



"High and Wides"

**In the Milwaukee Road's
First Hundred Years**



Transcontinental railroad conceived a century ago as a local tap line—Unusual growth in Twentieth century

The 10,671-mi. Chicago, Milwaukee, St. Paul and Pacific is the newest of the seven so-called transcontinental routes. Its operation as a railroad was 100 years old on November 20, 1950, and many of its most important route segments were conceived and built in the Fifties and Sixties of the last century. Actually the corporate history of the road goes back to 1847.

Reason for Building

The original stretch of the Milwaukee was built by a section of the country which lacked capital resources and population density. It was built not so much as a matter of pride or to bid for future development—as was true of so many railroads—but because there already existed an actual pressing need for railroad transportation between the city of Milwaukee and the Mississippi river. Wisconsin Territory had not yet achieved statehood in 1846; yet the freight charges collected by teamsters and others on traffic between the city and the Mississippi amounted to \$352,000 a year. And the facilities could not handle the demand. One local newspaper cried: "Large quantities of surplus produce have been left by our farmers to rot upon the ground the past season, for want of a good communication by which to find a market." Unless a railroad were built, the result, warned the paper, would be "the gradual depopulation of the western part of the territory."

The bugbear of depopulation never appeared. The chief reason was that the citizens of Milwaukee, largest settlement in the territory, decided to do something about it. One of the leaders of this group was Byron Kilbourn—son-in-law of one of the inventors of the steamboat, John Fitch—who came to Milwaukee in 1835 with a vast experience in canal building in Ohio. Kilbourn interested himself at once in a proposed canal joining the waters of the Mississippi and the Great Lakes. He succeeded in getting the United States to grant land to the company and even made a few attempts at beginning construction.

Mortgages and Crops for Stock

But the day of the railroad had come. By 1847 Kilbourn and his group joined in obtaining the charter for the Milwaukee & Mississippi Rail Road Company (initially, Milwaukee & Waukesha Rail Road). Upon the formal organization of the road in 1849 (one year after Wisconsin had been granted statehood) Kilbourn, who was then mayor of Milwaukee, became its first president. The authorized capital was \$100,000, and the charter permitted the road to be constructed from Milwaukee to Madison (the state capital), "and thence west to such point on the Mississippi as the said company may determine."

Since this was before the day of the "welfare state," the people to be served by the railroad had themselves to raise the money for its building. Being short of ready cash, many of them contributed, not money, but goods and the sweat of their own hands. When grading was begun in the fall of 1849 it was carried on for an entire year by orders drawn on subscribing merchants payable in goods. As August Derleth describes it in his "The Milwaukee Road": "The harness-makers paid in harnesses and repairs; the farmers paid in cattle, horses,

beef, pork, oats, lumber, timber, potatoes, and flour; the wagon-makers paid in carts and wagons; and many people paid in labor, for which in turn all received stock."

But this was not enough. It was obvious that hard cash was needed. It was equally obvious that few eastern bankers would consider loaning money for a railroad in thinly populated Wisconsin. This log jam was broken at a promotional meeting when the mayor of one of the towns along the line said that, if one hundred men between Milwaukee and the Rock river would do likewise, he would mortgage his farm and go East—where he originated—to get money to buy railroad stock. The 100 men were found and the necessary cash was drawn from mortgages placed on farm property.

Despite a parsimonious economy and the normal hostility which met most original railroad projects, the M. & M. pushed steadily westward. Grading of the right-of-way was completed in the middle of 1850, to be followed by the laying of the rails—which were planned to be on the wide gage of six feet, emulating the New York & Erie, but actually were laid to standard. By November, five miles had been laid, an accomplishment which called for a celebration. On the 20th, the directors and prominent Milwaukee citizens were taken for a ride on the first railroad in Wisconsin in two open freight cars behind Old Number 1 (later "Bob Ellis," "Iowa" and "Number 71"). It is this first run which is the focus of the road's centennial observance.

