

## Passenger Transport in the UK 1920-50: The Drive for 'Co-ordination' of Transport Modes

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*The development of the railway system transformed travel opportunities for people in the nineteenth century. The technological change dominating personal travel in the twentieth century was the development of the internal combustion engine bringing first the private car and then the motor bus. The early twentieth century brought a tension between these two modes in an environment where the UK railways were highly regulated whereas the upsurge of motor traffic was in contrast unregulated. Importantly too, the capital structure of the two modes was quite different. The railways required significant investment, funded by private capital whereas the motor industry, as it became technically efficient, was within the means of individual entrepreneurs.*

*This paper looks at the way in which transport policy sought to resolve this tension by the proposition of legislation to promote co-ordination and integration. Initially the approach to 'transport problem' was on a mode by mode basis (railways and then motor buses) but after World War II, nationalisation tried to consider a more holistic approach. The paper identifies the way in which the UK appears to have developed differently from its European neighbours and identifies as a critical point that UK policy was always clouded by a discussion of ownership and the role that this played in the ability to 'co-ordinate' or 'integrate' transport services.*

Railways and their impact on the means of travel dominated especially the late nineteenth century. Their development was technologically driven and their success came from the way in which they outstripped particularly the slower means of transport. Another technological development, the creation of the internal combustion engine, brought the advent of the motor vehicle era, first in the form of the car and then for the public passenger carrying vehicle and the transport of goods.

The early twentieth century brought a tension between these two modes in an environment where the UK railways were highly regulated both on safety grounds and restricted in the rates or charges they could make. The upsurge of motor traffic was in contrast unregulated. Importantly too, the capital structure of the two modes was quite different. The railways required significant investment, funded by private capital whereas the motor industry, as it became technically efficient, was within the means of individual entrepreneurs.

This tension may have been resolved differently if political events, notably World War I had not intervened. The use of the railways during the hostilities left the UK Government with its first major 'transport problem' of the twentieth century. The political ideology of the time was not in favour of state ownership, although this was considered, and the resolution of the railway 'problem' whilst the assets were still in private hands gave rise to a powerful lobby.

Whilst the railway 'problem' was being resolved, the motor bus industry grew rapidly. So rapidly that it gave rise to congestion and safety concerns, particularly in London and this led the Government to act. Acting as a result of safety concerns appears to mark the UK Government as different from its European neighbours where concern over railway and bus competition appears to have been the spur for the control of the bus industry.

In private ownership, the railways had their shareholders to satisfy. This led them to seek powers to buy into the bus companies and this was achieved towards the end of the 1920s decade. Alongside this, the Government appointed a Royal Commission to consider the 'transport problem'. Their suggestions for the control of buses enshrined the recommendations of the earlier Committee set up to resolve safety. The implementation of these proposals was enacted by the 1930 Road Traffic Act and the first years of operation of this Act led to significant changes in industrial structure. In the name of making the industry less chaotic, it was changed from being dominated by the small operator to domination by the large and a great amount of conformity in the name of co-ordination.

World War II brought an increased demand for mobility and this was met by both the railways and the motor bus. The post-war Government, as after World War I, was faced with a railway crisis resulting from the use of the railways during wartime. However, this Government, the newly elected Labour Government, had a well formulated policy for the nationalisation of all transport activities to meet the aim of co-ordinated and integrated transport. The policy of nationalisation as a way of resolving perceived inefficiencies resulting from modes competing was articulated from the beginning of the 1930s by a number of politicians, in particular Herbert Morrison who held the post-war Transport portfolio, and implemented following a commitment of the Labour Party election manifesto of 1945, in the Transport Act 1947. Unfortunately the implementation was frustrated by a lack of clear direction and organisational contradictions.

This paper begins by looking at railway policy at the time the bus industry was beginning to develop and at the early development of the motor bus. The next section considers the origins of regulatory control for the motor bus before turning to how this regulation changed the industrial structure of the bus industry prior to World War II. Post-war nationalisation is then examined before commenting on the nature of co-ordination issues between the railways and buses in the early twentieth century context and the implications for modern transport policy.

The paper is based on a number of primary sources (records from the public record office (PRO) in the UK, released under the 50 year rule and company repositories) and secondary sources. The main contribution of the evidence provided by the primary sources is the re-interpretation of the motivation for the regulation of the road passenger industry in 1930. The idea that this emerged first from interest in the safety record of the sector is new and puts the UK at variance with what is known about the development of road passenger transport in the near neighbours of Europe. Overall, the motivation of the paper is to try and understand the meaning of integration and co-ordination within the context of contemporaneous policy and to identify what can be learnt by today's policy-makers.

The paper identifies as a critical point that, despite all the legislation being framed as intentioned on integration or co-ordination, these terms were not defined or not well defined. UK policy was always clouded by the discussion of ownership and the role that this played in the ability to 'co-ordinate' or 'integrate'. Moreover, the evidence points to UK policy being one of 'fire-fighting' or only having action when urgent.

## **Pre-World War I Railways**

The railways were of course well established by the time of the outbreak of World War I. In the UK, in common with other countries, the railway system was built by private companies, both large and small. This diverse set of owners was in competition often, particularly in areas where spatially their lines were close together.

