

The Nationalisation of the Railways

Railway nationalisation has a long and varied history. In comparatively recent times it has occupied a prominent place in the Labour Party programmes, has been backed by railway unions, and has been made an urgent problem for Governments because of the rise of competing motor traffic. Yet the first Act of Parliament giving the British Government power to take over the railways was passed over 100 years ago, more than half a century before the petrol motor was invented or the Labour Party was born. The Railway Regulation Act was passed in 1844 under Sir Robert Peel's Conservative Government and was introduced into the House of Commons by Gladstone, at that time a Conservative Free Trader and President of the Board of Trade. The immediate purpose of the Act was to force the railways to reduce charges in the interests of the whole body of capitalist manufacturers and traders, by holding over their heads the threat of nationalisation. The power was never used, but the threat remained a useful weapon. It is an odd commentary on the broad continuity of policy under different governments that if the compensation terms of that Act had been applied before the recent War (25 times the annual profits based on a three-year average) the compensation would have been very near to the £900 millions that the Labour Government now offers. (If applied to the past three years when traffic and revenue were swollen by abnormal war conditions, the compensation would have been more.)

The Labour Government's Transport Bill provides for the nationalisation of Railways, Road Haulage (except short-distance local carriers), Canals and Buses and Trams. London Passenger Transport Board will be included in the scheme, and power will be given to take over harbours. The present owners will be bought out. The whole organisation, employing nearly 1,000,000 workers will be managed by Boards set up by the Government. When the Bill becomes law British capitalism will have entered on a new stage in the organisation and control of inland transport, nearly a century after railway nationalisation began in some European countries. In Britain it has been a story of continuous conflict, between the sectional groups of capitalists who owned the various means of transport and the whole body of capitalists who depended on them. The former were out to get maximum profits; the latter wanted cheap and efficient service. The owners of the transport services also competed with each other. Proprietors of horse-drawn coaches on the 18th and early 19th century Turnpike roads were at war with the Turnpike Trusts over the tolls the latter charged for passage on the roads. With the first canal in 1761 an era of competition began between road and canal; followed after 1825 by the entry of a new competitor, the railways. The manufacturers needed the railways, but the canal and road vehicle proprietors used every effort in Parliament to protect their own investments by preventing the railways from being built. In due course the railways triumphed, then fought each other for traffic, then went in for amalgamation to protect themselves against wasteful competition.

At this stage a long battle was waged by traders to get the State to exercise more and more control over railway fares and charges. In the present century the petrol motor brought the roads back into the picture and it was now the turn of the railways to use their influence in Parliament against their road rivals. Already before 1914, many observers had become convinced that British capitalists' problem of underselling the new great trading powers, Germany, America, Japan, etc., in the markets of the world

required unification of inland transport with State ownership, or at least close State control, so that the whole body of manufacturers would get cheaper transport for their goods. Their chief argument was that national unification would eliminate wasteful competition and overlapping, and permit charges to be reduced. Supporters of the movement for nationalisation were the Fabian, Mr Emil Davies, the Liberal, Sir Leo Chiozza Money, and other Liberal and Labour politicians, as well as manufacturers and traders. It was, however, road competition that gave the movement new life, and in 1919 the Tory-Liberal Coalition Government declared its intention of nationalising, though it then drew back and contented itself with the compulsory amalgamation of the numerous large and small railways into the four existing companies.

It was Mr Lloyd George who, in March 1918, told a TUC deputation on nationalisation of railways and canals that "he was in complete sympathy with the general character of the proposals put forward"; and Mr Churchill, who said at Dundee, December 4th, 1918, "that the Government policy was the nationalisation of the railways (*The Times*, December 5th, 1918). It has remained for the Labour Government to complete what the Coalition Government in 1918 hesitated to do. Truly, as the *Daily Herald* remarks (November 19th, 1946): "the co-ordination of transport has been advocated by people who are far from Socialist in outlook".

The reactions of the capitalists to the present Bill reflect their various sectional interests. The *Manchester Guardian* and *The Times* are much concerned with the new organisation that is to be set up, wanting to be satisfied that it will provide cheap and efficient transportation.

While most newspapers maintain that the compensation terms are harsh, one exception is the Beaverbrook *Evening Standard* (November 19th, 1946), which suggests that the shareholders have little to complain about and that it is the "taxpayer" to whom the deal "by no means represents a bargain".

