Late at night, when the traffic has died down, and only the gentle hum of the Toll Road can be heard among the sounds of a city at rest, train horns break the quiet. Their distant call has filled the night air for many long years. Trains approach the South Bend International Airport from the west and before long have departed again the way they came, bound toward Chicago’s bright lights. For the longest time, I believed that these were Amtrak trains and had no idea of their history or significance. What I heard at night were the horns of the South Shore, an electric railroad that has run between South Bend and Chicago, following the southern shores of Lake Michigan, for over a century. Though it has changed and grown, in many ways it is the same railroad as it was the day the first train made its inaugural run between Michigan City and South Bend in the summer of 1908.¹

The South Shore spent much of its life as an electric interurban, which were railroads similar in many ways to streetcars, that provided transportation in and between cities. They saw a brief but strong period of incredible popularity in the first decades of the twentieth century, then slowly declined following World War I.² The South Shore holds the obscure but prestigious title of “The Last Interurban.” The railroad’s status and title are the results of official action taken in 1978, at which time the South Shore was the last railroad in the United States registered as an interurban by the Interstate Commerce Commission (ICC). The ICC asked the South Shore to allow itself to be reclassified from an Interurban to a Class 2 railroad so they could close the category. The South Shore agreed and so earned its title - there were then no more interurbans, and it had indeed been the very last.³

The South Shore had a difficult time reaching that point, however, and both before and after its reclassification the railroad faced serious challenges to its continued operation. It has faced bankruptcy as

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often as it has changed hands, and there have been times when it seemed the railroad was certainly doomed. Despite this, it has endured and even thrived. But how did the South Shore manage to overcome these threats to its survival? How did it survive long enough to become the Last Interurban, and beyond? It is a long and complicated story, with as many low points as high, in which some key factors may be identified. A strong position, along with a consistently strong service that was made possible by excellent construction and consistently competent management, has allowed the South Shore to maintain itself into the present. And on the few occasions when these potent elements proved insufficient, the railroad was fortunate enough to attract outside interest and support, which helped the railroad get back on its feet, and carry on in its capable and determined way.

Exploring the railroad’s long history is the best way to see these factors at work, as well as providing insight into those parts of the United States’ history to which it has both contributed and borne witness. To better understand that interplay, it would be best to first take a step back and look at the general history of the United States’ railroads during the twentieth century. Knowing more about the overall shape of that history, throughout the period that the South Shore has been in operation, makes it possible to place the South Shore in proper perspective against its physical and historical surroundings, as well as highlight any unique features of the railroad’s storied life.

Railroad history in the United States during the twentieth century is characterized by the two types of service provided - freight, and passenger. Both faced challenges during that century which would alter the way they did business. For a long time, rail freight did well enough for itself, but starting in the 1920s passenger service in the United States entered a long period of decline. Passenger numbers fell by as much as 80% between 1920 and 1970. The only exception to this trend was a temporary burst of activity caused by World War II, after which the steady decline in passengers resumed. A variety of reasons have been offered to explain this decline.

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One explanation suggests the decline was due to the financial circumstances the railroads faced, especially following World War II. By 1957, passenger train losses had risen to over $700 million, later falling to the still sizable figure of $400 million annual losses in the 1960s. While critics of this view argue that the railroads’ losses may have been overstated for one reason or another, any number of estimates still suggest that the postwar losses were real. However, the continued financial decline of the railroads was only a symptom of the passenger decline, and not an explanation in itself. Other problems must be identified to explain it.

Perhaps the most significant difficulty passenger rail faced came from the differences in the kind of funding that different kinds of transportation were receiving. The disparity was best exemplified by actions taken during the Great Depression. During the Depression, about a third of the nation’s rail mileage was bankrupt at the same time. The financial assistance that the railroads were provided by the federal government was nothing compared with what the highway system received. Some subsidies for the various highway programs provided for as much as two thirds of the project’s cost. Subsidization itself shows how differently railroads were treated by federal and state governments, because they were privately owned. Railroads received aid, certainly, but that had to be repaid eventually. The construction of highways and roads was subsidized, meaning no repayment was required or expected. There were also more indirect influences on the financial state of different forms of transportation. For example, while railroads have to pay property taxes on their various real estate assets, roads and publicly owned airports are not burdened with such concerns. These differences in the treatment of and expectations for various types of transportation are a key part of understanding the circumstances passenger rail faced. Whether equalizing these financial inequalities would have helped, however, depends on whether the railroads would have been able to overcome other, more significant difficulties.

