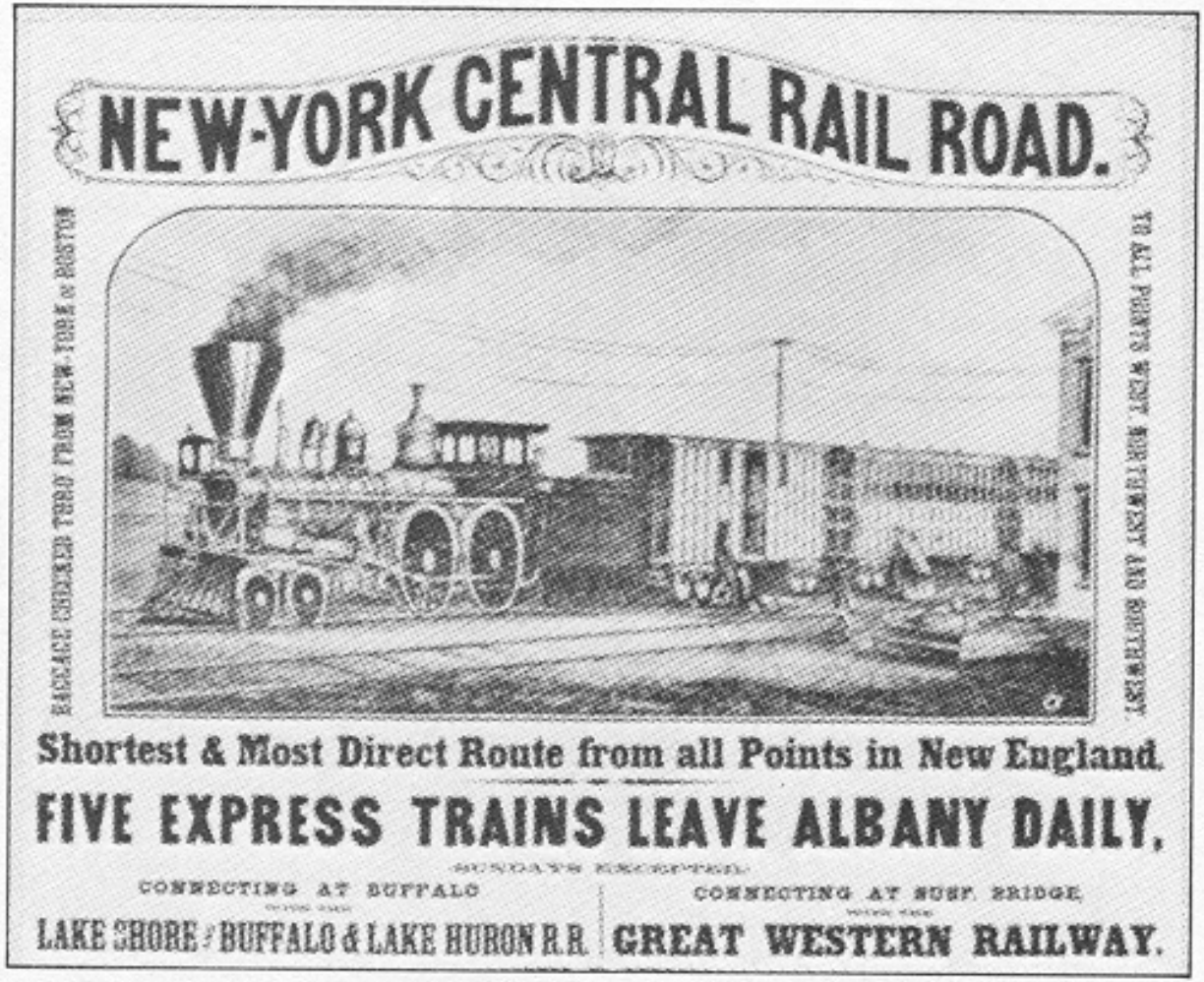
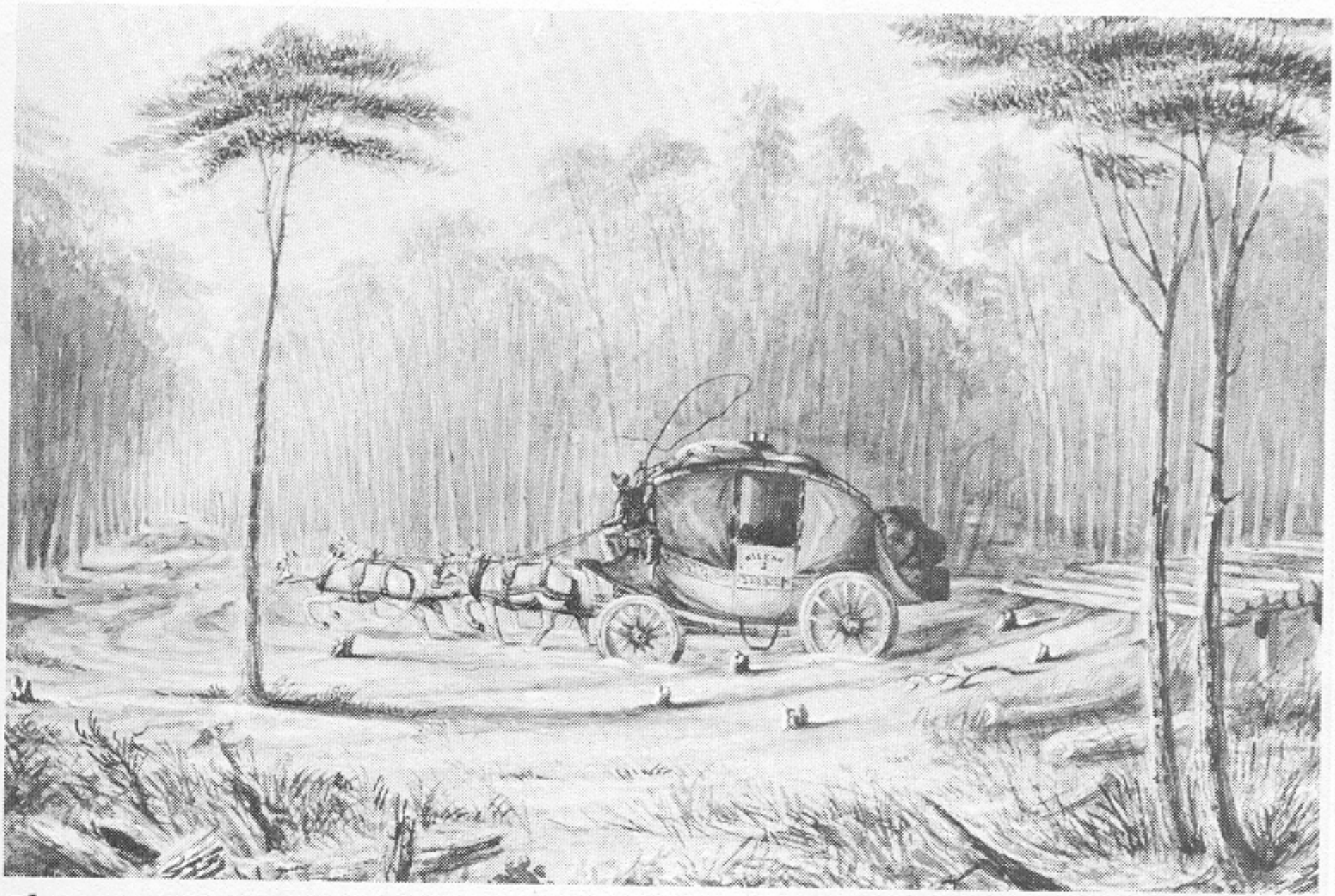
The New-York Central Rail Road connected Albany with New England and "All Points West, Northwest, and Southwest."



