

Government Ownership of Railroads, and War Taxation by Otto Hermann Kahn.txt
then work on its own account both sections as one undertaking under
private management_.

I may add, as a fact within my own knowledge, that shortly before the outbreak of the war the Belgian Government was studying the question of returning its state railways to private enterprise and management.

Mr. Acworth relates a resolution _unanimously_ passed by the French Senate a few years after the State had taken over certain lines, beginning: "The deplorable situation of the State system, the insecurity and irregularity of its workings." He gives figures demonstrating the invariably greater efficiency, economy and superiority of service of private management as compared to State management in countries where these two systems are in operation side by side. He treats of the effect of the conflicting interests, sectional and otherwise, which necessarily come into play under government control when the question arises where new lines are to be built and what extensions to be made of existing lines.

He asks: "Can it be expected that they (these questions) will be decided rightly by a minister responsible to a democratic legislature, each member of which, naturally and rightly, makes the best case he can for his own constituents, while he is quite ignorant, even if not careless, of the interests, not only of his neighbor's constituency, but of the public at large?" And he replied: "The answer is written large in railway history... The facts show that Parliamentary interference has meant running the railways, not for the benefit of the people at large, but to satisfy local and sectional or even personal interests." He maintains that in a country governed on the Prussian principles railroad operation and planning may be conducted by the Government with a fair degree of success, as an executive function, but in democratic countries, he points out that in normal times "it is the legislative branch of the government which not only decides policy but dictates always in main outline, often down to the detail of a particular appointment or a special rate, how the policy shall be carried out."

For corroboration of this latter statement we need only turn to the array of statutes in our own States, which not only fix certain railroad rates by legislative enactment, but deal with such details as the repair of equipment, the minimum movement of freight cars, the kind of headlights to be used on locomotives, the safety appliances to be installed, etc.--and all this in the face of the fact that these States have Public Service Commissions whose function it is to supervise and regulate the railroads.

The reason why the system of state railways in Germany was largely free from most, though by no means all, of the unfavorable features and results produced by government ownership and operation elsewhere, is inherent in the habits and conditions created in that country by generations of autocratic and bureaucratic government. But Mr. Acworth points out very acutely that while German manufacturers, merchants, financiers, physicians, scientists, etc., "have taught the world a good deal in the twenty years preceding the war, German railway men have taught the world nothing." And he asks: "Why is this?" His answer is: "Because they were state officials, and, as such, bureaucrats and routiniers, and without incentive to invent and progress themselves or to encourage or welcome or even accept inventions and progress.

It is the private railways of England and France, and particularly of America, which have led the world in improvements and new ideas, whilst it would be difficult to mention a single reform or invention for which the world is indebted to the state railways of Germany."

The question of the disposition to be made of the railroads after the war is one of the most important and far-reaching of the post-bellum questions which will confront us. It will be one of the great test questions, the answer to which will determine whether we are bound.