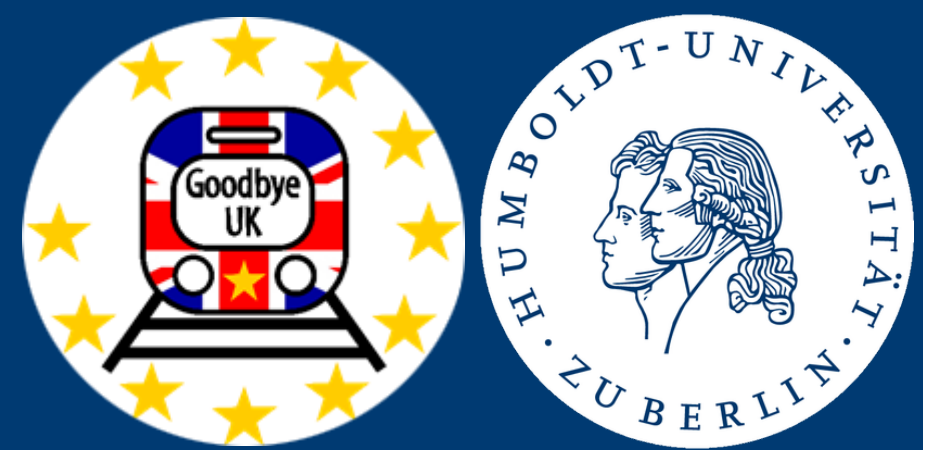


# Take A Trip Through the Nationalisation and Privatisation of the British Railway



By Ricker So

## 1825-1914

All the railway network and companies were privately owned and operated. They did not share railway tracks and other railway facilities. Competition was keen among companies. ‘Wasteful competition’ was commonly used in pre-war years to refer to competition between two railway companies for a fixed amount of traffic.

## 1914

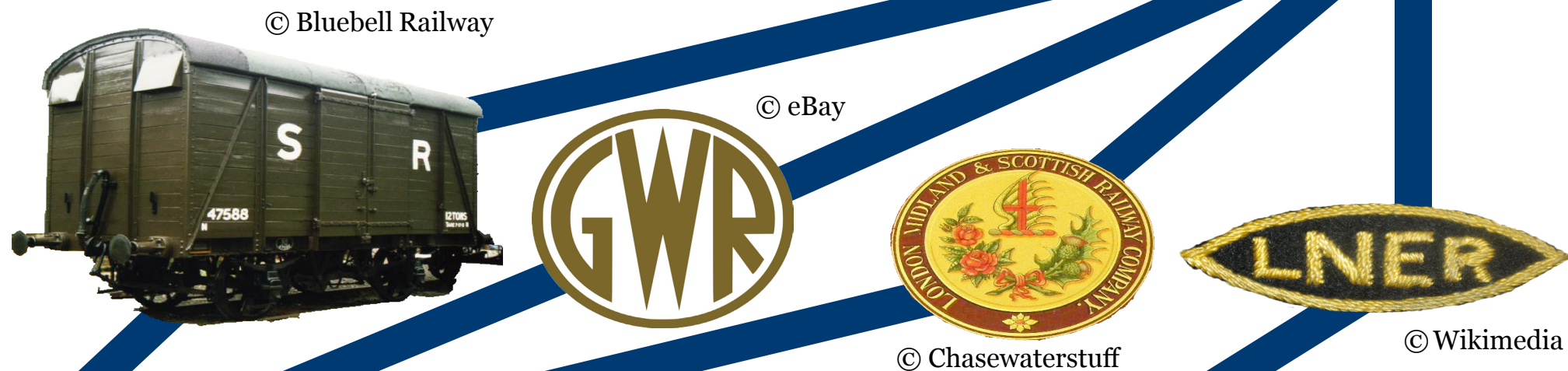
The outbreak of World War I led to the nationalisation of all the British railway companies. The British government began controlling all the railway companies on the basis of a government guarantee of the net revenue of 1913.

## 1920

The First World War had indirectly demonstrated the advantages of unified control over railway companies. It had been a huge financial burden for the government to continue subsidising the abundant amounts of railway companies since the government took control in 1914. The then Minister of Transport Sir Eric Geddes proposed to put all the railway network under seven groups (reduced to four in the Act).

## 1921

- The Railways Act of 1921 took effect. It is also known as the ‘grouping’ act. It aimed at reducing the losses from maintaining 120 railway companies within the country. It also moved the railways away from internal competition and retained some of the benefits which the country had derived from a government-controlled railway during the Great War.
- It created four railway companies which are so-called ‘The Big Four’. They are Southern Railway (SR), Great Western Railway (GWR), London, Midland & Scottish Railway (LMS) and the London North Eastern Railway (LNER).
- Competition was still keen among ‘The Big Four’. They competed with each other in terms of speed, locomotives and the electrification of the lines.



## 1939-1945

The outbreak of World War II brought the British railway network under Government control. The railway network as a whole was heavily depended on during the war. However, little investment had been made to the railway network during the war so the railway system deteriorated drastically. Clearly, the railway network could not be maintained by the private sector after the war.

## 1947

The Transport Act 1947 was passed by Parliament as an Act of Parliament. Under the Act, the government took over the railways completely.