5 Ibid.
6 Ibid 96.
7 Nice, “Passenger Rail Service,” 96.
In particular, those difficulties were created by technological advancement in other forms of transportation, which had over time significantly improved their competitiveness. Widespread and substantial investment into road construction and the highway system, along with the rapid development of automobiles, gave motor traffic an edge in convenience and flexibility that the railroads, bound to their rails, could not match. Similar developments in air transportation, and especially in speed, gave the airlines an insurmountable advantage over the railroads over long ranges. These developments may well find their roots in the disproportionate investments into those modes of transportation. While railroads have since made their own advancements in speed, giving them a renewed ability to compete with road and air transportation over certain distances, for the time being they appeared to have become outdated and inefficient. The impact of newly strengthened competition from other forms of transportation is easily observed in the proportion of passengers that switched to other forms of transportation, which was even higher than the drop in the number of rail passengers. The massive change in passenger distribution clearly demonstrates the major shifts caused by the technological advances of different forms of transportation.\(^8\)

A final set of possibilities to consider comes from various accusations that have been leveled against the railroads themselves. It is argued that poor quality of service - whether in the form of late trains, equipment that was in bad condition, inconvenient ticketing and reservations, or poorly advertised services - drove away passengers. Any one of these can stand alone but taken together they have also been labeled as a part of what David Nice has called the “Discouragement Hypothesis,” which suggests that the loss of passengers resulting from these problems were at least in part the result of deliberate efforts on the part of railroads. One motivation for such action was the money being lost by passenger trains - which was in fact happening - and the railroads were just trying to cut their losses.\(^9\) Another suggested possibility is that, while passenger trains were or could have been profitable, the various railroad management would not, or maybe even could not, help them survive and thrive. It is suggested that, because most of the railroads’

\(^8\) Nice, “Passenger Rail Service,” 96.
\(^9\) Ibid 97.
income was from freight, many of the people who managed them had their backgrounds in freight service, and thus did not possess the experience or knowledge required to run a passenger railroad.

But the reality of the situation would appear otherwise, especially for the latter of these claims. Evidence suggests that even when railroads were discouraging passenger traffic, it was to minimize losses from a poor service, not to take apart a profitable one. As for the claim that railroads did not take actions to promote passenger traffic, that is simply not true. Contrary to that claim, says David Nice,

many railroads made substantial efforts to attract and retain passenger traffic. From 1946 through the mid-1950s, the railroads invested considerable sums in new and rebuilt passenger cars and locomotives. In addition, many railroads experimented with a host of efforts to attract the public, including discount fares, low-cost meals, and other attractions. In spite of those efforts, however, ridership continued to decline, and the financial losses continued.10

There were much stronger forces at work than simple managerial problems it was not due to the absence of interest in sustaining passenger service, but rather despite significant efforts to the contrary that passenger rail continued to decline.

In response to the accelerating decline of passenger rail in the 1960s and growing concerns about their eventual disappearance, calls for action began to be raised. In 1969, specific proposals began to be raised.

The board of directors of the Association of American Railroads called for public subsidies for passenger rail service and a publicly owned pool of passenger equipment. The Association’s call was echoed by the Interstate Commerce Commission (ICC) a few months later. Congressional hearings began on those and a number of other proposals in 1969.11

The suggestion of subsidization was a significant departure from previous actions taken to help preserve railroads and shows that the attitude towards the railroads was beginning to change. Those suggestions bore fruit, and soon after, the United States Department of Transportation proposed the creation of a “semipublic corporation, Rail Pax, which would operate needed passenger trains with modest public funding.”12

10 Nice, “Passenger Rail Service,” 98.
11 Ibid 99.
12 Ibid.
October 30, 1970, President Richard Nixon signed a modified version of the proposal into law. Rail Pax, later renamed Amtrak, was established.

Amtrak’s history is a complicated and lengthy subject. Suffice it to say that the fledgling corporation had many difficult problems to solve. Insufficient track maintenance and old equipment resulted in low speeds, and that in turn made it difficult to keep trains on schedule. Stations had been similarly neglected. Amtrak began replacing or rebuilding the old equipment it had inherited as soon as possible, but the first new cars did not arrive until 1975. The lack of investment in passenger rail cars, particularly in the development of modern equipment, as well as budget constraints that arose in the 1980s, would further slow their efforts.

Naturally, Amtrak’s survival would depend on attracting enough passengers to generate revenues as well as to maintain the political support and by extension subsidies it depended on. This was accomplished through a combination of factors. Publicity, through national and regional advertisement. Accessibility, by implementing more convenient ticketing and reservation systems. Additional features included the offering of various amenities, such as movies and telephone service. Their efforts would prove successful, and according to David Nice, “Since Amtrak began, passenger mileage has increased over the previous year approximately two out of every three years, a dramatic change from the pattern of consistently declining ridership in the 1950s and 1960s.”13

To summarize a very complex subject, the general trend of U.S. passenger rail in the twentieth century was downward, in passengers, and in revenues - let alone profit. When this came to a head in the 1960s, it was ultimately decided to extend the same government support to this form of transportation that others had been receiving for many, many years. A transportation body, Amtrak, was created to handle those funds, and to manage the railroads. That decision has proven successful, and Amtrak continues to offer its passenger services throughout the United States.

