SURVEYS AND SPECULATIONS

The sad state of British railways

The rise and fall of Railtrack, 1992–2002

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The railway infrastructure company, Railtrack, was first envisaged in the White Paper, *New Opportunities for the Railway*, issued by the Conservative government of John Major in July 1992. The Railway Bill, which included provision for the establishment of Railtrack, was introduced by the Minister, John MacGregor, in the House of Commons on 2 February 1993 and, after a stormy passage in both the Commons and the House of Lords, became law on 8 November that year. The demise of Railtrack came in two stages. First, Stephen Byers, Secretary of State for Transport, announced to the Commons on 15 October 2001 that, with the approval of the High Court, he had put Railtrack into administration, to be replaced by a 'not for profit' trust, and, second, in October 2002 the not-for-profit organisation, Network Rail, owning for the government most of the permanent way, signals and stations of the railway system, was created. This critical analysis for 'Surveys and Speculations' considers whether MacGregor's claim, made from the government front bench on 2 February 1993, that the proposed Railway Act would 'usher in an historic change for the better', proved to be true, or whether Nicholas Ridley, an earlier Secretary of State for Transport (and a close friend of Margaret Thatcher), was right when he said that 'it was no way to run a railway'.[1]

I

In the age of passenger railway predominance in Britain, roughly from 1830 to 1950, it was generally taken for granted that *laissez-faire*, as advocated in Adam Smith's *Wealth of Nations*, was always superior to State-run enterprises, although there were dissenting voices. One of them was William Galt, whose *Railway Reform* appeared in 1845 at the time of the railway 'mania', an extended version being published in 1865. Galt pointed out that the State-owned railways of Belgium cost a third less to build than those of Britain.[2] Furthermore fares on State-owned railways in Prussia, Belgium, Spain and the Italian States were lower than they were in Britain.[3] But his warning fell on deaf ears. The nascent railway lobby was getting organised and the Royal Commission on Railways, whose report appeared in 1867, favoured *laissez-faire*.[4]

Criticism of the larger companies, which enjoyed a monopoly of services in their regions, increased from 1885 to 1914, with the social reformer James Hole arguing in his *National Railways* (1898) for State purchase and Clement Edwards advocating nationalisation in *Railway Nationalisation* (1907), but no action was taken. In 1911 Lord Haldane, Secretary of State for War, brought together the representatives of the ten leading railway companies to form the Railway Executive Committee, which came into operation on the declaration of war against Germany in 1914. It had the power to direct the movement of railway coaches and wagons to meet the needs of the war effort and its introduction saved the government £20 million in railway operational costs while demonstrating the advantages of unified control. Nevertheless the election of December 1918 returned a significant number of right-wing coalitionists who were opposed to nationalising the railways and the Railways Act of 1921 merely created four regional companies.[5]

The Labour Minister Herbert Morrison, an influential writer on transport policy in the 1930s, saw the need for the consolidation of London's separate tram, bus and train companies into the single, unified London Passenger Transport Board, and the London Passenger Transport Act of 1933, although passed by a Conservative government, was largely his work.[6] It was also true that in his famous book *Socialisation and Transport* (1933) he advocated the principle of undivided ownership in transport.[7] In a way Morrison's work set the tone for a remarkable degree of cross-party co-operation between Labour and Conservative over London's transport which continued during the Second World War. With Labour's landslide victory in 1945 there was strong public opinion in favour of the public ownership of the railways, and opposition MPs in the Commons were far more circumspect in their criticism of the Transport Bill of 1947 than were the opponents of Sir Eric Geddes's proposals in 1918–20.[8]

In the post-war years there was a cross-party 'Butskellite' consensus on the need to make the 1947 Transport Act operate more efficiently. There was also, however, discontent in the Conservative Party both with the continued State ownership of the railways and with Margaret Thatcher's view, expressed in the 1980s, that privatising the railways would be almost impossible because large parts of it were unprofitable. It was only in the 1992 election that those who felt that the Conservatives' policy of wholesale privatisation of industry would be incomplete if the railways were not included came to the fore. In addition the Bill as presented for the Queen's signature on 8 November 1993 was a very different animal from that first presented to the Commons on 2 February of that year.[9] The original Bill provided for two organisations: a publicly owned Railtrack and a single privately owned operating company. By November 1994 John Mawhinney, MacGregor's successor in charge of transport policy, felt obliged to float Railtrack as a private company on the stock exchange as well as creating twenty-five train operating companies. These two changes were made entirely for tactical and political reasons, not in response to any changes in transport policy.

