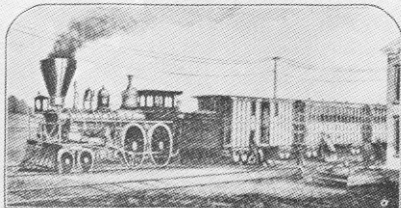


*The New-York
Central Rail Road
connected Albany with
New England and
"All Points West,
Northwest, and
Southwest."*

NEW-YORK CENTRAL RAIL ROAD.

BAKAGE CHECKED THRU FROM NEW-YORK TO BOSTON



TO ALL POINTS WEST, NORTHWEST AND SOUTHWEST

Shortest & Most Direct Route from all Points in New England.

FIVE EXPRESS TRAINS LEAVE ALBANY DAILY.

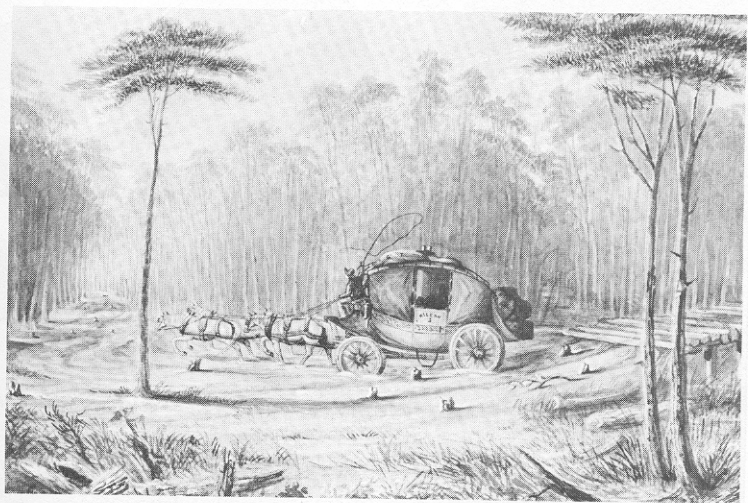
SUNDAYS EXCEPTED

CONNECTING AT BUFFALO

CONNECTING AT SUNF. BRIDGE

LAKE SHORE & BUFFALO & LAKE HURON R.R.

GREAT WESTERN RAILWAY.



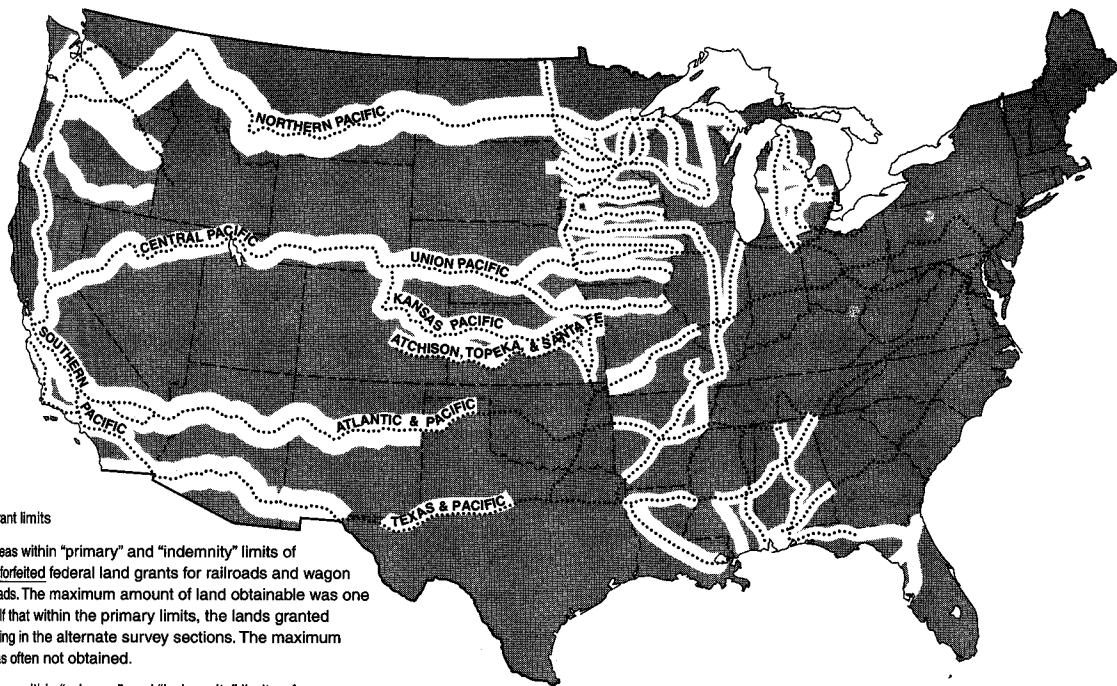
The primitive condition of American roads is evident in this early-nineteenth-century watercolor.

