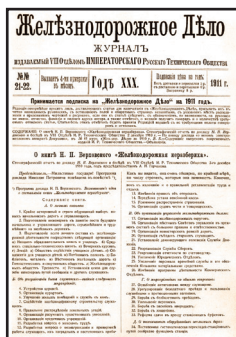




# Discussion of the Report of N. P. Verkhovsky about the Book «Railway Confusion» in the Imperial Russian Technical Society in 1910



## News from the archives

Three previous issues of *World of Transport and Transportation* acquainted the readers with the main contents of the report delivered by Nikolai Petrovich Verkhovsky at the session of the VIII Department of the Imperial Russian Technical Society while presenting his book «Railway Confusion», dedicated to the comprehensive solution of a wide range of pressing issues of organising the work of railways. The report, in fact, was a detailed and accentuated presentation of the book's content.

The discussion that followed the report is also of great interest. It allows to introduce the essence of opinions and views prevailing then in professional railway community regarding such «eternal» issues as optimal career trajectory, corporate culture, labour productivity, role of bonus awarding in motivating higher efficiency of management and staff, balanced ratio of role and volume of wages of managers and engineers, countering violations of discipline, load implied by excessive reporting and its paradoxical role in relief of unjust punishment.

The specific aspect of the discussion engaging the chairman of the meeting and the speaker can also be of interest since it refers to missing feedback from readers to publications in railway journals.

The editorial publication presents the main content of the stenographic report published in the *Rail Business* journal.

Punctuation and vocabulary of the original publication are preserved in the text as much as possible.

**Keywords:** history, railways, management, staff management, railways social policy.

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The text of the archived article originally written in Russian is published in the first part of the issue.  
Текст архивной статьи на русском языке публикуется в первой части данного выпуска.

**Stenographic recordings of the report of N. P. Verkhovsky and the conversation in the VIII Department of Imperial Russian Technical Society on December 2, 1910, under the chairmanship of A. N. Gorchakov.**

*Chairman.* Allow me, Nikolai Petrovich, to offer you some questions. I wrote down a few notes. In general, many questions can be asked based on your rich report, but I will confine myself to a few. It seems to me that your report would greatly benefit if you did not bypass the historical side of the matter, i.e., history of railway origins, of how Russian railway have reached the current state. The same – there is no even a brief parallel with foreign railroads.

Then, in our Society in 1892, the «Essay on the Railway Network» was published, and, it seems to me, this book is also unknown to you, at least you did not mention it and bypassed some of the facts reported in it. Now, if this had not been missed, then neither Count Baranov, nor A. A. Vendrich and V. M. Verkhovsky were not attributed to defects on the part of the chiefs of roads and administrators but would attribute the activities of these persons to the state of railroads in Russia<sup>1</sup>. After all, not everything lies with the duties of managers and chiefs of roads. Then I wanted to say that at present, due to the not particularly good management of the traffic service of the commercial part of the road operation, the commercial part will soon form a separate service, on a par with the traffic service. Railways are already preparing for this.

Regarding the artel, as far as I remember, Mr. Traustel, who also sympathised with this Russian organisation, reported to us in the spring, in May. I am surprised by the long procession of this question through all institutions. You said you would have to let that the State Duma to decide. This means that it seems to encounter a lot of friction, and nothing is reported about such friction in the official press. To what is this to be attributed? The artel is characteristic of Russian

<sup>1</sup> The part of the report of N. Verkhovsky not published in WTT, mentioned that «...the difficulties in transporting grain during the famine of 1901 caused the appointment of the formidable Colonel Wendrich, with large Higher powers, to take vigorous measures for successful transportation. Obviously, the higher spheres did not trust the mutual solidarity and self-activity of the managers and chiefs of the roads (because then many roads were already under state administration) and had to resort to military energy, with unification of power in the hands of one person... Even earlier than this period, railway troubles caused the appointment of the Highly Approved Commission of Count Baranov to study the railway business». – *Ed. note.*



*Nikolai Petrovich Verkhovsky*

labour, it remains to take and accept it; but, obviously, frictions exist for other reasons, perhaps – these are legislative or administrative reasons that are unknown to us, so that a good deed is not hampered by the railways, and no one can blame them for this, but is hampered by extraneous reasons.

