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Greg Balliet
American Public University System

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History

Railroads and their Effect on American Society, 1840-1890

Greg Balliet

From their earliest beginnings, railroads have played an extremely significant role in shaping America; its society, its culture, and its destiny. A key aspect of the new corporate scheme ushered in by the railroad was the development of a new stratum of management, typified by the new importance of such positions as “middle managers,” who were to play a huge role in the early success and lasting prominence of the modern railroad. Taking their lead from the first railroads of Britain, which arrived with the first locomotive built in 1803 in England,¹ American entrepreneurs soon channeled the vast majority of their efforts into promoting the development of railways in the United States. With its truly immense territory, growing population, and trailblazing spirit, America soon embraced railroads as an avenue to fulfillment of Manifest Destiny – the idea that American settlers were pre-destined to expand across the North American continent, regardless of what obstacles they may encounter – or something like it. As the latter part of the nineteenth century came to a close, and the effects of mechanization and new technologies were becoming increasingly prevalent in post-bellum America, railroads gained prominence as a means of national transport. Technology led to ever-increasing improvements in features such as speed, comfort, reliability, and safety; and led to the creation of many new jobs for Americans connected to the rails. Additionally, rail expansion led to the development of a large network of bridges and tunnels, with such significant early projects undertaken in St. Louis (1867-73) and New York (1850s).² Entrepreneurs gained great assistance by the government in funding and otherwise enabling their projects. This was because governmental officials saw the great ben-

efits of rail expansion, most significantly realized in its boosting of the American economy.³ Railroads “promoted the rise of the American economy,” consequently, the government forged a lasting relationship with the railroad, recognizing the need for its existence, along with its active promulgation and promotion, and henceforth began heavily subsidizing future railroad projects. It is worthy to note that the relationship between the government and the railroad corporations it subsidized was not entirely symbiotic or without its major problems: actually, there was a lot of corruption, waste, and greed displayed by the early rail magnates. This, however, did not prevent the government from pouring aid into the railroads, which manifested itself most significantly in the form of land grants – specifically, the government granted over 130 million acres of land to the railroads for building transcontinental lines.⁴ The government in effect acknowledged that it was subject to being taken advantage of in certain instances by the railroad corporations, but the long-term advantages and prosperity that were promised by a successful network of transcontinental railroads far outweighed whatever pitfalls existed. Because of this, every step was taken by the government to ensure that the railroads prospered, even if it meant “guaranteeing the railroads their net income... regardless of what may happen to their expenses.”⁵

Undoubtedly, rail expansion during this period was a harbinger of future American economic growth. In addition to this monetary success, rail expansion can be said to have greatly transformed transportation in America forever. In keeping with grandiose visions hearkening to Manifest Destiny, railroads were largely responsible for the lion’s share of westward expansion that occurred during the middle-to-late nineteenth century. In addition to bolstering the burgeoning American economy during the fragile post-bellum period, railroads were also responsible for deeper, lasting fundamental

changes in the relationship between industry and the environment. For example, resources such as coal and iron began to be harvested at a previously unseen rate.⁶ Other examples of such “dynamic” effects of rail expansion were: tying markets together, which allowed corporations to grow and expand exponentially; making personal travel much easier, which promoted the diffusion of technology and ideas throughout American society which could only have come about vis-à-vis such large-scale interaction amongst diverse sectors of the populace.⁷ In keeping with this new theme of easy, accessible means of personal transport, the railroad made journeys easy that in previous decades would have been very costly and time consuming. For example, while in 1790, it took roughly a week to travel from New York to Maine; in 1860, the same journey could be completed by rail in a day.⁸ The eventual outcome of such tremendous advancements in the ease of personal travel was the fact that the nation was, in effect, made smaller. Americans in all parts of the country had access to citizens from cities that in previous decades would have been out of reach. The impact of such integration was profound in many respects, not the least of which was the stimulation and consolidation, to a large extent, of the American economy.