FIGURE 8.2 U.S. Railroads as of 1860



Railroads quickly overtook, and largely displaced, the canal system. By 1860, the major Eastern cities were connected, and the country's developed economic regions were no longer so isolated from each other. The railroad network by 1860 was far more dense in the North than it was in the South.

FIGURE 14.2 Federal Land Grants for Railroads



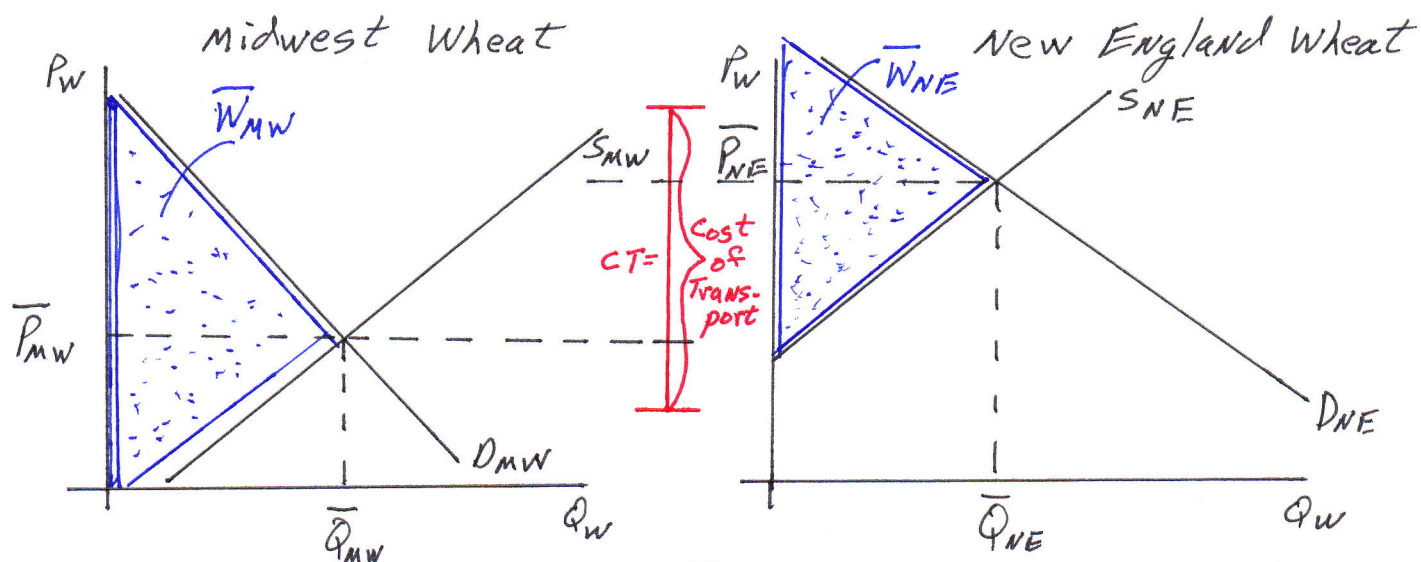
Grant limits

Areas within "primary" and "indemnity" limits of unforfeited federal land grants for railroads and wagon roads. The maximum amount of land obtainable was one half that within the primary limits, the lands granted being in the alternate survey sections. The maximum was often not obtained.

