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THE
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RAILWAY SYSTEM,
ITS JUSTICE AND ADVANTAGES.

By F. KEDDELL.

(Reprinted from JUSTICE.)

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NATIONALISATION of our RAILWAY SYSTEM.

VERY few of those who considered the future of railways when they were first introduced foresaw the important part they would play in the economy of the nation. To the Railway Companies the Legislature granted a virtual monopoly over the means of communication between town and town, and the towns and the country. The monopoly was fenced about with certain restrictions, some of which were in favour of the owners of land: these have been stringently adhered to; others were designed to protect the interests of the community: these have gradually lost the little vitality they ever had. The monopoly was granted under the middle-class sophism that it would always be to the interests of the Railway Companies to serve the community well inasmuch as their profits would increase if they did their work well, and would decrease if they did it badly. But, being companies started with the main object of making profit, they have steadily kept that aim in view, and have constantly neglected the interests of the community as much as they dared. Manufacture for profit has brought us adulteration and shoddy; distribution for profit, of which the transport is an important part, has brought us evils equally great.

From time to time members of the middle class have approached this subject with a full appreciation of the evils of the present system of railway management, and they have invariably ended with proposing the transfer of the railways to the State. But, being middle-class men with all the prejudices of that class, they have also invariably advocated a system of compensation that would render the whole business a failure. The Irish Land Purchase Bill broke the back of the Home Rule Bill, and compensation breaks the back of all schemes put forward up to the present day for the Nationalisation of Railways.

Mr. Charles Waring in a recent number of the *Fortnightly Review* stated with precision the evils of the present system. He is somewhat in advance of most of those who have written on the subject as yet. He summed up the situation fairly enough in these words: "The facts which confront Society are exigent. Labour is unemployed, trade is stagnant, enterprise is suspended, and the people in large numbers are hungry and disaffected." All this we say, and we say something more that Mr. Waring does not, for he gives no idea of tracing these evils back to their source, that of production and distribution being carried on for profit and not for use. Mr. Waring further states that "Her (England's) welfare can then be maintained in spite of the increased competition of other countries if her instruments of industry, of which railways are the greatest of all, be made properly available." With Mr. Waring's plan for making the railways properly available we will deal

later on. With his contention that under the present system they are not "properly available" we heartily agree, and we will proceed to consider the facts on which this conclusion is based.

In the first place we will consider the magnitude of the problem. The Capital value, that is the nominal amount spent in building up the present network of railways, is in round figures eight hundred million pounds sterling. The number of miles of railway are 20,000, the passengers carried per annum are nearly 700,000,000, the goods carried (exclusive of live stock) are 260,000,000 tons. The receipts amount to £71,000,000, of which £33,300,000 are paid away as dividends. The shareholders are estimated to be 400,000, the debenture holders 100,000; the persons employed are nearly 400,000. These figures, however, give us no idea of the power and influence the present railway system has over the prosperity of the country. We can only appreciate this, though but faintly, when we consider that there is not a single exchange of commodities in which distance is involved that is not materially affected by the grasp the Railway Companies have over the means of communication and transport. The supply of food, of building materials, and of clothing, is affected by the rates that the railway may choose to levy. The managers of our railways can build up an industry in any town by preferential rates, they can destroy it by levying maximum rates. They can, and do prejudice home industries by conveying foreign produce at a less rate than that imposed on home produce. The only rule that they follow is that of declaring the highest dividend they can; all else is subsidiary; a home industry may be destroyed, the prosperity of the nation may be impaired for aught they care, so long as they can maintain their dividends. The question, however, that we have to consider is not how to preserve the interests of a few possessed of a monopoly, but whether or no the monopoly granted by the Legislature, when it represented not the nation but a couple of classes, should be continued to the great detriment of the interests of the nation.

The only valid ground for maintaining the monopoly would be the proof that the Railway Companies have made a fair and proper use of their great powers, and have conduced to the prosperity of the people. But the exact contrary is the case. The Railway Companies have abused their powers, they have used them constantly to the furtherance of their own interests, and they have grievously mismanaged their business to the great harm of the community. As is well known the industries of this country are rapidly passing from the purely individualist into the company form, where the business is carried on, directed, and managed by salaried officials. In the case of the Railways, the Company form, by the necessities of the case, was assumed at the very outset. Now the workers know well enough how much harder are the conditions when working for a Company than for an individual master, but this effect on the condition of the workers, great though it is, is only a small part of the evils that competition and production for the profit in the Company form inflict upon the community.

In the case of the railways, however, we have ample evidence of the great injury done to the community generally by distribution for profit under the Company form, which may serve as some guide in estimating the evils of production for profit under the same phase.