In the event the flotation of Railtrack on 1 May 1996 was a cheap 'snip' for investors. The company was given a value of £1.9 billion for the track, stations and signals it owned, although the last proper assessment of those assets under British Rail (in 1993) valued them at £6.5 billion. Thus while windfall profits could be earned by private investors selling the undervalued shares, from the taxpayers' point of view the flotation represented a sacrifice of £4.1 billion of public worth. The move must be seen in the political context. The outcome of the election of April 1992 was that the Conservative Party under John Major had a majority of twenty-one seats in the House of Commons. The Conservatives at first had popular support, but by February 1993 they had lost ten by-elections and their survival was in doubt. Something had to be done to win back support; floating Railtrack as a private company at an unusually low price, allowing shareholders and speculators to resell their shares at a handsome profit, would bring funds to the governing party and give it the means to offer financial concessions in the last pre-election Budget. The 'key finding' of the all-party Committee of Public Accounts' report *The Flotation of Railtrack* was that 'the large increase in Railtrack's share price since flotation was because it had been undervalued and sold in haste.'[10]

MacGregor's decision to divide railway operations between twenty-five companies enabled him to sell off what were likely to be the more profitable lines first, *pour encourager les autres*, to show investors that the railway operating companies (ROCs) were profitable. This tactical political move was made to hasten the privatisation process and complete it before the following election. One of the promises made by MacGregor in his second-reading speech on 2 February was that the new arrangements would 'get rid of BR's heavily bureaucratic structure'. How this was to be done by creating twenty-five separate companies, each with its separate links with Railtrack, and its contractors and subcontractors (for maintaining the infrastructure) he did not explain. In fact his Bill resulted in the creation of at least 120 companies and the move generated a multitude of problems, including a decline in railway service punctuality, which bedevilled Railtrack for the rest of its existence.

At the time of Mawhinney's statement to the House of Commons in November 1994 Michael Meacher, Labour's spokesman for transport, said that the measures proposed had 'nothing to do with the dictates of transport policy. It is driven entirely by the government's desperate desire to make tax cuts before the coming general election . . . privatisation would be deeply damaging to the Labour Party. They would fight tooth and nail against it happening.'[11]

On 29 March 1996 Meacher's successor as Shadow Secretary of State, Clare Short, issued a statement which promised that the next Labour government would make good its commitment to 'a publicly owned and publicly accountable railway'.[12] Tony Blair made a similar personal commitment on 13 March that year.[13] These were times of great uncertainty for the future of Britain's railways. Among the Labour Party rank and file there was impatience for further details of how a Labour government would provide the publicly owned railway. Part of the explanation for the delay was the fear in the Labour leadership of making public spending commitments. Brian Wilson, the shadow Transport Minister, sought to deter investors by creating a climate of uncertainty: 'investing in rail privatisation in the dying days of a Tory government would be an irresponsible course of action'.[14]

However, in the period September 1996 to March 1997 more business groups offered to take up franchises; for example, in February the National Express coach group was awarded its fifth franchise, giving it a dominant position in the rolling-stock leasing market.[15] By 31 March 1997 franchises had been arranged for eighteen of the twenty-five railways provided for under the Railways Act. One of the last acts of the Conservative government was to ensure that the remaining seven companies were given subsidies to prevent them becoming insolvent – a truly amazing concession in view of the statement by MacGregor on 2 February that the publicly owned British Rail had had a tendency to ask for more taxpayers' money and to feel that public subsidy would always be there as a crutch whenever things looked difficult!

Probably the most flagrant example of the exploitation of British Rail for the purpose of benefiting a small number of financial speculators was the assembly of the three consortia to absorb British Rail's workshops, which employed some 11,000 workers. Sandy Anderson, who led the management buy-out to create Porterbrook for £527 million, made a personal fortune of £40 million, while John Prideau made £40 million when Angel Trains was launched at £672.5 million and Andrew Jukes, the managing director of Eversholt, pocketed £15 million when that group was sold. These were also halcyon days for the permanent way repair and management firms. Jarvis, for example, made £550 million through expansion and acquisitions between 1996 and 1998.[16]

2

Railtrack was launched on the London Stock Exchange on 1 May 1996 at the absurdly low price of £1.9 billion. The undervaluation was deliberate: the Conservative government knew that the potential buyers of Railtrack shares were hesitant because they feared the return of a Labour government pledged to restore public ownership. But they might decide that buying *discounted* shares was worth the risk. Share prices (see Figure 1) at first rose cautiously for nine months and then shot up to a peak of £15.51 in 1998, valuing Railtrack's equity at £7.8 billion.