Regarding the development of the issue that the railway employees, with the assistance of the current minister and the administration, would begin to improve the railways, it seems that in our Technical Society there was no shortage of this. The Technical Society once published reports, and it continues to deal with this issue in its journal, and sometimes at our meetings. Today's conversation with you about your report serves as proof of this. There is no shortage of assistance from the Society, and in general, if you trace the historical part of the railways, you can see that the first undertakings in all matters did not come from government agencies, but from private ones. This is wonderful and completely natural, and I think this is how our business is conducted in all countries. That's what I wanted to tell you. Gentlemen, can anyone offer questions to the speaker?

*Speaker.* The work that you are talking about, indeed, did not catch my eye, but I expressed what I myself had to go through. I also made a historical sketch, but I did not read yours, and I came to the conclusion that the heads of railroads and managers could not act in solidarity, and as a result they had to wait for instructions from outside. It seems that you yourself have created a project about distribution bureaus. If the chiefs



were able to send cargoes by their own agreement, then no one would prevent the chiefs from coming together, and you set up a bureau.

*Chairman.* Your pointing at me gives me the right to correct you. Heads of railroads, and then, when I was the director of the department of railways, were bound by orders of the department of railways, and the projects that were presented staled. Blame the general system. And now it's the same thing. It depends on the general system and the attitude of society towards the administration, and, therefore, the reasons lie deeper than the will of the railroad chiefs and managers. The bureaus were not so easily established: once they decided, once they established them. No, there was some struggle, but I will not go into details, and this is not necessary, indeed, railways were embarrassed. District committees can also be added to this issue. It is not at all the oversight of the chiefs of railroads and managers that is the reason for formation of district committees, but the activity to which these committees have devoted themselves would be beyond the capacity of chiefs and managers of railroads alone.

*Speaker.* I want to talk about artels. As editor of the Journal of the Ministry of Railways, I wanted to help, and I proclaimed: «Sirs, please speak!». We did this: we have 2 editors in the editorial office. I wrote one thing, and the other deliberately disagreed with me to show how impartial we consider the issue. We waited to see if there were any objections. It was assumed that the legal department of the railway will look at it from a legal point of view and highlight this issue, but for half a year everyone is silent and, obviously, no one is interested. It is necessary to compel the Administration of the railway to provide data.

*Chairman.* Do you want to know my answer?

*Speaker.* I would like to know.

*Chairman.* The reason for your excitement about this is your youth as an editor. In this regard, I have some seniority over you. I would be very surprised if feedback was received on such a proposal from my side. They is no feedback. Our audience is special, and we ourselves often do not respond to received letters. We have established a department of questions and answers in the journal, and what? We had to do what you do with 2 editors, i.e., we, by asking questions, answered them ourselves, wishing to provoke an exchange of opinions by example. We had to limit ourselves to this.

### [Interventions during debates]

*Yu. N. Erlikh.* I must say that I have read the book in question, so I am fairly aware of the speaker's views. As you can see from the report, the book contains many interesting figures, and I don't know why the speaker titled it so modestly: «Confusion». I think, with the vast experience that can be seen with the author, he understood what needs to be especially emphasised.

We are practitioners of the business, we know that we are obliged to keep too many administrative clerks, and why? The author of the book knows because we are burdened with delivering masses of information that no one wants. This information is compiled because the authorities, in theory, should know everything and we should report everything. It comes to the point that recently there was a meeting where the task was to reduce the number of reporting forms, and we were given such a requirement that the central institutions want to know how much cargo is sent in Russia per each haul of all railways in one and the other direction. When at this meeting one of the chiefs of the traffic service who was present said: «State-owned roads are 40000 versts and with private roads considered it makes only 60000 versts, and I have 2000 versts at my disposal, and I'm only interested in 2–3 loaded directions, and I'm not interested in the rest», they answered him: You can consider like that, but it is not good for us; we must know everything.

