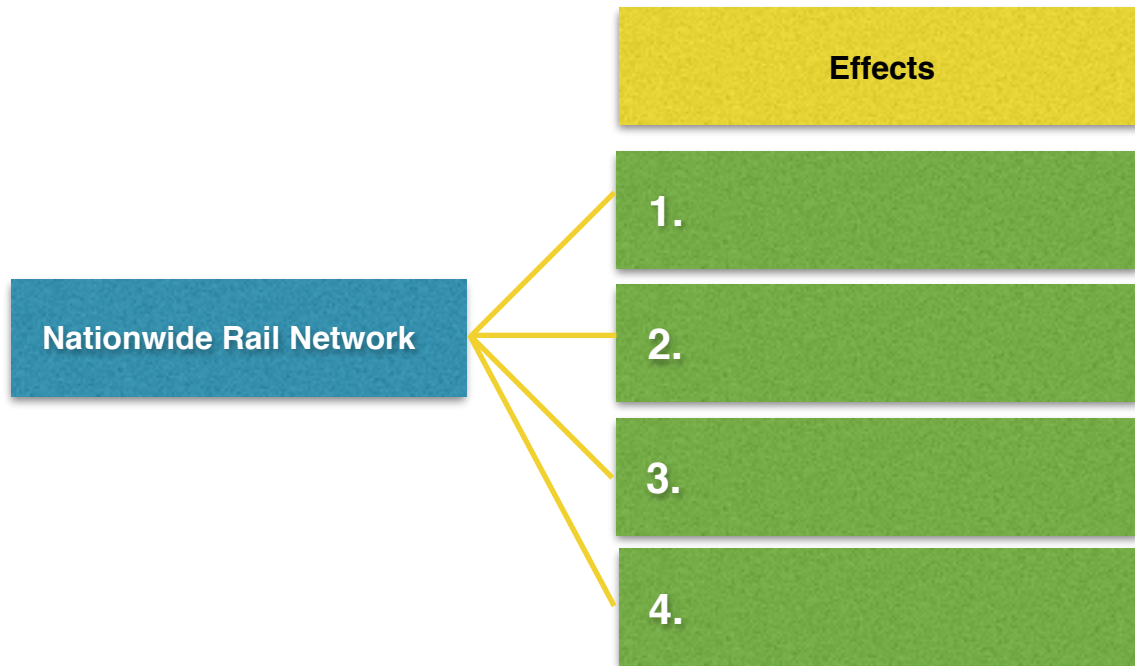


# The Railroads

## Big Idea

As you read, complete this graphic organizer by listing some of the effects of this rail network on the nation



## Linking the Nation

### Comparing and Contrasting

**Compare and contrast workers hired to build the two rail roads. At least two characteristics for each.**

Union Pacific:

Central Pacific:

Both:

In 1862 President Lincoln signed the Pacific Railway Act. It called for a transcontinental railroad to be built by the Union Pacific and Central Pacific railroad companies. Each company got land along the route of the tracks. The Union Pacific started in Omaha, Nebraska, in 1865. It employed as many as 10,000 workers at one time, including Civil War veterans, immigrants, and ex-convicts. Because of a labor shortage in California, the Central Pacific hired about 10,000 workers from China.

Before 1860 the United States had hundreds of small railroad lines. Then, large rail lines began to take over and combine them. To fix scheduling and safety problems, in 1883 the American Railway Association divided the country into four **time zones**. The large railroads benefited the nation in other ways. They could shift railcars from one section of the country to speed long-distance transportation. New technology let railroads put longer and heavier trains on their lines. More powerful locomotives made operations more efficient. Railroads also united people from many regions.

# Robber Barons

## Evaluating Information & Making Generalizations

### Evaluating Information

*Complete the statements to evaluate the passage.*

This passage included good information about:

This passage should include more information about:

### Making Generalizations\*

\*A **generalization** is defined as a broad statement or an idea that applies to a group of people or things.

Write a generalizations about the Credit Mobilier scandal:

The federal government encouraged railroad building by giving railroad companies **land grants**. Railroads then sold the land to settlers and businesses to raise the money they needed to build the railroad. By the 1860s, the railroads received land larger in area than New England, New York, and Pennsylvania combined. Some railroad companies earned enough money from the land grants to cover much of the cost of building their lines.

Some railroad entrepreneurs in the late 1800s got their wealth by cheating investors, bribing government officials, and cheating on their contracts. Corrupt railroad owner Jay Gould was infamous for manipulating stock.

Bribery also occurred often. This was partly because government helped fund railroads. Railroad investors knew that they could make more money by getting government land grants than by operating a railroad. As a result, investors bribed politicians to vote for more grants.

Crédit Mobilier was a construction company started by several stockholders in the Union Pacific. The investors set up contracts with themselves. Crédit Mobilier greatly overcharged the Union Pacific for the work it did. Because investors owned both companies, the railroad agreed to pay. The investors had made several million dollars by the time the Union Pacific was completed. However, the railroad had used up its land grants and was almost bankrupt. To convince Congress to give the railroad more grants, one of the investors gave members of Congress shares in the Union Pacific at a price well below what these shares were worth. In the 1872 election campaign, a letter to a New York newspaper listed the members of Congress who had accepted the shares. A further investigation into the scandal showed that the vice president at the time had also accepted shares from the railroad.

Not all railroad entrepreneurs were robber barons, or people who loot an industry and give nothing back. James J. Hill built the Great Northern Railroad without federal land grants. It ran between Minnesota and Washington state. He planned the route to pass near towns in the region. To increase business, he promised low fares to settlers who homesteaded along the route. He transported American products that were in demand in China to Washington, where they were shipped to Asia. In this way the railroad made money by transporting goods both east and west. The Great Northern became the most successful transcontinental railroad and the only one that did not eventually go bankrupt.

# Section Wrap-Up

Answer these questions to check your understanding of the entire section.

1. How were some railroad owners corrupt?

2. How were railroads financed and how did they grow?