Given the Conservatives' dogged determination to privatise the railways, the scheme succeeded in the short run. In spite of the opposition of the CBI, the Transport Users' Consultative Committees, those who ran the railways and those who worked on them, the TUC and the Labour Party, the government decided to launch Railtrack as quickly as possible with the share price fixed at an obviously low level. The scheme succeeded in the short run, but a train of consequences inevitably followed. The firm of Warburg, whose job it was to float the company, knew that the government was in a weak bargaining position and had strong reasons for fixing a low price for the shares. It was found that the sale was ten times oversubscribed, and this gave Warburg the opportunity to charge an extraordinary 1.5 per cent commission on

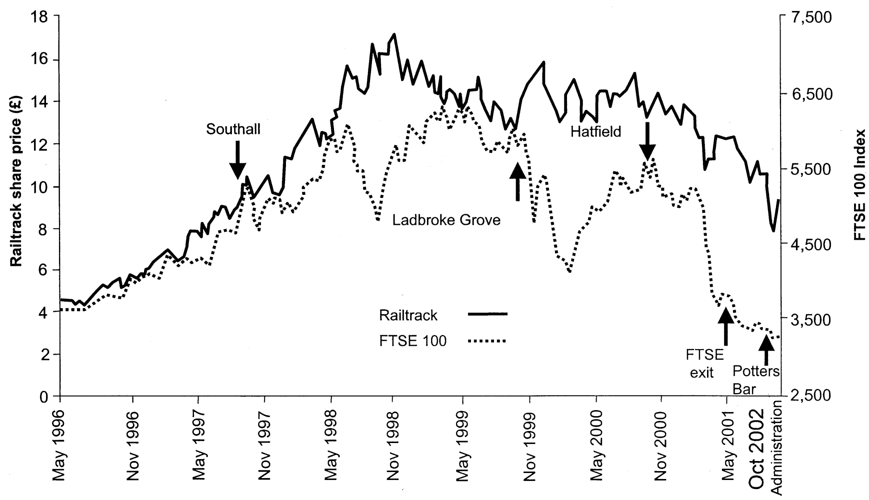

Figure 1 Railtrack versus the FTSE 100, 1996–2002. *Source Financial Management*, April 2002

the transaction. By August 1998 Railtrack's valuation had rocketed to £7.2 billion – a gain of £3.3 billion, or more than the entire economy of Estonia was worth at that time.[17]

The Railtrack board, brought together by invitations sent to individuals between December 1992 and August 1993, was unsuitable for keeping the track and signals of the railway system in a safe and reliable condition. Its members were financiers who were accustomed to managing the intricacies of take-over bids rather than an industrial public utility such as the railways. Robert Horton, who was appointed chairman, was dismissed from the BP board in June 1992 and was well known in business circles for his 'toughness and pig-headedness in equal measure'; he was certainly no diplomat. Archie Norman had worked for Citibank and had been chief executive at Woolworth's, while Christopher Jonas had been a senior partner of Drivers Jonas, a leading chartered surveyor and real estate consultant. Jennifer Page, the only woman on the board, had been chief executive of English Heritage. There was no engineer in charge of the infrastructure. Neither the Department of Transport nor the Railtrack board had any special liking for railway engineers, who they considered had been preoccupied for decades with building different varieties of steam locomotive. The one board member who did have experience in railway administration was John Edwards, who resigned from the British Rail board to become Railtrack's chief executive.

According to the 253 page prospectus issued by Railtrack on 15 April 1996, the financial payments to the members of the board were generous:

> The incentive programme offers directors and senior executives a cash bonus, part of which can be converted into shares, which in turn, can qualify them for additional free shares. In the best circumstances, they could get an

> additional 20 per cent of their salaries in cash, plus shares worth five times their salary. Executive directors' basic salaries ranged from £98,470 to £154,500.[18]

The anomaly in the case of Railtrack directors' pay was illustrated in the case of Gerald Corbett, executive director, who was forced to resign in November 2000.