Transcontinental railroads “came to epitomize progress, nationalism, and civilization itself,”⁹ to a large degree. The success of the railroads in America was to become the envy of much of the rest of the world, with many other nations attempting to build their own rail networks in emulation of the American model. So influential was the railroad in America during the Gilded Age, the period of tremendous growth and expansion in America which occurred during the second half of the nineteenth century, that one historian has said, “[t]he railroad with its vast possibilities for the advancement of the commercial, industrial, and social interests of the world ran directly counter to the pre-existing order of things.”¹⁰ Because of their

intimate, dependent relationship with the government, railroads began as, and largely remained, “public/private enterprises,”¹¹ even though they eventually became wholly privately controlled. Consequently, the government did everything it possibly could in order to protect its investment with the railroads, which included siding with the corporations in any disputes they may have had, “in the name of public good and public order.”¹²

The titans of industry at the helm of the railroads throughout this age of expansion realized how good they really had it, and just how dependent they were upon government assistance. As a result, they often served as proxy “agents of expansion”¹³ of the government. By virtue of this arrangement, the railroads during this period were largely responsible for the promotion of a great wave of internal migration that occurred within the United States. People were no longer tied to one geographic region for their entire lives. Instead, they were afforded at least the possibility of moving to another location with the assistance of rail travel, in search of prosperity, in whatever form this may have taken. The end result was that many Americans did in fact take advantage of this newfound mobility; migrating to new areas that were ripe for the picking, so to speak, where the new settlers could forge a better life for themselves.

The impact of the railroad on this aspect of American societal history cannot be understated. This is not to say that the railroad seamlessly left a totally positive mark upon American society. To the contrary, there were many negative aspects of rail expansion during the Gilded Age. Not the least of these problems was the fact that railroads often led to the brutal displacement of indigenous peoples from their native lands. This one element of railroad history is a blight upon the American past; however, to a large extent, this has been the relationship between immigrants and Native Americans almost since the first English settlers arrived. Another negative impact

of the railroad was realized in the political arena: railroads were greatly responsible for the creation of the modern political lobby. Consequently, this led to a great deal of corruption as well as bitter competition between corporations, largely played out in the political arena, in effect making the railroads “wards of the courts”¹⁴ in many cases. Railroads also largely failed to bring about positive social change for a good deal of those settlers who were driven to migrate via rail to new parts of the country. In many cases, settlers migrated in large numbers to areas where they “produced crops, cattle, and minerals beyond what markets could profitably absorb and where their production yielded great environmental and social harm.”¹⁵ As a result of this, railroad corporations were often hated and vilified by a large segment of the populace.

Despite these and other negative aspects, the overall positive effect of early American rail expansion is undeniable. Noted economist Joseph Schumpeter coined the term “creative destruction” to describe said expansion. This, according to Schumpeter, is “the necessity of capitalism always to uproot the old in order to institute the new.”¹⁶ In keeping with Schumpeter’s reasoning here, one could view early rail magnates such as Jay Gould and Collis Potter Huntington as great champions of the capitalist ideal, as well as pioneering early Americans. Regardless of what one thinks of men such as these, along with other rail entrepreneurs and financiers of the period, their ability to innovate is undeniable. They were indeed pioneers in many respects; technology, business practices, politics and policy, and social change. They accumulated massive fortunes as a result of their success, and despite whatever blame heaped on them or negative elements were tied to their ventures, they were perhaps responsible for transforming American more significantly than anyone before them.

In addition to their tangible effects upon the American

economy and people, railroads were also responsible for further, esoteric consequences on American society as a whole. Railroads, in effect, “annihilated space and time.”¹⁷ They completely transformed the way that people viewed such concepts; as a result, new possibilities became available to people who sought the rails to aid in their personal advancement. Travel time was reduced significantly, which had a lasting effect on the way people would come to view the concept of time itself.