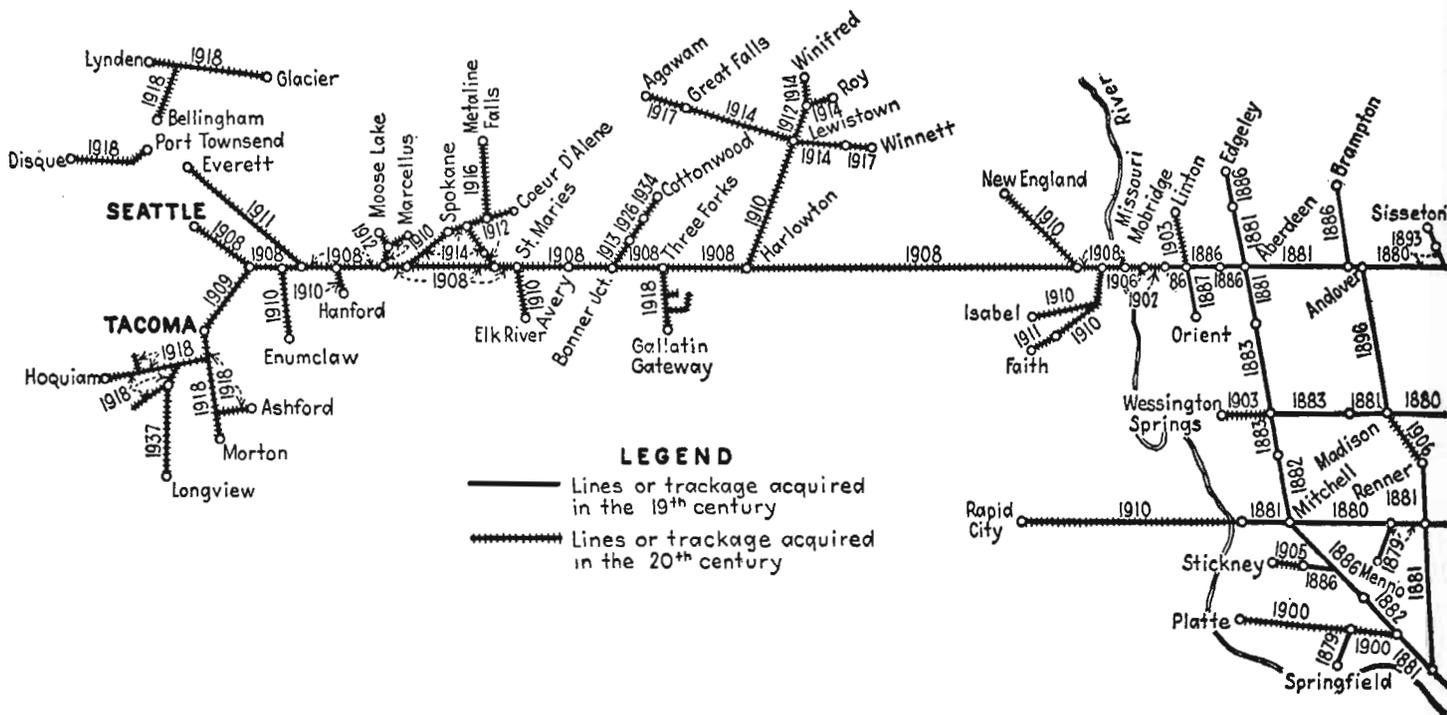
Boasted a Wisconsin newspaper at the time: "No state in the union, and no country in the world, has ever heard the snorting of a locomotive at so early a period of its settlement. No wonder the editors throw up their caps and make a joyful noise. Had we been there, we would have thrown ours so high that it never would have come down."

On February 25, 1851, the first formal trip to Waukesha, 20 miles distant, was undertaken, with the usual meed of band music, addresses, fireworks and dinners. Oratory had it that the new road would "capture the towns with our iron horse and enrich our neighbors as well as ourselves" and that the new railroad would "annex all towns." By April 2 daily trains were operating in each direction.

Extension to the Mississippi

Even before the new road reached Madison it was clear that, to forestall undue competition, it should reach the Mississippi as soon as possible. Prairie du Chien was the original goal, because it was an old settlement and because it was the point from which the Pacific railroad projected by Asa Whitney would take off. In 1853 the Milwaukee road built the first box car in its own shops, thereby initiating a policy which was to last to the present day.

On April 15, 1857, the M. & M. was open to Prairie du Chien on the banks of the Mississippi. The first train through comprised handsome new passenger cars built in the company shop in Milwaukee (precursors of a century of company-built passenger equipment) and was welcomed to the shores of the great river by a salute of 200 guns by an artillery company. To symbolize the new facility, an eight-gallon keg of Lake Michigan water was emptied into the Mississippi. Two years later the



HOW THE MILWAUKEE ROAD GREW. Dates on this map show when the various segments of the railroad—including trackage rights—were acquired. In some cases dates of con-

struction were much earlier. The Milwaukee is notable among big railroad systems for the large proportion of its route-miles constructed or acquired in the 20th century

company installed as a ferry at Prairie du Chien “The Lady Franklin,” a strange craft built to run either on water or on ice.

