

RAILWAY FREIGHT TARIFFS: HISTORY AND MODERNITY

Khusainov, F. I. *Pricing in Railway Transport. History of Rail Freight Tariffs in Russia: textbook.* Moscow, MGUPS publ., 2017, 102 p.



ABSTRACT

The training manual presents a retrospective of tariffs from the inception of the railways in Russia until 2015. The book analyzes all tariff reforms, the principles of building tariffs, their structure, the reasons for changing tariff-setting models, tariff discussions of scientists from different schools. From the book it becomes

obvious that the basic principles that have existed for more than a hundred of years, do not lose their relevance today. Economic science and tariff practices are constantly returning to old discussions. Therefore, a competent specialist in the economics of rail transport should have an idea of the main problems of evolution of railway tariffs.

Keywords: railway, freight tariffs, unregulated and regulated tariffs, pricing, tariff reform, tariff discussions, solvency of cargoes.

The railways played a very important role in development of domestic economy in the second half of XIX and XX centuries, and now they are a key component of Russia's freight transport, carrying over 45 % of the total cargo turnover.

Accordingly, the principles of construction, level and dynamics of rail freight tariffs are of great importance for the country's economy, and their history reflects the overall economic history and evolution of state economic policy. Therefore, the publication of the book of Ph.D. (Economics) Farid Iosifovich Khusainov «Pricing in railway transport. History of rail freight tariffs in Russia» is extremely important and relevant both for economics students and for students of advanced training courses, Ph.D. students and lecturers of transport universities.

In the training manual of F. I. Khusainov clarity of presentation is combined with encyclopedicism. The author relies on numerous sources about the problem under consideration, many of which, despite their undoubted scientific value, are probably not familiar to a wide range of transport economists who do not deal with tariff issues.

The book examines the main tariff reforms for the period from the end of XIX to the beginning of XXI centuries. The principles of building of tariffs, the structure of tariffs, the reasons for changing tariff-setting models are analyzed.

The first three chapters examined the unregulated tariffs of 1840–1880, the tariff reform of 1889, which resulted in a transition from unregulated tariffs to regulated tariffs on Russian railways. The tariff system of 1890–1917 was analyzed, when tariffs were already regulated by the state, but at the same time private and state-owned railways operated in parallel. In passing, the author considers the reasons for repurchase of private railways into the treasury.

The fourth and fifth chapters are devoted to peculiarities of tariff formation after the revolution of 1917 and during the NEP, as well as the specificity of tariff formation during the period of industrialization in the USSR in the prewar years.

A separate chapter (the sixth) is devoted to theoretical tariff discussions within the framework of Soviet economic science, including discussions between S. A. Bessonov, S. G. Strumilin, K. Ya. Zagorsky, between supporters of the Marxist-Ricardian approach and supporters of the subjective theory of value and the Austrian school.

In the seventh chapter, tariffs from 1940 to 1980 were analyzed – dynamics of tariffs, cost of transportation, profitability of transportation of various cargoes are considered. Here there is a review of the main tariff reforms, including the transition (in two stages – in 1967 and 1974) to two-part tariffs, conducted under the leadership of A. V. Kreinin, after which the tariff began to be formed of two elements, one of which reimbursed the costs of initial-final operations, and the other – for movement operations.

The eighth chapter, entitled «New Times: Railway Tariffs in 1990–2015», is devoted to the period of transition from a planned economy to a market economy. Here, changes in the tariff system, made in the framework of tariff reforms in 1995 (division of goods into tariff classes) and 2003 (allocation of infrastructure and wagon components) are disclosed. Also in this chapter, the dynamics of tariffs in the regulated segments (JSC Russian Railways) and unregulated (rolling stock operators) segments of the railway freight transportation market is considered.

In conclusion to the textbook, the author notes that «analyzing the history of railway tariffs in Russia, one can note that some principles and methods of tariff formation practiced in the middle of XIX century that were



forgotten in the Soviet period have been revived again (albeit in a slightly modified form) after the tariff reform of 2003. And, in addition, the tariff discussions of the 1880s largely anticipated tariff discussions both in 1920–1930, as well as the discussions that preceded the emergence of the three-class tariff system in the 1990s».

Thus, those basic principles, which were discussed by different scientific practices throughout the period under review, do not lose their relevance.

Objectively expounding various points of view on the principles of building freight tariffs, disclosed in their historical development, the author of the manual clearly shows his own scientific position, methodologically based adherence to the market formation of tariffs, based on the Russian transport science and practice as early as XIX century, thanks to S. Yu. Witte, the principle of «solvency» of goods. On the basis of empirical analysis, the article shows that even in the Soviet period, when the principle of «solvency» was formally rejected, it was implicitly taken into account in all the conducted tariff reforms.

On the basis of the historical analysis of domestic railway tariffs, important theoretical propositions of general economic importance are revealed in the work – that the need for state regulation of the economy is often generated not by «market failures», but by negative consequences of previous state intervention, and also on the universality of the operation of economic laws. The author clearly shows the manifestation of the «invisible hand of the market» in the deregulated segment of the Russian railway industry. Thus, the work under review is an unquestionable contribution to both economic history and theory.

The composition of the work, combining the chronological and thematic principle of construction, contributes to a logical and clear presentation of the material, and a good literary style facilitates its perception.

But, in addition to the «narrowly specialized» interest, the manual will be useful for future economists-transporters for two more reasons.

Firstly, the book contributes to the formation of a common economic culture. In the foreword the author of the manual rightly notes: «A graduate of the economic faculty of any university, including a railway university, should know not only the applied aspects of his specialty, but also have a broad general economic culture. An economist who knows only economics is a bad economist». The works

of F. I. Khusainov, and, in particular, the peer-reviewed textbook, allow students to acquire not only applied knowledge, but also to form a broader horizon of general economic nature. For example, in the chapter dealing with discussions between tariff schools, a distinction is made, in passing, between the approach based on the subjective theory of value to which representatives of the Austrian tradition gravitate, and the Marxist approach, which is based on the labor theory of value; there, when it comes to tariff discussions in the 1880s, at the same time, the reasons for repurchase of public roads to the treasury are analyzed; the introduction of free tariffs in 1921 is tied to the policy of war communism, and the return of payment of tariffs – with the NEP, etc. Thus, students who study the discipline using this training manual will learn not only to see some quantitative indicators in the tariff policy, but also to link tariff regulation with economic policy in different periods of socio-economic development.

Secondly, for those who are engaged (and, in particular, just starting to do) transport science, the book and the author are of special interest. Each work of Farid Khusainov is an example not only of the analysis of previous works, but also contains a personal attitude to the subject of research. And where it comes to the past – the reasons for repurchase of railways to the treasury, the structure of the tariff system before the revolution of 1917; and where it is a question of modernity – the dynamics of tariffs in the regulated and unregulated sectors of the economy or the consequences of demonopolization of the market for the provision of freight cars, the author expresses a point of view that significantly expands our knowledge and corrects the usual but sometimes outdated notions about the subject of research.

In addition, the textbook of F. I. Khusainova will be extremely useful not only for students and lecturers, but also for those who work in the transport business. Today, when there are many operator companies operating on the market, the need for them to understand the sectoral economic issues is extremely high (which is exacerbated by the fact that many who come to the railway industry from other spheres simply do not have transport education), and the training manual can give such readers basic knowledge in this field and form a professional background in which they can judge more professionally about various aspects of the tariff theory and practice. ●

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