

gravity and has not been adequately submitted to the judgment of the people, it should not be referred to a joint sitting, but be submitted for decision to the electors by a referendum. The Government's plan was ignored by the Lords and the resolutions embodying the Lansdowne plan adopted. On Monday of last week Parliament was again dissolved and an immediate appeal taken to the country. The election is now under way, and a substantial part of the polling will have taken place before this issue of *The Outlook* reaches our readers.

As at the last election, the issue before the electorate is not perfectly clean-cut. Tariff reform (which in England means exactly the opposite from what it means in this country, namely, the substitution of a protective tariff for a system of free trade), Irish Home Rule, the naval programme, and the licensing question, all come in to blur the outlines of the main issue. But much more emphatically than at the last election does this main issue rise above the others. The question to which the Liberal party asks an affirmative reply from the British electorate is: Shall the House of Lords be deprived of all power over money bills, and be deprived of a permanent veto over measures on which the majority in the House of Commons is sufficiently determined to pass them at three succeeding sessions? The question to which the Unionist party asks an affirmative reply is: Shall differences between the House of Commons and the House of Lords (the latter reconstituted as to its membership) be determined by a conference between the two Houses, to be followed in the case of important measures by a referendum to the whole people?

In considering these two questions, it should be remembered that the characteristic of the House of Lords to which the Liberal party is unalterably opposed is that it is invariably, unchangeably, and overwhelmingly Conservative in the party sense of the word. The Conservative party insists upon the necessity for a strong second chamber, to which the Liberal party replies that a second chamber which is always on the side of one party puts the other party at such a disadvantage that it works grave injustice to the people and undermines the founda-

tions of popular rule. The Conservative party, during the progress of this controversy, has been induced to make great concessions. Its last position, as expressed in the resolutions adopted by the House of Lords just before the dissolution, goes a considerable distance toward a compromise, but even this last position does comparatively little to meet the criticism of the Liberal party and the unjust conditions which make the British second chamber an adjunct and an instrument of the Conservative party.



SHALL RAILWAY RATES BE RAISED?

During the last ten years there has been a very radical change in the relations existing between the public and the railways. In the period from 1850 to 1900 the railways were masters of the situation, and the great financiers who built and operated them were despots—benevolent and meaning to be just, or selfish and actually unjust, according to personal temperament and characteristics. It is not unfair to say that the railway presidents for that period as a rule regarded their roads as private property, to be managed as they saw fit. This view of the railways as private property led to the celebrated "public-be-damned" theory originated and very successfully practiced by Commodore Vanderbilt; it led to the commonly accepted doctrine that a railway is not well managed unless it charges its shippers and passengers "all that the traffic will bear." This condition of things has been entirely revolutionized. Persistent agitation followed by effective legislation has established both the belief and the practice that the railways of this country are not private property, but are held by their owners and operated by their managers acting as trustees for the public. The ablest railway men of the country recognize that Government regulation has come to stay, and on the whole we believe they welcome this regulation. The authoritative supervision of the steam railways of this country by the Inter-State Commerce Commission is now an accomplished fact. We do not believe that the American people will abandon the control they have

obtained; in some respects they ought, and will endeavor, to strengthen it; but they ought also, now that they are in control, to see to it that they do not act as despots towards the railways. Through the Legislatures in the various States and through the Inter-State Commerce Commission the people have practically the power of fixing rates of transportation. In exercising this power every consideration—moral, social, National, and commercial—demands that they should be just and businesslike. The railways should be enabled not only to maintain their present business but to extend it, and the investors who build the railways should have a reasonable return on their investment. What constitutes this reasonable return and what income it is necessary for the railways to earn in order to maintain their properties on an efficient scale are questions now being discussed before the Inter-State Commerce Commission and various State commissions. The railway men ought to have a full and fair hearing. For the purpose of aiding the public to get at the facts and the railway men to receive the attention that is due them we have asked Mr. Walker D. Hines, an executive officer of one of the greatest railway systems in America, to prepare the article on railway rates which will be found on another page.

On all but two points we should say that Mr. Hines has conclusively proved his case, but they are so important that no verdict at the bar of public opinion can be expected until the railways bring further evidence in support of their contention that increased rates are necessary. These points relate to the questions, first, Are railways over-capitalized? and, second, Are the railways efficiently and economically managed? It is partly to reach an answer to the first question that a physical valuation of the railways has been proposed, although this is not the sole reason for the proposal. Governor-elect Wilson, of New Jersey, urges such a physical valuation in that State for the purpose of obtaining a basis of just taxation. It is believed by many economists that a physical valuation of all the railways of the United States is the only means of determining whether the railways of this country are paying too

much or too little of their income in the form of interest on bonds and dividends on stock. The Outlook strongly believes in the desirability of a physical valuation of all inter-State railways made under the auspices of the Federal Government, not, however, for the purpose of reducing existing issues of railway securities, but to establish standards by which future issues can be determined and future inflation can be rigorously repressed. While it is beyond question that the public has suffered seriously in the past from the over-capitalization of individual railways, we are inclined to believe that, provided over-capitalization is not tolerated in the future, the normal increase of railway business and the normal growth of their physical properties will wipe out such instances of over-capitalization as now exist, without recourse to the radical operation of cutting down the volume of railway securities. Such an operation would probably not reach those who were responsible for issuing the inflated securities, and would undoubtedly seriously affect thousands of innocent purchasers. This remedy for the inequalities of railway expenses may therefore be dismissed, together with any proposal for a reduction of wages.