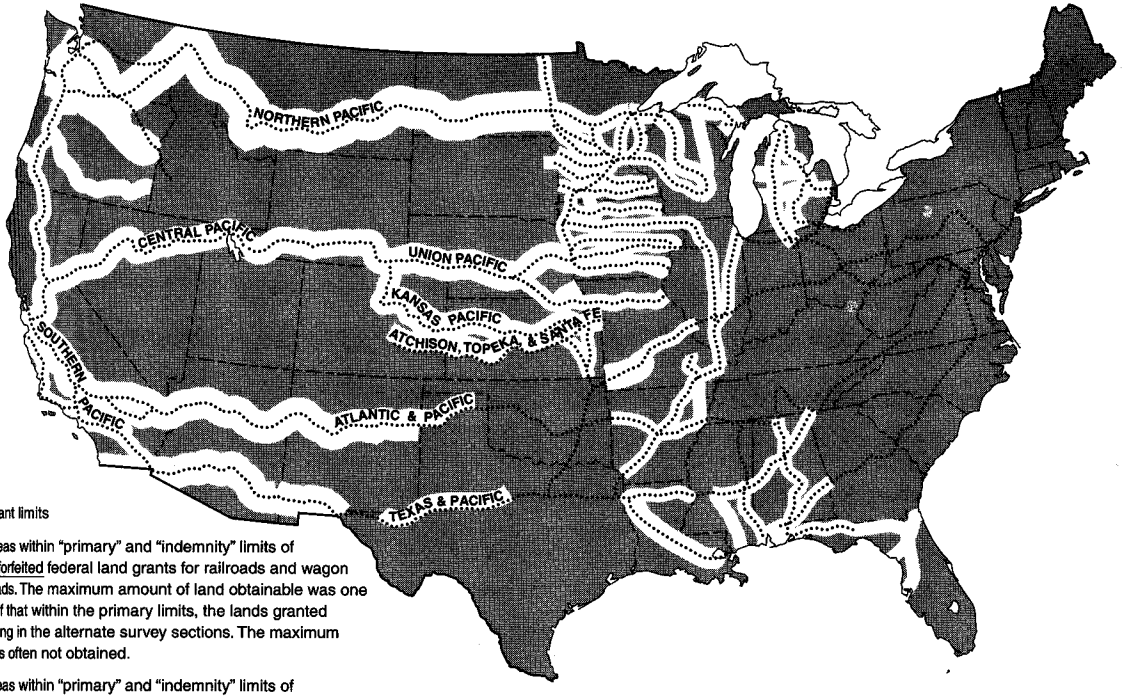


The primitive condition of American roads is evident in this early-nineteenth-century watercolor.

FIGURE 8.2 U.S. Railroads as of 1860

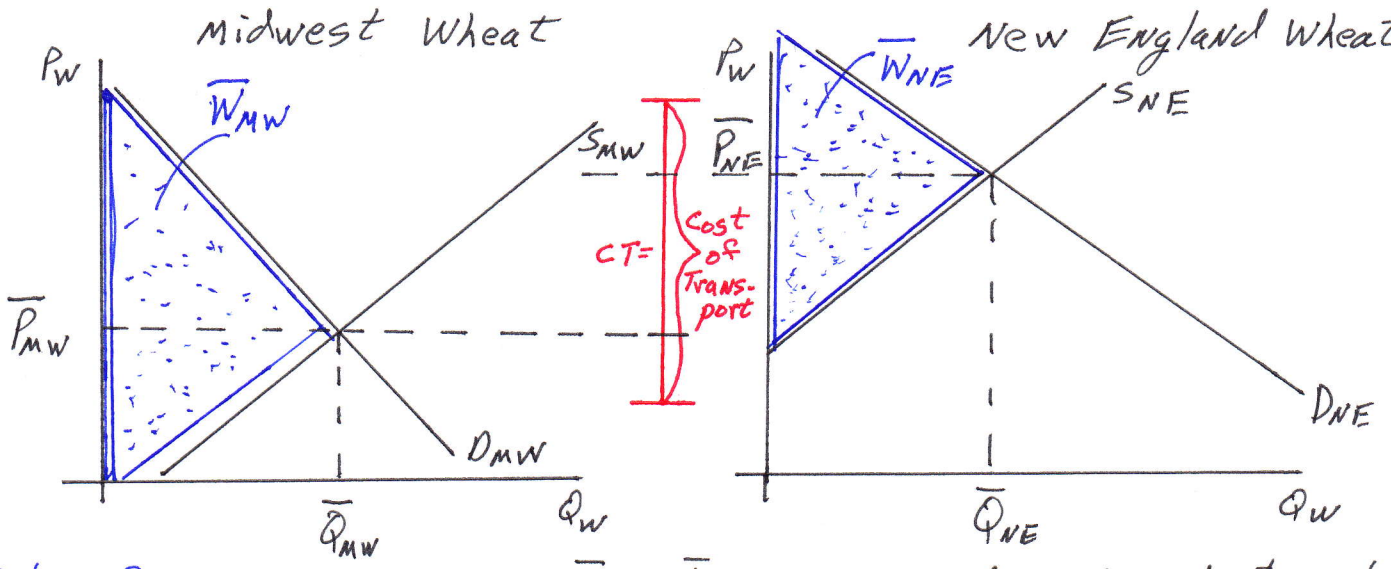
Railroads quickly overtook, and largely displaced, the canal system. By 1860, the major Eastern cities were connected, and the country's developed economic regions were no longer so isolated from each other. The railroad network by 1860 was far more dense in the North than it was in the South.