We stated that the capital value of the railways is estimated at about eight hundred millions, and the amount divided yearly amongst shareholders, &c., at £33,300,000. The National Debt amounts to £740,330,000, and the interest paid to the holders is £28,883,670. These two items

show the burdens placed upon the workers of the present day by the class legislation of former years. It is generally known that of the sums borrowed which form the National Debt an enormous amount was absolutely wasted, but it is not so generally known that much of what is called the capital value of the Railways is in part wealth absolutely wasted, in part purely fictitious.

The waste consists principally of the ridiculous compensation extorted by landowners for the ground required by the railways. The Legislature when railways were first introduced consisted almost entirely of landlords, the whole of whose power was used to extort this unjustifiable compensation. Joseph Locke, an authority on this matter, estimated the excess of compensation at about £80,000,000. This amount is apparently arrived at after allowing a "fair" compensation for the land, but does not take into account the increased value given to the remainder of the property by the mere presence of the railway. Had the landowners made a free gift of the land required they would still have gained largely. Some idea of the excessive compensation for land may be gathered from the following instances quoted by William Galt. A parcel of land was bought by one company for £3,000; a further sum of £10,000 was claimed and paid for consequential damages. The London and Birmingham Railway Bill met with so much opposition in Parliament from the interested landowners that the requisite land was ultimately purchased at three times its fair value, that being the only way in which the opposition could be bought off. When the Eastern Counties Railway was planned, a few miles were required of the estate of a noble lord under one plan and of that of a right honourable gentleman under another plan. The noble lord stipulated that he should be paid £120,000 for his five or six miles, and although the Bill was amended, the noble lord obtained his £120,000 and the right honourable gentleman £35,000. The following table taken from William Galt's Railway Reform shows the cost per mile for land compensation only, paid by four companies :

L. and S. W.	...	£4,000	London and Birmingham	£6,300
Great Western	...	£6,300	London and Brighton	£8,000

Against these amounts may be placed the case of the Peebles and Edinburgh line, which was constructed shortly after the era of excessive compensation at a cost of £1,131 per mile for land and compensation, and at a total cost of a little more than £6,000 per mile.

The second source of waste is found in the enormous legal expenses incurred by the companies, partly on account of the opposition offered by the landed interest, and partly by the quarrels between the companies to obtain control of certain districts. In the case of the four railways above mentioned, Galt estimates the Parliamentary expenses per mile, viz:—

L. & S. W.	...	£650	Great Western	...	£1,000
London & Birmingham	...	£650	London & Brighton	...	£3,000

The whole of the Parliamentary expenses of the Peebles and Edinburgh Railway were £1,569, say £80 per mile.

Further: the capital accounts of all the railways in the United Kingdom is taken to be about £800,000,000; but this is the nominal amount, and does not represent the sum actually received and spent. Some of the stocks have been issued at a discount, and even debentures at a fixed rate of interest have been granted for an amount larger than that paid for them. To establish anything like an approximate statement of how much of

these £800,000,000 was actually received and paid away, and how much is purely fictitious, would require an exhaustive research into the financial history of our railway companies since they were first established. We can, however, glean from the statements issued for the half-year ending 31st December 1885 sufficient facts to warrant the conclusion that a heavy reduction on the £800,000,000 could on this score alone be easily made.

The London, Brighton and South Coast Railway pay dividend on £17,696,175 shares and stock; the accounts show that only £17,413,500 were received. In the accounts of the Great Eastern, allowance is made for £1,609,054, difference between nominal amount of the ordinary stock and its price of issue, and for £1,542,758, for a similar difference on the guaranteed and other stocks. Dividend is paid on £27,833,289, ordinary and guaranteed stocks together.

The Metropolitan Railway have issued perpetual Preference stock for £2,502,038, of which £400,408 is nominal, and has never been received by the Company. On an issue of £1,500,000 Preference stock by the Metropolitan District, a discount was allowed of £548,766; this item alone reduces the nominal capital of the Company (£7,860,519) by nearly 7 per cent.

In the account issued by the Chatham and Dover of their expenditure of capital during the half-year ending 31st December 1885, there is an item of £137,296, discount on issue of arbitration Preference stock; the amount received during that half-year for this stock was £443,159.

The London and North Western accounts show that they have received for stocks and shares, £66,185,705, which rank for dividend and as capital for £75,539,781. The difference is startling, £9,354,076. Leaving out of account the difference on the Chatham and Dover accounts, as the figures given in it do not allow of any precise statement, we find that the capital accounts of the other five companies referred to are 12 per cent. greater than they should be, and are £13,737,737 in excess of the cost of the railway. If a mere cursory glance at half-yearly statements gives this result we may reckon with confidence that an exhaustive investigation would materially reduce the swollen nominal capital of our railways.

