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An extraordinary railway situation has developed in Great Britain. When the war began the State took over the railways. Through Mr. Asquith the Government pledged itself to reimburse the private companies for "deferred maintenance", for damage and for deterioration. Mr. Austen Chamberlain, Chancellor of the Exchequer, declares that, "Mr. Asquith gave the railways a blank cheque and left the present Government to pay the bill". It is estimated that there are 600,000 investors in British railway securities.

The Government offers to give the companies \$600,000,000 for "deferred maintenance", but they demand \$1,000,000,000. It seems that Mr. Lloyd George also promised the Railway Union that the workers should have a share in the management. The Ministry of Transport proposes that the roads shall be consolidated into seven groups and that each group shall have a board of twenty-one directors. It is suggested that seven of these directors shall be shareholders, seven shall be shippers and seven shall be employees. The Association of Railroad Companies, however, objects to Labour directors, while Mr. J. H. Thomas, speaking for the union, says, "We were promised a voice and a vote in the Boards of Directors and there will be a big fight if this promise is broken".

According to Mr. Herbert N. Casson, special correspondent of *The Wall Street Journal*, the railways are not strongly opposed to nationalization but in effect they say to the Government, "Either buy the railways or pay us our indemnity and leave us alone". By the British Railway Act of 1844, which seems to have contemplated ultimate public ownership, the Government has the right to buy the roads by paying twenty-five times the average profits. To this Mr. Casson thinks the companies would not object. Discussing the effects of government control a writer in *The Trade Supplement of The Times* (London), says: "One result has been that all initiative on the part of railway companies has been paralyzed; the public is deprived of reasonable facilities; rates and charges have advanced beyond all precedent or expectation, grossly falsifying the forecasts of responsible ministers; and the trading public has been drawn into a state of exasperation which is now reaching a climax and threatens to bring the Ministry of Transport to an untimely end."

It seems that recurring annual deficits reached ultimately the great sum of £70,000,000, and it is alleged that because railways were subsidized undertakings rival or complementary forms of transport, like road motors and coastwise shipping which had to charge rates that would cover working expenses, have been almost driven out of existence. *The Times* writer does not declare definitely against nationalization but insists that the railways shall be divorced from political considerations and handled on business principles. He contends that a reversion to the old policy of individual management and the free play of competition through the deplorable results of a prolonged period of government control has been rendered impossible, and seems to think that a further increase of rates and fares cannot be avoided. Finally he asks, "Are the railways to be allowed the necessary measure of freedom to work out their own salvation after being almost ruined by the Government—or are they in future to be the sport of political parties?"

Probably the Government would be very willing to restore the roads to the private companies if the difficulty over the representation of Labour on the Boards of Directors could be satisfactorily adjusted. But apparently