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Book Author(s): Richard White

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Book Reviews

White, Richard. Railroaded: The Transcontinentals and the Making of Modern America. New York: W. W. Norton & Co., 2011. ISBN 978-0393061260

Railroaded

by William Huneke

Railroaded is an uneven book. Richard White's research effort is quite evident, and he tells some wonderful stories, but the analysis is weak and the writing is often tedious. White spent several years on this book, and at times he seems to have lost himself in the effort.

This book presents the history of the transcontinental railroads: the railroads that were built in the latter half of the nineteenth century from the Mississippi Valley to the Pacific Ocean. It is a story filled with great characters: Jay Gould, Collis P. Huntington, James J. Hill, Charles Francis Adams Jr., Eugene Debs and more. White even recounts some of the transcontinental railroad history in Canada and Mexico.

White is passionate about this subject, too passionate. He writes like a web blogger rather than an unbiased, dispassionate historian. In his telling, all the railroad moguls are crooks, charlatans, or imbeciles. His particular fondness for reciting the gaffes and stupidity of Leland Stanford is particularly ironic as White holds an endowed chair at Stanford University.

Perspective is a problem for White. He claims that the transcontinentals reoriented the United States from a north-south axis to an east-west axis. He cites how, prior to the transcontinentals, the United States was absorbed in slavery and the Civil War, which had a north-south orientation. But is that really true?

It is Columbus who refocused Europe to look west. Since Columbus, European settlers in the New World were always focused on moving west. White says that U.S. waterways primarily flow North-South except for the Erie Canal, which makes one wonder if he has looked at a map recently, e.g., Ohio, Missouri, St. Lawrence, and James Rivers are not primarily north-south. Moreover, the major eastern railroads, e.g., New York Central and Pennsylvania Railroads, ran east-west rather than north-south.

Another example of White's questionable perspective is his conclusion that the transcontinentals brought corruption to American politics, but corruption allegations have been part of the American political scene since the American Revolution. White reports the corruption and self-dealing that Jay Cooke engaged in to finance the Civil War and start the Northern Pacific Railroad, yet self-dealing and corruption allegations were also leveled at Robert Morris, the prime financier of the Revolution.

White's analysis is too simplistic when he tries to make economic judgments. He concludes that taxpayers got a bad deal from the Pacific Railroad Acts. He recites all the aid the transcontinentals received, and refers to the work of economists Robert Fogel (1960) and Heywood Fleisig (1973-1974). White never mentions the fact nor critiques Fogel's analysis that found the federal government's return on the Union Pacific exceeded the government's cost. If the terms the government received on the Pacific railroads were so poor, why were not other investors available to offer the government better terms? The fact is that the Pacific railroads were highly speculative ventures.

White concludes that the Central Pacific (CP) and Union Pacific (UP) investors made huge fortunes with very little risk. With more rigorous analysis, Fleisig also concluded that UP investors made greater returns than commensurate with the risk they bore. White's analysis adds nothing substantial. His parade of financial figures just fogs the issue.

His writing on the CP and UP financing can perplex a modern reader. White falls into the nineteenth century mode of referring to excessive distribution of stock as “watering.” He then describes the railroads as being “overcapitalized,” but this will mislead those familiar with the 2008 financial crisis. Henry Paulson led an effort to inject capital into U.S. banks because they had too little equity – they were undercapitalized. And this was precisely the problem with the CP and UP: too much debt and too little equity.

White’s characterization of the investors and the building of the transcontinentals is a sharp contrast to Stephen Ambrose’s version: *Nothing Like It in the World* (2000). Ambrose stresses the engineering feats performed to get the first transcontinental built. White is more interested in blogging about the financial chicanery and government corruption. You could not find two more different books discussing a lot of the same story.

Where White’s book succeeds is in his discussion of labor issues involving the transcontinentals. Nineteenth century railroading was an extremely dangerous profession and railroads were not kind to their employees. This created pressures to unionize. In his labor history discussion, White includes Eugene Debs and the Pullman Strike. Debs is an exception in White’s treatment of historical characters. White presents Debs as a strong leader who was trying to get the best he could for his followers.

Another serious weakness White has is his fondness for metaphors. On page 7 White uses a particularly opaque cake and frosting analogy to describe Tom Scott’s relationship with the ethically challenged Secretary of War Simon Cameron in conducting government railroad business:

The local rates and the corruption were, however, the frosting rather than the cake in the government-railroad relationship, and if Tom Scott’s great flaw was that he could never resist the frosting, he never mistook the frosting for the cake. Since railroads lived on high-volume cargoes, the cake was the tremendous traffic in men and material that the Union war effort demanded.

White abruptly drops Scott’s story and the reader is left to wonder what was the result (i.e., did Scott get cake or frosting or neither?)

White’s early twenty-first century perspective seriously biases his analysis. In White’s view, the transcontinentals were creatures of big business and as such were instruments, which if not caused, certainly accelerated the destruction of plains Indians and the buffalo. But how much effect did the transcontinentals truly have in these tragedies?

With the buffalo it is true that the railhead at Dodge City, Kansas, allowed buffalo hides to be shipped to the east, providing access to profitable markets; but those markets would not have existed if there had not been a significant improvement in tanning technology (Gwynne 2010, pp. 160-161). One should also note that the Dodge City railhead was not part of the original UP-CP route and might well have existed without federal support.

The transcontinentals’ role in the destruction of the plains Indians is similarly modest. European settlers had been pushing the indigenous population westward well before the first rail was laid on the Baltimore & Ohio, let alone the UP and CP. Furthermore, if care is taken to read the accounts of the Plains Indian wars, one will not find troops being deployed by rail like the Prussians in 1866 or 1870 or like Longstreet’s corps at the Battle of Chickamauga. Rather, it is columns of cavalry and some infantry marching and riding to battle (Gwynne 2010, pp. 160-161).

When White sums up the transcontinentals’ costs and benefits, he attempts to excoriate economic historians for not counting the costs incurred by Indians nor the cost of the destruction of the buffalo herds. Because the transcontinentals had little effect on these tragedies, other scholars have been correct in not making such adjustments.

As White claims that prior attempts to use reductions in transportation costs or increases in land values are inappropriate (because these measures do not include the costs of the Indian and buffalo tragedies), White comes up with a novel and thoroughly misguided method to judge the

transcontinentals' effects. He compares the per capita incomes of the people living in the western states before and after the building of the transcontinentals.

This approach has so many flaws, it boggles the mind. For starters, White uses current not constant dollars. He does not adjust for the late nineteenth century deflation. Additionally, the economist's handy and often misused *ceteris paribus* assumption cannot be invoked here. In fact there were a lot of other things going on, such as crop failures and mining booms. White's approach also neglects to capture any benefits accruing to the U.S. economy in general.

Perhaps the core flaw is that White has not specified a precise effect to measure. Is he trying to measure the effects of premature enterprise in the building of early transcontinentals? Or is he trying to measure the general effect of western railroads? A reader of White's book often gets the sense that White would prefer the transcontinentals had not been built, which would have meant no Stanford fortune, no Stanford University, and no endowed Stanford history chair for Richard White.

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William Huneke received his Ph.D. from the University of Virginia. His dissertation concerned the economic and financial history of the Union Pacific, 1862-1898. He has more than 30 years' experience in economics, management consulting, information systems, and business analysis in the commercial and government sectors. He has taught undergraduate and graduate business classes at the University of Maryland. Currently, he is chief economist, Surface Transportation Board. Views in this review are solely the author's and do not represent those of the Surface Transportation Board nor of its members.