Areas within "primary" and "indemnity" limits of forfeited federal land grants for railroads. The maximum amount of land conditionally granted and subsequently forfeited was one half that within the primary limits.

Source: Charles O. Paullin, *Atlas of the Historical Geography of the United States* (Washington, DC and New York: Carnegie Institution and the American Geographical Society of New York, 1932), plate 56D.

Effects of a Fall in Transport cost on Market Integration, Economic Growth, & Welfare



Total Welfare = $\bar{W}_{MW} + \bar{W}_{NE}$

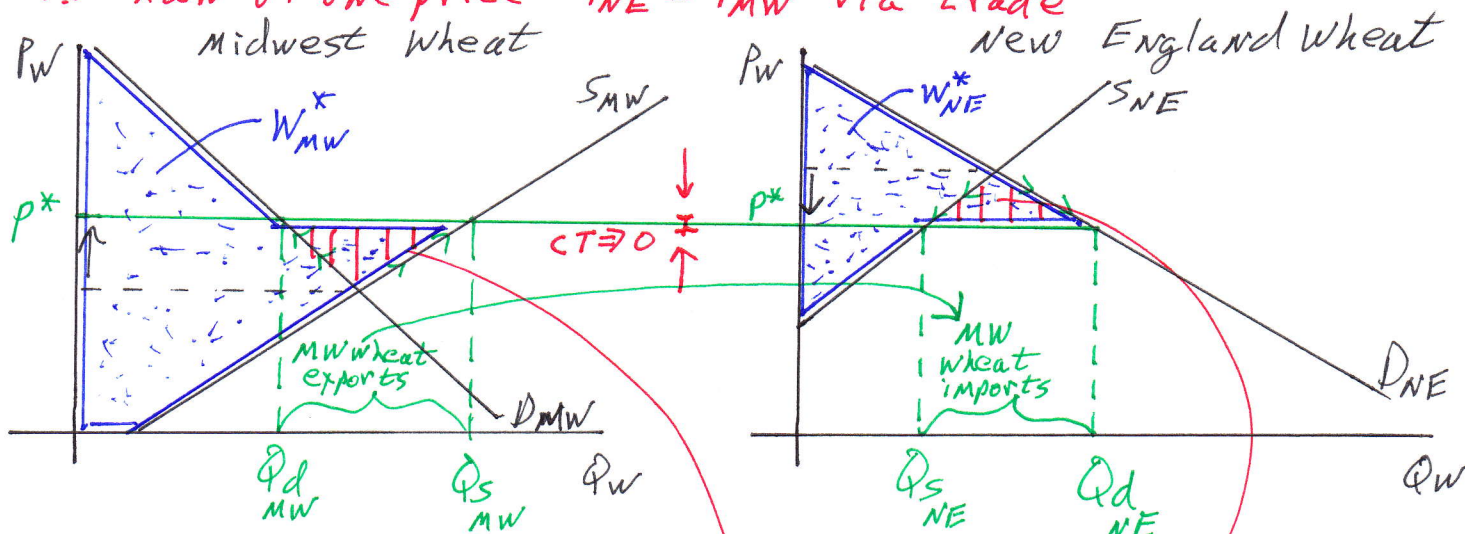
$CT > P_{NE} - P_{MW}$ so no trade; independent markets; no market integration:

[total consumer & producer surplus in both markets]

$\Delta P_{NE} \neq \Delta P_{MW}$ as $\Delta S, \Delta D$ in either market

Now let $CT \Rightarrow 0$ Market arbitrage until $0 = P_{NE} - P_{MW}$

i.e. law of one price $P_{NE} = P_{MW}$ via trade



$W_{MW}^* > \bar{W}_{MW}$ $W_{NE}^* > \bar{W}_{NE}$
 so Total Welfare must \uparrow
 $(W_{MW}^* + W_{NE}^*) > (\bar{W}_{MW} + \bar{W}_{NE})$

Net Gains in Welfare

$\rightarrow \uparrow$ Economic Growth

Net production & consumption \uparrow
 & total value (welfare) \uparrow

Market Integration!

