

## **Railroaded: The Transcontinentals and the Making of Modern America**

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**Author:**

Richard White

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Andrew Smith

Richard White is a prolific historian whose earlier works have changed our understanding of several periods of American history. His 1991 book on the relations of white empires and Native polities in the Great Lakes region reshaped views of First Nations history throughout the continent. His magisterial history of the American West synthesized much of the 'New Western history', the scholarship on the western regions of North America produced by social historians after 1970.<sup>(1)</sup> The key insight of White's history of the American West was that this region of the country was largely the creation of the federal government, which lavished many handouts on the inhabitants of the sparsely settled western states. White's research helped to undermine the traditional and heroic view of the western 'frontier' as a place of self-sufficient rugged individualists.<sup>(2)</sup>

When it was announced that Richard White was working on a history of the transcontinental railways, there were high hopes that he would produce a work that would be to the same scholarly standard as his earlier books. White has fulfilled these expectations and has produced a work that develops many of the themes present in his earlier research.

White has written an impressive revisionist history of the North American transcontinental railways and their impact on the United States, Canada, and Mexico. Although some of the insights he presents in this work will not be entirely new to specialists in business and economic history, White's book will help to reshape how other historians, undergraduates, and the general public view the creation of the transcontinentals in the 19th century. This interdisciplinary book synthesizes research from some of the most

dynamic and exciting areas of American historiography, including environmental history, the history of technology, and the cultural history of capitalism.

The transcontinentals have occupied a large part in the collective imaginations of both the United States and Canada. The traditional narrative involves the heroic story of how the United States began the construction of its first transcontinental mainline when it was still in the depths of the Civil War: even though the unity of South and North had not yet been assured, Lincoln wanted to build an iron road linking East and West. The photograph of the driving of the Golden Spike at Promontory Summit in Utah in 1869, which marked the completion of the line, is one of the most iconic pictures in American history. The subsequent creation of the Canadian Pacific Railway looms even larger in the Canadian historical consciousness. Indeed, for Canadians the epic struggles to build this railway are even more important in the national social memory because they are not overshadowed by a bloody Civil War. The photograph of the rather derivative Last Spike ceremony that accompanied the completion of the Canadian line in 1885 is still famous in Canada. In Mexico, the railways also loom large in the popular historical consciousness, although there the foreign entrepreneurs who built much of that nation's railway network under the dictatorship of Porfirio Díaz are today remembered as capitalist imperialists. In the United States and Canada, in contrast, the entrepreneurs who built the lines have traditionally been regarded as heroes. It is true that left-wing writers in both countries, particular in the Progressive Era, subjected the projectors of these projects to a certain amount of muck-raking revisionism, but for the most part the heroic image of the transcontinentals and those who built them have endured. In the 1970s and 1980s, social historians in the United States and Canada modified the public's picture of their respective national transcontinentals by pointing out that hardworking Chinese labourers helped to make these nation-building projects possible. The emphasis on the contribution of the Chinese, which served the laudable purpose of underscoring the contribution of an ethnic minority to national projects, left the idea that the railways should have been built in the first place intact. Few historians have been so bold as to say that the lines were a waste of money and that the entrepreneurs who built them were scoundrels. Moreover, North Americans' largely positive image of the transcontinentals and the men who built them has reinforced an even more important narrative, namely, that entrepreneurs have played an important and overwhelmingly positive role in the development of the two countries. The 19th-century railroad barons are thus presented as precursors of Henry Ford and Steve Jobs, the entrepreneurs who are often regarded as embodying the very best of (North) American capitalism.

Richard White's book demolishes this largely benign view of the transcontinentals. He shows that their construction was plagued by incompetence and corruption. White points out that many of these lines were financial failures that ended either in bankruptcy or bailouts by the taxpayers. White appears to take a particular delight in documenting the failings of Leland Stanford, whose fortune endowed the California university that now employs him. In White's narrative, the 19th-century railroad entrepreneurs have more in common with the 'banksters' who were demonized in the American press after the 2008 financial crisis than with the saintly Steve Jobs. White's interpretation of transcontinentals is the product of many years of painstaking research in archives and should not be interpreted as a barometer of current public opinion in the United States. However, his interpretation is certainly congruent with the temper of the times and the public's increasing hostility to Big Business, which may explain the popularity of this book with non-academics since it went on sale in the summer of 2011. White says in his introduction that this book was influenced by the fact that it was written in Silicon Valley in the aftermath of the dot-com boom (p.xxxiii). Much like the internet stock craze of the late 1990s, the railway building craze of the 19th century saw the creation and destruction of vast fortunes and boosterish claims that new technologies were going to transform all areas of life for the better.

