Government, the Railways and the Modernization of Britain

Beeching's last trains

Charles Loft

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When Dr Richard Beeching, the Chairman of British Railways, presented his report on the future of Britain's rail system in March 1963, he ensured that his name would forever be associated with cutbacks and consolidation. The Beeching Report recommended the closure of a third of Britain's railways: a plan that went ahead despite heavy opposition and arguably helped transform the way the British live, and the kind of country they live in.

In this book, Charles Loft places current issues in transport policy in historical and cultural context: he examines why the nationalized railways were in such dire financial straits by 1963; how the government's conclusions on future transport-work would have cut Britain's railways down by even more than Beeching; and what eventually stopped successive governments implementing such cuts. In bringing the story of government railway policy up to date, the book asks what Beeching's legacy is now, and whether the lessons of the fifties and sixties have been heeded since privatization.

Government, the Railways and the Modernization of Britain examines the politics behind the programme and argues that Beeching's apparent ruthlessness was an attempt to impose logic on railway finances as well as a response to the failures of 15 years of public ownership. A case study of the complexities of transport policy and the political pitfalls of implementing massive changes, this study holds relevance today. It will be invaluable to anyone interested in how transport policy is made, or how it has arrived at its current state, and sheds fascinating new light on the working of government, the economy and the mood of the times under Churchill, Eden, Macmillan and Wilson.

Charles Loft is a researcher, who worked as a musician and freelance investigator before becoming a historian. He has taught at Queen Mary and Westfield College, University of London, Huddersfield University and was Fulbright-Robertson Professor at Westminster College, Missouri, 2000–1.

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For Frances Jordan and Ron Loft

Contents

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Abbreviations

AA:	Automobile Association
ABCC:	Association of British Chambers of Commerce
APT:	Advanced Passenger Train
ASLEF:	The Associated Society of Locomotive Engineers and Firemen
BOAC:	British Overseas Airways Corporation
BOC:	British Oxygen Company
BoT:	Board of Trade
BR:	British Rail
BRB:	British Railways Board
BRF:	British Roads Federation
BTC:	British Transport Commission
CPRE:	Council for the Protection of Rural England
CSO:	Central Statistical Office
CTCC:	Central Transport Consultative Committee
DEA:	Department of Economic Affairs
DfT:	Department for Transport
DoE:	Department of the Environment
DoT:	Department of Transport
DSIR:	Department of Scientific and Industrial Research
EPC:	Economic Policy Committee of the Cabinet
GDP:	Gross Domestic Product
GLC:	Greater London Council
GWR	Great Western Railway
HoC:	House of Commons
HOPS:	Treasury Home and Overseas Planning Staff
HST:	High Speed Train
IDR:	Interdepartmental Working Party on Railways
JSG:	Joint Steering Group
LCC:	London County Council
LMS:	London Midland and Scottish Railway
LNER:	London and North Eastern Railway
LPTB:	London Passenger Transport Board
LTST:	Statistical Working Party on Long-term Survey of Transport

MGM: Ministerial Group on Modernisation [of the railways]
MHLG: Ministry of Housing and Local Government
MoL: Ministry of Labour
MoT: Ministry of Transport
MTCA: Ministry of Transport and Civil Aviation
NCB: National Coal Board
NUR: National Union of Railwaymen
PESC: Public Expenditure Survey Committee
PSO: Public Service Obligation grant
RAC: Royal Automobile Club
REPC: Regional Economic Planning Council
RHA: Road Haulage Association
RHE: Road Haulage Executive of the BTC
RRL: Road Research Laboratory
RSG: Regional Study Group
SAG: Special (Stedeford) Advisory Group (on the BTC)
SDD: Scottish Development Department
SMMT: Society of Motor Manufacturers and Traders
SRA: Strategic Rail Authority
TGV: Train à Grande Vitesse
TGWU: Transport and General Workers Union
TOCs: Train Operating Companies
TSSA: Transport Salaried Staffs' Association
TUC: Trades Union Congress
TUCC: Transport Users' Consultative Committee

1 ‘A wound that has not healed’

On a September evening in 1964 a branch line terminus in the north of England waited for the Beeching Axe to fall. As the last train from Carlisle pulled into the tiny terminus at Silloth, the usual diesel replaced by a steam locomotive for the occasion, passengers in the packed coaches gasped to see a crowd of between 5,000 and 9,000 people spilling across the tracks and serenaded by a group of folk singers performing *The Beeching Blues*. The police had already ejected the local Labour Party candidate from the platform and as the train prepared to return to Carlisle they repeatedly removed a placard which read ‘if you don’t catch this you’ll never get another one – unless you vote Labour’ from the front of the locomotive, which was also adorned by a wreath. The final departure was delayed, first while the police removed detonators from the rails and then as they removed ‘dozens of “teenagers” ’, sitting on the line to shouts of ‘remember it’s your train they’re stopping as well as ours’. As the locomotive inched forward, the driver released hot steam and then hot water to clear the last of the demonstrators sitting on the tracks before the train pulled away to the sound of Brian Poole and the Tremeloes’ *Do You Love Me?* playing on the crowd’s transistor radios. As it pulled into Abbeydown, police cars raced to the station in response to a bomb hoax. In 1883 a group opposing Sunday working, armed with clubs and sticks, physically prevented fish being carried from Strome Ferry station by the Highland Railway, but it is much easier to stop a train than to make it run; at Silloth the crowd departed, some of them in tears. The following Friday, the *Carlisle Journal* reported this ‘great train robbery’ in uncompromising terms:

> With one swift cut of your scalpel, Dr Beeching, you have severed a vital life-line . . . a line that can mean the difference between prosperity and poverty to the once booming seaside town of Silloth.
> You have threatened the livelihoods of many people.
> You have deterred industry.
> You have discouraged the ‘bucket and spade brigade’.

A few weeks earlier the local MP, William Whitelaw, had been accosted by a constituent whose farm bordered the line. The farmer complained that if he was no longer able to see the branch train passing in the afternoon he would not know when it was time to go home for his tea. He was advised to get a watch. This was not just the loss of a local amenity, it was a fundamental alteration to a pattern of life; the old certainties steamed away, to the soundtrack of the new, Sixties Britain. This convenient symbolism was less significant, however, than the fact that the 'teenagers' (the *Railway Magazine*, founded in 1897, felt the word still required inverted commas) were as unhappy at the loss of their railway as the watchless farmer.[1]

This book is, first and foremost, about railway closures. It seeks to explain why it was that the British government, having apparently supported a massive investment in rail in 1955, began cutting that investment programme in 1960 and by 1963 was pursuing a programme of rail closures which implied an ultimate reduction of the passenger rail network to about 5,000 miles. It examines the political difficulties this policy encountered and the subsequent relationship between government and the railways to the present day, placing it in the context of a wider perception of the need to modernize which existed in Britain during the late 1950s and 1960s and which the railways came to represent. This is not a business history or an economic study and does not seek to prove that the arguments for closing individual lines were right or wrong. However, this introductory chapter begins with an examination of the myths surrounding Beeching today and the chief arguments over the viability of individual services, in order to demonstrate that the lasting resentment felt over rail closures cannot be explained solely by the controversy surrounding the figures used to justify them, but needs also to be seen as an expression of the place of the rural branch line in English culture (and of rail closures in Scottish and Welsh nationalism). A final section discusses the wider context of the modernization of Britain.

The Beeching myth

Although the atmosphere in which the last train left Silloth was unusually politicized and rowdy (the 1964 General Election was only a month away), similar scenes took place all over Britain during the 1950s and 1960s, as the passenger network contracted from around 17,000 miles in 1948 to under 9,000 in 1973. As many local services were withdrawn from lines which remained open for through traffic, the more dramatic fall in the number of stations open to passengers, from over 6,500 to 2,355, may provide a better guide to the impact of this contraction.[2] The name of Dr Richard Beeching has become so indelibly associated with this process that over 30 years after he left the British Railways Board (BRB) the BBC could use it in the title of a situation comedy set on a rural branch line in the early 1960s, *Oh Dr Beeching*, and be confident the public would recognize it.

Beeching joined the British Transport Commission (BTC), the publicly owned body with responsibility for the railways, in March 1961 and became Chairman on 1 June. When the BTC was replaced by the BRB on 1 January 1963, Beeching became its Chairman, remaining in the post until 1 June 1965.[3]

Under Beeching's Chairmanship, the BTC and BRB closed 2,479 route miles to passengers (less than a third of the total contraction).[4] In March 1963 the BRB published *The Reshaping of British Railways*, or the *Beeching Report* as it soon became known. At great length the report expounded what was in essence a very simple message: the railways had to discover what traffic they could carry most profitably and concentrate on doing so with increasing efficiency, while cutting out that which did not pay. This meant investing in the transport of large loads over long distances, while withdrawing many stopping-train passenger and pick-up freight services (in other words local services stopping at every station), and closing lines on which no other traffic was carried.[5] In short, the railways should act as a business and in doing so should cut out a variety of loss-making activities and invest in the profitable ones. Beeching made a number of positive recommendations, most notably investment in freightliner trains, which it was hoped would allow rail to retain some general merchandise traffic by offering a long-distance service combined with collection and delivery by road. Nevertheless, the parts of the report which had the greatest impact were the appendix listing 2,363 stations to be closed, 266 services to be withdrawn and 71 to be modified and the accompanying map which showed roughly a third of the network's route miles would go. Thirty-one per cent of the route mileage open to passengers in 1962 had closed by the end of 1973, and slightly more than half of this was achieved by the end of 1965. The results could have been far more dramatic: by 1965 the BRB had identified a network of 7,000–8,000 miles, less than 5,000 miles of it open to passengers, which would suffice for the next 20 years, but the closures this implied were never implemented.[6]

As a literary text, the *Beeching Report*'s pages of alphabetically ordered stations to be closed have the mournful look of names on a war memorial. This sombre list inspired an immediate *Guardian* editorial, utilizing some of the more interesting station names and entitled *Lament*, which ended 'Yorton, Wressle, and Gospel Oak, the richness of your heritage is ended. We shall not stop at you again; for Dr Beeching stops at nothing'. In a similar vein, Flanders and Swann produced their valediction for the passing of *The Slow Train* later the same year.[7] It wasn't only professionals who put pen to paper. The Ministry of Transport's files on railway closures are stuffed with letters of protest. Some are actually written in green ink; many more are as eloquently angry as Mrs Joan Price of Cavendish, Suffolk:

> Opinion here of the Dr Beeching closure proposals is that they are a monstrous embodiment of ruthless disregard for the thousands whose lives . . . are bound to suffer enormous . . . disruption if this inhuman plan is allowed to be carried out . . . it is like cutting off the nation's feet in order to save the cost of shoe leather.[8]

The contraction of Britain's railway network was well underway before the *Beeching Report*. Between 1950 and 31 August 1962 the passenger rail network shrank by over 3,300 miles, the rate of contraction accelerating from 1958.[9] But the concentration of so many closures in one slim volume associated Beeching with the entire process. No other nationalized industry chairman is so well remembered: at the *Lord Beeching* pub in Aberystwyth; at *Beeching's Folly*, the former Southern Railway station in Tavistock; at, among others, *Beeching Close* and *The Beechings*, housing developments on the site of the former stations at Halwill Junction, Devon, and Henfield, Sussex, respectively.

These are not fond memorials but infamy. The name Beeching still arouses passion, at least in men of a certain age. When I tell people I study transport policy their eyes glaze over; when I tell them I study Beeching I am often treated to a brief lecture on my subject. In popular opinion, Beeching stands accused of callously ignoring the social consequences of closures, of studying the railways in narrow financial terms when he should have studied transport as a whole, of falsifying the figures justifying closure, of cooperating with an anti-rail conspiracy and of simply being wrong. Richard Lamb refers to Beeching's appointment as 'a tragedy for the nation' and to his 'dismantling of the railways . . . as one of the major aberrations of the Macmillan Government'. The late Robert Adley MP saw Beeching's legacy as the 'mass decimation' of the railway network. The popular author Ian Marchant describes Beeching's 'brutally simple task' as being to make the railways pay '[n]o matter what it cost in social terms'.[10] In the introduction to the most virulent of these attacks, David Henshaw's *The Great Railway Conspiracy*, Stan Abbott writes that praising Beeching for his achievements in improving railway management 'is rather like praising Hitler for helping create the VW Beetle while conveniently forgetting his other more notorious deeds'.[11]

It is perhaps worth reminding ourselves that Richard Beeching never killed anyone, indeed he did not close a single railway line; every individual closure had to be approved by the Minister of Transport; all Beeching did was to put forward for closure those lines which were in his view irretrievably unremunerative. The prioritization of financial criteria evident in the *Beeching Report* was founded upon the BRB's terms of reference set out in the Transport Act 1962. Beeching's critics have generally recognized that their barbs must equally be aimed at Ernest Marples, Conservative Minister of Transport from October 1959 until October 1964, who appointed Beeching, implemented many of the closures he proposed and presided over both the 1962 Act and a shift in investment resources from rail to road which preceded it. When the last train ran on the Cirencester branch in 1964, it was Marples who was burned in effigy outside the station.[12] Both contemporary and more recent commentators have tended to see the shift in emphasis from rail to road as a direct reflection of Marples' influence, and – for some – as a result of an unjustified anti-rail prejudice on his part.[13] This last suspicion rests on the fact that Marples had founded a company that, among other things, built roads, and had recruited Beeching to a Special Advisory Group (SAG) on the railways he established in 1960, the conclusions of which were kept secret for nearly 30 years. This secrecy and Beeching's membership have given rise to the false idea that the group produced a secret version of Beeching's closure programme, which is discussed in Chapter 5.[14]

But whether it is Beeching, Marples or the road lobby that gets the blame, Bruce Grocott's reference in a House of Commons debate in February 1996 to the 'vandalism of the Beeching era' typifies the lasting resentment over railway closures. They are, as Stewart Francis, then Chairman of the Rail Passengers Council wrote in 2002, 'a wound that hasn't healed'.[15]

Why should this still be so, 40 years on? Some obvious explanations are available. The closure of the Edinburgh–Carlisle line, for example, left the border towns around Hawick far from the nearest railhead, and Stewart Francis argues that the disadvantage of poor rail links continues to have a negative impact on the area today.[16] The reopening of some 180 route miles by 1991 supports Henshaw's claim that they should not have closed in the first place; and further reopenings have followed.[17] *Reshaping*'s claim that 'if the whole plan is implemented with vigour, much (though not necessarily all) of the railways' deficit should be eliminated by 1970' was not achieved.[18] Terence Gourvish's thorough business history of British Railways concludes that the amount saved through closures was 'anybody's guess', but that it was less than expected during the late 1960s; and in the early 1970s British Rail concluded that there was no size to which the railway network could be reduced that would render it profitable.[19] If all this suggests that Beeching was fundamentally on the wrong track, Gourvish's examination of the figures offered in support of individual proposals and the admission by former senior railway managers Richard Hardy and Gerard Fiennes that these figures were in some cases vague calculations in support of a general principle that rural railways did not pay bestow more than a little credibility on contemporary complaints about inaccurate figures.[20] Certainly closures were not subject to detailed social cost-benefit analyses. Nor can there be any doubt that the Transport Act 1962 prioritized financial criteria, changed the procedure for considering closures to speed up the closure process, or that closures inflicted hardship on those dependent on rail.[21] One can make a case, therefore, that this was a policy which failed, which was based on data that was at best flawed and at worst faked, which was bludgeoned through in the face of popular opposition, ignoring the need to consider transport as a whole and with scant regard for the wider picture of social costs and benefits or the suffering endured as a result.

This view is not, however, endorsed here. This book argues that the closure policy was based on the best analysis of transport requirements and social need that Whitehall could make at the time and cannot therefore be simply dismissed as a short-sighted cost-cutting exercise, nor a deliberate attempt to benefit the road lobby at the expense of rail users, but was a genuine attempt at modernization, rooted in Whitehall's attempt to find a framework within which the social services provided by nationalized industries could be balanced against the need to control public expenditure and to adapt the transport infrastructure to modern conditions. The evidence supporting this case is found in the files of government departments rather than in the debates over individual closure cases. However, a summary of the points raised in discussions of the finances of railway closures is a necessary basis for the more detailed research that follows, because it allows the more conspiratorial and dastardly allegations against Beeching to be dismissed.

The debate over individual closures

In defence of Beeching's hopes for the financial effect of *Reshaping* it should be pointed out that the recommendations in the report were not pursued in total or with the vigour he envisaged; however, even if they had been, the railways would almost certainly have remained in serious financial difficulty. In 1972 Whitehall estimated that £115 million had been cut from railway operating costs in the four years to 1967 but that this had been largely consumed by increases in wages and other costs. If Beeching placed too much faith in the financial benefits of rationalization, he was also overly optimistic about the prospects for rail freight.[22] Direct savings from closures and withdrawals, including freight, were expected to account for £34–41 million of the £115–147 million total financial improvement envisaged in *Reshaping*. However, much of the rest of the financial improvement depended on indirect savings which were 'expected to arise as the system is simplified by groups of closures'. The figures published in relation to individual closures from 1963 onwards were not therefore a summary of the entire financial effect of withdrawing a particular service. This helps to explain the apparently blanket condemnation of rural railways to which Fiennes refers. When, for example, the Ministry questioned the figures in the East Dereham–Wells case in 1964, the Board's representative replied that even if the service 'were able to break even, it would not be the sort of service which we ought to be engaged in', citing as justification for this comment the argument in *Reshaping* that the 'proposals in the plan are interdependent . . . realisation of many of the savings depends upon the adoption of the plan as a whole'.[23] Any discussion of the shortcomings of figures in individual cases needs to be seen in this context.

The post-Beeching reopenings represent only a small retreat from the proposals in *Reshaping* and the shortcomings of the figures do not mean that the lines in question were making money. Even Beeching's harshest critics accept that about half of the lines he closed had to go.[24] Gourvish's comments on the total effect of the closure programme notwithstanding, we can dismiss the idea that a profitable network of rail services was falsely presented as losing money or that a thorough cost-benefit study of this network would have produced, as Henshaw suggests, a significantly different result.[25] Railway finances are not a simple matter and it is always possible for those who wish to challenge the financial case for withdrawing a railway service to question the figures.[26] The two great imponderables (at least for the layman) are shared costs and contributory revenue. When two services use the same track, for example, how much of the cost of maintaining the track should be apportioned to each? The official answer has varied over the years, but the figures supplied to the public under the 1962 Act tended to underestimate the savings that would be derived from a closure, because they ignored the additional sums saved if freight traffic was withdrawn from a route after it lost its passenger services, allowing it to be completely closed. This was logical enough, but because freight rationalization lagged behind the passenger closure programme it was very often the case that lines closed to passengers lost their freight services a few years later and closed completely, realizing savings which would have been lost if the passenger service had continued.[27]

Contributory revenue is the contribution to revenue on one service resulting from the existence of another, for example the revenue earned on the Birmingham–Taunton and Taunton–Barnstable Junction lines by the existence of the Barnstable Junction–Ilfracombe branch. If the Ilfracombe branch closes will those using it who have started their journey in Birmingham continue to use the railway to reach Barnstable (in which case none of the contributory revenue is lost and the case for closure is strengthened), will they make the entire journey by car (in which case the economics of the other two services might be adversely affected to the point where the closure makes no sense), or will they travel to another resort by train (leaving the railways better off)? The issue is further complicated by the fact that figures for gross contributory revenue take no account of the profitability of the services, in this case between Birmingham and Barnstable, on which that revenue is earned. This is a particularly pertinent point when discussing lines to holiday resorts, as holiday traffic required the provision of significant capacity in the form of additional staff, rolling stock, track and signalling which was only used on a few weekends a year and was therefore not necessarily profitable.[28] When one considers that a resort such as Ilfracombe might earn contributory revenue on a variety of routes bringing it holidaymakers, the complexity of the calculations involved in the pre-computer age becomes clear. Both the amount of contributory revenue and the amount which would be lost on closure were open to almost endless debate. In judging the closures proposed in the *Beeching Report*, the Ministry of Transport accepted the BRB's view that the amount of contributory revenue lost on closure was a matter of opinion.[29] While complaints that too little account was taken of contributory revenue cannot be entirely dismissed, they do at times reflect the erroneous view that if the branches are cut the main lines will die, because without feeder services they will lose their traffic.[30] Implementation of the closure programme provided 'bitter experience . . . that the truncation of routes affects the viability of the residual sections', but this did not apply to the network as a whole. The main lines were built first because they linked major centres of traffic and just 1 per cent of the stations open in 1960 produced more than a quarter of passenger revenue while a third handled less than 1 per cent of it. The quote used above is taken from a paper arguing that maintaining a service between Peterborough and Skegness would cost just as much as maintaining it throughout to Grimsby, the implication being that the whole service should be withdrawn; it was not suggesting that closure would damage the viability of the remaining network onto which through traffic would be diverted. The idea that cutting out branches damaged the 'tree' was undermined by studies in the early 1970s.[31]

To these uncertainties must be added a third: potential. Just because a line is losing money at a given moment, does this mean it must continue to do so? Critics of closures have consistently argued that more could have been done to cut operating costs on the services involved and this is generally true. It is not generally the case, however, that this would have turned losses into profits. Gerard Fiennes' account of how he drew up a plan for operating the East Suffolk line as a 'basic railway' has encouraged the view that this should have been done more widely; but it is worth remembering that Fiennes did so only after the political battle to close the line 'was clearly lost', that he rejects the view that such measures could have saved the neighbouring Cambridge–Marks Tey route and that, while he refers to the 'crass folly' of parts of the closure programme, this comment relates to the minor proposal to close a few stations on a line which was to remain open.[32] Opponents of closure called for both cost-cutting and better services, generally an untenable combination, and sometimes accused cost-cutting rail managers of deliberately running down a service.[33] Between 1956 and around 1960, the BTC pursued a policy of trying to make branch lines pay through investment, in particular in diesel traction. It failed. Many cost-saving innovations required investment which would never be repaid because it would only reduce losses. For example, the use of diesel railbuses increased receipts, but generally failed to make the lines profitable, while the vehicles were unable to cope with peaks in demand. They also cost three times as much as a road bus of the same capacity.[34] One must also consider not only the rate of return on investment in branch lines but the lost opportunity to invest the funds involved elsewhere; this might be an economic calculation to identify the most socially or financially rewarding expenditure or, from the railways' point of view, just a case of concentrating funds on the busiest routes. Moreover, potential was an issue which cut both ways; as we shall see, the evidence suggested that traffic was more likely to decline than to increase.

Would a thorough analysis of social costs and benefits conducted in each case have significantly reduced the number of closures? Probably the most powerful myth surrounding the *Beeching Report* is that no account was taken of the social costs attached to railway closures and it is certainly true that cost-benefit analysis was applied to only a handful of lines prior to 1971, when British Rail asked the economist Christopher Foster to carry out a cost-benefit study of two suburban lines in Manchester which had been listed for closure in the *Beeching Report*. Foster concluded that by reducing road congestion the services provided benefits to those not using them which outweighed the financial loss incurred by their operation and that the services should be retained and improved.[35] It would be a mistake, however, to assume that this conclusion could be applied in blanket form to all rail services. In their 1975 work *The Rail Problem* the economists Richard Pryke and J.S. Dodgson reviewed the six cost-benefit analyses of individual lines carried out in the previous decade and updated them. Both the original studies and their recalculations indicated that the social benefits of rural services tended not justify the cost of retaining them while those of urban services did. By extrapolating an average social benefit of approximately

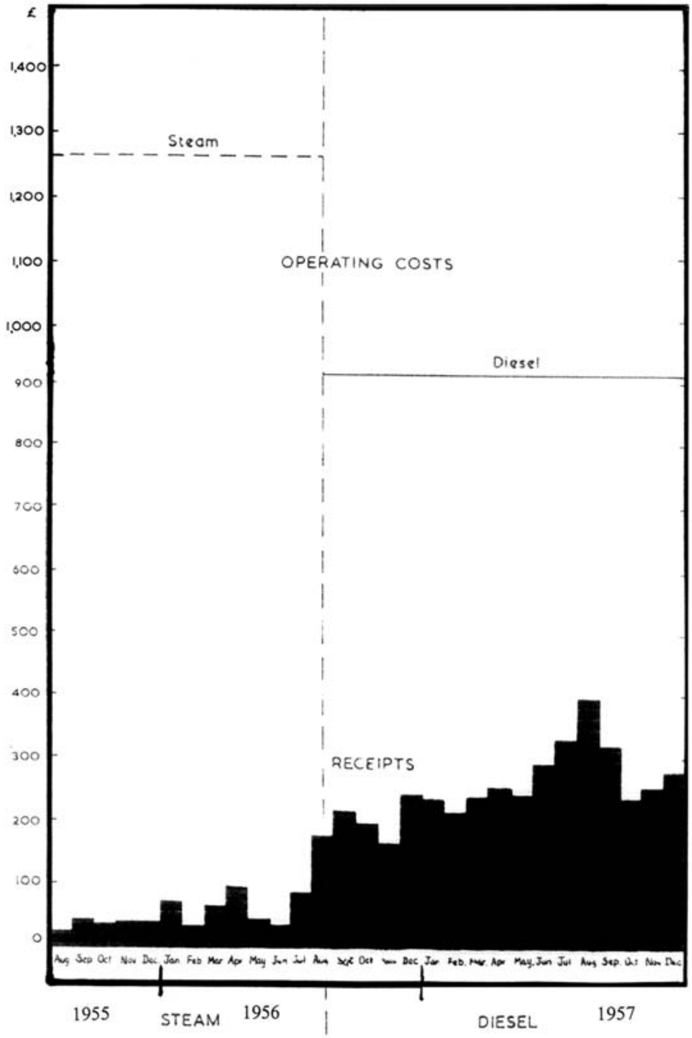

Figure 1.1 The effect of introducing diesel railcars on the Buckingham–Banbury branch from 13 August 1956. Monthly receipts were boosted by the greater availability of the diesel stock, allowing additional services to be run. However, the dramatic impact on receipts and costs left the service still far short of viability. The Banbury experiment was somewhat undermined because, instead of using a purpose-built lightweight railcar, it involved taking the power-car of a conventional diesel multiple unit and adapting it to be driven from either end, which meant removing seats and adding a second engine, reducing its passenger/weight ratio. A lightweight unit would have cut costs further, but could not have bridged the considerable earnings gap illustrated here. (source: *NA PRO MT 115/3, BTC statistics section chart, February 1958*).

2.2p/passenger mile (at 1971 prices), Pryke and Dodgson argued that 89 services and 2,137 miles of passenger routes should be closed. This suggests that few lines closed before 1971 would have justified a subsidy on a cost-benefit basis, in particular because many of the urban closures proposed in the *Beeching Report* did not proceed.

A reading of Pryke and Dodgson's methodology brings out the extent to which cost-benefit analysis involves estimates and averaging to such an extent that its findings cannot be carved on tablets of stone, but are open to challenge. For example, while the value attached to savings in passengers' time (25 per cent of the wage rate for in-vehicle time saved and 50 per cent for walking time) was based on research and economic theory, it clearly had an element of arbitrariness and this typifies the sort of judgement involved.[36] As another economist put it when introducing the topic to undergraduates in 1973, transport economics involves measuring 'that which appears to be unmeasurable'. It is a field in which the economist may find it hard to 'discuss means without questioning ends', a point borne out in Pryke and Dodgson's argument that rail subsidies probably encouraged a regressive distribution of income by benefiting the better-off who were more likely to use rail than the poor by 1973.[37] At the same time as Foster argued for investment in suburban services in Manchester, another study made a cost-benefit case for concreting over the main line from Harwich into London Liverpool Street, two urban lines and three branch lines and replacing their trains with buses.[38] The point here is not to dismiss the methods or usefulness of cost-benefit analysis, merely to emphasize that it is an economic calculation, not an absolute summation of human wants and needs or a magic wand. The decision to close, retain or improve a loss-making railway service is a political decision and in the contest around that decision accountancy and economics are weapons deployed by both sides. Objectors to the closure of the Bluebell line, the best-known pre-Beeching closure controversy, made much of the inadequacy of BR's figures but could not prove the line made a profit. Indeed, their argument was that it had never been expected to.[39]

The essentially political nature of closure decisions is evident too in the question of the degree to which closures caused genuine hardship for those deprived of their railway. Individual objectors may often have 'made noises out of all proportion to the hardship involved',[40] but even where the argument for closure was clear, those who depended on the railway suffered when it was removed. Take, for example, Melton Constable, a tiny Norfolk village distinguished from its neighbours only because it owed its existence to the fact that it had been, until 1959, the hub of the former Midland and Great Northern Railway, the point at which a duplicate route from the Midlands divided to reach Norwich to the south, Yarmouth to the east and Sheringham and Cromer to the north. It was once the site of a locomotive works and a railway-owned concrete works, producing everything from fence posts to prefabricated offices.[41] By 1963 only the line to Sheringham and a sheet-metal works remained. A total of 189 people used the ten daily trains to Sheringham in the summer, 166 in the winter. Closure was expected to save £26,700 net, and only 31 objections were made.

The fact that the taxpayer appears to have been paying over four times as much to operate the service as its passengers and that such expenditure could not be justified when so few benefited was undoubtedly no consolation to those marooned in a village which had lost its purpose: the two schoolteachers and a pupil who would have to wait until 6.45pm for a bus back to Sheringham; those who relied on the train to reach doctors, dentists and chemists in Holt; and those who would be seeking new jobs when the sheet-metal works closed in July. A local councillor, Miss M. Gray, suggested that Beeching and Marples should 'come out here for a month, leave their cars at home, and see how they would like it. That is the way to prove what hardship means . . . With no station and no trains we might as well be dead'.[42] It is significant that her letter implied she used the line, not to get to work, but for 'little outings by train' which gave her 'something to look forward to'; even for those who did not depend on the railway in absolute terms, its loss had an appreciable effect on the quality of life. Miss Gray's rhetoric may have spilled into hyperbole, but for those with no cars rural life would be significantly bleaker without the railway and they were hardly likely to meekly accept the argument that, from a national perspective, there were too few of them to be worth subsidizing. Nevertheless, this brief survey suggests that the factual controversy surrounding rail closures cannot fully explain the lasting passion with which the subject is discussed today.

The antithesis of modernity

In his survey of the place of the railway in English culture, Ian Carter shows how having once been the 'epitome of modernity', the 'railways' historic role as modernity's spear tip is [now] blunted to the point of fatuity' and that the association of the railway with main-line speed has given way to the prominence of the rural branch line, 'at home in the English landscape' as a cultural reference point, a process he traces back to Quiller-Couch's *Cuckoo Valley Railway* of 1893, which 'invented a new way of writing about railways in Britain . . . *nostalgic memory*, a conservative and yearning regret for lost days'.[43] Could anything illustrate the place of the railways in the landscape more clearly than the name ascribed to the line which was the subject of the most controversial closure of the 1950s and the first standard gauge preservation project, the Bluebell Railway in Sussex? Carter stresses the place of the quaint and whimsical in the nostalgic memory he describes; it was precisely the loss of the quaint and the whimsical, of Trouble House Halt and Midsomer Norton, which lay at the heart of Flanders and Swann's lament.[44] When David St John Thomas wrote in his survey of *The Country Railway* that such a line 'was always part of the district it served' he was building a bridge between history and nostalgia which is more clearly visible in Henshaw's reference to rural lines 'ingrained into the communities they served; integral and indispensable threads binding the rich tapestry of rural life'.[45] It resounds, too, in a letter pleading the case for Bridlington station sent to the Minister in 1967. Having complained bitterly of the effects of bus sickness the correspondent emphasized that

> our beloved railway station . . . means much more to us than a means of conveyance. In the 19-14-18 [*sic*] war countless servicemen said 'farewell' forever on these platforms, as in the 1939–45 war. It represents to us locals a precious land-mark [*sic*]. Its lights at night mean a good deal to us who live nearby. We are never lonely when we look out at the back of our cottages and see those lights. Please Please do not have them taken from us.[46]

This places the branch-line railway at the heart of the place in which the English, or many of them at least, imagine they live; a rural idyll onto which urban modernity has been artificially imposed.[47] It is an image reinforced by the almost obligatory appearance of a pristine steam train at a beautifully kept rural station in just about any recent film set in England before the Second World War.

The subject of railway closures had been turned into typically English comedy the year before the Isle of Wight case provided the first serious closure controversy in 1953. In *The Titfield Thunderbolt* the sort of archetypal English community that had put paid to Nazi invaders a decade earlier in *Went the Day Well?* took on the Ministry and the BTC to take over their local branch line and run it themselves. The squire and the vicar played leading roles and overcame the spiv-like bus operators with the help of a train-driving bishop. The most revealing line in the film is the heartfelt appeal preached to Ministry of Transport officials by Squire Chesterford:

> Don't you realise you're condemning our village to death? Open it up to buses and lorries and what's it going to be like in five years time? Our lanes will be concrete roads, our houses will have numbers instead of names. There'll be traffic lights and zebra crossings.[48]

The squire was wrong, the growth of road traffic was happening irrespective of railway closures, but his appeal illustrates the strength of the branch lines' perception as the sinews of imagined England.

Where Beeching closed rural railways, Sir John Betjeman eulogized them in poems such as *Dilton Marsh Halt*, complained of the *Inexpensive Progress* creating a world 'where motor car is master' (a line which the Council for the Protection of Rural England took as the title of its 1992 pamphlet on transport policy) and, as Vice-President of the Railway Development Association, wrote to the Minister complaining of the 'diesel-scented traffic jams' which would be created by railway closures in Cornwall.[49] Betjeman's celebration of the Great Central main line, always a white elephant and closed in the 1960s, is not concerned with its fine engineering but the '[u]nmitigated England' of farms, woods and village churches through which it runs; and when the train passes a modern housing estate the poet makes a pointed reference to the regimented 'cars of parked executives'. The whimsically inappropriate name of Rugby Central station, the whereabouts of which '[d]oes only Rugby know', is an asset as far as Betjeman is concerned.[50] As the champion of branch line closures, therefore, Beeching is not simply the man who vandalized the railways or who deprived communities of a valuable service, but the man who drove the dagger of soulless modernity into the heart of Englishness. He is the anti-Betjeman.

This impression is bolstered by the removal of steam locomotives from Britain's railways by 1968, a process Beeching did not start but did accelerate. Steam often returned to branch lines for final services and, for all the suggestions of cost-saving methods involving alternative traction put forward by opponents of closure, the steam locomotive was fundamental to the romantic appeal of a branch line and vital in attracting visitors to those reopened by the preservationists.[51] In *Dilton Marsh Halt* Betjeman looks forward to the day when, the world's supply of petrol having run out, 'the horrible roads are finally done for . . . [and] Steam trains will return'.[52] When the penultimate scheduled steam service on BR pulled into Blackpool South on 3 August 1968, small boys flocked to the cab to get the autographs of the driver and the fireman. The preservationists and the continuing popularity of Thomas the Tank Engine, including personal appearances on preserved lines, has allowed nostalgia for steam to be transmitted to a generation who never experienced it first-hand.[53]

All this says nothing about Scottish and Welsh reaction to railway closures. Perhaps the general lack of preserved steam railways in Scotland and the distinctive nature of the preservation movement in Wales as 'the Great Little Trains of Wales' reflect a different role for the railway in Scottish and Welsh imaginations. For both Scottish and Welsh nationalists railway closures could be depicted as indicative of the negative effects of English rule, rather than an unpleasant aspect of modernization. H. P. White suggests that this restricted the extent of closures in Scotland and Wales relative to England, a point we shall return to in Chapters 6 and 7.[54] The closure of local rail services undoubtedly made life a lot harder for those people who depended on them and caused inconvenience for others. However, the continuing controversy surrounding railway closures and the contemporary opposition to them clearly owe something to the place of the railway in the imagination.

Modernization

The railway industry was at the heart of two discernible strands in political debate and cultural commentary during the late 1950s and 1960s: decline and modernization. This period saw the rise of a sense of decline in Britain which Jim Tomlinson argues was distinct from previous concerns about decline, was widely propagated and instilled assumptions in the public mind 'with sustained and significant consequences for public debate about Britain's situation, which in turn had a major impact on the tenor of British politics'. These concerns centred around the belief that the British economy was growing less quickly than that of its European neighbours and was bolstered by Britain's apparent decline as a world military and political power.[55] This mood was expressed in such works as Michael Shanks' *The Stagnant Society* and came to focus on what Anthony Crosland called 'a dogged resistance to change [that] now blankets every segment of our national life' and Anthony Samson referred to as 'a loss of dynamic and purpose'. Such complaints went hand in hand with an attack on the amateurish nature of British government and management. While a variety of answers were offered to the much-debated question 'what's wrong with Britain?', by the General Election of 1964 modernization had emerged as the solution to most of the problems identified, and both parties sought to present themselves as modernizers.[56] The use of modernization as a universal panacea for British problems reflects the wider national fascination with modernity that stretched from politics to the young men and women who would lead British popular culture in the coming decade, a phenomenon which Christopher Booker castigated as a kind of mass psychosis in his book *The Neophiliacs*.[57]

Politically, the response to this mood included the attempt to join the Common Market, the creation of the National Economic Development Council, the development of an incomes policy, a renewed emphasis on planning and the control of public expenditure and a new policy towards the nationalized industries from 1961 under which ministers 'tended to treat state industries as commercial undertakings, not social services'.[58] These moves reflected not only the concerns of politicians and voters but of Treasury officials engaged in what Samuel Brittan called 'the great reappraisal' within the Treasury in the late 1950s.[59] This process was a genuine modernization in the sense that it was an attempt to come to terms with modern conditions: the new responsibilities the Treasury found itself shouldering in the 1950s and in particular its management of the investment programmes of the nationalized industries. As chapter four will demonstrate, this reappraisal spawned an attempt to adapt transport spending to modern conditions which was central to the policy behind the *Beeching Report*. The report was one of a series of measures by which the Conservatives hoped to convince the electorate in 1964 that they were the standard-bearers of modernization.[60] Whether Britain was suffering from amateurish management, outdated technology or poor industrial relations, the railways seemed to epitomize the problems identified by the 'what's wrong with Britain?' debate.[61] This political judgement had its cultural parallel in the contrast between the last days of steam and the motor car's encapsulation of the spirit of individual freedom, speed and excitement that so concerned Booker. The fact that the growth of new industries, more suited to road transport than rail, and the rising standard of living, expressed through increased car ownership, were important factors in the railways' decline did not prevent that decline from being presented as indicative of a national problem.

This book argues that the *Beeching Report* was the outcome of a genuine modernization within Whitehall. Its form and presentation were a reflection of what was imagined to be wrong with Britain; its limitations reflected the difficulties of modernizing Britain. Clearly it occupied the space in which the nation's enthusiasm for modernization collided with its, or at least England's, self-image. It also represented the point at which a superficially attractive term had to be transformed into a clearly less-attractive reality, a point emphasized by the contrast between the its emphasis on contraction and the more positive tone of the BTC's 1955 *Modernisation Plan*. If Beeching attacked the mythical England of the country branch line, his report also punctured the dream of what modernization might mean that had been conjured up in 1955. The story of the Beeching era is also the story of how Britain attempted to modernize in the 1950s and 1960s, what politicians, officials and the public thought modernization involved and how they responded to its realities.

This book therefore has two purposes: to revise the popular view of the *Beeching Report* as an example of anti-rail bias, incompetent government and callous official indifference; and to place the railways at the heart of debates over the modernization of Britain in the late 1950s and early 1960s. Chapter 2 sets out the decline of the railway industry to 1958, stressing its long-term nature, the failure of ideologically inspired solutions (nationalization, coordination, decentralization and competition) to solve the industry's problems and the significance of government action in bankrupting the BTC. Chapter 3 argues that the presentation of technological modernization as a solution to the railways' problems in the mid-1950s was a fantasy conjured by government to avoid acknowledging the consequences of its interventions in railway pricing decisions and wage negotiations. These two chapters provide a basis for the argument of Chapters 4 and 5 that the *Beeching Report* was the outcome of a genuine modernization within Whitehall. This involved the development of a more logical approach to public investment and the relationship between government and the nationalized industries, accompanied by an analysis of future transport needs which undermined the case for maintaining a large rail network. It did not ignore the wider transport picture or the social consequences of rail closures, but was limited by a lack of expertise, knowledge and time. Chapter 4 stresses the limited part Marples played in altering the course of policy and highlights the role of the Treasury in initiating change. Chapter 5 emphasizes the extent to which the *Beeching Report*, presented as a thorough analysis, was more a snapshot of work in progress on a hurried modernization based on limited knowledge. The implementation of Beeching's closure programme and the political difficulties it posed are discussed in Chapter 6, which argues that Marples' real significance was as a Minister who was utterly committed to a policy which even some of his senior colleagues opposed, and Chapter 7, which stresses the continuities in transport policy following the change of government in 1964, the limitations of what a planning-based approach to transport could achieve and the extent to which the railways' contraction was limited by political opposition to closures. Chapter 8 discusses the aftermath of the Beeching era and draws some comparisons with government policy since 1992. It argues that the maintenance of the railway network at its existing size has become a test of government commitment to rail, while the problems of the relationship between government and the railways over investment control and subsidy remain, despite attempts to solve them through privatization.

2 The railway problems

On 4 January 1960 the Permanent Secretary of the Ministry of Transport, Sir James Dunnett, signed a memorandum entitled 'The Railway Problem', informing ministers of the urgent need for a new policy on the railways. The problem which Dunnett's title referred to was the bankruptcy of the British Transport Commission (BTC), the nationalized body which controlled British Railways (and whose other operations were utterly dwarfed by the railways), and the fact that there was no financial justification for the government's continuing support for the BTC's programme of railway modernization.[1] The focus of contemporary questioning was the BTC and its modernization programme. The outcome of that questioning was the *Beeching Report*. The purpose of this chapter is to show that bankruptcy into which the BTC sank during the later 1950s was the culmination of half a century of problems facing the railway industry which had been exacerbated by post-war government policy, not least because the search for the right ideological and organizational framework in the Transport Acts of 1947 and 1953 was not sufficiently focused on the need for a practical response to the changed conditions in which the railways were now operating.