There is still, however, left the question, Are the railways efficiently and economically administered? This question is answered in the negative by so many men of the highest financial, industrial, and railway ability that, as we said last week in commenting upon the hearings before the Inter-State Commerce Commission, "it is incumbent upon the railways to prove that they cannot make any further savings." In his very interesting volume "Efficiency as a Basis of Operation and Wages," Mr. Harrington Emerson, an expert in industrial and engineering management, makes the following startling statement: "The total amount of preventable material and labor wastes and losses in American railroad operation and maintenance approximates \$300,000,000 a year—not less real, but more easily preventable, than the \$600,000,000 of fire losses and fire department expenses which actually occur in the United States." Mr. Emerson supports this statement by quoting figures

and percentages of actual savings which have been made by some of the great railways by the application of more efficient methods. We are glad to be able to say that the Santa Fé Railway, of which Mr. Hines is an executive officer, is one of the great transcontinental lines which is endeavoring to apply the remedy of efficiency to the problem of increasing income by reducing cost.

If it should prove true that American railways need to raise their rates to shippers and passengers because of the inefficiency of their management, the ultimate result, in our judgment, will be Government ownership. For, if we do not mistake the temper of the American people, they will prefer to make up railway deficits in the form of general taxation, about which they can express their opinion and assert their authority through the ballot-box, rather than in the form of cash payments to private railway managers over whom they have no control. The present owners of the railways of the United States, who very naturally and properly deplore a prospect of Government ownership, ought to make genuine and earnest efforts to find out whether the reforms urged by the advocates of the doctrine of efficiency cannot be put into effectual operation.



TWO NOVELS

Two story-tellers could hardly be further apart in aim, method, and style than Mr. James Lane Allen and Mr. Jesse Lynch Williams; and it would not be easy to find two stories which present a more striking contrast than "The Doctor's Christmas Eve"¹ and "The Married Life of the Frederic Carrolls."² In their different ways both stories have a deep interest for those who believe that a novel should deal with the facts of life in a serious temper, and that the art of story-telling is not exclusively an art of entertainment. Mr. Allen long ago placed himself in the front rank of American artists who use literature as a form of expression. He has to a remarkable degree what may be called the language-sense. He is not a

word-painter, for word-painting is a clever external device; while Mr. Allen's skill and charm reside in his power of evoking the inward beauty, and not only conveying the landscape as it lies before the eye, but the sentiment, the spirit, and the quality of it as these appeal to the imagination. This artistic quality, in addition to his gift at portrait-painting, won for Mr. Allen's earlier stories both a popular and an artistic reputation—the esteem of that indefinite person, the general reader, and the esteem of the literary craftsman whose attitude is critical. The small group of his earlier stories put Mr. Allen among the American writers of his time whose place is assured. They have a distinctive quality, an individual charm, which are likely to make them American classics.

Of late years Mr. Allen has evidently passed through a period of serious scientific study. This is shown in the breadth of background, both in time and development, which he puts behind his characters in his eagerness to disentangle the various strands which are woven together in any given personality. One of the most effective qualities of "The Doctor's Christmas Eve" is the breadth and vital relation of the background to the story. The characters are not only the product of the local past, so to speak, but of all that remoter past which gathers up in one great volume the mingled influences of soil, climate, racial experience, and cosmic law. In this story the Blue Grass region is sketched as only Mr. Allen has been able, by keen observation and passionate devotion, to render in language the tones and quality of that landscape, and also the great movement of history which lies in the background, like a mountain range. The characters in this little drama have their own setting, but the stage is far more mysterious and vast than the scenes which are arranged before the eye. In its skill in merging this sense of the immense vista of shaping influence behind personal incident Mr. Allen's latest story is very impressive.

Its motive is elemental, and one that he has handled before: the love of a man for the wife of another man; but it is a record of love and not of passion, and is treated with reserve and dignity. The slow dawning of the consciousness in the

¹The Doctor's Christmas Eve. By James Lane Allen. The Macmillan Company, New York. \$1.50.

²The Married Life of the Frederic Carrolls. By Jesse Lynch Williams. Charles Scribner's Sons, New York. \$1.50.