In addition to exposing the failings of the entrepreneurs who created them, White challenges the notion that the transcontinental railways should have been built in the first place at all. More precisely, he questions whether they should have been built in the 19th century. This part of his argument is, perhaps, the least original aspect of this book. In the 1960s, the economist Robert Fogel argued that the Union Pacific had been a premature enterprise in the sense that was built ahead of a demand in a sparsely populated region that could not really support it. Fogel used masses of quantitative data to demonstrate that, contrary to the

widespread view that railways ushered in economic modernity, the invention of the railway did little to increase the rate of economic growth in the United States. Vogel argued that had railways never been invented, the GDP per capita figures achieved by the United States on 1 January 1890 would have been reached by 31 March 1890. In other words, railways, including the transcontinental lines, were only slightly better forms of transport than their lower-tech alternatives, such as improved roads and canals. They did not dramatically accelerate economic growth.<sup>(3)</sup> Because it was presented in highly technical language and with masses of intimidating numbers, Fogel's analysis was read and appreciated mainly by academic historians, not the general public. White's accomplishment has been present a revisionist account of the transcontinentals in a way that is accessible to the average university-educated person. White's discussion of railway safety technology and freight rates, which could have been turgid in the hands of a less capable author, is lucid and accessible.

Of course, there is much more in this book than White's discussion of railway economics and technology. He discusses the impact of the railways on the lived experiences of Native Americans, farmers, ranchers, and employees. His chapters on the political responses to the monopoly power of the railways are superb and will be essential reading for anyone seeking to understand 19th-century North American political economy.

Richard White's efforts to re-incorporate business history into 'mainstream' North American history will be appreciated by those business historians who feel that their research interests have been marginalized in most North American history departments. Although this work is not business history in the same sense as the case studies produced by the late Alfred Chandler and his colleagues at the Harvard Business School, it certainly addresses the literature produced by management scholars and economists. It is relatively rare to find a book by a historian that simultaneously applies concepts taken from the writings of the economist Joseph Schumpeter and the Marxian sociologist James C. Scott. White should be commended for his eclectic use of theorists from many disciplines and across the political spectrum. Just as importantly, he should be praised for his tri-national coverage. The present reviewer, like many scholars of North American history who hail from north of the Canada-US border, regards the division between 'American history', 'Canadian history', and 'Mexican history' to be somewhat artificial. The decision of many historians of the United States to frame their research projects solely in terms of the boundaries of the present-day nation-states is a parochial and annoying barrier to full scholarly understanding.

There is much to praise in this excellent book. However, there are some flaws and omissions that ought to be identified as well. While the introduction to the book speaks of the United States, Canada, and Mexico, the third of these countries is marginalized in the pages that follow. At the end of the book, one is left having learned relatively little about the impact of the transcontinentals on Mexico. Relatively few Spanish-language primary and secondary sources can be found in the author's notes, although there are some (see p. 547). The decision to marginalize Mexican history might imply to some readers that Mexico is somehow a less important part of North America than the other two nations he considers. This reviewer would have welcomed the opportunity to learn more about the economic, political, social, and ecological impact of railways on Mexico. Given that Mexico's share of the North American population is vastly greater than that of Canada, White's implicit scheme of prioritization is perhaps questionable.

Although White draws on the ideas of the Joseph Schumpeter (1883–1950) in discussing the entrepreneurs in his book, he fails to utilise the conceptual tools that have been developed by more recent economists. Anne Krueger's concept of 'crony capitalism' could have been applied more effectively here. Crony capitalism refers to a superficially capitalist economy in which success in business actually depends on close relationships with government officials rather than one's ability to produce goods consumers want to buy. Crony capitalism typically involves a system of legal permits, quotas, subsidies, special tax breaks, and land grants. Crony capitalists frequently wrap themselves in the flags of their respective countries to justify the handouts and special favours they get from the State.<sup>(4)</sup> The railroad barons described in White's book correspond very closely to Krueger's concept of the crony capitalist. Given that the United States and other developed countries now preach to the developing world about the virtues of public-sector transparency and the evils of cronyism, it is worthwhile underscoring the point that the United States in the Gilded Age was crony capitalism writ large. White might also have profitably employed the typology of entrepreneurship

developed by the economist William Baumol, who distinguishes ‘productive entrepreneurship’ from the forms of entrepreneurship that harm rather than help society. Baumol speaks of rent-seekers, who engage in ‘unproductive entrepreneurship,’ and ‘destructive entrepreneurship’, which would include drug dealers and others who sell products that are positively harmful. Some of the people in White’s cast of characters clearly belong in the category of ‘unproductive entrepreneurship.’ Perhaps a few might be categorized as ‘destructive entrepreneurs.’ White could usefully have applied Baumol’s categories here.[\(5\)](#)