FIGURE 14.2 Federal Land Grants for Railroads



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

[total consumer & producer surplus in both markets]

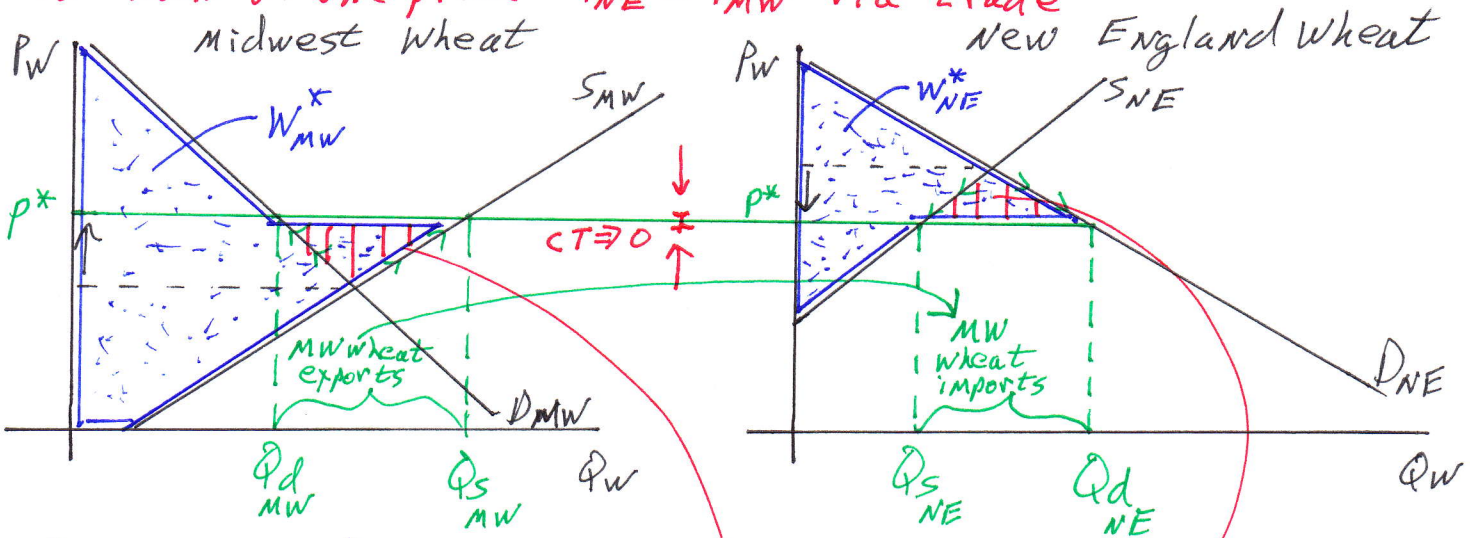
$CT > \bar{P}_{NE} - \bar{P}_{MW}$ so no trade; independent markets; no market integration:

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

---

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

ie. Law of one price $P_{NE} = P_{MW}$ via trade



$W^*_{MW} > \bar{W}_{MW}$ $W^*_{NE} > \bar{W}_{NE}$

So Total welfare must ↑

$(W^*_{MW} + W^*_{NE}) > (\bar{W}_{MW} + \bar{W}_{NE})$

Net Gains in Welfare

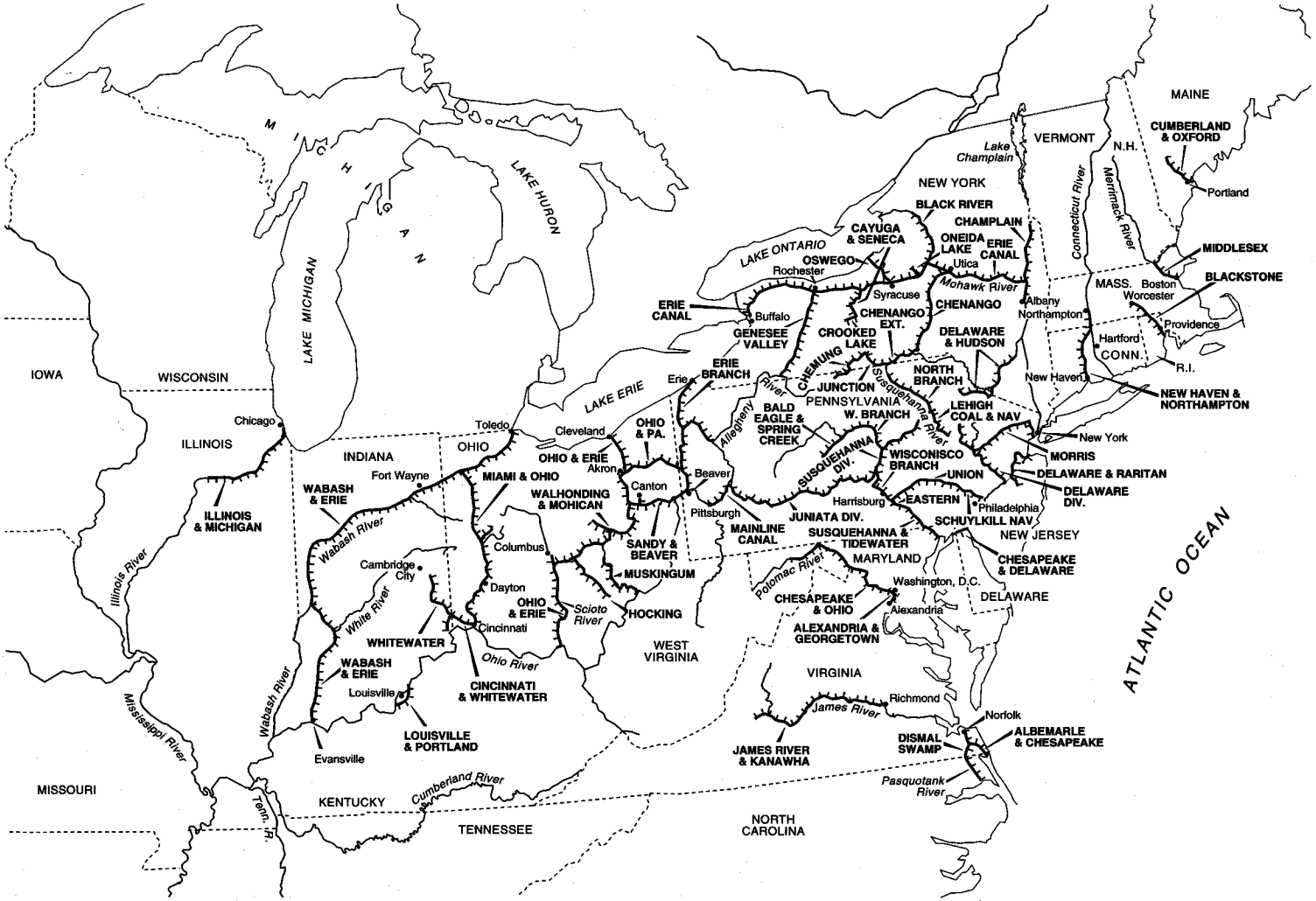
↑ Economic Growth

Net production & consumption ↑ & total value (welfare) ↑

Market Integration!

