

## Killing the Railroads

“Scientific Mismanagement” by Phillip Longman, in *Audacity* (Summer 1997), 60 Fifth Ave., New York, N.Y. 10011.

In 1910, the railroads in the eastern United States petitioned the Interstate Commerce Commission (ICC) for a 10 percent, across-the-board increase in freight rates. With most of the nation’s commerce dependent on rail transportation, the ICC, in effect, was making “high-stakes industrial policy,” observes Longman, author of *The*

sure. Yet the commissioners frequently found it hard to resist “the irresponsible demands of *broad* special interests,” such as Midwestern farmers, to hold down rates. In the absence of a free market, the ICC “experts” had no objective basis for assigning a value to railroad services, Longman argues. As a result, the commissioners embraced “shifting subjective standards of what were ‘fair’ and ‘equitable’ rates—standards that [they] could neither consistently apply nor defend in the face of intense popular pressure for low tariffs.”

Thanks to inflation and the ICC’s rulings, he says, real railroad rates, which had been falling slowly since the 1870s, “began a steep and dramatic decline after 1897.” Even as the railroads’ costs soared, the average price they could charge for moving a ton of freight one mile dropped nearly 24 percent. This further stimulated demand for rail services, leading the railroads to make huge capital investments in track and freight cars. Because they were prevented from raising rates, they had to borrow, thus “shifting more and more of the cost of rail services from current to future users.”



“They All Want Mr. Brandeis Now,” a cartoonist jibed after the lawyer claimed the railroads could save millions.

*Return of Thrift* (1996). Its actions, he contends, show “the limits of useful government regulation of the economy.”

In 1887, in response to complaints that the railroads’ “robber baron” owners had discriminated, charging more in regions where they faced less competition, Congress established the ICC. It was to provide regulation of the railroads by disinterested “experts.” From the start, Longman says, “the ICC committed itself to order and science.” The commission was not in thrall to the industry it was regulating; nor was it bent upon giving in to political pres-

In opposing the 1910 petition for a rate hike, future Supreme Court justice Louis D. Brandeis, the crusading lawyer representing the freight-shipping interests, conceded that the railroads needed more money. But he claimed that if they would adopt the “scientific management” ideas of another “expert,” industrial engineer Frederick W. Taylor, they could save \$1 million a day. Brandeis’s headline-making assertion was utterly unfounded, Longman says. Railroad work was very different from manufacturing. But the ICC turned the railroads down.

“By the middle teens,” Longman writes, “the financial condition of many major systems . . . had become desperate.” After America entered World War I, in 1917, the nation’s rail system was overwhelmed, with soaring volume and plummeting net profits. The government soon took over the system.

“Though railroads reverted back to private ownership after the war,” Longman writes, “the pattern of meddlesome and inefficient rate-regulation continued for

another 60 years.” Air freight and trucking bit deeply into the railroads’ markets; service deteriorated. Finally, in 1980, “alarmed by a series of huge railroad bankruptcies in the Northeast and Midwest,” Congress stripped the ICC of its power to set freight rates. “The dramatic resurgence of the [freight] rail industry since then,” Longman concludes, “underscores just how costly the ICC regulation of this industry had been.”

## Screening Out Sex Bias

“Orchestrating Impartiality: The Impact of ‘Blind’ Auditions on Female Musicians” by Claudia Goldin and Cecilia Rouse, in *Working Paper* 5903 (Jan. 1997), National Bureau of Economic Research, 1050 Massachusetts Ave., Cambridge, Mass. 02138.

Discrimination against women in hiring is often alleged, but hard to prove. Goldin and Rouse, economists at Harvard and Princeton universities, respectively, examine one case that offers an unusual opportunity to gauge the extent of sex bias: symphony orchestras.

Orchestras traditionally have been largely male bastions. Many conductors looked upon female musicians as less talented than men or too temperamental. “I just don’t think that women should be in an orchestra,” Zubin Mehta, conductor of the Los Angeles Symphony (1964-78) and of the New York Philharmonic (1978-90), once said. Women seldom got the chance even to apply. Orchestra positions paid well and turnover was low, and when new musicians were to be hired, most who were invited to audition were “the (male) students of a select group of teachers,” the authors note. The “Big Five” orchestras (in Boston, Chicago, Cleveland, New York, and Philadelphia) were at least 95 percent male until the mid-1960s.

Since then, however, most major orchestras have opened up their hiring practices.

One change is unique: using “screens,” such as a room divider placed on the stage, to hide the sex of candidates from the judges. The result: the proportion of female members of the “Big Five” orchestras has dramatically increased, to 25 percent. The New York Philharmonic is 35 percent female. (Despite Mehta’s previously expressed opinion, 45 percent of the new hires during his tenure there were women.)

Hiring has increased partly because the pool of female applicants is larger. But screening out bias, Goldin and Rouse conclude from an analysis of audition records of eight major symphony orchestras, made it 50 percent more likely that a woman would be advanced from some of the preliminary rounds of an audition, and also significantly improved her chances of being selected in the final round. Overall, their study of the personnel rosters of a larger number of orchestras shows that the use of “screens” was responsible for at least one-fourth of the increase in female musicians since 1970.

## SOCIETY

### *Honk If You Love Your Car*

“Cars and Their Enemies” by James Q. Wilson, in *Commentary* (July 1997), 165 E. 56th St., New York, N.Y. 10022.

If there is one feature of American life that inspires near-universal revulsion in social critics, it is Americans’ love affair with the car. The latest blast comes from Jane Holtz Kay, the architecture critic for the *Nation*. In

*Asphalt Nation* (1997), she takes a sledgehammer to the hated shiny object, shouting “sprawl . . . pollution . . . congestion . . . commuting.” She wants mass transit, railroads, and more biking and walking. What Kay and