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**THE RÔLE OF THE STATE IN THE
PROVISION OF RAILWAYS**

THE RÔLE OF THE STATE IN THE PROVISION OF RAILWAYS

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WITH AN INTRODUCTION BY

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PREFATORY NOTE

THE following study was originally undertaken at the London School of Economics in connection with the writer's candidature for the Degree of Master of Science (Economids) of the University of London. It owes its appearance now in book form entirely to the inspiration and encouragement of Mr. W. Tetley Stephenson, under whose supervision the writer carried on his researches for a period of over three years.

The progress of this work has been followed throughout by Mr. Stephenson. He has never restricted the writer from holding and developing an independent point of view, nay, he has uniformly encouraged it. During his discussions with the writer he would constantly range himself in the opposite camp, if only better to enable him to ward off a possible criticism. For his invaluable guidance and stimulating direction most unstintedly given the writer can but inadequately express his sense of gratitude. He is also indebted to Herr Geheimrat, Professor Dr. Schumacher, and Excellenz Von Der Leyen, of the Berlin University, for their valuable suggestions and references to the literature available on the subject of development of railways in Prussia, and for securing him access to the rich collection of railway books in the Imperial Transport Ministry's Library (Reichsverkehrsministerium Bibliothek). The writer is also under obligation to Sir William Acworth for his general criticisms and in particular for his suggestion of the title of the book in place of the original one which was likely to have given an impression of a wider field being covered in this volume than actually is.

H. M. JAGTIANI.

INTRODUCTION

To write a book in a language which is not one's own is in any case a considerable achievement. But for an Indian author to acquire such familiarity with the languages of two other great European countries as has enabled him to master the technical literature and to understand the institutions of those countries is an even greater achievement.

I first became acquainted with Mr. Jagtiani's work when, as examiner for the University of London, I had the pleasure of reporting that it was a Thesis more than up to the high standard required for the degree of M.Sc. (Econ.). In its revised form I am now glad to commend it to a wider circle of readers. It is to be hoped that further editions will be called for, and that the author will then take the opportunity of reviewing and extending his treatise. For did not a book as famous in its permanent form as Bryce's *Holy Roman Empire* take its origin as an Arnold Prize Essay?

Mr. Jagtiani discusses the rôle which the State should play in railway development in the light of the experience of three countries, England, Prussia, and India. One may summarise by saying that in England the State did nothing to help development; in Prussia the State and private enterprise worked side by side, and usually hand in hand, and in India the State bore the whole burden. For England the story has been told before, but the author has found a good deal that is new to say. For Prussia he has broken ground which as far as I am aware is new to English readers. For India it is safe to say that to English readers the history will come as new. Like other people who have seriously studied the subject, Mr. Jagtiani comes to the conclusion

that the question, whether and how far the State should undertake railway development, admits of no general answer. The answer in each particular case depends on heredity, and on political, social, economic and financial conditions. Private enterprise was no doubt the right policy for England. The attempt to enlist private enterprise in India has consistently failed. And our author shows how facts and the policy of the wisest Indian administrators have constantly clashed with English opinion, which, as voiced both by the City and the India Office, thought that English methods might fitly be applied in India.

Mr. Jagtiani's book raises, though it does not directly deal with, another important question. It may or may not be necessary for a certain Government to undertake railway development. But it is necessary that every Government should concern itself with railway control. And the history, alike of England, Prussia and India, shows that Governments have been in railway matters ill-informed and their policies unwise and vacillating. France alone has had a policy which, whether wise or unwise, has been, with few exceptions, logical and consistent throughout. What else was to be expected? Railroading is a technical subject and the technicians were kept in a subordinate place. The policy was dictated by laymen, whether by Civil Servants or Parliamentary Committees, as in England—the Board of Trade never had on its staff a single man expert in railway matters, other than pure engineering and operation—or in India by Secretaries of State, Viceroys and Members of Council.

Of late years Governments are coming to realise that the proper person either to control or to manage a railway system is a railway man. In countries where the State manages, the railway budget has been separated from the ordinary budget, and the railways have been released from the numbing grip of the Minister of Finance. Countries as far apart as Japan, Canada and South Africa have acted on these lines. Austria, Germany and India are the latest converts. In countries where the State only controls—England and the United States—special railway tribunals

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have been established, and the scope of their functions constantly grows, excluding in ever increasing measure the control both of the Legislature and the ordinary executive.

Mr. Jagtiani's book brings ample evidence that the change has come none too soon. I heartily commend it to all who are interested in its subject and to the many more who are not, but who—considering the importance to every State of a wise railway policy—ought to be more interested than they are.

W. M. ACWORTH.

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