Another problem with this book was that there was not enough on the technologies that rivalled and/or complimented the railways. First, there could have been more here about river transport. White shows us (pages 162–9) that ships remained a competitive way of transporting wheat from California after the completion of the transcontinentals. It should also be kept in mind, however, that steamships were able to navigate surprisingly shallow rivers in the Great Plains, most notably the Missouri. Even today, many shippers in the Canadian West prefer to use the Great Lakes system of lakes and canals to get their products to the ocean. The transcontinental railways developed ocean steamship services designed to feed traffic into their lines. Indeed, Canadian Pacific developed an integrated transport network that extended from Liverpool to Hong Kong and was regarded by contemporaries as an imperial, rather than a simply Canadian, project. Exploring the successes of these steamship lines might have forced White to revise his negative assessment of these companies. Moreover, there was not nearly enough in this book about telegraphy. The electric telegraph connected California to the eastern states well before the railway did. Indeed, it would have been difficult to control traffic and otherwise manage very long rail lines without the telegraph, especially when there were trains running in both directions on a single line of track. Without telegraphy, the transcontinentals would likely have been very different. Historians are beginning to rediscover the economic, social, and military significance of the first telecommunications industry.[\(6\)](#) The title of Daniel Walker Howe’s recent volume in the Oxford History of the United States series alludes to the transformative impact of telegraphy [\(7\)](#), and it is unfortunate that White’s otherwise excellent book did not utilise this new research.

## Notes

1. Richard White, *The Middle Ground: Indians, Empires, and Republics in the Great Lakes Region, 1650–1815* (Cambridge, 1991).[Back to \(1\)](#)
2. Richard White, *‘It’s Your Misfortune and None of My Own’: A History of the American West* (Norman, OK, 1991).[Back to \(2\)](#)
3. Robert W. Fogel, *Railroads and American Economic Growth: Essays in Econometric History* (Baltimore, MD, 1964).[Back to \(3\)](#)
4. Anne O. Krueger, ‘Why crony capitalism is bad for economic growth’, in *Crony capitalism and economic growth in Latin America : theory and evidence*, ed. Stephen Haber (Stanford, CA, 2002), pp. 1-24.[Back to \(4\)](#)
5. William J. Baumol, ‘Entrepreneurship: productive, unproductive, and destructive’ *Journal of Political Economy*, 98, 5 (1990), 893–921; David S. Landes, Joel Mokyr, and William J. Baumol, *The Invention of Enterprise: Entrepreneurship from Ancient Mesopotamia to Modern Times* (Princeton, NJ, 2010).[Back to \(5\)](#)
6. Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, MS, 2010).[Back to \(6\)](#)
7. Daniel Walker Howe, *What Hath God Wrought: The Transformation of America, 1815–1848* (New York, NJ, 2007).[Back to \(7\)](#)

### Other reviews:

Thom Hartmann Programme

<http://www.youtube.com/watch> [2]

Dissent Magazine

<http://dissentmagazine.org/article/> [3]

NPR Books

<http://www.npr.org/2011/07/11/137497772/how-trains-railroaded-the-american-economy> [4]

New York Times

<http://www.nytimes.com/2011/07/17/books/review/book-review-railroaded-by-richard-white.html> [5]

Slate

[http://www.slate.com/articles/arts/books/2011/06/the\\_transcontinental\\_travesty.html](http://www.slate.com/articles/arts/books/2011/06/the_transcontinental_travesty.html) [6]

The Exchange

<http://exchange-bhc.blogspot.com/2011/06/richard-whites-railroaded-attracts.html> [7]

Seattle Times

[http://seattletimes.nwsourc.com/html/books/2015207613\\_br05railroaded.html](http://seattletimes.nwsourc.com/html/books/2015207613_br05railroaded.html) [8]

Wall Street Journal

<http://online.wsj.com/article/SB10001424052702303657404576361331013796182.html> [9]

Diane Rehm Show

<http://thedianerehmshow.org/shows/2011-06-13/richard-white-railroaded> [10]

Page 99 Test

<http://page99test.blogspot.com/2011/06/richard-whites-railroaded.html> [11]

C-Span

<http://www.c-spanvideo.org/program/Transco&showFullAbstract=1> [12]

The Nation

<http://www.thenation.com/article/163050/trains-vain-richard-white> [13]

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[2] <http://www.youtube.com/watch?v=t710-h2SECg>

[3] <http://dissentmagazine.org/article/?article=3983>

[4] <http://www.npr.org/2011/07/11/137497772/how-trains-railroaded-the-american-economy>

[5] <http://www.nytimes.com/2011/07/17/books/review/book-review-railroaded-by-richard-white.html?pagewanted=all>

[6] [http://www.slate.com/articles/arts/books/2011/06/the\\_transcontinental\\_travesty.html](http://www.slate.com/articles/arts/books/2011/06/the_transcontinental_travesty.html)

[7] <http://exchange-bhc.blogspot.com/2011/06/richard-whites-railroaded-attracts.html>

[8] [http://seattletimes.nwsourc.com/html/books/2015207613\\_br05railroaded.html](http://seattletimes.nwsourc.com/html/books/2015207613_br05railroaded.html)

[9] <http://online.wsj.com/article/SB10001424052702303657404576361331013796182.html>

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[11] <http://page99test.blogspot.com/2011/06/richard-whites-railroaded.html>

[12] <http://www.c-spanvideo.org/program/Transco&showFullAbstract=1>

[13] <http://www.thenation.com/article/163050/trains-vain-richard-white>