During the period of rail expansion that swept America in the immediate post-bellum period, the word “railroad” would become virtually synonymous with the word “corporation.” Magnates, such as Tom Scott of the Pennsylvania Railroad, were noted for organizing their companies with elaborate management organizations in mind. There came to be a new class of “middle-managers” who would shape the future of corporate life. Most likely in response (at least partially) to the growing need to combat the corruption, waste, and other nebulous business practices that were beginning to become quite a problem within the corporate environment for many railroad corporations, executives began to come up with elaborate plans to make the management of their affairs much more efficient. Corporate accountability began to be seen as a key priority of the railroad management. Consequently, they came up with elaborate organizational schemes that attempted to enable the corporations to operate as efficiently as possible. They attempted to account for every business transaction. They also designated power and authority in a tier-system of management, with the president of the company at the top of the pyramid, the Board of Directors next in line, and then on down from there. Because of the logistical difficulties presented with such a compartmentalized operation, the need for “middle-managers” became evident, which led to a substantial class of these operatives, who performed most of the key duties related

to the day-to-day operation of the corporations. This compartmentalization of duties was not strictly limited to upper and middle levels of corporate management. In actuality, the duties of every single company employee were legislated and scrutinized in an attempt to make the corporation run more smoothly. Various checks and balances were instituted at all levels of the organization, including the need for documentation of products that were transported by rail. Before such compartmentalization became the norm, it was common for goods to be lost (presumably stolen or pilfered by unscrupulous employees): an example was an instance where seventy-five cases of whiskey were supposed to have been delivered, and only seventy-three cases successfully arrived at their destination.¹⁸ Because of the new attention to detail exhibited by middle-management, which had a cascading effect that rippled throughout the entire corporation, business practices were greatly improved, which led to the creation of new jobs such as ticket agents and various types of auditors, further streamlining the organizations.¹⁹ The *esprit de corps* of railroad employees was kept in mind by management, who strove to make railroad salaries generally higher than similar positions in other industries.²⁰ All in all, the role of railroad corporations in creating what would become the American corporate model cannot be understated. After the initial stages of rail expansion were completed, the focus of railroad management shifted away from the logistical concerns of constructing the railroads themselves, to the day-to-day operation of the railroads with the goal of making a profit for the company.²¹ Middle managers recognized that the movement of freight was more profitable, and important in terms of company longevity and public good, than the movement of passengers.²² It would soon become apparent that railroads were indeed very profitable, and consequently, management could begin focusing their efforts on developing commerce in

European and Asian markets, which had been the desire of railroad visionaries since the earliest days of rail expansion.²³

As politicians often find themselves at the center of corruption and other scandals, so did railroad pioneers. Accusations of profiteering, kickbacks, and other unsavory business practices would become commonplace amongst railroad corporations. Scott and many other corporate giants found themselves at the center of many such scandals. The most notorious such incident was the *Crédit Mobilier* scandal of 1872, which involved the Union Pacific railroad, the construction company *Crédit Mobilier*, and the bribing of several high-level government officials including U.S. congressmen. This affair led to the reprimanding of several corporate officers and government officials alike, and was instrumental in future legislation aimed at eliminating corruption within the railroad industry.²⁴ There was also the subject of rates, which was often a hotly debated issue, with many people accusing the corporations of operating under unscrupulous pretenses.²⁵ To combat such accusations, corporate management drew heavily upon the influence of “middle managers,” who became more and more interested with bettering their companies’ respective images in the wake of such scandalous rhetoric. Consequently, they became heavily focused upon “the proper management of the transportation business of the country so as to secure the best possible results to the people, with due regard to the rights of the proprietors of the roads.”²⁶ It could be argued that the new corporate structure, featuring the expertise of the new class of “middle managers,” was largely responsible for the continued success of the railroad industry, even as it was permeated with scandals and corruption.

