

# **THE CASE FOR RAILWAY NATIONALISATION**

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The case for railway nationalisation by Emil Davies

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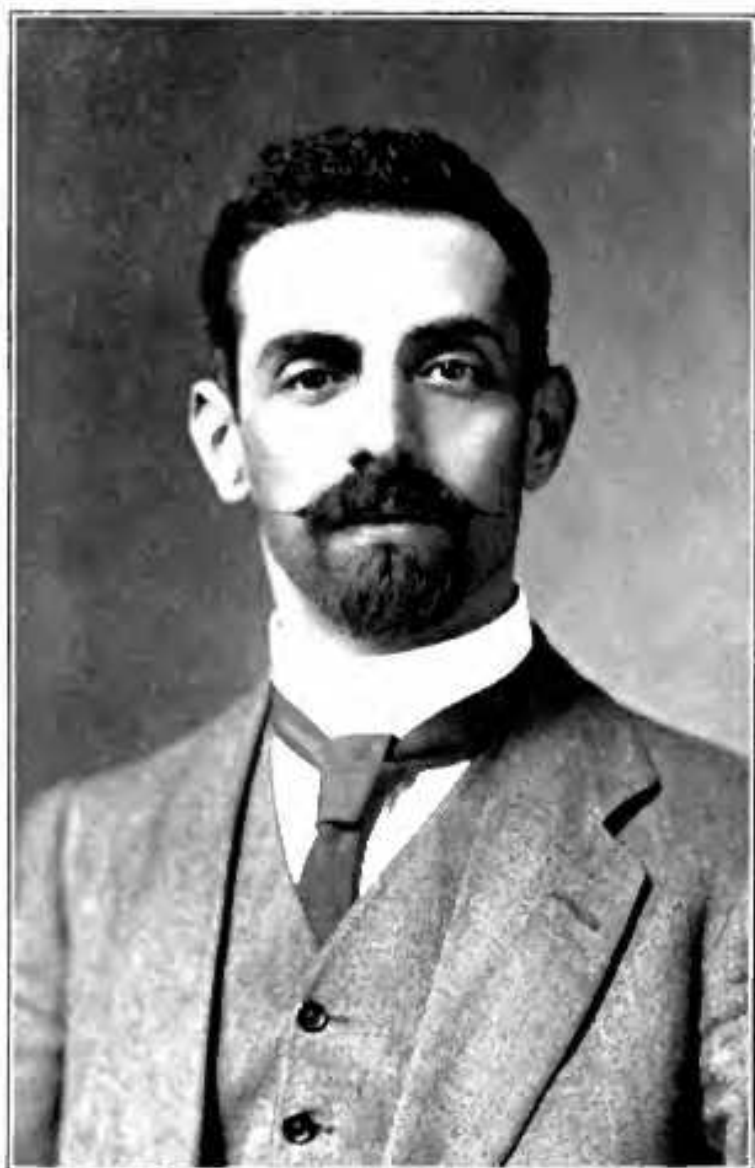
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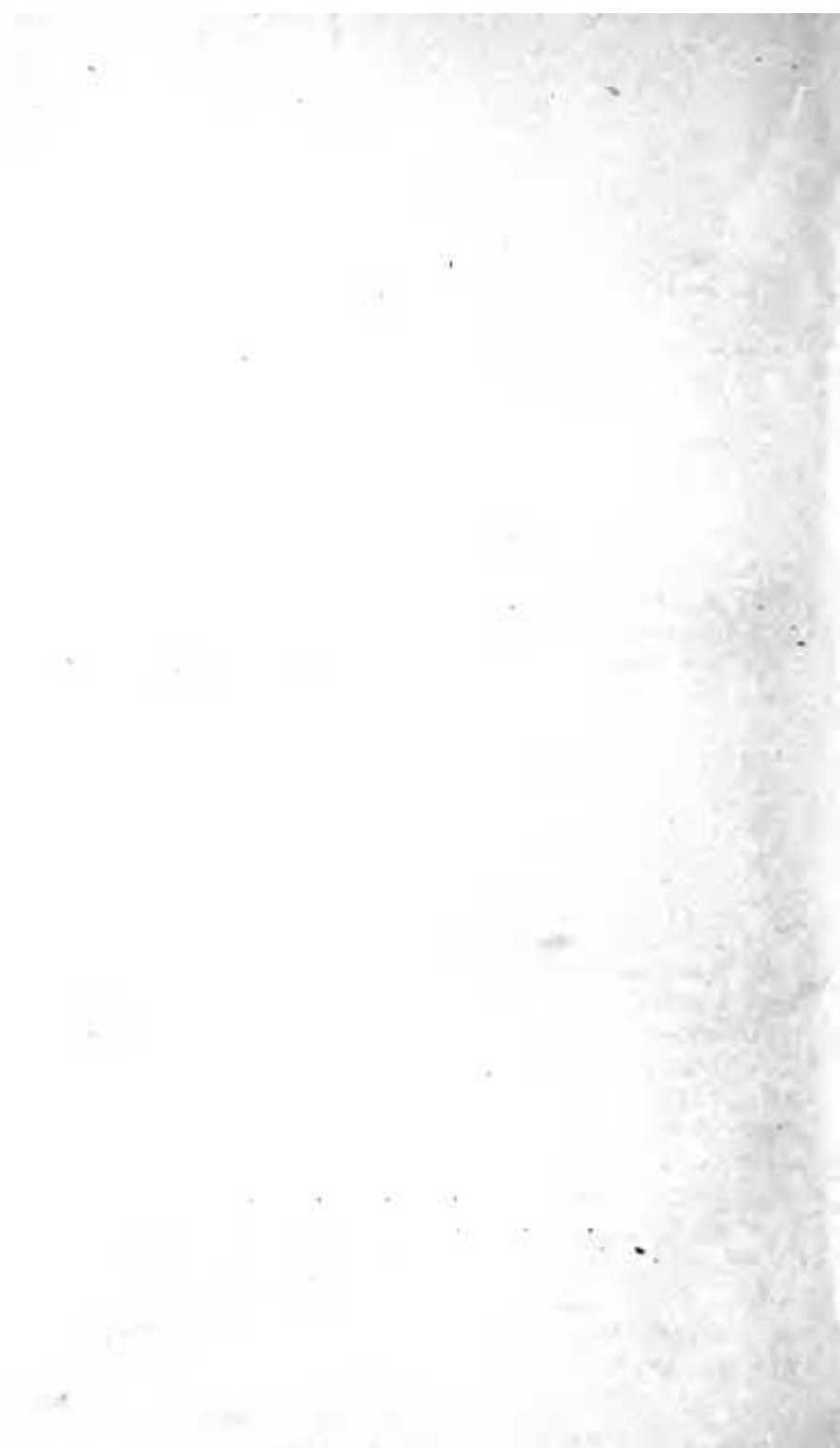