There is a further heavy reduction to be made on account of the mismanagement, to use a mild term, of the railway companies on the score of having paid dividends out of capital. The greatest ingenuity is shown by railway managers in their efforts to keep up high dividends, especially in times of crisis and depression. This national concern is run for profit and not for use, and every nerve is strained to show the most profit, even when the means adopted are such as to prejudice future interests. Under the present system, where the transport of commodities is left to companies to exploit for their own benefit, we can hardly be surprised if dividends are objects of greater anxiety than the national welfare; but we have a crowning proof of the incapacity of the middle-class to manage their business in the manner in which the managers of railway companies have deliberately sacrificed the future interests of the shareholders.

The way in which dividends are provided, in ordinary times partially, and in bad times entirely, is simplicity itself. It consists of meeting expenses that should be paid out of the yearly income by the issue of further shares or debentures. The accounts that the companies render show nothing of this except to skilled investigators. The ordinary shareholder believes that the dividend has been fairly earned, and that

the formation of further capital can be justified by principle. But the dividend has not been earned so long as one item of legitimate current expense is met by the creation of further liabilities. Every share thus issued is a mortgage on the future, and is a proof of mismanagement. Nor do the railway officials content themselves with piling up the capital account to meet current expenses; to give a show of prosperity they will starve the permanent way, and will keep down necessary expenses to a dangerously low level. Further, to keep up the appearance the officials will encourage enterprises that have but faint expectations of proving remunerative, and embark on an extravagant outlay of capital on lines that are open. To such a pitch was this method of doing business carried that William Fleming, a high authority on railway figures, calculates that in 1878 the following dividends were paid out of capital:

77	per cent. of the	Great Western dividend.	57	per cent. of the	Glasgow & S W. divnd
19	ditto	Gt. Northern ditto		The whole of the	Manchester, Sheffield &
					Lincolnshire dividend.
90	ditto	L. & N. Western ditto.	Ditto		Caledonian dividend.
49	ditto	Lan. and York. ditto.	Ditto		North British ditto.
22	ditto	North Eastern ditto.			

An examination of recent accounts show the same mismanagement. The sound principle that all the costs of working, including additional accommodation and new rolling stock on all lines open for traffic, should be met out of the receipts is completely ignored. Even such details as huts for fogmen (N. W.), miscellaneous expenditure (L. C. & D.), lamps (G. E. R.), are met by fresh capital. Re-signalling, interlocking signals, continuous breaks, the cost of which at the most should be spread over a few years, become a perpetual charge.

The rolling stock is on some lines starved as long as possible until a big outlay of capital becomes inevitable. During the half-year ending 31st December, 1885, the Midland spent on rolling stock £80,074, the South-Western, £93,858, the Great Eastern, £43,766, and the Great Northern, £95,463, whilst the North-Western expended only £11,496, and the Great Western, £11,763. Rolling stock from an engine down to a coal truck has a limited life, and its cost should be defrayed out of the income of the period of its existence. To meet such charges by increase of capital is financial jugglery, but it is almost inevitable when dividends are made the chief object of a railway manager's care.

To sum up when the capital account of the railways is put at £800,000,000, it must always be remembered that this amount is susceptible of very heavy reductions. To arrive at anything like the real cost of the railways serious reductions must be made: 1, on account of excessive and ridiculous compensation paid for land; 2, money wasted on legal expenses; 3, the nominal character of part of the capital; 4, the payment of dividends out of capital by charging working expenses to capital account.

The next point to be considered is that of the rates the Railway Companies charge for the services they render; they have a practical monopoly of the transport of commodities and passengers, subject only to a control by the Legislature which has been and is still of the most grandmotherly description. In the various Acts of Parliament establishing the different companies there is a list of maximum rates to be levied on some fifty to sixty articles. To remedy this absurdly inadequate schedule the Railway Clearing House has drawn up a list of some 4,080 articles which are divided into seven classes with a rate for each class. But this list is drawn up by the traffic managers of the different companies, and the public has no voice in the matter. The list bristles with anomalies, and is acknowledged to be imperfect and

unfair by the railway officials themselves. No effort, however, is made by the legislature to exercise any control over this classification, and any proposition to rectify the anomalies and to subject the whole matter to exhaustive amendment is met by the railway interest, which is second to none in the influence it possesses in our middle-class House of Commons, with persistent and hitherto successful opposition. As matters are now, the maximum rates, established by the Legislature many years ago under very different circumstances to those that now obtain, remain in full force. The cost of locomotion, the time occupied in transit, the character and bulk of the goods handled have all materially changed, but the maximum rates remain the same. The reason why the railway companies fight against any control in this matter is that these rates afford them the means of granting preferential rates to districts and to individuals. The maximum rates are so much above the cost of transport that ample opportunities are given of favouring one town or one manufacturer by granting him a special rate whilst other towns and individuals are charged full rates.