$\Delta P_{NE} = \Delta P_{MW}$ as $\Delta S, \Delta D$ in either market

FIGURE 8.1 Principal Canals, 1800–1860

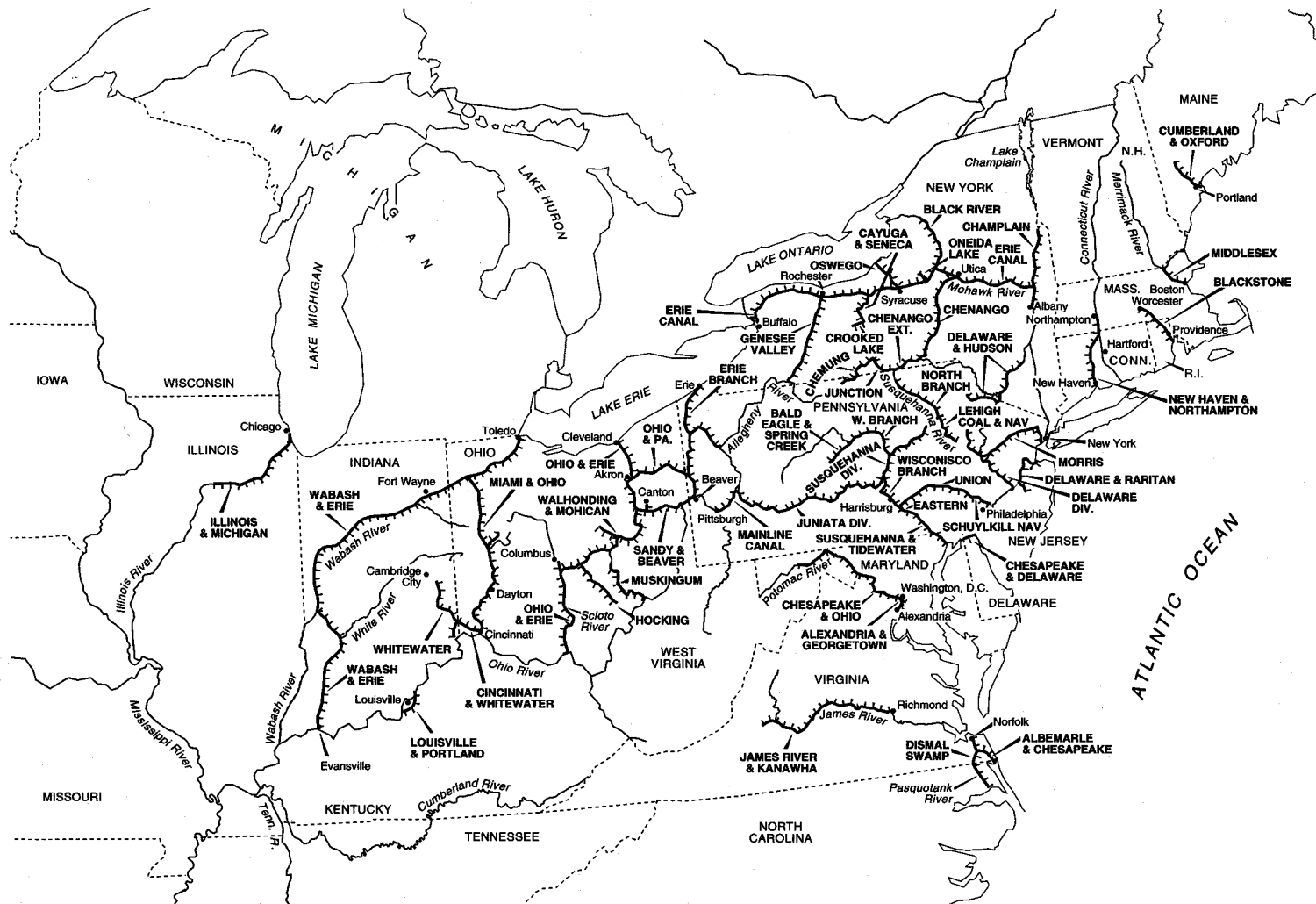
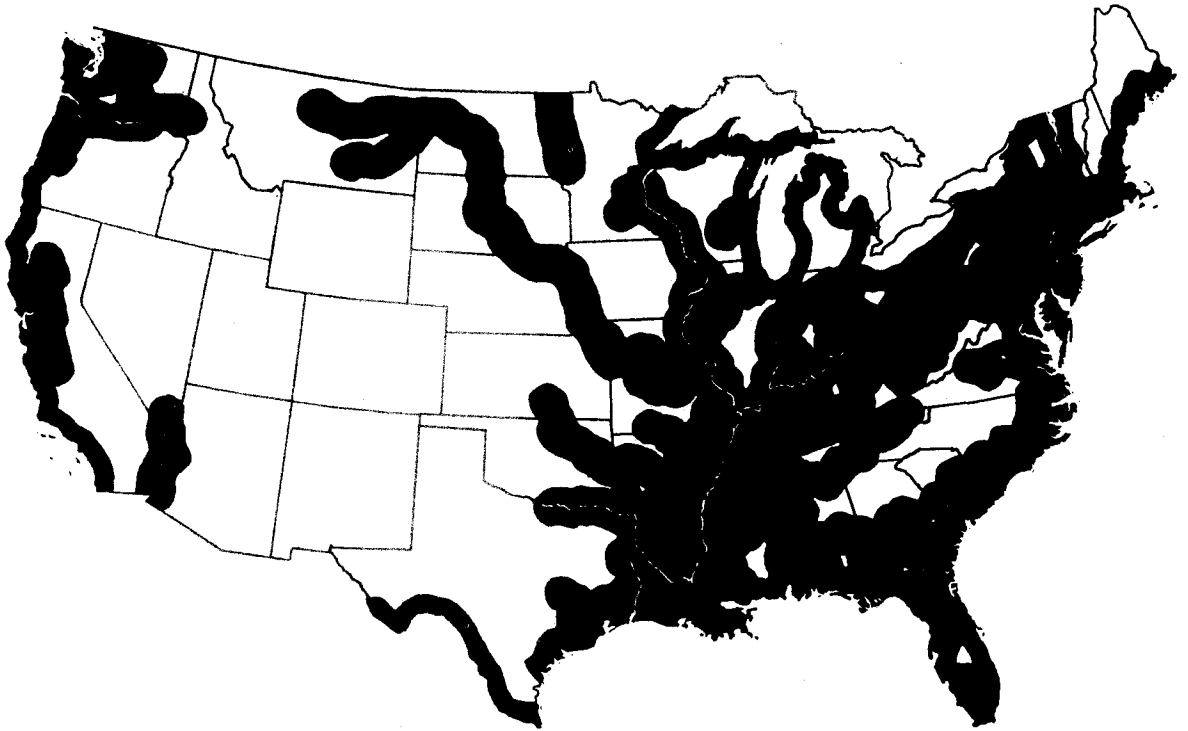