In his annual report and accounts for 1996/97 Sir Robert Horton noted early in his introduction that he had 'new responsibilities to the shareholders'. This was a prior concern and he no doubt realised that, following the unseemly sums pocketed by the executives of the rolling-stock companies and some Railtrack executives, meagre dividends would not go down well with shareholders. In fact net dividends of 22.1 per cent were paid to shareholders in 1998, and in the following years they rose to 28.0 per cent by 2001. In his address to Railtrack shareholders Horton boasted that he planned to make 'substantial cuts in the maintenance and repair bills' and that 'through a large-scale, long-term investment programme they would produce 'a railway network fit for the twenty-first century'.

The official figures show that investment in national rail infrastructure rose as shown in Table 1. An important difference between British Rail's accounting practice and that of Railtrack is that British Rail included track renewal only as capital investment, whereas Railtrack included both renewal and *maintenance* as capital expenditure. Railtrack figures also include station and signalling renewal, and maintenance. In allocating resources Railtrack management was prompted to invest in those projects which were likely to bring the greatest financial return rather than in those which were most conducive to passenger safety and comfort.

Table 1 Investment in the national rail infrastructure (£ million)

Period	*Investment*
1992/93	939
1993/94	762
1994/95	890
1995/96	900
1996/97	1,178
1997/98	1,430
1998/99	1,823
1999/2000	2,012
2000/01	2,404

Source *Transport Statistics, Great Britain, 2003*, section 1.6, p. 25. The figures are from British Rail up to 1994, thereafter from Railtrack.

In his report on the Ladbroke Grove rail disaster Lord Cullen criticised Gerald Corbett for telling MPs a few days earlier that the track outside Paddington station was safe. Nevertheless Corbett left with a £1.3 million pay-off, made up of £444,000 compensation for loss of office and £913,000 from his pension entitlement. He had not been unemployed for long before he was appointed executive chairman of the retailer Woolworth's.[19]

Railtrack now entered a short prosperous phase as passenger traffic rose by 20 per cent in two years, mainly due to the growth of women's part-time employment and families taking short-term holiday breaks. Optimism for the future was mirrored in the lavish presentation of Railtrack reports. There were colour photographs of Robert Horton (chair), Norman Broadbent (finance) and John Edmonds (chief executive), and five 'well-known British artists' were hired to create railway posters. The inappropriate nature of such lavishness was soon to become all too clear.

3

Under British Rail the network was under unified control and responsibility for safety was upheld by rules which all members of the staff were required to observe. The rules reflected the experience of accidents on the railway. But the railway system was fragmented after privatisation and formal legal contracts were the requirement of the ROCs and ROSCOs (rolling stock companies). In 1999 the Labour Minister John Prescott established the Office of Passenger Rail Franchising and the Office of the Rail Regulator. Once the franchised companies had been set up, the Rail Regulator had responsibility for overseeing the performance of the ROCs. In 2001 the Regulator, Tom Winsor, issued a forty-one-page document, *Accountability of Railtrack*, which tried to establish some uniformity of accounting and registration of assets, but unfortunately Winsor did not achieve the uniformity of railway operational practice that was needed.[20]

Four important accidents in the space of six years thoroughly undermined the self-confidence of Railtrack and public trust in the railways as a safe means of transport. It also persuaded thousands of investors that Railtrack shares were not the outstanding bargain they had been led to believe. The accidents were at Southall on 20 September 1997, Ladbroke Grove on 5 October 1999, Hatfield on 17 October 2000 and Potters Bar on 10 May 2002. After 1940 there were fewer deaths on British railways in each succeeding decade: in the 1940s there were 344, in the 1950s there were 337, there were seventy-five in the 1980s and forty-six in the 1990s. Thus Southall and Ladbroke Grove, with a total of thirty-eight fatalities, spoiled an otherwise excellent figure for the 1990s; there were three years in which no railway travellers had been killed.