The 1857 Debacle

In 1857 the country was thrown into a financial panic which did not spare the M. & M. In 1860 the company defaulted on bond interest and went into receivership with a claimed indebtedness of \$6 million, plus capital stock amounting to \$3.5 million. In January, 1861, the property was purchased by a new concern, called the Milwaukee & Prairie du Chien, for \$7.5 million, in the interest of its creditors.

The collapse of the M. & M. and other roads not only made the stock held by local farmers and merchants worthless—or nearly so—but the panic brought with it foreclosure of the farm mortgages assumed for its purchase. The enraged farmers whose homes and livelihood were thereby placed in jeopardy became incensed at all railroads, without discrimination—a bitterness which finally led to grangerism and to restrictive legislation by the state. The railroad officers who had once been painted as public servants were now vilified as criminals, despite the fact that they had themselves lost heavily by the railroads’ collapse.

The debacle of 1857 affected all of the small weak lines then building in Wisconsin and placed them on the bargain counter. To this opportunity sprang one Alexander Mitchell, a well-regarded Milwaukee banker, who moved in to take them over. He began with the Chicago & Milwaukee, then moved simultaneously to get both the Milwaukee & Prairie du Chien and its paralleling rival, the La Crosse & Milwaukee (which went bankrupt in 1849 and was sold in 1863 and reorganized as the Milwaukee & St. Paul). Mitchell was noted for his practical-minded-

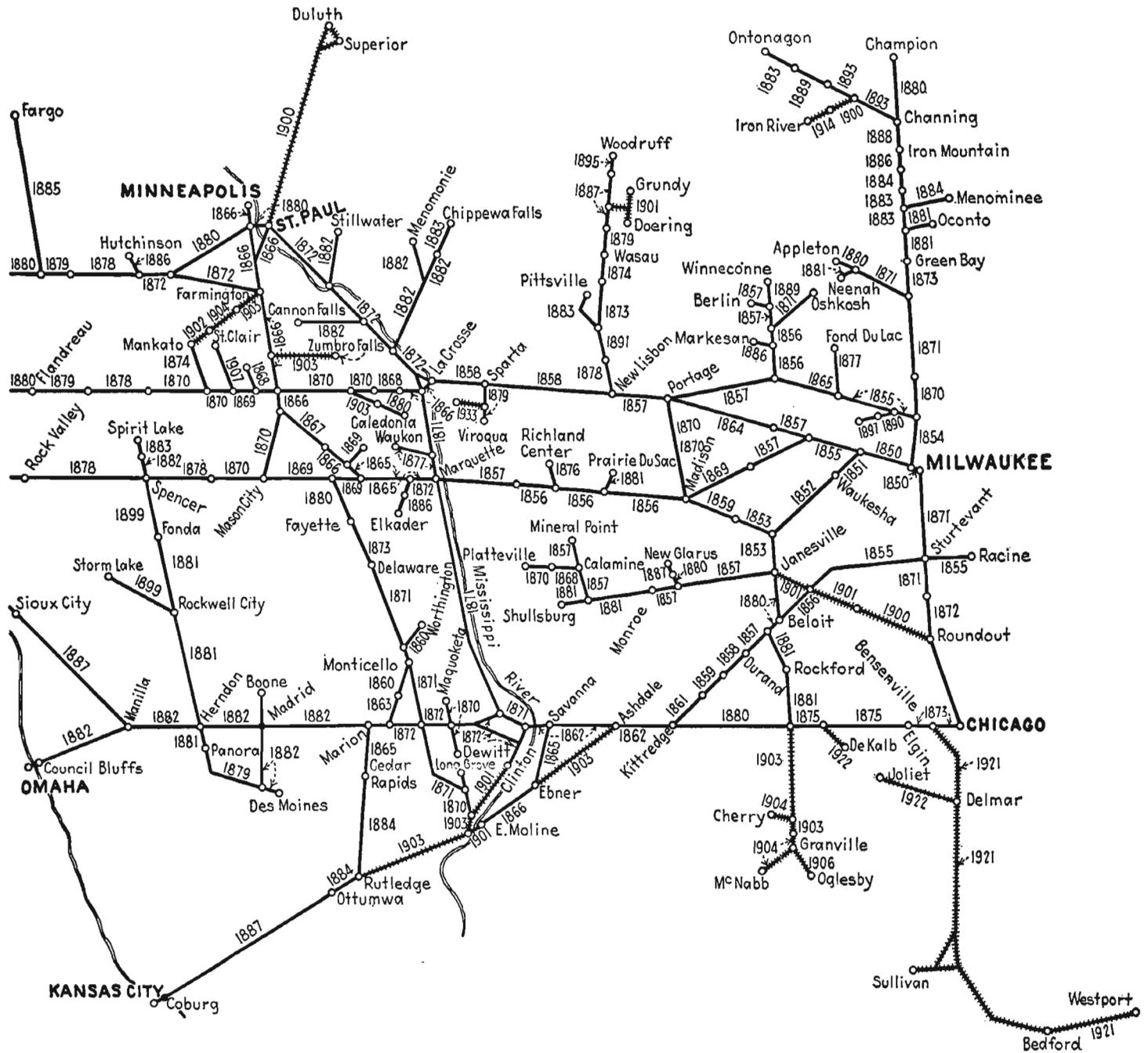
ness and his insistence that control of Wisconsin railroads be kept in Wisconsin. Mitchell was convinced that only a strong unified system built around the original M. & M. could compete with railroads outside the state.