1938: romance and decline

The great railway age effectively ended in 1914, but the railways were still the most important form of transport in Britain and it is the inter-war period of the 'big four' companies – the Southern, the London Midland and Scottish (LMS), the London and North Eastern Railway (LNER) and the Great Western Railway (GWR), that encapsulates the golden age of steam in popular memory today, the age of the *Flying Scotsman* and Auden's *Night Mail*. It was to this period that some Conservatives, including John Major, appear to have looked when considering how to privatize the railways in the late 1980s and early 1990s.[2] If one required a date that captures the romance of the inter-war railway, 3 July 1938 would do well. It being a Sunday, the 'silence and peace which once characterised so many branch termini' would have been even more pronounced than usual.[3] But Sundays were the best time for irregular workings and, on the LNER main line just north of Grantham, a small group of railwaymen prepared to take the next step in their struggle of engineering and public relations expertise with the rival LMS. Almost three years earlier the LNER had launched a new *Silver Jubilee* high-speed service between London and Newcastle using streamlined locomotives and coaches. Their modern look caught the imagination of the public and the LMS felt obliged to respond even though its west coast main line was less suited to high speeds. In 1937 a train hauled by the LMS *Coronation* broke the steam speed record at 114mph before careering to a halt in Crewe station where the broken plates in the dining car could be cleared up. The following year under the cloak of 'brake trials', one of the LNER's streamlined express locomotives, *Mallard*, was sent out to win back the title. The locomotive's aerodynamic casing was not just for show; it produced the extra speed required to approach the record as it accelerated southwards from Grantham. Germany had already achieved speeds of over 120mph with diesel and electric traction, but while Sir Nigel Gresley, *Mallard*'s designer, was influenced by the streamlined casing of the German trains, Britain had rejected proposals for a 20-year programme of main-line electrification in 1931 and the shell of *Mallard* contained the best steam could offer. Its limit was reached down the long, straight descent of Stoke Bank. Shortly after roaring through the quiet wayside station of Little Bytham at 120mph, driver Joe Duddington smelled violets, a scent given off by a safety device installed to warn him that the big end was overheating. Nevertheless he decided to push on and, during a three-mile run at over 120mph, reached 126mph for a few hundred yards.[4] In presenting this brief, unsustainable glimpse of main-line speed as their public face, the LNER were playing to the railways' strengths, a point Dr Beeching would reiterate in his report some 25 years later.[5] Two-and-a-quarter hours were cut from the London to Edinburgh journey between the wars; the high-speed trains of the 1930s were real technical achievements, operated by skilled men and providing an excellent service; however, they were the proud face of an empire in decline.[6]

The basic problem which faced the railway industry after the First World War and continued to face it in the 1950s was that both the railway network and the legal framework in which it operated had been developed on the assumption that the railways enjoyed a virtual monopoly of inland transport, which was no longer the case. Coastal shipping and the canals never lost all their traffic to rail and even before 1914 road transport offered some competition, in particular electric tramways, but the railways dominated inland transport before the First World War. Not only the number of lines, but the number of competing separate networks and the short distance between the stations on individual lines, reflected this; so did the regulations protecting passengers and industry from the exploitation of this monopoly. These regulations included the approval of railway charges schemes by the Railway Rates Tribunal and the obligations to carry any traffic offered, to provide a reasonable level of service, to publish charges and not to give undue preference to one customer over another. One consequence of these regulations was that railway charges bore little relation to the cost of specific services.[7]

The First World War kick-started the road haulage industry, as the government ordered large numbers of lorries for use on the western front and at the end of the war sold them off at a time when large numbers of men who had been trained to use them needed work and possessed demobilization grants with which to purchase vehicles. When a small consignment of merchandise needs to be taken to or collected from a railway siding by lorry, the greater convenience of simply taking it to its final destination in one road journey is fairly obvious. Hauliers' charges were closely related to costs, because they could pick and choose traffic and quote whatever price they liked to individual customers, and it was a simple enough matter for them to undercut the published railway rate for a job by enough to win the traffic. Although the decline in the railways' heavy freight traffic, especially coal which traditionally accounted for about a fifth of receipts, reflected general economic conditions rather than the effects of competition, general merchandise traffic fell by more than a quarter between 1924 and 1937, largely as a result of transfers to road. The rise of road transport has been estimated to have cost the railways as many as 300 million passenger journeys a year by 1937. While total land passenger journeys increased by nearly half between 1920 and 1938, rail passenger traffic increased only slightly and this was more than offset by a decline in earnings per passenger mile as the railways cut fares to compete.[8] Bus competition devastated rural railway passenger services. Peter Butterfield's study of the north-east shows that, between 1921 and 1925, receipts for journeys under ten miles declined by a quarter, but that 1926–7 saw an even greater expansion of bus services and a parallel fall in rail passengers. At some stations traffic fell to less than 10 per cent of its pre-1914 level by 1929; service improvements sometimes helped restore it, but not by enough in the long term to justify the additional cost, and cheap fares produced mixed results. It was not only branch lines that suffered but wayside stations on the main line.[9] Of the 14 stations on the Settle and Carlisle line still open in 1954, none was as busy in the mid-1950s as Scotby had been immediately after the First World War, yet Scotby was so quiet a station that it had closed by 1954.[10] By 1938 50 per cent of passenger revenue in the LNER's north-eastern area was being earned by just seven stations; while 53 per cent of stations earned just 2 per cent of revenue. As Butterfield points out, Beeching's 1961 studies showed almost exactly the same distribution.[11]

Much of the rail network in 1938 consisted of lines which had completely failed to fulfil the hopes of those who financed them. The Clayton West branch, which survived until 1983 due to the difficulty of operating a replacement bus service, earned annual receipts of £1,811 in 1881, against expenses of £2,500. The bitter competition between the South Eastern and London, Chatham and Dover companies ruined both shareholders and services. When the Manchester, Sheffield and Lincolnshire company, whose initials were jokingly said to stand for 'Money Sunk and Lost', built an extension to London and renamed itself the Great Central, the wags justifiably re-dubbed it 'Gone Completely'. The 'railway king', George Hudson, lost his fortune and those of others in the same railway casino where he made it.[12] Railways had never been guaranteed financial successes, but in the inter-war years no-one was making much money from them. The assumption that earnings would return to pre-war levels, on which the big four had been created from a host of smaller companies under the Railway Act 1921, proved to be wrong and, although the industry was by no means bankrupt, earnings on ordinary stocks ranged from little to nothing. The LNER paid nothing on its deferred stock after 1925 and even preferential stockholders could not always count on a return. In 1938 ordinary shareholders of three of the big four received no dividend while those of the fourth got half a per cent. These results prevented the companies raising investment capital on the stock market, resulting in a net disinvestment of £125 million between 1920 and 1938. What investment did take place (including the Southern Railway's major programme of electrification) had been largely dependent on government incentives, such as grants to cover interest payments, since 1929.[13]

By 1938 some railwaymen appreciated that the 'small wayside station has in most cases outlived its usefulness'.[14] In Britain, as elsewhere, the rail network had begun to contract before the Second World War. Some 1,200 miles of route were closed to passengers between 1923 and 1938, three-quarters of them in just five years from 1929, without significant protest, so low was their usage.[15] Yet closures were rare enough that when, a few months before the *Mallard*'s run, Douglas McDonald Hastings of the *Evening News* stumbled across the deserted Singleton station in Sussex, which had lost its passenger service three years earlier and was now available to let, he gave his readers an account of his exploration of this strange phenomenon, 'too incredible for invention', with a carpet of leaves in the booking hall and the 'ghostly bang' of the ticket office hatch. Presciently, he concluded that he might take the lease:

> I wanted to play with it. I wanted to fill the racks in the booking office with bright green tickets and stamp them with a date stamp. . . . I had even made up my mind to buy a second-hand train so that I could drive it and shunt it in and out of my station with clouds of steam and blasts on the whistle.[16]

The concept of transport coordination was central to inter-war debates over what should be done in response to the consequences of the rise in road transport, most obviously in the creation of the London Passenger Transport Board (LPTB) in 1933. The first proposals for peacetime coordination followed quickly from the experience of government control during the First World War, but came to nothing. In 1928, following lobbying by the rail companies, the government allowed them to expand into road transport. The same year, a Royal Commission was appointed to examine the consequences of growing road traffic and to consider possible measures to coordinate the various forms of transport in the public interest. The Commission's findings led to the Road Traffic Act 1930, which imposed a national system of licensing on road passenger transport. Before licensing a service, the Traffic Commissioners had to consider the necessity of the proposed service in the context of those already provided, including by rail. In 1932 pressure from the railway companies and unions, supported by the Association of British Chambers of Commerce (ABCC), led the government to establish a conference on transport chaired by the economist Sir Arthur Salter, which resulted in the Road and Rail Traffic Act 1933. This allowed the railways to agree charges with individual traders and imposed a licensing system on road haulage, which involved an examination in each case of the need for a service and the existence of alternatives before a new licence was granted.[17] Critics of coordination have seen the concept as a:

> euphemism [which] has always seemed less likely to offend the susceptibilities of businessmen or arouse the suspicions of the travelling community than a cruder expression such as 'the elimination of competition' or the 'the handicapping of road transport'. But this is in fact what it has meant.[18]

But if these Acts substantially restricted road transport, they did not solve the railways' difficulties, nor did the railway companies take full advantage of the opportunity offered by their powers to expand into road transport to become coordinated transport empires. A few months after the *Mallard*'s record-breaking run, the railway companies launched the 'Square Deal' campaign for increased commercial freedom. Had war not intervened, 1940 would almost certainly have seen a relaxation of the commercial restrictions imposed on railway freight, although there is some doubt over how far ministers were prepared to go.[19]

Transport trends after 1945

The combination of petrol rationing and government control during the Second World War did much to retard transport trends. The numbers of licensed private cars and motorcycles had declined by over half by 1943.[20] In terms of both freight ton-miles and market share, the railways' freight business appeared much healthier in 1946 than in 1938 and passenger mileage (including London Transport) rose from 21,700 million to 31,700 million in the same period. However, this traffic was carried with a significantly smaller maintenance budget and the railways were left in a poor condition without the means to put matters right as pre-war trends began to re-emerge over the following decade.[21] The most striking post-war transport trend was the massive growth in road traffic. It took until 1949 for the number of motor cars to return to pre-war levels, but between 1950 and 1960 the number of cars in the UK doubled from approximately 2.25 million to approximately 5.5 million and had doubled again by 1969. The number of commercial vehicles in 1945 was only slightly below the 1939 figure at 570,000. This doubled by 1950 and had almost reached 1.5 million in 1960 and 1.64 million by 1969.[22] There was a lot more to the railways' problems in the 1950s than a simple loss of traffic to the roads. Passenger mileage held up well and it was the bus which suffered most from the rise of the motor car. At the end of the Second World War the railways (including London Transport) carried over 30,000 million passenger-miles. This figure quickly declined, but had stabilized at 24,000–25,000 million by 1950 and remained so until 1961. However, rail's market share was slowly eroding, and the stable total figure disguised the further decline of passenger traffic in rural areas; every station on the Settle and Carlisle line saw a drop in passengers in 1958–62 compared to 1954–8. Similarly, the railways' freight ton-mileage remained fairly steady until 1954 and only experienced a slow decline in the following three years. However, rail's market share declined continuously from 1946, when it was more than 50 per cent, and in 1955, at 40 per cent, fell below the 1938 figure. Between 1957 and 1963 freight ton miles fell by nearly a quarter (from 20,900 million to 15,400 million). By the end of the 1960s rail's market share was 18 per cent.[23]

For most of the 1950s, then, the railways were faced with a restoration and intensification of the sort of road competition they had experienced in the 1930s, as lorries improved technically. The significant decline in rail freight from 1958 was also a reflection of a new problem, the decline of those industries best suited to rail and of the traffic offered by those remaining and the rise in their place of new industries better suited to road because they required door-to-door delivery and careful handling. Pilkington's Glass was the example used by officials when they explained to a Labour government hoping to shift freight from road to rail in the 1960s why there were only limited prospects for such a policy, but any manufacturer of the white goods that characterized the growth of consumerism would have served as well. By the mid-1970s freight was rail's secondary activity, but as late as 1967 railway managers still saw freight as the most important part of the business.[24] The enormity of this change should not be understated: the railways were built for freight and it had been their core business for nearly 150 years.

The Transport Act 1947

The Second World War cut short the possibility that the Square Deal campaign might shift the emphasis of policy from coordination to competition. The government took control of the railways and the LPTB from 1 September 1939, and in 1943 the Ministry of War Transport took direct responsibility for long-distance road haulage, having taken over those canals not owned by the railways in 1942. Wartime experience strengthened the case for nationalized integration, to which the incoming Labour Government of 1945 was committed. The Transport Act 1947 gave the BTC ownership of the railways (including the docks, hotels and road haulage and bus interests they owned), London Transport and all canals. Under the Road and Rail Traffic Act 1933, road freight vehicles had one of three kinds of licence: A and B licences related to vehicles available for public traffic, C licences to vehicles owned by traders who only used them to carry their own goods. The Commission also had the power to purchase A and B licence lorries and road haulage undertakings; and from 1 February 1950 A and B licensees were restricted to operating within a 25-mile radius of their bases.[25]

In November 1949 Minister of Transport Alfred Barnes sat in the cab of a train in London's Liverpool Street station ready to inaugurate the new electric service to Shenfield by driving the first train. As he was being shown how to start it, Barnes asked 'Do you mean like this?' and moved the controller, sending the train on its way with the doors still open and half the assembled dignitaries still on the platform.[26] In similar fashion he had nationalized the railways without much idea of where they were going. The purpose of the Transport Act 1947 was to provide 'an efficient, adequate, economical and properly integrated system . . . in such a manner as to provide most effectively and conveniently for the needs of the public, agriculture, commerce and industry', but it was not based on any assessment of how coordination would achieve this and the BTC appeared to have made little progress by 1951.[27] The Commission itself was a small body of men, most of them past the peak of their professional abilities, responsible for a vast undertaking, the structure of which, divided into executives responsible for railways, docks and waterways, hotels, London Transport and road transport (divided between haulage and passenger transport in 1949), was hardly conducive to inter-modal coordination. The Railway Executive, by far the largest part of the BTC, was eager to go its own way.[28] Nor could the BTC exercise total control over road transport. In addition to the 25-mile limit imposed on A and B hauliers, the original 1947 Bill would have imposed a 40-mile limit on C-licence vehicles, but opposition to this last measure was so intense that it was dropped. In 1951 the acquisition of road haulage was only just reaching completion and this left the BTC operating less than 10 per cent of road freight vehicles, while C licences accounted for over 80 per cent.[29]

Initially at least, the Commission was reluctant to force its freight customers to use one mode of transport rather than another and pursued a policy of maximizing rail traffic while looking to its road operations as a source of revenues to balance the losses on some railway services.[30] Similar attitudes prevailed at the Ministry, which until 1958 tended to make:

> a basic assumption that the railways, were the railways, were the railways . . . the whole attitude of the Ministry was to back up the railways . . . no-one had really appreciated the vast expansion of road traffic . . . it's easy to think now 'they must have been blind', but it wasn't quite like that at the time . . . [One] should not underestimate the difficulty of turning a Government department round . . . the inherited attitudes just go on and [are] passed on from the seniors down to the juniors.[31]

When Kenneth Glover, a Ministry statistician who seems to have been one of the first officials to anticipate the trends in transport during the next 20 years, suggested to a superior in the late 1940s that the railways' depreciation funds be used to buy lorries he was told 'don't ride your hobby-horse here'.[32] The 1947 Act therefore provided neither the mind-set nor the organization to achieve its coordinating aims. There is some evidence, however, that attitudes were changing. A statement issued by the BTC in the summer of 1950 talked of developing road and rail to carry the traffic for which each was best suited.[33] In September 1951, Barnes told the Cabinet that a 'bolder and more imaginative approach' was required. He suggested that a Royal Commission be established to examine:

> the primary question . . . what part should be played by the railways in a fully integrated system having regard to all the means of transport and techniques of handling goods and passengers now available or likely to be so in the foreseeable future . . . until this fundamental issue is cleared it is hardly possible for the country to have a coherent transport policy . . . [and] our transport policy as a whole will be liable to drift and capital investment in transport will be devoid of firm guiding principles.

The inquiry might answer questions which would allow 'the railways to proceed much more rapidly and extensively with the closing of branch lines'.[34]

In creating this vast virtual monopoly, the government saw no need to remove the restrictions on the railways' freedom to choose traffic or set charges.[35] The Railway Rates Tribunal became the Transport Tribunal and regional Transport Users' Consultative Committees (TUCCs) were established to oversee the BTC, representing agriculture, commerce, industry, shipping, labour and local government (the Commission was also represented). TUCCs could examine any aspect of the BTC's passenger and freight services, and reported to a Central Transport Consultative Committee (CTCC) and the BTC. The CTCC reported to the Minister and the BTC, and the Minister could then direct the Commission accordingly. Although not legally obliged to do so, the BTC referred every proposal to withdraw a railway service that attracted objection to the relevant TUCC and this became their most significant role.[36]

Perhaps the most significant part of the 1947 Act was the requirement that the BTC earn revenue 'not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another' and pay a 3 per cent return on the £1,132 million of British Transport Stock, issued in compensation to those whose property had been nationalized, and a further £20 million a year towards its redemption. Although this burden was spread over the undertaking as a whole, it was implicitly placed on the railways because they dwarfed the rest of the nationalized transport sector. Given the state of the railways and their pre-war performance it was an incredibly ambitious target. It was also a marvellous deal for railway shareholders given that, as one former LMS director admitted, 'it would have been very difficult – if not impossible – to have maintained the solvency of the railways under private enterprise'.[37] As we shall see, it was the Treasury's fear that the proposals of the incoming Conservative Government in 1951 would make it impossible for the BTC to achieve this rate of return that made the subsequent Transport Bill so controversial; and it was the BTC's admission to the Treasury in 1958 that these fears were now fulfilled that opened the door to reform and reorganization. It was the phrase 'taking one year with another', however, which was the most significant part of the requirement, as it proved vague enough to allow ministers to intervene in the Commission's business while paying insufficient regard to the financial consequences.

In 1948–50 the Commission did not earn enough to cover its central charges, consisting chiefly of interest on Transport Stock, and argued that the main problem was the time lag between the submission of schemes for increasing charges to the Transport Tribunal and their subsequent approval. Real fare levels had fallen by about a quarter since nationalization. Barnes' 1951 Cabinet paper recommended that the Commission be allowed to set rates and fares without reference to the Minister, subject to the subsequent approval of the Tribunal; and indicated sympathy for the Commission's desire to change the whole basis of its charging structure to give greater flexibility and take more account of costs.[38] Before any decision could be taken on these proposals, the General Election of October 1951 returned the Conservatives to power and Churchill to Downing Street, with a pledge to end the BTC's monopoly of long-distance public road haulage.

The Transport Act 1953

The road haulage industry was typified by the small operator, who had built his own business from nothing. He did not take kindly to the state appropriating it, compensation or not. The Road Haulage Association (RHA) waged an intense campaign of opposition to nationalization, even after the Act had been passed, and when the Conservative spokesman on the Bill, Sir David Maxwell Fyfe, addressed the House of Commons at the start of the new Government's life he spoke for the hauliers:

> what I object to is the inability to distinguish between merely financial troubles and the trouble of heart and soul which comes from destroying businesses into which people have put not only their money but also their lives and every particle of their energy.[39]

As this suggests, the hauliers formed strong links with the Conservative Party as a result of the campaign against nationalization. Lord Woolton, the Party Chairman, also chaired the National Road Transport Federation, while the RHA offered MPs much practical help in the debates.[40] Within a week of the 1951 election, it was successfully lobbying the Secretary of State for the Co-ordination of Transport Fuel and Power, Lord Leathers, to halt the BTC's acquisition of its members' vehicles. The influence the RHA could exert can be gauged from Churchill's surprise 'at the small number [of firms] involved in view of the many reports of injustices and the strong feeling which existed in the Party' when Ministers discussed complaints that the BTC was refusing to renew hauliers' licences in early 1952.[41]

The RHA's ability to influence Conservative policy can only have been helped by the Party's uncertainty over how to respond to nationalization, given its internal tensions between neo-liberals and corporatists. As Harold Watkinson, a newly elected MP in 1950 and later Minister of Transport, recalled, he and his colleagues 'had no blueprint . . . we were not very sure what kind of future we wanted except that it should be a change from socialism'. In the absence of a commitment to denationalization across the board, the concept of decentralization (shifting power within the public sector from national to regional bodies) emerged as a means by which competitive principles could exist or at least be acknowledged within the state sector; but little thought had been given to what this actually meant.[42] As Michael Kandiah has argued, Conservative acceptance of rail nationalization was pragmatic rather than ideological; who would have bought a denationalized railway in 1953? Indeed, the struggle over transport policy in 1947–53 can be seen as supporting Kandiah's view that the Conservative and Labour parties profoundly disagreed over policy and had fundamentally different visions of the society they wanted during the post-war period.[43] The 1947 Act was founded on the idea that the state could and should provide a comprehensive transport system, while the 1953 Act stressed the role of regional bodies and of competition (the latter through the Act's provision for the denationalization of buses as well as road haulage). These were fundamental differences over conceptions of what the state could and should do and between those who saw competition as the engine of progress and those who saw it as leading to a wasteful duplication of facilities. However, just as Labour's ideology had been compromised by practical politics when it gave in to opponents of the nationalization of road haulage and had not been translated into a detailed concept of how coordination would work in practice, so the relationship between the ideology of competition and the 1953 Act was convoluted and contradictory. If the alliance with the RHA was initially a pragmatic one forged in pursuit of a shared objective, once the Conservatives took office in 1951 the question of the relationship between road and rail transport was largely considered only in as much as it was incidental to implementing the manifesto pledge to return road haulage to private enterprise.[44] (Nor was Conservative enthusiasm for decentralization purely ideological. Harold Macmillan, a former GWR director, urged a return to the old company names out of loyalty to the company, which 'really was a very good show'.[45])

By 1951 the Conservatives had abandoned their intention to sell off the entire Road Haulage Executive (RHE), because the Party's transport committee had decided it would be impossible to sell more than 20 per cent of it, if that.[46] The manifesto promised to allow expropriated hauliers an opportunity to return to the business and to modify the 25-mile radius imposed on the operations of private road hauliers, halt the nationalization of road passenger transport and subject BTC road transport to the same licensing system as its private competitors. The Conservatives intended to abolish the BTC's various executives and set up regional boards to coordinate publicly owned transport. The majority of nationalized road transport would therefore have remained in public ownership, arguably in a more coordinated structure, within a competitive environment in which the BTC was to be given greater freedom to set its charges. A limited Bill to allow some steps to be taken immediately (in particular the lifting of the 25-mile limit) would be passed quickly, with the major reforms postponed until the details had been worked out.[47] However, once in office with a majority of only 17, ministers quickly formed the view that both road haulage and iron and steel should be denationalized as soon as possible, despite an already tight parliamentary programme, in order that the process could be completed before the next election returned a Labour government committed to halting it.[48] The task was entrusted to a pair of weak ministers. Lord Leathers was one of several 'overlords' Churchill appointed to coordinate the work of individual ministries, an innovation not generally considered a success. He lacked political experience and skill, had not been particularly active in politics since the war and felt something of an outsider in the Cabinet.[49] Leathers' expertise lay in shipping, a trait he shared with John Maclay, the Minister of Transport and Civil Aviation, and the Ministry's Permanent Secretary Sir Gilmour Jenkins. Jenkins had little to do with inland transport and left most of the work to the relevant deputy secretary, Sir Cyril Birtchnell, under whom a working party was established to consider how the Conservatives' pledges might be implemented.[50] Under Leathers' guidance, the Government's transport policy descended into farce.

Within days of the election Birtchnell's old boss, Lord Hurcomb, the former Ministry Permanent Secretary who was now chairman of the BTC, warned Leathers that even a modest relaxation of the 25-mile limit on private haulage would inflict major damage on the BTC's haulage operations. Much to Hurcomb's subsequent dismay (he was not consulted over the Bill and denied the comment) this encouraged Birtchnell to recommend that the whole RHE would have to be sold, although he tried to delay action by reviving the kind of inquiry Barnes had proposed. By November Birtchnell had warned Leathers that the Government would be accused of abandoning:

> the principle of integration which under one form or another has been generally accepted as desirable for the last 20 years . . . [and] wrecking an organisation which still has some chance of success without having any considered plan for transport as a whole to put in its place.

Birtchnell suggested that some financial integration at least could be maintained by imposing a levy on either all road transport or just road haulage, the proceeds of which would be used to balance any loss the BTC suffered on the sale of the RHE and from subsequent competition.[51]

Despite the fact that the Party had already concluded that denationalization on such a scale would be impossible, Leathers and Maclay approved the policy; but the levy rang alarm bells at the Treasury of sufficient volume to persuade the Cabinet to delay legislation and establish a ministerial committee to examine the proposals.[52] Leathers and Maclay were joined on this committee by Woolton and Maxwell-Fyfe (now Lord President and Home Secretary respectively) who had led opposition to nationalization, Sir Arthur Salter, who had presided over the conference which led to the 1933 Act and was now Minister of Economic Affairs, and Peter Thorneycroft, the former chair of the Party Transport Committee, now President of the Board of Trade. For all its transport experience the committee, under constant pressure from Churchill, backbenchers and Conservative supporters to announce a policy, was unable to decide between the levy and Salter's suggestion that the Exchequer pay a grant to compensate the

Commission for the loss on the sale of the RHE and assume direct responsibility for some part of the Commission's capital liabilities. The Cabinet enlarged the committee by four members and after two more meetings a white paper including the levy was approved and presented to Parliament on 8 May 1952.[53] The haste with which policy had been worked out proved unnecessary as Churchill's plan to extend the parliamentary session into 1953 was abandoned and, although the Transport Bill was published, it did not proceed.[54]

The proposed levy consisted of two parts, the first of which would compensate for the loss on the sale of the RHE and although not popular was relatively uncontroversial. In retrospect it seems incredible that part two, which would be paid by hauliers and long-distance road passenger transport and would cover that part of the railway deficit attributable to road competition minus any savings from closures, was included in the Bill.[55] Politically, it was bound to incur the opposition of the one group who might otherwise have been the chief cheerleaders of the Government's policy, the RHA. Economically, it made no sense at all to introduce competition and then, as Thorneycroft put it, to 'tax road hauliers to the precise extent of their economic superiority over the railways'.[56] Administratively, it raised the question of how it could be set at a level sufficient to cover a deficit the size of which would only become apparent later, while also calculating the effect of savings from closures made possible by the transfer of traffic to road.[57] There were those within the Ministry who had had their doubts from the start.[58] The levy had two things on its side, however. Senior Ministry officials were convinced that the railways would inevitably lose money once subjected to road competition, even if modernized and freed from some of their commercial restrictions (not all of which could be removed, because the railways would always have a monopoly of some types of traffic).[59] Meanwhile, the Treasury was determined to avoid having to meet a railway deficit and thereby remove any incentive to railway efficiency and release the brake on both pay claims and the public's 'desire . . . for wasteful transport services'.[60]

The white paper emerged at a difficult moment. On 2 March the BTC had increased passenger fares in London to a chorus of public dismay and the issue became a feature of the London County Council election campaign. A similar increase was planned for the rest of the country on 1 May. Despite the Government's policy that the Commission should be given more freedom to set charges and despite the fact that the scheme had been endorsed by the CTCC, Churchill insisted that Maclay instruct the BTC not to raise fares outside London and refer the whole matter back to the CTCC. Churchill's actions were entirely motivated by public opinion. He was only able to overcome Leathers' view that the increase was necessary for the Commission to maintain its obligation to break-even by the Lord Chancellor's ruling that this obligation could be overridden by the Minister's power to direct the Commission. It was a very dangerous precedent to set for, as Leathers argued, the real issue was whether the fare increases should be free from political influence. In preventing the increase, Churchill had overruled the Commission, the Transport Tribunal, the CTCC, Maclay, Leathers, the initial advice of Ministry officials and his own Government's nascent policy of increasing the Commission's freedom to raise charges, which was amended as a result. It was simultaneously a remarkable feat of will, a damaging error of judgement and an unheeded warning of the way the BTC would be treated in the next few years.[61] Criticised for an intervention he opposed and his failure to introduce swift reform of road passenger licensing, Maclay appears to have suffered a breakdown and resigned on 3 May and was replaced by Alan Lennox-Boyd.[62]

The Bill's reception justified the doubts ministers and officials had expressed about it.[63] Whether Lennox-Boyd was right that part two of the levy was actually the most unpopular part of the Bill or whether it was simply the most unpopular part among his Party's supporters, it was certainly the most successfully opposed part. There were doubts as to whether part two could be carried in Parliament. The opponents' case was strengthened by the fact that imposing the levy would make it harder to sell-off the RHE.[64] By September Lennox-Boyd and Leathers were plotting behind their officials' backs to drop part two, prompting Ministry officials to produce a paper for the Transport Policy Committee refuting the arguments of their own Minister. Lennox-Boyd advocated 'drastic decentralisation of the railways' and argued that rather than looking at existing restrictions on the railways' commercial freedom and seeing what could be eased, the Government should 'start the other way and ask why should there not be complete freedom . . . and make every restriction justify itself'. The problem was that he had no way of showing that this drastic extension of the commercial freedom would enable the railways to survive the impact of road competition and his assertions on this point were denied by his officials, while he was unable to offer any detail on how decentralization would help or what drastic decentralization would mean in detail.[65] It would be hard to imagine a clearer example of Nigel Harris' comment that, for the Conservatives, decentralization had become 'a word in which the element of possible validity was dwarfed by the attribution of magic qualities to the concept . . . designed to wish away problems'.[66]

Lennox-Boyd's proposals left the committee hopelessly divided and Leathers' inability to lead decisively left his colleagues to reach a conclusion only because they had run out of time.[67] By the start of October Lennox-Boyd had convinced Churchill of his plan and when Leathers reported that there was no workable alternative to the levy, the Prime Minister replied 'we must look further'. Needing a decision in time for the Conservative Party conference on 8 October, the committee referred the matter to the Cabinet, which appeared to decide on 7 October that part two should stay in the Bill but be suspended for two years; however Lennox-Boyd took a non-committal line at the conference and the following week Leathers told the Prime Minister that the Committee now 'felt forced to think out our policy again from first principles'.[68] A slim majority in favour of Lennox-Boyd's proposal to abandon both the levy and denationalization entirely, lift the 25-mile limit and allow the railways greater charging freedom was reversed by enlarging the committee and the matter was sent back to the Cabinet. Over two meetings the Cabinet unpicked what

Macmillan called ‘a really terrible tangle’. Had agreement not been reached when it was, the Bill could not have been ready in time to meet the Government’s timetable. Maxwell Fyfe successfully insisted that without denationalization the pledge to allow ex-hauliers to rejoin the industry would not be fulfilled. One minister objected to extending the railways’ commercial freedom because it would be an admission that the Government ‘had no road/rail policy to offer and were prepared to leave this problem to solve itself by the free play of economic forces’, but the proposal was approved, despite the fact that the ABCC were still to agree the details. A key argument for abandoning the levy was that it would be hard enough to sell off the RHE without its discouraging effect. A last-minute bid by Birtchnell to either abandon the Bill or postpone it pending an independent inquiry was defeated. Part two of the levy was abandoned, leaving the railways reliant on the unknown benefits of decentralization and the, as yet undecided, extension of their commercial freedom in response to the denationalization of road haulage and the abolition of the 25-mile limit from the end of 1954.[69] Once the details emerged, neither proved adequate.

The impact of the 1953 Act

For all the sound and fury surrounding the denationalization of road haulage, it did not make as great a difference to the railways’ position as might be expected. As predicted, it proved impossible to sell all the RHE and another Act was required in 1956 to allow the BTC to retain some 10,000 vehicles. Bagwell sees the failure to nationalize C-licence vehicles in 1947 as more significant than the 1953 Act, because the former constituted so great a part of the road haulage sector.[70] Gourvish argues that, while road competition was a factor in the railways’ declining results, bankruptcy was not inevitable, but the result of costs outstripping revenue. The Commission reacted slowly and over-estimated the extent to which commercial freedom and modernization could turn losses on some services into profits. In particular, this led it to carry certain goods at a loss, in an attempt to retain traffic which might otherwise be lost to roads.[71] Whatever the failings of management, the foundations of the BTC’s eventual failure were all laid by the Government; on the one hand ministers wanted competition and on the other they were unwilling to allow the railways the freedom, over charges, the provision of services or the negotiation of wages that any firm would take for granted and that any organization required to avoid losing money must surely be granted. This problem was also reflected in and exacerbated by the failure to establish an effective organization to manage the railways, either in terms of structure or personnel.

In September 1953, when General Sir Brian Robertson replaced Lord Hurcomb, the Government placed the Commission in the hands of a man with very limited business experience, whose colleagues were generally part-time or underpaid. The Transport Act stipulated that the Railway Executive should be abolished, leaving the BTC with the dual role of overseeing all nationalized transport and acting as central authority for the railways, an arrangement its financial comptroller Sir Reginald Wilson called ‘a first class English mess’. The Act was vague on the details of reorganization and Gourvish describes the organization which Robertson implemented in January 1955, after a disruptive 15-month interim, as ‘a great semi-military bureaucratic edifice’, which lacked a clear chain of command, confusing and demoralizing railway managers.[72] A key problem was that the new Area Boards set up to manage the railway regions (Southern, Western, Eastern, London Midland, North Eastern and Scottish) were too weak to satisfy the Conservatives’ hopes for decentralization, but strong enough to hamper the BTC’s attempts to run the railways effectively. Part of the logic of decentralization was the idea that separate accounts for the railway regions would stimulate performance by allowing comparison. The complexities of railway operations and accounting make this a problematic field, as we shall see, and Robertson failed to introduce them.[73] The part-time nature of those appointed to the Area Boards made it difficult for them to act effectively, while the Boards’ very existence discouraged economies made possible by railway unification, such as the pruning of duplicate routes and facilities, and gave rise to some inefficient practices. While the BTC was responsible for making policy in regard to investment and the withdrawal of unremunerative services, in both cases individual proposals came from the Area Boards, which proved as resistant to the Commission’s direction as the Railway Executive had been, a problem decentralization also inflicted on the National Coal Board.[74] The abolition of the Commission under the Transport Act 1962 and the re-creation of a central railway authority in the form of the British Railways Board represented a belated admission of the 1953 Act’s failings.

The 1953 Act allowed the BTC to discriminate between customers and to vary its charges below published maximum rates which had to be approved by the Transport Tribunal. Ministers could hardly abolish the time-consuming process of submitting proposed price increases to the Transport Tribunal when they had just vetoed a fare rise themselves; and they also insisted that the extension of the railways’ commercial freedom set out in the Transport Bill be negotiated between the BTC and its freight customers. While the result encouraged a closer relationship between costs and charges, it left railway charges subject to an interminably bureaucratic process of approval. The Commission had not finished work on a merchandise charges scheme it was drawing up under the terms of the Transport Act 1947, when it was obliged to begin again in response to the 1953 Act. After five months of consultation with customers, the scheme (which would have allowed the railways to carry 90 per cent of their freight traffic at prices which would cover direct costs) was submitted to the Transport Tribunal in March 1955. Following 16 months of consideration, the Tribunal asked the Commission to modify its plans as a result of objections by traders. It was not finally implemented until July 1957.[75] Clearly, this was not what Lennox-Boyd had had in mind.

By 1953 the railways had conducted studies which showed that stopping-train services outside urban areas and short-distance haulage of small freight loads were fundamentally unprofitable.[76] It is clear that the Government expected denationalizing road haulage to lead to rail closures and was aware that it might make sense to replace some passenger services with buses.[77] The Conservatives' original proposals would have provided the regional transport boards with the means (as they controlled rail and road services) and the incentive, through competition, to transfer traffic to road. The Act's provisions for the denationalization of road haulage and buses undermined this possibility, which is precisely why ministers changed their minds and decided to abandon the latter measure in 1955.[78] However, the railways were discouraged from a rigorous abandonment of unprofitable routes by the BTC's *de facto* obligation to submit proposals to withdraw services to TUCCs, a time-consuming and controversial process.

'These closures of branch line services are going to give us plenty of trouble' the BTC's public relations department warned in 1950 after the proposal to close the Queenborough–Leysdown line (on which each train was used by an average of less than four passengers and each passenger journey was subsidized to the tune of about a pound) produced demands for a public inquiry, threats of legal action, letters to the Minister, a suggestion from a parish council chairman that he take it over and make it pay and accusations that branch lines lost money because fares were too high.[79] By the time *The Titfield Thunderbolt* appeared in 1953, the closing down of railway lines was ceasing to be the curiosity it had been when Douglas McDonald Hastings stumbled across Singleton and a generation had grown up accustomed to branch-line traffic at the reduced level of the 1930s. In April that year the BTC proposed to withdraw services over three routes on the Isle of Wight, closing about half the island's network, which had never made any money. The CTCC eventually approved closure of two routes, the third being kept for two years, when it was reviewed and the case for closure accepted. However, this was a hollow victory. Reports of the TUCC hearing, which took place in public and at which a QC represented the objectors, conveyed the impression that the railways were at best incompetent and at worst dishonest.[80] The BTC may have made a political error in grouping these proposals, as they could therefore be presented by objectors as an 'island' issue much as closures in Scotland and Wales were later criticised in nationalist terms. In the same month as it put forward the Isle of Wight proposals, the Commission decided not to restore services over the Brightlingsea branch in Essex, which had been severed by flood damage in February. A TUCC hearing that summer was attended by three MPs and a QC. Accepting that the line lost money, the committee nevertheless recommended that services be restored because local roads were inadequate, although they were good enough for half of the 1938 traffic to have deserted the line. None of the improvements in traffic forecast by objectors ever materialized.[81] Even the proposal to close the tiny Woodstock branch (average train loading: five passengers) brought forth letters to *The Times* containing the soon-to-be-familiar allegations that the Railway Executive had deliberately diverted traffic to roads in order to make the line seem uneconomic and that a combination of social need, the scope for cheaper operations and the increased traffic that lower fares and future housing developments would bring meant that the line should not be closed. One correspondent hoped that the filming of part of *The Titfield Thunderbolt* in the area would bode well for attempts to save the line. It was not enough.[82]

The following year saw the start of a four-year farce surrounding the 'Bluebell' line between East Grinstead and Lewes in Sussex, another lightly-used line which had never made any money. It did provide an alternative when the Brighton main line was blocked, but to be a truly effective diversionary route it would have had to be maintained to main-line standards and electrified. The BTC overcame objections to closure only to find that a local resident, a Miss Bessemer, had discovered a clause in the Act under which the London, Brighton and South Coast Railway had absorbed the company that built the line requiring a minimum service to be maintained. Having closed in June 1955, the line had to be reopened in August 1956 and the bad grace with which the Commission restored the service (it was not required to stop at the busiest station) added to the opprobrium the whole affair brought on not only the BTC, but on the south-eastern TUCC, which was so heavily criticized in the House of Commons that it refused to hear any more cases. It took an Act of Parliament (opposed by Miss Bessemer) and a public inquiry (which exonerated the TUCC) to close it again in March 1958. There is some doubt as to whether Miss Bessemer actually used the line and those seeking a simple symbol for the supposed decline of the industrial spirit in Britain need only compare her quixotic defence of this unnecessary but delightful relic with her great-grandfather's invention of the Bessemer Converter, from which she must have derived much of the wealth and social standing she used so effectively against the BTC.[83]

With the benefit of hindsight it is easy to see the BTC's approach to closing branch lines as far too cautious, but while the difficulties of closing lines undoubtedly deterred railway managers from taking a more rigorous approach, they also saw themselves as providing a social service.[84] This view was widely shared and not just by those using the lines in question. By the time Miss Bessemer was finally defeated, opposition to closures was being organized by the Railway Development Association (formed in 1951) and the Society for the Reinvigoration of Branch Lines (1954) and the subject had been raised on many occasions in Parliament, most notably in the Rural Transport Improvement Bill, sponsored by Archer Baldwin, Conservative MP for Leominster, which sought to allow for cheaper operation and to make the consultative procedure even more of an obstacle to closures.[85] While some of this opposition was recognized as pure sentiment at the time, the BTC was regarded as a powerful faceless bureaucracy lacking awareness of local needs.[86] A 1955 *Times* editorial commenting on opposition to closures from Dartmoor to Yorkshire concluded that '[a]fter allowing for the irrelevance of sentiment and of mere automatic reactions of protest, the duty still lies on the Commission of doing its best, in the general national interest, not to disturb an area, however small'.[87] Encouraging local opponents of closures to make their voice heard at TUCC hearings, the Hastings MP Neil Cooper-Key questioned whether it was right for the BTC 'to divest itself of a responsibility to serve outlying districts in the country' just because such services lost money.[88] The claim made to the TUCC in the Brightlingsea case that closure of the railway would further the decline of the shellfish industry is just one example of a widespread assumption that the social and economic benefits of rail services were a right, which should no more be provided on the basis of ability to pay than healthcare or education; and the BTC's obligation under the 1953 Act to pay due regard to the needs of 'the public, agriculture, commerce and industry' seemed to support this view.[89]

The same conflicting objectives were at work on a larger scale when it came to setting the railways' price and wage levels. The greatest restriction on the railways' commercial freedom in the 1950s was the Government's tendency to treat the railways and other nationalized boards as the 'handmaidens of other policies',[90] in the Treasury's phrase, by constantly involving itself in the Commission's pricing decisions and industrial relations. Government policy towards the BTC in 1953–8 was dominated by the issue of industrial relations, both in terms of disputes over railway wages and the effects of these disputes on other industries and the economy in general. Churchill's industrial relations policy was designed to disprove Labour's warnings of the consequences of Conservative victory in 1951 and was part of a more general belief in the need for good relations with the trade union movement, which ministers knew could all-too-easily be undermined.[91] It is said that when Churchill appointed General Robertson to the BTC he told him 'the money doesn't matter, what matters is the chaps', he certainly told his colleagues much the same thing in December 1954.[92] Indeed Robertson's appointment only really makes sense if one sees the railways as a collection of officers and men (the words used to differentiate management and non-management within the industry at the time), 'requiring firm leadership'.[93]

Government pressure on Robertson to accept claims the BTC felt it could not afford was vital in settling wage disputes with the National Union of Railwaymen (NUR) in December 1953 and again the following winter. In the first case this was done through pressure on Robertson, in the second this pressure was accompanied by the appointment of a Court of Inquiry after negotiations had broken down and the union had called a strike. Given indications that the Government would accept a verdict favourable to the union, the Court duly delivered such a verdict and the strike was averted. Subsequent negotiations gave the railwaymen essentially what they had demanded in July 1953. The Government's handling of the two wage crises attracted criticism at the time and has been censured since.[94] However, in a country where coal was still vital to industry and for domestic heating and was distributed almost entirely by rail, a winter railway strike would have had genuinely dire consequences, including a fuel crisis, for which the Government not the NUR was likely to be blamed, and a strike was expected to cost more than a settlement.[95] Ministers decided to resist a claim by the Associated Society of Locomotive Engineers and Firemen (ASLEF) in the summer of 1955, but the resulting strike did not resolve the railway pay issue in general.[96]

From 1955, unwilling to pursue legislative curbs on trade unions, a formal incomes policy or to abandon the commitment to full employment, the Eden

Government attempted to 'educate' workers on the need for wage restraint and to take the heat out of wage claims by stabilizing prices. The Government attempted to create a wage and price plateau; but while ministers could only exhort private sector employers and the trade unions to show restraint, they could impose such policies on the nationalized industries (albeit informally through discussion with their chairmen). In the same month, March 1956, that the Government published a white paper on *The Economic Implications of Full Employment*, designed to promote this policy, Robertson was persuaded to set an example by agreeing to postpone a rise in rail charges for six months. The Government then imposed a general six-month price freeze on all the nationalized industries in June. The claim that the railways' contribution to this was the Commission's own decision, and not the result of a Government request, was only technically accurate. Chancellor of the Exchequer, Harold Macmillan, admitted to his diary that 'of course it's economic nonsense – prices cannot be stabilized unless costs are. But it's a polite way (and the only way in which we as a Government can take a lead) of saying "no more wages this year"'. Gourvish concurs with the BTC's lament at the financial effect of these two interventions.[97] Their failure to achieve wage stability and their damaging impact on the nationalized industries were important stimulants to the different approach urged by the Treasury by the 1960s.[98] In 1958 a further strike threat was averted when the Government, having decided to take on the Transport and General Workers Union (TGWU) over London busmen's pay, intervened to avoid a simultaneous fight with the NUR. The settlement included the establishment of an inquiry into railway pay under the academic economist C. W. Guillebaud which took the heat out of the issue until 1960.[99] One consequence of the Commission's lack of control over costs and charges was that average real fares per passenger-mile, which had fallen by about 25 per cent in 1948–51, remained more or less at this level until 1960.[100]

Damaging as these actions were for railway finances, it would be futile to pretend that there was some simple and obvious solution to the problems that produced them. I am not concerned here with the rights and wrongs of the railwaymen's struggle for better pay, nor with judgements on whether ministers were right to intervene. I am certainly not advocating any particular alternative approach to the problem of railwaymen's wages. Had the Government not engaged in these interventions, the Commission would still have faced pressure for increases in pay and there was a limit to which simply increasing charges could fund pay awards.[101] However the effect of these interventions and in particular of the Government's unwillingness to admit them, as the following chapter shows, was to unofficially remove the Commission's obligation to break-even. In theory this obligation should have forced the unions and the public to recognize that wages could not rise unless earnings per employee rose, as well as providing a balance to the Commission's duty to provide a public service. Whether this would have worked in practice is open to question, but the Government's actions ensured that it did not.