“During the Civil War, Americans dreamed western railroads, but they could not build them.”²⁷ This statement is a reflection of the attitude which prevailed throughout most of America in the

years leading up to the Civil War. This all changed with the passage of the Pacific Railway Act of 1862, which was “justified on the grounds of military necessity... [and] designed to preserve California and the West for the Union.”²⁸ Although little rail would be laid until the war was over, Huntington would become the de facto leader of the group of railroad magnates who would take advantage of the privileges afforded to them by the Act in the immediate post-bellum period. Huntington, along with other corporate leaders such as Leland Stanford, took advantage of heavy government aid and eventually built railroads such as the Central Pacific and Union Pacific into highly successful enterprises.²⁹ Although the goals of men such as Huntington and Stanford were mostly centered on money and power, their supporters, the government, saw the tremendous potential made available by rail expansion, and believed that the future of the United States was greatly dependent upon the success of the railroads. Although some have accused these early railroad pioneers of exhibiting a “free-lunch logic”³⁰ mentality when it came to accepting government assistance (and not returning the favor, at least monetarily), the success of the railroads in purely expansionist terms is undeniable.

It could be argued that no other institution was indeed as successful in realizing the fulfillment of Manifest Destiny as the railroad. Asa Whitney, a financier who was instrumental in the formation of Union Pacific, perhaps expressed the collective desires of railroad enthusiasts with the following quote: “... what I propose to do, is not for the gain of wealth, or power, or influence, but for the great good which I am persuaded it must produce to our whole country.”³¹ Whitney spent a great deal of his life promoting rail expansion, and he was instrumental in the procurement of huge land and monetary grants from the government to the railroad corporations. He and others of this ilk did whatever they could to make

those in high places see the potential value, both for the nation and consequently for the public good, that the railroad held.

The period in question saw the world completely transformed by the power of steam, which powered vessels across both land and water with speed and efficiency that earlier sources of power could only dream of. The railroad, however, came to symbolize what many Americans envisioned when they conjured visions of Manifest Destiny. This idea had been in the collective American conscious since the earliest days of the republic, and even before that to an extent, in America's early days as a British colony. Stimulated by its Puritan roots, America historically had always thought of itself as special and unique among the nations of the world. This idea of "American exceptionalism" went hand in hand with American dreams of expansionism and Manifest Destiny. As a result, the American government has always funded and otherwise supported colossal infrastructural projects along these lines. The railroad was, arguably, not only the most extensive and successful of these undertakings; it was most likely responsible for preserving the republic itself. During the Civil War, the Union most likely would not have been able to defeat the Confederacy without fully utilizing the tremendous logistical advantage afforded to it by virtue of its superior railroads. Historian William McNeill refers to the railroad as a "great instrument" of power, which was showcased heavily during the American Civil War.³² Railroads had been used for military purposes before the Civil War, in conflicts such as the Crimean, Mexican, and Italian Wars, but in each of these conflicts their importance was relatively insignificant.³³ Conversely, during the Civil War, railroads were an absolutely indispensable tool: the outcome of the conflict may have well been far different had the Union not had superior railroads to the Confederacy.

The importance and value of the railroad was acknowledged by

leaders of government and industry alike, and they worked together throughout the Gilded Age to realize the full potential of the railroad as an instrument of American expansionism. This does not mean, however, that there was anything approaching universal agreement about how to go about doing this. There was a lot of uncertainty about rail expansion, particularly when it meant laying tracks along routes that were largely uninhabited. As Senator Daniel Webster said in 1845, regarding what he thought about the idea of westward rail expansion: “What do we want with this region of savage and wild beasts of desert, of shifting sands, and whirlwinds of dust? What could we do with the Western coastline 3,000 miles away, rock bound, cheerless and uninviting?”³⁴ Senator Webster’s concerns were shared by many others during his time, but eventually these naysayers were won over or defeated by proponents of rail expansion with such achievements as the aforementioned Pacific Railroad Act of 1862, which paved the way for massive government support (financial, bureaucratic, and otherwise) of rail expansion. The Pacific Railroad Act alone was responsible for the creation and subsequent monopoly over all rail construction of the “Big Four” magnates of Central Pacific Railroad.³⁵ All in all, no other single institution has had as big an impact on American society and culture as the railroad.

