

**ECONOMICS FOR
EXECUTIVES: RAILROAD
TRANSPORTATION, PP. 7-
52**

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Economics for Executives: railroad transportation, pp. 7-52 by George E. Roberts

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GEORGE E. ROBERTS

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READING TEXT IV—ECONOMICS FOR EXECUTIVES

RAILROAD TRANSPORTATION

EDITED BY
GEORGE E. ROBERTS

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RAILROAD TRANSPORTATION

I

Transportation as Production

JUST why, in a survey of present-day productive agencies, we should next consider railroad transportation may not at once be clear to the business man. He usually thinks of production as growing, extracting, or manufacturing something. In ordinary discussion the mere handling or movement of things is not treated as production.

The economist, however, defines production as the *doing or making of anything which human beings desire*. Under this definition, it requires no stretch of the imagination to see that to transport a product from one section of the country where it may not be needed, to another section where it is wanted, is just as useful and productive a service as though the product had actually been grown or extracted or manufactured

NOTE: Events in the field of railroad transportation are shifting so rapidly that it was decided to include in the present study-unit only those events that had transpired to January 1, 1921. Succeeding developments are covered in a supplement.

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at the point where it is desired. In this economic sense, therefore, transportation is entitled to rank with manufacturing, agriculture, or mining as a productive agency.

Of course, the service of transportation is not restricted to the railroads. Water transportation, especially over seas, is of vital importance. And the motor truck and automobile now are transportation agencies in common use. A complete consideration of transportation would include these, and also the interurban and electric railroads, aëroplanes, pack animals, human shoulders, and all other agencies that help move men or products from one place to another.

It is obvious that it is impossible to treat exhaustively of all of these in brief compass. Neither are all of like significance nor do all involve problems of like extent and importance. For these reasons, in the present studies, we shall confine our consideration purely to the railroads.

II

Transportation a Basic Industry

The dependence of modern society upon railroad transportation has been indelibly impressed upon every man or woman who has

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been active in business during the past few years. The delays and interruptions to the free flow of goods and raw materials, the embargoes placed upon the movement of cars, the failure to furnish cars when called for, and the resulting inconvenience, loss, and shortage, have all conclusively demonstrated the vital importance of an efficient transportation system.

But, although there is general recognition of the necessity for adequate transportation service, a clear understanding of the requisite conditions of good service and of the difficulties which the railroads face from the political and economic standpoints is not so general. The railroad problem has been becoming increasingly difficult for some years and now has become critical. It is a problem of many complications, affecting all interests, calling for patient examination and sober, unprejudiced judgment. The public is intensely interested, and popular opinion doubtless will determine the policies to be pursued. Business men know by direct experience the evils that result from delinquencies and abuses in transportation service, and they should take an active part in helping to settle the issues in controversy.

On account of the great importance of the subject two study-units will be devoted to the railroad question. The first will consider