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# The Case for Railway Nationalisation

## CHAPTER I

### GENERAL ARGUMENT

FOR some years past a number of people have pointed out that the incompetent and amateur way in which the railroads of the United Kingdom were run was becoming a menace to the national welfare, and that the whole fabric of railway finance was becoming so top heavy that its collapse was merely a question of time; and the only remedy that these observers could see was that the State should take over, consolidate, and operate as one great undertaking the entire railway system of the country, as it already does with the Post Office and allied services. There was nothing very startling in this suggestion, for most other countries, including our own dominions and dependencies, have pursued this course, and, as is made apparent in a subsequent chapter, the principle of State ownership and operation of railways is fast gaining ground all over the world; and whilst those countries which have nationalised their railway system show no signs of reverting to company ownership and management, every country which has, for one reason or another, nationalised a portion of its railway system, rapidly proceeds to nationalise further

portions of the system. The average Britisher, untravelled and uninformed with regard to economics generally, has in the past paid little attention to these warnings, and the subject of railway nationalisation appeared unlikely to assume a more practical shape than to be a suitable theme for discussion in local debating societies. Within the last year or two, however, the public attitude has undergone a violent transformation, and the whole subject of the State ownership and management of our railways has left the academic stage and entered the realm of practical politics. There is nothing strange in this; the results of economic forces, which to the eyes of the observant have long appeared inevitable, burst upon the crowd with dramatic suddenness, as though they were the outcome of unforeseen and adventitious circumstances.

Whoever stops to think out the position of our railways will find that they give rise to a pronounced conflict of interests between different sections of the community. There are the *owners* of the railways—the shareholders—who naturally enough desire to receive the highest possible revenue on their investments, and who are dissatisfied, for during the last decade they have witnessed an enormous depreciation in the value of their stock, and during a period of great trade activity are receiving somewhat meagre dividends. There is the great army of *railway workers*, some six hundred thousand strong, most of whom are quite inadequately paid, many of them indeed receiving nothing better than starvation wages. These workers, whose occupation is a dangerous one, desire to secure higher wages, shorter working periods, and safer conditions of work, this last a point which is often

overlooked by the general public. Then there is that important section of the community, which may be grouped under the heading of *traders*. This includes the large manufacturers who have to receive large quantities of raw materials and forward large quantities of manufactured goods, the tens of thousands of wholesalers and retailers throughout the country, and agriculturists, to all of whom the amount they have to pay for the carriage of their materials, manufactures, and products is of the utmost importance. It is in the interests of this large section of the nation that the charges for the transport of goods and commodities should be as low as possible. Then comes the *general public*, which is affected directly as passengers and indirectly as consumers of goods and commodities that have to pay carriage. It is in the interests of this section of the community that passenger fares and goods rates should be low.

At first sight it appears wellnigh impossible to reconcile such divergent interests, for if shareholders are to receive high dividends, greater profits must be earned, and the most direct method of earning greater profits is not to increase the wages of railway workers, to expend large sums on safety appliances, to reduce the hours of labour, and to lower goods rates and passenger fares. The same argument applies to each of the sections of the community referred to, and it would seem as though one section could only benefit at the expense of another. If, however, the situation be carefully examined, it will be seen that while it may be impossible to find any means whereby all these divergent interests could be fully reconciled, yet there is, as it were, a least common multiple whereby this