The maximum rates fixed by the legislature apply only to carriage, and the companies are further empowered to charge "a reasonable sum for loading, covering and unloading of goods, and for delivery and the collection, and any other services incidental to the business or duty of a carrier." This extra charge is now known by the name of "terminals," and to the items enumerated is now added, owing to carelessness in drawing an Act of Parliament, a charge for the sidings and warehouses. The amount of the charge is only limited by the word "reasonable," and the railway companies have not been slow to avail themselves of the almost unlimited power to charge what they like for terminals. The control exercised by the Legislature over the charges of the railway companies for carriage of merchandise is therefore a perfect farce. The mere transport is regulated by an antiquated list of maximum rates which have little or no reference to the present day, and the terminals are left to the discretion of the officials. The result of such a "control" is aptly shown by the evidence of the Goods Manager of the South Eastern Railway before the Parliamentary Select Committee in 1881. The total charge on hops from Sevenoaks to London is 24s. a ton, from Redhill, 27s., from Staplehurst, 36s. Allowing 5d. a mile per ton for transport (the L.B. & S.C.R. charge 2d., and the L. & S.W., 3d. per mile) the Sevenoaks rate leaves 15s. 8d. for terminals, that from Redhill, 18s. 3d., and that from Staplehurst, 19s. 4d. The Goods Manager admitted that 11s. 6d. a ton for terminals would "satisfy" the Company. A "reasonable sum" for terminals therefore means according to the S.E.R. official a surcharge of 4s. 2d. to 7s. 10d. per ton in addition to a rate for transport that is double the average charge of two other companies.

Under these fossil maximum rates and these elastic terminals a system has grown up of preference to districts, to individuals, and to foreign produce. Part of what has been done might of course be defended with some show of reason, but it has been done by the wrong men. Such important questions as creating new industries, and protecting old ones by low railway rates, should be settled by the representatives of the Nation, and not by Directors of a Company carried on for profit. The tendency to consider first and foremost how to declare a good dividend must warp the judgments of the railway officials, when they fix new or revise old rates. The same cause must lead them to take advantage of the public whenever they can; the Committee of 1882 found that the

charges for conveyance were such as the managers thought "the traffic would bear," or in other words as much as could be got without reference to the cost of performing the service. Competition is practically absent; there is complete monopoly at 4,500 stations out of the 6,000 in the United Kingdom, and as Mr. Findlay, L. & N.W. manager, confesses frankly the Companies agree between competing points. Mr. Findlay as frankly states that to certain stations they charge higher rates than to others further off "simply because it is within our power."

As regards preference shown to towns or districts the course adopted by the railway companies has been in some cases apparently very judicious. For instance, at Westbury there is iron ore but no coal. The Great Western Railway, therefore, grants low rates for the import of coal and coke, and an industry that would not otherwise exist springs into life. The iron industry of South Staffordshire could not exist were it not for the very low rates charged on the import of iron ore. But these are national concerns, and should not be left to the discretion of indirectly interested railway officials. Further, who will guarantee that the directors will never have any direct personal interest in the protection of this or the other district? A future director of the G.W.R. might have a strong personal interest in stifling the inconvenient competition of Westbury with other iron producing districts. The commercial morality of the middle class of the present day does not stand so high that such things are so improbable as to be practically impossible.

The preference shown to individual traders admits of no defence. Mr. Horrocks, who takes a very moderate and middle-class view of the evils of our railway systems, calls the inequalities "startling." Traders find out that they have been handicapped for years; more favourable rates having been granted to their rivals. The defence of the managers is refreshing in its coolness. They see no objection to individual preferences. "It is in accordance with commercial principle to charge one customer 10 per cent., another 20, another 50, and another possibly 100, for doing the same service."

The preference shown to foreign over home produce is a kind of "topsy-turvy" protection. There is no doubt about the practice. Mr. Charles Waring is emphatic on this point. He says, "The companies not only charge less for foreign than for home produce over equal distances, but they charge less for foreign produce over a long distance than for home produce over a short distance. They also grant facilities for getting early into the market to foreign produce which they refuse to home produce."

We would recommend this aspect of the question to the Fair Traders. Here are companies to which the State has delegated one of the most important functions of modern society: that of the transport of commodities. The powers of these companies are such that they can and do protect, by preferential rates, home industries in some cases and foreign industries in others. This apparent contradiction is, however, solved by the consideration that the companies use their vast powers simply and solely for the purpose of making profits and declaring dividends. If protecting home industries will increase their dividends, then preferential rates will be granted to them, but if protecting foreign industries at the expense of home industries will swell their dividends, why home industries may and do go to the wall.