## 1948

The Transport Act 1947 too effect on 1st January 1948. British Railways was established to run the railways. It took over all the assets from ‘The Big Four’ and divided the British railway network into regions based on the area in which the former Big Four operated. The regions are southern, western, London Midland, Eastern, North Eastern and Scottish Region.

## 1979

The Thatcher administration decided to privatise the British Railway to ‘harness the management skills, flair and entrepreneurial spirit of the private sector to provide better services for the public.’ (Cmnd 1012)

## 1992

The White Paper New Opportunities for the Railways began the privatisation process. ‘Track authority’ model was adopted as the method of privatisation in which passenger rail service was franchised to private companies for a specified period of time.

## 1994

The 1993 Railways Act took effect. The ‘fixed assets’ such as railway tracks, stations, tunnels, bridges, signaling, depot access, etc. of British Rail, the previous state-owned company, were all transferred to an independent company called Railtrack.

## 1995

Railtrack began franchising the passenger rail service to private Passenger Train Operating Companies (TOCs).

## 2002

Network Rail Limited took over control by purchasing Railtrack.

## 2016-2017

- There is an on-going debate as to whether the British railway should be, once again, nationalised. One in two of the 1.7bn passenger journeys made in the UK each year will be on trains operated by foreign firms. And all of those firms are ultimately owned by foreign states – which outrages unions and others who call rail privatisation into question. Foreign owners of the U.K. railway in 2017 are as follows,
  - Deutsche Bahn (Germany) owns Arriva, which operates Chiltern, Cross Country, Wales & Borders, London Overground and Grand Central.
  - Trenitalia (Italy) runs Essex Thameside.
  - SNCF (France) owns Keolis, which runs numerous franchises in joint ventures. It runs Thameslink, Great Northern, Southern, Southeastern, London Midland and Docklands Light Railway.
  - Dutch state rail owns Abellio, which runs ScotRail, Greater Anglia and Merseyrail.
  - MTR (Hong Kong) which holds the South West Trains franchise with First. MTR will also run Crossrail.

## Scotland

The debate of nationalising the railway is particularly keen in Scotland.

### LABOUR PARTY (ITS DRAFT MANIFESTO FOR THE ELECTION 2017)

- Proposes renationalisation of the British Railways.
- Let each private franchise run out and phase in public ownership one by one. It might take at least two decades before full nationalisation could be achieved.
- Keep fares down by running services on a not-for-profit basis.

### BREXIT

Theoretically, Brexit makes the renationalisation of the British railway much easier. Why? European Union directives ensure ‘open access’ operations for private companies on all railway lines within

### Liam Kerr (Scottish Tory transport spokesperson)

- He insisted renationalisation would be a failure.
- Recent calls for the Scottish Government to take over the ScotRail franchise are impulsive and not based on any evidence that would suggest it would provide the improvements that Scottish passengers are urgently calling for.
- ‘There are also serious questions about where the money for such a move would come from. No one doubts that there are difficulties facing ScotRail, and that we need to think of ways to improve the service.’

### Scottish National Party (SNP)

- SNP has been in favour of renationalising the railway.
- During the 2016 Scottish Parliament election, the Scottish first minister, Nicola Sturgeon, assured her voters that a Scottish public sector body will be able to bid to run Scotland’s railway when the franchises come up for renewal in the future.
- Nicola Sturgeon also announced that her party would enact legislation, under new devolved powers of the Scotland Act 2016, to alter the ‘absurd’ franchise rules that excluded the public sector in the UK from running trains but allowed a Dutch state firm to operate ScotRail instead.



### Professor Iain (Professor at the University of Glasgow’s Adam Smith Business School) (member of the ScotRail board)

- He is still unconvinced by calls for nationalisation of the rail companies, and points out that the infrastructure is already under state control through Network Rail from which private companies get franchise.
- He claims that part of the British railway is nationalised now and part of it is privatised. Part of it is reserved and part of it is devolved. It is a complex multi-ownership.
- He challenges what he suggests are assumptions from unions and Labour politicians that full nationalisation would deliver significant improvements
- He claims that he has not seen any examples from the advocates of how that would make things better. He emphasises that renationalisation would not automatically mean improvements.
- He also suggests that the rail unions could be a stumbling block to running a successful nationalised rail service because it all depends on how well it will be managed and how cooperative the unions will be.

### Unions

- The RMT and its sister rail unions, the Transport Salaried Staffs’ Association (TSSA) and Aslef, which represents train drivers, are the most consistent advocates of renationalisation of the railway.
- Mick Whelan, general secretary of train drivers’ union Aslef, found it savagely ironic that the Tories say they do not believe in state control, yet are perfectly happy to allow Britain’s train companies to be run by state-owned railway companies – as long as it’s another state!
- Manuel Cortes, TSSA leader, claims privatisation is leading to cash ‘leaking’ out to shareholders. The dividends given out to shareholders could be invested in a nationalised service. It is claimed £12 million a year was being lost to the ScotRail service due to annual shareholder payouts and that £3.3 billion had been paid out across the UK since privatisation in the early 1990s.
- He also claims that nationalisation would allow rail services to be used more to deliver groceries from supermarkets to vulnerable and isolated people in remote parts of Scotland.
- He further argues that railway is a lifeline for remote communities and no one should make profit out of that.

### Neil Bibby (Scottish Labour transport spokesperson)

- ‘We need a railway company that does not represent a few shareholders, but the people of Scotland.’