Whilst the railways were privately owned, they were under significant public control for safety and also for the charges or 'rates' that they could make. Up until 1913,

maximum rates were fixed for freight under the Railway and Canal Traffic Act of 1888 and subsequent Orders under that Act: these specified maximum rates for classes of goods. In 1913, as a result of rising labour costs, a new Act (the Railway and Canal Traffic Act, 1913) allowed many of these rates to rise. For passengers, the initial legislation which allowed the railway to be built (either inaugurating or special Acts of Parliament) governed the fares that could be charged. The Parliamentary trains legislation (Railway Regulation Act, 1844) established the provision of third class coaches (with the right to take significant luggage) to facilitate travel in search of work. The Cheap Trains Act of 1883, which exempted the duty for any train charging less than a 1d per mile fare, required the railway companies to operate a larger number of these trains, this marked the beginning of the worker's train. The main motivation for this latter legislation was the political drive to reduce overcrowding in major cities by encouraging workers to move to new housing developments outside but this of course needed cheap transport back into the city for work. Whilst this Act was entitled the Cheap Trains Act, 1d per mile would have been still beyond the means of most of the workers of the time.

During the war, the railways were operated by the Government's Railway Executive Committee (REC). This was set up in 1912 with war-time control in mind and consisted of the general managers of the various larger main line companies, using legislation that had long been on the statutes (Regulation of the Forces Act, 1871), in recognition of the strategic necessity to control the lines of communication. The railways retained their private ownership; day to day management was through the REC. This left the services of the railway network at the Government's disposal for which compensation was paid to the railway owners. At the end of the war, the railways were in poor shape – there was a shortage of rolling stock and the intensity of use of the system meant that much routine maintenance had not taken place, particularly as many of the railway workers had been lost to the armed forces for the duration. There was much discussion about how the handover from the Government should take place and there was support, according to Aldcroft<sup>1</sup> for some sort of reorganisation of the railway companies so that there were fewer companies overall. From the Government's point of view, the need for reorganisation became pressing as it was still underwriting the railway companies' revenues. By 1919 it became clear that the railways were also now in financial difficulties with their costs rapidly increasing from rising wage rates but with fares still controlled. There had been some debate too as to whether reorganisation would also include change of ownership but commentators have claimed that the Government was not ready for this.<sup>2</sup> By 1920, a White Paper published by the Government (*Outline of Proposals as to the Future Organisation of Transport Undertakings in Great Britain and their Relation to the State*) proposed reorganisation into seven companies. By the time the Act that brought this reorganisation into being (the Railways Act, 1921) the number of companies were reduced to four large, geographically based units, dubbed 'The Big Four of the New Railway Era' by the popular press. Whilst the legislation was complex, the Grouping (as it became called) was implemented rapidly with the new organisation being in place in January 1923.

In summary therefore, the railways emerged from World War I with a run-down rolling stock and a system which had suffered from lack of investment and lack of maintenance and repair work. Much consideration was given to the future of the then privately owned railways, and the possibility of nationalisation was contemplated and rejected. Post-war wages and the costs in the rail industry were considerably higher than pre-war levels and yet their regulated rates had not been changed. The outcome was private ownership with a significant degree of regulatory control on rates as well as other aspects of the business, such as safety.

## The Early Days of Motorised Buses

Whilst business and Government concern was focussed on the continued regulation of the railways, the bus industry was born and came very much to life. Pioneer motor vehicles did exist before 1914, but they came to prominence after the war when vehicles had become much more reliable and their mass production had commenced.

Road vehicles which carried passengers for fares could be subjected to the Town Police Clauses Acts of 1847 and 1889. Whilst the former was exclusively concerned with hackney carriages (or taxis, as now known), the latter extended the provisions to the additional problems presented by omnibuses (or buses, as now known) although these were, of course, non-motorised. These Acts allowed local authorities (town councils, urban district councils and any rural district council) to licence the vehicle if they had successfully obtained an Order from the Minister of Health. But it should be clear that this legislation was enabling and originally designed for horse transport and there was no statutory duty to implement it. Moreover, the form of licence was simply on the vehicle itself: if the powers were used and a vehicle was licensed, this gave it the right to ply for hire anywhere in that district without restriction as to time, place or fare.

The advent of the internal combustion engine created undoubtedly the most revolutionary development in the whole field of transport in the first half of the twentieth century.<sup>3</sup> Over the period 1904-14, motor cars had increased by 1460 per cent and motor hackneys (including both buses and taxis) had increased by 857 per cent.<sup>4</sup> Figures for cars and buses in use show that the initial growth in motorisation was manifested in the growth of the motor car and was followed by the growth in motor passenger carrying vehicles which accelerated after 1920.<sup>5</sup> These show the dramatic growth in private motor cars was only halted by the World War II. In the UK, it was London which pioneered the motor bus: in 1905, the London General, together with other horse bus operators, decided to experiment with motor buses. This led to a rapid progression from horse to motor power so that by 1914, the Metropolitan Police records show that the 3551 horse buses in existence in 1904 had been replaced by 3057 motor buses.<sup>6</sup>

Development outside London was slower but by 1914, before the World War I checked further expansion, many of the public transport services were using motorised vehicles. After World War I, various factors combined to provide an acceleration in numbers. First, large numbers of men had become skilled in both servicing and driving motor vehicles in the war. Second, large numbers of ex-servicemen had gratuities to spend on the glut of lorries which flooded the market at the end of the war effort. Perhaps most importantly on the supply side was the way in which the war period had seen a dramatic improvement in the technical performance of these vehicles.