The next point to consider is the treatment and remuneration of the workers on the railways, who are in one respect better off than those who are employed in the production of wealth, for as yet few, if any, railway companies have shut their doors and discharged their hands, neither

do we find any parallel to overproduction causing a glut on the market, and culminating in short-time and a large addition to the number of the unemployed. This, however, does not apply to those employed in the construction of railways who are discharged when their work is done. The workers on the railways are, nevertheless, as much at the mercy of the capitalists as any other workers; their wages are low, their hours are long, and their occupation, in many cases, is one of great risk. But the competition in this, as in other branches of industry, is so keen that men are easily found who are willing to work under the present onerous and dangerous conditions. It is a fact beyond dispute that in consequence of the railway companies refusing to take proper precautions a large number of their workers are every year killed and injured at their work.

The Amalgamated Society of Railway Servants has, year by year, specially called the attention of the Companies to the very dangerous conditions under which the shunters have to work. But the Directors have taken no step to remedy the evil; apparently the only thing they have done has been to issue a rule that no one is to go between the carriages or trucks whilst in motion. The utility of this measure is that in case of a fatal accident the rule is produced at the inquest, the Company is exonerated from blame, and the Employer's Liability Act is shut out of operation. The Companies thus protect themselves from any claims for damages, although they know well that the work could not be done if the rule were acted upon.

In the ten years ending December 31st, 1884, 1,081 shunters were killed outright, and 9,256 injured; in rough numbers, three out of every four of those engaged in this work were at the end of ten years killed or injured, the injuries from the nature of the work being almost always serious. This holocaust to capital grasping for dividends continues; in 1885 no less than 451 workers were killed and 2,117 injured, as will be seen from the following tabulated statement of accidents to railway servants.

Number employed.	1885.	
	Killed.	Injured.
6,165 station masters	—	7
7,407 brakesmen and goods guards	50	435
37,840 permanent way	102	134
1,605 gatekeepers	3	2
12,874 engine drivers	23	149
48,070 porters and shunters ...	82	586
12,795 firemen	20	196
3,518 inspectors	4	22
5,902 passenger guards	5	63
19,012 pointsmen and signalmen	14	41
70,405 labourers	48	86
2,060 ticket collectors, &c. ...	1	6
55,940 mechanics	20	23
62,833 other classes	87	367
<hr/>	<hr/>	<hr/>
346,426	451	2,117

Notice should be taken of the proportion between the killed and injured platelayers; if a casualty happens to a gang of these workers and eleven are affected by it, five will be killed outright. The accidents to brakesmen and goods guards are also very serious; out of every 150 employed in 1885 one was killed, and out of every 17 one was injured. It is far safer to be a soldier than a brakesman.

The wages paid to railway servants are an instructive illustration of the way in which our capitalist society forces the proletariat to run great risks to life and limb for a mere subsistence wage. Shunters receive from 2s. 6d. to 5s. for a day of 10 to 12 hours; goods guards and brakemen 3s. to 5s. for 10 to 14 hours; and platelayers 2s. 2d. for 9 to 11 hours. The lower rates are those at which they commence, the higher are those to which they can rise. The hours are no indication of the length of the day's work; overtime is generally paid for at a higher rate, but in some instances 144 hours per fortnight; 66 and 72 hours per week must be worked before overtime commences. A statement was made in the *Huddersfield Examiner* a short time ago that "In a full week of seven days there are 168 hours, and hundreds of railway servants can be brought forward and produce a time bill of 112 hours."

The wages of signalmen vary from 3s. to 5s. per day of 8 to 14 hours. The difference between the length of the day is however not altogether in favour of the shorter time. The eight hours indicate far greater strain, and can only be undergone by men of exceptional tenacity and hardness. The number of eight hours boxes is however small, and they are only to be found at points where the traffic is incessant or exceptionally heavy.

The railway servants have a society established for the purpose of resisting unjustifiable reductions in wages or increased hours, and for obtaining reduced hours and fairer remuneration. It is also a benefit society, making certain allowances to those of its members who meet with death or injury by accident. It recently granted the sum of £500 to be offered in prizes for automatic and non-automatic safety couplings to wagons. In this, and in the other matters, the Society is doing good work, but at the best it is only a palliative, it does not pretend to attack the root of the evil; it does not concern itself in any way with the social problem. As long as the railways are private property, as long as the workers are the proletariat, so long will the companies be able to find workers only too anxious to work at the present low wage and under present dangerous conditions.

In 1885 the remuneration of the workers on the railways, taking into account the large salaries paid to managers and other high officials, the directors' fees, the salaries of all officials, and the wages of all the men was met by the payment of about £17,400,000. The number of officials, commencing at station-masters downwards, is 346,426, giving an average remuneration of under 19s. 6d. per week. The actual remuneration is, of course, something less as the total amount paid away includes the salaries of the high officials, clerks, book-keepers, &c., who are not included in the Government returns of the number employed on the railways.