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

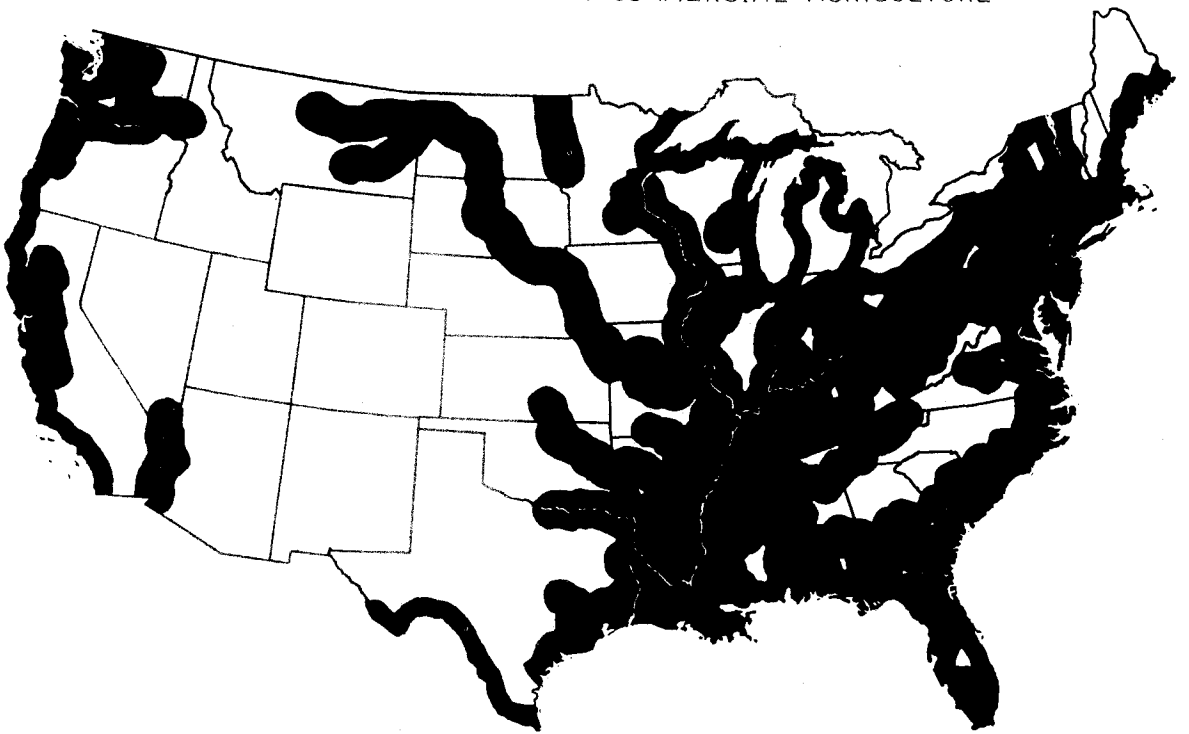
FIGURE 8.1 Principal Canals, 1800–1860



In the antebellum period [illegible] transportation possibilities

FIGURE 3.4

