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cc Mr. Ibbs
Mr. Lankester
Mr. Wolfson
Mr. Hoskyns
Mr. Duguid

PRIME MINISTER

BRITISH RAIL

In meetings with British Rail and the Department of Transport it is repeatedly said that there has been a commitment on the part of the Government to the existing size of the railways. In his memorandum to you of 6 April the Minister said that the "more concentrated rail network is a prospect which both you and I have publicly rejected. I really do not see how we could change our stance on this." (The Annex lists the official commitments.)

It is difficult to see, however, that such a commitment can conceivably be construed as completely unconditional. If the railways become more and more inefficient and carry smaller quantities of traffic on this large network at increasing subsidies, then one would imagine that politically the issue of reducing the size of the railway network would again become a very live one indeed. Similarly, an unconditional commitment to a large railway industry, whatever the efficiency and the financial subsidies would be an invitation to the railway unions to put in quite extravagant claims. Recall the notorious Guillebaud nostrum: if government wills the end it must will the means. This apparent commitment may explain some of the reluctance to conclude productivity agreements, and may account for the fact that productivity in freight train operation is only half that of the average of western Europe.

The threat of imminent contraction of the railways is one of the few disciplines we have on labour and management. It would be a good occasion to emphasise that this weapon of Government has not been surrendered. Against this it will be held that railways cannot plan for the future and invest and improve their services except insofar as they have a guarantee that government will not cut them down to size at some future date. "Railwaymen must see their future in the railway industry" etc. This should be condemned as a reflection of the rigidities of British industry and the blinkered thinking that has brought about the decline of Britain over these many years. No-one can adequately predict what

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CONFIDENTIAL

CONFIDENTIAL

- 2 -

the efficiency of rail transport will be nor can we say what technological development will bring. British Rail should only have as much assurance as its performance warrants. Its not the Government that cuts an industry (whether rail or steel) down to size - its the departing customer.

British Rail and the Departments may argue that the issue of a smaller railway was examined in Beeching's day in the mid-60s and in the early 70s. These alternatives were rejected as being "inoperable" or "inefficient". Such a judgement cannot be accepted. There is no immutable size of railway which is independent of cost, efficiency and technology.

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13 April 1981

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ANNEX

STATEMENTS OF POLITICAL COMMITMENT TO NO SUBSTANTIAL
REDUCTION IN RAIL PASSENGER NETWORK

The main commitments to the existing passenger network seem to have been made on 7 November 1979 in response to a report in The Guardian that substantial cuts in rail services were planned. (Flags A, B and C attached refer.)

The second commitment, and the most recent, is the Prime Minister's letter to Mrs. Batty Shaw, Chairman National Federation of Women's Institutes (flag D). This is particularly an assurance about passenger services in the rural areas. It says:

"I believe that railways have a continuing role to play in meeting the transport needs of rural areas, and our refusal to countenance substantial cuts in the present passenger network should provide a stable framework in which the Board can plan the future of rural railways. Clearly, their future would be more [emphasis added] secure if costs could be reduced."

Thus it can be interpreted as saying that they are not now entirely secure. And that although the Government does see a considerable role for the existing passenger network, it cannot be provided at any cost.

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