In 1865 Mitchell, already head of the M. & St. P., was elected to the presidency of the Milwaukee & Prairie du Chien and the two roads—both of which extended from Milwaukee to the Mississippi—were brought together under the same management.

The two roads were merged on December 31, 1867. The new combination operated 820 route-miles and that year enjoyed net earnings of more than \$2 million. This was the largest railroad property in the Midwest at the time. It operated 125 locomotives, 122 passenger-train cars, and 2,248 freight-train cars. The combine owned, in addition, two separately operated railroads west of the Mississippi. Further “mopping up” in Wisconsin was vigorously pursued and, by the end of 1869, the Milwaukee & St. Paul controlled every through route from the lake shore to the Mississippi.

Rivalry Squelched

The company’s great rival was the Chicago & North Western and Chicago was the burgeoning competitor of the city of Milwaukee. Even this rivalry was somewhat abated. By the end of 1869, the directors of the two companies had been elected to each others’ boards and Mitchell had become president of the North Western as well as the M. & St. P. Controlling 2,300 miles of line, this “community of interest”—however short in duration—represented one of the greatest concentrations of ownership in the country. A group of small, bankrupt railroads had been forged into a useful, prosperous system, which already looked beyond Wisconsin for new worlds to conquer.



The 1870's reaped the whirlwind of previous abuses and brought onerous regulations and outright destruction of railroad values. Mitchell's persistent extension of power nevertheless continued. In 1873 the M. & St. P. attained ownership of its own line between Milwaukee and Chicago and was no longer dependent upon the C. & N. W. for entrance into the commercial capital of the Midwest. In the same momentous year it was extended on the west through to Minneapolis and St. Paul.

Chicago Becomes Home Base

After the Civil War the city of Chicago grew more and more important in the scheme of things. The M. & St. P., although its corporate ancestry was founded on Milwaukee, nevertheless found it prudent to go where the traffic went. In February, 1874, the name of the railroad was changed to Chicago, Milwaukee & St. Paul, by which title it was to be known until 1928—long after

it had extended its line far beyond the title cities. In 1880 the Milwaukee acquired, by lease, the Chicago & Pacific, which, with other properties already controlled, gave it a route due west out of Chicago and crossing the Mississippi between Savanna, Ill., and Sabula, Iowa.

Crossings of the Mississippi were a major physical problem. In 1863, a standing contract was made with a private individual to tow cars on a barge between Prairie du Chien and McGregor, Iowa. In 1874 the contractor erected at this point a pontoon bridge which could be opened to allow the passage of steamboats. In 1891, after almost a million cars had passed over it, at \$1 a car, the Milwaukee took over the bridge. One of the same type is still in operation at that point. Another crossing of the Mississippi was made at La Crosse in 1876, when an iron bridge was completed.

By 1880 the Milwaukee property was big business indeed. It operated 3,775 miles of road, whereas, only three years before, its total mileage stood at 1,412 miles.