As for the history of rail freight in the twentieth century, while it is less complex, and for the most part less dramatic, freight carriage faced its own complications. Regulations had been put in place in order to prevent the railroads from engaging in monopolistic business practices, but they had gotten perhaps a bit too strict. They eventually became so overwhelmingly controlling that they made it all but impossible for a railroad to compete with any other form of freight transportation. Changing a rate by so much as a cent required permission from the Interstate Commerce Commission. Establishing any new business arrangements took so long that another interested party could easily obtain the contract long before the railroad was allowed to even try. According to a 1958 article written to the Saturday Evening Post, the railroads also wanted “to get rid of make-work provisions which, they say, have persisted over the years, and which add to operating costs.” Make-work, meaning busy work, was a drain on a railroad’s already strained resources. Moreover, “they would like better treatment from local tax gatherers like those who imposed $3000 in new taxes on the Pennsylvania Railroad for installing moving stairs in the railway station at Trenton, New Jersey.” They wanted to be allowed to compete on an even playing field.

They got their wish soon after because of several changes to how railroads were able to operate. Firstly, the creation of Amtrak in 1971 began taking the burden of passenger service off the railroads, allowing them to divert their resources and energy to reinforcing their freight services. Secondly, as Per Ola and Emily d’Aulaire put it in their 1995 Smithsonian article,

the Staggers Rail Act of 1980 partially deregulated the nation's rail lines and freed the companies to set their own routes, rates, and schedules. Overnight the Staggers Act took railroads from a shackled utility to a freewheeling, highly competitive--and decidedly modern-business roaring toward the 21st century.  

15 Ibid.
The following years would see a renewed competition from the railroads, and significant growth in their participation in intermodal transportation - the deliberate interconnection of various forms of transportation in the movement of freight.\(^\text{17}\)

However, deregulation came at a cost, and over the last two decades of the twentieth century shippers became increasingly frustrated with the railroads. It seems that at least some of the concerns of those who had put the strict regulations on the railroad in the first place were valid, because a series of sweeping mergers had followed soon after deregulation, creating a significantly less competitive environment. Railroads were able to keep their competitors out wherever they owned the rails, something made much easier by the falling number of railroads that was a natural consequence of all the mergers. Shippers reported an overall decline in service quality, alongside increased rates. As the twentieth century drew to a close, compensating actions for the problems caused by deregulation were being explored, such as the implementation of some kind of new regulations, or actions that might be taken by various government bodies.\(^\text{18}\)

The history of the United States’ railroads during the twentieth century is a story of a slow and painful fall from prosperity, followed by a meteoric rise - though they have not, perhaps, regained the preeminence that they once knew. While the South Shore was not always affected in the same way that most of the railroads generally were, it has been present throughout that fall and rise, and has mirrored it. The origins of the railroad are found in 1901, in the dawning years of the twentieth century.\(^\text{19}\) Its history, and its place in the greater history of the United States’ railroads, provides it with a unique perspective on events throughout the century. The railroad faced many of the same problems as its fellows, and in some cases, it employed similar solutions - its later history bears a remarkable resemblance to the origins of

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Amtrak, albeit on a smaller scale. But in many ways the South Shore’s means of survival were unique, and both have contributed to its longevity.

Perhaps the single most important factor in the South Shore’s long service life lies in the nature and method of its origins. The South Shore finds its beginning in 1901 as the Chicago and Indiana Air Line, a short trolley line in East Chicago, Indiana. Drawn by the growing industrial development in the Calumet region on Lake Michigan’s southern coast, the railroad’s founders saw the promise of immense growth in the demand for passenger transportation and freight carriage in the area. A few years later in 1904, the railroad was renamed the Chicago Lake Shore & South Bend Railroad (CLS&SB, sometimes just the Lake Shore), in order to better reflect and reinforce the railroad’s goal of connecting the cities of Chicago and South Bend along a route that paralleled the lakeshore. Construction began a couple years later in the fall of 1906, and with it came one of the most significant contributions to the railroad’s eventual success and survival.

Unlike its contemporaries, this electric interurban was constructed in accordance with the standards of a steam railroad. The line had a wide right of way, and the grade of the railroad - the steepness of any given section - was kept very low. The tracks were laid with gentle curves throughout the line which, according to “a later president of the company, Jay Samuel Hartt… avoided the common interurban mistake of ‘wrapping the line around every courthouse enroute.’” This level of care was taken in the construction to allow the railroad to run its trains at speeds of up to 75 miles per hour. These factors combined to create an interurban railroad of unusual quality, which began operating regular passenger service on July 1, 1908. It was that quality that would later prove a key asset for the railroad. This foundational dedication to high quality would be responsible for or enable the majority of the other reasons that can be offered to explain the railroad’s survival. It enabled the railroad’s direct access into Chicago on another railroad’s line, as well as the incredibly valuable freight interchange which it would come to depend on in later years.