Conclusion

From an operating surplus of £16.4 million in 1954, the railways slipped into the red in 1956. In 1958 the deficit (£48.1 million) was more than 10 per cent of gross revenue and, although the following year saw an improvement, by 1962 it was £104 million, more than 20 per cent.[102] Although there was more to the reform of rail policy in 1958–63 than mere cost-cutting, that reform was framed in the context of a deficit apparently spiralling out of control. There are several reasons for this financial decline. Clearly the railway industry entered the post-war era in a difficult position, but one similar to that it had been in for much of the inter-war period. Constructed and regulated on the assumption of a transport monopoly, it faced a challenge from road transport which, even without the private motor car, had the potential to offer an alternative service which was cheaper and more convenient in many circumstances and for general merchandise freight and short-distance passenger services in particular. By 1947 the industry was suffering from a quarter of a century of under-investment and a severe lack of maintenance during the busiest few years in its history. Had the railways remained in private ownership they would still have faced demands for better wages and opposition to closures and it is difficult to see how they could have paid a dividend, yet nationalization saddled them with the requirement to earn a return and redeem their capital. In theory coordination offered an opportunity either to transfer unprofitable traffic to road and manage the restructuring of the industry, or to stifle road competition. In practice so much road haulage remained in private hands that the latter course was probably impossible, while the growth of the motor car in the 1950s meant that the former competition between bus and rail was gradually replaced with competition between public and private passenger transport. There is some evidence that a managed transfer of traffic within a coordinated system might have taken place had the Conservatives not been elected in 1951 or had they followed their original plans. The chaos into which policy-making descended in 1951–3 created a position in which, as Lord Rusholme, Chairman of British Railways' London Midland Area Board, put it, the BTC 'were under an obligation to pay their way, but no-one allowed them to run the business as if this was their object'.[103]

The railways' position in 1953 was neither irretrievable nor an indictment of their performance, given the problems of the 1930s and the subsequent disruptions and lack of investment; but it was vulnerable. It was the Government's interventions over wages and prices that did most to turn an operating surplus of over £30 million in 1953 into a loss of almost £30 million four years later, from which position a recession in its core freight markets delivered the final financial blow. The ideologies of coordination and competition, although prominent in the language of transport policy in the 1950s, were not as significant as their advocates wanted to believe. Coordination under the 1947 Act was too incomplete and short-lived and competition under the 1953 Act too laden with restrictions for either to stand as practical examples of ideology at work (unless as examples of the impossibility of translating such ideologies into practicalities). Nor had the concepts been translated into plans for action. What the railways needed were investment funds, clear objectives, good management and time to run themselves. Given these factors, either coordination or competition might have worked, but none of them was available before 1955 (and only the first was available then). The conflicting social and financial obligations imposed on the railways cannot simply be blamed on management or even on Government. This was a national uncertainty, expressed in the reaction to branch-line closures, but also evident in the short-term treatment of railway finances by ministers intervening to avert strikes and avoid price increases, with the support of public opinion. In the first decade of peace, Britain failed to equip its railways in any meaningful way to adapt to modern conditions, either by cutting out the dead wood, investing in the good and coming to terms with pay and productivity issues, or by providing a sound basis for operating as a public service. By the end of the decade, this failure appeared to characterize many of Britain's problems; and, like much of the rest of the country, Robertson and the Government sought hope, vaguely, in modernization. This is discussed in the following chapter.

3 The success of the *Modernisation Plan*

In 1969 Christopher Booker looked back at the preceding two decades and concluded that in the late 1950s and early 1960s Britain had been caught up in a collective 'vitality fantasy', a significant element of which was 'the sense of being carried into a modernistic future'. As this fantasy progressed from dream to nightmare, a struggle took place between 'New' and 'Old England' culminating in the latter's defeat in the 'terrible year of 1963'. Booker says little about the railways and when he writes that by the mid-1950s 'as prosperity went on increasing, people were beginning to forget the past and turn their imaginations with ever rising expectation to the future' he isn't talking about the Treasury.[1] But it wasn't only the public who had money to spend; while the increasing ownership of cars and televisions transformed Britain, the Government's spending included large-scale investment programmes in the nationalized industries. At a press conference on 24 January 1955, anxious to stress the newness of what he was proposing and to prevent the railways appearing anachronistic, General Sir Brian Robertson GCB GBE KCMG KCVO DSO MC launched the BTC's *Plan for the Modernisation and Re-equipment of British Railways* (the *Modernisation Plan*).[2] At a cost of £1,240 million over 15 years, the plan promised 'a thoroughly modern system', featuring high-speed track, colour-light signalling, automatic train control, modern telecommunications, 'several thousand electric or diesel locomotives', modern coaches and computerized marshalling yards, which would allow the railways to earn at least £5 million a year more than was required to meet their central charges by the early 1970s. While the emphasis of the plan was on positive investment it was founded on an intention to concentrate on those tasks the railways could perform more efficiently than other forms of transport, the bulk carriage of passengers and goods, and it referred to closing uneconomic lines.[3] By 1962 Robertson's appeal to the mood of the times had failed. In that summer's best-seller, *Anatomy of Britain*, Anthony Sampson, part of what Booker described as New England's 'rising chorus of "What's wrong with Britain" journalism',[4] described the railways, with their 'picturesque, feudal and delightful way of life' as 'the most embarrassing of all Britain's Victorian leftovers. . . . [A] kind of caricature of all Britain's problems'. Sampson found Beeching 'reassuring'.[5] He did not interview Robertson. That Old Englander had retired the year before, with a hereditary baronetcy, to run boys' clubs in Gloucestershire and take a seat on the board of a sleeping-car company.[6]

The 1955 *Modernisation Plan* was superseded by the white papers, *Proposals for the Railways*, in October 1956 and *Reappraisal of the Plan for the Modernisation and Re-equipment of British Railways*, in July 1959. The important point to note about these plans is that the 1955 version was a statement of intent, work on the various components of which was supposed to begin within five years once the details had been worked out, and the two subsequent versions did not provide a dated list of projects. It is therefore more accurate to talk about a policy of modernization from 1955 than the implementation of a plan. This policy delivered the elimination of steam traction and the electrification of the west coast main line between London and Manchester/Liverpool, among a variety of improvements in safety, efficiency and comfort. However, the course of modernization prior to 1960 has been severely criticized on conceptual, technical, managerial and financial grounds. In retrospect the BTC's attempts to win back merchandise traffic and to restore the fortunes of rural branches suggest that it placed too much emphasis on technical modernization and too little on the need to adapt to modern conditions, but Gourvish has shown that a fairer analysis is that its attempts to predict future trends and adapt to them were hurried, flawed and often disregarded by the Area Boards which put forward specific proposals on their technical or operating, rather than financial, merits. However, these problems were compounded by technical mistakes, and a general lack of clear central direction. The fact that the plan was produced during the disruptive double reorganization of 1953–5 contributed to its shortcomings, as did the Government's role in encouraging diesel locomotive orders from British manufacturers, rather than more experienced foreign firms. In particular the Government's desire to reduce unemployment in Scotland contributed to the BTC being saddled with an unsatisfactory collection of overpriced North British Locomotive Company machines.[7]

This chapter focuses on one specific issue, the failure of the plans of 1955 and 1956 to deliver the financial results they predicted. The 1955 plan indicated that the net benefits of modernization (including measures such as closures which required no spending) would amount to £45 million against an inherited annual deficit of £40 million (the official deficit of £25 million increased by £15 million representing a correction in depreciation provisions), adding up to a net annual surplus of £5 million at the end of the plan period. The 1956 version's key estimate was that the Commission would break-even on its operating account by 1961 or 1962 and the *Reappraisal* put this estimate back a year. Although there were other reasons for modernizing the railways, the financial benefits were absolutely central and there is no doubt that the sketchy calculations in the three plans were deeply flawed and hard to relate to any detailed work within the BTC. The Commission certainly made errors in the financial justification for modernization; for example by calculating a return on 'betterment', the difference between the cost of renewing existing equipment and introducing improvements, which was not a valid calculation if the original equipment was operating at a loss.[8] However, this chapter argues that the problem was not that the Commission failed to deliver on its financial promises but that the financial estimates in the plans of 1955 and 1956 were always illusions and that the primary conjurer was the Government, which presented the two plans as solutions to financial problems it was responsible for and which it ought to have known, and almost certainly did know, it could not solve.

'Having willed the end, the Nation must will the means'; with these words the Court of Inquiry appointed to avert the strike called by the NUR in December 1954 dismissed the BTC's claim that it could not afford to pay higher wages.[9] They were dangerous words; anxious as they were to avoid a strike, ministers were even more anxious to avoid this phrase being interpreted as meaning that if nationalized boards could not afford to pay decent wages they should be subsidized until they could.[10] In defending the 1955 pay settlement, ministers adopted the line that the long-term effects of the *Modernisation Plan* and the shorter-term effects of productivity improvements and adjustments to fares and charges would eventually outweigh the immediate increase in the BTC's deficit resulting from the wage settlement.[11] The purpose of the account which follows is to show how completely this contradicted the evidence, to explain how a plan based on the assumption of a government subsidy came to be used as an argument for long-term solvency and how the outcome made it likely not only that the Commission would fail to recoup its losses but that it would be blamed when that failure became clear. It is followed by an account of the genesis of the 1956 plan which tells essentially the same story except that modernization was used to justify imposing a price freeze on the Commission when the response the Government wanted, a significant increase in closure proposals, failed to materialize. In other words it was not so much that modernization failed by 1963 as that, the fantasy having become a nightmare, reality dawned.

Background to the 1955 plan

By 1954 the need to modernize the railways was so obvious that even a Treasury official could say that 'everybody wanted and expected the railways to spend money', without it being a complaint.[12] Whitehall was also anxious to help ease pressure on the National Coal Board (NCB), which found it difficult to produce sufficient quantities of coal suitable for steam locomotives, and ministers saw railway investment as a buffer against any possible rise in unemployment.[13] Yet there was little expectation at the Ministry (which had become the Ministry of Transport and Civil Aviation [MTCA] in 1953) that modernization would solve the BTC's financial problems. As we have seen, Robertson was reluctantly persuaded to meet an NUR pay claim in December 1953 and shortly afterwards Lennox-Boyd admitted to the Cabinet that the warnings officials had given about railway finances when the Transport Bill was being drafted had proved correct. He suggested that the BTC might need financial assistance with modernization.[14] Senior officials at the Ministry were coming to the conclusion that

> we have come into an era in which the railways are going to be in the red for quite a long time, and perhaps for always. Modernisation, greater efficiency, and freedom in freight charges . . . should help in years to come, though not for some time, but [are unlikely] . . . to bring in enough revenue to meet increased costs.[15]

Treasury officials took a more robust line, but their desire to have a railway modernization plan was motivated from the start by concern over the BTC's financial position. In January 1954 the Treasury official responsible for day-to-day work relating to the Commission, the assistant secretary at the Trade and Industry division, Alexander Grant, had realized that the Commission was borrowing just to keep itself going (i.e. to fund replacement and renewals rather than investment which would earn a return).[16] A bill extending its borrowing powers would have to be brought forward in the 1954–5 parliamentary session or their £275 million limit would be reached (an Act extending them to £600 million was passed in March 1955[17]). In putting pressure on the Commission to produce even an outline of its plans, which it originally hoped to see in the summer of 1954, the Treasury's objective was to examine the spending it was effectively approving in this Bill, before the Bill was published. It was only in September 1954 that officials learned the borrowing the plan required would be additional to that provided for in the new Bill.[18]

One consequence of the pressure the Commission was under to produce its plan quickly was that the *Modernisation Plan* was essentially 'a lot of mouldering schemes which the BTC and the Regions had found after a hurried search in their pigeon holes', hastily brushed up by a committee under BTC Financial Comptroller Sir Reginald Wilson between 18 November and 21 December 1954, when it was submitted to the Ministry. It is unclear on what basis this committee inserted the figures estimating the eventual return on the plan. The draft Wilson worked on admitted that it might be impossible to meet interest payments on the investment in the period before the plan bore fruit and these costs were omitted from the calculations in the published document. This omission is one of the major criticisms of the plan's finances, because the costs in question were enough to wipe out the eventual annual surplus.[19] Yet it seems likely that their omission was no accident, nor should it have come as a surprise to the Government. Lennox-Boyd had specifically referred to this problem when he told the Cabinet that the BTC would need help with modernization in February and Chancellor of the Exchequer 'Rab' Butler's offer to consider any proposals the Minister put forward seems to have encouraged the Commission to base its plans on the assumption that the Government would provide a loan of £500 million on special terms.[20] By September John Boyd-Carpenter had replaced Lennox-Boyd as Minister and Robertson took up the question of assistance with him. Boyd-Carpenter sent his officials to the Treasury on 6 December to pass on Robertson's view that it would be impossible for the Commission to embark on modernization without some form of special Government assistance with the borrowing involved and to raise the possibility of deferring interest, which the Treasury estimated would amount to a subsidy worth £32 million a year. Treasury officials, who had suspected something of this nature was in the pipeline and believed that Robertson was trying to use modernization as an excuse to get a concealed subsidy to solve the Commission's existing financial difficulties, were not about to agree to it. Following the meeting Grant warned his superiors to expect an approach to the Chancellor from Robertson.[21] There was no reason then for Butler, Boyd-Carpenter or their officials to expect that the plan would solve the Commission's financial problems even before these were exacerbated by the settlement of the wages dispute.

The political function of modernization

The threat of a railway strike was now being discussed almost daily by the Cabinet, aware that Robertson did not feel the BTC could afford to increase its offer. On 8 December, as Grant was warning his superiors to expect a further approach for a subsidy, the Cabinet discussed the possibility of 'a Government contribution towards capital expenditure on a programme for modernising the railways', not as a reason for closely examining the plan when it arrived, but as a way of encouraging the BTC to feel justified in temporarily increasing its operating deficit to fund higher wages and avoid a strike.[22] Determined to avoid a strike, ministers were desperate to avoid the appearance of paying a subsidy to finance a wage claim, which would bring criticism on the Government and set a dangerous precedent for other nationalized industries. What they needed was a formula allowing the railways to be treated as a special case. Paying the kind of subsidy the Treasury feared, linked to modernization but in fact reflecting other problems, provided one. However, ministers quickly appreciated that the subsidy element of this formula was unnecessary if the Commission could be persuaded to express the view that the benefits of modernization would eventually earn enough to outweigh the effects of a pay award. On 9 December, a senior Treasury official, second secretary Sir Bernard Gilbert, discussed the crisis with Sir Reginald Wilson. Wilson agreed that the railwaymen's claim would have to be settled and that there was nothing fundamentally wrong in a temporary deficit redeemed by the effects of modernization. Yet he mentioned that the Commission might need help before the plan bore fruit or in the form of a capital write-off. Here again were grounds to question whether the plan would actually improve the Commission's financial position, yet Gilbert took the view that 'all this is for the future, and anyhow a subsidy on any such ground is of course entirely different from a revenue subsidy to meet a wage claim'.[23]

On 10 December a small group of ministers met at Downing Street to discuss the crisis. Henry Brooke, the Financial Secretary, arrived fresh from a briefing on Gilbert's meeting with Wilson; Boyd-Carpenter with a proposal that Robertson might be persuaded to accept an increase in the deficit in return for financial assistance with modernization. On hearing Boyd-Carpenter's plan, Churchill dismissed the benefits of modernization and proposed that the Commission be formally (i.e. publicly) directed to increase its offer, after which ministers' chief concern was to dissuade the Prime Minister from doing so. Boyd-Carpenter was authorised to assure Robertson that the Government would accept an increased deficit to avoid a strike and would consider sympathetically any request for 'financial assistance' with modernization. What he actually asked Robertson at their meeting the following day was 'on a purely hypothetical basis what his reaction would be if Her Majesty's Government . . . were prepared to assure him that in their view he need not trouble himself unduly about the size of his deficit in view of the long term prospects of the Commission when railway modernisation took effect'. Boyd-Carpenter's note of the meeting makes no reference to financial assistance, but even if he did not make the offer he had been authorized to make, the assurance he mentioned completely contradicted his comment at the previous day's meeting that the pay award would leave the Commission with an annual loss of £20 million and 'little early prospect of reducing it'.[24] Harold Macmillan understood that Boyd-Carpenter had given Robertson 'a hint that "subsidy" might be made respectable as "deficit" '.[25] The vagueness of the Commission's obligation to break-even 'taking one year with another' meant this could be done by claiming that modernization, the new merchandise charges scheme and improvements to productivity would allow any deficit arising from the pay deal to be recouped at some point in the future. By 4 January, this was the Cabinet's position.[26] Ministers genuinely intended to push the Commission and the unions into achieving improvements in productivity, but they had no real idea of how to do so and when Robertson objected to their proposal for an inquiry on the matter they had little option but to give way.[27] Clearly modernization was being discussed here as a political solution not a financial one. It seems unlikely therefore that the Commission saw any reason to abandon its assumption of assistance in drawing up the calculations in the *Modernisation Plan*, which reached the Ministry on 21 December, and that the 'failure' to include interest charges was not a failure at all. Indeed, when Boyd-Carpenter sent the plan on to the Treasury on 29 December, he warned Butler that a great deal would have to be spent before any benefits were produced and that Robertson wanted a meeting with him.[28]

Robertson was reluctant to accept Boyd-Carpenter's assurance unless it was stated publicly; but in order to maintain the fiction that they had not intervened, Ministers wanted the General to settle the dispute first and then ask whether the Government supported him.[29] On 7 January he made this request in a letter to Boyd-Carpenter, indicating that the accumulated deficit would be £50–60 million by the end of 1955 and there would be further deficits to follow, to which must be added the burden of financing modernization, which was unlikely to produce substantial increases in net revenue for some years. The letter makes it clear that he was expecting to discuss the terms on which modernization would be financed and a major reconstruction of the Commission's finances with the Minister and the same week he publicly implied that funding the wage deal was not his responsibility but the Government's, a statement which caused discontent on the Tory backbenches.[30] The Treasury stalled a reply while it considered four ways in which the Commission might be offered assistance: public borrowing under Treasury guarantee; a revenue subsidy from the Exchequer; a Government loan for investment at an uneconomic rate of interest; and allowing the BTC to fall back on the Treasury guarantee of its existing stock. The last of these would 'brand the BTC as the one [nationalized] body which had not met its obligations', thereby deterring the others, and no legislation would be required. It also meant that the Government could avoid a decision on a subsidy and simply wait and see if modernization, closures, productivity and changes to charges were enough to prevent a permanent deficit. This was the course officials favoured. The Treasury was not yet convinced that a permanent deficit was inevitable, but clearly considered it possible and, while the preferred course of action was logical, it had the side-effect of blaming the BTC for a loss not of its making.[31] The likelihood of this was probably increased by the fact that the officials centrally involved in the events of December and January had departed the scene by 1958. In 1960 a junior official was asked to go back through the files and establish how it had been claimed that the BTC was covering its accumulated deficits before 1957. No clear answer emerged.[32]

The Treasury's view of the plan

Had Treasury officials been asked to fully endorse the plan in January 1955 they would not have done so. Grant was the only one of them who had had a chance to study it in any detail and he advised that 'if we accept that [the calculations in the plan] are cautious . . . we can say that . . . there is a fair and reasonable chance of the Commission breaking even'.[33] However, while the proposals seemed sensible, he admitted that the figures 'are made to measure'. He had no information on the thinking behind them, could not divide the benefits derived from closures from those requiring investment and could not estimate the extent to which the plan might be accelerated or what its short-term effects might be.[34] It was not until April 1955 that Treasury officials discovered that there was no detailed programme of projects behind the plan, the figures were aggregations of estimates, the details were expected to take another year to work out and 'the planning proper' was 'only just starting'.[35] Butler's Cabinet paper on the plan reserved the Treasury's position on the grounds that the £5 million eventual surplus was dependent on the figures being 'conservatively calculated' and the deficit being kept under £25 million a year until the benefits emerged. Officials attempted to ensure that Butler did not give the impression that he had swallowed the figures in the plan whole when he defended it in Parliament.[36] A variety of ministers expressed doubts about investing in rail and Churchill had no faith whatsoever in modernization as a financial panacea.[37] So why was the plan accepted? Because 'acceptance' involved no real commitment. Boyd-Carpenter was only able to overcome the Treasury's desire to study the plan properly before it was published once he explained that he merely intended to give a general endorsement of it, which was all he was required to do by law.[38] When the Cabinet approved publication on 20 January 1955, that was all it approved and, as the Treasury had understood for months that there would be little spending under the plan for five years and that virtually none of the borrowing involved would be covered by the Borrowing Powers Bill, there would be plenty of time to study and modify it (although they hoped to accelerate it).[39]

Although Butler admitted in the House of Commons on 3 February 1955 that the Government would need to examine the plan in detail, he told the House that 'allowing for all the uncertainties of forecasting 15 years ahead, there is a reasonable prospect of the Commission's plan paying its way'. His failure to appreciate that the plan's calculations took no account of the £10 million cost of the wages settlement may have been a genuine mistake, but he was certainly wrong and on paper this wiped out the eventual surplus, irrespective of the interest issue. His comment that 'I have no reason to think that the Commission counts on any Exchequer subsidy to help it in fulfilling its statutory duty' glossed over the fact that he had every reason to believe it would need one and was hoping to get one.[40] The reality of Butler's endorsement of the plan is contained in a passage Grant drafted for, and Butler excised from, the latter's Cabinet paper on it:

> it may be said that [the BTC's] figures are optimistic and that solvency is too much to hope for . . . but . . . even if hopes are not realised in full, this is still the best way to minimise losses . . . What is the alternative . . . can anyone contemplate that by continuing as we are now there is any prospect of solvency? I cannot see any alternative to the plan . . . something on the lines proposed is inevitable, and . . . the longer a decision is postponed the greater the danger of an ultimate charge falling upon the Exchequer.[41]

Meanwhile Robertson continued his pursuit of a subsidy. In March 1955, his agreement to postpone the announcement of increased charges bought him a meeting with the Chancellor, and he began to sound out Boyd-Carpenter on the possibility of capitalizing interest (treating the interest on borrowing as further borrowing). The Treasury stalled until December and all the meeting produced were further talks. Grant appears to have been surprised at the casual way in which Robertson mentioned at this meeting that the accumulated deficit was unlikely ever to be paid off, but Robertson may well have assumed this was common knowledge; he had reason enough to do so.[42]

The Treasury had every intention of getting to grips with the Commission's investment proposals in the wake of the *Modernisation Plan*'s publication, just as it had had every intention of studying the investment related to the Borrowing Powers Bill before its publication. And just as it had failed in the latter task, it had learned very little indeed about the 1955 plan before it saw the 1956 version.[43] The chief problem was one of organization. In the mid-1950s the Treasury was in the process of transition from a system under which the Investment Programmes Committee controlled all investment in order to manage the allocation of scarce resources, to one in which controls over private investment were abandoned and the Treasury was concerned with the revenue-earning potential of nationalized industry investment.[44] That was the theory, but Treasury officials had no experience in judging investment on this basis, let alone a 15-year programme of railway investment.[45] The most obvious manifestation of this inexperience was that the whole system revolved around a discussion between the Treasury, Ministry and BTC lasting one-and-a-half hours once a year.[46] The Treasury had no direct contacts with the Commission (Gilbert's meeting with Wilson in December 1954 was exceptional). It relied on the Ministry to act as a go-between, but its relationship with the Ministry tended to come down to contacts between Grant and Ira Wild, the Ministry's director of finance.[47] Contacts between Wild and the Commission, usually through the Ministry's Railways and Inland Waterways division (known as 'Trains and Drains'), were hampered by the BTC's resistance to any attempt by Whitehall to interfere in its planning and what Grant saw as the Ministry's too-willing acceptance of this. When one considers that the Commission itself had a less than perfect knowledge or control of the railways' regional organizations, the difficulty the Treasury faced in its attempts to get information on the railways' plans can be appreciated.[48] The inadequacies of this approach were plain enough; what to do about it was less obvious. Officials took the view that if total investment appeared neither too large nor too small there was little the Treasury could do in individual cases, unless it felt that the board in question was not up to the job. This meant that the Treasury could not get sufficient information to judge whether the BTC was investing sensibly until it had information to show that it was not.[49] Before officials found a way out of this difficulty, the Government gave the BTC's plans a fuller endorsement in October 1956 by publishing them as a white paper, which once again served to bridge the gap between ministers' words and the consequences of their deeds.

The background to the 1956 plan

At one point in his period as Minister of Transport and Civil Aviation, probably in the spring of 1958, Harold Watkinson tramped up and down through the long wet grass of his garden with one of his officials, trying to solve the question of railwaymen's pay. Eventually, his legs soaked, Watkinson sat down, put his head in his hands and admitted there was no solution.[50] He had arrived at the Ministry in late 1955, his experience as Parliamentary Secretary at the Ministry of Labour during the previous winter's pay dispute still fresh in his memory, determined to turn the railways into a sensible business. Eager to make an immediate impact, he supported a swift pay award in the hope that this would improve industrial relations and encourage progress on productivity.[51] Although Sir James Dunnett credited him with initiating the reforms that moved the railways onto a more businesslike footing in the early 1960s, Watkinson himself claimed that 'three years in charge of the Transport Ministry provided . . . a useful corrective to any illusions that politics is about doing things in a businesslike fashion'.[52] The lesson arrived in his first year in the post. When the pay award was followed by the usual application for increased charges, the Cabinet saw an opportunity to demonstrate its determination to break out of the wage-price spiral, using the BTC as an example which would help the Prime Minister, now Sir Anthony Eden, sell his policies to the British Employers' Federation and the Trades Union Congress. The Commission was therefore persuaded to agree to a six-month moratorium on some passenger fares and only half of the 10 per cent increase it had wanted in freight charges.[53] The strategy failed to control inflation and the move was heavily criticized. This criticism intensified in April when the public learned of the Transport Tribunal's opinion that if the increases had been approved in full the Commission's deficit would still have increased at the rate of £650,000 a week. Watkinson, who knew that the BTC would probably be left with a deficit for years to come, defended the decision by announcing that he and the Commission were undertaking a major review of its prospects. The Minister was now effectively committed to producing a document in six months' time which would justify a deficit heading in the direction of one million pounds a week.[54]

By this time the idea that there were large potential savings in a programme of branch-line closures had been growing within the Ministry for some months and Watkinson's announcement of the review made it clear that this issue would form a significant part of it. Certainly, there was reason to believe that the annual savings of approximately £1.4 million from previous closures represented only a 'minute fraction' of what was possible. The Ministry knew that a traffic survey of October 1954 had found that about 35 million passenger train miles (about 40 per cent of stopping train services and 15 per cent of all passenger train miles) earned only one-third or even less of their movement costs, that the BTC believed there were relatively few rural services which it could justify modernizing and that it had asked the Area Boards to review uneconomic services with a view to replacing many of them with buses. However, the Commission, having undertaken not to bypass the TUCCs, was now experiencing such difficulties with the procedure that it appeared to have despaired of making any progress.[55] The Ministry's Parliamentary Secretary, Hugh Molson, had been advocating the publication of a closure programme since January and once the Cabinet began to express doubts about approving increased charges, Watkinson was convinced. 'Let us cut off all the heads at once in a White Paper if necessary', he told Molson; 'I have no objection to drastic action', he told officials. He told Robertson he wanted a comprehensive programme of closures for a white paper and warned the Chairmen of the TUCCs to expect one.

The realism of this plan was always open to question. Simply by-passing the consultative procedure was ruled out as politically impossible and success rested on Watkinson's willingness to take a lead in encouraging the committees to act more quickly and ruthlessly; yet Watkinson wanted the BTC to take the lead. Molson was thinking of saving a million pounds a year; yet this would only dent the deficit. Nevertheless, Robertson agreed to the plan and when the Commission warned the TUCCs to expect imminent action on the 'steam-hauled stopping passenger trains which call at all or most intermediate stations [and] fail as a group by tens of millions of pounds to cover even their direct costs', it must have seemed like a good one.[56] The Commission's proposals implied that it would be stopping services on main lines which would be the focus of closures and Watkinson wanted the TUCC chairmen to agree that, unlike branch lines, these could be implemented as timetable changes without reference to the consultative procedure. However, both the committee chairmen and the CTCC rejected the idea and stressed the difficulties in coping with an increased workload. Had the BTC been free of the need to consult, it would have produced significant proposals, but the CTCC's reaction caused it to rethink and examine each individual service. This left the Commission back at square one, weighing all the time-consuming controversy of the consultative procedure against what were often small individual savings, right at the height of the Bluebell controversy. The outcome was a new policy, under which savings of £20–25 million were sought by replacing steam with diesel railcars. The Commission now claimed that the losses attributed to stopping-services had been exaggerated in its earlier figures, because in separating 'the cost of the "wool" from the cost of the "mutton" ' (i.e. dividing shared costs between services) it had been obliged produce 'abstractions based on all kinds of apportionments which in real life could not take place'.[57]

Unaware of these developments, Ministry officials expressed doubts over whether Watkinson should endorse the closure programme himself, thereby compromising his position as the final arbiter of closure proposals, and over whether the advantages of having 'one big row' over a programme of closures rather than a succession of small ones outweighed the prospect of stirring up 'a hornet's nest of opposition all over the country' and in Scotland in particular.[58] Whether or not the Ministry was to endorse the Commission's proposals it was determined to write them. On 17 May a draft was sent to the Commission indicating what was required. This set out six strategies used to tackle the problems of rail systems worldwide: modernization, productivity improvements, charging freedom, subsidy and the restriction of road transport (which it ruled out) and, heading the list, closures. It set out what the Ministry expected the Commission to say on this subject:

> The conclusion reached by this reassessment is that the railways will always, as far as can be foreseen, have an essential function to perform, but that they can only perform this function efficiently and economically if there is a radical change in the pattern of railway services and if the non-essential and unremunerative services are rapidly eliminated. . . . The target for all railway policy planning must therefore be to adjust, as rapidly as circumstances permit, the railway system to this more limited but essential function and to eliminate the dying wood. This is the basic thinking underlying the . . . modernisation programme.[59]

The final document was expected to contain statistics showing the financial and traffic improvements expected, the mileage closed to passenger and/or freight traffic, the number of stations closed and of passenger services to be discontinued for 1956 and succeeding years. At a meeting between MTCA and BTC representatives in May, chaired by the Minister, it was agreed that 'there was no time for prolonged discussions if results were to be produced in time for the White Paper . . . it was important to show a progression of lessening deficits over a reasonable number of years until a balance was secured. Some five or six years at most should be the aim'.[60]

For Watkinson this was more than an aim; it was a pressing need. The BTC intended to publish in its annual report for 1955 a table attributing the entire accumulated deficit to Government action; in May the Opposition claimed that the Government had forced the BTC to breach its statutory duty to break-even.[61] Unsurprisingly, the figures produced in response were essentially cosmetic alterations to the made-to-measure predictions in the 1955 plan, which in no way justified the predicted surplus of £3 million in 1961 or 1962 and £48 million in 1970 excluding interest on the accumulated deficit (or a deficit of £17 million and a surplus of £38 million respectively if interest payments on the accumulated deficit continued).[62] Within days of the meeting at which the need to show the BTC breaking even in five years had been discussed, Ministry deputy secretary George Stedman had been warned by Sir Reginald Wilson that 1961 or 1962 was 'the very earliest date at which the Commission can hope to break-even in the most favourable circumstances', and had concluded that it was important to avoid giving the Cabinet the impression that 1961 or 1962 was 'in any way a firm date'. Just as the 1955 plan's figures took no account of the wage settlement, so Wilson's warning was made before the Government imposed its second price freeze, a development which clearly did not fall within the compass of 'the best possible circumstances'.[63]

The failure of Watkinson's strategy

On 12 June, Watkinson told the Cabinet that the full extent of the Commission's financial woe would soon be public knowledge. The BTC's accumulated deficit would probably top £100 million at the end of 1956 and the operating account would probably be in the red for many years to come. 'Hard political decisions would have to be taken', he warned, including closures.[64] But when the Commission submitted its draft contribution to the white paper on 29 June, closures had been demoted to second place in the list of approaches to the railways' problems and the emphasis placed on modernization. The draft argued that as branch lines already existed, as new technology promised great economies, and allowing for the importance of such services in feeding traffic to main lines, 'on balance it seems probable that a considerable proportion of the rural railway services will be retained', and 'for a long time ahead . . . the fundamental pattern of routes will change only slowly'. There were no detailed proposals, just an eventual annual saving from closures of £3 million (in addition to the, still unspecified, savings from closures in the *Modernisation Plan*), to be achieved over six years 'by which time the process will be more or less complete as far as the present pattern of things is concerned'.[65] There seemed to be nothing here to justify a six-month review. Despite several redrafts of the section on closures, the Ministry was obliged to accept that cheaper operating methods would be tried before ‘those services which cannot possibly be made economic by modern rail methods and which can be better catered for by road transport must be eliminated’. Watkinson fumed, but there was little he could do; he had to have a white paper and he could not force the BTC to give him the one he wanted.[66]

Robertson’s agreement to the June price freeze finally bought him the financial reconstruction he had been seeking, in the form of the Transport (Railway Finances) Act 1957. This extended the Commission’s borrowing powers, allowing it to capitalize interest on railway investment for 1956–65 (i.e. to borrow to pay the interest in the same way that it borrowed the capital in the first place) for three years after the initial borrowing, to borrow to cover railway deficits of 1956–62 inclusive up to a total of £250 million and to cover interest on each of these advances during the first five years until the end of 1964. These sums and the accumulated deficit to the end of 1955 were placed in a suspense account in the Commission’s books, and its much-abused requirement to break-even did not apply to them.[67] The origins of the Act were recalled several decades later by Sir Leo Pliatzky, who, in the absence on holiday of Grant, was asked to draw up the financial reconstruction of the BTC:

> the Treasury Minister [on the Cabinet committee on railway policy] was the Financial Secretary [Henry Brooke] . . . I never spoke to him, never saw him face to face, he never consulted me, but I used to get the minutes . . . and I saw that he turned down all [the financial] proposals [put forward by Watkinson] . . . The minutes of one meeting said that at the next meeting the Financial Secretary would present his own proposals, which I found rather astonishing. I had no idea what his proposals were, but nor had he! It turned out . . . that I was supposed to produce his proposals for him . . . I was absolutely flabbergasted. So I came up with the proposal that the BTC . . . should have power to capitalize interest on their borrowing. I knew such an arrangement existed for it was provided for in the legislation for the North of Scotland Hydro-Electricity Board which is where I came across it . . . I had no experience of it . . . but I was in a spot.[68]

Although the capitalization of interest had been raised on several occasions previously, Pliatzky’s task and achievement was to draw up a version of the idea which could be defended on the basis that it was ‘not a subsidy but corresponded on a massive scale to an ordinary commercial operation in which an undertaking with good prospects has to be specially financed during the period before new investments bear fruit’.[69] Treasury officials’ attempts to delay action pending a proper study of the BTC’s proposals were frustrated by the need to show that the review Watkinson had promised had produced results, a cause of contemporary frustration and lasting regret at the Treasury.[70] The general endorsement of the plan in 1955, which the Treasury had only accepted in the belief that it would be able to study the details later, was now deployed by Watkinson to convince his colleagues to rush through a more specific endorsement of modernization (a white paper rather than a BTC publication) and what everyone must have known would be a subsidy, without investigation by either the Treasury or outside experts:

> the Government had already endorsed the modernisation plan in general terms and, unless the plan was put into effect, the Government would be open to the damaging criticism that it had, by the 1953 Transport Act, destroyed the Commission's prospects of solvency. . . . in any event, the Government could not avoid incurring very substantial expenditure on the railways for many years to come. It would be better that this should be applied constructively, rather than in financing a continuing deficit.[71]

A reasonable aim, but not one generally fulfilled by *Proposals for the Railways*. By the end of 1957 the modernization programme had been recosted, accelerated and expanded. One consequence of this rush to eradicate the deficit through modernization was the ordering of hundreds of untested and often unsatisfactory diesel locomotives. By the end of 1958 Watkinson had been obliged to agree to extend the limit on loans to cover the deficit and announce another review.[72] The investment programme and the deficit were beginning to look like partners rather than alternatives.

The success of modernization

In January 1955 there was a danger that Conservative backbenchers would not tolerate the Government's funding of a pay settlement. The first achievement of modernization was to convince a joint meeting of the Party's backbench transport and labour committees that modernization, not subsidy, would fund the dispute.[73] This was just part of a wider political effect, summed up by *The Economist* (which was not fooled itself):

> From the grime and muddle of 1955, from a very recent piece of politicking which everybody would like to forget, the public is invited to lift its eyes towards 1974. Look; there is an electric or diesel (or, just possibly, atomic) train pulling silently, briskly competitive, smog-free, out of the glistening chromium of the new King's Cross.[74]

It was a railway fit for Dan Dare, yet the Government was neither committed to a firm programme of specific investment nor sure that the plan would work. Ministers had pulled off a conjuring trick, using the bright baubles of the plan to distract from a reality in which the proposal they held up as the key to solvency had at its very heart the assumption of a subsidy in the form of an interest-free loan. The casual observer would surely have concluded that the Commission had found a way out of its difficulties and, while some details needed to be worked out, the Government had agreed. In reality the Commission had admitted that it couldn't solve its financial problems, the Government had added to them and it was hoped on all sides that at some point in the future investing in modernization would at worst improve the position and at best resolve it, although no-one knew how. The Commission expected financial help and the Government decided not to refuse it (and not to grant it). The 1956 plan, presented on the back of a written answer in the House of Commons, was very much a defensive stroke, but effectively deflected criticism of the price freeze.[75] Our casual observer might now have concluded that the details left unresolved 18 months earlier had been worked out and the solution to the railways' problems had, as a result, come nearer. In reality one of the hopes of modernization, that savings could be achieved through closures, had run into difficulties, the rest remained vague and the financial problem was worse. The Government was bailing out the Commission financially but had found a way to call it a loan. Once again, the Government did not intend to 'actually sponsor the present scheme or endorse it in detail',[76] and Watkinson had made it clear to his officials and his colleagues that 'the Commission would have to do as well or better than forecast in their plan or face the consequences. This would be the time for an outside inquiry', a comment which paved the way for the Commission's demise when the finances of the 1956 white paper were revealed for the fantasy they were.[77]

Conclusion

To suggest that the Government deliberately misled the nation over the state of the railways' finances would be to credit it with more control over events than it had and, although there is strong evidence that Butler's defence of the 1955 plan and Watkinson's preparation of the financial details of its successor were designed to mislead, there was a strong element of self-deception here too. Ministers' hopes that productivity improvements could help fund the 1955 pay deal were reasonable in principle but devoid of practical detail. Watkinson's hopes that he could inspire greater progress on this issue with a quick pay rise in 1956, or that closures could make a significant difference to a deficit which was consuming something like the entire saving from closures since 1948 every fortnight, do not smack of a resounding realism. Whether the presentation of these two plans as solutions to the railway deficit were acts of incompetence, deception or self-deception on ministers' part, it is clear that the mitigation on all three charges is that they were struggling to get to grips with immediate and recurring economic and industrial relations problems which seemed more important than whether investment in the railways, which was not actually going to take place immediately, would eventually eradicate their deficit. But this judgement merely emphasizes the fantasy which emerged, that the modernization plans as published in 1955 and 1956 offered the solution to the railways' financial problems. They did not, and while the BTC can be criticized for failing to produce better plans and for mismanaging the ones it had, the blame for the failure of a plan originally conceived as effectively beginning in 1960 to reduce the railway deficit by that date must lie with the Government. The one moment in the nationalized railways' history when they were offered a major investment opportunity was in fact the absolute nadir of their treatment by Government, because it eventually led the industry to be saddled with an undeserved image of failure.

