

PART II

RAILWAY AND CANAL ECONOMICS

I. RAILWAY ECONOMICS

CHAPTER I

RAILWAY CAPITAL

HITHERTO we have been dealing with the historical and physical features of railways; their origin, development, and practical working. It is now necessary to turn to their economic side and to obtain a broad, general view of their size and importance as business undertakings; as industries employing capital and labour, not for the purpose of production but to render most important services to mankind and (a point which is of equal importance) of earning dividends for the owners of the capital employed.

Railway Economics.

Concerning the nature of the services rendered to the community little need be said because everyone is more or less familiar with them. It will, however, help the realisation of the importance of the service to recall some of the conditions and costs of transport in the pre-railway and pre-canal days. It is difficult to imagine the then isolation of communities now within easy distance of each other by rail. The only means of communication was by road and the roads were mostly indifferent or altogether bad. Stage coaches, stage wagons, and pack-horses were the only vehicles by which commercial exchanges could be effected except in the case of towns which lay along the course of rivers such as the Thames, Severn, or Trent. Smiles, in his *Lives of Engineers*, says that though "Manchester and Liverpool were improving towns," their merchandise was distributed by chapmen with pack-horses. The roads were very neglected, and in winter "altogether impracticable for wagons." "It was more difficult to reach a village 20 miles away than it is now to journey from the cotton city to London. In the inland southern counties