It owned 425 locomotives, 319 passenger-train cars and 13,315 freight-train cars. It was a \$100 million property, and one of the biggest economic forces in the Midwest.

The Mitchell era came to an end in 1887, when the builder of the Milwaukee as a system passed away. His great and loyal operating officer—S. S. Merrill—had died in 1884. In 1888, Roswell Miller, a reticent and respected man, who was known as a strict disciplinarian, became, at 42, president of the C. M. & St. P. Mitchell left behind him a railroad operating 5,670 route-miles, spreading over five states and Dakota Territory. Its central terminus had shifted from Milwaukee to Chicago. The road had seven bridges crossing the Mississippi and Missouri rivers and owned a large number of grain elevators and warehouses, together with coal mining property in Illinois and Iowa.

Armour Influence

Possessed from the first of more freedom from outside domination than most railroad companies in the West, the Milwaukee remained jealous of its independence, and continually fought against being drawn into the current toward mastery by eastern financial centers. It went so far as to run its own sleeping cars and, as noted, began at a very early stage to manufacture its own locomotives and cars. In short, the Milwaukee played "with its cards close to the vest."

In the 1870's, nevertheless, two powerful industrial dynasties began to buy into the road. By the middle of the 1880's the board of directors included Philip D. Armour, of Chicago packing interests, and William Rockefeller, representing Standard Oil. The Harkness interests, represented by Henry Flagler, also entered into the road's control. Thus the Milwaukee, reluctantly, was drawn into a nationwide struggle between industrial giants. The aim of the Rockefeller interests was to keep the Morgan-Hill railroad combination out of Chicago, a goal in which they were joined by E. H. Harriman, who had a kind of "working agreement" with the Standard Oil group. After 1896, Hill had both the Northern Pacific and Great Northern and Harriman had the Union Pacific. The Milwaukee linked Omaha and the Twin Cities, respectively, with Chicago. To keep its independence was obviously difficult. This state of "suspended animation" was ended when Morgan-Hill obtained control of the Burlington and so gained an entrance into Chicago.

The turn of the century saw the Milwaukee 50 years old and ready to begin a second 50 years filled with events as portentous as the first—though entirely different in complexion. The year before, President Miller had been succeeded by Albert J. Earling, a Milwaukee rail-roader since he was 17 and, it is claimed, a pioneer in the development of the block signal system. He was noted for his knowledge of men.

The Western Extension

When the 20th Century began, the Milwaukee was operating 6,596 route-miles, reaching as far west as Bowdle, S. D., only 40 miles short of the Missouri river. The early years of the century brought to a slow boil in the minds of the Milwaukee's management the idea that it must expand westward to the Pacific Coast to protect itself from more extensive competitors and the combination of the Hill interests. It was becoming clear that railroads would find their greatest traffic opportunities in manufactured products and that to remain a "granger road" would subject the company to periodical depressions and slow decay of net earnings. The

early years of the century were prosperous and the West was growing rapidly. The Milwaukee had money. The first move was made in 1901 when an engineer was sent to study the Northern Pacific to find out how much it would cost to duplicate it. His report was that it could be done for \$45 million.

On November 28, 1905, the board authorized the Milwaukee to build to Seattle and Tacoma, Wash. The job started at Mobridge, S. D., on the Missouri. The railroad received no land grants or free right-of-way. It had considerable difficulty in acquiring the so-called "Jawbone Line," on which J. J. Hill held a mortgage, but which it needed for its route. Between Harlowton, Mont., and Seattle the Milwaukee had to cross five ranges—the Belts, Rockies, Bitter Roots, Saddles and Cascades.

Electrification

Actual construction of the 854-mi. extension was achieved in less than three years, beginning in September, 1906, and ending May 14, 1909, when the last spike was driven four miles west of Garrison, Mont. By August 15, 1909, local passenger service was established, and in 1911 through passenger trains were inaugurated.

Even before it was through to the Coast, the road set about purchasing or constructing branch-line feeders in the newly opened territory. In the four years between 1906 and 1910 the Milwaukee grew from 7,043 to nearly 10,000 route-miles.