The cause in each of the four accidents was the *system* introduced at the time of privatisation. Although at first individuals – usually the train drivers – were blamed by the press, investigation of the background of events revealed that the chief executive of Railtrack was responsible. At Southall a Great Western train from Swansea crashed into a goods train crossing its path. The driver had detected a fault in the automatic warning system in his cab at Oxford, but was advised to proceed to Paddington with the device switched off. In Regulator Tom Winsor's words, the real cause of the accident was 'the switch from the integrated system of British Rail to the fragmented system of

Railtrack'.[21] At Ladbroke Grove a signal was difficult to see when the sun was low in the sky and had been passed at danger eight times before. This section of the network near Paddington station was notorious for the number of accidents and near misses that occurred. In November 1995 at Royal Oak, less than a mile from Paddington, a driver mistook a signal which he thought referred to his train and collided at low speed with an express bound for Swansea. A subsequent enquiry made fourteen recommendations, but Railtrack failed to implement seven of the nine which were expected of it. Moreover there was no machinery to enforce corrective measures. A driver interviewed by *The Guardian* summed it up: 'There is confusion as to who is responsible . . . You can't get work sorted out – the TOC says it's Railtrack: they say it's Balfour-Beatty [the contractor] who says it's the subcontractor.[22]

Gerald Corbett ultimately admitted that he had been responsible for the thirty-one deaths and hundreds of injured at Ladbroke Grove. Pam Warren, head of the Paddington Survivors' Association and severely injured herself, said there was there was 'a lot of hurt and bitterness' at the meeting she had with Corbett and that he walked out when the issue of corporate liability was raised. Later, on the first anniversary of the disaster, Corbett was contrite, being moved by Warren's disfigurement and eloquence to admit that 'as a company we've been concerned about figures rather than safety. Now is the time to redress the balance.'[23]

The Hatfield disaster was not a surprise to those with knowledge about the management of the line from Kings Cross station to Leeds; there was an urgent need for the replacement of rails at a number of places along the route. An internal document sent by the company Balfour Beatty to Railtrack revealed that on two separate occasions the recommendation was made that the track near Hatfield should be replaced as a matter of urgency. The warnings were ignored.[24] The rule for that part of the line was for a 115 m.p.h. maximum speed. It is not known whether the driver was aware of this but the locomotive speedometer showed the engine was travelling at 117 m.p.h. Clearly the management at Kings Cross should not have allowed the driver, whose training was incomplete, to take a train on that part of the network. As early as 9 December 1998 the chair of the House of Commons Transport Committee, Gwenneth Dunwoody, had issued a report which declared that Railtrack's contractors went unchecked and that the Health and Safety Executive 'should be more active in monitoring contractors' work'.[25] The report went on to say that Railtrack's records were 'simply not acceptable'[26] and that its management of the contractors had been 'woeful'.[27] Following Hatfield the Railtrack board panicked and ordered severe speed restrictions at over 100 points on the rail network. Gerald Corbett offered to resign. His resignation was accepted but he was asked to postpone it for three months, by which time it was hoped the Railtrack share price would have recovered.

The Potters Bar crash occurred when points broke under the last carriage of a train travelling from Kings Cross station to Kings Lynn. The locomotive and the first two carriages of the train proceeded up the line but the last coach crashed into a bridge, turned on its side and plunged into the station, throwing passengers into the air under the station canopy and killing seven of them. It was subsequently revealed that the maintenance gang of Jarvis, the contractor, had found two detached bolts between the rails and had screwed them on again. An inspector had passed over the line later and did not notice any fault.[28] When the track was examined after the crash four bolts were found loose on the scene and the consensus opinion formed that the two men who had screwed the nuts on had not done the job properly, under stress to finish it quickly.[29] Again, it was the *system* of management which was to blame. Railtrack executives at their desks in Euston were not aware of the tragedy unfolding at Potters Bar. The contractors had made their own arrangements for the hiring and firing of maintenance gangs; they had no particular attachment to the railway. Under British Rail maintenance gangs were employed 'in house'; they were attached to a particular section of the network and became familiar with it.