At the same time a second illusion was beginning to form in the minds of ministers and officials. It was beautifully articulated by Enoch Powell in the House of Commons following the publication of the *Modernisation Plan* when he argued that 'there must be concealed . . . in our present railway system, as a sculpture is concealed in a block of marble, the railway system of the future which does pay and does correspond to the economic needs of the country'.[78] This was something beyond what Watkinson had envisaged, something more like the fundamental rethinking of the railway which was to provide the basis for the *Beeching Report* and the proposed 8,000-mile network; but it drew on Watkinson's idea that a closure programme could make a significant contribution to reducing the deficit. This idea remained a feature of debates over railway policy for the following 20 years. The search for a slimmer, financially solvent railway eventually revealed that if Powell's sculpture existed it was a tiny ornament not a statue. However, it was a vision which seemed increasingly sensible as the chromium dream of 1955 tarnished and it is to that development that we now turn.

4 Reappraisals

By the autumn of 1958 it was clear that the railways' financial position was diverging from the estimates in the 1956 white paper. 'No one', Sir Thomas Padmore told the Chancellor, 'knows what to do'.[1] In fact Whitehall was already on the way to working out how it would deal with the problem in the long term (in the short term it was addressed by increasing the amount the BTC could borrow under the 1957 Act). The action taken in response to the railways' slide into bankruptcy was shaped by wider policy developments relating to public expenditure and the nationalized industries discussed in this chapter; but just as those developments influenced policy towards the railways, they were themselves shaped by the growing realization that all was not well with the nationalized industries, of which the railways' problems were greatest. By 1959 the National Coal Board (NCB) had joined the BTC on the sick-list and the Treasury was also concerned about the Gas Council and the North of Scotland Hydro-Electric Board.[2] In terms of financial disaster, however, the BTC was in a league of its own. At the end of 1959, its revenue and unallocated reserves showed a negative balance of £350.6 million. The next worst figure was that for the NCB, with a negative balance of a mere £52 million.[3] The developments discussed in this chapter took place as the extent of the BTC's financial failure was emerging.

Although a *Reappraisal* of the *Modernisation Plan*, defending its assumptions and objectives, was published as a white paper in July 1959, from 1960 there was a discernible shift in government policy towards the railways. The Government began to exercise greater control over railway investment and in September imposed a 30 per cent cut in the railways' 1961 investment programme.[4] A Special Advisory Group (SAG), of which Dr Beeching was a member, had already been appointed to examine the railways; in December a white paper promised new legislation and in 1962 a new Transport Act abolished the BTC, replacing it with the BRB under Beeching's Chairmanship and charged with the task of breaking even as soon as possible. The 1962 Act also changed the consultative procedure governing the withdrawal of railway services in a way that was intended to facilitate the closure programme that Beeching was by now preparing. In mid-1960 the Cabinet agreed to expand the road programme at the request of Ernest Marples, who had become Minister of Transport after the General Election of October 1959 (when civil aviation was removed from the Ministry's control). This chapter challenges the idea that the policy changes following Marples' arrival as Minister can be attributed to his personal influence, and argues that the change in railway policy from 1960 was the culmination of developments in Whitehall pre-dating Marples' arrival: a collapse in the BTC's credibility; developments in the Treasury's attitude to the nationalized industries; a more sophisticated approach to public investment and a realization that the procedure for closing railway lines was too cumbersome. It begins with an analysis of the influence of Marples and the road lobby before examining the process of policy development between 1956 and the start of 1960, to illustrate the extent to which policy was already developed before Marples' arrival and his subsequent setting up of the SAG, which is discussed in Chapter 5.

The Marples myth

Ernest Marples stands at the centre of the David Henshaw's *Great Railway Conspiracy* in which 'the road transport lobby . . . aided by the Ministry of Transport . . . succeeded by the late 1960s, in bringing the railway system to its knees'. Henshaw describes Marples as 'a Minister of Transport who was not only road-biased, but a successful road engineering contractor into the bargain', who used the railways' financial plight as 'an opportunity to humble' them.[5] It is understandable that observers should see Marples as a key figure, not only because he was Minister at an important moment, but because he had a flair for publicity and liked to see himself and to be seen as a man of action, a doer rather than a talker or a thinker, the very model of a modern Tory minister.[6] To Anthony Sampson he was:

> an unusual British minister, much more typical of North America or Germany, and almost unique in the upper reaches of Conservatives. . . . a self-made tycoon, with no political connections, and a passionate interest in business which distinguishes him from the rest of the Cabinet. He sees himself less as a politician than a technician, devoted to efficiency . . . first and last a businessman . . . he doesn't even pretend to be an amateur.

The son of a socialist foreman, Marples had, since leaving school at 15, risen through accountancy and property-development to run his own construction company. During the war, he rose from private to captain; after it, he began climbing the political ladder, becoming a Conservative MP in 1945, and Parliamentary Secretary to Macmillan at the Ministry of Housing in 1951. He impressed the future Prime Minister, who made him Postmaster General in 1957. At the Post Office he reorganized telephone exchanges, gave his name to the computer that picked premium bond winners and showed a flair for publicity.[7] At Transport from October 1959, he appeared to run his department with little concern for Parliament and to have the ability 'to locate a single objective and to get there, never mind how'. Reporting to Macmillan in August 1960 he wrote that 'the crucial point is that on all fronts we must retain the initiative and keep moving all the time'; it was no coincidence that when the cartoonist Vicky caricatured Macmillan's Cabinet as a football team, Marples was the centre-forward.[8]

It was all too easy to believe that Marples was taking a lead in transport policy making, especially as he was unable (unwisely) to conceal his dislike of Robertson, whom he offended with a dinner party performance the General found disgusting, and carelessly upset the rail industry by the tone of an anecdote he told at the 1960 Conservative conference about a crane he had once had moved by train, some part of which the railways had lost.[9] In fact he had a fairly stormy relationship with the roads lobby at times, provoking a split in the Roads Campaign Council in 1963.[10] Questions over his integrity add to the belief that he dictated an anti-rail policy. There is no evidence that he was engaged in out-and-out corruption, but he certainly showed a carelessness towards the rules when they impinged on his personal convenience. After Macmillan's departure, he fell foul of the Cabinet Secretary over an attempt to import wine from his French vineyard and rumours of an exotic private life abounded among his colleagues.[11]

Marples' share in the construction firm Marples Ridgeway has been a key part of the Beeching myth, because the firm built roads.[12] Marples became Minister of Transport while owning some 80 per cent of Marples Ridgeway. He had resigned as managing director in November 1951, shortly after he became a junior minister, and had received no payment from the firm since then other than expenses; however, by 1960 his share of the firm had come to be worth something in the region of £350,000–£400,000.[13] Once Marples became Minister of Transport, the firm's involvement in road-building was clearly in breach of the rule that ministers must not allow a conflict of interest to arise or *appear to arise* between their official and private work. Matters came to a head in January 1960 when the *Evening Standard* reported that Marples Ridgeway had won the contract for the Hammersmith Flyover. The potential embarrassment was increased by the fact that a lower tender from another firm had been rejected (for the entirely proper reason that it had not matched the specifications for the job). The tender was in fact handled by the LCC, not the Ministry of Transport (MoT), although MoT engineers endorsed the council's rejection of the lower tender.[14] In fact Marples had begun arranging to sell his share of the firm in October 1959. However, he initially arranged to do so in a way which left him open to the charge that Mr Ridgeway was acting as an agent to ensure Marples could buy back the shares when he left office (giving Marples an incentive to see the firm do well). This was prevented by the Attorney General and, having sold his shares, Marples was careful to ensure that any contracts awarded by the Ministry to his old firm were approved by other ministers.[15] Given that Marples had no inherited wealth to fall back on if he lost office, and bearing in mind that precisely this concern led Watkinson to consider leaving politics in 1955 and to tell Macmillan in 1962 that he would not be able to devote all his time to serving on the opposition front bench if the Conservatives lost the next election,[16] it was perhaps an understandable error of judgement on Marples' part. It was a significant one, however. What it was not was evidence that Marples influenced transport policy for personal gain because, as we shall see in this chapter, transport policy was already changing course when Marples arrived at the Ministry.

The road lobby

There is no question that Marples was an enthusiastic road-builder, as were his two predecessors. Late in 1954 the Ministry had sought approval for an annual road programme of £60 million per annum but had been left with one of £40 million. By 1957, it had concluded that roads should be improved to accommodate a 75 per cent increase on the traffic levels of 1954 by 1970.[17] In fact throughout the 1950s the Ministry's estimates of future traffic levels were too low; the level predicted for 1970 had been reached by 1962.[18] Throughout 1957, Watkinson, who believed his 'first priority was obviously that of getting a national road programme moving at any cost', pressed for more road spending.[19] By the time Marples arrived, the annual cost of the roads programme for England and Wales had reached £60 million and the Ministry was pressing for £90 million.[20] Preparing a list of topics for consideration by the new Government prior to the 1959 General Election, Treasury officials expected an expansion of the road programme to be 'the first priority of the next Minister of Transport'.[21] Pressure from the roads lobby undoubtedly encouraged Boyd-Carpenter and Watkinson to act.[22] Mick Hamer has shown that organizations such as the British Roads Federation (BRF) made great efforts during the 1950s to encourage motorway building. However, while he makes a reasonable case for the view that the lobby influenced the pattern of motorways and the order of priorities within the roads programme, he does not show that it achieved an unwarranted diversion of funds away from rail towards road-building and his suggestion that 'there is scant evidence of any public concern' over the inadequacies of Britain's roads is unconvincing.[23] By 1959 there was a cross-party consensus on the need for new roads and the 'pathetic inadequacy' of the road system was clear enough for Michael Robbins to comment on it in his 1962 history of *The Railway Age*.[24] The strength of a group such as the Roads Campaign Council was at least in part a consequence of the wide variety of road users affiliated to it, including the AA, RAC, RHA and public road transport operators.[25] Even critics such as Political and Economic Planning, which stressed the role of public transport, raised the need for congestion charging and questioned the prioritization of inter-urban motorways within the road programme, did not suggest that these roads should not be built and accepted that investment in road transport was long overdue.[26] Less-thoughtful critics attacked Marples' perceived failure to improve road conditions with a campaign of car stickers that read 'Marples Must Go', while official attempts to tackle urban congestion by introducing parking meters led one motorist to saw a meter off its stand in north London and hurl it through the front window of the Minister's west London home.[27] Indeed, given that the Attlee Government had announced a ten-year plan to build 800 miles of motorway in 1946, that Britain's first motorway did not open until December 1958, that by the time *Reshaping* was published only 194 miles were open and that before 1960 the Ministry consistently underestimated future traffic levels, the lobby's efforts do not seem to have been very successful.[28] The support given to the railways' investment plans even after 1960, when spending remained higher than in the first half of the 1950s, further undermines the idea that the road lobby was dictating transport policy.

This is not to say that it had no influence. Clearly the BRF's campaign contributed to the pressure for road-building. Equally clearly, the RHA influenced policy in the early 1950s and it had a good relationship with the road transport division of the MTCA, which ensured that it was given the opportunity to give evidence to the SAG. The RHA's fear when the establishment of the SAG was announced was that it would lead to restrictions on road transport to benefit the railways, which it felt enjoyed 'widespread general sympathy'. It complained that taxes paid by hauliers were being used to subsidize their chief competitor, which was also cross-subsidizing freight services to undercut hauliers by carrying traffic at less than cost price, an allegation it was able to support with examples. At a meeting with Marples in March 1960, RHA representatives called for a study of 'true comparative costs as between road and rail' in the clear belief that such a study would support the case for allowing road haulage to grow and reducing rail investment. Rather than conspiring to do down the railways through some underhand deal, the RHA was confident in its members' ability to win traffic from them through what it saw as fair competition.[29]

In 1959 the Treasury agreed to set up a study on the potential growth of the motor-car industry and its economic implications in response to requests from the Society of Motor Manufacturers and Traders (SMMT) and representatives of motor-industry unions. The SMMT hoped that this inquiry would lead to a greater appreciation of the motor industry's importance and consequently to more account being taken in Whitehall and Westminster of its needs.[30] The committee fulfilled the SMMT's hopes in as much as it recognized that:

> the progress of the motor industry is clearly a matter of very great interest to the Government both because of its economic importance and its physical and social effects. Through the investment which it has recently agreed to undertake in areas of local unemployment it has now become an important instrument of the Government's employment policy. It forms a valuable source of revenue.[31]

Should we take this conclusion or the study's use of SMMT predictions of future traffic levels as indicative of the pernicious influence of the road lobby on transport policy? Clearly the SMMT had its own agenda, but so too did the Treasury, which had hoped to use the study to consider whether to slow down the rate of the industry's growth in response to the social costs of increasing car traffic. That this was not the outcome was partly a result of the Ministry's inability to calculate what the social costs were and chiefly of the impossibility of restricting road traffic. As Marples' glaziers could testify, restricting car usage or ownership was politically difficult in the early 1960s. Any party committed to such a policy risked losing the votes of the 750,000 working in the industry, existing motorists and those affluent workers saving for their first car, the purchase of which fuelled 'a feeling of modernity and adventure that would never be won so easily again' in Booker's view. It also reflected the fact that in 1960 the motor-car industry's contribution to the economy and the railway industry's decline both seemed fairly obvious. Officials felt the SMMT's predictions of future car-ownership levels were in fact too low, while the difficulties the motor-car industry was suffering at the time were not apparent until the 1970s.[32]

The RHA and the SMMT must have been generally satisfied with the trend of policy in 1960, but the problem in attributing a decisive influence to the road lobby in bringing it about is that its arguments tended to be backed up by the available evidence. The crucial factor in explaining the shift of policy in 1960 was that investing in roads seemed likely to reduce congestion, while investing in rail did not, nor did it seem that the BTC's investment programme would reduce a deficit which was out of control by 1958. Whatever one makes of this view, it was based on the best analysis Whitehall could make of future transport needs and how to meet them and the process by which officials reached this conclusion is described in the rest of this chapter. At the same time as they attempted to study transport needs, civil servants were becoming increasingly disturbed by the apparent failings of the BTC and of the TUCC procedure. These processes were well underway by the time Marples arrived and, in contrast to Sampson's description of him as a doer rather than a thinker, Sir James Dunnett, Marples' Permanent Secretary at the MoT, recalled him as being:

> a great publicist, and he was interested in new ideas, but he had not much effect as far as the railways were concerned . . . he wasn't awfully good at following through . . . it's difficult to put your finger on what he actually achieved.[33]

Dunnett's comment may underestimate Marples' influence in one particular respect. Marples was fascinated by the prospect of rebuilding urban Britain to accommodate the motor car and was heavily influenced by Professor Colin Buchanan's 1958 book *Mixed Blessing: The Motor in Britain*. Marples appointed Buchanan to produce a report, *Traffic in Towns*, which was published in November 1963 and put forward expensive proposals for reconstructing cities to cope with traffic. Buchanan's appointment and report helped fuel a conflict in transport policy advice between physical planners and economists which was to fester over the following decade. With the benefit of hindsight one can argue that Buchanan's report was detrimental in diverting attention from the need to develop a pricing mechanism for road use, by raising the false prospect that the car could be physically accommodated. However, Buchanan's work was also vital in bringing home the scale of the problem to the public.[34] None of this was the result of an anti-rail bias on Marples' part, even if one takes it as reflecting his background in construction. What it does reflect is the difficulties that arose from the fact that Whitehall was, as this chapter will show, starting almost from scratch in attempting to address a revolution in transport patterns as it developed.

The modernization of the nationalized industries

Just as the changes in railway policy only became apparent from 1960, the most obvious manifestations of the Treasury's 'great reappraisal' appeared in 1960 and 1961, but had their origins in the mid-1950s. The key factor was a determination within the Treasury to regain the control it felt it had lost over public expenditure. Increased spending on social services and the nationalized industries following the end of the Korean War imposed new financial and administrative tasks on the state, the most important of which was the need to consider this spending in terms of the national economy. If public expenditure continued to grow faster than the economy when the windfall from reduced defence expenditure after the ceasefire in Korea was used up, then eventually a financial crisis was inevitable. However, the existing machinery of investment control, under which a public spending total emerged from an annual series of individual discussions with departments (such as those which had failed to shed much light on the *Modernisation Plan* in 1955) did not provide an effective mechanism for limiting these totals. The annual budget was also a blunt instrument of economic management in that when a crisis loomed and cuts were called for, it was difficult to know where they should sensibly be made and instead flat-rate percentage cuts were demanded from departments, whose spending programmes often lacked the flexibility to achieve them. The Treasury sought to address this problem through the introduction from 1961 of the Public Expenditure Survey Committee (PESC), a rolling spending programme covering a five-year period and involving a limit on total spending rather than allowing a total to emerge from the accumulation of departmental desires. The same year saw the publication of a white paper on *Economic and Financial Obligations of the Nationalised Industries*, which indicated a move to setting firmer and clearer financial objectives for the nationalized boards, a blueprint applied to the railways under the Transport Act 1962.[35]

The move to a longer-term investment perspective began in the mid-1950s when the Treasury created a Home and Overseas Planning Staff (HOPS) under Richard 'Otto' Clarke, who had recently failed in an attempt to limit future social services spending to a percentage of national income. At the same time, parliamentary concern over the performance of the nationalized industries led to the establishment of a Select Committee on the nationalized industries, the reports of which fuelled further concern.[36] Treasury worries over the growth of public spending during 1956 and 1957 preceded the completion by HOPS in 1957 of the first Long-Term Investment Review, a rolling annual survey of public investment covering five years with firm figures for the first three, and the first Long-Term Economic Assessment.[37] The origins of PESC lay in the 1958 report on Treasury Control of Expenditure by the House of Commons Select Committee on Estimates which recommended an inquiry. The Plowden Committee on the Control of Public Expenditure was consequently set up in the summer of 1959 and its report, most of which was written by Clarke, led to the establishment of PESC.[38]

The development of more effective Treasury control of public expenditure clearly required more than simply expanding the investment timescale under consideration. As Clarke put it, the key question was 'if the Government can afford to lend only X, how can it rationally allocate the X, without going behind the borrowing to the investment?' (an approach which implied a fundamental departure from the attitudes which inhibited Treasury questioning of the BTC in 1955–6, described in the previous chapter). Given this, how could the Treasury judge investment in areas such as transport without some idea of future levels of demand? How too could it allocate X without a clear idea of what ends the spending of nationalized boards were supposed to achieve? And how could it control investment rather than borrowing? The Treasury's concern over public spending led logically, therefore, to a series of studies of long-term demand in various sectors, including transport, to provide some kind of guide to investment allocation. It also led officials to conclude that the nationalized boards must be given clearer financial and economic criteria. This last point was established in Treasury minds when in 1958 HOPS expanded the Long-Term Economic Assessment exercise it had pioneered the previous year to form a strategic review of how consumption and civil public expenditure might fit into a long-term assumption of a 2.5 per cent growth in GDP.[39]

Officials were provided with an opportunity to act on these views by ministers' desire to produce a distinctive policy on nationalization. In December 1958 Rab Butler, the chair of the Conservative Research Department's committee on nationalized industries, Lord Mills, the Minister of Fuel and Power, and Watkinson asked Macmillan to set up a committee of officials to look at the nationalized industries. The Conservatives wanted proposals to increase decentralization and commercialization to put forward at the next election. Watkinson wanted to encourage the boards to hive-off some activities and to begin transferring their finance to the private sector, so that the Conservatives could 'oppose nationalisation with denationalisation which makes it a nice simple issue for the average voter'.[40] In January 1959 a committee of officials chaired by Treasury second secretary Sir Thomas Padmore, of which Clarke was a member, was established to consider these ideas. Although the Padmore committee's terms of reference only covered organizational matters, its members shoehorned their own agenda into the report they produced in June 1959 by arguing that organization could not be satisfactorily resolved unless the industries' financial problems were addressed first. The Treasury pushed for greater power to limit the number of unremunerative investment schemes the nationalized boards could embark upon and the setting of clear financial targets in the form of a rate of return. The committee's report argued that these should be published, as should any ministerial intervention which significantly impaired a board's ability to meet its target, a recommendation which reflected officials' desire to reduce government interventions of the sort discussed in the previous chapters.[41]

The logic behind this proposal was set out in the 1961 white paper, which argued that if the nationalized industries' prices were too low, demand for their services would be artificially stimulated, thereby increasing their investment requirements. As the industries were failing to fund their own investments, such demand would restrict the finance available for profitable private investment and damage the economy. The Padmore committee's report was tentative and its translation into a published white paper was delayed by the General Election and by ministers' reluctance to accept a policy that would restrict their freedom to use the nationalized sector as a means of holding down inflation. Nevertheless, the prioritization of financial criteria evident in the Transport Act 1962 originated from this report. This was not an outright rejection of the railways' social role but a means of exercising some kind of control over their operation and in particular their investment programme. It was particularly relevant to Beeching's closure programme, as we shall see in the following chapter, because Beeching's apparent disregard of the social consequences of closures was in fact a reflection of this new division of responsibility, under which the BRB told the Government what it wanted to do as a business pursuing financial objectives and the Government decided how far this should be modified by social need. The Padmore committee's report recognized that the railways could not be expected to earn a return in the short term and, as we shall see, did not rule out the payment of subsidies for specific services, while the 1961 white paper argued that, given the traditionally low rate of return expected of regulated public utility monopolies and the social role of the nationalized sector, the boards should not be expected to yield the same rate of return as private investment.[42] The new policy towards the nationalized industries was therefore part of the Treasury's adaptation to its new responsibility for the boards' investment borrowing. The shape it took reflected Whitehall's growing knowledge of the nationalized industries, including the BTC and its modernization programme; knowledge which owed much to the attempt to get to grips with future transport needs.

The modernization of transport planning

Clarke's hope that the Commission's 1956 plan could be examined in relation to the wider economy and other public investment was frustrated by the rush to publish it, but in its wake HOPS determined to find out more from the BTC about the estimates behind the plan and, when this led nowhere, established a working party of officials from the Treasury, Ministry and the Central Statistical Office (CSO) in June 1957 to conduct a survey of long-term transport requirements, covering the period to 1970.[43] As the first transport study of its kind within Whitehall,[44] the long-term survey faced insurmountable obstacles and had difficulty in making predictions even for 1960. Problems included the lack of road statistics, discounting the abnormal trends of the post-war years and the difficulty of estimating the impact of better roads, railway investment and the

Commission's new merchandise charges scheme. In charting the growth of road freight, the report relied on one survey carried out over a week in 1952 and multiplied the average ton/mileage carried by each class of vehicle by the number of vehicles licensed in that class in each year between 1948 and 1956. These statistics could not be broken down by different types of cargo. Rail freight statistics were more plentiful, but even these could only be divided between coal, minerals and merchandise/livestock. The state of information on passenger traffic was even worse. Not only were figures scant, but it was unclear which ones would be relevant (for example, how were commuting peaks to be treated?); and officials were unable to answer the question 'what common unit can be used to measure commuting, pleasure motoring and flying?'[45]

Significantly, it was the railways not the road lobby that had a man on the inside. The BTC, anxious to ensure the report backed up its own estimates, had a representative added to the group studying future demands at an early stage and pressed for favourable amendments to the final report.[46] Unsurprisingly, the report generally accepted the BTC's arguments. However, it did raise doubts in Treasury minds about the basis for railway investment, which seemed to be related to quality of service rather than demand; it concluded that the Ministry's estimates of demand for road space were too low; it indicated the possible advantages of formulating a plan for roads and studying its effect on the railways and it exposed very clearly the inadequacy of the Ministry's statistical and planning machinery, to which Clarke later attributed the failure of the initiative.[47] The study had shown that demand could be met 'by any number of combinations of road and rail investment plans' and the Treasury view on the right combination would depend on the answers to two questions which the report had been unable to address: how to assess the return on investment in roads; and whether the railways could compete profitably with road transport.[48]

The 1957 report signalled the start of an erosion of confidence in the railways' modernization programme. Clarke's under-secretary, Matthew Stevenson, was dissatisfied with the projection that the vast capital expense of the modernization programme would only increase railway freight traffic by 11 per cent and passenger traffic by 7 per cent and argued that it was 'a mistake to go on treating capital as the cheapest and most plentiful commodity in the United Kingdom and as the main way out of all our difficulties'. He put forward a choice between encouraging more traffic onto the railways to maximize the return on their investment and slowing down the rate of investment.[49] A study of the case for road building was conducted as the next step, but while this raised doubts about the methods used to justify road investment it was unable to come to any definitive conclusion. The need to adjust the short-term investment programme to a run on the pound in the autumn of 1957 distracted everyone's attention before the parallel questioning of the BTC on the effect of slowing down the programme could begin.[50] However, by the early summer of 1958, Clarke, influenced by the financial difficulties of American railways, was moving towards the conclusion that 'capital investment is not the cure-all . . . the evidence points increasingly to the need for cutting down the whole system to what is commercially viable on a basis to charge what the traffic will bear'.[51] Once the Treasury started to see total transport demand as something which could be met by alternative combinations of road and rail investment, the railways were in trouble, because the first of Stevenson's options, encouraging traffic to use rail by restricting road transport, was always likely to run into political difficulties (as it did when Labour attempted it a decade later) and the second became increasingly attractive. As this belief took hold in Whitehall, the justification for investing in rail depended increasingly on the hope that it would reduce the railways' deficit. Unfortunately faith in this prospect was fading.

Scepticism about railway investment was fuelled during preparation of the Long-Term Investment Review in the summer of 1958. In May Ministry officials admitted that, despite pressure from the Minister, they had never been shown the regions' investment returns to the BTC and therefore could not explain why the cost of modernization had increased to £1,660 million.[52] When the Commission's representatives were questioned the following month, they admitted that they had no knowledge of regional investment proposals between one annual submission and the next and so could not provide details of the £210 million they wanted to spend in 1960 until the end of 1958 when they had the regional estimates. Moreover they found it difficult 'to keep track of the revenue position in the regions with a view to action to correct deficits'. The most significant revelation, however, was that figure of £1,660 million did not represent the final cost of the modernization plan, just the latest estimate of what it was thought desirable to spend by 1970, and it did not cover everything the BTC would want to do in the later part of the period.[53] When the long-term transport study had been considered the previous year, the prospect of railway investment declining after 1964, as the peak of spending on modernization passed, had been a point in favour of allowing it to continue, and the picture of an almost open-ended spending programme for which neither the BTC nor the Ministry could make a really convincing case was significantly less attractive. By the summer of 1958 there was talk of cutting the programme for 1960–1.[54]

The closure agenda

As the Treasury's scepticism over railway modernization began to increase, so the Ministry renewed its interest in a programme of closures. The 'almost pitiful' savings from this source in 1957 were already dismaying Watkinson and his officials when they found themselves obliged to produce a new set of savings to justify another capitulation to the NUR in May 1958.[55] Anxious to avoid taking on the railwaymen at the same time as the London bus drivers, the Cabinet was nevertheless determined to maintain the appearance that the cost of the settlement had been met by new savings. It also sought to defuse the pay issue by setting up an inquiry under the academic Claude Guillebaud. Guillebaud's inquiry helped end the 1958 dispute and avoid one arising in 1959, but at the price of the inquiry's developing a political momentum which virtually guaranteed a major pay award in 1960 and the prospect of this increased the pressure to reduce the deficit.[56]

By the time this settlement was reached some members of the CTCC (in particular its secretary, J. C. Chambers, and the representatives of trade and industry), aware that modernization was no universal panacea, were pushing for a more extensive closure programme.[57] When R. G. M. Street, the chair of the Wales and Monmouth Committee, saw figures showing how few people actually used some services, he was 'very shaken by what I saw'; so much so that he immediately proposed that the BTC be allowed to submit lists of cases which it felt required no further investigation to the TUCCs, who would then agree to the immediate suspension of services for six months, pending further study. However, the BTC was still unwilling to incur public displeasure by mounting a rigorous attack on unremunerative lines and saw timetable alterations that reduced services to the legal minimum as a possible alternative to closure.[58]

With even some of the watchdogs barking that the procedure was too slow, it seemed that at last Watkinson might succeed in accelerating the railways' contraction. However, criticism of the closure procedure was reaching such a pitch that virtually any change that did not halt closures was bound to be treated with suspicion. The South Eastern Area TUCC had been so heavily criticized by MPs for its supposed unfairness in the Bluebell case that it was still refusing to hold meetings when the CTCC report on the case exonerated it in February 1958. That summer the role of the BTC members of the North Western TUCC in the Coniston branch case, whose votes provided the majority in favour of closure, brought such discredit on the whole process that the Commission instructed its representatives to refrain from voting in future.[59] Both Street's suggestion and the use of closure by timetable were vetoed because of the suspicion they were likely to arouse and a list of the closures that would produce the £500,000 saving promised as part of the pay award merely confirmed official suspicions that the proposals were half-baked and deflated expectations of an increase in the committees' workload. Of the 32 lines on the list, only eight or nine would close completely and seven of these had lost their passenger services some years previously.[60] The mess the BTC had made of the Bluebell case had led the CTCC to ask for more detailed and defensible figures in support of future proposals in the hope that this would restrict the time spent arguing over the financial case for closure and allow greater emphasis to be placed on discussion of hardship and alternative services. The BTC only agreed to this after months of haggling motivated by its fear that more detailed figures would expose it to increased criticism from objectors and would take longer to prepare, fears that seem to have been borne out.[61]

Watkinson attempted to keep things moving, urging the Commission, the committees and the local authorities to accelerate their parts of the procedure.[62] He agreed to publicly state that the BTC was under no obligation to ensure that alternative services were available following closure and did so twice in July, telling the House of Commons that 'the railways are no longer a monopolistic organization with an obligation to provide all sections of the community with a railway service . . . [and] the Commission is under no obligation to provide an alternative service'.[63] Unfortunately, performing in the House was not

Watkinson's strongest point, and, in attempting to reassure opposition members that passengers' needs would not be totally ignored, he confused matters by implying, wrongly, that the TUCCs had a statutory duty to take alternative services into account when judging closure proposals.[64] Not only did this detract from the intended effect but it illustrated the point that unless someone was prepared to stand up and risk the wrath of those who opposed closures, a strategy of cutting the deficit by this means was not going to get very far.

The collapse of faith in railway modernization

There was, then, already an atmosphere of scepticism over investment and pressure for closures, when, in September 1958, it became clear that the Commission's performance was making a nonsense of the path to solvency set out in *Proposals*.[65] In an exchange of letters published in November, Robertson and Watkinson agreed that the deficit had risen because of a slump in coal and minerals traffic. Robertson argued that this was a temporary phenomenon beyond the Commission's control and stuck to his view that modernization was the best way out of the red.[66] Armed with the information gleaned from its recent efforts to establish future transport needs, the Treasury was unconvinced. Officials suspected that the decline in coal traffic would not be reversed when the economy picked up and this called into question the BTC's assurances about railway competitiveness, which had provided the basis of the 1957 study's estimates of the future distribution of freight between road and rail.[67] Watkinson announced in December that the Commission would produce a reappraisal of its position. Remembering 1956, the Treasury made a determined effort to investigate the BTC's position itself, and Watkinson was only able to assert his department's independence because a series of personnel changes had increased its credibility.[68] In particular, James Dunnett had arrived in preparation for his replacing Gilmour Jenkins as Permanent Secretary in April 1959. One former colleague felt that Dunnett 'changed the whole attitude of the Ministry, which had been pretty fuddy-duddy under Gilmour Jenkins, . . . by a prodigious effort of will'. He certainly impressed the Treasury and Cabinet Secretary Sir Norman Brook, while abandoning his predecessor's tendency to support Robertson and to have been relatively untroubled by the railways' position.[69] The top post was not the only one to change hands: Ira Wild's departure as Financial Director, which preceded Dunnett's arrival, and the arrival of Raymond Le Goy and Terence Bird as assistant secretary and under secretary responsible for the railways, respectively, helped change attitudes and reduce Sir Reginald Wilson's influence at the Ministry (although it is impossible to divorce these developments from the effect of the BTC's failing credibility).[70]

Watkinson was determined that the Commission 'must not dodge the issue of the future size and shape of the railway system related to road traffic growth and changing patterns of industry. This must be a <u>great deal</u> smaller than anything envisaged up to the present'.[71] Claiming that only through closures could they achieve the economies Watkinson demanded, the BTC sought to use this as an opportunity to bypass the consultative procedure and close small stations without consultation. But the consultative committees, suspecting an attempt to withdraw entire services by closing all the stations involved, would not agree. Watkinson's statements the previous summer had demoralized some committee members who felt that there seemed to be no circumstances in which they could reject a proposal and despaired of ever winning the confidence of the public, while others complained of overwork.[72] Watkinson's efforts produced quicker decisions, a record estimated annual saving of over £900,000 and the first really large closure proposal, the Midland and Great Northern, a duplicate route snaking through the unspoilt countryside between the Midlands and the Norfolk coast. However, like the Hull and Barnsley line, the closure of which was also proposed in 1959, this was such a profligate scheme in the first place that it should never have survived to be nationalized, and the Commission and the regions were still felt to be dragging their feet.[73] Although the Commission's *Reappraisal* referred to a possible reduction of 1,800 route miles and 1,000 passenger and goods stations, this would not be complete until 1963 and while the London Midland and Western regions put forward fairly extensive proposals (the former intending to close 700 miles to passenger traffic), the Southern and Scottish regions offered little and the Eastern and North Eastern Regions' comments were vague.[74]

By mid-1959 Watkinson had accepted that the Commission would not achieve the economies he had demanded in response to the 1958 deficit.[75] However, £10 million here or there on the 1959 deficit was merely a sideshow to the battle for which the Treasury and a re-invigorated Ministry were gearing themselves. The investigation that should have taken place in 1955 or 1956 would not be evaded in 1959 and this time Whitehall would be armed not only with determination but with the lessons gleaned from the interest it had taken in the future pattern of transport demand over the previous two years. Its knowledge may have been sketchy, but it was enough to undermine any idea that the Commission could carry on with business as usual. In December 1958, Dunnett told the Treasury that he wanted a study of future transport needs to see 'just how large a railway system we really needed'.[76] The Ministry began a study of what the railways' future position was likely to be, by extrapolating existing trends on the basis of a variety of alternative assumptions and then asking what measures would be necessary to bridge the gap between these results and the break-even point.[77] Kenneth Glover had raised doubts about the railways' prospects over a number of years (including during the 1957 study) but with little response, despite mounting evidence based on statistical trends.[78] Now, like the Treasury, the upper levels of the Ministry were more receptive to this kind of warning. By the end of January, Glover had produced a paper based on three different sets of assumptions about the economy and the railways' performance, which concluded that 'there is no prospect of profitable employment for a railway system of the size the Modernisation Plan is creating', and estimated an overall loss in 1970 of between £247 million and £432 million.[79] Watkinson, who was expecting Guillebaud to report in May or June, was now contemplating major reform: tighter control of lower levels of investment; greater decentralization; a restructuring of the BTC's finances and, presaging the SAG that Marples would establish the following year and which brought Beeching onto the scene, the appointment of an industrialist, a chartered accountant and the head of Canadian Pacific Railways to consider the Commission's reappraisal.[80]

During the spring of 1959, analysis of road and rail freight statistics for 1958 showed rail freight declining at an increasing rate and an increase in road freight in almost inverse proportion; while the economy was becoming more transport efficient (i.e. the rate of growth of freight traffic relative to the growth of GDP was declining). As a result, the 1957 study's estimate of future rail traffic was reduced, suggesting that the railways would be carrying only 5 per cent more freight in 1970 than in 1958, while the pressure on road space would be only marginally less than originally forecast, as road freight accounted for barely 40 per cent of the road space occupied by all vehicles. Reduced estimates of coal output for 1965 spelt worse news for rail freight. By the end of July it seemed clear that the deterioration in the BTC's position during 1958 was generally in line with traffic trends which had been disguised in 1956 and 1957 by the effects of the Suez crisis, rather than a consequence of the recession (a view supported by the railways' performance in early 1959), that the economy's transport efficiency was likely to improve still further, with an increasing proportion of freight being carried by road, and that the BTC had over-estimated its ability to win freight back to the railways.[81]

The *Reappraisal* claimed to have demonstrated 'that the Modernisation Plan drawn up four years ago, and the financial appreciation made in the White Paper of 1956, were soundly based'. Attributing the failure to fulfil the predictions in the 1956 white paper to factors outside the Commission's control, it simply wrote-off 1958 as an aberration and moved the break-even date back a year to 1963. This convinced no-one in Whitehall. Officials found it vague on what had gone wrong, on how the 1955 plan had changed, on how individual investments related to the whole and on closure policy. They feared that investment aimed at maintaining the railways' share of general freight 'suggests large expenditure on a task which may be hopeless and indeed pointless'.[82] It was now clear to Ministry officials that:

> there are wide ranges of activity carried on by the railways which do not pay and these activities can now be fairly well identified . . . cutting out these activities would seem to be a much more promising line of approach to railway solvency than further heavy investment. It is certainly difficult to see why the Commission should make any effort to increase merchandise and stopping passenger traffic in the way that the plan contemplates.[83]

Aware that the BTC's problems went deeper than the *Reappraisal* admitted, the Government published it as a white paper in July, without endorsement, and asked officials to study it in detail, bearing in mind the conclusions of the Padmore committee's report on the nationalized industries.[84]

The outcome of this study was an acknowledgement that the BTC could never repay its debts and a decision to exercise greater control over a smaller railway investment programme. It fell to Marples to implement these conclusions, but he was in no way responsible for producing them. The Ministry conducted a series of diplomatically phrased interrogations of the Commission and produced a report two days before the 1959 General Election. Its conclusion that the BTC's working surplus in 1963 would be £35–50 million, not the £50–100 million the BTC had claimed, seems wildly optimistic given the BRB's operating loss of over £80 million in 1963, but the important point was that the anticipated surpluses would be too low to meet the increase in the BTC's expenses as the interest-free period on the loans for modernization began to expire. This left Dunnett, as the person responsible to the House of Commons Public Accounts Committee, in a 'most unsatisfactory' position, because there was no legislative authorization for the Commission to receive grants rather than loans.[85] The Ministry's report was the basis for a joint memorandum produced with the Treasury early in 1960. This brought out the fact that the Commission calculated the return on its investments only on the 'betterment' element of its investment (the cost of modernizing a particular facility minus the cost of maintaining it at existing standards) and detailed the full horror of the post-1963 position: a return on investment of under 2 per cent; interest payable under the existing debt structure rising from £90 million in 1963 to £145 million by 1968; a total interest burden of £200 million in 1968 if investment continued at the current rate, requiring a £100 million improvement in the Commission's annual performance between 1963 and 1968. Finally, Guillebaud's report on pay was 'likely to lead to a substantial increase in railway wages which may by itself invalidate the Commission's forecast'.[86]

If this was a bleak prospect, the investigation, supported by a study of the 1960–2 BTC investment programme, painted an even darker picture for the future of railway modernization, throwing up all sorts of information that the Ministry's statistics division had been after for years, which decisively strengthened the suspicion that the railways had overestimated the amount of traffic they could win back from the roads and that investment proposals were based on technical, operational or social, rather than financial considerations. Now the first inklings that the financial case for the flagship electrification of the Euston to Manchester main line was weaker than Whitehall had been led to believe began to appear and fears that the Commission was simply spending as much as it could (and the Government could be persuaded to part with) were not allayed by the news that it wanted to invest £1,000 million on top of the £1,660 million cost of modernization by 1970. Far from offering a route to solvency, the modernization programme was producing such a poor return that it seemed more likely to add to the Commission's debts.[87]

What to do

The investigation of the *Reappraisal* did not take place in a vacuum. At the Ministry a long-term road planning group had been established in 1957 and by 1959 its studies had provided considerable support for the existing motorway programme and for an expansion of it. When, in December 1959, Marples began pressing the Prime Minister for more roads spending, he was acting on the basis of the Ministry's work rather than his own whim.[88] The five-year 'rolling' nature of the road programme which emerged was in line with the development of public expenditure management described earlier in this chapter. At the Treasury, Clarke had not abandoned his belief in the need for a coordinated approach to road and rail investment and, as part of the study of motor industry prospects, officials took another look at the economic case for road-building. This argued that as car ownership would inevitably grow and as the trend of traffic appeared to be from rail to road, demands for spending on motorways could not be ignored and, if met, would call into question the competitiveness of the railways. Although officials still wanted a viable system of comparing road and rail investment and were unconvinced by the Road Research Laboratory's methods for justifying road schemes, Whitehall opinion was now increasingly moving towards the view that investment in the railways should enable them to do 'as economically as possible what only they can do and no more', and that 'no railway line outside the main network should be kept open where public road transport can do the job', although this was not yet policy.[89]

In March 1960 Marples' request for a five-year road programme was referred to a committee of officials under Padmore which reported in July 1960 that the five-year motorway programme, while desirable in principle, should not be settled until a clearer picture of railway investment had emerged. However, the Cabinet's economic policy committee concluded that expanding the road programme would bring quick economic benefits through reducing congestion and accidents and the Cabinet gave Marples most of the funds he wanted for 1961–2 and 1962–3.[90] Although the economic case for providing better roads for motorists was weak, the congestion those motorists caused was damaging the economically significant road freight industry, which carried more than half the nation's goods, and even a 10 per cent increase in railway passenger and freight traffic (which seemed unlikely) would reduce road traffic by only 5 per cent on 1959 levels.[91] Further support for this policy was provided by the pioneering cost-benefit study of the first section of the M1 published in 1960 and the positive public reaction to this first long stretch of British motorway. It was only when the Greater London Council (GLC) attempted to carve a swathe through urban London in the late 1960s that opposition to motorways took off.[92] In 1960, therefore, the choice seemed to lie between watching the roads grind to an unpopular halt and increasing efforts to reduce congestion through road building, so the case for road building was a combination of the political (responding to motorists' complaints about congestion) and economic (speeding up road freight). This shift of emphasis may have been what the road lobby wanted and may have been encouraged by its lobbying, but it was first and foremost a consequence of what Whitehall had learned from its investigations into transport since 1956.

