



THE TRAINS THAT BUILT OUR NATION
GENERAL OFFICES ~ FRISCO, TEXAS

1869: An Important Year in American History

This year represents the 150th year since the “Golden Spike” ceremony which commemorated completion of our first transcontinental railroad line at a point west of Ogden, Utah on May 10, 1869. It was a big moment in American history. On that day, the Central Pacific Railroad’s 881 miles of track from Sacramento connected to the Union Pacific’s 1,032 miles of track from Omaha. The occasion celebrated completion of the most significant construction project the world had seen. It was the monumental event in the development of America’s railroads from the 1830s through the 1890s. That development had very profound effects on the country.

By the 1850s, railroads served much of the eastern half of the country. California had become an economic powerhouse, but it was isolated. For easterners who wanted to get to California, they had three options for a long and perhaps dangerous journey: a wagon train (took three months); sailing 18,000 miles around Cape Horn (six months); or by sailing to Panama, crossing through jungle to the Pacific and then sailing up the coast (three months).

This caused some visionaries to support the idea that there would be economic, social and military benefits from a network of railroads that would cross the western territories, most of which was wilderness, and connect to the Pacific coast. One such visionary was President Abraham Lincoln. He had through his Illinois law practice represented railroads on corporate issues and an economic development incentive in the form of a tax abatement. He and other leaders knew the economics of railroads and knew full well that a company could never raise the required millions in private funding from investors to build a transcontinental railroad. The risks for investors were simply too high. They also appreciated that a transcontinental railroad would produce what would later be labelled by 20th century economists as “positive externalities.” That means that the railroad would not obtain all of the economic benefits that flow from its investment.

There will be substantial benefits that spill over into local communities, such as economic growth, employment and quality of life. Thus, he pushed through legislation that provided a competitive framework for the Central Pacific and Union Pacific to race to build track toward each other, with each earning an incentive package of government bond financing and land grants for every mile of track laid.

The companies began work in 1863 and faced serious engineering and construction challenges. Each had up to 10,000 surveyors, dynamiters, graders, bridge and trestle builders, tracklayers and workers who followed with carloads of rails (400 per mile), wooden ties (2,500 per mile) and countless other supplies, including food. Sometimes the crews were spread out over a distance of 200 miles. The work was tough and dangerous. But by 1869, the first transcontinental rail line was completed. By 1885, there were four more.

Regrettably, there was a dark era in the history of the first transcontinental and some of the others that followed. The insiders who controlled some of the western railroads reaped fortunes from engaging in unethical insider dealings, price gouging, bribing elected officials and financial fraud. Their scandals became widely publicized and public opinion shifted pointedly against the companies. By 1900, railroads had become heavily regulated.

Nonetheless, we can reflect thankfully on the positive effects from the development of our railroad network. The network completely changed how we were influenced by time and distance. It provided America a 19th century version of connectivity. It facilitated the settlement of the west and gave producers everywhere access to markets. When the network reached Texas, it contributed to the end of cattle drives. Consumers across the country had more choices at local stores and easy access to mail order shopping. In the world of leisure, local baseball teams could travel to play rival teams. The circus could come to town. Families could visit distant relatives. By the 1880s, a person could travel quite comfortably from New York to San Francisco in eight days. The fare was as low as \$69 if one would accept the discomfort of making the trip on a wooden bench. But then again, eight days on a wooden bench was no doubt preferred over three months in a covered wagon.

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