Then one of the reasons, one of the shortcomings of railways lies in labour productivity. Trouble of railways, maybe, depends on the fact that we are chasing the leveling of wages. We consider it great if the wages are chosen the same for everyone, everyone gets the same. If a working person receives as much as another, less working person, then in most cases this produces a bad effect, reduces his energy, and here you need to adhere to the system that the author correctly pointed out that people should be rewarded unevenly. This principle is opposite to the principle of public railways, which avoid it.

In private enterprises, responsible persons, although junior employees, stand out and receive much more than their colleagues. That's why they try. This is one of the methods in our common cause that is inevitable.

Then I can't agree regarding bonuses that the senior employees get too much and the juniors don't get enough. Did I get it correctly?

*Speaker.* No, I gave a particular example that was reported to the State Duma, that bonuses for cargo work at stations are offered to the heads of traffic service.

*Yu. N. Erlikh.* If we reward everyone without exception, then, no matter what kind of credit, in the end, very little will come to everyone's share, and a small increase in salary is not a bonus. Therefore, people have to be divided into those who lead the work, and those who are led. Therefore, to be successful, leaders need to be singled out. The method you indicate is practised with complete success on private roads.

With regard to the fact that success in such a business depends on the selection of employees, this is clear, but where can this be done? This can only be done on new lines. Here, suppose, the chiefs can select their own employees, but on the old lines people have served for many years, they settled down, and this selection is less accessible to the chiefs of the lines, and such a caste, about which the speaker speaks, is formed by itself from old-timers. I cannot treat this phenomenon as one that would be of great benefit. I, on the contrary, think that this leads on the railways exactly to the fact that on railways the momentum that exists when people are selected according to talent disappears. Here you have to reckon with the fact that you have to keep people who cannot but be recruited into the service. This will be an enormous burden, so that the formation of a caste I cannot recognise as a rational measure that can contribute to the progress of the railway, especially since the author himself, when he points out that in the traction service one can find the departmental behaviour, he assesses it negatively for the traction service. It would seem that if in the traction service it happens that they don't go into details who is right and who is wrong, and only defend their own employees, then it will be all the more so if all railway employees form a caste.

Then the speaker offers predestination in the choice of the head of the railroad. As I understand it, it seems that it is determined in advance that such and such a young person can be promoted to future bosses. How can I make out that one young man has the material to be a boss, and another does not? If a young man knows that he is being prepared for leadership, will it be useful?

*Speaker.* Regarding caste, I will say that I associate the formation of a caste with the systematic training of personnel. I did not say a single word in order to understand the caste in

such a way that every railway employee, since his parents were railway clerks, acquired the right to the title of railway employee, so that every employee, no matter how negative qualities he may be, would certainly be in the service. I don't understand this and say that if there is such a caste in the service of traction, then I point out its negative side. When a principal who is not particularly developed comes across, he will give the caste a bad direction in the sense of supporting each other at all costs. In any case, there are such a mass of railway employees that, of course, it is impossible to attach all of them to the railway. The railroads have such a mass of young people that one can choose from them; so that the wicked will not be accepted.

As for preparation of the chiefs of the railroad, there are different ways. I dwell on this method precisely because, it seems to me, persons preparing for the activity of railroad chiefs must go through a lot of posts in order to become familiar with the services, and such persons will perhaps be more competent railroad chiefs, and one can choose from among them. After the publication of this book, I received a lot of letters, and one engineer writes that I put the question in this way, that an engineer trained in this way will put forward certain requirements: I have prepared myself and should be the head of the railroad. He prepared, yes, but perhaps he has such negative talents that are unacceptable in the railroad. I do not put the question in such a way that if the engineer has done everything that I recommend, then he can demand the position of the head of the railroad. He can be the head of the service because he has shortcomings that do not give him the opportunity to be appointed as the head of the railroad.

*M. A. Schukin.* It seems to me that in this respect you are hardly right. From experience, we know a lot of railroad leaders who just did not go through any services and turned out to be the best railroad leaders. I won't call names, but that's how it is.

