

The Katy saga: Survival of a granger

Always game, the Missouri-Kansas-Texas rode a roller-coaster of deterioration and reconstruction

MY FASCINATION with the Katy began about 1946 when, as a teenager living in Mississippi, I acquired several HO model kits for the railroad's bright yellow boxcars with the script slogan, "Katy Serves the Southwest." To me, they were about the "neatest thing on wheels," even though I lived 500 miles from any Katy track.

The Katy's history is perhaps best summed up by two words, deterioration and reconstruction. Seldom has a railroad managed to survive the number of disasters, both natural and contrived, that befell the Katy. Its 1865 charter was for the Union Pacific, Southern Branch. Although it connected with the Kansas Pacific (merged by UP in 1880) at Junction City, Kans., the new road had no legal relationship with its namesake.

In less than two years the UPSB came under control of New York investors led by Judge Levi Parsons. By 1870 Parsons envisioned a grand future for his 70-mile railway, and proposed that it connect Kansas City with ports on the Gulf of Mexico. Accordingly, he changed the name to Missouri, Kansas & Texas Railway, and soon it was identified on stock exchanges by "KT," from which sprang its popular nickname.

Promised a Federal land grant for building through Indian Territory (later to become Oklahoma), MK&T battled mother nature, hostile natives, and competing railroads before reaching Texas in December 1872, ending at a point named for the road's vice president, George Denison. Construction crews then moved northward and, by August 1873, had completed an extension to Hannibal, Mo., on the Mississippi River (the Moberly-Hannibal segment would wind up with the Wabash). At this point, a weary Parsons decided to exit railroading, and only two weeks after liquidating his Katy holdings, the lucky judge witnessed the national Panic of 1873.

The fiscal ruin of the MK&T was an opportunity for Jay Gould, who controlled Missouri Pacific and Texas & Pacific. He acquired the Katy to use as a collection of feeder lines. Not surprisingly, this involved a massive transfer of Katy assets to other Gould lines, plus route acquisitions in north Texas that enlarged MK&T so it could better support MP and T&P. Gould's recklessness led to legal action by the State of Texas that cost him control of MK&T, which entered its first bankruptcy in 1888.

Emerging in 1891, MK&T began a 20-year rebuilding that extended it to



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The slogan that captured the author's young imagination has faded, but caboose 896 still wears "Sloan yellow" in Austin, Texas, in 1966.

Austin, San Antonio, Houston, and St. Louis, with newer rolling stock and improved roadbed. Mounting debt from earlier bond issues and increasing costs from World War I traffic, however, pulled it back into insolvency in 1915. When USRA control ended in 1920, the Katy was again ailing financially and physically. Another rescue was needed.

The reorganization of 1923 brought a modified name, Missouri-Kansas-Texas Railroad, and the shedding of nearly 500 miles of unproductive routes (from a total of 3860). Rehabilitation ended abruptly, though, when the stock market crashed in 1929, and by 1934, operating revenues were little more than half of those in 1930. Fortunately, another savior appeared: Matthew Sloan. With a background in electric utilities, he was able to secure funds from the Federal government and private banks. To promote a bright public image, he had every rebuilt freight car, plus company buildings, painted yellow with black trim. Many of the cars began carrying that stylized slogan I saw on my HO models.

One of Sloan's lasting accomplishments was modernizing Katy's steam locomotives, mostly built before World War I, with higher boiler pressures and superheaters. As a light-rail granger road set in mostly prairie country, Katy needed only modest-sized engines. Premier mainline power was 154 Mikados and 62 Pacifics, with yard work entrusted to 66 switchers and branches to 120



HAROLD WILLIAMS PHOTO; J. PARKER LAMB COLLECTION

One of Katy's spiffy Pacifics, 403 (Lima, 1920), eases through double-slip switches nearing St. Louis Union Station with the Katy Flyer in 1949.

Moguls, 40 Consolidations, and 10 Americans (among the last in the nation).

Under Sloan's program, engines were decked out with white striping, and tenders for the first time wore large, embossed red emblems of a unique shape [see "Second Section," p. 93]. Eschewing a business car, Sloan roamed the MKT in a yellow Chrysler sedan fitted with pilots and permanently mounted flanged wheels. He inaugurated named freights (*Katy Komet* and *Klipper*) and improved service on the four major passenger trains (*Texas Special*, *Bluebonnet*, *Katy Flyer*, and *Katy Limited*). The trains served both of Katy's Missouri gateways,

St. Louis and Kansas City, as well as all its big Texas terminals, with separate sections north of Parsons, Kans., and south of Denison.

Sloan died suddenly in 1945, and the next year the new management began to dieselize and to reduce Katy's funded debt. The dieselization strategy, however, was naive, as the traffic department, not the mechanical department, was empowered to order new locomotives. By the end of 1951, Katy owned 167 units of 16 different models from five builders: Alco, Baldwin, EMD, FM, and GE. Almost half were EMD's, but they ranged from 70-ton GE branchline



units to graceful Alco PAs.

