwood & Tipton Railway Company was organized (and completed) in 1872 to connect the main line with Tipton, eight miles to the south.

To tap coal banks in Boone, a spur line (called the Iowa Railway, Coal and Manufacturing Company) was organized in 1873. Three miles of track were laid the following year.

The longest affiliate in Iowa, however, was The Toledo and Northwestern Railway, organized in 1869. Before outright purchase by the Chicago & North Western some twenty years later, it grew to almost 400 miles. Starting on the main line at Tama, it ran in a northwesterly direction to Jewell, thence north through Webster City and Eagle Grove to Elmore on the Minnesota border. Another line veered west from Eagle Grove to Harwarden on the western boundary of the state. Still a third branch struck off from Jewell to Lake City, 58 miles west. The road got off to a quick start with an 83-mile route connecting Tama with Webster City in 1880. Two years afterward, all the above mentioned sections were completed.

The North Western was careful not to go far south and thereby encroach upon Rock Island and

Burlington preserves. It did, however, organize the Iowa South Western Railway Company in 1880 to build from Carroll to Kirkman. The 34-mile extension was finished in 1881. The next year Manning and Audubon were linked.

Another ganglion of lines sprang up out of Maple River, appropriately called The Maple River Rail Road Company. Chartered under North Western auspices in 1876, the affiliate had a 60-mile crescent-shaped road to Mapleton in 1877. By 1883 a branch headed for Sioux City linked Wall Lake with Kingsley, about 25 miles short of its planned destination. The ubiquitous John Blair had a hand in building the road, and his associate, Horace Williams, headed the company. Like other Blair roads, the Maple River had its headquarters in Cedar Rapids.

Blair comes into the picture even stronger with his Sioux City & Pacific. This company came into being after the failure of the Union Pacific to build to Sioux City under the provisions of the Act of 1862. The original Union Pacific act was amended on July 2, 1864, releasing that company from its obligation and permitting another road to link the Union Pacific with Sioux City. The Sioux City and Pacific Rail Road Company was organized at Dubuque September 10, 1864, for that purpose. The incorporators and first directors were William Boyd Allison, John I. Blair, L. B. Crocker, A. W. Hubbard, Morris K. Jesup, Charles A.

Lambard, Frederick Schuchardt, Platt Smith and James F. Wilson. Blair became first president and W. W. Hamilton secretary.

With a congressional grant of 42,500 acres of land, financial help from the North Western and its principal Iowa leased lines, along with aid from Illinois Central affiliates and the Union Pacific, the new road set out to make Sioux City a trans-continental gateway. Its six-mile segment from Missouri Valley Jct. to California Jct. was built by the Cedar Rapids and Missouri River Railroad in 1867. The rest of the line from California Jct. to Sioux City was in operation by February, 1868.

Meanwhile, a branch was built from California Jct. across the Missouri River to Fremont, Nebraska, where it connected with the Union Pacific. Cars were ferried across the river during the summer, and in winter they went on a temporary bridge. A permanent all-year bridge was built in 1883 by the Missouri Valley and Blair Railway and Bridge Company, organized in 1882.

Blair seems to have had a particular fondness for the Sioux City and Pacific Rail Road Company. Usually he had only about fifteen per cent interest in most so-called "Blair roads," but the Sioux City he dominated almost up to his death. For many years his son, D. C. Blair, was vice president; and his brother, James, a long-time director. Then, too, it served as a bridge route from his Iowa properties to those in Nebraska.

Foremost of the latter was the Fremont, Elkhorn and Missouri Valley Railroad Company, forming a complex of lines out of Fremont. Organized in 1869, the "Missouri Valley" had a 100-mile system a dozen years later. When purchased by the North Western in 1903, this swelled to 1,372 miles.

Freight and passengers seemingly went from one railroad to another between the Mississippi River and Missouri Valley points. Actually, they went from one Blair property to another. Like the famous baseball double play from Tinker to Evers to Chance, so traffic went from the Cedar Rapids and Missouri River to the Sioux City and Pacific Rail Road Company to the Fremont, Elkhorn and Missouri Valley Railroad Company. They were all different roads, yet they all worked together on the same Blair team.

Thanks largely to Blair's industry the North Western, through owned, leased and controlled lines, became one of the Big Three in Iowa. In the early eighties its finances had improved. It had well-intrenched lines in eastern Wisconsin extending up into the Michigan peninsula. It had a line from Chicago through southern Minnesota to half-way across Dakota. And its Chicago-Council Bluffs route was proving to be a valuable trunk line that was no longer dominated by the St. Paul. The latter, however, did give it stiff competition when it built to Council Bluffs in 1882.