But supply changes by themselves would not have been enough. The war also affected the UK's population's aspirations for mobility and had led to a stimulation of demand. This was true both for local services – services providing transport within urban areas – as well as journeys over longer distances – both the 'express' type service and the extension of the 'excursion and tour' market. This is reflected in the huge growth in the private sector provision of motorised passenger carrying vehicles.

Figure 1: Early advert from Ward and Lock's Almanac

Bournemouth

**BOURNEMOUTH.**

**The Enterprise Motor Chars-a-bancs**

Head Office: **STOUR VALE**

For Comfort of Travel and Reliability of Drivers,

**TOURS ARE RUN TO THE FOLLOWING PLACES:**

Weymouth & Dorchester, Swanage & Corfe Castle, Lulworth Cove, Burley, Sherborne, Fordingbridge, Salisbury & Shaftesbury, Cheddar Gorges & Caves, Bath Abbey, Southampton, Winchester & Romsey, Salisbury & Stonehenge.

Head Booking Office: **STOUR VALE**  
AND AT ALL OTHER PLACES WHERE THE "ENTERPRISE" MOTOR COACH BOARDS ARE EXHIBITED.

Bournemouth

**The Enterprise Motor Chars-a-bancs**

**DAIRY, THE SQUARE.**  
PHONE 15.

CHOOSE THE ENTERPRISE CHARS-A-BANCs.

**OWING PLACES OF INTEREST:**

*Whole-Day Excursion* round the New Forest.  
*Afternoon Excursion* round the New Forest, Lyndhurst, Rufus Stone, Ringwood &c. Corfe Castle, Milford-on-Sea, Lymington, Brockenhurst & Lyndhurst, Wimborne, Branksome Chine, Poole Harbour, Shell Bay, Sandbanks & the Haven.

**DAIRY, THE SQUARE. Telephone No. 15**  
"ENTERPRISE" MOTOR COACH BOARDS ARE EXHIBITED.

Source: Advert from Ward and Lock's Bournemouth, 1921

The excursions and tours market is a special case which is not well documented. Prior to the regulation put in place in 1930, there are no official statistics relating to excursions and tours and much of the information is anecdotal. However, many of the new operators of charabancs found a niche in this market and extended the ideas formerly undertaken by horse-drawn coaches. Excursions or day trips had been made, prior to the advent of the motor vehicle, by horse-drawn coaches or charabancs to the Lake District (Cowperthwaite's, Taylor's and Irwin's) as early as 1905.<sup>7</sup> Railway trips to holiday destinations are well documented from the early 1900s. An early Ward Lock Guide (1901) to Lyme Regis and South Dorset claimed one of the areas virtues was that it was 'never inundated with train loads of noisy trippers' being six miles from the nearest railway station. Indeed, the railways promoted such activities with much advertising as discussed by Harrington.<sup>8</sup> Evidence of trips by motor coach is rarer but advertisements in Ward Lock Guides published in the early 1920s show clearly that charabancs were well established in popular holiday resorts and were providing whole-day and half-day excursions to local places of interest. An example is shown in Figure 1, taken from Ward and Lock's Bournemouth, 1921. Birch Brothers appear to have been among the first to offer coach tours extending over a period of several days in the 1920s. Other operators active in this field included Wallace Arnold Tours and Smith's of Wigan.

Given the nature of the journey, it is likely that the railways perceived the competition from these excursions and tours earlier than the popular view reported in both contemporary and modern literature. With the exception of London, where rail-based underground facilities provided journeys which mirrored their motorised bus counterparts, journeys by rail could not compete with the motorised buses which had both flexibility of route and the ability to stop potentially much closer to the origin and final destination of the passenger.

The early 1920s therefore saw the first tension between the two modes of transport. On the one hand the motorised bus was achieving success in local markets in which the railways found difficulty in competing and, on the other, was developing the longer distance excursions and tours, almost completely untouched by public intervention. In contrast, the railways were heavily regulated.

## **The Origins of Motor Bus Regulation**

Concomitant with the fast growth of motor traffic was an increase in the number of fatal and non-fatal motor accidents. The growth of motor traffic, particularly in London, provoked the first official investigation into the potential regulation of all vehicles, including motorbuses. The advisory Committee on London Traffic, set up in 1920, was convened to discuss the growing congestion. Concern for public safety was soon thereafter voiced with this lobby claiming that the growing number of vehicles on the streets – especially in the capital – not only caused congestion but also an increasing level of accidents. The motorbus was particularly criticised as dangerous to the public.<sup>9</sup> Some of the lobby cited the ‘pirates’ as a significant problem: these were the operators, particularly in London, who operated where demand was strongest and without any recourse to a timetable and would change direction completely if more passengers looked likely to be going the other way. It was, however, difficult to regulate motor traffic because the only available laws were then designed to control the much slower moving horse drawn transport of the nineteenth century as discussed above. As a result, the newer problem of motorised traffic was referred in the first instance to the Taxation Committee of the Roads Department within the Ministry of Transport. But early in 1922, the specific issues of motorbus taxation and regulation were sent on to a newly created Committee, the Hackney Vehicle Committee, which had greater local authority representation.