The *Economist* (December 7th, 1946) takes a cautious view. It starts off from the proposition that the railways and the road transport industry together are much more than is needed to carry the traffic. In fact, as the recent war showed, the railway system "is still about large enough to carry the whole burden". Consequently it would be possible to divide the traffic between railways and road transport in such a way that each handled the kind of traffic it could deal with most efficiently and most cheaply. The railways could handle long-distance traffic and the road industry could act as "feeder" to the railways. The important point to notice is that this unification would enable both industries to dispense with a great deal of their present equipment (including railway branch lines) and reduce the number of workers employed, these economies being the chief object aimed at. Why the *Economist* hesitates about endorsing nationalisation is that it considers further inquiry is necessary to make sure that these economies can actually be achieved and that the structure proposed in the Bill is likely to produce them.

The Liberal Party issued a statement supporting the nationalisation of the railways (as it had also done at the General election, 1945), but opposing nationalisation of the general road transport industry. The Liberal view is that nationalisation will only give "cheapness and efficiency" if competition is retained. In their view there should be nationalisation of the railways, canals and docks, and also of the road transport

services owned by the railways, but the rest of road transport should be left to compete with the nationalised concern. The Liberal Party also considers that the compensation arrangements are unsatisfactory (*Manchester Guardian*, December 11th, 1946).

Naturally the shareholders clamour for higher compensation. Their special grievance is that, unlike the Bank of England shareholders, they are not being guaranteed the same income as they were getting during or before the war. In effect, they are to receive a State-guaranteed income of about £22,500,000 a year in place of a larger but uncertain sum they received as shareholders in concerns the profitability of which had been rendered precarious by road competition. How the shareholders must regret not having jumped at Nationalisation on the much better terms they would have got in 1919, when profits and share values were higher!

So much for the shareholders. What of the workers? The workers merely change one employer for another; little else is changed, for the State undertaking, as the *Daily Herald* specially emphasises (November 19th, 1946), has got to pay its way. The *Evening Standard* remarks that nationalisation cannot bring any possible benefit to the railway worker—"for him it can mean neither higher wages nor shorter hours" (November 19th, 1946) And the *Observer*, in like vein, says, "It . . . leaves the transport workers and the consumers to wonder what difference it can make to them except for the worse" (December 1st, 1946). The sudden solicitude of these two journals for the worker is naturally suspect, but "Critic" writing in the *Labour New Statesman* (November 30th, 1946), also confesses that "nationalisation of the railways . . . really doesn't much matter to anyone except the shareholders, who seem likely to make an uncommonly good thing out of it". This deserves notice, coming as it does from a year-long supporter of nationalisation.

Another journal which has had a sudden flash of enlightenment is the *News Chronicle*. Writing on the trade union "closed shop", and the danger it involves that if for any reason a man forfeits his union membership "he becomes an economic outlaw and may be unable to get a job at all in his trade", the *News Chronicle* (November 21st, 1946) goes on to discover that "an even worse danger threatens in a society which is moving steadily towards ever wider nationalisation", the danger that a worker will have to belong to one "monopoly union", that union tending more and more to co-operate with the employer—the State—rather than represent the interests of the men. It will no doubt surprise the *News Chronicle* to be told that the Socialist Party of Great Britain at its formation 42 years ago was pointing out to the workers that nationalisation of an industry would put the worker even more at the mercy of the employer, the State. With competing concerns a worker sacked from one may seek employment in another, but the worker who earns the displeasure of the State monopoly and loses his job is effectively barred from the whole industry.

The other problem affecting the workers is that of redundancy. Nationalisation, by eliminating overlapping will lead to the displacement of many workers, and even if some compensation is provided and they manage to get other jobs, it is bound to mean a worsened position for many of them. It was always the complaint of railwaymen, when the railways were being amalgamated, that a railwayman's specialised training is largely useless for other occupations. The advocates of nationalisation have not been blind to the certainty that it would mean the displacement of many workers: it has, in fact, been one of their main arguments in its favour that it would eliminate waste. Mr

Emil Davies in the Fabian pamphlet *State Purchase of Railways* (1910, p. 19), suggested that railway nationalisation ought therefore to be introduced gradually in order not to throw too many men out of work at once.

The Labour Government has kept its pledge to nationalise transport, but for the workers it is all sound and fury, signifying nothing. Nationalisation is State capitalism and leaves untouched the real problem of the working class of emancipating themselves from capitalist exploitation.

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