20 Ibid 10.
21 Middleton, The Last Interurban, 14.
While that bright future lay ahead of it, for the time being things were not so good. The railroad’s passenger service had mixed results, and despite a foundational interest in the provision of freight service - for which purpose the railroad had been given such gentle curvature - freight carriage was not initially pursued in earnest. During the construction, consulting engineers had concluded that a dedicated freight service would not be successful on the railroad, and as a result the original construction had not included freight facilities and other considerations that might otherwise have been included. Despite that, the railroad would make its first attempt at freight carriage in 1909, though it was discontinued soon thereafter.22 Another, more successful attempt was made years later in 1916, and the railroad finally began a steady freight service.23 Though it saw some growth, the Lake Shore’s freight service never saw significant revenues, and over the course of the early 1920s both passenger numbers and freight levels on the railway declined, and the railroad along with them. Finally, in 1924, the Lake Shore’s debt had grown to exceed $1.7 million.24 The Cleveland Trust Company, the bank which had financed the railroad’s construction, was forced to foreclose their loan, and take possession of the railroad.

As Cleveland Trust sought a way to recoup its losses, Samuel Insull’s Midland Utilities took an interest in the railroad. Insull, who had immigrated to the United States from the United Kingdom and worked at General Electric with Thomas Edison, possessed a significant number of the utility’s providers throughout the United States, which served practically every part of the region surrounding the Lake Shore Railroad. The South Shore presented itself as an excellent opportunity for Insull and Midland. Insull’s son, Sam Insull Jr., described Midland’s interest in the railroad best in his own words, saying:

The interest of the Midland Utilities Company in the South Shore Line is an outgrowth of the company’s enthusiasm for the territory known as ‘The Workshop of America’ extending across northwestern Indiana. … Our consequent knowledge of the possibilities of development and demands for service in this, the coming steel center of America, and the most active manufacturing territory in the Middle West, has led us to enter business, which is not primarily ours, that of transportation.

22 Ibid 23.
24 Middleton, The Last Interurban, 14.
We feel that as an improved railroad service will aid in the development of the territory, our operating subsidiaries furnishing gas and electricity will indirectly benefit by our activities in the transportation field.

We believe, also, that a first-class, comfortable passenger service and a rapid overnight freight service in this territory will be financially successful. We are, therefore, going ahead to put the road in shape to furnish these two classes of service, in such a way as to place them above competition.25

With those desires in mind, Midland negotiated with Cleveland Trust for the railroad.26 On July 15, 1925, Midland bought the railroad at auction for $6,474,843 - as had been agreed beforehand. The railroad was then reincorporated as the Chicago South Shore & South Bend Railroad, the name it would bear ever afterward. Then they got to work.27

It would be all but impossible to overstate the degree to which the railroad benefited from this purchase. It received a complete and comprehensive improvement, courtesy of Insull and Midland. They rebuilt and upgraded the entire line - still abiding to the steam railroad standard that had been established years earlier under the Lake Shore. The total and complete scope of the railroad’s rehabilitation makes it hard to explain in brief, since virtually every part of the railroad was included in the program. Heavier rails were installed to allow for high speeds, and the rail ties were replaced. The right of way was widened. The catenary system (the overhead power supply wires) was replaced. The signaling system was rewired and rebuilt, and a new telephone system was installed for use in dispatching.28

Of particular importance was the conversion of the railroad’s power from AC to DC. New substations were installed by another Midland subsidiary, the Northern Indiana Public Service Company (NIPSCO) for this purpose.29 The conversion was undertaken in order to make the railroad’s equipment

29 Ibid.
compatible with the recently installed DC electric system on Illinois Central’s (IC) Kensington line. The South Shore had always obtained access to downtown Chicago via Kensington, under an agreement that had been made before the Lake Shore had even been built.\(^\text{30}\) Originally, Lake Shore cars had been towed into and out of Chicago by IC steam locomotives.\(^\text{31}\) Now, under the South Shore, and with the new DC conversion in place, they could make the trip under their own power - which was far more convenient and comfortable for the passengers.\(^\text{32}\) Twenty five brand new passenger coaches from the Pullman Car & Manufacturing Corporation were ordered to go with the new power system. Like the rest of the railroad, these cars were steam standard equipment. They would go on to serve the railroad for about fifty years.

The South Shore also got four brand new electric locomotives for the freight service, and Midland’s particular interest in the railroad’s potential for freight carriage extended beyond that.\(^\text{33}\) The Insull rehabilitation would correct some mistakes that had been made during the Lake Shore’s construction by outfitting the railroad with longer, double-ended sidings. These had many benefits aside from freight carriage, facilitating easier passing for all the railroad’s trains, and thereby improving travel times.\(^\text{34}\) Additionally, they constructed all the freight handling facilities that would be necessary to allow the railroad to fulfill Midland’s ambitions. Their interest and investment in the railroad would prove well-placed, because within two years the railroad had ordered another two locomotives to help support the demands placed on a rapidly growing freight service.

To further bolster the railroad’s freight service, the South Shore negotiated and established interchange agreements with many of the surrounding railroads. Through rates were established and tracks were built with many other railroads. Such agreements had existed before the Midland takeover, but under


\(^{31}\) “Freight Handling by South Shore Lines,” *Electric Traction* 12, no. 11 (Nov. 1916): 866.