The creation of this new Committee does not appear to have been politically motivated – indeed it was set up under Lloyd George’s Liberal Government but worked under the Conservative Government of Bonar Law. Its first meeting in July 1922 was dominated by a discussion of safety matters. Nor does this Committee appear to have had restrictive regulation as part of its remit as this was not in keeping with either the Liberal or Conservative Government’s policy of the day and would have taken considerable justification, as had been necessary with the railways.<sup>10</sup> Successive Governments of the 1920s acknowledged the need for motorbus regulation but parliamentary time was fully occupied with other measures considered to be of higher priority. Only the London Traffic Act of 1924 was passed and this relied very heavily on the evidence and interim recommendations of the Hackney Vehicle Committee for its systematic regulation of London’s buses. The passage of this Act and the unique nature of London make the capital a special case which is not the primary focus of this paper.

Throughout the 1920s, both the tramway and the railway companies increasingly suffered from the competition of motor vehicles. Tramway receipts fell by just over 21 per cent in the decade and railway revenues dropped by 17 per cent between 1923 and 1930. However, of these two modes, it was the financial position of the railway companies which appeared to be of greater concern since investing in railway capital had been a favoured form of railway investment. In contrast, by 1920, the majority of tramways were owned by local authorities.<sup>11</sup>

It was not until there was renewed political and public pressure in 1927, in the form of private bills before Parliament to allow railways to obtain powers to own operate or take financial interest in passenger-carrying motor transport (finally granted in August 1928)

that the Government acted to appoint a Royal Commission on Transport to examine the whole 'transport problem'. The terms of reference were:

To take into consideration the problems arising out of the growth of road traffic and with a view to securing the employment of the available means of transport in Great Britain (including transport by sea coastwise and by ferries) to the greatest public advantage, to consider and report what measures, if any, should be adopted for their better regulation and control and, so far as is desirable in the public interest, to promote their co-ordinated working and development.<sup>12</sup>

It is in the evidence before this Royal Commission that the issue of wasteful competition between transport modes emerged and has subsequently remained the popular interpretation of ensuing legislation. This Commission provided a forum for many arguments to be aired, although these were only from the organised pressure groups and which has been suggested might have meant that the unanimity of opinion in favour of legislative restrictions was overstated.<sup>13</sup> The most interesting arguments were those which sought regulation to protect the railways and trams and was justified by reference to the claim that motor vehicles did not 'pay their way' and that this, and the lack of restrictions, gave rise to unfair competition.

The Royal Commission made a number of reports, and the second interim report dealt with the issues of the regulation of motor passenger carrying vehicles which gave the framework to the 1930 Road Traffic Act. With the exception of how the regulation should be administered, discussed in the next section, the Royal Commission did not add much to the regulatory recommendations of the Committee whose origins had been based on investigating ways of improving safety.<sup>14</sup>

After presenting their second report, the Royal Commission went on to consider the question of co-ordination. The private Acts of 1928 which had enabled the railway companies to buy into bus companies had become operational before the second interim report had been published. It is clear that the Royal Commission was to give consideration to co-ordination, according to its terms of reference, and that it regarded these powers as promoting considerable co-ordination between road and rail through the acquisition by railways of substantial interests in bus operations. However, only one piece of evidence before the Royal Commission, presented by the President of the LMS railway, Sir Josiah Stamp, suggested that the railways desire to acquire bus operations was motivated by the opportunity to co-ordinate services and that this was in conjunction with providing a better return for shareholders. It is likely that his view was influenced by the great profits that had been realised by the Underground group in London when it had merged with the London General Omnibus Company in 1912. All subsequent evidence before the Royal Commission suggested that the railway companies' main interest was to maximise the bus companies' profits and so to increase income from this source rather than to promote or enhance co-ordination (a might be expected from companies in private ownership with shareholders to satisfy).

The final report of the Royal Commission – the one devoted to co-ordination – recognised the different roles that road and rail transport could offer and concluded that the aim should be to harmonise and co-ordinate the newer and older forms of transport with the objective of obtaining from each the maximum of advantage to the public.<sup>15</sup> Whilst the members of the Commission managed to produce a unanimous Final report, its members were divided on the issue of ownership: this led to comments about 'unification' and a stated belief that co-ordination would develop naturally through the play of economic forces and that such co-ordination would be better than any co-ordination enforced by the creation of a huge monopoly [by nationalisation], even if subject to Government control.

## **The 1930s: Regulation and 'Stabilisation' of the Motor Bus Sector**

The second interim Report from the Royal Commission formed the basis of the Road Traffic Bill that eventually became the Road Traffic Act 1930. But in respect to motorbuses, the Royal Commission did not add any significant evidence to the deliberations of the Hackney Vehicle Committee. By the time the Royal Commission had reported, the London Traffic Act of 1924 had been in place for some time. The measures introduced in this Act had come from the deliberations of the Hackney Vehicle Committee (see previous section) and the only significantly different recommendation from the Royal Commission was to suggest much larger administrative areas for the rest of the country outside London as opposed to vesting responsibility in the control of the local authority. The Road Traffic Bill was presented to Parliament by Herbert Morrison in 1929, as Minister of Transport in the Labour Government, against the background of the Wall Street crash in the USA and a growing economic crisis. As a minority Government, Labour was only able to introduce measures which had the support of the Liberals who held the balance of power.