The outcome of the investigations into the BTC in 1959 was Dunnett's paper on 'the railway problem' in January 1960, warning ministers that the BTC was most unlikely to cover its capital charges in 1963 and even less likely in subsequent years, and drawing attention to the increasingly urgent need to decide what the Government's policy on the BTC should be.[93] 'The first essential step' wrote Dunnett, 'is that we should make it clear to the BTC that we will have to approve in detail their capital investment programmes for the future. This will give us control over the parts of the railway system that are to be modernised'. Dunnett felt the betterment justification for investment was 'absurd, if not dishonest' and that if the investment programme could be justified at all, it was on grounds of national interest, which should be decided by the Government rather than the Commission. Dunnett's juniors had argued for a cut of £35 million in the BTC's 1960 investment programme, but, anxious to avoid a row, he recommended one of £20 million and further discussions with the BTC about the justification for the major schemes (although he thought even this was likely to cause trouble).[94] This was the course adopted. Marples wrote to Robertson in February telling him that schemes costing over £250,000 would now be subject to ministerial approval.[95] This was a logical response to what the Ministry had learned in the preceding 12 months, but it also drew on the desire of the Padmore committee to increase ministerial supervision of nationalized industry investment and borrowing in general in order to ensure a clear distinction between those schemes which were socially desirable and those which were simply commercial failures.[96] It is impossible to pinpoint the extent to which this was an example of the reform of the BTC being conducted within a new policy framework established for the nationalized sector, rather than that framework being born out of experience of addressing the railways' problems. The two processes informed each other.

Officials recognized that questions were now raised about what the railways were there for, which could not be answered purely in financial terms. Ministers would have to decide 'whether the railway system . . . is to be regarded as a social service, a commercial undertaking, or a mixture of both'.[97] The principle of applying cost-benefit techniques to the railways' role in reducing road congestion had been raised in the Treasury and the Padmore committee had recognized that the BTC might require 'a special subsidy related to its uneconomic services which were kept in operation for social needs'; as had ministers.[98] The Padmore committee had considered whether the lines north of Perth and Dundee should be treated as a separate accounting unit as they were socially necessary but would always lose money. It had reached no conclusion, because the whole question of reorganizing railway accounts on a regional basis had yet to be decided, but the idea had not been ruled out.[99] In August, Dunnett took this idea up with the Commission, at the same time trying unsuccessfully to get an idea of how far it would rationalize the railway system if it did so on a purely commercial basis, the question Beeching eventually answered. Dunnett asked whether there were any particular areas in which railway services could be subsidized and, if so, what amounts might be involved? The Commission agreed to consider studying three areas: Scotland north of Perth; central Wales; and the former Southern Railway lines west of Exeter.[100]

The Commission's response to Dunnett's request was a memorandum, 'Fringe Areas', which reached the Ministry in December. Unfortunately, as its treatment of the former Southern Railway lines west of Exeter illustrates, 'Fringe Areas' was a wasted opportunity to make the case for socially necessary railways. Because losses were attributed to areas rather than to services, the existence of bulk freight traffic from quarries and clay-pits at Delabole, Meldon and Petrockstowe (which kept their rail connections long after the passenger services had gone) was submerged within the overall loss. The case for providing rail connections to the otherwise remote resorts of Ilfracombe and Bude and towns such as Launceston, Barnstable, Okehampton, Tavistock and Padstow was surely weakened by the inclusion of the little-used services between Launceston and Wadebridge and Halwill and Torrington. Most significantly, the memorandum ignored the fact that the area was also served by former GWR lines providing a series of duplicate routes. If there had ever been a need for two railways to Barnstable or Launceston, the existence of parallel lines between Lydford and Plymouth, both via Tavistock, more than a decade after nationalization illustrated the Commission's failure to rationalize its network and the rival routes between Exeter and Wadebridge and between Wadebridge and Bodmin merely served as a memorial to the occasional bouts of insanity that afflicted Victorian railway promoters. A schoolboy with a map and a pen could have saved the taxpayer a few thousand pounds at any time after nationalization.

The memorandum's figures took account of impending economies for which 'substantial capital expenditure would of course be required'; but, as central charges were not included in the calculations, the interest on this investment appears to have been ignored. Receipts were broken down by traffic type but expenses were not, so it was impossible to gauge the effect of, say, transferring merchandise traffic to road. The document also admitted that its figures 'do not represent the financial effect which would result from the closure of the lines', begging the question why such figures were not produced. If the Commission was to operate these lines as a social service it ought to have wanted to know the cost of doing so. Certainly, the Ministry could hardly judge whether a grant should be paid for such services without knowing how much the Commission was losing by continuing to provide them. 'Fringe Areas' suggests that the Commission's belief in its social obligations, however sincere, was in practice so vague that it merely concealed waste and complacency.[101]

The Commission's shortcomings were not the only factor at work here, however. The real bone of contention was not how the Commission's debts were to be paid, but its independence. Dunnett wanted a subsidy to be called a subsidy, so that the MoT could impose greater financial discipline on the Commission. The Commission wanted to avoid a subsidy to preserve its independence, and a grant covering the loss on these lines would make little difference to its overall financial position.[102] In this political battle the issue of social service subsidies fell by the wayside, at least for the time being. In 1959, Sir Reginald Wilson, the BTC Financial Comptroller, argued that cost-benefit techniques should be applied to railway investment and that increased speed from improved track and signalling and improved conditions for employees should be considered as benefits in such an equation. This received short shrift at the Treasury, on the grounds the value of these benefits should be reflected in the railways' financial results. Instead, the Commission sought a capital write-off and help with its track costs. Robertson suggested that the Government take over the ownership of track and signalling and rent them to the Commission. Officials were not interested in the details of the scheme, which they ruled out as a disguised subsidy in January 1960.[103] When, in the same month, ministers raised the question of a general separation of the commercial and social activities of the nationalized industries, they were told the official committee on nationalized industries had examined this and considered it impractical.[104] The Commission had missed an opportunity to provoke a different conclusion.

Conclusion

By 1960 it seemed unlikely that investing in rail would reduce either the demand for spending on roads or the railway deficit, unless the government intervened to direct traffic onto rail. If restricting road transport to a significant extent was politically impossible (and it is clear that the difficulty here was not the road lobby's influence but the demands of industry and the public), then cutting the railways and investment in them back to do only what they alone could do made sense. It is hardly surprising that ministers and officials favoured such a policy when the alternative appeared to be obviously more expensive, obviously less popular, economically damaging and quite likely to fail. In early 1960 senior Whitehall figures were left uncertain, in Sir Thomas Padmore's words, as to 'what size or kind of railway system we ought to be aiming at. But everyone concerned is pretty well convinced that it ought to be smaller, perhaps much smaller, and that a great many unnecessary and uneconomic services ought to be cut out'.[105] The limited extent to which this could be achieved under the existing closure procedure was clear, faith in the BTC's ability to manage its undertaking was crumbling, plans to reform the BTC on more commercial lines were well advanced and the case for transferring investment away from rail and towards road was strengthening.

Each of these developments originated before the appointment of Ernest Marples as Minister of Transport in October 1959 and it is hard to detect his influence in any of the developments described in this chapter except in the call for more spending on roads in 1959, which the Treasury had anticipated being made by whoever replaced Watkinson. Instead, the catalyst for a new transport policy was the Treasury's attempt to get to grips with the expansion of public expenditure in general and the nationalized sector's investment programmes in particular. Railway policy was both an influence on and a product of this change. Unlike the fantasy of modernization produced in 1955 and 1956, this was a genuine modernization in the sense that Whitehall was attempting to come to terms with modern conditions, initially in the form of its new responsibilities, but consequently in terms of transport trends. It is clear that official thinking on transport started almost from scratch in terms of both expertise and information. If the conclusions reached by 1960 seem rather unsophisticated today, that reflects the fact that officials started from a position of very limited knowledge and were left, as one of them complained in 1961, ‘collectively fumbling after a new policy to meet new conditions which threaten to overwhelm existing outlooks’. ‘Indeed’, he continued, ‘they may already have done so’.[106]

It is surely significant that thinking on transport planning flowed from concern over public expenditure totals and was driven by officials whose primary concern was spending levels. It is also significant that while trends were clearly moving in a direction which undermined some elements of the modernization programme, this problem was not separated out from the effects of government intervention in driving up the deficit and so the shortcomings of modernization and the size of the deficit were to a certain extent conflated, which may have had the effect of making investment appear less worthwhile than it was. Finally, the focus of the 1957 survey was the period to 1970. The tendency, continued into the 1960s, to look no more than 15–20 years ahead, while understandable and challenging enough, can only have helped to obscure the limitations of a ‘predict and provide’ approach to road transport. When one considers the time that major transport projects take to gestate and implement, 15 years is not very far away, even for a sophisticated analysis. This is not a criticism of what the Treasury was attempting, so much as an indication of the scale of the task.

One crucial change is evident. In 1956 and again in 1958, closures had been seen as a way of making economies in response to immediate financial problems. Watkinson had wanted a more rigorous approach, but this was still a response to the deficit. By the end of 1959, however, the argument had begun to shift. It wasn’t simply that closing lines could save money, but that there seemed no point in a railway system providing stopping-train services or merchandise freight. The issue was no longer how many lines would have to close to eradicate the deficit, but what the railways were there for. In hindsight this implies that there was no longer any logic in making the case for individual closures, but instead making the case for individual reprieves; and this change in emphasis can be discerned in the subsequent course of policy. Although the issue of subsidies to specific rail services had yet to be properly addressed, by the time Marples entered the picture the question was not so much what general end to achieve as the means by which to achieve it. This is the subject of the following chapter.

5 ‘The nitty-gritty of actually doing things’

Sir David Serpell, who arrived at the Ministry of Transport as deputy secretary responsible for railways in March 1960, has described the railways’ position on his arrival as being like ‘an old film where a girl has been tied to the railway track and you find there are *two* trains coming’.[1] The two trains were the inability of the BTC to ever repay its accumulated deficit and the impending report of the Guillebaud inquiry into railway wages, which was obviously going to recommend a pay award that would substantially increase the deficit and which had taken so long that it had acquired an irresistible momentum. After the usual consultations between the Government and the Commission, a railway strike was averted in February by an interim award and Guillebaud’s recommendations were largely implemented under an agreement reached in June, the ultimate cost of which was over £40 million.[2] In the early months of 1960 the slow process of transforming the Padmore committee’s recommendations into legislation on the BTC was overtaken by these two concerns. When Macmillan returned from his ‘wind of change’ tour of Africa to ‘a great log-jam of problems’, he insisted that the important point was not officials’ concern over how to subsidize the BTC legally (a problem eventually solved by including the sums involved as spending not lending in the 1960 budget) but how to reorganize it, bring in new men to oversee a new plan and persuade the unions to accept these measures and a smaller railway industry, in return for the Government’s acceptance in principle of the Guillebaud Report.[3] This he attempted to do in a statement to Parliament on 10 March 1960 which stressed the need for the unions and the public to accept the remodelling of the industry and of the modernization programme to ‘a size and pattern suited to modern conditions and prospects’, higher fares and reorganization of the BTC.[4] This statement is the fulcrum of the public face of railway policy, the point at which the dream of the *Modernisation Plan* began to become the nightmare, or at least the reality, embodied in the *Beeching Report*.

The following month the appointment was announced of a Special Advisory Group (SAG) to examine the Commission and advise ‘how effect can best be given to the Government’s intentions’ as set out in Macmillan’s statement.[5] The SAG’s Chairman, Sir Ivan Stedeford, the Chairman of Tube Investments, was the second choice from a lengthy list of the great and the good (the first choice had been Lord Chandos, the former Oliver Lyttleton who had been a late addition to the committee working on the 1952 Transport Bill). Sir Frank Lee, Treasury Joint Permanent Secretary, recruited Henry Benson, an accountant from Cooper Brothers who Dunnett believed was interested in replacing Robertson. Stedeford suggested Frank Kearton of Courtaulds and Sir Ewart Smith of ICI as other members. Sir Ewart was unavailable, but recommended ICI's Technical Director, Dr Richard Beeching. Two civil servants, Serpell and Matthew Stevenson of the Treasury, were also appointed to the Group.[6] At the same time the House of Commons Select Committee on Nationalized Industries cross-examined the Ministry and the Commission for its own report on the railways. This increased the pressure on both and its recommendations required a white paper containing the Government's response, but it had little if any direct impact on policy-making.[7]

The SAG produced a series of eight recommendations between June and October 1960 which formed the basis of a white paper *Reorganisation of the Nationalised Transport Undertakings*, published in December 1960. This was followed by the Transport Act 1962 which wrote off much of the railways' debt and created a strong central British Railways Board (BRB) to run the industry, hiving off the other parts of the BTC to separate boards. The BRB was relieved of many of the commercial restrictions placed on the BTC and given clear terms of reference prioritizing the need to break-even 'at the earliest possible date' before 1 January 1969. The Minister was able to make grants to the railways to cover losses to that date and to an aggregate total of £450 million. The closure procedure was clarified, paving the way for the closure programme proposed in the *Beeching Report*.[8] One significant consequence of the SAG's work not covered in its recommendations was that the contributions of Beeching and Benson had convinced officials that solving the railways' problems required 'someone of the stature and width of mind of Dr Beeching relying on the accountancy expertise possessed by Mr Benson'.[9] They had to settle for the former and Beeching joined the BTC in March 1961, becoming Chairman in June with a salary of £24,000 (Robertson had received £10,000). This figure caused a storm Marples and Macmillan were willing to weather, but it fuelled suspicions of a hidden agenda.[10]

When the BRB published *The Reshaping of British Railways* in March 1963 it seemed as though the process was moving into its final phase. The Prime Minister had decreed, Parliament had legislated, Dr Beeching had delivered, now all that remained was to implement his proposals. However, this picture was misleading in two respects. The closure programme in *Reshaping* was only the first stage in the contraction Beeching envisaged; the rationalization of main lines and the identification of the less obviously unremunerative secondary services was hardly touched upon in the report and its closure programme was really the final stage of the process of removing the dead wood which had been going on during the 1950s. In order to smooth this process the BRB and the Government attempted to present *Reshaping* as a carefully considered technocratic verdict on the railway system. In reality, however, the report was more a statement of intent and a snapshot of a work in progress.

The central theme of this chapter is that *Reshaping* does not fully justify either the presentation of it at the time as the fulfilment of Macmillan's announcement that the railways must be adapted to modern conditions, implying a thoroughly analysed technocratic solution to the railways' problems,[11] or the suspicion that it reflected a hidden anti-rail agenda. It was simply the best that could be done in the time available. This comment applies both to Beeching's own contribution and Whitehall's role and explains both the shortcomings of its closure proposals and the over-optimism of its more positive aspects. The chapter begins with a discussion of the SAG's work. This emphasizes the divisions within the group, which owed much to Beeching's desire to do exactly what his critics have accused him of failing to do, by basing a plan for the railways on a study of transport as a whole. It moves on to show how Whitehall prepared the ground for a closure programme both by making it easier to close lines and by gearing up to take a greater role in considering the social case for retention. Finally, it demonstrates that the *Beeching Report* was not quite the comprehensive judgement it purported to be, because Beeching's attempts to base it on a study of transport costs ran into insurmountable obstacles.

The Special Advisory Group

The SAG has achieved a mythical status among the critics of Beeching and Marples, primarily because its recommendations remained secret until the publication of the official history of British Railways in 1986 and because Beeching was one of its members. Given these two facts, it does not take a great deal of imagination to conjure up a picture of a secret version of the *Beeching Report*'s closure programme emerging from conspiratorial meetings in some Whitehall bunker. Ironically it was Alf Robens, the Labour MP who was shortly to become Chairman of the NCB, who claimed that the SAG members were appointed to be 'the handmaidens of Government policy', but the suspicion that the SAG was a 'Marples Gestapo', steered towards recommending a closure programme and a cut in investment by the Minister was common, and has endured.[12]

As the previous chapter illustrated, Whitehall did not need outside experts to convince it of the need for a closure programme in 1960. It is certainly true that the SAG was given secret terms of reference, while the public version was deliberately kept as vague as possible, but these only applied to the BTC's reorganization.[13] Henshaw's argument that 'the Stedeford committee was set up for the sole purpose of facilitating railway closures' is contradicted by the evidence, which he himself cites, that its only recommendation on closures was that a dated programme of further proposals should be drawn up. The Group repeated to the Government what it had been told by some Transport Users' Consultative Committee (TUCC) chairmen, 'that the majority of the cases now coming before them for the withdrawal of uneconomic railway services could have been put forward several years earlier . . . and that, from their experience there must be a considerable number of similar cases not yet prepared', and concluded that 'this is a field in which . . . action may have been retarded by a sense of public obligation'.[14] The SAG did set up a body to examine the future size and shape of the railway system (the Ministerial Group on Modernisation, MGM, discussed below), but this never completed its task. As part of the MGM's investigation of the Commission's investment programme the BTC produced a modernization plan covering 1961–4 in December 1960. This referred to the possible withdrawal of passenger traffic from 2,554 route miles, which was certainly an increase on the *Reappraisal*'s reference to the possible closure of 1,800 route miles (including freight-only closures), but only half what the *Beeching Report* proposed, even ignoring the closures that had been implemented between 1960 and 1963. The 1960 list only related to proposals to be considered by the Commission, it was specifically not a commitment to propose all these closures, and its reference to 31 route miles to be considered in Scotland illustrates that, north of the border in particular, Beeching went much further.[15]

What the Government wanted from the SAG was detailed advice on how to apply the policy on nationalized industries it had been developing through the work of the Padmore committee to the railways, in particular how to reorganize them on a more decentralized and commercial basis. The Padmore committee lacked the expertise to make recommendations on the practicality of separate accounting arrangements for individual regions, a goal the Conservatives had hoped to achieve in 1953, and the committee's report had envisaged bringing in outside advice on the issue before preparing a white paper.[16] The secret terms of reference were intended to steer the Group towards organizational proposals which would fulfil ministers' desire for greater decentralization to the railway regions and break up the BTC into a series of boards controlling different activities. Stedeford and Kearton obliged, proposing a central railway board dominated by the managing directors of the regional boards. Beeching and Benson, however, wanted a strong central board, almost a resurrection of the Railway Executive that the Conservatives had abolished in 1953. Ministers had been anxious to avoid this and the Padmore committee had assumed it would be politically impossible, however desirable it might appear.[17] There are a number of reasons why the SAG's recommendations remained secret: Whitehall instinct; the involvement of officials in the group; the desire to avoid public criticism of Robertson and his colleagues; the possibility that the Government might reject the recommendations; but the failure of the Group to agree on the central issue of reorganization was in itself enough to prevent publication. Although Serpell and Stevenson tried to find a compromise, they favoured the Beeching/Benson approach, not least because a strong central board was felt to be a necessary step in getting a grip on the railways' finances and cutting the system down, a move regional boards might not pursue with sufficient enthusiasm.[18] The Government proved willing to abandon its ideological attachment to decentralization in order to achieve a pragmatic solution to the railway problem and the Regional Railway Boards created under the 1962 Act were subordinate to the BRB, which was directly responsible to Marples.[19] One consequence was that Beeching was able to go further in proposing extensive closures in Scotland because, unlike Robertson, he was able to compel the Scottish region to put forward major cases such as Inverness–Wick/Thurso and Edinburgh–Hawick–Carlisle, which it would not have done on its own initiative (and which it privately invited the Scottish Secretary to direct it to retain in 1963).[20]

The SAG's divisions over organization were paralleled by disagreement over how it should approach its task. Beeching and Benson wanted to begin by establishing what the railways should be doing and in June Beeching produced a paper on the factors he felt necessary for the preparation of a sound programme of railway modernization. This argued that the Transport Acts of 1947 and 1953 had set the railways potentially conflicting objectives, which could only be reconciled through precisely the kind of detailed study of transport as a whole which he was later castigated for failing to conduct as a basis for the *Beeching Report*. Beeching proposed a study of total traffic flows and the railways' share over recent years. This data would then be sub-divided into types of passenger journey (commuting, inter-urban business; inter-urban pleasure; local business; local private; holiday; excursion) and freight classes that took account of distance, size and loadability. In each category of traffic Beeching proposed a study of the merits of rail relative to other forms of transport, previous trends, the likely effect of changes in charges or quality of service, handling costs and the effect of various improvements on costs or quality. These figures would then be applied to estimates of future traffic flows in the country to assess the railways' probable share, given various possible improvements and taking account of likely developments in other forms of transport, to arrive at an indication of what investments would be most likely to bring worthwhile results. In addition, he drew up a list of 19 points which should be answered in relation to each specific project. Clearly this would take time and Stedeford, aware that ministers wanted organizational proposals sooner than Beeching's approach would allow, resisted. Robertson and his colleagues learned of these divisions through sympathetic officials at the Ministry and saw good relations with Stedeford as the best way to safeguard the investment programme and to influence the nature of the reorganization, an objective they pursued with such success that Stedeford appeared willing to allow the BTC to review the modernization programme itself, to the dismay of Beeching, Benson and the two officials. Personal relations within the SAG became strained and, following a particularly fractious meeting on 13 June, Stedeford felt he should resign, as Beeching and Benson appeared to have lost confidence in him as chairman and negotiator. This would have been a major political disaster and, enlisting Benson's help, Serpell spent most of the following two days persuading Stedeford to stay.[21]

These divisions have somewhat obscured the extent of the Group's unanimity in criticizing the BTC's investment programme and have contributed to an impression of Beeching and Benson as 'hawks' to Stedeford and Kearton's 'doves'.[22] In fact, the Group quickly came to the view that the modernization programme should be fundamentally reviewed and that a senior official should be appointed to the Commission to take responsibility for finance. Stedeford expressed this view to the Treasury in strong terms:

> Sir Ivan . . . felt that if in a private firm shareholders' money had been committed with the recklessness which characterised the inception of some of the projects making up the modernisation scheme those responsible would have been indictable . . . [I]t almost seemed . . . as if the judgement whether or not to start a scheme had depended on the degree of support which it received from the particular technicians or other people in authority in, say, a particular region rather than on any economic justification.

The SAG felt the BTC exhibited an astonishing level of complacency regarding its deteriorating position and the progress of modernization and was very critical of Sir Reginald Wilson.[23] No allowance had been made in the Commission's books for depreciation of some £1,000 million of assets, others had been depreciated on the basis of too long a book life, and there had been a £30 million shortfall on depreciation provisions in the last three years. The BTC had no liquid assets to cover £160 million of liabilities in its pension funds and employee savings bank.[24] The railways earned less than £900 per employee, and the planned reduction in the workforce of 10 per cent over the next four years would not offset the cost of implementing the Guillebaud Report.[25] Stedeford told Marples that 'there had at no time been any adequate commercial appraisal of the plan by the commission', that a change of attitude and personnel was necessary and that the BTC should no longer have access to large sums of new money for investment.[26]

In June the Group recommended that modernization projects that were at an early stage should be halted and no new works begun until a review of the whole programme had been undertaken. There had been no disagreement over the need for such a review, only the form it should take, and this dispute was settled in the recommendation that a new body, consisting of BTC and Ministry representatives, the Board of Trade's Director of Statistics and Beeching, be established to examine 'the size and pattern of the railway system required to meet current and foreseeable needs' and to consider the Commission's latest modernization programme in the light of this study. This group, the MGM, took Beeching's paper on the preparation of a modernization plan as its starting point. Beeching was therefore able to pursue his studies while the SAG focused on questions of organization and finance.[27] The SAG did, however, report on the flagship project of the modernization programme, the electrification of the Euston–Manchester/Liverpool main line. While the Group supported some form of modernization of the route, it did not express a firm preference for electric or diesel power.[28] Continuation of electrification was approved in January 1961, but not because there was a convincing case for it. (In fact the benefits the Commission expected did not materialize. In 1967–8 the line's earnings were £0.9 million less than in 1959, using constant 1959 prices; an £18 million increase had been forecast.[29]) In the absence of a compelling argument for calling a halt, the negative effect on railway morale and the export efforts of the electrical industry, plus the waste of sums already spent, persuaded ministers that work should begin again.[30] The SAG's verdict on the BTC's investment programme was as damning as Whitehall's the year before and the idea that Marples' cutting back of modernization was a reflection of anti-rail bias cannot be sustained. Indeed, if the Government had wanted to, it could have justified deeper cuts than it made.

The modernization plan produced for the SAG was in effect the first attempt at what became the standard procedure for Whitehall control of railway investment through annual submissions covering five years. Whitehall's control was strengthened by the 1962 Act which required projects costing over £100,000 to be reported to the Ministry and those over £250,000 to be approved. The procedure, common to all nationalized industries, became more sophisticated (and more complex and time-consuming) over the years but did not change in its basic reliance on identifying a rate of return on investment, although the level of return and the method of its calculation altered and the 1967 white paper *Nationalised Industries: A Review of Economic and Financial Objectives* accepted in principle that cost-benefit analysis might have a role to play. Although both sides had complaints about the procedure, the central problem from the railways' point of view was not the supervision to which they were subjected but the low level of total investment and the tendency for sudden cuts to be made in response to economic crises. For example, in 1965 the *National Plan* set railway investment at a level that was already outdated by cuts the BRB had been asked to make and devaluation in 1967 was followed by postponement of the electrification of the west coast main line to Glasgow. In the 1970s such interventions reached ludicrous levels, but this was a problem affecting investment control as a whole as the PESC system was found wanting in the more difficult circumstances in which the Exchequer found itself.[31] From the Ministry's point of view the chief problem was the railways' failure to achieve the results the Board predicted, as Chapter 8 will discuss.

Preparing the ground for closures

While the SAG made important recommendations on the abolition of many of the commercial restrictions hampering the railways and on achieving a closer relationship between costs and charges in setting freight rates, its proposals on productivity amounted, to a large extent, to a call for further studies and greater effort. A programme of closures therefore represented the most tangible way of reducing losses in the short term. Nor did the continuing work on transport questions encourage a revision of the view that future transport developments implied 'an expansion of road transport and a very large contraction of the railway system', until concerns began to be raised about urban lines in mid-1962 (see below).[32] The 1960 modernization plan indicated an increase in both the number of proposals and their complexity and by 1961 it was clear to the Ministry that the pace of the process 'was limited not by lack of knowledge as to how far the railway system should in the long run contract, but by the political difficulties involved in any contraction'.[33] In a characteristic display of dynamism, Marples overturned the recommendation of the London area TUCC and the CTCC in consenting to the closure of the Westerham branch in Kent, a five-mile line used by around 170 commuters, in August 1961. But this controversial stance could not be adopted on a regular basis without discrediting the whole procedure. Indeed, Marples' reluctance to overrule the London TUCC again influenced his decision not to consent to the Woodside–Sanderstead proposal in 1963.[34]

Officials drafting the Transport Bill realized that it would be politically impossible to free the railways entirely from the consultative process, but ensured that the Bill devoted much more attention to the detail of the procedure than its predecessors had, in order to speed things up.[35] Under the 1962 Act the railways were free to close freight services as they saw fit and the CTCC was reduced to a supervisory body monitoring the work of the TUCCs. The TUCCs themselves were now confined to reporting on the level of hardship a passenger closure would cause, and the means by which that hardship might be alleviated. Having received the TUCC report, the Minister then considered this and all other relevant factors and either gave or withheld his consent to closure. He could also attach conditions to his consent; for example, that an alternative bus service must be provided and subsidized by the BRB.[36] Restricting the TUCCs in this way was intended to relieve the railways of the need to provide them with any financial figures in support of closure proposals, although the Ministry would have to be given them.[37] Preventing discussion of the figures was one way of reducing the controversy; another was to divert the emphasis away from the consultative procedure by reviving the idea of having one big row over national or regional closure plans, a view influenced by 'French experience, where the mere existence of an economic plan had a powerful psychological effect'.[38] The Commission resisted this, even after Beeching became Chairman, on the grounds that it would be quicker to publish proposals as soon as they were ready, but to no avail.[39]

The reform of the closure procedure also reflected the view expressed by Beeching within the SAG (and in July 1960 by the Select Committee on Nationalized Industries' report on the BTC) that if loss-making lines were to be maintained for non-commercial reasons the Government and not the Commission should take the decision. This position broadly corresponded with the policy set out in the white paper on nationalized industries in April 1961, that ministers should take responsibility for interventions which interfered with the boards' ability to meet financial targets.[40] Dunnett's view, that if railway investment was in fact social spending then government should control it, was in a similar vein.[41] The Ministry prepared for this new responsibility by establishing an Interdepartmental Working Party on Railways (IDR), chaired by Serpell, in November 1962 'to consider the British Railways Board's proposals for the future size and shape of British Railways and to advise Ministers thereon'.[42] A division of the Ministry under an assistant secretary and two principals was devoted entirely to handling closures.[43] Its assistant secretary chaired a working party on closures, including representatives of various MoT divisions and other departments which considered individual cases. It considered the TUCC reports in each case, received more detailed financial information on individual cases than the TUCCs and reports from the Ministry's divisional road engineers on what road improvements might be required if a line closed. Once a case had been considered here, it passed to another committee chaired by the Parliamentary Secretary, which in turn advised the Minister.[44] The need for road improvements was also taken up with Beeching in 1962 and the Ministry studied the implications of *Reshaping* for the road programme. Although in general it was felt that road improvements would only be necessitated by a small proportion of closures, the problems which prevented the closure of the Haltwhistle branch (until 1976), Ryde–Shanklin, Plymouth–Gunnislake and Inverness–Wick/Kyle of Lochalsh lines were identified (although at this stage none of them was removed from the closure programme), as were general difficulties in the West Country and Wales.[45]

Probably the most significant product of the Ministry's efforts to prepare for the closure programme was the growing concern over proposals to close commuter services in urban areas, which is discussed below, but it was always understood that some lines would survive on social grounds and a number of public statements to this effect had been made prior to the publication of *Reshaping*. Beeching himself argued in the SAG that efficiency and adequacy might well need to be judged by criteria other than their effect upon the economics of the Transport Commission.[46] That some services would survive on such grounds was implicit in the role of TUCCs under the 1962 Act and in September 1962, Macmillan set out the policy as he understood it:

> if the Government decides that on social grounds a railway from Inverness to Wick is necessary then . . . Dr Beeching will quote a price . . . for keeping the line open . . . the Government will pay this, if it decides to do so, as a social service, but the management of the railway will not be accused of inefficiency or an increase in their deficit made a subject of attack on them on this account.[47]

The Prime Minister made this sound rather simpler than it proved to be, but the principle was clear enough. However, the absence of specific subsidies for socially necessary services undermined ministers' attempt to convince the public that they were not simply closing every loss-making service. The Select Committee had called for an open payment for lines retained on non-commercial grounds, yet the 1961 white paper indicated that rather than subsidize specific services, the Government would consider the cost of them when agreeing the rate of return required from a nationalized board and the 1962 Act merely set the BRB the target of eliminating its deficit.[48] The practical difficulties of individual subsidies, exacerbated by the BTC's objections, were certainly a factor here.[49] As we have seen, Dunnett's attempt to sound out the Commission on the subsidy question led nowhere. There were concerns too that the knowledge that subsidies would be paid for specific socially necessary services would encourage demand for them in every case and make the closure programme harder to implement (clearly the existence of a continuing general deficit would have the opposite political effect) and that once a service received a subsidy it would be difficult to close it at some point in the future and incentives to operate it more cheaply would be removed.[50]

These objections overcame the logic of specific subsidies at least in part because the railways were obviously going to need a subsidy to cover the general deficit for years to come and because for all its talk of breaking even by 1969, the 1962 Act was not expected to be a final settlement of the railways' finances. The SAG estimated that of the railways' supposed value (£1,600 million), £400 million was irretrievably lost. It recommended that, of the remainder, £400 million, representing the investment in the railways since 1955, continue as interest-bearing debt, and £800 million (approximate to the capital at nationalization) be placed in a suspense account (of which a considerable amount would probably have to be written-off eventually). The railways should then aim to eliminate the operating deficit in three years and earn enough to begin reducing the fixed debt within five years, receiving Government grants in the meantime. This required an annual improvement of about £25 million in the operating account (based on an estimated annual interest burden in 1965 of £50 million), and a simultaneous increase in depreciation provision. This was hardly realistic, and Macmillan seems to have expected all of the £800 million in the suspense account to go the way of the £400 million written off. The Transport Bill left the BRB with the much higher figure of £900 million interest-bearing debt.[51] Stevenson recognized that the railways had been set 'a Herculean task' and expected a further financial review to become necessary before 1969. The inter-departmental committee studying *Reshaping* came to a similar conclusion in the summer of 1963.[52] Yet Stevenson had been eager to err on the side of caution in writing off railway debts, partly because they might be recovered, but also because he was wary of encouraging other nationalized industries to seek similar relief. In the autumn of 1960, the BOAC was lobbying for a write-off of some of its capital debt, and Stevenson hoped that the ignominy of radical reorganization and increased ministerial control of the BTC would deter such initiatives.[53] The absence of specific subsidies from the 1962 Act has led some to conclude that lines closed which would have remained open had the subsidies provided under the 1968 Act been available.[54] This is a misunderstanding; the decision to retain or withdraw a service took account of social factors and, if retention was decided upon, a subsidy was provided within the overall funding of the deficit. Whether sufficient account was taken of social factors is a separate question.

Devising the closure programme

Beeching's desire to base the work of the SAG on a study of transport was in tune with Whitehall's thinking on the need to set clear objectives and to base investment on a picture of transport trends. Dunnett was well aware of the need for expert advice on the latter question and of the inadequacy of the Ministry's economic and scientific resources, but recruiting staff to rectify the problem was not easy and these problems continued to frustrate official attempts to get to grips with issues such as the costs of the growth in road traffic.[55] Even as the SAG debated the merits of Beeching's proposals, similar studies were called for in the report of a group of officials Dunnett had appointed to consider how the Ministry should improve its statistical machinery in preparation for a long-term study of transport. However, this group recognized that the BTC was unlikely to be able to provide the necessary information and the Ministry's Statistics Division had too few staff even to complete the preliminary work required.[56]

The position was not helped by the fact that the centre of official research on transport economics was generally seen as being the Road Research Laboratory (RRL) of the Department of Scientific and Industrial Research (DSIR), which had better links with academics and local authorities than the Ministry. It had poor relations with the Treasury and the Ministry, however, and in 1960 the two departments prevented the RRL's Economics Committee from carrying out a study of transport requirements in the next 20 to 30 years.[57]

Sir Christopher Foster has credited the cries for help emanating from the Ministry from the late 1950s with a crucial role in stimulating interest in the application of cost-benefit analysis to transport, but there was little experience or expertise available for the Ministry to recruit and it was very much still a developing science. The retrospective study of the M1 conducted by Michael Beesley and others in 1960 was the first of its kind in Britain; Foster and Beesley's 1963 study of a proposed new tube line in London (which became the Victoria Line) was the second; and in 1963 the Ministry asked Foster to carry out a similar study of proposals to electrify the commuter lines out of King's Cross.[58] The nascent stage of transport planning in Whitehall is evident from the fact that when Dunnett recruited Sir Robert Hall, the former Chief Economic Adviser to the Government, as the Ministry's Economics Adviser in the summer of 1961 and asked him to chair a group supervising the Ministry's own study of transport requirements over the next 20 years, Hall was given terms of reference which focused on the need 'to consider the questions which this study should be designed to answer, the assumptions on which it should be based and the methods by which the necessary data should be sought'. If this indicates that the Ministry was merely at the starting gate, Hall's report a year later represented only limited progress. It identified the problem of allocating investment between rail, urban roads and inter-urban roads as the one of two fundamental problems facing the Ministry, but was unable to find a common yardstick for assessing road and rail investment, which the Ministry concluded would have to continue to be assessed separately. As the extent to which rail could attract freight from road would have only a marginal effect on the road programme, 'the level of rail investment would continue to depend on the rate of return it was likely to earn'.[59]

These difficulties illustrate just how large a problem Beeching was taking on when he argued that the SAG should begin its work with a detailed study of transport costs and flows. In August 1960 the newly established MGM decided to carry out two studies: one of current costs (to show which rail traffics were currently profitable); and one of likely future traffic trends for rail and other transport modes. This was expected to take a year to complete. However, as the preparations began for the detailed work, attention increasingly focused on rail. In particular, the estimates of future traffic were to be based upon a study of existing levels of rail traffic in various categories and estimates of future demand derived from a study of the past relationship between the development of the industries concerned and the levels of the rail traffic they generated. A market research study would then estimate how much of this potential traffic would go by rail given various assumptions on fares and charges. This approach was almost entirely dictated by the absence of information on non-rail transport, in particular on road costs and future traffic estimates. Further difficulties were encountered because the figures the Commission was able to produce were not really what was needed and it had proved impossible to find anyone who could undertake a market research study on the factors influencing industry's choice of transport mode. Among the bodies considered was the DSIR, but even if it could do the job, the undesirability of encouraging it to go beyond its usual brief was felt to outweigh any positive contribution it might make. There seems also to have been a degree of misunderstanding between Beeching and the Ministry, which may well have reflected the fact that while Beeching was interested in establishing what traffic the railways could and should carry in the future given the right kind of investment, the Ministry was still trying to ascertain where the railways were currently losing money. Officials also had reservations about Beeching's cost-based approach, as cost was not necessarily the chief determinant in industry's choice between transport modes. Beeching hoped to proceed using estimates and research but this would have involved an even longer and more complex exercise and the MGM petered out, overtaken by 'the nitty-gritty of actually doing things'.[60]

Gourvish has shown that the studies which Beeching oversaw at the BTC and which formed the basis of *Reshaping* depended on the data provided by existing work within the BTC and reflected current conditions rather than predicted trends, but that Beeching introduced a new emphasis on the utilization of the network, traffic flows and the possibility of winning new profitable traffic. Beeching's approach was certainly not beyond criticism, for example in its treatment of track costs, and his attempt to consider how rail might compete with road freight in future produced some very flimsy proposals. However, *Reshaping* was based on studies that were the remnants of his original plans once the difficulties of obtaining data on future trends and other transport modes had become apparent. It was, therefore, based on a broad appreciation of transport as a whole; and the extent to which it focused on rail in isolation from other forms of transport was dictated by the limits of what was possible. *Reshaping*'s shortcomings are unsurprising given the problems that had undermined the MGM.

The final element Beeching brought to existing BTC studies was the need for a substantial effort to present a closure programme to the public and the presentation of *Reshaping* certainly succeeded in bringing home the true position of the railways. Yet the need for this dramatic demonstration of the inevitable logic behind the closure programme arose, at least in part, from the difficulty of presenting an unarguable case for Beeching's proposals. Painting the big picture proved the easy part. In July 1962 Beeching produced two maps showing that half the rail network carried only 5 per cent of freight traffic, half the network carried 4 per cent of passenger traffic and 92.5 per cent of all rail traffic travelled on half the network. This implied a viable network of 8,500 miles, but the more extensive closure programme this suggested was not ready until 1966.[61] The detailed figures relating to the closure proposals in *Reshaping* were worked up in the months following publication, which itself took place some six months after the Ministry had originally hoped for a closure plan.[62] The Ministry was told that annual earnings figures for individual lines were calculated by multiplying the results of surveys carried out over one or two weeks, a process hardly beyond question; in fact a variety of methods was used, none without its failings.[63]

This does not mean that the lines proposed for closure were making money, but proving they were not was a time-consuming process. The need for haste was emphasized by the fact that what Beeching had to say on other subjects was far less convincing than what he said about closures. In October 1962, he produced a new map showing freight not travelling by rail which was considered suitable for rail. However, in December, Ministry officials were disconcerted to learn that the total of some 90 million tons of such freight was based on 'subjective estimates made by district commercial officers on the basis of their personal experience of the economics of handling traffic by rail and the known characteristics of each group of traffic' and that 'the plans for attracting freight traffic at present passing by other means of transport were a longer-term and more hazardous task than that of cutting down the system to a realistic size and reducing operating costs'. It appeared that no assessment had been made of the capital investment necessary to win this traffic, or how charges should be altered to attract it; and there were fundamental problems with some of the new technology upon which the plan relied.[64] Several months after *Reshaping*'s publication, officials remained unable to come to any firm judgement on it and in particular on its proposals for investing in freightliners, because the BRB's studies of new handling methods and other factors were still incomplete and the Board remained unable to relate the total savings and earnings under various headings in the report to any specific timescale. Although the details of individual closure proposals were also still being worked out, these difficulties merely strengthened official support for Beeching's view that the negative aspects of *Reshaping* would have to proceed in advance of its positive side. The case for closures seemed sound in principle, the case for investment more speculative.[65]

The *Beeching Report* was in effect a snapshot, not only of the stage which Beeching's work had reached, but of Whitehall's also, a picture created when the slow development of transport planning and railway costing was frozen in time by the need to act before the deficit got any worse. This is evident from the fact that a similar mileage was closed between Beeching's appointment and

Reshaping's publication as was closed in the subsequent two years and several lines which were listed for closure in the report had in fact already been closed.[66] It was also apparent in the confused approach to urban closures. How to address the consequences of increasing urban traffic was a central question in transport policy in the early 1960s.[67] The most obvious manifestation of this was the commissioning by the Ministry of a report by Professor Colin Buchanan on *Traffic in Towns*, published in November 1963; but the need to coordinate the planning aspects of traffic management and public transport in urban areas was already understood within Whitehall by the spring of 1961, when the Ministry and the Ministry of Housing and Local Government (MHLG) were laying the foundations of a joint group on traffic and urban planning. In December 1962 Sir Robert Hall's report identified urban traffic as the second of the two major problems facing the Ministry and warned that '[r]ail transport in the cities which have it is an asset which should not be lightly eroded'. Traffic surveys were being conducted in a number of towns by the time *Reshaping* was published.[68] In mid-1962 the Ministry took this issue up with Beeching and suggested that it might wish to have advance consultation before urban services were proposed for closure.[69] Beeching was persuaded to omit urban services losing some £25 million a year from *Reshaping*, which acknowledged that suburban services were important in Glasgow, Edinburgh, Newcastle, Manchester, Liverpool, Cardiff, Leeds and Birmingham and vital in London and that social benefit studies and a coordinated approach to urban transport would have a role to play in deciding their future. The Hall and Beeching reports stimulated Treasury officials to move towards the idea of conurbation transport authorities well before Barbara Castle arrived at the Ministry and included Passenger Transport Executives in the Transport Act 1968.

Nevertheless, Whitehall was only beginning to work out how to approach this problem when *Reshaping* was published and Beeching was not prepared to hold back urban proposals indefinitely. He had included several services affecting the cities listed above in his closure programme on the grounds that social benefit studies would not show them to be worth keeping, a claim which officials found unconvincing, and he arguably underestimated the railways' role in reducing urban congestion in smaller cities. Nottingham, where lines have since reopened, is the obvious example; Bristol, Exeter and Hull might be others.[70] The fact that such concerns surfaced after the financial framework of the BRB and the reform of closure procedure had been established illustrates the problems Whitehall faced in trying to reduce the railway deficit while still in the process of getting to grips with transport developments.