Notes

¹ Gary Cross and Rick Szostak, *Technology and American Society: a History* (Upper Saddle River: Pearson Prentice Hall, 2005), 99.

² *Ibid.*, 102.

³ Leland H. Jenks. "Railroads as an Economic Force in American Development," *The Journal of Economic History*, Vol. 4, No. 1 (May, 1944), 1-20. <http://www.jstor.org/discover/10.2307/2113700?uid=3739560&uid=28&uid=4&uid=3739256&sid=47698860573507> (accessed May 16, 2012), 1.

⁴ Cross & Szostak, *Technology and American Society: a History*, 102.

⁵ Thorne, Clifford. “Government Operation of American Railroads.” *Annals of the American Academy of Political and Social Science*, Vol. 76, War Adjustments in Railroad Regulation (Mar., 1918), pp. 84-110. <http://www.jstor.org/stable/1013878> (accessed May 16, 2012), 88.

- ⁶ Cross & Szostak, *Technology and American Society: a History*, 104.
- ⁷ Ibid.
- ⁸ Ibid.
- ⁹ Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton and Company, Inc., 2011), xxii.
- ¹⁰ White, xxii.
- ¹¹ Ibid.
- ¹² Ibid, xxiii.
- ¹³ Ibid.
- ¹⁴ White, xxiv.
- ¹⁵ Ibid, xxv.
- ¹⁶ Ibid.
- ¹⁷ White, xxix.
- ¹⁸ Thomas Curtis Clarke, *The American Railway: Its Construction, Development, Management, and Appliances* (New York: Charles Scribner's Sons, 1889), 174.
- ¹⁹ Ibid, 182-83.
- ²⁰ Ibid, 184.
- ²¹ H.G.C. Barnaby, "The Permanence of American Railroad Prosperity", *The North American Review*, Vol. 183, No. 598 (Sep. 7, 1906), pp. 384-393. <http://www.jstor.org/stable/25105625> (accessed May 16, 2012), 385.
- ²² Charles Lee Raper and Arthur Twining Hadley, *Railway Transportation: A History of Its Economics and of Its Relation to the State* (New York: The Knickerbocker Press, 1912), 224.
- ²³ Barnaby, "The Permanence of American Railroad Prosperity", 389.
- ²⁴ John Patterson Davis, *Union Pacific Railway: A Study in Railway Politics, History, and Economics* (Chicago: S.C. Griggs and Company., 1894), 163-202.
- ²⁵ White, *Railroaded*, 4-7.
- ²⁶ Ibid, 8.
- ²⁷ Ibid, 17.
- ²⁸ Ibid.
- ²⁹ Ibid, 18-19.
- ³⁰ White, *Railroaded*, 23.
- ³¹ Davis, *Union Pacific Railway*, 20.
- ³² William H. McNeill, *The Pursuit of Power* (Chicago, University of Chicago Press, 1982), 249.
- ³³ Fish, Carl Russell. "The Northern Railroads, April, 1861," *The American Historical Review* Vol. 22, No. 4 (Jul., 1917), pp. 778-793. <http://www.jstor.org/stable/1836240> (accessed May 16, 2012), 779.
- ³⁴ A & E Television. "The Coming of the Iron Horse." *The Real West*, The History Channel (2008).
- ³⁵ Ibid.

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Greg Balliet holds a BA in History from the University of California, Riverside and has nearly completed his MA in Global History at APU. After completing his undergraduate work, Greg took a position with the federal government, while continuing to pursue other interests. He is a TEFL certified teacher and has worked abroad in Korea and China. In his leisure time Greg enjoys traveling, reading, and playing chess.