The 1930 Road Traffic Act divided the country into thirteen Traffic Areas: eleven in England and Wales (ten after 1933) and two in Scotland. In each of these Traffic Areas, the licensing system was administered by the Traffic Commissioners. As an independent tribunal, the Traffic Commissioners had a Chairman, directly appointed by the Minister of Transport, and two other Commissioners who were part-time; selected from a panels nominated by local authorities. The 1930 Act, empowered the Traffic Commissioners to control entry and participation in the road passenger carrying industry by licensing the vehicles, services and service employees.

Before a service could be operated, four separate licences needed to be obtained. The 'Certificate of Fitness' which related to the state of the vehicle, subject to its owner being a 'fit person'; the service personnel (both the driver and conductor (if used)) required licences, a public service licence was required for each vehicle and finally a road service licence was required for each operation of the vehicle for which passengers were carried at separate fares. Services on which separate fares were charged fell into two classes, so far as licensing was concerned: stage carriage and express services. A minimum fare was used to distinguish between these categories. Excursions and tours were normally recognised as a special type of express service (although the law made no such distinction) and the Act distinguished them from contract carriages where passengers did not pay separate fares, such as a private party on a special outing.

Very few commentators at the time or since disagreed with the public service licence or that drivers and conductors hold a licence guaranteeing their fitness as transport workers. Such rules enhanced the bus service and provided for its safety. The road service licence, however, was contentious. It authorised bus services and laid down the conditions under which companies operated. When granting or refusing this licence commissioners considered the suitability of the route and the extent to which it was already served, how far the proposed service was necessary or desirable in the public interest, the needs of the area as a whole in relation to other traffic and the prospects for co-ordination of transport facilities within that area. Even when successful the licensee had to make sure that fares were reasonable, were at a level that prevented any 'wasteful' competition with other forms of transport, that fares and timetables were available and that there were fixed pick-up and drop-off points.

Although the criteria for granting a licence and the conditions attached to the road service licence were embodied in the 1930 Road Traffic Act, both the Traffic Commissioners and the Minister of Transport refused to identify any general criteria as to when a licence should be granted or rejected. Thus the first five years of the Act's operation provided a diverse experience for motorbus operators and significantly shaped the development of the industry because the Traffic Commissioners took relatively independent approaches, failed to use precedence in the granting of licences and had vague and at times inconsistent definitions of central terms like 'suitability' 'necessary', 'desirable' 'adequate service' or 'wasteful competition'. However, all Traffic Commissioners showed a common concern to achieve order and uniformity in what had previously been seen as a 'chaotic' industry. In contrast, the second five years of the decade, showed much greater consistency between the Traffic Commissioners' decisions. Indeed, it might even be argued that the granting of all licenses had by then become more or less standardised and had introduced inertia into what had been a highly competitive and flexible industry.

In terms of industrial structure, the decade saw increasing concentration of the businesses in the hands of large operators and the virtual demise of the small operator in terms of absolute numbers, although many still remained important on the boundaries of the larger operators.<sup>16</sup> The granting of road service licences was guided by an overriding concern for the co-ordination of services and thus the Traffic Commissioners often favoured the large operators and showed a willingness to impose levels of service quite different from those that had emerged under competition. Uniformity was also sought in the setting of fares and the protection of competing modes was considered a necessary but troublesome objective.<sup>17</sup> The 1930 Road Traffic Act also condoned the practice of cross-subsidisation of services by requiring the Traffic Commissioners to take account of the operation of 'un-remunerative services' by the applicant of a road service licence thus destroying the 'free marketplace' where services which were profitable were run and those which were not, were not. Furthermore, the preference given to existing operators in terms of perceived co-ordination benefits meant that new entry into the industry became increasingly difficult.

The Road Traffic Act 1930 was thus a restrictive measure that led to the demise of the small operator and the emergence of spatial monopolies which were not in the philosophy of the Labour Government which favoured nationalisation: this reaffirms safety as being of the prime concern in the origins of this legislation.

## **Post-War Nationalisation and De-Nationalisation**

The 'transport problem' in the 1940s was dominated by the plight of the railways which had been over-used and under-invested during World War II. This is in contrast to the more buoyant nature of the bus industry where the number of vehicles in use had grown by 22 per cent between 1937 and 1947 and demand for local journeys was still growing.

The railways were at the heart of the 'transport problem' resulting from a serious deterioration in railway assets through their intensive use in the wartime years which had not been rectified by modernisation because of the limited funds of the railway owners. Although current historiography suggests that the railway's plight would have been serious, without the intervention of hostilities, the legacy of the wartime years clearly exacerbated the underlying structural problems arising from lack of investment in new and available technologies<sup>18</sup> and made the railways the focus of the 'transport problem'. For the railways, the issue of nationalisation in 1945 was a 'dead issue' as some form of public ownership or control was inevitable whatever the political complexion of the party in power.<sup>19</sup> The Labour party was committed to a programme of nationalisation of all transport assets and

the Conservatives had created public corporations before the war and had made plans for a 'prototype' nationalisation of the railways which was interrupted by the start of hostilities. The difference between the political parties was not therefore the bringing of the railways into state ownership but the question of whether it was only the railways or transport activities more widely.