\(^{34}\) Charles H. Jones, “Heavy Interurban Meets the Urge of Automobile Competition,” *Electric Railway Journal* 70, no. 12 (September 17, 1927): 497.
Insull’s ownership they multiplied. Shippers saved a full day going either way on the South Shore - and time is, of course, money. Because the railroad was compatible with standard rail equipment, and had been built with freight in mind, freight carriers were able to benefit from the high-speed service that had been created by the South Shore. Midland was very aware of this fact and knew how valuable it was. They pressed their advantage, actively soliciting freight in the region, as well as diversifying equipment types in order to broaden the service’s capabilities. The increased interconnectivity of the South Shore with the rest of the nation’s railway network, along with that powerful position along the lakeshore, would prove valuable assets in days to come.  

Unfortunately, this era of prosperity would not last. Insull was a capable businessman and had made arrangements - including in the case of the South Shore - that had allowed him to attain great wealth. But by various means Insull had become his own best customer, and while he greatly advanced the accessibility of electrical utilities, his business practices were by nature anticompetitive, which combined with the onset of the Great Depression would lead to his downfall. Insull’s extensive empire, which extended far beyond Midland Utilities, fell apart in 1932. The now independent South Shore declared bankruptcy not long afterward in 1933.

Bankruptcy was not the end for the railroad, though. It reorganized, and five years later in 1938 the bankruptcy came to an end. While the railroad was now bereft of Insull’s power, money, and influence, it would continue to benefit from the experienced management of its Midland executives, who would continue to add to the improvements begun under Insull’s rehabilitation program in the years that followed.

Under their capable management, the South Shore continued working to integrate itself with the surrounding steam railroads, in terms of both freight and passenger service. They continued efforts to secure

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business and began participating in interline ticketing with other railroads. They diversified the types of freight being carried by the railroad, moving away from the heavy emphasis on coal - bound for various Insull utilities - that had made up the bulk of the railroad’s freight under Midland. These methods successfully resuscitated the railroad, and by the time the 1940s had arrived freight traffic and passenger numbers alike had climbed back up to Insull-era levels.

A major upturn in the railroad’s fortunes came with the United States’ entry into World War II in 1941. The highly industrial region of northern Indiana went into wartime production, and passenger and freight traffic both skyrocketed. Within the space of a few years, a railroad that had only recently been bankrupt surpassed its record years, and then kept going. Wartime material shortages, combined with growing demands for passenger transportation, left the railroad in a difficult situation regarding capacity. The problem was solved by cutting existing passenger cars in half and adding new middle sections, which increased their carrying capacity by anywhere from 24 to 30 seats. By 1951, 36 cars had been rebuilt, and most of those which had been done after 1946 had also been modernized through the inclusion of air conditioning, new windows and seating, and a general restyling within and without.38

The freight service was also expanded to accommodate the growing demands the war had created. From 1941 to 1946, the track was ballasted, in sections the rails were upgraded to a heavier weight, and bridges were reinforced to handle the increasing weight of freight trains. In 1944 work began on reconstruction of the catenary system in the section of the line running between Michigan City and South Bend, which with the South Shore being a wholly electric line was beneficial overall. Following the war, the railroad also acquired three new electric locomotives that had originally been built for the Soviet Union - for which they were nicknamed “Little Joes,” after the Soviet head of state Joseph Stalin.39

Now, for all that it did to boost the railroad’s success, it was in the years following World War II that the most significant and consequential distinction in the railroad’s history first appeared. The freight division of the South Shore had never done better, and indeed that part of the railroad’s business would continue to grow for years to come. But that was not the case for passenger service. As it was throughout the United States in the postwar years, the South Shore’s passenger numbers began to fall. There was an initial plummet from the wartime peak of 6 million annual passengers to 4-4.5 million in 1950 - which was still over a million more than the prewar record of 3.2 million in 1929 - after which the decline over time was less steep.\(^{40}\) But the numbers did not stop falling - and costs continued to grow. This was the beginning of a long and slow decline, which was experienced by almost every passenger carrying railroad in the country. But for the moment, the South Shore continued to turn a profit.

Even that did not last, however, and in 1958 operating costs finally grew to exceed the railroad’s revenues. This may have been due in part to the completion of the Indiana Toll Road a few years earlier in 1956, which provided motorists with a direct access into downtown Chicago. That was a serious blow for the railroad, for which the possession of such access had long been one of its greatest assets. It was an especially ironic problem, because the South Shore itself had partnered with the Toll Road Commission in the construction, allowing it to share the right of way that the railroad had obtained years before then. In exchange, the Commission had agreed to provide for the construction of the right of way, including any bridges along the route. Once completed, the new route saved South Shore’s passenger trains about ten minutes, and the freight trains as much as twenty.\(^{41}\) But it was indeed a double-edged sword, because of the benefits that were provided to the automobile traffic that was in direct competition with the railroad. In only two years, the railroad went from a net income of $560,000 to a deficit of $175,000.\(^{42}\) Though it had been

\(^{40}\) Middleton, *The Last Interurban*, 79.
\(^{41}\) Middleton, *The Last Interurban*, 91.
\(^{42}\) Ibid 96.
a necessity for the railroad to move the line out of East Chicago, the joint project had ultimately done the railroad more harm than good.