All these uncertainties and equivocations were played down in the presentation of the report, which Beeching held up for the cameras like some eleventh commandment he had brought down from a technocratic mountain-top. To an extent, Beeching's critics played into the Government's hands by suggesting that the problem with the report was that its cold calculations and scientific analysis ignored the social consequences of its proposals, as this can only have distracted attention from and undermined the more sustainable criticism of its methodology.[71] Writing to *The Times* from Castle Leod in Rothshire, Lord Cromartie compared Beeching to 'a very efficient, very expensive computer, brilliant but completely soulless' (before suggesting that closing the railway north of Inverness would lead to 'the extermination of a people and their way of life').[72] Such criticisms said more about Beeching's image of cool, ruthless detachment than the reality of a plan which, like its 1955 predecessor, had been hurried along by officials and contained figures made to measure. Although endowed with an aura of calm, the antithesis of Marples' tense dynamism, Beeching was, like the Minister, of 'New England'. A grammar-school boy with a first in physics, whose managerial abilities had allowed him to rise 'with apparent effortlessness' through the ranks of ICI, Beeching was at the height of his powers when he came to the railways. Sampson described him as having a reputation for efficiency, generating confidence, being 'visibly astonished' at the railways' lack of information about their activities and giving the impression 'above all of a striking intellectual honesty'. His doctorate replaced his Christian name and preceded his surname like the man with a red flag who walked in front of early motor cars, proclaiming his modernity and inviting images of 'the dispassionate expertise of a surgeon'. He was 'the antithesis of the old English ideal of the amateur', a point reinforced by the storm over his salary.[73] Yet, for all the experience and ability that qualified him to lead a nationalized industry, he neither possessed nor had access to the expertise and knowledge necessary to put together the unanswerable analysis which *Reshaping* was presented as being, nor did he have the time. Such luxuries were simply not available.

Conclusion

Two responses to the suggestion that Beeching studied the railways in isolation emerge from this and the previous chapter. First, the developments discussed in this chapter flowed from the conclusions Whitehall reached on the general balance between road and rail when it attempted to consider transport as a whole in the late 1950s. Second, Beeching clearly attempted to study transport as a whole in his work as a member of the SAG and MGM, but he ran into the same difficulties which hampered Whitehall's attempts to carry out similar studies: a lack of time, information and expertise. The work of the SAG does not justify the suspicion that has surrounded it. To an extent, it is true that it was set up to justify ministers' plans and undermined by the refusal of some members to play along. But this comment applied not to some secret closure programme; rather it was the proposal to decentralize railway organization which was undermined and by Beeching himself. The willingness of the Government to abandon its ideological preference and accept Beeching's organizational proposals contrasts with the background to the 1953 Act and reflects the mounting concern that something had to be done to get a grip on the railway deficit. In seeking a solution to this problem the Government was increasingly drawn to a closure programme because it was the one obvious method which would at least do something in the short term to reduce losses in the face of uncertainty over what could be achieved by other, slower means.

Officials were certainly convinced of the need for a significant contraction of the railway network, but this conviction was not accompanied by the complete disregard of the social or wider economic issues surrounding railway closures. This is particularly evident in the rising concern over urban closures. Much was done to prepare for a closure programme. Some of this work was devoted to making closures easier and speeding up the process, but some of it was devoted to ensuring that due consideration was given to hardship and other non-commercial factors. The failure to provide subsidies for individual services was never a reflection of any intention to close all loss-making lines. Such subsidies were simply considered too complex, premature and politically disadvantageous at a time when it was unclear how much of the deficit would remain after the genuinely 'dead wood' had been cut out. Whitehall was aware of the need to consider more than the balance sheet; the problem with this approach was that the details of judging the social and economic value of rail services depended on analytical abilities which officials were still struggling to acquire. Clearly, the reform of the closure procedure was an attempt to solve the problems of the 1950s, based on the experience of the previous decade that the opposition to individual closures was a temporary phenomenon that largely dissipated once a line closed and people found they could do without it.[74] However, the lines Beeching was about to dispense with were often far busier or longer or left more significant towns isolated from the network than any that had closed before, while the possibility that cost-cutting measures might reduce losses to a level justified by this social value was often easier to argue. Ironically, those who made it so difficult to close the Bluebell line ultimately helped make it easier to close lines people might actually need.

The picture that emerges of the background to the *Beeching Report* illustrates the difficulties and limitations of modernization within Whitehall in the early 1960s. The Ministry's Parliamentary Secretary told the House of Commons that the plan 'will not be put to us in a half-baked form. . . . It will not be a plan for closing down the railway system. It will be a plan to create the right kind of railway system for the second half of the twentieth century'.[75] In fact the *Beeching Report* was half-baked in several respects. The case for closures was in general sound, but the detailed proposals were delayed by similar difficulties to those which dogged attempts to study transport as a whole; and these would complicate the consideration of their wider implications. *Reshaping* exuded the dynamic technocratic image associated with modernization in 1963, but beneath that image lay the real limitations of economic and statistical machinery. And the implementation of its recommendations would challenge the nation's appetite for modernization.

6 Top gear

By early 1963 Harold Macmillan saw the modernization of Britain as a theme with election-winning potential. In the month *Reshaping* was published he noted in his diary 'I see quite an attractive policy developing around the main theme of "Modernising Britain" or "Britain in top gear" '.[1] The *Beeching Report* offered an opportunity to show the public that modernization was not simply a slogan, while modernization provided a positive context for a controversial policy. Whitehall's new role in evaluating individual cases and assessing the impact of the closure programme provided a test of how modernization would work in practice, as officials tried to evaluate individual services in the light of policies on urban congestion and the future distribution of population and employment, while balancing the modernizing aim and its social side-effects. At the same time, the closure programme offered a test of ministers' appetite for modernization as a policy theme. As Samuel Brittan recognized in 1964:

> [t]he fashionable belief among Left and Right alike is that if a country is to get moving, it needs not a new financial policy but more fundamental changes in its industrial and business structure. . . . Yet whenever any such structural change is proposed all hell is immediately let loose.[2]

In February 1963, ministers realized that they were about to let all hell loose and responded by paying careful attention to the presentation of the report. Later that year, similar concerns ensured that Marples' decisions on individual closures and the timing of the programme were overseen by a Cabinet committee.[3] By the time of the General Election in October 1964 Marples had consented to the closure of 127 services and 17 individual stations, affecting 701 stations and closing 1,341 route miles in all (excluding cases published before March 1963); he refused consent in 11 cases affecting 76 stations.[4] This chapter begins with an examination of the relationship between the *Beeching Report* and the wider modernization theme, before discussing the Government's handling of the chief issues raised by the closure programme: urban closures and regional development; the effect on the holiday industry and the definition of hardship. The second half of the chapter looks at how the Cabinet reacted to the political difficulties *Reshaping* posed and how real those difficulties were.

'Britain in top gear'

It is apposite that Macmillan should have considered a motoring metaphor for his modernization theme, as the motor car was at the heart of what modernity meant to many Britons in 1963 and, even as the closure programme was being developed during 1962, Marples was dreaming of a grandiose plan to be launched in mid-1963 amounting to '[n]o less than the rebuilding of most of our urban fabric' to cope with the motor car and an increase in population, and retraining redundant workers from the railway and ship-building industries for two major projects: government development of derelict urban areas and the production of prefabricated living units such as kitchens and bathrooms.[5] These ideas were part of a wider debate within government during 1962 in response to the perceived decline of the industrial areas of Scotland and the north-east of England and the contrasting growth of the south-east. Macmillan and ministers such as Henry Brooke, the Home Secretary, found the decay and unemployment of run-down areas intolerable, while such regional imbalances were also seen as a barrier to the effective use of labour, making an incomes policy harder to sustain. The difficulty was that to resist the economic trend in favour of the south-east might damage economic growth.[6]

For Macmillan, modernizing Britain meant rejecting both a *laissez-faire* acceptance of the decline of some areas and a simple propping up of declining industries (although he was not prepared to rule the latter out in every case, for example ship-building). Instead, new jobs and 'growth points' must be created in the areas threatened by unemployment. The difficulties in doing so were illustrated in July 1962 when the Cabinet considered the proposed sale of a redundant aircraft factory in Christchurch to BOC. The Board of Trade (BoT) had offered to pay £300,000 of the £2 million cost of transferring BOC light engineering production from Edmonton to Dumbarton in an attempt to reduce unemployment there. Unknown to the BoT, however, BOC had negotiated to buy the Christchurch factory from the Ministry of Aviation. The Cabinet found itself impotent in the face of BOC's refusal to transfer work to Scotland and, although it halted the sale, did so in the knowledge that this was a purely symbolic act, resolving to review policy on the distribution of industry.[7] The Conservatives had already discovered a new emphasis on regional planning and during 1962 a Cabinet committee on population and employment was established under Brooke, followed by the establishment of a Prime Minister's steering committee on the modernization of Britain and Macmillan's decision to give Lord Hailsham special responsibility for drawing up a development plan for the north-east in January 1963.[8] By mid-1963 a series of Regional Study Groups (RSGs) covering the south-east, north-east, north-west, west midlands and central Scotland had been established as part of the Government's attempt to get to grips with the future distribution of population and employment.[9]

Marples' ideas for shifting workers from declining industries to the expanding construction industry probably influenced Macmillan's thinking on modernization and he certainly seems to have been attracted to them. However, with an election looming, policy focused on short-term measures relating to Scotland and the north-east and Marples' plans were never launched.[10] The contraction of the railway industry provided a clear example of the Government's determination to free the resources tied up in decaying industries for redeployment in growing ones and of its commitment to achieving this change without abandoning full employment. Dissatisfied with Marples' handling of the rationalization of railway workshops, Macmillan told him:

> We must not hesitate from the slogan 'Growth means change – innovation and change are all the time necessary', yet we must not let it be thought that so far as men and women are concerned that they are to be treated in the Victorian happy-go-lucky way when they thought of humans almost less than they thought of machines.[11]

Macmillan had already identified the need to use redundancy payments to mitigate the effects of industrial change and here the railways set an example followed in both public and private sectors and which met the main aim of the NUR. The history of the NUR attributes the weakness of its opposition to *Reshaping* to the fact that General Secretary Sid Greene was not well-suited to leading the type of campaign effective opposition to *Reshaping* would have required and concentrated on securing good redundancy terms.[12]

Both sides were helped here by the fact that the plan for rationalizing railway workshops launched in 1962 offered a dry run for the closure programme. Union anger at the way the workshop proposals had been published without prior consultation brought home to the Government the dangers of treating closures in the same way and Macmillan ensured that this did not happen. The workshop scheme also produced agreements on redundancy that provided a basis for those relating to *Reshaping*.[13] The NUR's opposition was further hampered by the unwillingness of the wider union movement to support action which might hamper the election of a Labour government, to which the unions looked for a change of policy.[14]

The difficulty that the modernization project faced is summed up in the apparent contradiction between requiring the railways to prioritize financial criteria, which implied a move towards market-orientated policies, and preventing a rise in unemployment or its concentration in particular areas, which implied the direction of labour and industry. Neither extreme was acceptable either to Macmillan or to the nation. The difficulties the Government faced in finding a middle way were evident in the story of the Christchurch factory. The 1961 white paper's attempt to set financial targets which recognized the nationalized utilities' social function and the involvement of Whitehall in judging closure proposals were attempts to bridge the divide. One effect of this policy framework was to place an emphasis on closures as a means by which the railway workforce could be reduced without a major confrontation.[15] The Government was keen to stress that the job losses implied by *Reshaping* could be achieved through 'natural wastage'.[16] However, this was not enough as far as the deficit was concerned. The massive cost reductions achieved in the wake of *Reshaping* (28 per cent in real terms in 1962–73) were consumed by increases in wages (among other things) and, although the workforce was cut by nearly half in 1960–73 (from 514,500 to 273,000) and the railways had a good record in improving productivity in the ten years after 1963, wages were estimated to account for 62 per cent of railway costs in 1972, just as they had done in 1948. Major questions over the relationship between capital investment and job losses remained unresolved into the 1980s when, for example, an ASLEF strike over the issue of driver-only operation (i.e. without a 'secondman' in the cab) delayed the introduction of new electric trains on the Bedford–St Pancras line.[17]

One could argue that this demonstrates how Macmillan's approach to modernization contained the seeds of its own failure by ruling out a more ruthless cut in the workforce which could have made the railways, and the nation, more efficient; however, such a view would have to ignore the political realities of 1963. Not only were ministers, unions and public generally unwilling to see unemployment rise, but a really radical reduction in the workforce would have required increased investment in labour-saving technology, implying a reversal in transport investment trends which was unlikely in the wake of the *Modernisation Plan* fiasco. The fact that such a significant cut in staff numbers was achieved without a major confrontation with the unions or a significant rise in unemployment counts as a success of the Macmillan approach to modernization and the more ruthless approach to this issue after 1979 stands, in this context, as an admission of failure. Macmillan after all had seen what real hardship looked like, on the Somme and on the Tees.

For the Macmillan Government, the railways provided something of a model for how industrial change could be managed and for its presentation in a positive light. However, until the *Beeching Report* reached Marples on 26 February, ministers had little idea of what its specific proposals would be or how they would relate to population and employment policy.[18] It soon became clear that it contained potential conflicts with attempts to assist declining areas and with regional policy in general. This is most obvious in the fact that the 1962 Act granted the BRB the freedom to withdraw freight facilities as it saw fit, leaving regional planners with no control over their future availability. Closures threatened plans to disperse urban populations and might alter employment patterns, particularly though their effect on holiday resorts. Nationally, the *Beeching Report* implied a reduction in the workforce which could be accommodated by natural wastage; however, the local effects on employment in the north-east, south-west and Scotland would be more severe.[19] In theory Whitehall's machinery for considering closure proposals could examine these problems, but it was recognized that the controversy over individual closures would be concentrated in the period between their publication (proposals had to be published individually subsequent to their appearance in *Reshaping*) and their implementation, a period which would be longer the more detailed consideration officials gave them.[20] Genuine as Macmillan's concern for the social consequences of industrial change was, the modernization of Britain was also a slogan which allowed the decline of coal, ship-building and the railways to be presented not as a problem, but as part of a positive process of change and to present the Government as 'full of life and vigour with some new plans to put before the people'.[21] However, modernization was a problematic theme for the Conservatives and rail closures were an element of it, as Resale Price Maintenance was to be, in which the Party leadership was in danger of leaving its core activists unhappy.[22] There was more to Macmillan's modernizing theme than regional and industrial policy, but it was in these respects that the *Beeching Report* can be seen as part of a wider set of policies that added up to more than just a slogan; and in these respects that it was to prove most problematic.

Urban closures and regional planning

Although Beeching had been persuaded not to list suburban services losing about £25 million a year in *Reshaping*, officials expressed doubts about the BRB's claim that those suburban services which had been included would not be justified by social benefit studies and warned ministers that careful consideration would need to be given in these cases, for example by considering all proposals in a given area together.[23] In December 1963 the Cabinet committee agreed to reject the proposal to close the Woodside–Sanderstead line in south London. Officially the reason for the decision was the London area TUCC's findings on hardship, but in reality ministers felt these were insubstantial. Marples, having overruled the TUCC in the Westerham case in 1961, was reluctant to do so again and the decision reflected ministerial sensitivity over urban transport policy. In March 1963 Marples was advised against taking the coordination of urban transport as the theme for a speech in Manchester because his officials had not yet worked out what advice to give him about either the policy or tactics on suburban closures included in *Reshaping*; and by the end of the year ministers were concerned over criticism that the *Buchanan Report* had thrown its policy on urban transport into disarray.[24] The refusal of consent to the tiny Cardiff–Coryton service resulted from genuine concerns about congestion and the riverside loop in Newcastle was probably reprieved for the same reason. In January 1964, Beeching was persuaded to defer publication of another London case, St Pancras–Barking, and publication of Broad Street–Richmond was also postponed, probably as the result of Government pressure.[25] The campaign to save this service, used by 18,000 people a day, was featured on television in May 1964 and the committee formed to save it produced a booklet containing a rough attempt at cost-benefit analysis by an economist, Neil Rubra. Although the Treasury had some reservations about Rubra's calculation, officials accepted the argument that the social costs of closure outweighed the savings to the board.[26] The concerns which had influenced the preparation of the report therefore continued to affect decisions on urban closures. Nevertheless, a number were approved, most notably three in Bristol and Nottingham–Worksop in August 1964.[27]

In general, the potential for conflict between the closure programme and regional planning was reduced by the belief that rail links were less important to regional policy than road, except for heavy industry. For example, the Prime Minister's steering group on modernization agreed that 'the most important single factor in the rehabilitation and transformation of the industries of North Eastern England was the provision of adequate communications by road and by air'.[28] Marples' colleagues generally shared his opposition to postponing cases until regional studies were complete or refusing consent to closure on the grounds that regional development might encourage new traffic, as this would entail a lengthy delay with no guarantee that such traffic would ever be available.[29] However, a number of proposals in the report raised similar issues to urban closures. The need for commuter services in the south-east was expected to grow in the future, but the chief planning problem was the impact on plans for the short-range dispersal of urban populations to areas from which they would still need to commute to urban centres for employment. Closure proposals in these areas would need to be carefully studied to assess their cumulative impact on road congestion.[30] This issue involved ministers in both individual cases and general regional concerns. Their view that the Andover–Romsey closure would have little effect on development in the south-east was based on advice from the South East RSG and seems defensible.[31] However, their approval of the closure of Wolverhampton–Burton and Walsall–Rugeley in October 1964 came after the MHLG, the Ministry of Labour and the West Midlands RSG, which had warned that the closures would hinder long-term development and the dispersal of Birmingham's population, had backed down in the face of resistance from Marples, his officials and the Treasury. The West Midlands RSG also voiced concerns over the effect of closing Leamington–Coventry–Nuneaton on traffic in Coventry, which Marples successfully overcame, arguing that closure would only increase peak-hour traffic around Coventry by between 1 and 3 per cent.[32] Coventry–Nuneaton, Walsall–Rugeley and the Wolverhampton–Walsall section of the Burton route have all reopened subsequently, although the latter service has not been a success (Leamington–Coventry has also reopened, but only to enable through trains to reach Birmingham International).[33]

In the north-west and Scotland concerns about regional planning proved more influential. The North West RSG was particularly concerned about 13 proposals affecting the planned dispersal of about 500,000 people from Liverpool and Manchester.[34] Although the Group's fears were not conveyed to the Treasury until September 1964, seven of the services had appeared on a list of 15 cases worrying the MHLG drawn up for the Cabinet committee overseeing closures in August 1963. The MHLG was also concerned at the proposed withdrawal of services to Sudbury, Haverhill and Corby, the populations of which it was planning to expand significantly, two radial lines in London (St Pancras–Barking and Broad Street–Richmond), Barrow–Whitehaven, Manchester–Chinley–Sheffield (closure of which might restrict access to the Peak District National Park) and the effect on the Isle of Wight's holiday trade if the remaining lines there closed.[35] By December the MHLG had expanded this list to include another two north-western services, two in the north-east and two in the south-east. The Board of Trade expressed concern about four of these and added three others in the north-west. The Scottish Development Department (SDD) added eight suburban services in the Glasgow area and six serving remote areas. It must be stressed that the departments were pressing for these services to be thoroughly examined and for their publication to be postponed so that regional studies could be carried out first, rather than for them to be retained.[36]

Of the 31 services listed in December, Beeching was asked to postpone nine of the 16 that had not been published by January 1964 and agreed to eight, while the Barrow–Whitehaven and Broad Street–Richmond proposals appear to have been abandoned.[37] Marples consented to seven full closures and part of an eighth, refusing four outright (although some minor intermediate stations closed).[38] However, five consents (Glasgow–Kirkintilloch, Coatbridge–Dumbarton, Romsey–Andover, Glazebrook–Wigan/Stockport) involved minor duplicate or peripheral services in sensitive areas but with few planning implications, while Dumfries–Stranraer was balanced by refusal of Ayr–Stranraer (here, the real concern was over links to Northern Ireland which were maintained by diverting all services over the remaining route). This leaves Monkseaton–Blyth–Newbiggin as a debatable consent. Of the four outright refusals (the lines north of Inverness, Ayr–Stranraer and Manchester–Buxton) it is difficult to disentangle the significance of regional development from concern over significant levels of hardship.

Regional development was particularly significant in the decision to retain the Darlington–Bishop Auckland section of Darlington–Crook, because it served the development area around Darlington and Newton Aycliffe in the politically sensitive north-east.[39] Clearly there was a potential conflict between the Government's modernization of the nationalized sector and the regional policy that was a key plank of its wider modernization effort, although many of the cases involved had not come to the Ministry by October 1964 (nine services on the December 1963 list have been at least partially withdrawn since October 1964, although in some cases several of the stations remain open). The position regarding freight was something of a weakness, although perhaps more in theory than in practice, but the impact of rail closures on regional policy was clearly taken into account in individual cases.

Lines to holiday resorts

The closure of lines to holiday resorts was at the heart of the transformation of the railways in the 1950s and 1960s. The railways had created many resorts, in particular in the West Country, and summer traffic transformed lines to them. However, this traffic was concentrated over a very short period. In the West Country some resorts saw a third of their holiday trade in a single peak fortnight. Far from being the money-spinner that Henshaw suggests, this traffic required the railways to provide a capacity which was only rarely utilized and passenger numbers, although still large, were in decline during the late 1950s.[40] In 1959, out of 18,500 coaches allocated to fast and semi-fast services, 6,000 were used on no more than 18 occasions, and a third of these on no more than ten. Beeching estimated these coaches cost £3.4 million, but earned only £500,000 (which illustrates the potentially misleading nature of figures relating to gross contributory revenue). *Reshaping* proposed the closure of lines to 127 holiday resorts, including inland destinations such as Richmond (Yorkshire) and Ballater, and promised the complete elimination of high peak stock by 1965 (a proposal with implications for plans to mobilize the army and disperse the urban population in the event of war).[41] The closure of inland lines such as Peterborough–Northampton also reduced holiday traffic by removing points of its origin.[42] One interesting consequence of the shift of holiday traffic from rail to road in the 1950s and 1960s was that the concentration of journeys in the high peak declined, as holidaymakers who had been prepared to tolerate the delays and poor facilities on the railways were unwilling to sit in traffic jams and made their journeys outside the peak weekends.[43]

ILFRACOMBE, 1965

	21–27 February 1965		11–17 July 1965	
	Weekday	Saturday	Weekday	Saturday
Ilfracombe–Barnstable Jct.	255	275	403	1,543
Barnstable Jct.–Ilfracombe	230	268	343	2,265

EAST LINCOLNSHIRE, 1963–4

	October 1963		July 1964	
	Weekday	Saturday	Weekday	Saturday
Skegness	202	273	652	5,578
Mablethorpe	31	51	197	1,716
Sutton on Sea	26	22	40	111

In addition 75,000 passengers were carried to the coast by excursion trains in the summer of 1963, including 142 trains to Skegness and 57 to Mablethorpe.

EAST LINCOLNSHIRE, 1967

	February 1967		July 1967	
	Weekday	Saturday	Weekday	Saturday
Skegness[b]	159	193	423	3,162
Mablethorpe	24	32	71	712

In addition 41 excursions brought 17,967 people to Skegness and seven brought 990 people to Mablethorpe.

Figure 6.1 Holiday traffic and its decline (daily average of passengers joining regular services[a]) (sources: *PRO, MT 124/737, BRB, Ilfracombe closure proposal memorandum, 4 March 1966; MT 124/718, MoT, 'Railway passenger closure proposal: services in east Lincolnshire', April 1968; 'Railway passenger closure proposals: services in east Lincolnshire', January 1965*).

Notes

a The figures for Ilfracombe refer to services, those for east Lincolnshire to specific stations.

b The 1967 figure for Skegness appears to include excursion train passengers. The remainder do not.

The Ministry's desire to take a strong line on holiday closures can be discerned in Marples' attempt to overcome the obvious problems of conveying luggage on buses by suggesting they be permitted to haul luggage trailers and in his argument that the definition of hardship should not include making day-trippers (specifically from Hull to Hornsea) wait for a bus rather than a train. Closures were only expected to affect 2 or 3 per cent of non day-trip holiday-makers, who could always transfer their custom to other resorts and were already shifting to road, and similar closures had not had a serious impact in the past (the Isle of Wight and Coniston were cited as examples). Although closures might mean hardship for resorts that lost business, it was felt that they should be adapting themselves 'more vigorously' to car-borne visitors and 'modernising their promotion to this end'. Although both ministers and officials saw the question of lines to holiday resorts as requiring special attention, the one concession to worried boarding house landladies, hoteliers and deckchair attendants throughout the country was the announcement that any closure proposals published from February 1964 would not be implemented until 1 October. Marples consented to closure of one of the two routes to Ilfracombe (Taunton–-Barnstable), two of the three routes to Whitby and the Wells-next-the-Sea branch. However, tourist traffic was a factor in the decision to retain the Middlesbrough–Whitby service. Although congestion was not expected to be a major problem in many areas, in the south-west resorts accounting for nearly a fifth of the holiday trade were to lose their services, while in Wales the figure was 12 per cent, and the possibility of congestion, especially in the former, was noted. There was certainly significant concern within the Conservative Party about this, while the MHLG's worries about the Isle of Wight and the Peak District has already been mentioned.[44] It would be rash to assume that the Conservatives would have closed those holiday lines reprieved after 1964, as I shall argue in the following chapter.

Hardship

In February 1963 Marples assured Macmillan that 'our procedures are designed to ensure there is no real hardship'.[45] However, the term was difficult to quantify. In retrospect the extent of hardship required to prevent a closure can be defined as the inability to provide bus services for those travelling to work who had no alternative means of transport, without incurring such expense as to wipe out the savings produced (usually because the quality of the roads, the length of the lines and the numbers involved made replacement buses impossible). Marples had told Peter Thorneycroft in June 1962 that lines should only be subsidized 'where the essential needs of users cannot be met at less cost by bus services', although the intention seems to have been to postpone closures until roads could be made adequate, rather than retain lines permanently. Marples certainly felt that Manchester–Buxton, to which he could not consent in 1964, should close in the long term.[46] A key point in the evolution of this definition was ministers' consideration of the Romsey–Andover line in the early summer of 1964, the first to come before them in which it was clear that closure would cause hardship that could not be satisfactorily relieved by a bus service. Here, ministers concluded that ‘the decision should not turn on the mere presence of hardship but on the balance of the degree of hardship and the numbers involved against the cost to the public of maintaining the service’ and, in doing so, considered the level of subsidy per regular passenger (£100–200 a year).[47] The Ministry recommended that Hull–Hornsea should close on the grounds that day-trippers’ inconvenience was not hardship and that the increased journey times (from 25–37 minutes to 60–85 minutes, which the Ministry referred to as ‘inconvenience, perhaps amounting to hardship’), and annual subsidies of £153 each for 300–400 commuters who would suffer very severe hardship according to the TUCC were roughly the same as in Andover–Romsey (an increase of 37 minutes and a 90-minute maximum).

These were very rough calculations and in the Hornsea case led the TUCC members to consider resigning *en masse* or appearing before the traffic commissioners to oppose the granting of licences to replacement buses. Leaving aside the question of whether the Board’s figures were correct, the subsidy calculation compared the saving on closure only to the number of commuters who would suffer hardship, ignoring the benefits of retaining the line to Hornsea’s day-trip tourist business (2,000–3,000 day-trippers from Hull on fine summer days), 200 shoppers and various other users, as well as the possibility of reducing the subsidy through economy. For good measure, the Ministry argued that refusing consent to Hornsea would ‘no doubt arouse jealousy and bitterness in Withernsea’ (which was due to lose its service to Hull at the same time) and so both should close. [48] Hardship was not the sole factor in cases where consent was refused. In the case of Cardiff–Coryton, a short commuter line, where a journey of 16 minutes might increase by an hour, urban congestion was clearly an issue; in Buxton and Scotland, regional planning; and in Whitby, holiday traffic. The political impact was also relevant, as it was in Shrewsbury–Llanelli where hardship justified retention.[49]

Organizing replacement bus services was a complicated business and it is easy to find failings, particularly as circumstances changed over time. The bus replacing the branch to Princetown on Dartmoor continued to terminate at the derelict junction station long after it closed in 1962.[50] Closure of the Wells–East Dereham branch saw a diesel train journey of 40 minutes replaced by a bus journey of 80. The provision of buses connecting with trains at Dereham was a condition of closure, but when the line closed the timetable on the remaining section through Dereham was recast, leaving the buses with no connection. Officials discovered this purely by chance some three months later.[51] Moreover, when Dereham (which was not listed for closure in *Reshaping*) lost its service, the basis on which hardship had been assessed was undermined. In 1976, British Rail commissioned a study into the effects of railway closures, which concluded that buses ‘cannot serve as adequate substitutes for rail’ and that the inadequacy of replacement bus services meant rail closures had a significant adverse effect on the quality of life for many people. Fewer than half of former rail passengers transferred to replacement buses and even those who used them did so less often than they had used the railway. Car owners who had used rail services for some journeys did not use buses for any, while those without cars tended to abandon non-essential travel altogether. Particular difficulties were uncovered in providing connecting bus services to remaining rail services, and only a third of people who had travelled beyond the junctions on a reasonably regular basis continued to do so.[52]

By 1965 MoT officials were aware that 'following a passenger closure usually only a proportion of the users transfer to the bus service'.[53] In 1967 they commissioned a survey of former rail passengers on three routes, Dumfries–Stranraer, Eridge–Hailsham and Bradford–Huddersfield. This found that the TUCCs' views on the impact of the closures were generally confirmed, that the closures had little immediate effect on the location of employment and accommodation and that, while many daily travellers complained about the general nature of bus travel, for the majority this constituted inconvenience rather than hardship and average increases in the cost and time of journeys were small. Such inconveniences appear to have been enough, however, to deter many of those who had made the journey less often (once or twice a week) from continuing to do so.[54] Nevertheless, the failure of many former rail users to transfer to buses needs to be placed in the context of a massive decline in rural bus travel after 1956. Those who lost their railways may have felt forced into their cars, but they were repeating a pattern of choice elsewhere, as the growth of car ownership during the 1960s undermined the economics of rural buses and decimated their network. The real issue was the fate of those without cars or the means to acquire them, a problem which led Watkinson to investigate, Marples to support and Barbara Castle to introduce subsidies for rural bus services in general (those replacing branch lines were already subsidized).[55]

The Ministry certainly attempted a thorough investigation of individual cases. Treasury officials found the 'marathon' meetings of the working party responsible went into such detail that it was not worth their representatives attending most of them and decisions were often held up while further information was sought from TUCCs, the BRB or other departments, in particular the Scottish Office.[56] A certain amount of cynicism about claims of hardship was understandable; even in Wick a local claimed that 'most of the people who are making all the fuss have not used the railways for years'.[57] However, hardship was not ignored, but defined in a manner clearly designed to maximize the number of consents. Marples was an enthusiastic supporter of this approach and in one case (Cambridge–March) he was prevented by his colleagues from withdrawing a service in advance of complex arrangements for a replacement bus service being completed (the service eventually closed when these arrangements were established in the 1970s).[58] However, Hillman and Whalley's comment that former passengers suffered 'a degree of hardship and inconvenience that does not appear to be widely appreciated by people involved in making decisions affecting rural transport' ignores the harsh reality that what officials were trying to do was to strike a balance between the real suffering inflicted by the withdrawal of a service and the notional suffering which might be alleviated by the re-allocation to some other area of government expenditure of the funds which that service consumed. It was inevitably a thankless task; and one undertaken without any hard and fast figure for an acceptable level of subsidy and on an uncertain basis, not least because it was not something the Ministry had ever done before.[59] More than any other issue, hardship illustrated the problems the Government had taken on in tackling the railway deficit.

Political presentation

Ministers were certainly not immune to the horror with which many rail users greeted the *Beeching Report*. When the Cabinet's population and employment committee first laid eyes on it in February 1963, members realized that it would raise a storm and some of them were attracted to the idea that the Government should 'reduce the size of the bang by removing some of the explosive', cutting out those proposals which were bound to be rejected on social grounds before the whole plan was made public. They considered publishing individual closures from time to time rather than as a whole in the form of a plan, but quickly ruled this out as several public references to the preparation of the plan had already been made.[60] By the end of the month a Cabinet committee on the reorganization of the railways, chaired by First Secretary of State Rab Butler and containing half the Cabinet, was established to consider when and if the plan should be published, whether a list of uneconomic lines which would not be closed should be agreed with the BRB and issued in conjunction with it and, if so, how these services were to be paid for.[61] Cabinet Office officials warned that if ministers watered down the proposals, they would be attacked for having 'dismissed without examination plans which have taken many months to mature and . . . once again shown themselves lacking in any sense of constructive leadership'. Treasury officials stressed both the size of the railway deficit and the centrality of freeing resources for more productive employment to the modernization process. Although a rumour reached the Treasury that Butler, who had been listed among the objectors to the closure of the Colne Valley line in 1961, was planning to slow down the closure programme to a significant extent, the Cabinet agreed to proceed. With caution.[62]

The importance of presenting the report as an exercise in modernization was clear to all. To be seen as 'concerned primarily with making the railways pay' would be to invite attacks; 'losses arose from the fact that the system was not related to present needs and the principal objective should be to reshape it'. The difficulty lay in demonstrating support for the plan while appearing 'determined to take due account of the social arguments for maintaining railway lines' and the report was considered sensitive enough for its presentation to merit two meetings of the Cabinet committee. The BRB had made considerable efforts on this front, a particular success being the use by Granada Television of the Board's own film explaining the report, and the exercise undoubtedly conveyed the size of the problem and the reasons for railway closures to the public as well as establishing the Party's modernizing credentials. So much so that its presentation was seen as template for the handling of the *Buchanan Report* later that year.[63] In the weeks prior to publication, Party Chairman Iain Macleod publicly linked Beeching with the modernization theme and stressed that he expected the proposals to be unpopular, but that they would be handled with 'courage and humanity' to free government funds for more positive uses, while ensuring the needs of rural areas were not ignored.[64] With the help of Beeching's map showing the extent of bus services (rather misleadingly, as it gave no indication of their frequency), the 'surgical' nature of the operation and the ability of bus services to cope were stressed, a combination summed up in the slogan 'Conservatives believe in modernizing Britain – with care for individual needs'. This approach bore fruit in praise for the report from Labour MP and the Transport Salaried Staffs' Association (TSSA) General Secretary Ray Gunter and the ASLEF General Secretary. However, there were immediate protests, in particular from other rail workers, Scotland and West-Country holiday resorts; and, as the Cabinet foresaw, the gap between *Reshaping*'s publication and the first TUCC hearings meant that the effect of this success had worn off by the time individual decisions began to be announced in significant numbers from January 1964.[65]

As the Ministry had anticipated in 1956, Scotland was the focus of opposition to closures.[66] The Scottish Secretary, a fit-again John Maclay, had expressed concern about the effects of closures in the north of Scotland in the summer of 1962 and the impression made by Beeching's visit that autumn had built up opposition.[67] By May 1963 Maclay's successor, Michael Noble, was pressing for the Government to announce that five major proposals in Scotland (Inverness–Wick/Thurso, Dingwall–Kyle of Lochalsh, Ayr–Stranraer, Dumfries–Stranraer, and Edinburgh–Carlisle via Hawick, known as the Waverley Route), would be deferred for three to five years and was unhappy at Beeching's reluctance to supply him with information on them (it did not arrive until November, despite significant pressure from Macmillan).[68] In addition to Scottish concern, the threat to the two Stranraer routes was controversial in Northern Ireland and it was recognized that closing the Shrewsbury–Llanelli line would 'provide a stimulus to Welsh nationalism'.[69] The Association of Welsh Local Authorities had formed an All-Wales Committee on Rail Closures, which met Marples in April 1962. The following year, Macmillan unenthusiastically agreed to meet a joint delegation of the All-Wales Committee and the Welsh Parliamentary Party.[70]

Marples was largely successful in keeping Conservative backbench doubts to a minimum when the plan was unveiled; however, the Government's majority was cut by about 20 in the debate on Beeching in April, with Scottish and West-Country MPs prominent among the rebels. Isle of Wight MP, Mark Woodnutt, was a vocal early critic and Sir John Maitland's opposition to the removal of almost all of east Lincolnshire's railways probably encouraged Marples to defer a decision on Lincoln–Firsby until the area could be considered as a whole (the General Election intervened).[71] Some of the backbench concern seems to have been for show. When Nicholas Ridley saw Marples over the closure of the lines to Cirencester and Tetbury in his constituency, he expressed support for the policy but concern at his constituents' reaction. He left with a promise that Marples' office would draft a letter of complaint for him to send to the Minister and provide a draft reply from the Minister with it.[72] Nevertheless, by May 1963 concern within the Conservative Party about the closure programme in general and the consultative procedure in particular had reached a level which prompted the Chief Whip, Martin Redmayne, to convey his concern 'as to whether the Minister of Transport is going to handle the political implications of the Beeching proposals in a way which will necessarily be acceptable to Ministers generally and to the Party' to Macmillan. The Chief Whip's primary objective was to ensure that Marples' decisions in individual cases were overseen by the Cabinet committee, a suggestion the Minister does not appear to have welcomed.[73]

Even before any *Reshaping* cases reached Marples, backbench concern had undermined a key plank in the tactical plan for implementing the closure programme. As we have seen, it had been intended to avoid any discussion of financial information by the TUCCs, because it had no bearing on hardship.[74] However, in June 1963, as criticism of the procedure mounted, the Government announced that the TUCCs would be supplied with figures showing the direct earnings (exclusive of contributory revenue) and direct expenses of the service in question, plus a figure representing expenditure on maintenance and renewals (at historic, not replacement, cost) over five years. Direct expenses consisted of movement costs (the cost of running trains themselves), terminal expenses (the cost of providing stations) and the track and signalling costs attributed to the service in question. This concession merely led to a renewal of complaints about the accuracy of the railways' figures, forcing Marples to ask Sir William Carrington, a former president of the Institute of Chartered Accountants, to consider what financial information should be supplied to the TUCCs.[75] Carrington's report, which arrived in October, stressed his conviction that the lines in question were unprofitable and that the figures were diligently compiled. Serpell had told Carrington that he was free to say what he wished, but his positive verdict was 'not the result of immense cogitation'. Officials were all too well aware that 'objectors could find almost any reason for delaying closure [and therefore] needed something mildly episcopal'.[76] His endorsement of the figures supplied was condemned by experts in the Economic Section Barbara Castle later established within the Ministry. However, they had no doubt that the lines affected would have been losing money.[77]

In any event, Carrington's report did not defuse concerns about the process. In a furious private letter to Marples, in which he called the Minister's presentation of Carrington's report 'such a pitifully inadequate piece of whitewashing as to be almost childish' and the BRB's figures 'a damned lie', Lord Stonham of the National Council on Inland Transport warned Marples that he was receiving 200–300 letters of support a week and enclosed one from a correspondent 'typical of the decent women who in rural areas form the backbone of the Tory Party' and were now supporters of his campaign. He ended by warning Marples that while he had previously concentrated on attacking the BRB he would now begin attacking the Minister unless something was done. Stonham's campaigning was receiving favourable attention in the press and worrying the Ministry.[78] The fact that the figures supplied were obviously not as full as those published for ten exemplary cases in *Reshaping* – which included estimates of gross contributory revenue, the revenue lost following closure, and the net financial effect – did not help matters. However, Marples told his colleagues that these fuller calculations would be open to criticism because they inevitably involved a certain amount of estimation and in December called the waverers' bluff by offering to consider setting up an independent body to assess the economic case for closure, while warning that this would probably mean spreading implementation of the proposals over 'ten years instead of two or three'. The matter was dropped.[79]

The problems over figures were compounded by the Board's presentational shortcomings. In the Wells–East Dereham case, for example, the BRB faced a fairly routine criticism that the summer traffic census had missed the extra traffic in the school holidays, which it countered by pointing out that a census in the holidays would have missed the 60 schoolchildren who used the line; but it was unable to explain to the Ministry why its representative had told the TUCC that special trains could still be run to the shrine of Our Lady of Walsingham as the line remained open to freight (a point which caused the TUCC to set aside objections from pilgrims), when in fact it only intended to offer a replacement coach service.[80] R. F. Bretherton, a Treasury official involved in drawing up advice on closures, attended the public hearing on his local service, Horsham–Guildford, in March 1964. Bretherton was not opposed to the closure but complained with some force to his superior about the performance of the 'unimpressive little man' representing the BRB at the hearing, 'who, from the first, adopted a hostile and querulous attitude', misrepresented the facts and informed the audience that there would be no alternative services provided to the users of Baynards station 'with a degree of malicious glee which roused most of the audience to fury'.[81] The attempt to quell the storms over rail closures had failed; ministers would have to ride them out.

