Outlines of American railway transportation

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OUTLINES
OF
AMERICAN RAILWAY TRANSPORTATION

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CONTENTS

CHAP.                                             PAGE
I. The Functions of Railways......................... 7
II. The Public Nature of the Railway Business......13
III. Foreign Railway Systems.......................... 19
IV. The Development of American Railways before 1870 27
V. The Growth of American Railways since 1879...... 33
VI. Railway Competition and Coöperation............. 39
VII. Railway Rate Theories............................ 49
VIII. Classification and Tariff Structures........... 59
IX. Rate Systems in the East and South.............. 73
X. Western, Transcontinental, and Import and Export Rates .............................. 81
XI. The Railway Corporation........................... 87
XII. Purposes and Methods of Railway Regulation..... 103
XIII. Regulation in the United States prior to 1906...111
XIV. Railway Regulation since 1906.................... 121
XV. Organization of the Freight and Passenger Services ........................................ 129
XVI. The Mail, Parcel Post, and Express Services..... 139
XVII. The Pullman Service and Private Car Companies.. 153
XVIII. Electric Railways............................... 161
XIX. Some Current Railway Problems................... 171

Appendix. List of selected publications forming a comprehensive reading course in Railway Transportation ..................... 177
INTRODUCTION

A comprehensive study of transportation would include a survey of the transmission of goods, persons, and ideas by means of all known vehicles of the land, water, and air.

The course of study here outlined is confined to an examination of the economic and social aspects of the transportation of goods, persons, and mails upon railways, and with special reference to conditions in the United States.

In this study, matters of first importance concern the relation of the railway business to other businesses and to the nation as a social unit.

The theory and technique of railway organization and management, especially as regards finances, are treated in certain general aspects as are also some phases of water transportation.

Certain principles which are here developed pertaining to public policy in matters of transportation and to the functions and powers of railway corporations are generally significant in the wider field of public utility enterprise. Students should be careful to note and offer for discussion such generalizations as may appear to apply with like emphasis in the consideration of other public service activities.
For the sake of brevity, references to the following books are indicated by names of authors.

Beale and Wyman, *Railroad Rate Regulation*.
Goodnow, *Municipal Government*.
Hadley, *Railroad Transportation*.
Haines, *Railway Corporations as Public Servants*.
Johnson, *American Railway Transportation*.
Johnson and Huebner, *Railroad Traffic and Rates*.
King, *Regulation of Municipal Utilities*.
LaSalle Extension University Series, *Business Organization, Transportation*.
McPherson, *Railroad Freight Rates*.
Merritt, *Federal Regulation of Railway Rates*.
Morris, *Railroad Administration*.
Noyes, *American Railroad Rates*.
Pratt, *Inland Transportation and Communication in England*.
Raper, *Railway Transportation*.
Ripley, *Railroads: Rates and Regulation*.
Sakolski, *American Railroad Economics*.
Whitten, *Valuation of Public Service Corporations*.
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CHAPTER I

THE FUNCTIONS OF RAILWAYS

(a) Availability is an essential attribute of actual value. In broad terms, the function of railways is the creation of availability or "place utility."

1. The bringing together of labor, capital, and natural resources is an essential preliminary to the creation of "form utilities" by the industrial processes of agriculture and manufacture.

Railways have been the chief agency in promoting the settlement of continental interiors and geographical specialization in production—(mutual availability of the economic factors of production).

2. Specialized production necessitates the exchange of goods among districts yielding different forms of natural and labor products. Ready means of exchange generates competition in production among districts of like products.

Railways and ocean vessels have most extensively served mankind in this respect—(availability of goods).

3. Social intercourse, an essential attribute of civilization and a criterion of progress, has been many times multiplied in the last half century by railways—(social availability).

(b) The development of markets registered the first concrete function of railways in Europe and America.

1. The products of the mine, the forest and the farm were conveyed to manufacturing and commercial centers.

2. The carrying of raw products to market was soon supplemented by the transmission of finished products from "primary markets" to local distributing points.


(c) The exploitation and development of natural resources, previously remote and unappropriated, followed the growth of markets and easy means of transport.

The exploitation of surface products is generally followed by substantial industrial development of permanent resources.


(d) A rapid diffusion of population resulted from the availability of industrial opportunity in new and rich districts made accessible by railways.

1. Railways tend to prevent 'social saturation' at certain points by geographically equalizing population and industrial opportunity.

2. Certain social and economic forces tend to inhibit the rational diffusion of population. Railways compete with these forces in certain broad aspects of social control.

3. Human reproduction is usually quickened by the relief from economic restrictions. Railways have doubtless made possible the existence of larger populations.

Haines, pp. 15–17. Goodnow, Chap. 2.

(e) The diffusion of culture and intelligence is a normal concomitant of the exchange of ideas and the variety of experience and observation incident to specialized production, division of labor, and interregional trade.

1. The intellectual stimulus of industrial and commercial competition is a primary civilizing agency.

2. The accumulation of wealth and consequent leisure, coincident with economically efficient means of production, may contribute to cultural progress.