When William P. Coliton became president and general manager of the South Shore in 1961, he implemented a series of changes to try and correct the railroad’s deficit. He oversaw an internal reorganization and payroll cut. He stopped or sold off unprofitable operations and cut back on the passenger train schedule.43 By 1964, the railroad was making a profit of $400,000 - the best it had seen in a decade.44 But though these changes had successfully restored the railroad’s profitability, they would prove to be temporary solutions at best. Labor and operation costs were still growing to such a degree that raising fares simply would not be sufficient to cover them. Meanwhile, passenger service represented a worrying loss for the company and had been since the beginning of the 1950s. The railroad was now depending entirely on its profitable freight service to survive. But that freight traffic was contingent on the railroad’s physical position, and more importantly, on the extensive interchange traffic that made up a majority of the railroad’s revenues.

Much like access to Chicago, those long-trusted assets, upon which the South Shore had come to depend, also faced a serious challenge to their continued viability. Mergers had started happening among the major railroads that surrounded the South Shore.45 Following their unification, these railroads might be able to bypass the South Shore entirely, which would result in major losses for the South Shore - a full 70% of the railroad’s freight at that time was overhead traffic that started and ended on other railroads.46 Aside from the threat of mergers, there was another consideration of equal concern. Other large railroads, and especially the New York Central Railroad (NYCRR), were sources of significant interchange traffic, but they were also the South Shore’s biggest competitors. Even without a union with another railroad, New

43 William D. Middleton, “... and Then There Was One,” Trains 25, no. 4 (February 1965): 96.
44 Middleton, The Last Interurban, 108.
46 William D. Middleton, South Shore: The Last Interurban (Bloomington, IN: Indiana University Press, 1999), 116-123.
York Central had the potential to become a particularly threatening competitor - it alone shared South Shore’s access to new industrial development that began in the Burns Harbor area in the early 1960s.47

The South Shore’s size had become problematic. Aside from the threat of being completely bypassed, there are a couple incidents that made this clear. The railroad’s old Midland colleague, NIPSCO, was also one of the railroad’s most significant shippers. Their shipments on the South Shore made up three-eighths of the railroad’s freight revenues in 1964, and the South Shore was providing exclusive service to two of the three NIPSCO power plants in the area. But while this had long been an important, profitable, and mutually beneficial arrangement, there were serious doubts about how long it would be able to continue. NIPSCO was expecting the demands on their Bailly plant to triple by 1968 - which had a very good chance of exceeding the South Shore’s capabilities. The railroad’s size problem was further emphasized by the rejection of the railroad’s overtures to Bethlehem Steel, which at that time had announced their intent to build a new plant in the Burns Harbor. South Shore was rejected because Bethlehem Steel believed that the South Shore simply would not have enough capacity to provide adequate service to the plant. It was a valid concern - South Shore did not in fact have the capacity the plant required. And considering the financial state of the railroad, it could not afford to purchase enough additional cars to overcome that obstacle. In the light of all these concerns, and seeing no alternative solutions, from 1960 on the South Shore was looking for a partnership of its own.48

It was the Burns Harbor area that would decide the South Shore’s fate. While beforehand the South Shore’s passenger deficit had made it an unlikely choice for a merger, the previously mentioned industrial boom in the Burns Harbor region gave it something valuable to offer. Even so, the South Shore’s overtures were rejected by all but two railroads. The Monon Railroad was ready and willing to accept, but the South Shore had been told by Bethlehem Steel that affiliation with Monon would not change the company’s

47 Ibid 123.
interest in South Shore service, so Monon was ultimately turned down. The other interested party, the Chesapeake & Ohio Railway (C&O) was at first only willing to consider the South Shore’s interest. When Monon attempted to acquire the South Shore anyway, C&O made up their mind, and met with representatives from the South Shore to negotiate. 49

C&O submitted a brief to the Interstate Commerce Commission to get its permission to acquire the South Shore. The report cited the South Shore’s own desire for the acquisition, substantial support along the entire line from shippers and passengers alike for the South Shore’s continued service, as well as the importance of that service. Speaking about the railroad, Mayor Nicosia of East Chicago said that:

The South Shore has been a struggling and dying company, and on the verge of perhaps maybe discontinuing and go into bankruptcy and knowing that there have been other lines on the East Coast who have been in this position, it becomes a little frightful, especially when you are running the city and you have to maintain a certain amount of passenger service to Chicago. 50

By that time, much of the traffic on the South Shore had become concentrated on the far western end, between Gary and East Chicago, where it connected to Chicago via the Kensington line. Setting aside the concerns of freight, if the South Shore were to have closed its passenger service, it would likely have been a serious blow to those passengers who depended on it to get to and from work in Chicago. Speaking of Kensington, an old friend was also ready to get behind the acquisition. Illinois Central, which had had a strong working relationship with the South Shore since the first day the Lake Shore sent passengers onto the Kensington line, had a vested interest in the South Shore’s continued operation. 51 To emphasize the necessity of the acquisition, the C&O brief also described the reasons that they believed the South Shore was in peril - intense and growing competition from other forms of transportation, and especially from

