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Policy UnitPRIME MINISTERAFTER THE RAIL STRIKE

The NUR decision to suspend the rail strike is one of the most remarkable climb-downs in modern trade union history. It is hard to think of another occasion on which a major trade union has gone through all the effort of organising a national strike and then called it off after 48 hours without the hint of a settlement. This is the clearest possible demonstration of the rank and file's awareness of how fragile are their job prospects and of how little public sympathy the railwaymen now enjoy.

Yet we have to face the fact that the delegates at Plymouth were tactically correct in their decision. They may in effect have renounced the all-out strike weapon for the immediate future. But they retain undiminished the power to obstruct all measures of productivity proposed by the British Rail Board and to cripple the railways at low cost to themselves by calling out signalmen and other key groups of workers.

We must not lose the opportunity to turn this spectacular climb-down to our advantage. The line to take is surely: "Look, even the railwaymen now begin to realise the desperate plight of British Rail. We cannot let the railways go on like this." We are still running a rail network virtually unchanged in size since the late 1960s, and it is costing us £1bn a year. We have even less excuse for failing to act now, now that the balance of power has shifted in our favour.

The Serpell report will increase the pressure to act. Even if - as we fear - it is timid and inadequate, the Government risks looking equally timid if it does not have ready in its locker some more far-reaching plans to deal with the railways. We shall not be able to leave BR broadly as it is and still look credible as a reforming Government which is determined to save public money. We have to devise now a step-by-step plan to reform British Rail. And that means working out how to step over or step round the principal barrier to doing anything at all, namely, the multifarious, interlocking groups which make up the "rail lobby".

The passionate supporters of the railways stretch far beyond Sir Peter Parker's "railway community". They include:

- (a) The rail unions. As always, the principal obstacle to change. But on their own, their industrial muscle would not have been sufficient to halt the natural process of economic and technical change.
- (b) Sentimental railway enthusiasts - the grown-up train-spotters. This deeply ingrained attitude is to be found in the most surprising and otherwise hard-headed people. Railways are often felt - even by many people who rarely use them - to be an intimate and integral part of our heritage. But public affection for the railways - if not necessarily for the railwaymen - is a political fact of life, and one which the Government failed to understand in the 1960s and so wrecked the hopes of implementing the Beeching Reviews in full - which would have saved the Exchequer millions in the ensuing 15 years.
- (c) Believers in nationalisation and the public provision of services. An "integrated" or "co-ordinated" transport system usually involves a central and determining role for the railways. The co-ordinators may not seem much of a political threat to a market-oriented Conservative Government, but the arguments which they use - for example, the level of railway subsidy handed out in other Western European countries - do soak into the general consciousness. The fact that some continental railways may be even more inefficient than BR (and have made bigger losses since being electrified) is brushed aside - as are the differences in geography and the distribution of population. The belief that the railways ought to supply the backbone of any national transport system has obstinately survived the long decline in BR's share of the market.
- (d) Conservative MPs in rural constituences who fear the loss of votes which, they believe, will be caused by any radical change in the existing pattern of railway services. It is hard to prove that this is a realistic fear, but it is equally hard to prove that it isn't. MPs may be forgiven for relying on the evidence of their postbag. Railway enthusiasts are energetic lobbyists.

- (e) Commuters and other regular railway users who believe that their means of getting to work may disappear for ever. During the last closures, British Rail was remarkably feeble in informing its ex-customers and the press about the alternative possibilities.

The combined strength of these lobbies may be judged from the fact that of the 26 organisations and individuals (excluding departments of central Government) who submitted evidence on electrification to the House of Commons Transport Committee - itself a body dominated on the Labour side by hirelings of the rail unions - no less than 21 were pro railway and only 4 were clearly against investing gigantic sums of public money in BR.

But the attitudes of the various lobbies are far from identical. With the rail unions, it is a case of self-interest and job preservation. With the enthusiasts, it is nostalgia. With Tory MPs, it is fear of electoral damage. Commuters, for their part, would hardly consider themselves part of the "railway community". Many of them have come heartily to dislike British Rail, but they continue to fear the loss of a public service which is an integral factor in their lives.

Any radical reshaping of the railways has, therefore, to take account of these varied attitudes and to meet the more substantial fears, as far as may be possible, without compromising long-term objectives.

This is true whether the reshaping is to be undertaken immediately or postponed beyond the Election. "They are going to take away our job/station/line" is just as potent a grievance as "They took away our job/station/line".