What happened at Potters Bar was, in the words of railway historian Terry Gourvish, 'a maintenance failure of catastrophic proportions that calls into question the entire system of railway maintenance'.[30] From the time Railtrack took over from British Rail there had been repeated warnings from those employed in the industry that the railways were not safe. This in fact is not true; those who travel by road are forty times more likely to be killed or injured during their journey than are rail travellers. The important thing, however, is the *perception* of safety: hitherto travellers had understood that 'it's safer by rail'; now they doubted whether it was. As Figure 1 reveals, there was a steady fall in Railtrack's share price from November 2000 which continued until Stephen Byers announced that he was putting the company into administration in October 2002. At that time the share price was £2.30, compared with the launch price of £3.90. A small group of shareholders, who held a majority of the shares, appealed against Byers's decision, but Mr Justice Lightman, of the High Court, held 'this is clearly a case where the making out of administration is not only appropriate but absolutely essential, and I shall therefore make out the order immediately'.[31]

The background to the appeal and the decision was grim: Railtrack had asked for advance payments from the Secretary of State, some of which were not due until the following year, and the company's end-of-year debt had risen from £499 million in 1997 to £1,593.8 million; Byers persuaded the Appeal Court that Railtrack would be bankrupt if it continued on its present course.

4

Railtrack's performance after 1996 can be compared with that of British Rail in the period before 1996 by examining investment, productivity, punctuality and speed of the passenger services, and the number of complaints made by passengers. The total investment in the railways over the years 1948–2002 is reproduced in Figure 2. It shows a steep rise to nearly £2,500 million in the late 1950s and then a sharp decline in the 1960s. There then followed a period of steady increase until the election of the Conservative government of Margaret Thatcher in 1979. Investment dipped again in the early 1980s,

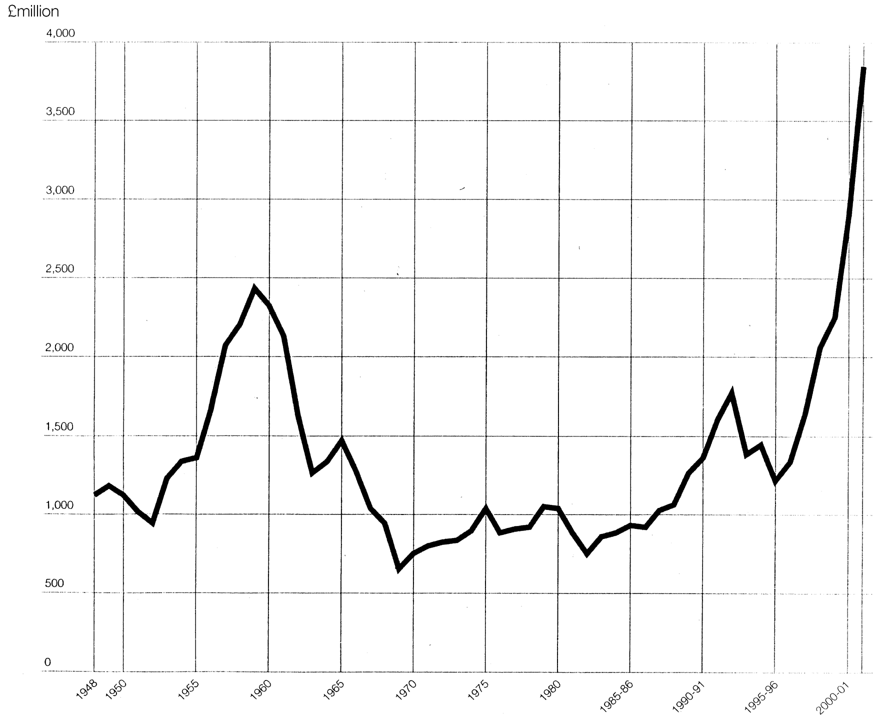

Figure 2 'Investment in British railways (1999–2000 prices), 1948–2001/02.
Source Strategic Rail Authority, issue 33

recovered and finally showed a sharp rise from 1996 under Tony Blair's Labour government. It should be remembered that in the Conservative administrations of the 1980s and early 1990s track maintenance was included with track replacement as capital expenditure. What is quite clear from Figure 2 is that there was a very low level of railway investment between about 1965 and 1995.

So far as the investment made by Railtrack is concerned, however, the directors apparently preferred to invest in station improvements rather than the track. Certainly station refurbishments included upgrading train departure and arrival indicators, but the most profitable part was the leasing of space within the station for shops selling flowers, socks, jewellery and so on. In the accounts for 1998 net capital expenditure, 'station regeneration' costing £182 million was included in the net total of £545 million. Since rail maintenance was included in the remaining sum, an inadequate amount must have been spent on track renewal (see Figure 3).