The remuneration of the "non-workers," say the shareholders, debenture-holders, &c., in 1885 was £32,768,000, being at the average rate of 4.02 per cent. per annum on the total capital, loans, &c. Say that the workers are now at work on an average 12 hours per day, their numbers could be doubled, that is, increased by over 350,000, their hours of work reduced to six per day, and their average rate increased from 19s. 3d. to 28s. per week, if what is now paid away to shareholders were divided among those who do the work.

It is merely a question of calculation how the railway men would be affected by a gradual socialisation of the railways which would guarantee a minimum dividend on the average of 3 per cent. terminable within 30 years, or with the life of the present stock and shareholder. If such a

scheme were commenced to-morrow, men who are now alive would live to see the day when the overwork of 346,000 men would be divided among 692,000 at fair rates of wages.

Again: the reduction of the average dividend to the same rate, 3 per cent. of interest as Consols say, would increase the payments to the workers by £8,200,000 per annum, and would permit the immediate employment of over 200,000 men at the present rate of wages, and in a few years, long before the railways became the property of the nation, the number of workers on them would be 700,000, who would receive something approaching a fair wage.

The scheme for the nationalisation of our railway system put forward by Mr. Charles Waring, is mainly based on the idea that the State shall not work the railways with the view of earning profit, but "utilise this national instrument in the way most calculated to benefit trade, and by these means to contribute to and increase national wealth and welfare, regardless of the remuneration of the instrument itself." This is a very taking way of putting forward what is thoroughly unsound. It is quite correct that the State should not "earn" profit out of the railways as it does now out of the Post Office. The remuneration of the instrument itself, which we take to be the workers on the railways, is, however, the most important matter, and should have the most careful regard and attention. Mr. Waring's contention that, under his system, "the unearned increment of trade will go into the pockets of the people instead of the pockets of one class of capitalists," shows at once that his point of view is diametrically opposed to anything like a Socialistic solution of the problem, and that he does not see how his plan would work. It is true that the profits would not go into the pockets of one class of capitalists, but they would go into the pockets of other classes of capitalists, and would never reach the people at all. Mr. Waring's plan is that the smaller wolves should share between them what now goes to half-a-dozen big wolves.

As far as regards the revenues of the Railways the receipts derived from the Passenger traffic are not so important as those derived from goods traffic. In 1885 the income of all railways in the United Kingdom from passenger traffic was £25,585,335, and that from goods traffic £36,871,945. The return per train mile on the passenger traffic was 4s. and on the goods traffic, 5s. 10d. Passengers, however, embark and disembark themselves, whilst goods have to be collected and delivered, loaded and unloaded. Further the average fare per passenger was last year eightpence and 1-8th; taking 15 passengers as equal to one ton, the railways received per ton of passengers 10s. 2d. as against 5s. 6d. say per ton of merchandise.

The most noteworthy feature in the passenger traffic is the increasing importance of the third class. In 1878 the number of 3rd class passengers was 441,202,291, and their fares amounted to £13,957,503, whilst in 1885, the passengers were 603,762,117, and their fares amounted to £17,588,730. But the number of first and second class passengers in the same period has fallen from 110,391,363 to 93,450,914, and the amount paid by them for fares has decreased from £8,064,726 to £6,174,081. In other words whilst the first and second class passengers paid 36.62 per cent. of the passenger receipts in 1878, last year they only paid 25.98 per cent.; their quota of each 20s. received by the Companies has fallen from 7s. 4d. to 5s. 2d. in seventeen years. Considering the extra expense of carrying first and second class passengers, and the great accommodation placed at their disposal by the companies, it is manifest that the abolition

of both or either of these classes will be one of the first steps to be taken in Railway reform.

The treatment of the third class traffic by the Companies is out of all proportion to its importance. The middle class have at the present day the control of the Public Press, and any shortcoming either in the number or speed of the trains or in the conveniences and accommodation afforded by the Companies and its officials is promptly enlarged upon in the papers and as promptly attended to by the managers. The consequence is that a large number of useless and superfluous trains are run to suit the middle class, and the cost of running a large number of nearly empty carriages is incurred without rhyme or reason. On the other hand the complaints of the third class passengers seldom if ever come before the public, and invariably meet with no redress. Anyone who travels third class on our Metropolitan and Suburban lines can testify to the inferior and scanty accommodation afforded by the Companies. The passengers are themselves to blame to some extent for this state of affairs; they rarely object to being overcrowded, and any passenger who protests against the presence of more passengers than can be carried without great inconvenience is promptly silenced and often abused by those who should protest with him. A second-class passenger who finds no room in the second-class carriage promptly claims and is afforded a seat in a first-class carriage; the third-class passenger, however, crowds into the third-class carriage while standing room remains, and if he complains at all, it is of those who object to his intrusion.