The Labour Government achieved a large parliamentary majority in the 1945 election which made it possible to implement its nationalisation proposals for transport which were embodied in the Transport Act 1947. This was the response to the 'transport problem' and the culmination of a well debated philosophy elaborated throughout the 1930s. The essence of this philosophy, as argued by Herbert Morrison,<sup>20</sup> was that the existence of competition between rival private rail and road companies (for both passengers and freight) gave rise to inefficiencies that could not be solved by other than single ownership. He recognised that a commitment to single ownership meant giving rise to a monopoly and, as private monopolies could not be trusted to pursue the public interest and would require significant resources by a Government which wanted them to serve the public good, a public monopoly was the solution. It was also claimed that the public monopoly would give greater efficiency in management (although this is not borne out by more recent evidence). A second strand to the debate was that a unified, comprehensive transport system would concern itself primarily with determining the most economical and efficient method of meeting a particular need – in short nationalisation should be organised functionally (by traffic type) and would lead to consolidation and co-ordination. It was clear from this debate that a nationalised business was considered to be a sound business proposition and should be run as a business (ie not by the Government) and that this would lead to efficiency gains through co-ordination and integration, increases in the quality of service simultaneously with cost savings following unification, the provision of socially desirable but unprofitably services and improvements for the labour force. Thus post-war, whilst the 'transport problem' was dominated by the state of the railways and there was perhaps an expectation that nationalisation for the railways was inevitable; the underlying philosophy demanded that the nationalisation of all transport assets was necessary to achieve maximum efficiency.

The Transport Act, 1947 set up the British Transport Commission (BTC) as the executive body having the general duty 'to provide an efficient, adequate, economical and properly integrated system of public inland transport and facilities'.<sup>21</sup> The BTC acted as a non-executive, planning authority with the day to day management of the BTC's assets delegated to newly formed Executives who were the agents of the BTC and were organised on a modal basis. This complicated framework was to ensure that the process of state ownership created a 'business' which was accountable to Parliament but not run by Government.

The 1947 Act was primarily concerned with the nationalisation of the railways, inland waterways, docks and road haulage. The road passenger activities outside London were not automatically nationalised under the Act although provision was made for the BTC to purchase in this sector. This was largely for practical reasons as the road sector consisted of a large number of operators, unlike the four main railway companies, each of whom would need to be separately negotiated with. Nevertheless, when the former private railway companies were vested in the BTC, the BTC acquired a substantial interest in bus undertakings in the form of the railways' shareholdings in bus companies. Also, the BTC acquired substantial passenger transport interests, including trolleybus undertakings, as a result of the separate nationalisation of electricity as well as making a separate purchase of Thomas Tilling, one of the bigger companies operating in England and Wales, and the Scottish Motor Traction Company.

However, whilst the Act was founded on a well debated philosophy, it gave few guidelines to how the benefits of co-ordination and integration were to be achieved. Financially, the BTC was expected to pay its way 'taking one year with another' suggesting that there would be a balance of surpluses and deficits and this would be in line with the servicing of the fixed interest stock which paid for the acquisitions. In terms of charging, the BTC was expected to provide what was demanded at the cheapest possible price, but again with no advice.

In terms of public control of road passenger transport, the 1947 Act was almost silent. The BTC was only required to examine the road passenger transport operations outside London and to prepare Area Schemes for the co-ordination of all passenger transport services. In practice, road passenger transport was the responsibility of the Roads Executive and they were preoccupied with the pressing need to deal with the set priority of the acquisition of road haulage operations. More than a year passed before much progress was made on the preparation of an Area Scheme to promote 'co-ordination' of road passenger services (and even then, reference to road/rail co-ordination was not made). The first Area Scheme was running into difficulties with the local authorities and bus operators who were making significant opposition (particularly since all those in favour had already sold out to the BTC). Shortly after, another election in 1950 returned the Labour Government but with a much reduced majority and this limited the ability of the BTC, through its Executives, to push ahead with unpopular proposals. The following year, in 1951, a Conservative Government was successfully elected and all aspects of BTC activity was terminated. There is no doubt that, if implemented, the Area Schemes for road passenger transport would have created the biggest move towards integration/co-ordination under the 1947 Act. With the evidence of the intervening years from the Passenger Transport Areas created under the 1968 Transport Act in the UK and from European experience more widely, the creation of regional authorities do have a significant impact on the delivery of integrated and co-ordinated public transport.

The outcome of the 1947 Transport Act was to change the structure of ownership in the transport sector. Railways were nationalised, although this was primarily to ameliorate the problems created by their use during World War II and the lack of available finance by private owners to provide for necessary modernisation. The road passenger transport industrial structure was also different: a significant proportion of road passenger transport was now in public ownership (if only by accident). But the public control which organised how these vehicles were to operate had not been changed and indeed did not change with any significance until the deregulation of express services in 1980 and the privatisation and deregulation of all local services in 1985.

