

**RAILWAY REGULATION. AN
ANALYSIS OF THE UNDERLYING
PROBLEMS IN RAILWAY
ECONOMICS FROM THE STANDPOINT
OF GOVERNMENT REGULATION**

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Railway Regulation. An Analysis of the Underlying Problems in Railway Economics from the Standpoint of Government Regulation by I. Leo Sharfman

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AN ANALYSIS OF THE UNDERLYING PROBLEMS
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STANDPOINT OF GOVERNMENT
REGULATION

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PREFACE

In the following pages an attempt is made to present an analysis of the leading problems in railway economics from the standpoint of government regulation in the United States. While it has been my purpose to vitalize the discussion by the liberal use of concrete illustrative material, the emphasis throughout has been placed upon the discovery of underlying causes and the consideration of fundamental principles.

The historical development of railway transportation has been traced only in so far as early conditions and past events have been shown to throw light upon the meaning and significance of current practices and present-day problems. The various stages in the growth of the American system of public control, state and national, have been given careful and detailed consideration because the principles and methods of railway regulation, as applied in the United States today, are the result of a gradual development. Both legislative enactment and judicial decision have slowly accommodated themselves to the irresistible pressure of our changing social and political ideals and our expanding commercial and industrial needs.

The vital and inseparable relationship, in railway transportation, between legal rules and business welfare, between railway economics and railway regulation, has served as the source and foundation of the entire analysis

and discussion. The ideal of railway regulation is to harmonize, as far as possible, the natural functioning of railway enterprise with the principles and practices of public control.

The various sources, primary and secondary, upon which chief reliance has been placed in the preparation of this text are indicated in detail in the course of the pages that follow. Special acknowledgement must here be made to Professor William Z. Ripley, of Harvard University, for his help and influence both as teacher and writer, and to the late Professor Harrison S. Smalley, of the University of Michigan, whose volume on *Transportation in the United States*, published by the LaSalle Extension University, was placed freely at my disposal. I am also indebted to Mr. Asa Colton for reading both manuscript and proof and making many helpful suggestions.

I. L. S.

Ann Arbor, Michigan,
August, 1915.

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RAILWAY REGULATION

CHAPTER I

THE EXTENT AND IMPORTANCE OF RAILWAY TRANSPORTATION

THE EXTENT OF AMERICAN RAILWAY INTERESTS

A discussion of the problems of railway regulation in the United States may well begin with a statement of the extent of the railway interests to be regulated. Some conception of the magnitude of these interests may be obtained by a consideration of the extent of mileage, the amount of equipment, the number of employees engaged in the service, the amount of outstanding securities representing capital invested, the number of passengers and tons of freight carried, the revenues accruing from the service, the expenditures involved in rendering it, and the earnings distributed annually as a result of railway enterprise.

There are about 250,000 miles of line in the United States, representing only single-track mileage.¹ If we include the length of second, third, and fourth tracks, and the mileage of yard tracks and sidings, the total mileage operated in the United States in 1914 was 377,102.

¹ The figures that follow are taken from *Statistics of Railways in the United States* for the year ending June 30, 1914. The single-track mileage as of that date was 247,397.