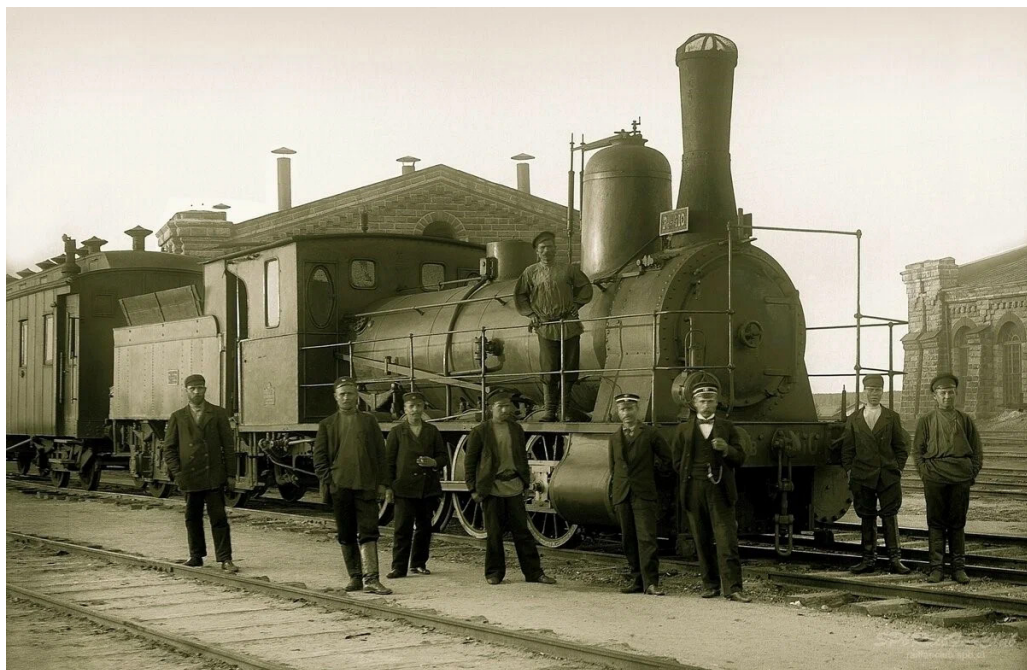
Then you say that on railways leveling exists. This is not true. Heads of stations receive from 40 rubles up to 150 rubles.

*Yu. N. Erlikh.* Too small as difference.

*M. A. Schukin.* Sorry, the difference between salaries of 40 and 150 can hardly be considered small. Differences in salaries exist in every kind of office and depend on the work that is entrusted to well-known persons, although they occupy the same title of office.







*P. A. Alexandrov.* I would like to say some words about the method recommended by the speaker to deal with theft. The author, on the one hand, calls for joint friendly work and, on the other hand, signs in complete impotence, i.e., says: «our network is large and extensive, but there is no order in it – let's bring the Varangians». I'm talking about the all-Russian artel «Varyag», strongly recommended by the speaker. I completely agree with Mr. Erlikh's statement about the overburdening of railway employees with work on compiling various information, to the detriment of direct duties.

How much of one statistical information that no one needs? The highly respected Ivan Ivanovich von Richter made a count of this mass of papers. He can confirm how much is being redundant, repeated. Let people do their direct business, provide them financially – and then we will cope with theft with the same means! Such an appeal to the Varangians is not needed, you just need to put things right.

*Speaker.* What has just been said, I sympathise with completely, and, to tell the truth, I have overlooked this. I myself, as an experienced person, suffered from the presentation of a mass of such materials, although very valuable and well-chosen. For example, in the traffic service, as a champion of this business, I tried to present the most accurate and correct information, and what was my position when I often received requests to give information. I said, let me turn to this. «No, they say – give us

information», and I had to report by dispatch that I had sent that a month ago correctly stated on paper. I forgot to write about it, but many good pages can be written about it, especially by me, as a free man. This is a big ulcer, although the correspondence saved many people from jail. Since we began to write, we have ceased to go to jail. A capable and efficient engineer went to jail for not having time to work out instructions. As for your remark, in my book I have repeatedly said that I can point out a lot of capable and efficient engineers. I could not talk about living people; I could tell about Adadurov, and this addendum was made after his death. I made an addendum because I had served 11 years with him. He was a great manager. I can name in the same manner a lot of efficient engineers, excellent administrators who did not go through the school I recommended. It depends on the talent. It would be unfortunate if we did not possess such talented elements. We would not have achieved what we have achieved now, and our position, perhaps, would be worse than it is now.