Managing the timetable

The Cabinet committee only dealt with a small percentage of closure cases, but it devoted much effort to managing the programme as a whole in order to minimize the damage it did to the Government. Significantly, it was chaired by the Party Chairman, first Iain Macleod and then, once Sir Alec Douglas-Home replaced Macmillan in October and reshuffled the Cabinet, Lord Blakenham. Although there was much concern about the impact of closures on Conservative support, there is no evidence that this affected the outcome of any individual case. (The files on the decision to reprieve the riverside loop in Tyneside immediately before the 1964 General Election in which the Conservatives defended a majority of 98 at Newcastle East have not survived, although this decision did affect the sort of urban line which might well have been reprieved in any event.) Instead it was the timing of the publication of closure proposals and decisions which ministers sought to influence. Their aim was to ensure that relatively uncontroversial closures which would offer large savings and the controversial proposals which would be refused could be brought to conclusion before the election, so as to postpone the most unpopular decisions until after it, while demonstrating a balance between support for the Board and due concern for the hardship arising in the meantime.[82]

This strategy was fraught with problems; indeed Macleod believed it was impossible and pursued it mainly to prevent accusations of ineptitude.[83] Unless the Government was prepared to render the entire process a sham, it was impossible to know what the decision would be in any particular case or how long it would take to arrive at it. Moreover, the programme proceeded more slowly than originally expected; officials anticipated that the bulk of cases would have been dealt with by the TUCCs by the end of 1964 and implemented by the end of 1965, yet by the end of October 1964 only half had passed through the TUCC process and over 100 had yet to be published.[84] There were practical difficulties in altering the plans of the BRB and the TUCCs and political dangers in being seen to do so. Nevertheless, some ministers were prepared to consider such an approach.[85] Marples, however, was convinced by his experience of almost constant controversy at Transport from the moment he introduced a new parking scheme in London in 1959 that ‘a few objectors make more noise than the many who agree’, and was generally reluctant to interfere with Beeching’s timetable.[86] His officials shared this view and were enthusiastically backed by the Treasury, which took the view that ‘our job is to facilitate the closure of the lines: there will be no shortage of advocates for the defence’.[87] For example, Marples’ determination not to rule out the closure of lines north of Inverness at some point in the future, when announcing their reprieve in March 1964, was prompted by a letter from Boyd-Carpenter, the Financial Secretary.[88] Even if Marples had been more cooperative, Beeching was not. He had been appointed to do a job and, having already given ground on suburban services, was not prepared to delay proposals simply because they might prove unpopular.[89]

The chief flaw in this attempt to manage the closure programme was ministers’ apparent failure to appreciate that the controversy surrounding a proposal was generally greater the more money it saved.[90] Lines used by significant numbers of people tended to have more trains running on them, and therefore to cost more to operate, than lightly-used branches. To take an example from the cases set out in detail in *Reshaping*, the York–Hull service earned £90,400 a year in fares, while Banff–Tillynaught earned a mere £600, indicating that few people would be affected by its closure. Yet the former offered savings of £81,110, the latter £10,900.[91] More obviously, long lines offered greater savings than short ones, but tended to leave communities more isolated and harder to serve by bus when they closed. The five Scottish cases Noble was worried about are good examples; others include Shrewsbury–Llanelli, Settle–Carlisle and Ipswich–Lowestoft, all of which survived, and Peterborough–Grimsby which survived in part. Even the Great Central (Aylesbury–Nottingham), which offered huge savings and relatively little hardship, was controversial and, while the 21 closures which Marples approved in March 1964 saved a total of £800,000 a year, the two he vetoed at the same time (Shrewsbury–Llanelli and Ayr–Kilmarnock) would have saved £215,000.[92]

Over the summer of 1963 Macleod compiled a list of controversial cases in England based on the 'scores of replies' he received to a request for information from the Party. Although he limited it to those in which the relevant MP had complained, it still affected 33 proposals (somewhat misleadingly, as the reference to 'Devon generally' was interpreted by Marples as meaning all Devon closures, including Halwill–Torrington, one of the most easily justified). By October the list had expanded to include the five Scottish cases Noble was worried about and six in Wales. Marples had persuaded Beeching to accelerate publication of two Welsh and three Scottish cases to 1963 in the expectation that these would produce some refusals. A fourth Scottish case was already due to be published in November and Noble expected the fifth of his difficult cases (the Waverley line) to be approved for closure and so did not want it brought forward. The Welsh Secretary, Keith Joseph, had warned Marples in August that consent to the pre-*Reshaping* proposal to close Shrewsbury–Llanelli would convince the Government's opponents that no account would be taken of hardship and although he felt those brought forward would close he wanted this done sooner rather than later to measure the reaction.[93] No sooner had this list been compiled, however, than the whole question of timing was thrown into confusion when Macmillan fell ill and resigned unexpectedly in October, putting the anticipated election date back from the spring of 1964 to the autumn. This led to uncertainty over whether to accelerate unpopular decisions to get them out of the way before the election instead of postponing them until after it and delayed further activity until December, by which time it was clear that the whole process was taking longer than anticipated and so additional accelerations would be of little use (because it was too late to reach decisions on them before polling). Marples was instructed to halt publication of proposals on the list until a decision on how to proceed was taken.[94] At this stage the implementation of closures had been virtually halted since June as the new machinery took time to get up to speed.[95]

By January 1964, with public and parliamentary concern over the consultative procedure unabated, enough areas of potential delay had emerged to threaten the credibility of the whole programme. Although much of the sting had been taken out of the urban question before *Reshaping*'s publication, the *Buchanan Report* had raised the temperature and Lord Stonham had called for 131 urban closures in *Reshaping* to be postponed (rather optimistically, as at least one proposal had attracted no objections). Marples was also being pressed to defer the publication of some 30 proposals relating to holiday resorts until the autumn. Meanwhile, the list of cases which the MHLG, SDD and BoT felt might be deferred had been produced and, taken with the existing list of politically sensitive cases, this accounted for about 20 per cent of the programme. Marples resisted any deferment through three meetings of the Cabinet committee and one of the Cabinet, before agreeing to a compromise under which, as we have seen, the Government announced that the implementation of holiday-line closures would be delayed until October and Beeching was asked to defer publication of only nine cases: the Waverley line; St Pancras–Barking and seven in the north-west. While the deferred cases were subject to planning concerns (although this was not a decisive factor in the Waverley case), these could have been dealt with after the TUCC reports had been received; deferment was a political move designed to avoid prolonging the period of greatest controversy between publication and the final decision.[96]

The Waverley proposal's postponement reflected the continuing intensity of opposition in Scotland. An organization called the Vigilants of Scotland (also known as Macpuff) had been formed to oppose closures north of Inverness and was attracting Conservative support.[97] In December 1963 the Conservatives' majority at Dumfries was cut from over 7,000 to 971, its lowest for 30 years, in a by-election at which the proposed closure of the line to Stranraer had encouraged opposition hopes.[98] The following month the Chairman of the Party in Scotland, Sir John George, warned the Prime Minister that

> feelings are red hot among the executive committees and Divisional Councils throughout Scotland on the . . . subject. No one believes that the [Inverness–Wick and Dumfries–Stranraer] lines in fact will be closed but all are distressed and dismayed that we are giving our opponents such a long run to flay us mercilessly.[99]

At the end of January Marples, Noble and Douglas-Home met a delegation representing various Scottish bodies calling for the postponement of the whole programme in the north of Scotland, at which Noble gave the delegates a hint that that the Government had no intention of closing the lines north of Inverness, although the departments were still arguing over who said what to whom two months later.[100] Douglas-Home agreed that closure was impossible and wanted the issue resolved as soon as possible after the TUCC reports were received. Pressure from Number Ten succeeded in squeezing a refusal out of Marples as soon as was decent after the TUCC reports arrived, two months earlier than he had originally felt possible and despite his hopes that the Inverness–Kyle line could be closed once major road improvements were carried out.[101] The Stranraer lines proved more problematic and it was not until July that Marples was able to announce his refusal to Ayr–Stranraer and his consent to Dumfries–Stranraer.[102] Meanwhile, Douglas-Home had to be persuaded that it would not look good if the Gleneagles–Crieff section of the Comrie branch (which lay in his constituency) was reprieved when other more deserving cases had not been.[103] In September Noble successfully lobbied for a decision on Aviemore–Forres to be deferred on purely political grounds.[104]

Controlling the order in which decisions were announced offered a less problematic way of defusing opposition than manipulating the order in which proposals were published, but even this was not trouble-free. Closures were generally announced in batches so that consents were accompanied by refusals. The first such group was announced on 14 January 1964, when five Welsh consents were balanced by the refusal of Cardiff–Coryton.[105] By February Noble was insisting that the next batch must contain a Scottish refusal. Marples was able to offer Kilmarnock–Ayr and announced around 20 decisions at a press conference in March including this and a second refusal, Shrewsbury–Llanelli.[106] Every letter written to the Minister about rail closures received a reply written by officials. Although standard texts were used for all letters about a given line, unique paragraphs were usually provided in response to specific points. A good example is the reply offered to a 12-year-old schoolboy who wrote to the Ministry in 1967 with a lengthy account of his reasons for hoping that the Hull–Scarborough line would not close, during the course of which he asked whether two unrelated stations had been closed and whether the Ministry could send him some maps of railways. The Ministry's reply updated him on the progress of the Hull case, informed him that he could send an objection to the Yorkshire TUCC, answered his questions on the two stations and suggested he ask the BRB for maps, enclosing their address.[107] The provision of such individually-tailored replies made letter-writing an effective form of protest in as much as it delayed the whole process. The preparation of and correspondence resulting from the March press conference slowed the pace at which the Ministry could process cases and by May the press was claiming that this was deliberate; by July the Board was complaining.[108] In fact Blakenham was pressing Marples to speed up his decisions as early as April, in the belief that delays increased controversy.[109]

In the early summer concern about the electoral consequences of closures was mounting and ministers sought to persuade Beeching not to publish new proposals in the run up to the election.[110] Although he appears to have agreed not to publish controversial proposals, he refused to stop publication entirely. Although Marples' rash of decisions in September was prompted partly by his colleagues' desire to end uncertainty, he was admonished for overdoing it by Blakenham in middle of the month.[111] Some 30 decisions were implemented between the start of September and the General Election. A month before the election Marples gave his consent to a further 38 closures, leaving the lines involved under sentence over the campaigning period, while over 200 had yet to be dealt with (of which about half had been published).[112] Given the pressure on Marples to manage the closure programme with one eye on the election, what impact did closures have on what was one of the closest of post-war polls, returning Labour with a five-seat majority won on a few hundred votes in a handful of seats?

The 1964 General Election

The chief study of the election records that fulminations against Beeching on the part of candidates of all parties were common, but gives no suggestion that the issue affected the result.[113] Local press reports give no indication that closure of Stockport–Glazebrook contributed to Labour's success in the two Stockport constituencies; at Buckingham, where closure of the line to Bletchley in September was followed by Robert Maxwell's victory for Labour in October, the local paper reported that only 40 people turned up for the last train, 'none of them local', while the reprieve granted to the Newcastle riverside loop in September was not enough to save the Conservatives' majority of 98 at Newcastle East.[114] However, voters in some constituencies were given reason to expect that the whole programme would be frozen or even reversed if Labour got in. Labour's manifesto promised a national transport plan and that 'new regional authorities will be asked to draw up transport plans for their own areas. While these are being prepared, major rail closures will be halted'.[115] Marples' consent to the closure of the lines from Malton and Scarborough to Whitby in September had been greeted with outrage in Whitby and the local Conservative MP had quickly found himself obliged to disown the decision. In a fine display of campaigning local journalism the *Whitby Gazette* gave front-page prominence to the case on an almost weekly basis for the rest of the year. Harold Wilson's letter to the local Labour Party in September assuring them that 'an obviously major decision such as the Scarborough–Malton–Whitby rail closure would be covered by the statement in the Labour Party manifesto "major rail closures will be halted" ', was interpreted by the paper as meaning that if Labour won the election the closure would not go ahead.[116] At Silloth the Party went further, organizing the demonstration described at the start of this book, reports of which gave much prominence to the promise that trains would run again if Labour got in.[117]

Silloth and Whitby both lay in safe Tory seats, but while hopes of a reopening had faded by polling day, the Silloth closure focused attention on the issue in Carlisle where Labour's successful candidate stressed that 'Carlisle is a railway town and I am a railwayman' and warned voters of the threat posed by Beeching's plans to rationalize through routes. Here a Conservative majority of 1,998 became a Labour one of 2,120, with the help of an independent Conservative.[118] On the penultimate day of the campaign the *Hull Daily Mail* reported an election meeting at Hornsea, which along with the neighbouring Withernsea branch was due to lose its service the following week, at which a Labour councillor claimed that, if Labour won, 'the closures which had not already taken place would be stopped until every line had been examined, not purely on the basis of whether they paid or not, but whether they provided a service to the community'. Many of the voters in marginal Hull North (where Labour overturned a Conservative majority of 702 to win by 1,181 votes) used the lines for summer day-trips and would have read reports of the campaign to save them if Labour won on the front page of the local paper on polling day.[119] The closure of the Northampton–Peterborough line through Wellingborough in May 1964 probably came too early to influence the election result, but even a minuscule protest vote could have cost the Conservatives dearly as Labour won by 47 votes.[120]

It would be rash to claim that Beeching cost the Conservatives the election on the basis of any of these seats. However, these were all constituencies where the Party needed all the help it could get and did not get that help from Beeching and Marples. Moreover, in both the Scottish Highlands and Cornwall it is possible that the extent of Beeching's proposals fuelled a sense of regional disaffection reflected in the Liberals' capture of Inverness, Ross and Cromarty, Caithness and Sutherland and Bodmin.[121] Darlington, Doncaster and Bury were among the seats which would determine the size of a Labour majority in a close election, a category in which the Party experienced only patchy success. At Darlington the threat to the railway workshops and to the industry in general in a town put on the map by its association with the Stephensons was a key factor in the campaign, as the Central Office agent for the north had predicted it would be the previous autumn, particularly given the Conservative candidate's support for the BRB's proposals and efforts by the Labour Party to trace rail workers who had moved to other works and ensure that they had postal ballots. The swing to Labour here was a strong 6.4 per cent. Similar concerns may have helped Labour in the railway town of Doncaster, which also changed hands, but where the pro-Labour swing was only 4.8 per cent.[122]

At Bury, which had featured on the list of Conservative Party concerns the previous year, David Ensor turned a Conservative majority of nearly 4,000 into a Labour one of over 1,000. Labour was helped here by the fact that the Liberals fielded a candidate for the first time since 1950 and in numerical terms the Liberal vote was roughly equal to the decline in both main parties' vote since 1959. The electric service to Manchester, used by 7,000 people a day including 4,000 commuters to Manchester, had been proposed for closure in February. In an election speech reported locally a week before polling Ensor pointed out that under the Beeching plan the town would lose all its rail links, and implied that Bury would benefit from Labour's manifesto pledge. Although the local Conservative MP was a prominent opponent of closure, both Liberal and Labour candidates pointed out that he had voted in support of *Reshaping* itself and a *Times* feature on the constituency identified rail closures as one of two significant local issues. Ironically, the other was the unpopular plan to use Bury as an overspill town for Manchester, the very measure which had ensured the closure proposals were postponed.[123]

Finally there was North Norfolk. This is an odd case to cite, in that Labour held it against a Conservative swing. Yet the majority of just 53, reduced from 658, is so small that the closure of the Wells and Mundesley lines ten days before polling and the fear that Sheringham–Cromer would follow may well have done enough to prevent the Conservatives repeating their success at Norfolk South-west. The possibility that seats in Norfolk would swing towards the Conservatives and the significance of local issues was appreciated during the campaign (although the Conservatives themselves focused resources on seats they were trying to hold). As the Conservative vote in the area tended to come from the towns (with Labour's support based on agricultural workers) it is surely possible that a handful of Conservative voters were persuaded either to stay at home or vote Labour in the hope of saving or restoring their local rail link. The local Labour candidate failed to utilize the campaigning opportunities provided by the two closures in the way that his counterpart at Silloth did, but closures did feature in the campaign and fears for the Sherringham line's future were expressed in the local press in the weeks leading up to the vote. Certainly

Barbara Castle made a point of visiting East Anglia to reassure voters about rail closures during the 1966 campaign.[124]

It is impossible to make a watertight case for closures costing the Conservatives a single seat in 1964 and even where closures were an issue they did not dominate campaigns to the exclusion of all else. Transport did not even feature in a *Sunday Telegraph* poll of election issues; the *Carlisle Journal*'s supplement on transport on 9 October concentrated entirely on the possible impact of a Labour government on the local road haulage industry; and Ensor's final speech of the Bury campaign ignored the railway issue altogether while criticizing the Conservatives for not building enough roads.[125] Given that implementation of the closure programme coincided with a Conservative recovery in the polls it seems likely that the strategy of backing Beeching in order to present the Party as a modernizing force, rather than risking the appearance of weakness by not doing so, was right. Nevertheless, the scale of the impact on Bury, the tiny Labour majority in North Norfolk and the centrality of the industry to Darlington mean it is quite possible that Labour owed its victories in these three seats and with them Wilson's outright majority to the Government's inability to manage the programme with a combination of absolute cynicism and perfect foresight. The point here is not to criticize Conservative electoral strategy but to emphasize the warning 1964 offered future governments of the electoral dangers of rail closures. It was clearly appreciated by Wilson. The one certainty is that any voter who returned a Labour candidate in the hope that this would reverse one of Marples' consents was due to be disappointed and if any votes were won by the repeated pledge to halt major closures until a plan for transport was worked out they were won on a false prospectus, as the following chapter will show.

Conclusion

While rail closures did not cost the Conservatives victory at the General Election, they were certainly an issue which could influence individual results, and ministers' consideration of closure proposals displayed a desire to temper the rigour of economics with the balm of electoral success. This influenced the timing of publication in a small number of cases and the grouping together of decisions for publication, but not the outcome of decisions (although the Sanderstead verdict was a political one in the general sense of the word and political factors added to the case for reprieving some lines). Fake or genuine, Conservative backbench concern was confined to closures in members' own constituencies and the effect of the plan on the Party's electoral prospects. Modernization remained an asset in selling the plan to the Party and the country. The closure programme was part of a genuine attempt at economic modernization, but one which ministers struggled to control.

It is clear from this account that the Government did not ignore either the social or the economic implications of the closure programme, but its judgement was necessarily tentative and erred on the side of closure, reflecting the exaggerated opposition in previous cases. The effect on holiday resorts was not ignored but was considered from a national perspective in which individual resorts' business was less significant than the overall picture. Although the role of rail in reducing urban congestion was appreciated, the full extent of the problem as it has since developed was not, as the decisions affecting Bristol, Nottingham and Coventry suggest; the need to maintain commuter links for the dispersed population of urban areas was generally appreciated, but perhaps not fully enough in the west midlands. The existence of separate government departments for Wales and Scotland meant that objections to closure there were conveyed more forcefully than in parts of England. However, the experience of the north-west shows that strong representations from officials also influenced consideration of English cases and it is clear that Noble's primary concern was managing discontent rather than altering the outcome of proposals. It is the assessment of hardship that remains the most controversial aspect of the closure programme. Undoubtedly decisions erred on the side of saving money and taking a 'tough' line on the claims that life without the railway would be impossible. A fairly consistent line was taken on hardship, but attempts to ensure that this was the case by comparing the subsidy levels required were fairly crude.

The chief criticism of the whole process of evaluating individual closures under the Conservatives has to be that whether the issue was hardship, regional development, urban congestion, the effect on the holiday trade or political advantage, ministers and officials were constantly comparing the effects on rail users with losses which were taken as a given, although some cases were referred back to the BRB or TUCCs for more information. However, with the available expertise on cost-benefit analysis in transport employed on judging the Victoria line and the Great Northern suburban electrification for much of the period in question, subjecting every closure to a thorough cost-benefit analysis which took account of the effect of possible service improvements and cost reductions simply was not an option, as the following chapter illustrates. The real nub of the problem was, as Marples recognized, that what people really wanted was a thorough examination of every case, but to do so would have taken years and would often have resulted in closure, while losses continued to accumulate. If a retrospective cost-benefit analysis were to be conducted to weigh the merits of speedy implementation against thorough study it would probably conclude that in the circumstances the balance was about right. In pursuing the programme with vigour, Marples demonstrated his real significance. Although his decisions were based closely on official advice, a less self-possessed or self-consciously dynamic modernizer might have faltered. He was to prove a difficult act to follow for a Government pledged both to change transport policy and base it on an increased level of dynamic modernization. It is easy to see how, to those trying to make a living from tourism in Hornsea or Wells-next-the-Sea or facing significantly longer journeys to work on a bus than they were used to on a train, Marples embodied a money-driven ruthless disregard for the welfare of ordinary people, but in fact the political difficulties of the closures programme in 1963–4 foreshadowed the extent to which the issue would demonstrate the limits of government power in the following decade.

7 White heat/red light

The closures proposed in the *Beeching Report* were only the first of a three-part programme of reshaping the railway network and can be seen as the conclusion of the process begun in the early 1950s of cutting out the railways' dead wood. The second stage involved identifying a core network of trunk routes, on which it was hoped investment would be concentrated in the following 20 years. The task of collating information and building predictions took until late 1964 and even then the routes chosen in the report published as *The Development of the Major Railway Trunk Routes* the following January were not a definitive selection. The report identified a core network of 3,000 miles of trunk routes and by August 1965 the final stage of the process, an investigation of the remaining lines outside the trunk network, had identified an 8,000-mile railway network, much of which would have been open to freight only.[1]

It is *Trunk Routes* rather than *Reshaping* which really deserves the title 'Beeching Report'. *Reshaping* may have read convincingly as a technocratic argument, but *Trunk Routes* was much more obviously based on detailed studies and provided detailed justification for its selection of certain routes over others based on estimates of future traffic and the economics of carrying it. In hindsight *Trunk Routes* provides evidence of the difficulty of planning a railway system. It is clear from a reading of the text that freight traffic provided the basis for the Board's judgements, yet freight had declined in importance to become secondary to passenger traffic well before the report's 1984 target date. The electrified route between Manchester and Sheffield via Woodhead, identified by *Trunk Routes* as the major southern trans-Pennine freight route, closed in 1981. Nevertheless, in 1965 *Trunk Routes* epitomized what modernization meant. This chapter examines why the closure programme it and subsequent studies implied was never implemented.[2]

Given the Labour Party's opposition to *Reshaping*, it is unsurprising that the process should have run into difficulties after 1964. However, this chapter argues that the survival of a larger network was not simply the result of the change of government. The first section shows how, unable to come up with an alternative context in which to judge individual services, Labour initially continued the closure programme and resorted to cosmetic attempts to present its policy as new. It goes on to argue that Barbara Castle's claim to have almost single-handedly transformed transport policy needs to be treated with caution and that her introduction of subsidies for rail services and her ‘stabilization’ of the railway network at 11,000 miles were developments of Conservative policy rather than simple reversals of it. Although Castle was unenthusiastic about rail closures, her policy reflected a growing appreciation that the savings from further closures might be outweighed by social and political costs and her attempts to subject closure decisions to sophisticated cost-benefit analysis ran into difficulties similar to those which afflicted earlier efforts to get to grips with transport costs. This argument is supported by an account of three major closure battles during 1968–70 and a discussion of why Conservative attempts to revive the closure programme after 1970 had been abandoned by 1974.

Fraser, planning and the closure programme

In his survey of post-war British prime ministers, Peter Hennessy describes Sir Alec Douglas-Home as virtually ‘the final flowering of an admirable breed. . . . Like the last of the steam locomotives which were on their twilight journeys at exactly this time . . . he was Mallard, pulling one last express from King’s Cross’.[3] The whistle that sent Britain’s last steam-powered premier on his way was blown by Harold Wilson in one long blast from his promise to harness the white heat of the technological revolution in October 1963 to the hundred days of dynamic action which would supposedly follow his victory in the General Election a year later.[4] In opposition, Wilson argued that Beeching’s terms of reference should have covered the whole of inland transport, not just the railways, and that ‘transport is not a single problem capable of being looked at in isolation. It is part of the wider planning problem – economic planning, social planning, town planning’.[5] Labour’s manifesto stressed the new thinking that would make a new Britain, attacked the Victorian nostalgia of Conservative economic policy, offered virility in place of sterility, planning (both national and regional) in place of chaos. It promised a plan for transport and that while regional plans were being worked out major rail closures would be halted.[6]

The Treasury found this section of the manifesto to be ‘more in the nature of an incantation than a set of proposals’ and by implying that a planned transport policy would be significantly different from Conservative policy the manifesto posed two problems for Tom Fraser, the pleasant fifty-something Scottish ex-miner Wilson appointed as Minister of Transport. First, the Conservatives’ policy had not ignored the need to consider transport as a whole or the relationship between transport policy and urban or regional planning to the extent implied by Labour’s critique. There may have been plenty of room for better economic planning, but Labour needed economic advice that would produce fundamentally different conclusions to those the Conservatives had reached, yet in drawing up a plan it was inevitably reliant to a great extent on the same advice as Marples had received and even its new advisers were examining the same set of circumstances. If this was unlikely to produce new conclusions, the prospect of doing so quickly, given the difficulties which had hampered transport planning under the Conservatives, was remote. The second difficulty was that for much of the Labour Party, and the rail unions in particular, the commitment to planning, coordination and integration was attractive chiefly as a shorthand for a quick change of policy that would reduce the number of railway closures, protect jobs in the railway workshops and recreate the BTC, which had become 'the ark of Labour's transport covenant'. Although the commitment to renationalize road haulage had been dropped, Labour retained an emotional dislike of private road haulage and in particular of C-licence traffic.[7] At the same time the Transport and General Workers Union, representing the labour wing of the road haulage industry, was implacably opposed to any assistance to its rail competitor which could not be justified on economic grounds and had its own ears and voice within the Cabinet in the shape of Frank Cousins, Labour's new Minister of Technology, TGWU General Secretary, former head of its road haulage section and rail-sceptic.[8]

Probably the best chance that Fraser had of producing a quick plan for transport was lost when the Cabinet vetoed the appointment of Beeching to draw it up. Given that Wilson's critique of *Reshaping* had been the supposedly narrow remit given to its author rather than the ability with which that remit was pursued, Beeching was a logical choice. However, the Cabinet, with Cousins prominent, forced Wilson and Fraser (who had persuaded Beeching to accept the job) to revise the proposal, saddling him with a team of assessors and precipitating the withdrawal of his acceptance. Instead he decided that he would leave the BRB at the end of May 1965, when he was replaced as Chairman by experienced railwayman Stanley Raymond. Cousins may well have been motivated by Beeching's argument, contained in evidence to a committee set up to examine the system of road hauliers' licensing, that heavy lorries were not covering the costs they imposed on the road network. The man appointed to conduct the study in Beeching's place, Lord Hinton, rejected this view (as did the MoT) and felt that the railways only existed because modern road transport had not been available when they were built. Unsurprisingly, his work produced nothing of use to a Government seeking a significant change in policy and by the summer Wilson was seeking ways to bury the exercise.[9] Throughout 1965 Fraser stuck doggedly to the view that Labour's transport policy should be based on thorough studies of the problem. He brought in new economic advice, recruiting Michael Beesley, and reorganized the Ministry, but there was little prospect of results before 1967. The Ministry began constructing a transport costs model covering the next 30 years, a study of future demand and the factors influencing it and an examination of how road pricing could be used to increase the cost of using congested roads. There are clear echoes here of Beeching's aims at the MGM and, like the MGM, these studies, although pursued, were overtaken by the need for action.[10]

Wilson had followed Conservative practice in setting up a Cabinet committee to oversee the Minister's decisions on closures and in June 1965 he expanded its remit to cover the development of transport policy.[11] The result was a full-scale row between Fraser and the committee's chairman Douglas Houghton, who produced a plan (heavily influenced by Raymond, and on similar lines to proposals made by the NUR and TUC) for the creation of a British Transport Authority, which among other things would have had significant powers to force freight traffic onto rail.[12] Although Fraser successfully fought this proposal, his continued insistence that new policy proposals should be based on the various planning studies underway within the Ministry created mounting frustration among his colleagues and the rail unions and fuelled the dissatisfaction which was evident within Labour's backbench transport committee from the early summer of 1965, while criticism of the Ministry mounted in Whitehall.[13]

In the absence of a new policy, Fraser was left facing the implications, not only of the manifesto pledge to halt all major closures until transport plans had been worked out, but also of the Party's willingness to imply that some closures would be reversed. A week after the election he warned his colleagues that this commitment 'appeared likely to be misconstrued as implying not only that all rail closures would be halted but also that those which [had been approved but which] had not yet come into effect would be cancelled'. One can easily imagine the dismay in Whitehall at the prospect of Fraser agreeing to this; cases would have to be re-examined, savings would be lost and quite what would have been done about the subsidized replacement bus services, or what Beeching's reaction would have been, one can only guess. In the fortnight before the election, officials sought the advice of the Treasury Solicitor who replied that, while the Minister could issue directions of a general nature, a direction to halt closures approved by Marples which had yet to take place would not be 'of a general nature' as it would only affect about 25 lines and that no power existed to direct Beeching to reopen lines. It was advice that Fraser and the Cabinet were quick to accept.[14]

Fraser's November statement attempted to steer a path between his own backbenchers' dissatisfaction with this decision and Conservative criticism that 'the first fruits of "Go With Labour" are to hold up the modernization of the railways'. The statement gave the impression that Fraser would not consent to any major closure while regional transport plans were being worked out, but he made it clear in response to questions that there was no commitment to halting closures until these plans were finalized, nor could he cite a case in which he felt Marples had made a wrong decision. This retreat from the manifesto was covered by the introduction of a new procedure under which proposals were sent to the Minister before publication so that any obviously unacceptable ones could be vetoed at an early stage ('early sift'); by Beeching's agreement to leave the track in place where lines did close, so that they could be reopened if subsequent study suggested that they should be; and by Fraser's refusal to close a number of stations on the Settle–Carlisle line. The combined effect gave the impression of a change of policy; but, as was recognized in the Treasury, a great deal would turn 'on the meaning of the word "major"'. The statement allowed major closures to be defined as those which might conflict with regional transport plans, a definition which could be as narrow or as wide as the Government decided.[15]

There is every likelihood that Marples would have reached a similar decision on the Settle–Carlisle proposal, as the BRB's inability to meet the Ministry's requirements for alternative services had been the subject of discussions since the spring.[16] The requirement to leave the track in place following closure merely applied to every case a procedure Marples had instituted when agreeing to the Berwick–St Boswells closure in 1964 and which he had applied in the Romsey–Andover, Dumfries–Stranraer and Nuneaton–Leamington cases.[17] As considerable sums could be raised by selling the track for scrap, Fraser told Beeching privately that he would do all he could to allow lines to be lifted sooner rather than later. In any case the track was of little use once left unmaintained for a few months.[18] 'Early sift' self-evidently did not make any difference to the number of lines eventually closed. The officials who proposed it envisaged that only four of the cases already considered would have been weeded out in this way and by the end of November 1965 only Exeter–Barnstable/Okehampton and Cramlington Station had been rejected at this stage.[19]

Even as Fraser prepared his statement, the BRB's announcement of its intention to close completely most of the former Great Central main line between London and Sheffield increased the pressure for a change of policy and brought the three rail unions to a meeting with the Minister at which they pressed for action. Within a week of the statement being made, Fraser's assertion that he lacked the power to intervene was challenged in the House and he was bombarded with questions on individual cases, including a call for Scottish closures to be halted completely. The publication of the *Trunk Routes* report in January 1965 raised the temperature further (despite Fraser's success in getting Beeching to tone down the maps to make it look less like a closure programme[20]) and Wilson urged Fraser not to welcome the report in a way that might imply the Government was contemplating closures beyond the existing programme.[21] The insincerity of the Government's position was fully exposed when in February 1965 it refused to make time to pass a ten-minute rule Bill introduced by the Conservative MP for Scarborough and Whitby, Sir Alexander Spearman, which would have amended the Transport Act to allow Fraser to reverse Marples' decisions. This was all the more embarrassing as Spearman prefaced the introduction of his bill by reminding the House of Commons that Wilson had 'clearly . . . precisely and unconditionally' pledged to halt the Whitby closures and had subsequently confirmed that this would have been done were it not for the 1962 Act. Wilson's comments on the Whitby lines were obtuse enough to allow him to claim that he was 'not aware that he gave a personal pledge' to save them (the gradual erosion of the *Whitby Gazette*'s post-election optimism to its profession of bewilderment at Fraser's November statement makes sad reading).[22] However, with Fraser now arguing that the Great Central proposal was 'very far from being "major" in any sense of the word', the Government's position was becoming ludicrously distant from its stance at the General Election and, with the backbench transport group pressing for a change of policy, Wilson had the matter brought to Cabinet. Once again the policy was endorsed and Fraser attempted to reassure backbenchers by announcing greater consultation with the Regional Economic Planning Councils (REPCs) that Labour had established.[23]

Once again the change was cosmetic. Although Fraser formalized regional consultation, this was a development of the Conservatives' informal practice of referring proposals to the Regional Study Groups they had established, rather than a genuinely new policy. Unsurprisingly, the REPCs found it difficult to judge proposals without any knowledge of the BRB's plans for the freight network, details of which they were not given until 1966, and the change had little effect on either the closure programme or pressure to bring it to a halt. Regional opinion was not necessarily unfavourable to closures. For example, the South West REPC had no objection to the closure of the Somerset and Dorset line or the branch lines to Lyme Regis and Seaton and saw the closure of ten intermediate stations between Salisbury and Exeter as a good thing, because it would speed up services to the latter from London. The REPCs' attempts to draw up regional transport plans were bedevilled by the same problems that Whitehall's transport planning faced and pilot studies of regional transport problems involving academics from local universities were still at an early stage in May 1966. In February the following year, Michael Stewart, First Secretary at the Department of Economic Affairs (DEA), told his colleagues that the Councils were complaining that they lacked back-up staff and information and that neither they nor the relevant government departments were sure what they should be doing. Stewart admitted that 'fundamental economic research on the regions is lacking and we are not in a position . . . to give them the basic assumptions' on which to base regional economic plans.[24]

Fraser's officials were surprised at the ease with which they convinced him to continue the closure programme. His initial Cabinet paper on the subject was drafted 'entirely in accordance with the Department's earlier thinking'.[25] Like Marples, his decisions reflected the advice of officials on individual cases and so, even if Spearman's Bill had been passed and previous cases reopened, officials would still have advised that the lines to Whitby should close.[26] The permanence of the official machine is evident in a draft letter to Philip Noel-Baker, the Labour MP for Swindon and a long-standing opponent of closures, presented to Castle when she replaced Fraser in December, containing a repetition of Marples' assurance to Macmillan that 'our experience is that in fact opposition to closures nearly always peters out once the decision has been made, and the forecast hardship hardly ever materializes'.[27] However, unlike Marples, Fraser was not comfortable at being 'in the doghouse' with the unions and backbench MPs. While the Conservatives had used the Cabinet committee system to subject Marples' enthusiasm for closures to the scrutiny and restraint of his colleagues, Fraser had to be dissuaded from bringing every case, even the Halwill Junction–Torrington line which almost nobody used, before his colleagues. Although Fraser wanted a campaign to convince the Party his policy was right in March 1965, he would have accepted a review of policy by the Cabinet's Economic Development Committee if Wilson had wanted a change.[28] A determined stand by the Prime Minister, Chancellor James Callaghan or First Secretary George Brown at the DEA could have changed Fraser's mind.

Wilson's eventual support for Fraser's policy in March owed something at least to a plea from the Minister of Power, Fred Lee, who faced similar problems over the NCB's pit closure programme, which Lee supported and feared would be the next target if rail closures were halted. It also reflected the strong advice he received from Cabinet Secretary, Burke Trend, which stressed 'the government's declared intention to modernize British industry'. A key factor was the acceptance of closures by the Treasury ministers, with the DEA's acquiescence.[29] Although Treasury officials could press for action on other means to cut the railway deficit, the closure programme was the only way in which they felt they could exercise a direct influence and, believing that halting closures would cost £20 million, they were eager to know what was happening at the Ministry in the election's aftermath and to impress this figure on the new regime. They succeeded in getting it inserted into Fraser's November statement and in watering down his interpretation of the manifesto commitment. Although the BRB had confirmed the £20 million figure, it is unclear whether either ministers or officials knew that this was 'an off-the-cuff check' which the Ministry did not feel could be relied upon.[30]

While Treasury officials were willing to accept that lines such as Manchester–Bury and Huddersfield–Penistone should remain open, once the initial post-election controversy was over they began trying to get the programme back up to speed, especially when it became clear that the railway deficit would be as much as £130 million in 1966. In doing so they were consistently able to rely upon the support of the Chancellor, whom Richard Crossman felt had become 'almost a parody of the Labour man taken over by his officials', and the Chief Secretary, John Diamond. When a change of policy seemed possible in March, Callaghan wrote to Wilson arguing that the closure programme should be accelerated, not slowed or halted, on the grounds both of cost and of validating the commitment to modernization, and by the end of the year Treasury officials and ministers were united in pressing for action on the implications of *Trunk Routes*.[31] Officials presented the issue to ministers as a test of their ability to govern and to Labour supporters by calculating that the railway deficit represented five-and-a-half pence on a packet of cigarettes and three-and-a-half pence on a pint of beer.[32] Houghton appears to have been the only minister to seriously resist these pressures. Clearly, if Fraser had 'fallen into the hands' of his officials he was not alone.[33]

In December 1965, Wilson sacked Fraser, a move which appears to have been primarily motivated by the need to heal Labour's divisions on transport with an election obviously approaching. Asking Barbara Castle to take the job, Wilson told her 'we have *got* to have an integrated transport policy: I can't hold the Party otherwise. And the Party is the key to everything'.[34] The continuity of rail policy under Fraser can be seen as one example of Labour's reaction to the unexpected financial crisis that confronted the new Government in October 1964, but the controversy surrounding it seems to have been generally confined to the areas affected and the Labour movement; certainly, Fraser was able to report that the extremely favourable reception *Trunk Routes* received indicated support for modernization.[35] While there is some justification in the criticism that he was unable to take decisions and unduly reliant on his officials, Fraser's downfall was precipitated by his commitment to a planned transport policy. Even if such a policy could have been devised so as to justify a halt to the closure programme, it could not be done quickly enough to satisfy important sections of Labour Party support; and without a new policy the advice that Fraser received on individual closure proposals was unlikely to differ from that which Marples had received. Transport planning, it turned out, was at odds with the maintenance of an aura of dynamic change. It was in this respect that Fraser clearly failed to deliver and in which, on the face of it, things were to change with the arrival at the Ministry of Barbara Castle.

Castle's transport policy

Castle's reputation as an innovative minister of transport who restored a measure of coordination to transport policy and gave rail a better deal rests primarily on a series of measures contained in the Transport Act 1968.[36] Although she refused to recreate the BTC, the Act's provision for Passenger Transport Authorities to coordinate transport in urban areas and its creation of a National Freight Corporation (NFC) to control the former British Road Services, the BRB's collection and delivery services and various rail freight services, including freightliners, largely satisfied Labour's desire for coordination. Its provision of subsidies for loss-making rail services and a 'quantity licensing' system for road haulage, designed to divert freight from road to rail, combined with her commitment to an 11,000-mile rail network, rather than the 8,000 implied by the final round of Beeching's traffic studies, give even a critic such as Henshaw the impression that she successfully challenged the pro-road bias of the Ministry and its Permanent Secretary Sir Thomas Padmore, an impression which owes much to the weight of opposition brought to bear on quantity licensing by the RHA and the Conservatives.[37]

Castle improved the Ministry's planning apparatus, appointing Christopher Foster to head a new economic section; she certainly hoped to get more freight onto rail and was a reluctant closer of railway lines. She brought with her temporary civil servant Christopher Hall, a former journalist who, while working for Castle at Overseas Development, had led the campaign against closure of the North London Line so successfully that in June 1965 it had been the beneficiary of an unprecedented announcement of reprieve without a proposal being published; although Hall does not appear to have been involved in devising rail policy following his transfer (and closure of the North London Line was never likely). However, the idea propagated by Castle that she personally transformed transport policy should be resisted.[38] Her policies drew on work conducted under Fraser and Passenger Transport Authorities in particular were a concept the Treasury had been advocating before the 1964 General Election.[39] Two areas in which Castle notably failed to provide a new impetus were the development of road pricing, which officials saw as a vital component of the modernization of transport policy,[40] and investment in the core rail network. The net disinvestments during 1963–73 outweighed the investment of the previous 15 years. While this reflected the high level of scrapped equipment and the completion of a programme of motive power acquisition, the railways found it hard to interest Whitehall in investment directed at the core network of trunk routes, such as continuous welded rail, electrification and colour-light signalling, and total gross investment in the railways in 1969 was over a third lower in current prices than in 1964 and lower in real terms than at any time since nationalization.[41] At the same time Castle strongly defended the roads programme against cuts. She was all too aware of the political dangers of antagonizing motorists, particularly as increasing numbers of Labour supporters would be acquiring cars in the future, and warned her colleagues that attempts to introduce some form of road pricing would be controversial.[42] What Castle brought to the Ministry which Fraser did not was a recognition that Labour's supporters would not be satisfied with continual assurances that studies were underway and that they required policy decisions sooner rather than later. This reflects the fact that her primary purpose at the Ministry, in particular during the early months of her appointment in the run-up to the General Election of March 1966, was to defuse the Party's internal divisions over transport. She played a crucial role in averting a strike by the NUR in early 1966 by promising a new deal for the railways, a promise supported by her commitment to creating a new body to coordinate nationalized freight transport, which was intended to benefit the railways, and reinforced after the election by a presentation at which she and Raymond showed union representatives maps of what Beeching would have done and what they proposed.[43]

In early 1966 Castle held private talks with Raymond at which she urged the need for a study to identify the loss-making parts of the railway and set the BRB an achievable target. Raymond was reluctantly persuaded to accept the appointment of a Joint Steering Group (JSG) consisting of two Ministry officials and one each from the DEA and Treasury, BRB representatives, two businessmen and an academic. The chief outcomes of this exercise were a lengthy and unsatisfactory reorganization of railway management and Raymond's sacking in October 1967 (although there is some dispute over the relative significance of Raymond's disagreements with Castle, Ministry officials' alleged lack of faith in him and the views of the independent JSG members in bringing the latter about). It also influenced the details of the 1968 Act's provision for railway subsidies and the financial reconstruction of the BRB.[44] Raymond's dissatisfaction with the outcome of the talks, during which his subsidy proposals were rejected, made it all the more important for Castle to present her policy as pro-rail. Yet her advisers were unable to make a case for diverting freight from road to rail, the initial pro-rail aim of the National Freight Authority was abandoned and Castle accepted that her quantity licensing proposals would not be introduced until the freightliner network had proved itself. She later blamed her successor Richard Marsh for not implementing quantity licensing before the Conservatives returned to office, yet she would have found it difficult to justify doing so, as freightliners were not operating at a profit or to the extent originally envisaged by 1970. Quantity licensing was intended to prevent private hauliers obtaining licences to carry large or long-distance loads where the NFC or BRB could offer as good a service; but this would only have transferred to rail that small proportion of total freight traffic that the railways claimed they could carry more economically than road (a claim they would have to demonstrate in order to prevent a licence being granted), an absolute maximum of 30 million tons a year. Castle was well aware that any measure designed to produce a shift of freight from road to rail which could not be justified on economic grounds would never have been accepted by the TGWU and the MPs it sponsored and quantity licensing was largely a device 'to bind the railway unions to a railway policy which in many respects was tough on the railways'.[45]

Rail subsidies

As we have seen, Whitehall had been prepared to consider subsidies for parts of the rail network in 1959 and although the idea had not come to fruition it had never been ruled out indefinitely, while some form of financial reconstruction had been expected to take place in or around 1968. When ministers first saw the *Beeching Report* in 1963, they had hurriedly sought Treasury advice on how subsidies might be paid and officials initially favoured a lump sum reviewed every two years.[46] This proved impractical and discussion petered out in the autumn of 1963 without any decision being taken.[47] By early 1966 some senior Treasury officials were prepared to contemplate the idea that the time was right for social subsidies.[48] The important considerations from their point of view were to avoid permanent payments, which would make it difficult to withdraw services in the future, to provide an incentive for economies and, by separating out the social railway, intensify pressure to reduce the deficit on the rest, concerns which were met by the 1968 Act's provision for grants for socially necessary services subject to a three-year maximum limit.[49] Raymond's attempts to get a general payment relating to what he called 'standby capacity', to be used in emergencies, were met with scepticism at the Treasury. A JSG investigation of the concept revealed that there was substantial surplus capacity (in the form, for example, of four-tracks where two would suffice for normal traffic), encouraging the Treasury to believe that 'there are likely to be greater economies from slimming the present system than from shortening it' and the Transport Act included a grant aimed at encouraging the elimination of this capacity.[50] So while the Act achieved Castle's objective of identifying and funding a social railway, it did so in a way which was generally acceptable to the Treasury and was a development rather than a change of Conservative policy.