By 1956 Katy had acquired 41 more units of seven models, but because of the massive maintenance demands on this eclectic fleet, many units were worn out and wound up being either re-powered (mostly with EMD engines) or scrapped. By 1963 MKT was virtually all EMD-powered, including several "half-breed" Alco and Baldwin rebuilds. In its last years, Katy scoured the secondhand market for power while maintaining a small fleet of SD40-2's for coal trains. Its final new purchases were 20 GP39-2's in 1984.

Through the early 1950's, Katy prospered with Korean War traffic, but postwar carloadings fell rapidly, compounded by an 8-year drought that decimated agricultural business. Operating problems began to mount, aggravated by the premature aging—owing to faulty creosoting—of 3 million World War II crossies.

Searching for a "tough" operating man in the late 1950's, Katy brought in William Deramus III, who had rescued the Chicago Great Western. Despite a blunt approach that created public relations problems on and off the railroad, he was able to get Katy moving forward again. Yards were modernized and freight classification procedures streamlined, allowing more-competitive schedules. He simplified diesel colors from a bright red with a detailed herald, silver side panels, and yellow trim to a solid somber red relieved only by small gold-painted "squashed" heralds that bore the road's nickname in block letters. This plain scheme was similar to the darker red Deramus had applied to CGW engines.

Deramus, as did many other railroad leaders of the period, also presided over the gradual reduction of Katy passenger service. Even these measures did not bring profitability, and a major investor shakeup in 1961 led to another management team whose results over the next three years were not significantly better.

This set the stage for Katy's final rehabilitation, which began in March 1965 under the famous "doctor to sick railroads," John W. Barriger III. Recently retired from the prosperous Pitts-



THREE PHOTOS, J. PARKER LAMB

Katy's "squashed emblem" adorns a repowered Alco FA (above) in 1964. The old design came back on Barriger's GP40's of 1966 (below, at Waco). By 1988 (right), "John Deere" colors (and Conrail blue) ruled on a northbound at Smithville.

burgh & Lake Erie, "JWB," a Dallas native, returned to his roots to rescue the Katy, with which he was familiar after having reviewed its government loan applications during the Great Depression. Following the recipe used by Sloan 30 years earlier, Barriger began by cleaning, repairing, and repainting Katy equipment and structures, starting a track and roadway rehabilitation program, and becoming a tireless Katy promoter with a business card that read, in part, "traveling freight agent."

Unable to cover the 20 percent down payment on equipment trusts, he signed 15-year leases on nearly 4000 cars, and combined trade-ins and wreck insurance claims to purchase 11 GP40's, the





road's first second-generation diesels. Barriger also had all equipment painted a brighter red with the reborn classic Katy herald prominent, with big white "M-K-T" letters. He was not able to justify operating the last (Kansas City-Dallas) remnant of the *Texas Special*, though, and it came off June 30, 1965.

After Barriger's second retirement in 1970, Reginald Whitman became president and built the Katy toward its pinnacle, which included a new (and final) color scheme of green and yellow (often called the "John Deere" look). Using government-guaranteed loans, Katy's premier Kansas City-Fort Worth-Houston line was rebuilt to Class 4 (60 mph) status in the early 1980's. Although Katy's granger legacy was a distant memory, the government's entry into the international grain business provided abundant export traffic for the system, which after Rock Island's 1980 demise included new subsidiary Oklahoma, Kansas & Texas, the former RI Fort Worth-to-Abilene, Kans., line and a few branches.

What really brought Katy back from the brink of yet another disaster, however, was a government mandate in the 1970's for burning low-sulfur Western coal in electric generating plants along MKT routes. Unlike seasonal agricultural traffic, this new "black gold" provided a steady demand covered by long-term contracts. Alas, while Katy was increasing its traffic base in the 1970's, the merger movement was producing

larger competing lines even faster, and soon MKT found itself surrounded by a bigger Burlington Northern (now including Frisco) and UP (including Mo-Pac). Katy's independence was clearly in jeopardy, and the resilient road vanished into the UP in May 1988. Remarkably, virtually all Katy main lines except its St. Louis route remain in use today.

By the time a career move carried me to Texas and I was able to actually see Katy trains, its yellow boxcars of my youth had mostly been replaced or repainted. I found, though, that many Texans had a warm spot in their hearts for this mid-sized railroad that, even though battered and tattered, was still moving trains. I was indeed lucky to see Katy's ultimate triumphs over adversity during its last 25 years. ■

Katy fact file

(comparative figures are for 1929 and 1987)

Route-miles: 3189; 3130

Locomotives: 515; 237

Freight cars: 20,140; 3566

Passenger cars: 411; 66 (1964)

Headquarters city: Dallas, Texas

Notable postwar passenger trains: *Texas Special, Katy Flyer, Bluebonnet*

Special interest group: Katy Railroad Historical Society, P.O. Box 1784, Sedalia, MO 65302; www.KatyRailroad.org

Source: *The Historical Guide to North American Railroads* (Kalmbach, 1999).