AREA OF FEASIBLE COMMERCIAL AGRICULTURE

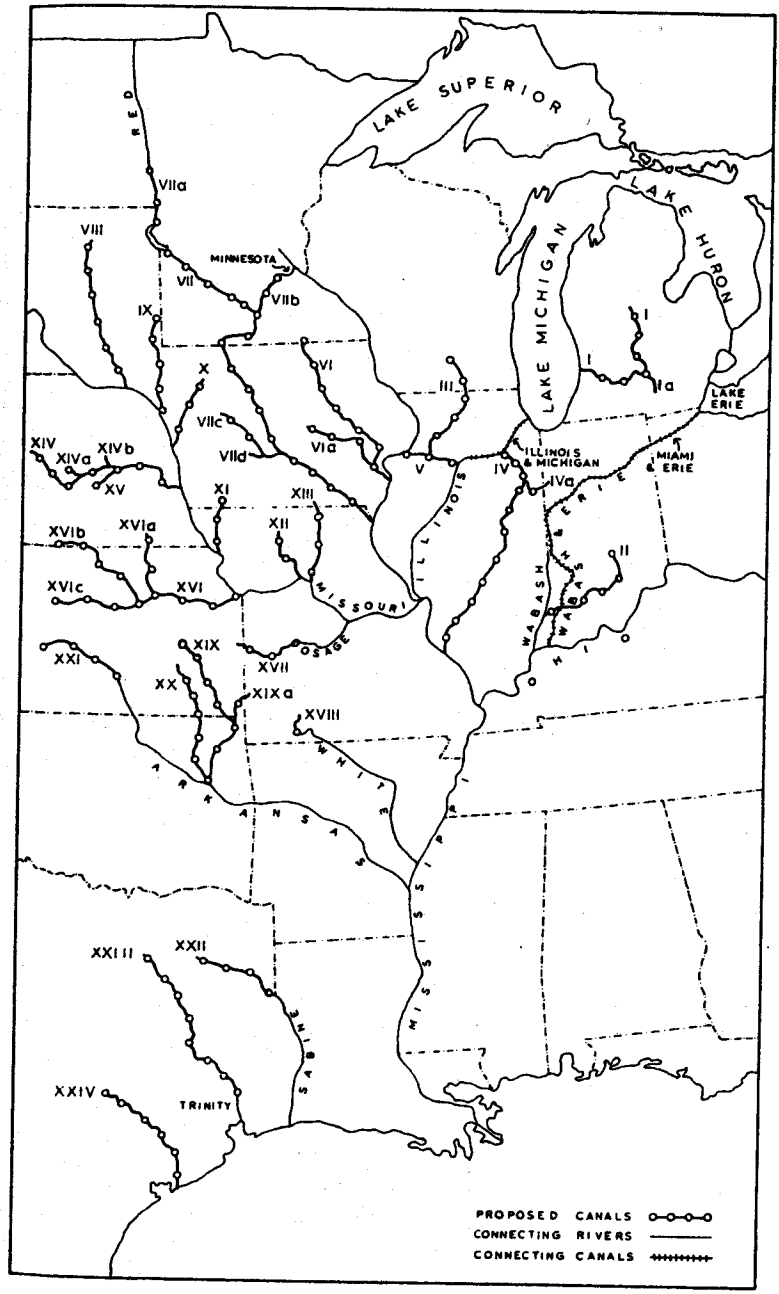


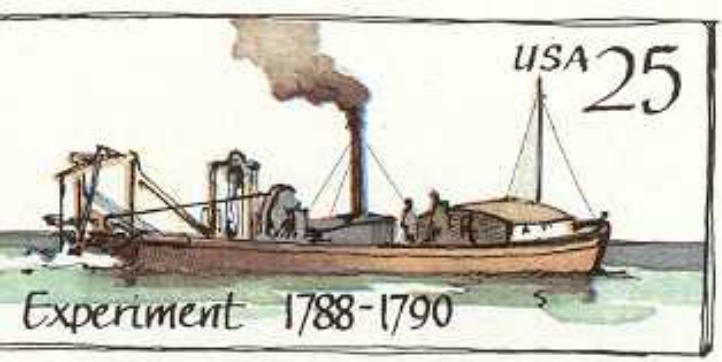
1890

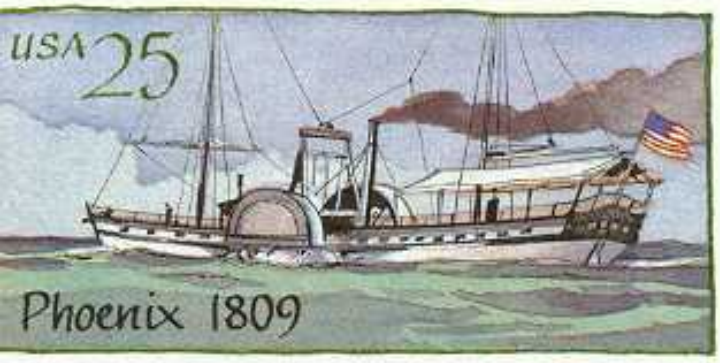
shaded =
40 miles to navigable water
=
76% of current farmland