Remarkable improvements in railway productivity were made in the two decades from 1975 to 1995. This included manpower savings in ticket checking at platform entry or departure, single manning in electric locomotives over shorter distances and in information services. Certainly, in comparison with its major European neighbours, British Rail had a good record, as shown

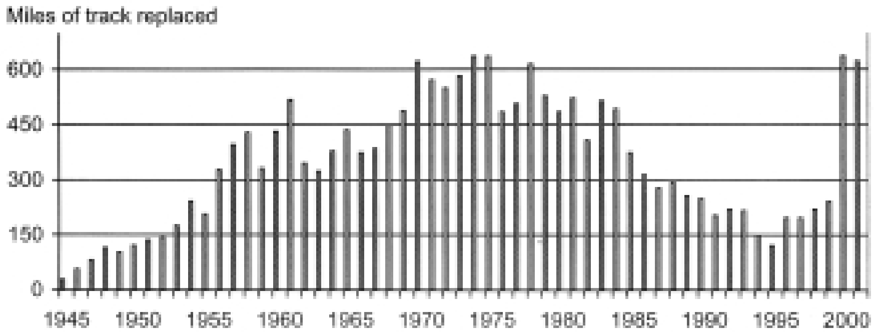

Figure 3 Track renewal, 1945–2000. *Source Guardian*, 1 April 1993

by passenger miles per loaded passenger train miles. Also the movement of freight was more efficiently carried out: freight tonne miles per loaded train mile rose from 267 in 1974 to 346 in 1987. Compared with fourteen European States British Rail's performance was superior: its performance in 1993–94 on the measure of train kilometres per member of staff was 3,463 compared with 2,220 for the Community of European Railways. These facts surely question the allegation of John MacGregor in February 1993 that under the British Rail regime there was an easy, laid-back approach by management, where it was taken for granted that when things went wrong the government would always help. It is sometimes forgotten that after franchises had been organised for eighteen of the twenty-five ROCs in the 1990s, as mentioned, the government had to step in and subsidise the remaining seven. Under British Rail the network was not divided up and routes in the profitable parts helped the weaker ones. It was Railtrack and the financially weaker TOCs that were obliged to go cap in hand to the Treasury for subsidies. As Richard Knowles has pointed out, in 2003 rail subsidies were higher than they were in 1993 in the closing months of British Rail's life.[32] Moreover with few exceptions the punctuality of trains got steadily worse over the period 1997 to 2002.

There is no mistaking the deterioration (Table 2). Some winters were particularly damaging to punctuality records. The Prime Minister, Tony Blair, described his experience making two journeys in a week on the rail network in December 2000 as 'hell'. The journey from Edinburgh to Southampton, which was supposed to take nine hours, became a fifteen-hour crawl, and a trip on the Bradford Businessman train took ten hours instead of two.[33] The fragmentation of the rail network had created more places where things might go wrong, and this was the basic cause of unpunctuality. The *Sunday Times* newspaper cited three cases where the timetabled journey time in 1898 was shorter than in 1998: Nottingham to Liverpool, two hours fifty-five minutes in 1898, two hours fifty-six minutes in 1999; Portsmouth to Southampton, thirty-five minutes in 1898 and forty-six in 1998; Stoke to Stafford, twenty-eight minutes in 1898 and thirty-two in 1988.[34] Since the ROCs could be fined by the Regulator if they were late in arriving at their destination, companies began lengthening their timetable journey times by up to fifteen minutes to make it appear that their trains were punctual. The process was called 'padding'.

Table 2 National rail public performance measure (percentage of trains arriving on time)

Financial year	*Long-distance*	*London and South East*	*Regional operators*	*All operators*	*London and South East peak services*
1997–98	81.7	89.6	90.6	89.7	86.9
1998–99	80.6	87.9	88.6	87.9	85.3
1999–00	83.8	87.1	89.1	87.8	85.1
2000–01	69.1	77.6	89.7	79.1	78.7
2001–02	70.2	77.8	79.1	78.0	73.6

Source Strategic Rail Authority *Bulletin* (2003).