*I. I. von Richter.* I also have read the speaker's book with great attention, and moreover twice, and I find that the picture drawn by him is correct, but it seems to me that their causes are just as important as the phenomena themselves. I fully subscribe to the opinion, Mr. Chairman, that a historical analysis could reveal all the conditions of the present situation of the railway business. I think railways are flesh of our flesh. We have railways, which we deserve to have. Let's look

around at what is being done in Russia. Did railways work worse than the rest of the mechanism? No, not at all. We see that some are pessimistic about this case, others are optimistic. At first, I was an optimist, but I have become so pessimistic that even the fact that we are indiscriminately called swindlers does not surprise me. Why railways should form an oasis where moral purity will reign? I think that it is necessary to study all the conditions, and then everything will be clear, and we can move on to assessing the conclusions and proposals that are being made to correct the evil. I say – a careful study of history would undoubtedly reveal that for the conduct of war, as well as for the railroad business, three things are needed: money, money, and money.

All the unsatisfactoriness of our railways is made up of their loss. You know how inflated this loss is, how much water is in capital, how unreliable our balance sheets are. Recently, a questionnaire committee pointed out that neither the passive nor the active side of this balance is known to anyone exactly.

If our railroads were profitable, then we would find that everything is fine. At the present time, we, the ranks of the Office, are the scapegoats. We do not manage tariffs, we serve not only trade and industry, but also all kinds of government needs that do not appear on our balance sheet assets. Railways' authorities are subjected to unheard-of care; we cannot take a single step without being subjected to guidance, which, however, lacks unity. Here the question arose: do you need advice. I think they are inevitable: where the Minister of Railways cannot manage without the Minister of Finance and a number of other ministers, there the chiefs of railroads cannot be independent. They say that the chiefs of the railroads are bad. I leave this conclusion to the responsibility of the rapporteur and am willing to admit that this is the case. I'm not interested in facts, but in their causes. They say that the personnel is not organised. It is disorganised. We notice that over the past 50 years it has become much worse. There was no such general escaping as now. No matter how much employees are trained, they will leave us. They are paid in cash. I was in Washington, in America, and I asked what facilities the collection service had.

On a network of 2400 stations, i.e., 10 times more than on the North-Western railway, there were 200 employees, we have 800. Young ladies

receive 1800 rubles each as in our money. This is due not only to the intensity of work, but also to other conditions.

In America, railways, to avoid the control of the federal government, issue invoices only within their own lines. The accounting procedure is simple – transportation is taken into account according to the rules and regulations of domestic traffic. Comparison with our conditions shows how much easier it is, but we cannot think of anything like that.

Then it was said here about overproduction of statistics. This is the result of the influence of a whole mass of bodies that make their demands to the railways, not in accordance with the means of the latter. I have tried to classify the relevant data and have shown how great this overproduction is. I know that we are acting unsatisfactorily in all respects, both technically and economically, but why? Because on the one railroad I served on, the average age of locomotives was 37 years, and the duration of service of employees was 5,7. A samovar of this age would fit into a cabinet of curiosities. I remember back in the [18]60s an American came to Russia and asked what we were doing with old locomotives? We repair them because steam locomotives do not age. It turns out that in America they change the skin every 10 years, and we continue to put patches on the old sole. As far as employees are concerned, just the opposite is found in this area.

It is said that the station's expenses absorb huge sums of money.

40 years have passed, and piecework accounting of station expenses exists only on paper. I will allow myself to tell what happened on the Nikolaev railway: the director, the late I. F. Koenig, as a result of my statement that the condition for such accounting is the concentration of rooms and apparatus with which traffic is carried out, decided to rebuild one of the small stations. It is known that these stations have double buildings and it is necessary to keep the service in 2 buildings. This small station has a tunnel to connect all the services in one building. The deceased said: I will build this monument for you, and it will remain for the edification of posterity, but, I think, neither I nor you will live to see this moment. This is the inevitable product of our conditions. Until conditions change, this case will not change. These conditions are very diverse, and there are even censored conditions, which I cannot name, while others are openly discussed. There are so many of them that if I



start discussing them, I won't finish until tomorrow.