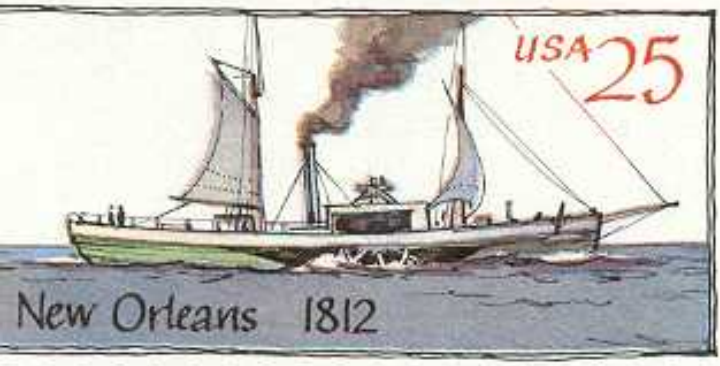
FIGURE 3.5

PROPOSED CANALS

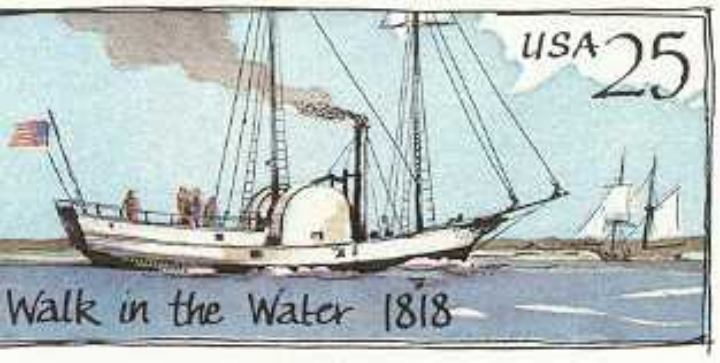


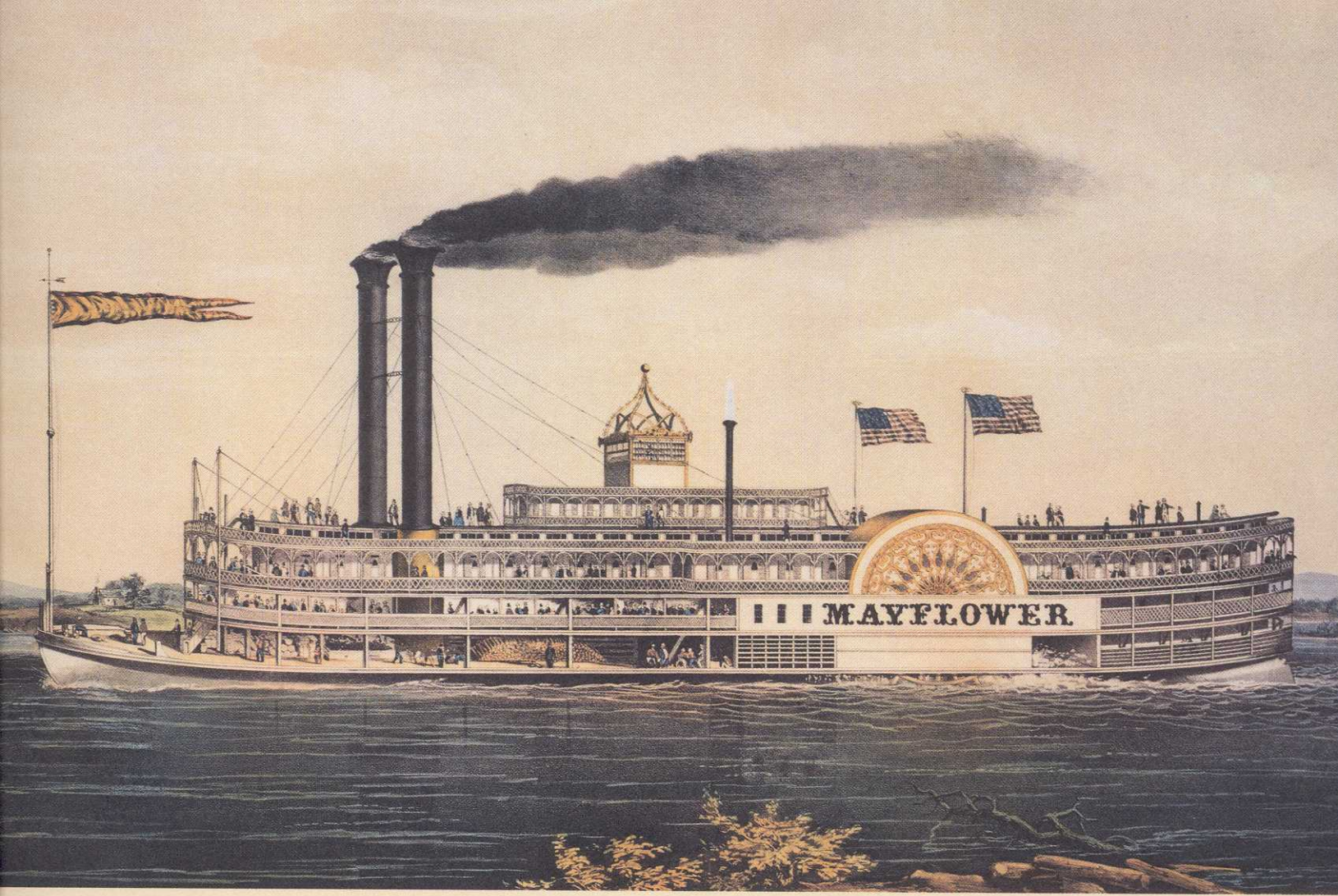

USA 25
Experiment 1788-1790


USA 25
Phoenix 1809


USA 25
New Orleans 1812


USA 25
Washington 1816


USA 25