The immediate abolition of the second-class could be effected without detriment to the finances of the Companies. The second-class passengers in 1885, were 60,985,772, and their fares amounted to £2,931,111 giving an average of 11½d; the third-class passengers were 603,762,117, and they paid in all £17,588,730, or close on 7d a head. If all the second-class passengers were to travel third-class there would, of course, be a heavy loss, but the experience of the Midland Railway clearly shows that this reform could be carried out with even an advantage to the finance of the Companies. This reform, however, can only be considered as a step towards the establishment of one class only. Those who insist upon the distinctions that now obtain are mainly people who live largely on the unpaid labour of the workers, or who are still under the yoke of middle-class ideas of respectability.

The introduction of working men's trains at low fares shows that at an early period local trains could be run at one and the same fare for any distance within the locality. This plan the London Road Car Company has followed with success on the streets of London, and there is little doubt that its introduction on our railways would be equally successful. The longer journeys could then soon be treated on the same plan, but the railway companies, who work the railways with the sole view of earning a dividend, and who never regard the monopoly they possess other than as a profit-earning machine are most unlikely to introduce so sweeping a reform. But just as a letter can now be sent from London to Inverness for one penny, so when the railways are taken over by the community and managed in the interest of the community will a passenger travel by train from Euston Square to the Highlands at a low average fare.

The many complicated questions of rates for goods and passenger traffic and the evil effects on the industries of the country caused by the transportation of commodities being under the control and power of joint stock companies, whose main idea is that of declaring the highest

possible dividend, give rise from time to time to such great dissatisfaction that railway commissions are appointed to examine into, and Bills are proposed in Parliament to remedy, the evils and to solve the complicated questions. The power of the railway companies is, however, so strong in our present middle-class House of Commons, that both Commissions and Bills come to naught, and the railway interest retains its old power and control.

The consequence of this autocratic control of the companies over the transportation of commodities was foreseen by many prominent men of the Tory party when the present railway company system was introduced. Sir Robert Peel declared to the railway magnates, "You shall not have a permanent monopoly against the public," and his Government brought in and passed an Act empowering the State to purchase the railways at the expiration of 21 years. This Act has remained a dead letter, the principle of resuming the monopoly is still fully recognised, but in practice the Companies have used their monopoly as all monopolies have been used, namely for their own benefit. Let us recite one or two cases of excessive and of preferential rates. The principle on which the rates are framed is simplicity itself; it consists in charging as much as the traffic will bear, and the consequence is a set of rates defensible on no other principle whatever. The London and North-Western charged 28s. 4d per ton on steel wire from London to Birmingham, a distance of 113 miles, whilst from Antwerp to Birmingham, 313 miles, they charged 16s. 8d. Another Company charged as much for carrying goods 27 miles as for 86, and again made no difference in the rate when the difference in distance was 116 miles. The Great Western charge 1d per gallon on milk for 10 miles, and the same rate for ten times the distance. Cattle are carried from Norfolk to London at 10s. a head, whilst from the Midland counties to London, a longer distance, the charge is 5s. Foreign cattle are carried on one line at 4s. less per head than English. Foreign produce constantly obtains an undue preference. American meat and corn are carried at lower rates than English meat and corn for a shorter distance. Large quantities of foreign produce are charged less than home produce over equal distances, and are even carried longer distances at less than home products over short journeys. What is the remedy for this state of affairs? Another Commission? All that a Commission can do is to make clear what previous Commissions have sufficiently demonstrated, namely, constant unfair preference and a radically unsound treatment of the great question of the transport of commodities by those who hold the monopoly, which Sir Robert Peel declared should not be permanent. And what about a Railway Rates Bill? Anyone who followed the treatment by the railway magnates of the very mild measure brought in by Mr. Gladstone's Government in the Spring of 1886 will at once see that any solution by the middle-class of this important problem may hit a blot or two, remedy one or two evils, but will never change the present system of monopoly carried on for the profit and advantage of shareholders. Even supposing that a minister were thorough enough to propose, and a House of Commons honest enough to carry such a measure as Mr. Waring proposes, how much better off would the workers be? The railway question, as well as all other economic questions of the day, can only be solved by bearing steadily in mind the effect that any proposed solution would have on the condition of the workers.

Mr. Charles Waring is against the State carrying on the railways with

a view of earning profit. He urges that they should be managed so as to conduce to the "largest development of trade, and to the "growth of commerce;" to help forward the establishment of innumerable centres of industry," and to "increase the national wealth and welfare." All these are the fine phrases of the capitalist school. There is no reference to the position of the worker, save such indirect and transient improvement of his lot as may happen through greater development of trade and commerce. His proposals might result in the improved position of the British trader, but would leave untouched the relations between the Capitalist and the Proletariat. In the domain of production of commodities every invention, every discovery, every improvement in machinery, benefits the landlord and the capitalist, and so in the domain of distribution, every improvement, every step towards perfection in working, also benefits the landlord and the capitalist, but leaves the proletariat still the proletariat; the wage-slave of to-day is no less a wage-slave because the means of communication and distribution are being improved day by day; in fact, the tendency is in the other direction, the accumulation of unpaid labour is accelerated by every improvement of which we boast so much to-day.