## **Co-ordination: A Commentary**

The idea of co-ordinated or integrated transport has been used as the justification for all the legislation discussed in this paper. Unlike many of its European neighbours who decided early on to bring public transport into state ownership, UK transport issues have been characterised by considerations of ownership perhaps more than identifying how it should work.

Another characteristic of UK policy would appear to be that Governments only acted when under pressure. The aftermath of World War I brought urgency in dealing with the railways. The more chaotic nature of London traffic led to the Hackney Vehicle Committee recommendations being put in place for London with the London Traffic Act. Post World War II it was again the railways that prompted urgent action. Associated with this 'fire-fighting' tendency, Government's have suffered inertia when there is a lack of

urgency. It could be argued that the post World War II road passenger transport industry was doing well – it was contributing positively to the profits of the BTC – whereas road haulage issues were an urgent preoccupation of the Executive responsible for road transport under the BTC because of its interaction with the railways, the public commitment to nationalisation of road haulage and issues surrounding road and rail freight competition. Thus action on the road passenger industry did not happen.

One puzzling element of the 1947 Transport Act and its attempt to secure co-ordination and integration relates to the conflict between its underlying philosophy and its implementation. The underlying philosophy was that a unified, comprehensive transport system would concern itself primarily with determining the most economical and efficient method of meeting a particular need and this is why all modes of transport should be under the responsibility of a single body. It also suggests that the single body should be organised functionally so that passenger transport, freight transport and so on can be provided by the most efficient mode. In this respect, the 1947 Transport Act was almost doomed to failure in its attempt to provide co-ordinated and integrated transport by organising the day to day responsibilities on a modal basis. Although this organisation was carried over from the first introduction of a Ministry of Transport in 1919, there was no requirement to maintain this structure. In the UK it is a lesson only learnt recently, following the Eddington Transport Study<sup>22</sup> that better policy for passenger and freight traffic comes from a functional organisation of the Ministry and the UK Ministry has been thus reorganised in 2007.

Whilst ‘integration’ and ‘co-ordination’ have been the corner-stone of the development of public policy, it was at no time carefully specified as to what this meant. Whilst the Royal Commission did have a view about co-ordination and believed in particular that railways buying road passenger operating companies would enhance co-ordination, it did not explain how its recommendations would enhance this concept. In relation to the implementation of the 1930 Road Traffic Act, co-ordination was associated with creating a ‘tidy’ and well ordered sector. In the case of the Area Schemes under the 1947 Transport Act, co-ordination was identified as removing the restrictive practices of adjoining operators and operations. But neither of these required the form of legislation that was employed. Similarly, ‘integration’ was not well defined by the Labour Government in its post-war development on policy and it could have taken a number of forms: traffic could have been diverted to the most suitable mode either by ‘directive’ or by adopting a charges policy which favoured a mode for a particular traffic.

Perhaps the biggest contribution to the failure to achieve the co-ordination and integration implied by legislation was a lack of recognition as to the role of pricing. In the implementation of the 1930 Road Traffic Act, the Traffic Commissioners were deliberately invited to promote cross subsidy between routes as a way of extending the spatial network by the continuation of routes that were otherwise ‘unremunerative’. In addition, whilst outside their remit, they moved to a system of setting standard fares showing they failed to recognise that operators with lower costs could offer a lower fare.<sup>23</sup> Perhaps this was understandable given the nature of knowledge about the role of pricing in the early 1930s. But by the end of the 1930s decade, the role of price as a signal was well developed yet ignored by the legislation and in particular the role of marginal cost pricing as a way of utilising infrastructure. As identified earlier, the BTC was required to generally break even and to provide what was demanded at the cheapest possible price without direction as to how this should be done. The lack of explicit direction, the statutory financial requirement to break even and the need not to discriminate unfairly (interpreted as charging the same rate for the same distance, irrespective of mode) led to a systematic drift towards average pricing and thus to cross subsidy. Indeed, that this was not understood became clear in the BTC’s first attempt at setting rates which equalised those of road and rail for freight without recognising the different cost base of each mode.

## Conclusions

The developments in the UK were thus characterised by a stronger discussion of the nature of the ownership and its impact on delivering co-ordination and integration than its European neighbours. This was linked to the ‘crisis management’ approach of successive Governments in relation to preserving the popular investment of the railway for the public. Had the railways been brought into state ownership in the 1920s, a debate as to how to define and achieve co-ordination and integration might have occurred.

A review of the historical evidence suggests a number of missed opportunities, particularly in relation to the outcome of the 1947 Transport Act. Had the design of the legislation been more aligned to the intellectual debate of the 1930s, the policy of the Labour Government may well have been realised. Instead it required a further twenty years to pass before the realisation that co-ordination and integration were features of aligning functions and fares rather than a requirement to hold all assets in the public sector.

