Brief History of U.S. Freight Railroads – Historical Note

Since Cornelius Vanderbilt established the first railroads for commerce and shipping in the early 1860s, transportation has become more efficient and cost effective.

By 1917, there were roughly 1,500 railroads in operation with over 250,000 miles of track nationwide and employing about 1.8 million people, at the time more than any other industry.

Goods and products are primarily shipped by truck, rail and water throughout the United States. When measured on a tons-per-miles basis, railroads haul over 44% of goods and products. When measured on a dollar value, trucks carry over 73% of all goods and products. Such a difference is because the bulk of what rails transport is heavy, sizable commodity loads, while trucks deliver more finished and expensive products such as sports equipment and electronics.

Most of what railroads transport include lumber, vegetables, coal, orange juice, grain, automobiles, chemicals, and scrap iron. Railroads also connect businesses with each other across the country as well as markets overseas. They contribute billions of dollars each year to the economy through investments, wages, purchases, and taxes.

Over the years, government regulations were introduced to curtail the near monopoly the railroads had in transporting shipments. One regulation disallowed the railroad companies from reducing rates in order to not hinder business being generated with U.S. ports and waterways. So in order to better address the competition, railroads developed modular railcar containers, which eventually synergized with international containers arriving at coastal water ports. These would then be transported via rail inland to manufacturing and distribution locations within the Midwest and inner areas of the country. Ironically, the railroads had developed a transit process that the ports absolutely needed in order to achieve cost effective and competitive distribution.

Sources: Assoc. of American Railroads, Dept. of Transportation