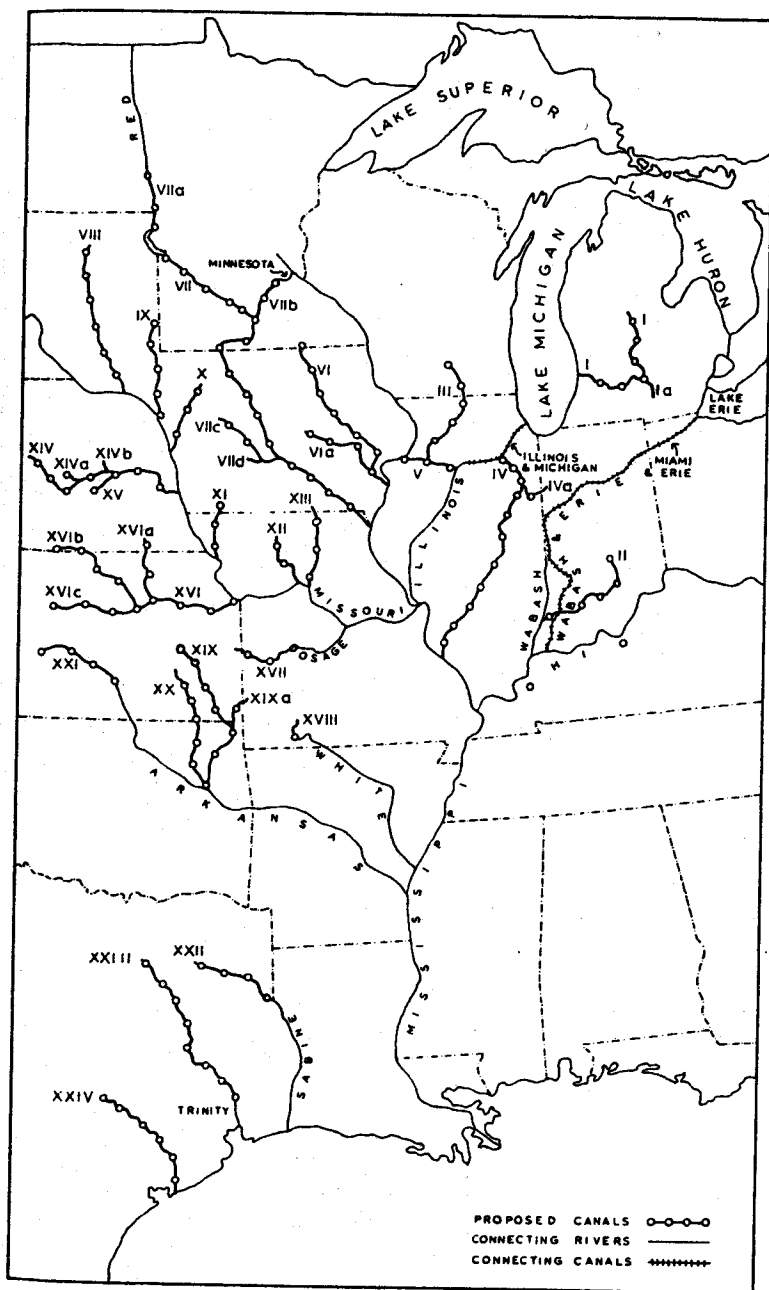
FIGURE 3.4
AREA OF FEASIBLE COMMERCIAL AGRICULTURE

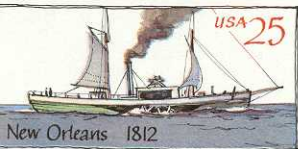
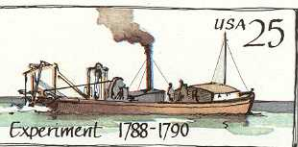


