

ARIZONA STATE UNIVERSITY

**CORPORATE & BUSINESS LAW JOURNAL FORUM**

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Volume 7

November 2025

Number 10

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**COMMENTARY**

*Return to the Gilded Age? Union Pacific, Norfolk Southern,  
and a Transcontinental Railroad*

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On July 29 of this year, Union Pacific, the second largest railroad in the country by track and employees, proposed an \$85 billion dollar acquisition of Norfolk Southern, another large railroad company operating primarily in the eastern United States.<sup>1</sup> The merger, if approved, would create the first ever transcontinental railroad under a single rail company, completely reshaping the North American rail industry.<sup>2</sup> Spanning more than 50,000 miles across 43 states, the new railroad for the first time would provide uninterrupted service from the east to west coast.<sup>3</sup> In its proposal, Union Pacific valued Norfolk Southern at \$85 billion, making the combined company worth over \$250 billion.<sup>4</sup>

**Union Pacific Promises Increased Efficiency and Growth**

Union Pacific, in its press release announcing the proposed merger, put forth numerous purported benefits that would result from the deal.<sup>5</sup> These benefits include: a more efficient railroad network, improved safety through increased collaboration, and a significant increase in shareholder value.<sup>6</sup> The merger has also gained support from the largest U.S. railroad union, SMART-TD, the transportation division of the International Association of Sheet Metal, Air, Rail, and Transportation

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<sup>1</sup> *Union Pacific and Norfolk Southern to Create America's First Transcontinental Railroad*, UNION PACIFIC (July 29, 2025), <https://www.up.com/press-releases/growth/norfolk-southern-transcontinental-nr-250729>,

<sup>2</sup> Stuart Chirls, *Is Union Pacific Trump Ballroom Donation Vena's Merger Knockout Punch?*, YAHOO FINANCE (Oct. 26, 2025, at 8:03 PM MST), <https://finance.yahoo.com/news/union-pacific-trump-ballroom-donation-030351468.html>.

<sup>3</sup> Railroads Explained, *The \$250 Billion Deal That Could Change U.S. Rail Forever*, (YouTube, Sept. 13, 2025), <https://www.youtube.com/watch?v=KDYwmTZ-yAU>.

<sup>4</sup> *Id.*

<sup>5</sup> Union Pacific and Norfolk Southern to Create America's First Transcontinental Railroad, *supra* note 1.

<sup>6</sup> *Id.*

workers.<sup>7</sup> The support came after Union Pacific committed to protecting union members' jobs for the duration of their careers.<sup>8</sup> President Trump voiced support for the merger in September, telling reporters, "[S]ounds good to me".<sup>9</sup> Union Pacific was recently named on a list of 37 corporate donors to President Trump's \$300 million White House ballroom currently under construction.<sup>10</sup> Private organizations such as the Ohio Chamber of Commerce have also voiced support, viewing the merger as a means to elevate Ohio's position in the global marketplace.<sup>11</sup> Professor Danielle Zanzalari, assistant professor of economics at Seton Hall University, wrote in support of the merger, citing a University of Illinois study that shows inventory holding costs amount to roughly 25% of a good's value, and by introducing a single-line national rail service, the number of interchanges between lines would be greatly reduced.<sup>12</sup>

### **Skeptics Argue Monopoly Power**

The proposed merger has also garnered its share of detractors. Instead of seeing the merger as a way to create an efficient coast-to-coast rail line, they say that the merger is a bald attempt at concentrating power and maximizing shareholder profits.<sup>13</sup> As an example of the true motives behind the merger, critics have pointed to the nearly \$200 billion in stock buybacks by Class 1 carriers from 2010 to 2020 that boosted shareholder value rather than investing in infrastructure or expanded service.<sup>14</sup> BNSF Railway, currently the largest railroad company in the U.S., has also voiced concerns for the future of the railway industry post-merger. BNSF says rail customers will be negatively impacted by losing optionality in shipping to the eastern U.S., as well as an overall increase in rates.<sup>15</sup> History should also give pause; previous mergers, including one involving Union Pacific, have failed to deliver on the promise of service improvements.<sup>16</sup>

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<sup>7</sup> Sabrina Valle, *Largest US rail union endorses Union Pacific, Norfolk Southern merger*, REUTERS (Sept. 22, 2025, at 3:31 PM MST), <https://www.reuters.com/legal/litigation/largest-us-rail-union-endorses-union-pacific-norfolk-southern-merger-after-job-2025-09-22/>.

<sup>8</sup> *Id.*

<sup>9</sup> David Shepardson, *Trump Says Union Pacific Merger with Norfolk Southern 'Sounds Good'*, REUTERS (Sept. 19, 2025, at 3:39 PM MST), <https://www.reuters.com/sustainability/boards-policy-regulation/trump-says-union-pacific-merger-with-norfolk-southern-sounds-good-2025-09-19/>.

<sup>10</sup> Chirls, *supra* note 2.

<sup>11</sup> Steve Stivers, *Union Pacific-Norfolk Southern merger gives Ohio tools to compete*, MORNING JOURNAL (Oct. 29, 2025), <https://www.morningjournalnews.com/opinion/columns/2025/10/union-pacific-norfolk-southern-merger-gives-ohio-tools-to-compete/>.

<sup>12</sup> Zanzalari states that these "interchanges" between rail lines of different companies is one of the largest inefficiencies in the national rail system. "Trains may sit idle for hours or days, crews must be reassigned, and paperwork must be processed." Danielle Zanzalari, *UP-NS merger: Boosting supply chains with Lincoln's vision*, SUPPLY CHAIN DIVE (Sept. 15, 2025), <https://www.supplychaindive.com/news/union-pacific-norfolk-southern-merger-benefits-impact/759340/>.

