

The Fall Of The Rock Island

By Rob Kitchen

Speaking as someone who was "on the ground" during that period, there were many efforts to bring the infrastructure back up to standard after it was finally realized that there would be no merger. Even during the reorganization period, in the fall of 1979, there were tie and surface gangs working in Illinois and Iowa. It was one of my jobs to prepare the daily production reports of those gangs, and they were installing about 500 ties a day.

The Rock Island Railroad was brought down by three people, Judge Frank J. McGarr, Henry Crown, and Fred J. Kroll. Henry Crown was a major investor who bought Rock Island bonds from fearful investors at pennies on the dollar betting on the bankruptcy judge (McGarr) ruling to liquidate the property. Fred Kroll was the head of the clerks union who refused to sign a contract similar to those signed by the train engineer and train crew unions that would help the Rock to maintain profitability while rebuilding. This led to the August, 1979 strike. The railroad was run by railroad officials (of which I was one) for several weeks, and was able to maintain 80% of the pre-strike traffic.

Traffic levels were steadily increasing under this operating regimen which embarrassed the unions. They lobbied the Carter administration which eventually ordered an end to the strike and the directed service takeover of the Rock on the pretext that the Rock would not be able to handle the harvest. Judge McGarr ruled that there would be no more attempts at reorganization and that the Rock would be shut down and liquidated. The sale of the Rock and its assets resulted in repayment of all of the Rock's debts and obligations, granting a windfall for Crown who bought up all those bonds (no collusion there, eh?).

There was nothing wrong with the route, traffic base, or customers of the Rock Island. There was a positive plan in place for the rehabilitation of the infrastructure which worried the other railroads in the area. The evidence of this is how much of it is still in operation as compared to the other granger railroads in the same areas. The Rock's major mainlines, Chicago to Omaha, Minneapolis to Kansas City, Kansas City to Santa Rosa, and Salina to Galveston, are all still operating today. This is what happens when you are dependent on outside financiers for your existence.

To put the record straight, the Rock did put a lot of money back into the infrastructure and equipment, that's why I was hired. There was a massive effort going on to rehabilitate the track in Iowa, with railroad grant money from the state of Iowa. The same thing was going on in Arkansas and Oklahoma. The new livery was designed to differentiate the "new" Rock from the "old" Rock Island. Those GP-38s were brand new, along with some GP-40s, and Silvis Shop was turning out rebuilt GP-9s daily. Silvis Yard was also very busy, and trains arrived and departed there, in all directions, frequently. They were determined to make a go of it, but this was before the days when the government believed in the mantra "too big to go under". I'm not sure what the clerks union thought it would accomplish by going on strike, but if they hadn't, the Rock would have survived, and they would still have a job.

The major rehab of the Rock Island began during the late 1970s. The new management was determined to pull the railroad out of bankruptcy, and I was hired on to support the high production track gangs. My first assignment was in Estherville, Iowa. The shippers were very supportive of the Rock. One of my duties was to arrange for payment of fuel, oil, tires, and other major supplies, for the production gangs, purchased from local merchants. When I went to each of them to close out our accounts when the strike began, they all said that they were sad that we were pulling out. They really appreciated our business and they never had a problem with any check from the Rock. The same could not be said for many of their local regular customers.

The budget for track rehab was set to increase every year for the next five years after I hired on. They were shooting for at least a single pass from a tie and surface gang on every mainline track between Blue Island and Omaha / Kansas City, the "Spine Line" south out of St. Paul, the Peoria branch, and the major grain lines in Iowa. I had little contact with the southern Rock lines, but I believe that they were rebuilding as well. There may have been a managerial split between the northern and southern lines. I only worked with gangs on the northern lines.