#### Defeating the lobbies

Previous efforts to reform the railways have foundered when faced with a combined attack from these very different groups. Together, they have made a sensible reshaping of the railways appear to be a political impossibility. In order to make effective large-scale reform, therefore, we have to tackle all the lobbies together, but use different tactics appropriate to each one. Because British Rail is one single gluey mass, each individual lobby has the power to exert a veto over any alteration in BR. So we first have to

separate out the different elements which at present make up that gluey mass. We must deal separately with the social-service argument, the political fears, the trade union obstinacy, and the environmental anxiety, as well as the commercial objective.

1. The public service obligation

The idea of a national subsidy for the railways which would meet a national "social need" has crept in by stages, most notably in the 1968 and 1974 Acts, until the individual subsidies have been hopelessly merged with British Rail accounts. The ludicrous result is that Sir Peter Parker was able to claim - and one or two of the more gullible newspapers printed as fact - that BR "lost only £37m last year". The true figure was of course nearer £1bn. We shall never be able truly to assess the need for subsidies unless the cost to the public purse involved in running each individual loss-making line is identified in all BR's public financial statements. The next step is to transfer the responsibility for paying those subsidies which are still thought desirable to those bodies whose members are presumed to benefit: in urban areas, passenger transport executives (if we plan to keep them) ought to pay the subsidies; in rural areas, it should be local authorities or consortia of local authorities; in the case of train load freight, it should be bulk users. Or freight could be subsidised by the Government compensating the relevant industries in order to keep coal, steel, bulk chemicals, aggregates etc off the roads for environmental reasons. If that is what we want, then the cost should be publicly allocated and so made assessable.

2. The "heritage function"

We are rightly determined not to let the railways decay into a museum of industrial archaeology. But we have to face the reality that, in many people's eyes, it already serves the purposes of just such a museum in many respects - and a very poorly-maintained museum at that. People of all ages are fascinated not simply by the history of rolling stock - which can be exhibited in an actual museum - but of the whole legacy of Victorian stations, tunnels, track and viaducts. These are widely regarded with pride and affection as part of our national heritage. We may find it easier to reshape the railways if we manage to communicate that we too share this pride and that we can rationalise the railways without betraying our duty to conserve the best in our tradition.

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We must detach the heritage function from the business of transport. Preserving railway monuments of all sorts and finding new uses for them is not simply an extra sweetener tacked onto the end of a new railway policy. It is an essential part of that policy. In any radical review of the railways, we will make life easier for ourselves if we first give certain pledges:

- (a) No trackway closed by BR will be lost, interrupted or sold off piecemeal as happened after the Beeching review. Either it will be converted to road or some other form of public transport track. Or it will be offered for sale to independent light "Bluebell" railway services, which will in future be encouraged and not discouraged to connect their services with the main rail network. Or it will be converted to footpath and bridleway.
- (b) No great monuments of the railway age will be destroyed. Even if there were to be no railway into Cornwall in future, Brunel's Tamar bridge ought to be preserved and found a use for. Similarly, if the Settle-Carlisle line is closed, the viaducts might be given minimum maintenance to allow future generations to walk or ride over them.
- (c) These costs will no longer be borne by the main rail network, but by local authorities and by a new National Rail Heritage Fund. This Fund might be given a generous start from the Government with an initial donation of, say, £5m. Voluntary contributions and fund-raising events would soon swell its income. In comparison to the savings which we hope to make by no longer running trains over these lines, any such Government donation would be minimal. At all times, the first thing to keep in mind is that what costs money is running empty trains.

The Rail Heritage Fund is a crucial element in any radical reshaping. Without an arrangement of this type, closed routes fall into limbo - as they did after Beeching - reliant on the rail enthusiasts who often did not know how to bargain with a nationalised industry like British Rail. If we wish to calm the fears of our middle-class supporters, we must show our concern for the heritage function as well as the transport function.

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## 3. Alternative service guarantees

It will not be enough to say, as the Government did in the case of the Beeching review, that virtually all the mileage to be closed already had bus services available or could have bus services which would be economically viable. We must guarantee that for a considerable period after closure - perhaps 5 years - public transport of a comparable quality will be available along that route. There might be a case for publicising a "10-minute rule" by which no substitute service would count as adequate unless it offered a journey time which was at worst 10 minutes in the hour slower. Where it is not possible to run such a service because of road congestion or the lack of a comparable road route, the railway undertaking would have the right to ask for an earmarked subsidy from the local authority if the local authority wished to keep that service in being.