49 Ibid 7.
50 “Brief of Applicant Chesapeake and Ohio,” 24.
51 Ibid 28.
automobile traffic.\textsuperscript{52} Permission to proceed with the acquisition was given, and C&O acquired control of the South Shore in 1967.\textsuperscript{53}

Under Chesapeake & Ohio the South Shore did not receive any major contributions to its state of affairs, but what it did get was time, maintenance, and infrastructure improvements. Since C&O was running heavy coal trains over the line, they had heavier rails installed, and bridges were reinforced to accommodate the heavier cars and engines. Their attention kept the railroad’s physical infrastructure in excellent condition. But in the meantime, the railroad’s passenger service continued its decline. The passenger cars had degraded into a rather desperate state. George M. Smerk Jr. put it best in an article he wrote for \textit{CATS Research News}, saying that “the passenger cars used by the South Shore were better candidates for the Smithsonian than for revenue passenger service.”\textsuperscript{54} Passengers held a similar opinion, as Cynthia Ogorek describes, and bestowed the aging cars with such colorful nicknames as “Vomit Comets” and “Orange Perils.”\textsuperscript{55} For the duration of its tenure over the South Shore C&O would do little for the ailing passenger service outside of providing a bare minimum of maintenance. However, they also did not integrate the South Shore directly into their rail network, though their reasons for not doing so are somewhat vague.

Eventually, the difficulties with the passenger service could no longer be overlooked. The growing costs were one reason, and the dilapidated equipment was another. The passenger cars were the same cars that had been bought for the railroad during Insull’s day, and after some fifty years of service their age and resulting complications were becoming increasingly difficult to ignore. C&O petitioned the Interstate Commerce Commission several times for permission to end or reduce passenger service on the railroad. Though they were never permitted to terminate the passenger service altogether, they were clearly no longer

\textsuperscript{52} Ibid 34-35.
\textsuperscript{55} Ogorek, \textit{Along the Chicago South Shore & South Bend}, 84.
willing to support the costs. Despite that gloomy outlook, the petitions led to ICC hearings that revealed something key - the existence of “strong public support for the continuation of South Shore service. Partly as a result of the hearings, political support for preservation grew in northwest Indiana.”\textsuperscript{56} Indeed, in the wake of the hearings passengers rallied to save the railroad, creating organizations such as “Save Our South Shore” and “South Shore Recreation” to demonstrate their support for the railroad. After a couple failed attempts, and in no small part due to the passengers’ efforts, in 1977 the State of Indiana created the Northern Indiana Commuter Transportation District (NICTD). The new transportation body would handle subsidies for the South Shore’s passenger service and take over the service’s management on behalf of Chesapeake & Ohio.

NICTD got straight to work, and the first order of business was obtaining new passenger equipment. The Insull cars had by then seen almost a million miles of travel each. NICTD ordered 44 brand new passenger cars from the Sumitomo Corporation of America - the same company which had built Japan’s famous bullet trains.\textsuperscript{57} The brand-new steel cars began to arrive in 1982, and the old cars were retired and phased out of service by November of 1983. The new cars were able to handle more passengers, which soon proved a good decision. Only a few years later in 1985, “the new service ha[d] shown steady growth and the whole trend of loss of ridership that had been experienced through the 1970s ha[d] been substantially reversed.”\textsuperscript{58} After decades of decline, under NICTD the railroad bore witness to the total reversal of its declining passenger numbers, and things were starting to look up. So much so, in fact, that the railroad would briefly suffer from an overcrowding problem until it convinced Illinois Central that allowing longer South Shore trains to run on their section of the line would not exceed what their substations could handle.\textsuperscript{59}

\textsuperscript{56} Smerk, “Makes a Comeback,” 39.
\textsuperscript{57} Ibid 40.
\textsuperscript{58} Ibid 41.
With this optimistic upturn in mind, NICTD began expressing its interest in buying the entire South Shore Railroad from C&O in 1983 - intending to use the freight service to help cover the passenger service, much as before. The 1984 Indiana General Assembly gave NICTD that power - but it would not be effective until May 1, 1985. Before they were able to purchase the railroad, the Venango River Corporation (VRC) did so instead, on September 28, 1984. VRC’s tenure over the South Shore was brief, but meaningful. They increased the number of scheduled passenger trains, and renewed the railroad’s tradition of outreach as they made efforts to solicit additional freight from local customers, particularly in the South Bend area.

Venango declared bankruptcy in 1989, and this time, NICTD was ready. They were able to successfully negotiate with Anacostia & Pacific, the next owner in line. An agreement was reached, wherein NICTD was able to purchase the South Shore’s passenger service and accompanying assets. It became official on December 31, 1990, when NICTD obtained full ownership. From that time to the present, NICTD’s South Shore Line and Anacostia’s South Shore Freight - which officially carries on the name of the Chicago South Shore & South Bend Railroad - have continued to run alongside one another. Though they are now separate entities, they share a long and storied history, and an old, well-trodden right of way.