<sup>13</sup> Public Rail Now, *Op-Ed: The Norfolk Southern-Union Pacific Merger Is Wrong for Rail*, STREETS BLOG USA (Oct. 28, 2025, at 12:01 AM EDT), <https://usa.streetsblog.org/2025/10/28/op-ed-the-norfolk-southern-union-pacific-merger-is-wrong-for-rail>.

<sup>14</sup> *Id.*

<sup>15</sup> Glenn Taylor, *BNSF Slams Union Pacific-Norfolk Southern Merger, Warns of Lost Competition and Higher Rates*, YAHOO FINANCE (Oct. 6, 2025), <https://finance.yahoo.com/news/bnsf-slams-union-pacific-norfolk-110000438.html>.

<sup>16</sup> Bill Stephens, *UP, NS Say a Merger Will Cut Carload Transit Times. Shippers Aren't Convinced.*, SUPPLY CHAIN DIVE (Oct. 24, 2025), <https://www.supplychaindive.com/news/up-ns-merger-cut-carload-transit-times-shippers-not-convinced/802684/>.

### **Past Railroad Mergers**

While Union Pacific claims that the merger would be entirely paid through a 10 percent growth in volume over three years, history tells a different story. Union Pacific's last major merger came in 1996 when it purchased Southern Pacific Transportation, creating a western duopoly with BNSF.<sup>17</sup> Similar to Union Pacific's claims now, it was claimed that the merger would lead to increased efficiency and lower rates for shippers.<sup>18</sup> What resulted however, were service interruptions and an overall reduction in shipping volume.<sup>19</sup>

### **Regulatory Approval and Political Influence**

The merger still needs to find approval from the Surface Transportation Board, a federal agency regulating railroads.<sup>20</sup> This process is expected to take more than a year, as Union Pacific and Norfolk Southern must present compelling reasons for why the merger would serve the public interest.<sup>21</sup> All indications are pointing towards the merger being approved. President Trump, as noted above, has signaled his approval and Union Pacific's stock price has risen over 11% since announcing the deal at the end of July.<sup>22</sup>

Regulators as well as customers of Union Pacific and Norfolk Southern would do well to view the railroads' alleged benefits critically. Mergers, particularly in the rail industry, more than not lead to results exactly opposite those predicted by the parties. As events from 2020 demonstrate, disruptions in the distribution system lead to increased prices and great harm to the average consumer.<sup>23</sup> Putting potential harm to shippers and consumers aside, the creation of a coast-to-coast rail network would be unprecedented in U.S. rail history. According to antitrust historian Matt Stoller, the deal would have been, ". . . unthinkable even to robber barons like Jay Gould and J.P. Morgan."<sup>24</sup> The deal receiving such quick administration approval also comes as a shock.

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<sup>17</sup> Bill Stephens, *TRANSCON MERGERS*, 76 TRAINS; CHATTANOOGA 24, 26 (2016).

<sup>18</sup> Paul D. Larson & H Barry Spraggins, *Union Pacific/Southern Pacific merger: impact on shippers*, 10 J. TRANSP. MGMT. 45, 46 (1998).

<sup>19</sup> Public Rail Now, *supra* note 13; Larson & Spraggins, *supra* note 19.

<sup>20</sup> USA GOV, *Surface Transportation Board (STB)*, <https://www.usa.gov/agencies/surface-transportation-board>.

<sup>21</sup> Zanzalari, *supra* note 12.

<sup>22</sup> Anshuman Tripathy & Nandan Mandayam, *Union Pacific to Submit Papers for Mega Merger by End-November; profit tops estimates*, REUTERS (Oct. 23, 2025, at 7:15 AM MST), <https://www.reuters.com/business/autos-transportation/railroad-operator-union-pacifics-quarterly-profit-rises-2025-10-23/>, Shepardson, *supra* note 9.

<sup>23</sup> Xiwen Bai, Jesús Fernández-Villaverde, Yiliang Li & Francesco Zanetti, *The Causal Effects of Global Supply Chain Disruptions on Macroeconomic Outcomes: Evidence and Theory* 1 (Nat'l Bureau of Econ. Rsch., Working Paper No. 32098, 2024).

<sup>24</sup> Matt Stoller, *The Week America Woke Up to Oligarchy*, (Sept. 22, 2025) <https://www.thebignewsletter.com/p/monopoly-round-up-the-week-america>.

While President Trump's first term was generally focused on de-regulation, his administration also took actions to break up monopolies.<sup>25</sup> As stated above, perhaps President Trump's approval of the UP-NS merger has just as much to do with Union Pacific's donation to the new White House ballroom as it does with his overall view of the merger.<sup>26</sup>

With the merger likely to be approved as soon as 2026, interested parties should pay close attention to any effects it has on the U.S. rail industry. Whether positive or negative, this merger could ultimately serve as a bellwether for large-scale mergers in the rail industry and beyond.

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<sup>25</sup> Within ten days of being inaugurated, President Trump signed Executive Order 13771, instituting a "two-for-one rule" that required the elimination of two existing regulations for every new one issued. *See Two-for-one Executive Order*, THE STATE ENERGY & ENV'L IMPACT CTR, [HTTPS://STATEIMPACTCENTER.ORG/ISSUES/FEDERAL-REGULATORY-POLICY/TWO-FOR-ONE-EXECUTIVE-ORDER](https://stateimpactcenter.org/issues/federal-regulatory-policy/two-for-one-executive-order) (last visited Nov. 3, 2025); *See also Justice Department Sues Monopolist Google for Violating Antitrust Laws*, DEP'T OF JUST. (Oct. 20, 2020) <https://www.justice.gov/archives/opa/pr/justice-department-sues-monopolist-google-violating-antitrust-laws>.

<sup>26</sup> Chirls, *supra* note 2.