The Pacific Coast Extension had favorable grades, comparable to the other transcontinentals, but grades they were, nevertheless. Temperatures went as low as 40 degrees below zero, making steam operation difficult. The line had an abundance of tunnels, including the 8,771-ft. St. Paul Pass bore. Waterpower was readily available and copper was produced along the road at Anaconda, Mont. In 1912 the company took the historic step of long-distance electrification for heavy traction and made contracts for electric power. Work on the 438 miles between Harlowton, Mont., and Avery, Idaho, was begun in 1914. For the first time in this country, electric locomotives were equipped with regenerative braking, which recovered approximately 12 per cent of the entire power used by all trains. On December 30, 1915, the road's first electrically hauled train operated from Three Forks, Mont., to Deer Lodge, 112 miles.

Success of this project in lowering unit operating costs, increasing speeds and trainloads, and reducing braking difficulties on grades led the directors, in January, 1917, to authorize further electrification between Othello and Tacoma, Wash., 207 miles, and between Black River and Seattle, 10 miles, which was completed early in 1920.

Acquisition of the Terre Haute

In 1917 President Earling was succeeded by Harry E. Byram, brought from the Burlington—"the president-maker"—for the purpose. World War I brought the road—like the rest—under government operation and left it with its fixed and rolling properties depleted and under-maintained.

In 1921 the Milwaukee leased the Chicago, Terre Haute & Southeastern, a 360-mi. road giving it direct access to the southern Indiana coal fields and a more direct connection with eastern lines than that afforded at Chicago. The Milwaukee had experienced acute coal shortages during the war. Although it was one of the largest independent railroads in the United States, on

no part of it were there coal mines sufficient to supply it locomotive fuel. In 1920 it incurred freight charges of \$3½ million for locomotive fuel. The Terre Haute became an integral part of the company on December, 1948, and today is one of the top divisions in density of traffic.

Receivership of 1925

On March 18, 1925, the Milwaukee went into receivership, and Mr. Byram, Mark W. Potter and Edward J. Brundage were appointed receivers. The following day Milwaukee common sold at a low of 5, compared to 199⅔, 20 years before. At the time, the Milwaukee was the largest railroad ever to have gone into the courts. Mr. Byram said publicly: "This road went into the hands of receivers for two reasons: adverse economic conditions in the Northwest and a top-heavy financial structure." Important factors, too, were the opening of the Panama Canal in 1914, which destroyed much of the railroad's transcontinental traffic before it could begin to exploit its costly Pacific Coast Extension.

On March 31, 1927, the Chicago, Milwaukee, St. Paul & Pacific Railroad Company was organized to acquire the property and, on January 13, 1928, took over the property, with H. A. Scandrett, lately a vice-president of the Union Pacific, as its new president. Property improvements were continued and intensified until the coming of the Great Depression.

The Milwaukee felt the depression of the '30's more than most roads because: (1) Agriculture—especially one-crop farming—was the hardest-hit of all enterprises. (2) Drought and dust storms compounded the depression. (3) The granger roads got from the Interstate Commerce Commission a blow in the Western Trunk

Line decision of May, 1930, which provided for a general rate increase on short-haul traffic and decreases on long-haul. This had the effect of driving high-rated short-haul traffic to the trucks and decreasing revenues on the staple traffic of the railroads.

The Milwaukee therefore proved to be not as depression-proof as its reorganizers had hoped in 1928. In June, 1935, a petition in bankruptcy was filed, and, in October, H. A. Scandrett, Walter J. Cummings and George I. Haight were appointed trustees. The trusteeship lasted for ten years, during which there was played a complicated drama of conflicting plans, lawsuits, and even suggestions of merger with the C. & N. W. Stockholder interests carried the battle to the United States Supreme Court, which, on March 2, 1943, approved the management's plan of reorganization excluding stockholders from participation in the new company.

Late in 1945, reorganization of the railroad was consummated according to a modified plan certified to the federal district court by the I.C.C. The president of the new company was its former head, Mr. Scandrett, with Leo T. Crowley as chairman of the board. Top fiscal control was vested in five voting trustees, representing various classes of securities affected by the reorganization.

In May, 1947, Mr. Scandrett retired, and was succeeded by C. H. Buford, a Milwaukee man since 1907, who had behind him a distinguished war record as the vice-president of the Association of American Railroads having most to do with meeting the desires of the armed forces. Mr. Buford, in turn, retired effective September 1, 1950, to be succeeded by John P. Kiley, who first joined the road in 1913. Upon his retirement, December 31, 1957, he was succeeded by William J. Quinn who had joined the road's law department in 1954 and served successively as General Solicitor, and Vice President and General Counsel.