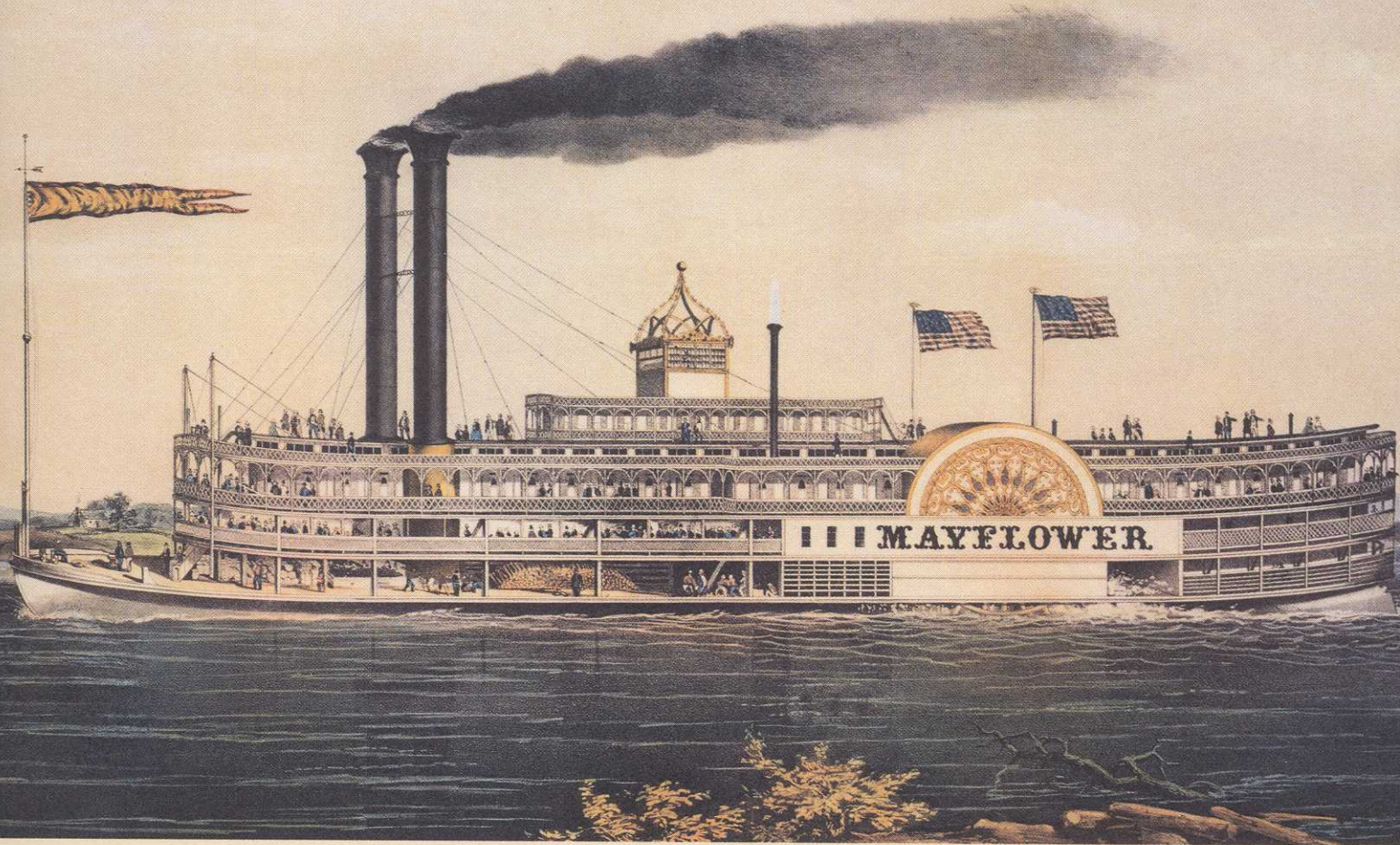
1890

shaded =
40 miles to navigable water
=
76% of current farmland

FIGURE 3.5
PROPOSED CANALS







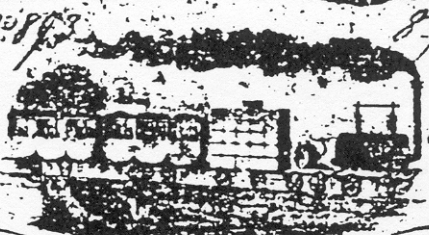
Entered according to Act of Congress in the year 1855 by W. Currier, in the Clerk's office of the District Court of the Southern District of N. Y.

HIGH PRESSURE STEAMBOAT MAYFLOWER.

FIRST CLASS PACKET BETWEEN ST LOUIS AND NEW ORLEANS ON THE MISSISSIPPI RIVER

Capt Joseph Brown

NEW YORK PUBLISHED BY W. CURRIER 236 NASSAU STREET



142803 893 B

THE WILCOX & COMPANY'S BANK of
AUGUSTA

1116/1000 **Twenty Dollars** in currency
for a full and complete
August 1st 1853