Not surprisingly there was a rise in the number of passengers' complaints, from around 5,000 in the early 1990s to 11,640 in 1995/96.[35] At main-line stations additional personnel were employed to deal with passenger enquiries, but at hundreds of stations where passengers embarked or disembarked there were no staff to issue or collect tickets. This short-sighted policy led to fares being lost and people travelling alone with doubts about personal safety. In July 1997 the Great Eastern Railway suggested to regular passengers that they might ease their daily struggle to get to work by acting as part-time guards on the railway! The company may have hoped this move would save them employing full-time guards, at union rates of pay; in the event the offer was not taken up and trains on many routes continued operating without a guard.[36] In London, where more than nine out of ten commuter services had arrived on time under British Rail, less than eight out of ten did so in 2003, with all the additional inconvenience that this caused.[37] The trains themselves were overcrowded, mainly due to the need for private managements to save money. This strategy was manifest in their reluctance to put on extra coaches at peak periods. Meanwhile the three ROSCOs, Angel Trains, Porterbrook and Eversholt, 'did the best out of privatisation'.[38] They had the monopoly of rolling stock supply, so that the TOCs had to deal with them for the hire of passenger carriages. Thus the privatised railway system had brought about a situation where the vested interests of the ROSCOs and the TOCs were permanently at loggerheads. The TOCs wanted to hire carriages as cheaply as possible, while the ROSCOs' interest was to charge as much as possible from the lease.[39] At peak demand the TOCs were tempted to squeeze in more passengers rather than pay more for extra carriages.

5

The establishment of Network Rail in 2003 resulted in the repair of some of the damage caused by the Railways Act. Its deputy chief executive issued a press release explaining that:

> the main drain on the money was that 4,000 miles of track – 20 per cent of the network – was in urgent need of renewal . . . The average life expectancy of a rail was forty years, which would mean that 500 miles of track ought to be replaced every year. However, in the period around privatisation, renewals fell as low as 140 miles a year.[40]

In 2003 the Strategic Rail Authority took over South East Trains and the rail network around Reading, as both these areas had been notorious for the poor management of the business. Then in November 2003 Network Rail decided to take the step of dispensing with contractors for maintaining the rail network throughout Britain, although contractors would remain responsible for renewals. John Arnott, Network Rail's chief executive, said that staff would get a long-term view with better possibilities of training and promotion.

What can we conclude from this brief survey of Railtrack's rise and fall? It seems fair to say that the attempt to privatise railway services by splitting the ownership of the track and infrastructure from train operations has been a total failure. It has led to an *increase* of bureaucracy (and not a reduction, as MacGregor claimed in his denouncement of British Rail's record), confusion on the part of both management and workers as to 'who was boss' and a sharp decline of train service punctuality on many routes, especially where trains cross county boundaries. It is less easy to draw conclusions about the overall safety of rail travel, but the fatal accidents and near misses that occurred on Railtrack's watch have allowed the perceived safety of railway travel to be questioned more readily.

What should be done? Public ownership, or 'not for profit' management, of the track and infrastructure alongside private ownership and management of railway operations is only half the remedy. Rather, the whole railway system should be placed under public ownership and control. Critics of rail privatisation will recall the decision of the Dutch government in January 2002 to abandon the attempt to privatise its railways after it had caused 'a sharp deterioration in the train service'. Britain should consider following the Dutch example rather than persisting with doctrinaire schemes to involve private capital in public transport provision.[42] The railways should be treated as a vital and indispensable public good, where high standards of service to the passenger and freight customer coexist with the labour force in an industry where jobs are well paid and highly esteemed.

Notes

1 *Times*, 13 January 1999.
2 William Galt, *Railway Reform* (1845, 1865).
3 *Ibid*., p. 70.
4 G. Alderman, *The Railway Interest* (Leicester, 1973), chapter 1.
5 D. H. Aldcroft, *British Transport since 1914* (1975), chapter 1.
6 Herbert Morrison, *Socialisation and Transport* (1933), p. 209.
7 *Ibid*., p. 73.
8 Geddes's comprehensive Ministry of Ways and Communications Bill was rejected by the House of Commons.
9 House of Commons, *Hansard*, vol. 772, 2 February 1993, col. 137.

10 Committee of Public Accounts, Twenty-fourth Report, 1999, *The Flotation of Railtrack*, key finding 4.
11 Volume 729, col. 24, November 1993.
12 Clare Short, *The Future of Rail*, 29 March 1996.
13 *Guardian*, 13 March 1996.
14 Labour Research Department, *Labour Research* 58, 2 (January 1996).
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