Walk in the Water 1818

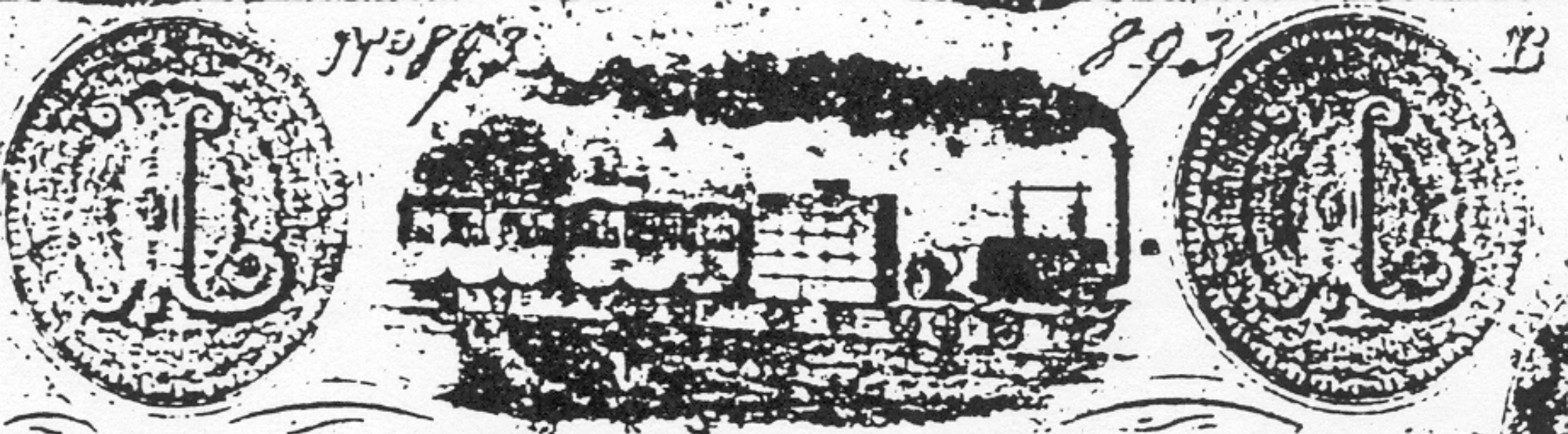


HIGH PRESSURE STEAMBOAT MAYFLOWER.

Capt Joseph Brown

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

NEW YORK PUBLISHED BY N CURRIER 128 NASSAU STREET



The MECHANICS' BANK of
AUGUSTA
Fifty Dollars
Augusta