*Speaker.* I have this phrase: «*Society will see how railway world is complex and how to bring it to perfection, given the general imperfection of all departments in general and even the social environment itself, from which the figures of our vast economy are drawn*». Therefore, I understood that we cannot be perfect when others are imperfect.

Our society should condescendingly, therefore, treat the defects of the railroad.

*M. A. Schukin.* I am acquainted with some manufacturers and during a frank conversation I heard the opinion that the theft, which was discussed recently, is very serious in Russia, and it is quite difficult to deal with different institutions, but it is easiest with the institution that is so scolded. I heard it with my own ears.

*I. I. von Richter.* I think there are many exaggerations. I think they always stole before, and now, but now public opinion is reacting more. The General Charter has created many unfavourable conditions for railroads, and they steal what is badly laid down; for example, insufficient specialisation of cargo spaces and insufficient development of marshalling facilities, hindering the classification and specialisation of trains and cars, play a big role, and to eliminate this, a lot of money is needed. The recipe that is recommended is that specialisation is not something new. In order to compare the former views and wishes with the present, I took a bibliographic index compiled by the order of Count Baranov, and it turned out that then, just as now, we were interested in this specialisation. There are no specially built warehouses and tracks, and orders and circular instructions on this part have always existed. When the cargo is scattered all over the train, over all the cars that are opened at each station, then how can it not be stolen?

*Yu. M. Erlikh.* I will talk about the housing issue. I know the railroad, which, having carried out a quotation sheet for several million, included several hundred thousand rubles for residential premises. The line goes through the steppe area, where there is nowhere to live, and when considering the statement, a representative of the State Control objected. He said: «*it is much easier for you to give apartment money*».

*M. A. Schukin.* Considerations on this matter have been presented by all the state-owned railways and, as far as I know, without facing special opinions of the Control; but the Ministry

of Railways itself found it more advantageous to give out apartment money.

*Chairman.* In conclusion, I would like to say only that the current report was listened to with great interest. The report touched on an area that is very familiar to us, and yet, until the very end, it did not lose interest. Of course, this retention of interest belongs to the speaker himself. We must thank him for this. What will come out of this report? More facts worthy of attention will be added to the general consciousness. We often had presentations, good ones, but, unfortunately, they were of little immediate use, owing again to the general conditions that were discussed today. In the same way, if there is no success for this report, then such a result will not be the fault of the speaker or ours. Those events that we talked about, we found before, and now we have found sympathy for ourselves. It is desirable that public opinion and the authorities pay attention to this, and at least will do something of the possible. Allow me, gracious sirs, to offer to thank the speaker and his opponents, as well as those who supported him, for these messages and for the desire to improve the railways in our fatherland (*applause*).

**From the editors [of Rail Business].** The above report, in its size, could not be read in its entirety, without gaps, at 1½ or 2 hours, which could be used to read it, and therefore, in the conversation that followed the report, some parts of the report remained, as it were, bypassed or unnoticed. Nevertheless, by agreement with the distinguished speaker, we decided not to exclude them and give those who wish to speak on the entire report – the opportunity to do so.

In any case, we undertake to draw the attention of gentlemen-critics to the expediency of using the material accumulated in the «Rail Business» for almost 30 years of its publication on all branches of the activity of railways and their departments according to the «*Systematic Index of Articles Placed in the Journal «Rail Business» during all years since the beginning of its publication in 1882*» and, in particular, the material predominantly related to the report in the «Personnel» section, which contains outstanding articles and notes by Mr. Shishkov, Richter, Radzig, Zaderatsky, and many others. – The advertised price of the said «Systematic Index» will be lowered.

**(Zheleznodorozhnoe delo [Rail Business], 1911, Iss. 21–22, pp. 50d–60d) ●**