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## Endnotes

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- \* This conference paper (full version) has been double-blind assessed by two referees. I would like to thank the referees for their insightful comments which have improved the argument of this paper. I would also like to thank the Dutch Ministry of Transport for its invitation to discuss an earlier version at the Rijkswaterstaat workshop, in the presence of experts from many other countries: this allowed me to extend and develop the material discussed in this paper.
1. DH Aldcroft, *British Transport since 1914*, David and Charles, Newton Abbott, 1975, p. 24.
  2. CB Aichison, ‘State Control of Transport Services and Rates in Great Britain’, *The Annals of the American Academy*, 1939, pp. 185-202.
  3. HJ Dyos and DH Aldcroft, *British Transport: an Economic Survey from the Seventeenth Century to the Twentieth*, Pelican edition, London, 1974, p. 356.
  4. British Road Federation Road Statistics, 1968, Part 1.
  5. *Ibid.*
  6. DL Munby, *Inland Transport Statistics Great Britain, 1900-1970*, Clarendon Press, Oxford, 1978, Table C10.1.
  7. Ward Lock 1905-6. Ward Lock is renowned for the series of popular guidebooks which covered a wide range of British tourist destinations.
  8. R. Harrington, ‘Beyond the bathing belle: images of women in inter-war railway publicity’, *Journal of Transport History*, vol. 25, no.1, 2004.
  9. Evidence on the growth of buses and accidents caused by buses is available for London. Generally the experience in London would exaggerate situations elsewhere. Between 1918 and 1919, the number of motor buses licensed in London rose from 2277 to 3314 and fatal accidents caused by motor buses rose from 121 to 136 and non-fatal accidents from 1644 to 1953. 1920 saw only a small increase in licensed vehicles to 3365 and a decline in both fatal accidents (80) and non-fatal accidents (1583). More interesting is the retrospective investigations into London street accidents in 1927 by the London and Home Counties Traffic Advisory Committee which found that a great number of accidents were promoted by a lack of awareness to the changing conditions brought about by the increased speed of vehicles and that the most prevalent cause of street accident was mechanical defect. A simple regression with fatalities as the dependent variable (1916-37) identifies the increasing number of vehicles as the single most important determinant with the impact of the legislation which changed the regulation of motor buses as being statistically insignificant (S Glaister, and C Mulley, *Public Control of the British Bus Industry*, Gower Press, London, 1989, pp. 119-21).
  10. The terms of reference of the Committee were ‘to consider what immediate steps can be taken, consistent with existing powers, to remove congestion existing in London Traffic and to consider the powers necessary and the action to be taken to improve London Traffic’.

11. DL Munby, *Inland Transport Statistics Great Britain*, Tables B8.1, B3.1, B8.1, B6.1, B11.1 and B12.1; DN Chester, *The Public Control of the Passenger Transport Industry*, MUP, Manchester, 1936.
12. Terms of reference, Royal Commission on Transport, HMSO, UK, 1928.
13. Dyos and Aldcroft, *British Transport*.
14. Safety is emphasised here because much of contemporary literature suggests that the 1930 Road Traffic Act, which heavily influenced over 50 years of bus regulation in the UK, originated either because of the problems which arose from competition between railways and trams and buses or because the uncontrolled competition of buses produced an uncoordinated and wasteful transport system. In fact, the issue of competition with railways and tramways was the reason given by the literature in the late 1920s for the need for regulation but the idea of wasteful competition is more recent and only evident after the Act was passed. The way in which safety drove the early discussions and the role of the Hackney Vehicle Committee and the Royal Commission in framing the legislation is discussed in C Mulley, 'The background to bus regulation in the 1930 Road Traffic Act: economic, political and personal influences in the 1920s', *Journal of Transport History*, Third Series, vol. 4, no. 2, 1983.
15. Final Report (Cmd 3751), HMSO, London, December 1930, para 160.
16. Many of the different statistical sources are difficult to compare, using different categories and different cut-offs for the number of vehicles. Using comparable statistics for buses and coaches, which include London, there were 4129 operators owning 1-2 vehicles and by 1937, this had fallen to 2729 operators with their vehicle stock changing from 5480 to 3612 vehicles – a decrease of 34 per cent. Operators owning over 100 vehicles had grown in number from 60 (1931) to 77 (1937) with their vehicle stock increasing from 21,869 to 30,030 – an increase of 37 per cent. Overall, the number of vehicles in the industry grew about 6 per cent. DL Munby, *Inland Transport Statistics Great Britain*, Table B13.3.
17. The Traffic Commissioners often sought a common scale on a given section of route when operated by more than one operator even though they recognised that services were provided at different costs and could therefore be operated at different fares.
18. D Watts, 'British railway nationalisation: a re-examination of the causes, 1866-1921', *Contemporary British History*, vol. 16, no. 2, 2002; T Gourvish, *British Railways, 1948-73: A Business History*, Cambridge University Press, Cambridge, 1986.
19. Aldcroft, *British Transport since 1914*.
20. H Morrison, *Socialisation and Transport*, Constable and Co., London, 1933.
21. PS Bagwell, *The Transport Revolution*, Routledge, London, 1988, p. 292.
22. Department for Transport (UK), 'Transport's role in sustaining UK's Productivity and Competitiveness: The Case for Action' (also known as the 'Eddington Study'), 2006.
23. In many cases it was the smaller operator who had lower costs and whose services were discontinued when their operations were purchased by the larger operators as the concentration of the industry progressed through the 1930s.