What, then, is the solution of the railway question that can alone be deemed adequate, that will be able to solve at one and the same time the two problems, how to manage the transport of commodities so that the workers on the railways shall receive the full produce of their labour, and yet at the same time help forward the production of wealth?

If an energetic minority of the workers of Great Britain were thorough Socialists the resumption of the monopoly granted to the railway companies could be effected in a single day and that without any compensation whatever to shareholders, debenture holders, &c., except such as they would have in enjoying the advantages of the organised system of production and distribution which would replace the commercial anarchy of to-day. Such a sudden change is, however, only possible at a climax of an overwhelming popular movement. The French Revolution effected a greater change when the land passed from the nobles to the people, and the Stein land law brought about a "Revolution" in landholding of equal magnitude in Prussia. This resumption of accumulated "unpaid labour" which has built up our railways without compensation is, of course, the aim of every Socialist, and any deviation from this principle can only be justified on grounds of immediate expediency. A moderate compensation might be advisable as solving the problem sooner than a rigid adherence to the principle of recovering in full the property of individuals who have no moral claim to it.

If the railways were taken over at once and without compensation, the number of the workers could be doubled, their hours of work reduced to six per day, and their average wages increased from 19s. 3d. per week to 28s. At least 350,000 of the unemployed would be in work at a decent rate of wages. If, however, full compensation were paid to the shareholders, &c., not a single man could be added to the workers on the railways, the wages could not be increased nor the hours of work reduced. On the other hand, if the very liberal terms were arranged of an annuity at 3 per cent. per annum for the next thirty years, the number of workers at the present rate of wages could be increased by 200,000, and the hours of work reduced to eight per day. What particular settlement will be arrived at on this point will, however, depend entirely upon the attitude of the workers; the spread of Socialism amongst the proletariat and their steady combination will most materially affect the solution. The average percentage paid away in dividends and interest

was 4.19 in 1860, it is now 4.02; the variation has therefore been small, but the average return on other investments has considerably fallen during the same period, for instance, the value of money during the same period has fallen from 5 per cent. per annum to 3 per cent. The steady return on the nominal capital of railways is of course the result of monopoly, and the abolition of monopoly cannot be expected to carry with it compensation at the monopoly rate of return. Neither can the market value of the shares be taken into account, for that also rests mainly on the return per annum which is the result of the monopoly.

In any case, whether the railways are resumed by the community after a long peaceful agitation, or at the climax of a short sharp struggle, the first step towards reorganisation would be the concentration of all the Boards that now direct our numerous railway companies. The practical men, those who are conversant with the working of the traffic, would be retained, whilst the guinea-pigs, the men of title, and the dummies who say ditto to the leading spirit that virtually dictates the policy of the company, would be retired. The practical men would then form a central executive, and through local executives would carry out the organisation of the railway service of Great Britain. But this central executive would be subordinate to a Board which would direct which particular steps should be taken first. On this Board it is not likely that there would be a single man now in the service of any railway company. Apart from the men who do the work on the railways to-day from the porters up to those officials who actually manage the traffic, there is perhaps not a man who is not so imbued with the present system of working for dividends as to be virtually incapable of taking any new views. The direction of the reorganisation would, therefore, of necessity be entrusted to some few thoroughly capable men, who, though they would have much to learn, would have little to unlearn. In all probability the only apparent change at first would be the increase in the number of the workers, the increase in their wages, and the reduction in their hours. It is not to be doubted that this part of the programme could be carried into effect in a few weeks. The other and no less important questions, the revision of the rates on goods, traffic, and the systematisation of short and long distance passenger fares, the proper use and extension of our canals, now burked by the railway directors, the establishment of country tramways as feeders to our trunk lines, would take more time, but all these reforms would be carried out in a tithe of the time that it has taken the Companies to adopt and use a fairly efficient break, or to move one step towards diminishing the annual slaughter of the shunters.

The main point, however, to be borne in mind is the inadmissibility of any compromise whatever in the formation of the future directorate, or in the principles of the reorganisation it is to carry out. In railways, as in all other processes of production and distribution at present, the dead instrument, capital, is that which now lives and grows whilst the workers are changed to mere instruments, the reward of their labours is a subsistence wage, just sufficient to ensure the reproduction of the instrument for the future. The due of the worker is, however, a share of all products of labour in proportion to the work that he has done, and one great step towards the realisation of this aim will have been taken when the workers on the railways receive the full produce of their work.