

# The Crédit Mobilier Scandal

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The Crédit Mobilier Scandal was one of the most well-known scandals of the late 1800s. The Pacific Railroad Act was passed in 1862. Under this law, the Union Pacific Railroad was given land around the constructed railroad and an additional \$1000 for every mile of railroad it constructed. This is around when the whole scandal started. The Union Pacific Railroad created their own company, Crédit Mobilier, and guys from the Union Pacific were part of Crédit Mobilier too. Union Pacific claimed that they needed a lot of money from the government in order to create the railroad; however, their estimates were quite high and this allowed men (from both Crédit Mobilier and the Union Pacific Railroad) to pocket the extra money that they didn't actually use on the railroad. These men were essentially paying themselves (using federal funds) to build their own railroad. This was the big part of the scandal. Crédit Mobilier stock, understandably, was doing quite well because of this. Senators in Washington, D.C. were given shares in the company and profited greatly. Senators kept voting to give Union Pacific more money (and thus helping their own finances strong through stocks). Nobody in Washington, D.C. really realized the scandal until during Grant's presidency.