There are many reasons that the South Shore was able to last so long, despite facing repeated setbacks and existential threats. Arguably the most important one is also the oldest, the railroad’s construction standards. Because the railroad was built with freight in mind, it was later able to carry significant freight traffic. Because the railroad was built to use steam railroad equipment, it was able to take that freight to and from those kinds of railroads, which were on all sides. Because it was designed with speed in mind, the railroad could provide fast passenger and freight services on its line.

The railroad’s commanding physical position is also key. The location was selected in the first place for the major industrial center that it runs through, and that has given it a constant source of both freight and passengers. The freight was especially important because it sustained the railroad once passenger service stopped being profitable. The railroad’s direct access into Chicago was valuable to passengers and shippers alike. It was also the position that attracted outside help from Samuel Insull and Chesapeake & Ohio, whose intervention preserved the railroad when all else failed.63

The first time that happened, to the Lake Shore, Insull and Midland stepped in, and the railroad was reborn. They performed a total rehabilitation of the line that was so comprehensive that some have described the South Shore that followed as an entirely new railroad.64 They gave the railroad more connections to those surrounding railroads, and fixed problems that had restricted the freight service.

Strong service, and especially freight, has always been one of the railroad’s best features. The railroad has done remarkably well for itself, whenever it was not dealing with some kind of crisis. While the passenger service was very important to the area, freight was the railroad’s saving grace. It drew Insull’s interest and was one of the driving forces behind the rehabilitation program. It helped the South Shore continue offering passenger service in later years when that service stopped being profitable. It drew Chesapeake & Ohio’s interest and motivated their support. When Anacostia & Pacific bought the South Shore following Venango’s bankruptcy, it was the freight service that they wanted - and so they were willing to sell the passenger service to NICTD.

Capable management has either been the reason that the South Shore prospered or the reason it was able to pull itself out of trouble. Under Midland, management made the railroad into a powerhouse. After Insull’s empire collapsed, and the South Shore plunged into bankruptcy, the same management restored the South Shore to prosperity. When costs grew too high in the late 50s, William P. Coliton’s reorganization

63 “Brief of Applicant Chesapeake and Ohio,” 5.

and cutbacks fixed the deficit enough to buy the railroad some time. When it became clear that time was
going to run out soon, the South Shore’s management was willing to pursue acquisition by another company-
something people with more pride than sense might have found too distasteful. Under C&O, they were
able to keep the passenger service just above the surface. NICTD restored the South Shore’s passenger
growth in a matter of years, so successfully that they had a crowding problem, which is frankly a wonderful
problem to have after years of failing service. Venango reinvigorated the South Shore’s freight services
with renewed freight solicitation and backed up NICTD’s efforts by increasing the number of scheduled
trains. When Venango went bankrupt, NICTD was able to get full ownership of the passenger service from
Anacostia & Pacific, and both NICTD and Anacostia have continued operations in the thirty years since.

Looking at all of this in terms of the larger picture of the history of the United States railroads
during the twentieth century, I suggest several things to take away. A lot of what has been discussed about
the South Shore illustrates many of the concerns faced by the U.S.’s railroads, for example, the decline of
passenger service in the nation following World War II and the successful implementation of a
transportation body to fix the problem. It also illustrates the effects of certain actions on a smaller scale,
such as the consequences of deregulation. The mergers following deregulation may have improved the
competitiveness of the railroads, but it was most effective for the largest ones. The South Shore was in
existential danger from those mergers, and it was only by joining in that it managed to weather the storm.

This kind of medium-sized, somewhat more intimate history can also encourage people to take a
closer look at their surroundings. Before I began on this paper, I had no idea what was practically in my
backyard - at least, not as much as I thought I did. The more that I learned, the more interested I became. I
started asking more questions - Where did such a small railroad, sitting right by the Indiana lakeshore, and
framed by larger railroads of far greater repute, come from? How did it manage to stay there for over a
century, through so much difficulty?

The South Shore is part of a larger whole, and while it is an excellent microcosm for the larger
history that it is a part of, its unusual features make it an equally valuable subject for individual study. The
South Shore demonstrates how important it is to look beyond a general trend, and to get into the details
behind history and change. The history of decline and resurgence, of regulation and deregulation, and survival, are not defined by any single action or moment. They are made up of a series of numerous, complicated, nuanced, and sometimes even messy events. This should not be forgotten. Understanding history as it is - strange, complex, and riddled with things that cannot be immediately understood - is essential.

To end on a happy note, this year (2022) the South Shore began one of its most significant projects to date. Roughly a century after the 1920s Insull renovation, the line between Michigan City and Gary is being upgraded to a double track. The track in Michigan City itself will be moved off the roads, as was done in East Chicago when the Toll Road was being built in 1956, and a new station is being built in Michigan City. Construction on the project is expected to end in 2024.⁶⁵

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Both Primary and Secondary


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