

NAME _____

What Happened to Railroads?

Clue #	Cause	Effect	
		Supply	Demand
1	Government regulation to encourage competition	<ul style="list-style-type: none"> • Companies are less profitable. • Some go bankrupt • Some rail lines are abandoned 	
2	The Great Depression	<ul style="list-style-type: none"> • Companies are less profitable • Some go bankrupt • Some rail lines are abandoned 	<ul style="list-style-type: none"> • A reduction in income leads to a reduction in passenger travel • Cuts in production also reduce shipper demand for transporting goods
3	Government limits rail speed to 79 mph to promote rail safety	<ul style="list-style-type: none"> • High-speed rail service is limited 	
4	New competitors—autos, busses, trucks and planes—enter the transport industry.	<ul style="list-style-type: none"> • New producers expand transport options 	<ul style="list-style-type: none"> • Advantages such as privacy, flexibility, and speed cause consumers to increasingly choose competitors over trains
5	Government policies favor highways and aviation	<ul style="list-style-type: none"> • Subsidies help increase the number of air routes • There are also more miles of highway than rails 	<ul style="list-style-type: none"> • With low fuel prices there is little incentive for consumers to choose rail travel over travel by car or plane

On the back of this page:

- 1 A) Summarize in one sentence the reasons the rail industry experienced financial difficulties after World War II.
- 2 B) List five factors that are credited with helping the railroads return to profitability.