## 4. Dealing with the rail unions

- (a) Reductions in manpower would be effected so far as possible by natural wastage.
- (b) In any alternative undertakings which made use of British rail track and other assets, former railwaymen would have first choice of any suitable jobs. This might even extend to routes where road services replace rail.
- (c) The railways would still be saving money if we offered the choice of good redundancy terms or "basic pay until retirement" to all superfluous staff, as in the Dock Labour Scheme - so long as, in return, British Rail had a free hand to run the kind of railway it wanted. In The Rail Problem (1975) Pryke and Dodgson estimate that for reasonable efficiency, the number of rail employees ought to have fallen from 240,500 in 1971 to 153,000 in 1981. In practice, it has fallen only by some 15,000 to 225,000 today. The railways have been frozen for a decade or more and we must be prepared to offer handsome bribes to unfreeze them. You could offer £10,000 once-for-all to each superfluous worker so as to bring BR's staffing down to the economically

efficient level, and still be spending less than the subsidy now paid each year to keep BR going.

5. The regional railway

The radical start will be made much easier if the management structure of the railways is altered dramatically. The historical development of the railways - each with a separate network and separate London terminus - makes it relatively easy to re-divide the railways back into their original regional components. In management terms, this process has already begun. But if we are to revive pride both among railwaymen and among railway users, there is a strong case for carrying this division to its logical conclusion and restoring the GWR, LMS etc in all their glory and their distinctive colours. This would be a measure which would have appeal to all the lobbies we have been attempting to outflank:

- (a) Railwaymen themselves would like it if it helped to restore the ethos of the "railway servant".
- (b) So would the trainspotters and back-bench Tories.
- (c) Management would find it easier to make radical and imaginative decisions without a vast unwieldy national network to look after. Management would also be able to take account of the marked difference in the type of railways as between the long-distance East and West coast mainlines and the commuter network of the Southern Railway. It would also be easier for the regional railway to deal directly with its local authority in assessing which services it was ready to pay for. The blame for closing an underused line would be transferred to the local authority.
- (d) At the outset, the regional railways would no doubt be mini nationalised industries. But with an effective use of assets and a free hand on manning levels, there is no reason why they should not soon become attractive to private capital. For that reason, it is essential that the fallback scheme for unwanted railway staff should be a national responsibility, so freeing the regional railways to become exclusively commercial entities.

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6. The commercial railway

Once we have decided how to outflank the various lobbies, we can then proceed to make the regional railways into profitable commercial enterprises free to make the best use of their assets. They could then proceed to introduce real cost-cutting on their main lines without inhibitions about social or environmental responsibilities.

There is no mystery about the main ingredients of such a cost-cutting process. We have known for years what needed to be done. For example:

- (i) Flexible efficient use of manpower.
- (ii) Reduction to 8,000 route-miles or less.
- (iii) Reduction of uneconomic off-peak services, with the huge consequent savings in staff, track maintenance and the life of rolling stock.
- (iv) Reduction to single track on lightly-used routes.
- (v) Energetic development of derelict land and city centre stations.

These and many other such reforms have been commonplace for years. Dr Richard Pryke told the Transport Committee that "if restrictive practices were eliminated and British Rail used its train crews more efficiently, it would only require about 55% of the number employed in 1979". It is worth noting that even such inefficient organisations as international airlines do not feel compelled to run indefinitely a scheduled service which has no hope of paying its way. The notion that it is inherent in the duty of a public transport undertaking to run, say, an hourly service to a particular destination, regardless of how many seats are occupied at different times in the day, is peculiarly exclusive to British Rail. The best guess is that some two-thirds of the £1bn which British Rail now receives in subsidy goes in supporting restrictive practices. The other third could be more than wiped out by the removal of the most obviously uneconomic services.

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But we shall never get those savings with British Rail as it is. One lobby or another will always manage to frustrate reform. Our first move must be to tackle the political obstacles. Once these have been neutralised, the commercial objectives will be far easier to identify and achieve.

And the only way to neutralise the obstacles is to offer positive benefits and guarantees to customers and railwaymen alongside the cost-cutting retrenchment without which the railways have no hope of remaining a genuinely permanent way.

## Immediate action

If the matter is left to the Department of Transport, we are likely to be saddled with a purely DoT solution, which is unlikely to achieve political acceptability because it will run head-on into the rail lobby - which is probably over-represented in the DoT anyway.

Instead, I suggest that a group of Ministers and officials should rapidly convene to study and produce all-embracing proposals for railway reform.

The following interests might be represented: Transport, local government, national heritage, Industry, Energy, Trade, Treasury, Scotland, Wales.

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