

# **Economics C23-1**

## **Lecture 7**

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### **I. The Transportation Revolution**

#### **A. The Contours of Change: Travel Times**

#### **B. The Economics of Transport Costs**

**circle of radius  $\frac{1}{2}(P/t)$  —> market  
land values**

#### **C. Modes of transportation**

**water: role of steamships  
rail**

#### **D. Effects**

**costs & prices: welfare  
patterns of inter-regional trade**

## **II. The Railroads Again**

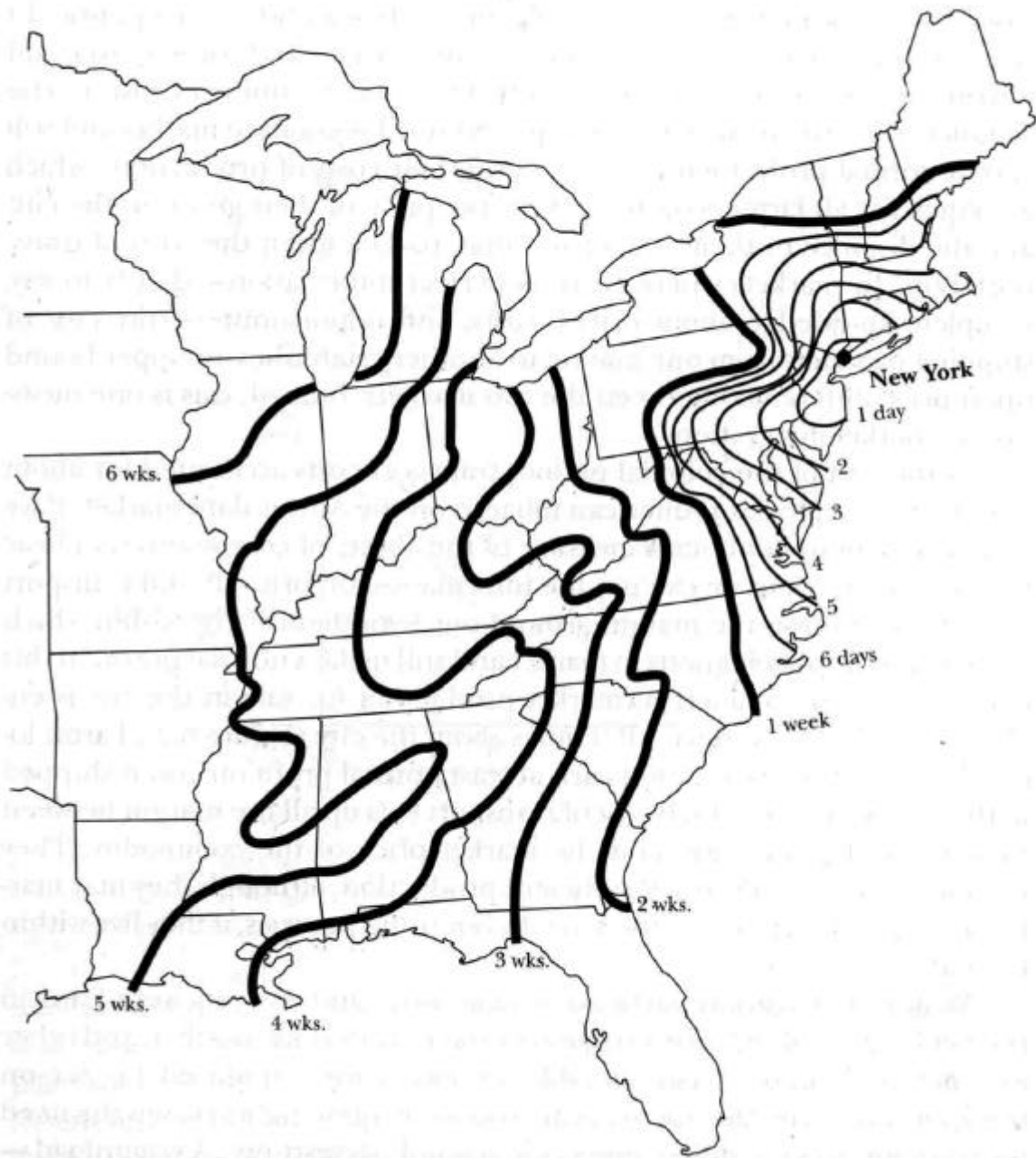
**The issue (some historiography)**

**The measure: “social savings”**

**The problems**

**The bottom line**

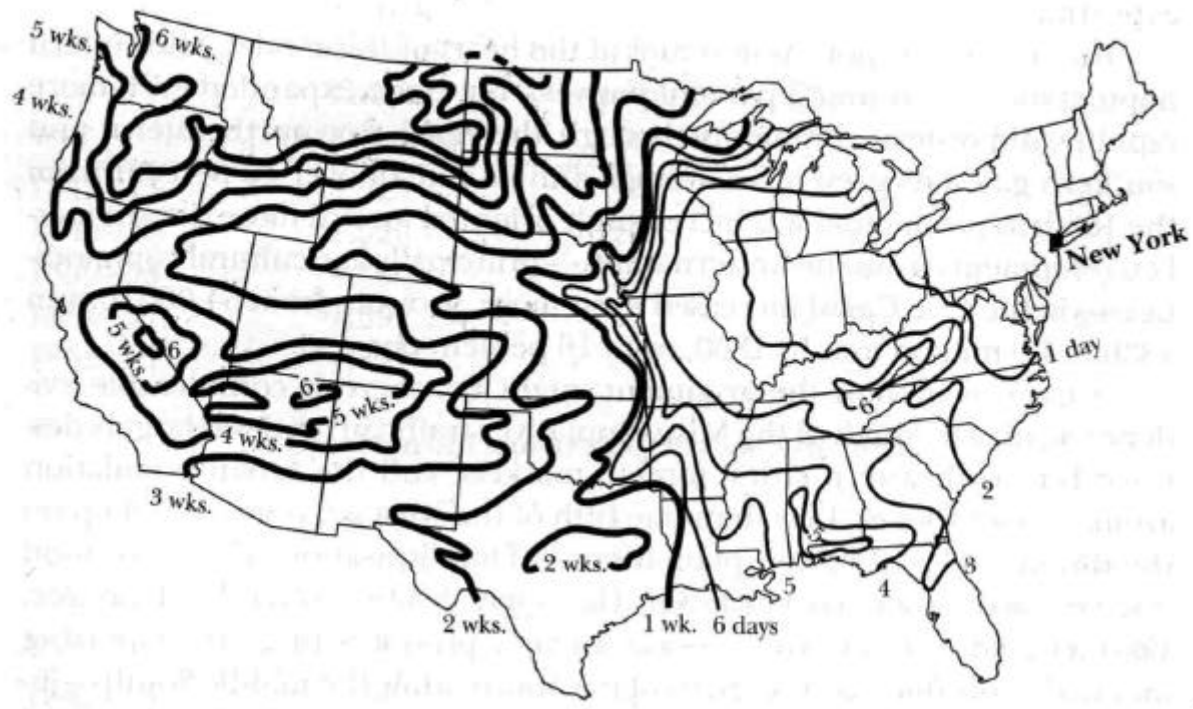
# Rates of Travel, 1800



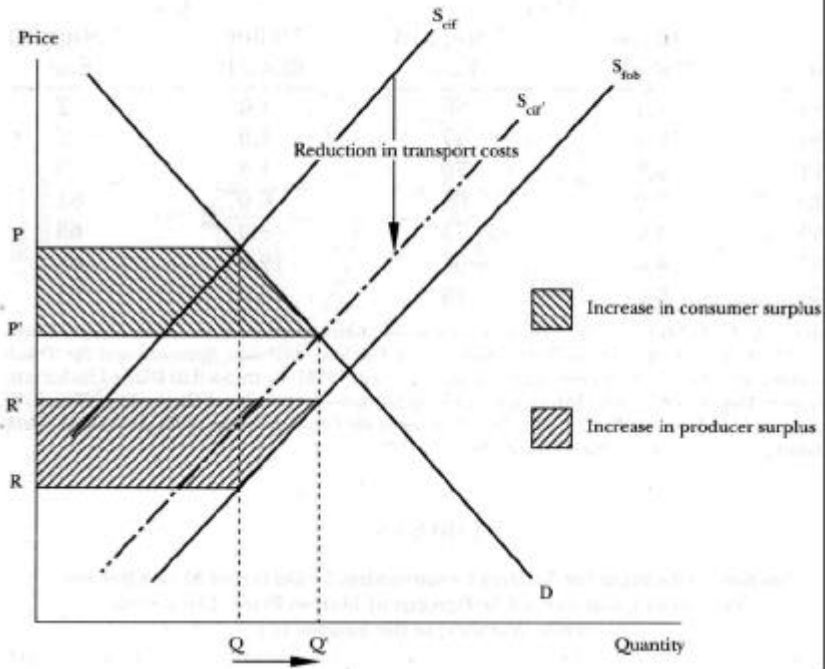
# Rates of Travel 1830



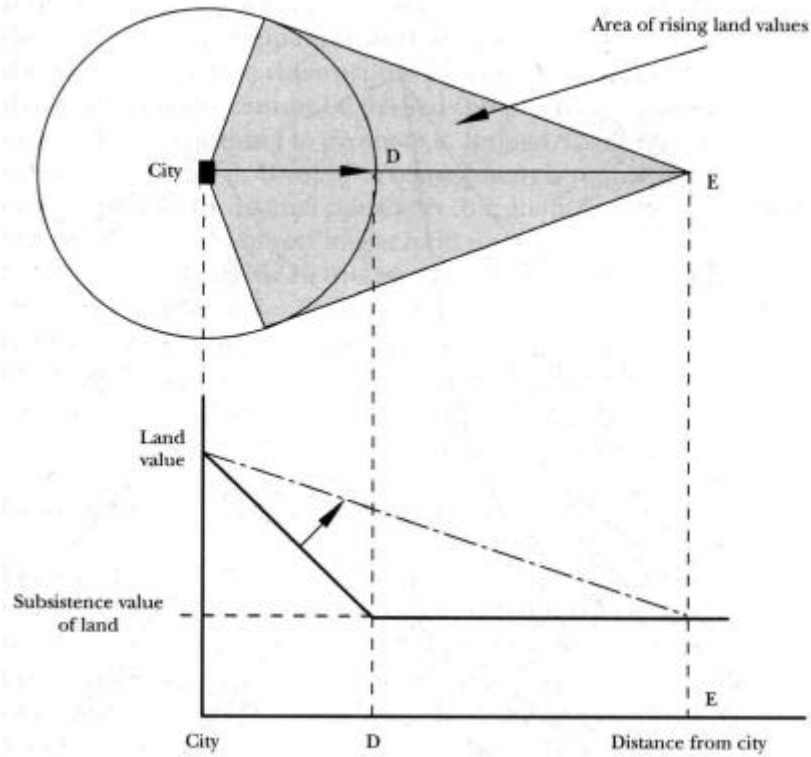
Rates of Travel, 1857



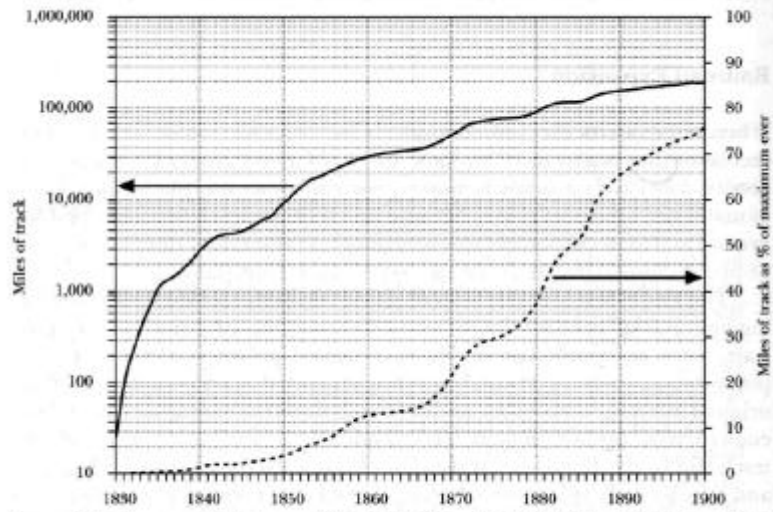
**The Effect of Transportation Improvements upon Prices Paid by Consumers and Received by Producers**



**Transportation Improvements and Land Values**



### Railroad Mileage in the United States, 1830-1900



Source: U.S. Bureau of the Census, *Historical Statistics of the United States* (Washington, D.C.: Government Printing Office, 1975): Series Q321 and Q329.

### Measuring the Social Savings of the Railroad