The calculation of grants for individual services gave no real indication of their losses, because contributory revenue was completely excluded and renewals at replacement cost, interest and administration contributions were included. Castle had hoped to apply cost-benefit analysis to every unremunerative line, but this proved impossible, not least because the BRB could not produce the data required.[51] In 1967 it was decided to carry out a cost-benefit analysis of Machynlleth–Pwllheli as a test case. In 1969 this recommended closure, although there was a great deal of argument over its findings and the line remains open.[52] In March 1970 the Ministry announced the setting-up of a cost-benefit analysis of all rail services in Cornwall, intended to judge the consequences of their withdrawal. Designing the questionnaires involved and managing their analysis by computer proved a complex task which had run into the ground by the middle of 1972, by which time it was not expected to be complete before October 1973 and was already out of date because bus services had been withdrawn or rescheduled; plans to publish it were abandoned.[53]

The closure procedure followed under the 1968 Act fell a long way short of a full-scale cost-benefit analysis but was 'based on the same principles and . . . intended to achieve, roughly speaking, the same result'. It included an estimate of the value of time lost to passengers as well as hardship and social and economic factors. However, the closure procedure was too time-consuming to be applied to every case before a grant was paid and so the Ministry employed a simple test of deficit (i.e. grant) per passenger mile to select services that would be proposed for closure. Those with a deficit of less than sixpence per passenger mile were generally given a grant and those with a deficit of more than eight pence per passenger mile were likely to be put forward for closure (the deficit per passenger for whom no alternative service was available was also calculated). Officials recognized the limitations of this crude approach and in 1970 it was replaced by a calculation of earnings as a percentage of short-term and long-term costs. This was not much more sophisticated, but officials needed some reasonably quick method of selecting candidates to subject to the fuller investigation of the closure process. The grant-aid procedure also involved officials in decisions over the level of service, fares and the relationship between services. Even without a full cost-benefit analysis, it proved impossible to process much more than two-thirds of the grant applications before the Act came into force. By 1970 it was clear that the level of grant bore little relation to the marginal cost of retaining a service and that, without more staff, the Ministry could not hope to fulfil the objectives of the 1968 Act in terms of assessing the value of services.[54] Although Foster's study of the Manchester-area services referred to in Chapter 1 illustrated the usefulness of the method, cost-benefit analysis simply could not be applied to every case, nor would it necessarily have resulted in a larger network.

Network for development

By the time Castle met Raymond in early 1966, studies implying an 8,000-mile network of which under 5,000 miles would be open to passengers were complete, yet in March 1967 the BRB and the MoT published a map, *British Railways Network for Development*, based on the idea that the system should be stabilized at 11,000 miles, with approximately 8,000 miles open to passengers. Had the 8,000-mile network been implemented, there would have been no passenger railway north of Glasgow–Aberdeen, most of Carlisle–Kilmarnock and the Stranraer, Oban, Fort William and Mallaig lines would have closed. The sum total of lines in Wales would have been the main lines to Holyhead/Caernarvon and to Swansea plus a few branches in the Cardiff area and Shrewsbury–Wrexham–Chester. The Shrewsbury–Hereford–Newport route would also have closed almost entirely. In the south-west only the main lines from Bristol to Plymouth/Torquay and Basingstoke to Weymouth, a branch to Westbury and another to Salisbury would have been left. Skipton, Whitby, Scarborough, Skegness, Cromer, Newbury, Yarmouth and Lowestoft would have had no railways. Huddersfield to Manchester and Oxford to Worcester would also have closed.[55]

It is important to avoid the assumption that because these closures never took place their rejection was inevitable. However, even *Network for Development* implied passenger closures which have never been implemented, including Leeds/Bradford–Ilkley/Carnforth/Carlisle, Hull–Scarborough and the Pwllheli, Braintree, Uckfield, Newquay, Exmouth and Falmouth lines, among others. The pattern of official advice and refusals before October 1964 suggests that even a Conservative government with an overwhelming majority and led by Ernest Marples could not have implemented the 8,000-mile proposal without legislating to abolish the consultative procedure altogether, completely altering the way in which closure proposals were considered within Whitehall, quelling considerable internal dissent and either completely ignoring the wider social and economic impact of closures or spending large sums on road improvements. Such a government might, however, have been able to achieve much of the programme by the mid-1970s, had it not been for the political difficulties involved.

Some railway managers had never been entirely won over to Beeching's approach. From late 1963 the view that, rather than cutting out unremunerative services, the railways should reduce total costs gained ground within the BRB and the proposal to stabilize the network at 11,000 miles seems to have come from the Board.[56] However, when the Ministry began to receive detailed proposals arising out of the *Trunk Routes* study in late 1965, officials realized that these ran counter to Fraser's decision to refer the east Lincolnshire case back to the BRB, his refusal to close the Settle and Carlisle local service and their own expected recommendation against closure of intermediate stations between Huddersfield and Manchester.[57] The removal of trunk-route traffic from these lines would have altered the financial arguments over the specific services, at least in the latter two of these three cases; nevertheless the problems implied are clear enough.

It is hard to detect any reversal of the Ministry's approach to closures under Marples in the genesis of the *Network* map. Although the network Raymond proposed in 1966 contained only 630 route miles of passenger closures which had either been included in the *Beeching Report* and subsequently rejected or had not been included in the first place, officials felt it contained a number of unpromising proposals and soon identified a couple of dozen which would be particularly controversial, about half of which would be rejected at early sift. Some of the problem cases had been rejected by Marples (Middlesbrough–

Whitby, for example), others were commuter services (such as North Berwick, Ashford–Ramsgate and the Tyne electric services), served major holiday routes (York–Scarborough), or were lines the retention of which had been integral to other closure consents (Peterborough–Oakham).[58] Skegness was reprieved once the BRB's response to Fraser's request for a revised east Lincolnshire proposal arrived at the Ministry, proposing the retention of the line. Fraser's request was made on the basis of official advice, itself reflecting concern expressed by the BoT, the MHLG, the Ministry of Agriculture, the area TUCC and the Central Electricity Generating Board (CEGB).[59] Only a handful of services were added to the network for retention following REPC advice, which was rejected in three cases; and Castle, who had initially hoped to cut out the TUCC procedure to speed up the closure process, also accepted the Ministry's hope that Dingwall–Kyle of Lochalsh would close once road improvements were carried out.[60] A batch of 26 decisions announced on 20 September 1966 which caused alterations to be made to the draft map were broadly in line with the policy Marples had followed, in particular the general concern of his officials over holiday lines and commuter services, despite attempts in the accompanying press release to identify the decisions with Castle personally. She had been advised to refuse consent to St Erth–St Ives and Liskard–Looe because both carried substantial numbers of holidaymakers and 'present an intractable road traffic problem for alternative bus services' (Castle's 'determination' to preserve links to holiday resorts did not extend to Bodmin–Padstow where the Ministry felt the roads and buses could cope). The refusal to close Hope and Edale stations in order to preserve access to the Peak District National Park, and of Bury–Rawtenstall had been foreshadowed by the MHLG's concerns in August 1963. Where Marples had been prepared to close Cambridge–St Ives–March in 1964 despite difficulties in providing alternative bus services between Cambridge and St Ives, Castle reprieved this portion; but, as Marples' colleagues had postponed a decision, the difference between them was in desire rather than outcome.[61]

If Castle's map was largely a reflection of existing policy, both its content and presentation took account of the political difficulties of rail closures, brought home to her during the 1966 election campaign.[62] This was particularly evident in the map's depiction of Welsh lines. Officials saw revived proposals to close the lines west of Shrewsbury as particularly controversial and Cledwyn Hughes, the Welsh Secretary, in the course of a strong but unsuccessful bid to have the Shrewsbury–Llanelli line marked for retention, told Castle that the inclusion of the Pembroke Dock line had led to her policy 'being seen in Wales as even more severe than the Beeching proposals'.[63] Castle sought to convey the impression that she had halted the closure programme by publishing *Network for Development*. In fact it portrayed a smaller network than the one existing at the time; but the key presentational point was that it was larger than the one Beeching's studies implied.[64] Originally, it was intended to publish a list of closure proposals with the map, in the style of *Reshaping*, but this did not happen, presumably because the Ministry appreciated that this 'would echo the Beeching method of presentation and impair the different impression of handling railway matters which the Minister is trying to create'.[65] What neither the unions nor the public knew was that the map was accepted by the Treasury because officials believed that it represented the practical limit of what the closure programme could achieve by 1970, a reasonable estimate given that in 1967 the network stood at about 13,000 miles in total, of which about 10,000 miles was open to passengers. Pressure from the Treasury and the DEA obliged Castle to privately accept the possibility of a further contraction after 1970.[66] The two departments sought to water down references to halting drastic reductions in the network contained in Castle's *Railway Policy* white paper of November 1967.[67] They were also anxious to stress that a larger network should not mean a larger investment programme to develop the core network in the intensive way Raymond had envisaged and to this end wanted the original title of 'Lines for Development' altered to 'Lines for Retention'; replacing 'Lines' with 'Network' kept both sides content.[68] The ambivalence of Castle's policy was illustrated by the headlines covering reports of a speech by Raymond in March 1966: 'Beeching Axe must chop on says rail chief' (*Daily Express*) and 'Railways retreat from the Beeching cuts' (*Daily Mail*).[69] Castle's map ensured that it was the latter interpretation which endured.

Having proved herself able to solve the Party's internal difficulties on transport, Castle was whisked off by Wilson to tackle the more contentious issue of industrial relations before she had finished guiding her Transport Bill onto the statute book, and replaced by Richard Marsh, who had fundamental doubts about the quantity licensing proposal. The move suggests Wilson saw transport in terms of party management rather than significant in itself.[70] Marsh was left with three particularly tough decisions, Edinburgh–Hawick–Carlisle (the Waverley line), Shrewsbury–Llanelli and the east Lincolnshire lines (Peterborough–Grimsby and the branches to Skegness and Mablethorpe), which indicate the difficulty any minister would have faced in pursuing the 8,000-mile target. What distinguishes these three cases is the extent to which closure would leave large areas with poor roads far from any rail service.

The Waverley line was considered by ministers in spring 1968. The proposal headed a lengthy list of government actions which the Scottish Secretary argued had led to a feeling in Scotland that 'we get more than our share of [unwelcome] decisions'. Reminding the Prime Minister of recent nationalist electoral successes, he put up a very strong, but unsuccessful, fight in favour of at least retaining Hawick–Edinburgh for three years, as it served an area of 'chronic depopulation' to which the Government was attempting to attract industry. Even the Scottish Economic Planning Council 'which was usually hard to convince that there was sometimes a case for retaining uneconomic railway services' opposed closure. However, while population had decreased by 9.5 per cent during 1964–7, the number of passengers north of Hawick had dropped by 30 per cent and the number of cars had risen by 120 per cent. There was a strong element of symbolism on both sides. Marsh argued that it was more important than ever to reduce the burden of the railway deficit and that rejecting this closure would make it harder to justify others, while the Scottish Secretary pointed to the damage the closure would do to economic confidence in the area. Given that there were only 30 season ticket holders between Hawick and Edinburgh and the subsidy of over £390,000 a year for that section compared with an anticipated annual subsidy of £150 million to the railways, both could be accused of inflating the significance of the case, although the reaction to closure suggests that if they were not alone. On the penultimate day of operation two trains were delayed by bomb scares and passengers on an excursion train were jeered by a crowd at Hawick. The final train was stopped by a crowd on the level crossing at Newcastleton and in the ensuing confrontation the minister of the local kirk was arrested. Following mediation involving the local MP, David Steel, an exchange of prisoners was agreed, the minister was released and so was the train.[71]

The Waverley line closure seems particularly hard to defend, given the outcome of the proposal to close Shrewsbury–Llanelli, which ministers discussed in the summer of 1969. This too would leave a substantial area without a rail service, but usage had declined significantly since 1964 (when Marples had refused his consent to closure) and the line had only six regular daily passengers. It served no intermediate place of comparable significance to the border towns and required a subsidy of 21d per passenger mile, against the 16.8d which would have made Edinburgh–Carlisle one of the most expensive lines to keep, nor was there the prospect of any economy in operation. Nevertheless, the Welsh Secretary George Thomas, who had warned Wilson of the dangers of being seen to 'out-Beeching Beeching' in Wales the previous summer, defended it as strongly as his Scottish counterpart had defended the Waverley line the year before. The significant and decisive difference between the two was that the Welsh Secretary was able to deploy the fact that three marginal seats bordered the line, there was a strong nationalist challenge posed in Llanelli and the case had taken on a national significance in Wales. He was strongly supported by Eirene White, the Party Chairman, who warned Wilson that

> closure would at once give the Nationalists exactly the rallying cry they need. We should lose Brecon and Radnor and Cardigan and forfeit any hope of defeating Gwynfor in Carmarthen. It could make things more difficult in several other seats.

Armed with this warning, the Prime Minister chaired a discussion of the case at which, surprisingly given their view the previous year that the Waverley line mattered little to the economy of the border towns, ministers decided that '[w]ith the development of Mid-Wales, the use of the railway for passengers and freight could develop markedly' and deferred the decision for review in 1970.[72]

The east Lincolnshire proposal, although it had aroused considerable opposition, posed fewer political problems; but its complexity illustrates the difficult territory surrounding really large savings. Essentially the problem was how to maintain services for holidaymakers to Skegness and Mablethorpe, given that they were on the end of separate branches from a duplicate through route between Peterborough and Grimsby, connected to Lincoln by another line, none of which seemed worthy of retention other than as conduits for holidaymakers. Marples had deferred his decision on the Lincoln line in 1963 so that the whole network could be considered together, and Fraser had rejected the proposal to close it all; but it was not until 1969, after detailed consideration of various permutations, that a decision was taken to maintain only the Boston–Skegness service (although closed, the Peterborough–Spalding section was almost immediately restored with a local authority grant).[73]

Taken together these three cases indicate the political and administrative difficulties that would have faced any attempt to pursue the 8,000-mile objective. Publication of the Waverley line proposal had been deferred in 1964; Shrewsbury–Llanelli rejected that year and resubmitted; the east Lincolnshire closure was the outcome of a continuous process dating back to 1963. How long, then, might it have taken to implement the closures implied by the 8,000-mile network? However, to dismiss *Network for Development* as purely a presentational trick with no real impact on the closure programme would be to ignore its symbolic significance. Castle may have been forced to accept the possibility of a new closure programme after 1970 but she ensured that if such a programme was pursued it would be seen as a departure from existing policy (even though arguably it would not be), thus raising the political temperature. It also meant that after 1967 few new closure proposals were being published, so there was not much of a closure programme to accelerate by 1970 and any government elected that year would have to produce major proposals quickly if it decided to reduce the size of the railway significantly and wanted to get the closure programme out of the way before the next election.[74] Whether or not Castle was thinking this far ahead, this was precisely the difficulty which faced the Conservatives after 1970.

End of the axe

The Conservatives returned to power under Edward Heath in June 1970 with their desire to modernize undiminished. Whether this was a modernization of the post-war mixed economy/welfare state settlement or an attempt to achieve ‘a neo-capitalist El Dorado’, it was intended to involve less public spending and less state activity.[75] It seemed at first that this would include a further round of closures.[76] The new Minister, John Peyton, was now in charge of a Department of Transport (DOT) within the newly created Department of the Environment, under Secretary of State Peter Walker, and the pair quickly recruited Marsh to chair the BRB. By the time Peyton took office his officials had already established a working party to look at a selection of railway scenarios for 1985 or 1990. One involved closing them entirely, although this was probably for comparative purposes rather than a serious suggestion. It was already clear that the 1968 Act would fail to put the BRB on a sound financial footing and a loss of £140 million in 1980 was anticipated. Officials saw little hope of improving the financial position by closing the half of the network which was carrying 25–35 per cent of the traffic, as this would not reduce investment or help the BRB's accounts (as the savings from closure were much less than the grant aid provided) and there seemed little hope of cutting staff costs or raising revenue. Indeed it was suggested that in some cases prices should be lowered for environmental or social reasons. It therefore made sense to at least examine the effect of a significant contraction.[77] However, within four years the prospect of a further closure programme had receded, apparently for good.

These studies were given added momentum in September 1970 when the Cabinet examined ways of reducing public spending by £1,000 million by 1974–5. Ministers agreed that the London commuter network, which was losing £15 million a year, should be made self-supporting through fare rises of 30 per cent in real terms over the next three years (a policy undermined by subsequent price restraint) and asked officials to see what other rail savings could be found.[78] However, the Welsh Secretary soon made it clear that he would fight any closures and the Scottish Secretary seemed likely to do the same. The Deputy Secretary was warned that the 'battle will be bloody and the gains small'; 20 closures a year would be required simply to keep the grant at its existing level. Even this would cause 'very real political trouble' and the Minister was advised to offer no reduction in it beyond the London commuter subsidy. By early 1971 the Department had a list of 110 lines failing to cover even their short-term marginal costs, which was presented to the Cabinet's Economic Policy Committee in July. Peyton and his officials appreciated that if they threatened all unremunerative services at once, users of those services would make common cause against the plan. Therefore the programme was not only limited to the 70–80 cases needed to hold the grant level steady, but would be published piecemeal. Twelve proposals would be announced immediately, another 12 or so by early 1972 and then handfuls at intervals of a few months.[79]

Despite this cautious approach, the Scottish Secretary refused point blank to accept closure of the Wick line, even to the extent of proposing commuter services as alternatives; the Welsh Secretary was equally intransigent over the Whitland–Pembroke Dock and Shrewsbury–Llanelli services and Peyton and the Chancellor accepted the political case for postponing any announcement.[80] Although Peyton hoped to take up the case for Scottish and Welsh closures again, the Welsh Secretary warned that the closure programme 'has now gone as far as it can go without prejudicing the economic and social life of many parts of Wales' and that he would oppose any further contraction in the next two years, while rumours of a 200-service closure programme had mobilized opposition across Britain.[81] As one official remarked, 'the irrational and sentimental attraction to the retention of particular rail services at a time when so many of the development areas [as the areas of economic decline were now known] are experiencing serious unemployment' was a significant factor.[82] Many people appeared to believe that rail services had a greater transport significance than their traffic suggested. Clearly, maintenance of the Inverness–Wick and Shrewsbury–Llanelli services, at a cost 'almost absurdly expensive in comparison to the standards we use in England', had taken on a symbolic significance that far outweighed the impact which closure would have on the average of 525 people who used the former and 360 who used the latter each day, or the £600,000 it was believed their closure would save; but if bankruptcies and redundancies were blamed on closures, it was difficult for the Government to prove otherwise. Less contentious alternatives could be found, but the case for closing them was more marginal.[83] By the time Peyton had compiled a list of 12 cases acceptable to the Scottish and Welsh Offices, the Treasury Chief Secretary expressed concern that the Government would look stupid if it proposed closures that would cost jobs while announcing Government spending elsewhere to create jobs and all but four of the cases on the list were reprieved. By early 1972 ministers had effectively placed a political moratorium on closures; its length remained open to question, but the eventual rundown of rural bus and rail services was still seen as inevitable.[84]

Meanwhile, the BRB and the Department had engaged in studies of various sizes of railway, completed in late 1971, one of which was as small as 3,800 miles. None appeared to be viable, but it emerged that most of BR's commercial traffic could be accommodated on a 6,500-mile network, 9,000 miles if grant-aided services were added. Although officials were not prepared to rule out a very much smaller railway permanently, a second round of studies concentrated on how withdrawing up to 123 grant-aided services or abandoning wagon-load freight would affect the commercial railway. The Board's studies showed that these alternatives would have little financial effect, but officials, whose own examinations suggested that the alternative scenarios would produce few social disbenefits, were critical of the assumptions behind the Board's work and expressed frustration that a network supposedly consisting of profitable passenger services, profitable freight services and grant-aided services (which were inherently profitable as far as the BRB's accounts were concerned) produced a hopelessly unremunerative whole.[85] The Board was asked to conduct another study aimed at identifying a viable railway. This produced a network of 5,450 miles on the assumption that only commuter services would receive grants. However, it was not profitable and the Board highlighted the transitional costs of achieving it. Further discussion between the BRB and DoT only produced agreement that no viable railway had been identified, that the 5,450-mile network was cheaper than the Board's favoured approach but less cost-effective in terms of the traffic it carried and that examination of the financial effects of adjusting the deployment of resources in the railway system should continue.[86]

Interviewed by *The Times* in 1975, Beeching described Marsh's argument that the size of the network was just right as 'almost too miraculous to happen to anybody except an ex-politician'.[87] The BRB had not convinced officials either; however, by the end of 1973 the Government had broadly accepted the Board's Interim Rail Strategy of maintaining the network at its present size and investing in it. This was part of a wider attempt to alter the course of transport policy, shifting resources from road to rail, abandoning the more ambitious plans for urban motorways, restricting urban traffic and road freight. This initiative immediately ran into difficulties. Restricting lorry weights might mean more small lorries rather than fewer large ones, the potential for transferring freight to rail was limited, there appear to have been no firm plans on how to restrict urban motorists and the trunk road programme was considered too vital to cut seriously. It soon ran into another when rail investment was cut in an attempt to restrain public spending.[88] Acceptance of the Board's proposals was made easier by the fact that for all their belief that a viable network could be identified, Whitehall officials could not identify one if the BRB's studies did not; they could only continue to press the BRB to do so. Moreover, the impact of closing significant numbers of grant-aided services was dwarfed by the size of the deficit. However, in mid-1972 officials still believed that a viable network could be identified and that the relatively insignificant cost of subsidies was no reason to abandon the search for savings.[89] The key factor frustrating any attempt at a closure programme was what one official complained of as 'the overwhelmingly most unsatisfactory part of the whole railway saga . . . the fundamental refusal of politicians to countenance the <u>possibility</u> of a significant rundown in rail services'.[90]

According to Marsh the prospect of a closure programme was killed when he showed Peyton a map indicating its impact on Conservative constituencies in rural areas. When a copy of the Department's report on the BRB's second stage studies was leaked to the *Sunday Times* in October 1972 and the public saw a map on which not only Inverness, Stranraer, Penzance, Aberystwyth and King's Lynn, but Ayr, Middlesbrough, Canterbury, Stratford-upon-Avon, Hereford, Blackburn, Burnley, Aylesbury, Salisbury and Chichester were removed from the rail network, Peyton faced exactly the problem he had hoped to avoid by publishing closures in small batches and all hell broke loose.[91] As the Chairman of the Broad Street Line (Richmond) Committee warned the following summer, 'Beeching caught the country unprepared [but] there is now scarcely one threatened line that is not forearmed with a defence committee' and many politicians had made promises of support which would now have to be honoured. The NUR promised to fight the plan 'tooth and nail'. In Aberystwyth, which would be left with Shrewsbury as a railhead, the local council unanimously resolved to organize protest meetings to prevent 'the death knell of Mid-Wales' and the mayor was quoted as saying '[w]e must fight, and fight to the death, even if it means going outside the conventional means at our disposal'.[92] Peter Walker responded to the leak by telling officials that he would not accept any significant cuts in the network.[93] Peyton and Marsh fell over themselves to reassure the public that the leaked map was just one of a series of options being studied (as indeed it was).[94] By the start of 1973 the Department saw little point in continuing studies of the viable railway, as it was politically impossible and the choice appeared to be whether or not to increase investment in the existing railway.[95]

Officials had not abandoned hope of achieving some savings from individual closures. The studies had undermined what had become known as the 'cascade' argument, that closing 'feeder' lines deprived the main network of revenue, and led officials to question the BRB's claim that closing these lines would damage the railways by removing revenue while leaving the burden of central costs, a portion of which was attributed to each service and therefore covered by the grant, unchanged.[96] The difference between the Ministry, which argued that closure of 73 grant-aided services would produce a net saving to the taxpayer of £12 million, and the BRB, which continued to insist that this would be wiped out by the knock-on effects, remained unresolved at the end of 1973. However by mid-1973 a cross-party consensus had emerged on the need to maintain the network at roughly 11,500 miles; Peyton was claiming credit for the fact that only 135 miles of railway had closed in the last three years compared to 3,430 under Labour and had ruled out large-scale closures to cheers from all sides of the House of Commons. By early 1974 Peyton had announced that even piecemeal closures would generally fail to reduce system costs and several lines whose closure had already been approved were reprieved.[97] The consensus on rail was cemented by Labour's Railways Act 1974, which was essentially the same as the legislation the Conservatives had planned and which replaced the 1968 grant system with a block grant (the Public Service Obligation or PSO), provided a further capital reconstruction, including a debt write-off worth nearly £200 million, and was accompanied by the Minister's instruction to provide a service from 1 January 1975 which was generally comparable to existing levels.[98] Interestingly, officials only realized that the way in which the railways could be subsidized was circumscribed by European Economic Community regulations after they began working on the details of the Bill, much to the horror of the Conservative Paymaster General.[99]

In 1974 BR identified 82 services on which each train carried an average maximum of 20 passengers and revenue was less than half of operating costs. When one compares the saving of £3.2 million that closing 38 of them and nearly 1,000 route-miles could deliver with the £324 million of public subsidy received by the BRB in 1975 and the reaction to the leaked map in 1972, the reasons for the stabilization of the network are clear.[100] The Treasury saw the new legislation as a formal recognition 'that British Rail is no longer a viable commercial enterprise, and that there is no foreseeable prospect of restoring viability'.[101] Undoubtedly, the inability to find the profitable sculpture Enoch Powell had claimed must be hidden in the marble block of the unremunerative railway some 20 years earlier was significant in prompting the change, but this search was curtailed, and the future of the grant-aided services secured, by the political repercussions of closures. The Beeching era was over.

Conclusion

Ten years after the publication of the *Beeching Report* the closure programme was abandoned, because it had become clear that there was no profitable core network, pursuing one would involve closing socially necessary lines and even closing those lines which served little social purpose would not save enough money to be worth the political difficulties involved. The promise of the Labour opposition to halt major closures if elected in 1964 may have been hollow, and the impression of having done so which Castle created with the publication of *Network for Development* misleading, but compared to the implications of the BRB's traffic studies a significantly larger network survived. Consideration of the social consequences of closures played an important part in this, because even if it had been politically possible to go further, to do so would have contradicted the trend in advice on individual cases, at least in the short term. Once the closure programme was slowed it was difficult to start it again within the lifetime of a single government and this added to the political disincentive.

Tom Fraser has been criticized for failing to alter his predecessor's transport policy, but Labour's belief in the need to consider transport as a whole and to base transport policy on a planned approach to the economy was not as radical a departure from Conservative practice as the Party liked to think. Nor was it an approach which could deliver quick results; indeed it had difficulty in delivering results at all, given the size and complexity of the tasks facing those responsible for transport policy in the 1960s. Instead Labour supporters were given a mixture of incremental change and symbolic postures. Key changes in transport policy, such as the subsidizing of specific rail services and the provision of conurbation transport authorities, were developments of rather than departures from Conservative policy, although they were significant developments and it would be misleading to assume that they were inevitable. Labour failed to make significant progress on the admittedly very difficult task of devising a means by which the price of road travel could be related to its real cost. More importantly, the need for significant investment in the core rail network, argued in successive plans of 1955, 1956, 1960, 1963 and 1965 and again in 1966 by Raymond and 1971–3 by Marsh, was not fulfilled; Marples remains the Minister who presided over the highest real-terms level of rail investment in the nationalized railway (albeit one which declined significantly during his period as Minister).[102] It is impossible to say whether the Conservatives would have pursued the closure programme to the conclusion implied by Beeching's studies had they been re-elected in 1964, but this chapter has illustrated the political difficulties that such a policy would have encountered and the likelihood that Whitehall's advice on individual cases would have frustrated attempts at a swift reduction to 8,000 miles. Certainly Marples' career did not benefit from his association with Beeching and by 1967 he appeared to some critics of the Conservatives as a lonely evangelist of technology and business.[103] The controversy over the quantity licensing proposals in Castle's Transport Bill may have reflected real ideological differences between the supporters of the two major parties, but this dispute was far more symbolic than those of 1947–53 and by 1974 a consensus had emerged on the need to stabilize and subsidize the passenger railway network. This consensus was to prove remarkably resilient, even as fundamental ideological differences between the parties became strikingly apparent over the ensuing 20 years.

8 The management of decline?

Only one major closure has taken place since 1974, the by then freight-only Hadfield–Penistone section of the former Manchester–Sheffield main line, and relatively few minor lines have been closed. The chief inhibitor of closures in the 1970s and 1980s was the political price to be paid for relatively small savings. A commitment to maintaining the network has become an important test of government's commitment to rail, yet the history of government–railway relations since 1974 has been dominated by the intractable problems of finance and the railways have come to be seen once again as indicative of national failure.

A permanent network?

The absence of major closures since 1974 might be taken as reflecting a greater appreciation of the social value of rail services, or a shift in perceptions of rail following the oil shock of the 1970s and the growing awareness of the dangers of global warming and the motor car's role in causing it. While it would be rash to completely dismiss these factors, the primary explanation is that, while closure programmes continued to be considered in the years before privatization, the savings were not worth the trouble involved. The disparity between the effort of implementing a major closure programme and the savings to be achieved was emphasized when in 1982 Sir David Serpell, veteran of the Stedeford Committee and subsequently Permanent Secretary at Transport and the DoE and part-time member of the BRB, was asked to lead an inquiry into the railways' finances and recommend ways of producing better results over the next 20 years. The inquiry's results disappointed both the Government and the BRB. Its work was cut short and rushed when the Minister, David Howell, told the committee to concentrate on the next five years; and its members were unable to issue a unanimous report. Nevertheless, part two of the report sought to discuss long-term policy options and contained a series of maps illustrating networks of different sizes and estimates of the financial results such networks would achieve in 1992. Only option A, a network of 1,630 miles (essentially the west coast main line plus the main lines from London to Newcastle/Leeds, Norwich, Cardiff/Bristol, Bournemouth, Portsmouth, Brighton/Newhaven, Folkestone, Dover and Southend) showed a profit. Even a 40 per cent cut in the network would leave a subsidy of over £500 million and this would involve closing all the railways in north and central Wales and west of Exeter, Scotland north of the Glasgow–Edinburgh belt (except the Aberdeen route) and East Anglia except the mainline to Norwich.[1] As far as Sir David Serpell was concerned, the point of these models was to illustrate the impossibility of cutting the network down to a profitable core.[2] Certainly, it is hard to imagine that he believed option A was remotely possible. But maps do attract attention and these were taken seriously enough by contemporary observers. Their reaction, which helped the BRB sideline the report, indicates how politically difficult further closures would be.[3] 'As cures go', wrote the *Evening Standard*, 'it's a killer'.[4]

Nevertheless, the possibility that a significant proportion of loss-making services could be replaced by buses remained on the agenda. In 1977 there had been talk of saving £25 million a year by replacing 10 per cent of passenger train mileage with buses. A report on the proposal went to the Serpell committee and, following the review's endorsement of the idea, a series of further studies were carried out, encouraged by the Transport Act 1985. However the initiative was abandoned in 1989 because further study suggested the benefits would not be as great as initially hoped, especially if introduced on individual lines rather than en masse. That there was no political appetite for the controversy this would involve is evident from the Minister's decision to rule out 'bustitution' in Scotland or Wales, thereby excluding the familiar survivors north of Inverness and Shrewsbury–Llanelli as well as Blaenau Ffestiniog, Malaig and a handful of other cases which probably offered more savings than English options such as St Ives and Sheringham. In any event, by 1989 it appeared that investing in rail services was as good an option. Suggestions that railways might be converted into roads, although investigated, also got nowhere.[5]

There was, however, one great closure battle left for the 1980s. By December 1983, when the proposal to close it was published, the Settle and Carlisle, a duplicate main line traversing thinly populated moorland, stood out as an apparently obvious candidate for easily achieved savings. The local service Tom Fraser reprieved having been withdrawn in 1970, it had only two stations, Settle and Appleby, two trains a day and a massive viaduct at Ribblehead in need of costly repair. But when it attempted to close the line the BRB walked into its most traumatic individual battle since the Bluebell case a quarter of a century earlier. Accusations of false figures and running down services abounded, legal challenges delayed hearings and expanded the scope for objection. In seeking to dismiss the latter BR restored the local service and found it attracted significant numbers of passengers (although James Towler, the Yorkshire TUCC Chairman who played a key role in opposing closure, recalls a train carrying just 25 people). The Ribblehead viaduct turned out to be cheaper than originally estimated to repair. Initial ministerial approval was suspended while attempts were made to sell the line and then refused when these failed. Every aspect of the closure battles which had deterred rail managers from a more vigorous approach in the 1950s seemed to be combined and writ large in this one case. For good measure Dame Alison Munro, one of the first Ministry officials to press the case for a closure programme in 1956, reappeared as the chair of the CTCC, recast as 'a doughty champion of the consumer, [who] stood no nonsense, least of all from British Rail'. At a time when the railways had much to be proud of, the case reinforced the image of railway management as men whose animosity towards the traveller was only mitigated by the incompetence which prevented them from doing their worst.[6]

Even when ministers decided to privatize the railways, they remained aware of the political need to maintain the size of the network and an attempt to use the franchising process to withdraw the sleeper service to Fort William, whose handful of passengers were subsidized to the tune of £450 a head, was lost to what the Rail Regulator called 'the Scottish lobby'.[7] By the time reform of the closure procedure was proposed by the Railways Bill, 2004, the Strategic Rail Authority (SRA) had 'been trying for four years to remove one return service from Wales to London Waterloo, which was carrying an average of eight people a day and cost £500,000 a year'.[8]

Whether the railway network will undergo a significant further contraction remains open to question. Over 400 of the network's 2,500 stations are used by fewer than 25 people a day and the Government has proposed offering local authorities financial incentives to replace some services with buses. There may be a good case for doing so in that it could release funds, rolling stock and, where stopping services run on main lines, capacity for services people actually use, although the argument that some stations would see more passengers if served more frequently cannot be ignored. The abolition of Regional Rail Passenger Councils (as the TUCCs had become) under the Railways Act 2005 and cuts implied by the current franchising process suggest that the Government is considering grasping the nettle of rail closures and is well aware of the likely response (could this be why the Cabinet Office recently borrowed the file on the 1964 Cabinet committee that oversaw Marples' decisions from the Public Record Office?). However, such a programme will face opposition strengthened by the tendency to see the rail network as a part of the nation's fixtures and fittings and any contraction of it as inherently contravening a consensus on the need to reduce car traffic. Publication of the Railways Bill 2004 was met with warnings of 'Beeching mark two'.

When the closure of five stations in the Midlands was proposed in 2004 on the grounds that even the busiest of them produced an average of only four passengers per train and that closure would free stock for busy commuter services and allow an acceleration of expresses, *The Times*' report of the case, while it did not ignore these points, gave prominence to the concern of the West Midlands Rail Passengers Committee that local services were 'being sacrificed to make way for intercity trains between London and Manchester' and the comments of an 'outraged' Polesworth resident living next to the station who would 'love to leave the car at home. The Government says they want us to get out of our cars but they do nothing to help'. The fact that closing the station might do more to get people out of their cars, by freeing capacity, stock and finance, than retaining it could be discerned from the article, but the complaints of objectors were its focus. This is why, as Christian Wolmar recently warned, any closure programme will emerge by stealth.[9] The Beeching era has left a template of reaction to rail closure in place and were a 'Beeching Mark Two' to list 400 stations for closure it would generate a response out of all proportion to the national significance of such a measure, compared for example to the far more important question of whether and how a major programme of investment in genuine high-speed lines might bridge the gap between the two economies of south-east England and the rest of Britain which so concerned Harold Macmillan at the time of the *Beeching Report*.[10]

By 1974 the branch-line railway was becoming fixed in the British imagination. Until rural railways began to close in appreciable numbers, rail enthusiasts were not terribly interested in them but tended instead to compare the performance of main-line locomotives.[11] As the branch lines disappeared they took on a more romantic aura. By the time Dr Beeching arrived at the BTC the Talyllyn and Bluebell lines had been restored by enthusiasts seeking not only to preserve them but a place to operate the steam locomotives they were saving from scrapyards. By 1997, Britain's heritage railways were carrying about eight million passengers a year.[12] In 1970 the Keighley and Worth Valley Railway played a starring role in Lionel Jeffries' successful film adaptation of E. Nesbit's *The Railway Children*, beginning a successful relationship between the heritage railway and the film-maker, most recently evident in the production of a model of the Hogwart's Express of Harry Potter fame.[13] This is what Ian Marchant calls 'the railway of memory and dreams . . . deeply loveable because it isn't entirely real'.[14]

I can still recall the moment my mother lifted me up as a small child to look over the bridge in Havant at a derelict track and told me that this was where the 'Hayling Billy' used to run. My youthful fascination with these mysterious pathways, dripping tunnels and crumbling viaducts, recognized and encouraged by Elizabeth Beresford's *The Secret Railway* (1979), must have been widely shared, as there are currently some 20 volumes offering guides to railway walks. A further series 'Forgotten Railways' provides potted histories of all the closed railways in an area with a brief guide to their remains. The Railway Ramblers organization has been active since 1978, raising money to maintain structures such as the viaduct south of Haltwhistle on the former Alston branch, and some 1,500–2,000 miles of former railway has now been converted into official paths and cycle routes, many by a company set up for that purpose, Sustrans Ltd.[15]

In 1952 H. C. Casserley indicated the growing interest in branch lines with the publication of a slim illustrated list of previous closures, *Service Suspended*.[16] Now virtually every line that has ever existed has a small volume devoted to its history and, like the railway walks literature, they are laced with regret over closures. Jeff Vinter, chairman of the Railway Ramblers, admits in his guide to walks along former Southern and GWR routes that he sees Beeching as 'a sort of state executioner', appointed in 'the sixties [which], after all, were a self-consciously modern and destructive age'.[17] In *Forgotten Railways*,

H. P. White recounts his 1958 journey over the 110 miles of the former Midland and Great Northern Line from Peterborough to Great Yarmouth at an average speed of less than 25mph. Reading his account it is easy to appreciate that for 'the connoisseur of rail travel' this is a journey to be 'savoured in the memory', but as he acknowledges it is not one that would appeal to the normal passenger.[18] It is of course the connoisseurs who write the accounts which fuel nostalgia for the Midland and Great Northern, the Somerset and Dorset and the rest. None of this is a bad thing and the romanticizing of the rural railway should not obscure the fact that opposition to closures was founded on the effects of closures, not a purely emotional attachment to the railway; but it helps to explain why Beeching, seen even by his opponents as the epitome of modernization in the early 1960s, has come to be seen as heralding the management of decline.[19] It also helps to explain the tendency to equate opposition to rail closures with a 'pro-rail' transport policy.

Government and the railways 1974–92

The Railways Act 1974 was the end of the era of closures but it did not mark an end to the difficulties posed for the relationship between Government and the railways by the question of finance. Officials had by no means been won over to the railways' case for increased investment. While some felt there was in general a good argument for transferring resources from road to rail, the railways were deemed not to have made that case in the specific points put forward in 1972–4.[20] Although the Board's request for a doubling of rail investment was accepted by ministers in principle, it was not carried through in the spending round agreed in late 1973, which was then cut by 20 per cent within weeks. While investment levels picked up from 1969 they stabilized in the mid-1970s at an unsustainably low level, as the proposals contained in the Interim Rail Strategy (themselves below what Marsh had wanted) were undercut and in 1975 the railways' investment programme suffered greater cutbacks than the rest of the nationalized sector.[21] Meanwhile, the introduction of the PSO failed, like the 1968 Act before it, to link subsidy levels to a calculation of the social value of rail services and the subsidy they received. A full account of the government/railway relationship after 1974 is not possible here, but it was clearly influenced by the fact that, because subsidies reflected losses rather than a payment for a social service, the level of subsidy tended to equate to the level of government dissatisfaction with railway management and this in turn consistently influenced the political willingness to invest in the rail network, even though the case for investing, for example in high-speed rail services, might have nothing to do with the reasons for increases in subsidy.

At the same time, investment policy was influenced by the continuing lack of faith in the railways' investment proposals within Whitehall. It is difficult not to sympathise with Marsh's frustration at being told he could replace short rail with short rail as that was revenue account spending but not with (more efficient) long-welded rail as that was capital expenditure, although it is worth remembering that this decision was reversed.[22] It is also difficult not to sympathize with his complaints at the tendency to impose cuts at short notice.[23] But while the tight control and restriction of railway investment owed much to the enduring Whitehall folk memory of the *Modernisation Plan*, official scepticism had been reinforced by the failure of every subsequent plan to deliver the promised results and continued to be reinforced by failings on the railways' part. Officials' misgivings were sustained by some features of the traffic forecasts used by the BRB to justify their plans, for example the 'angle of unreality', the angle formed on a graph between a projection of past trends (generally downwards) and the railways' prediction of future trends (generally upwards), and they believed that in judging railway plans '[t]he experience of the past quarter of a century suggests that the only safe rule is that if the figures show the future prospects of the railways in a favourable light they are probably wrong'. If this seems to back up the idea of an anti-rail Ministry, it is worth emphasizing that this was a view based on experience and backed up by examples, including a case in which, asked to evaluate the Advanced Passenger Train (APT) on the basis of reduced traffic levels, BR showed that the rate of return improved. While officials attempted to understand how this could happen, the project was approved; it later emerged that the Board had reduced capital assets and expenditure in line with the reduced level of traffic.[24]

Some of the comments made about Beeching imply that his arrival at the BRB permanently transformed the quality of railway management for the better,[25] but while he may have done much to improve railway management, it is not clear that he set in motion a continuous improvement sustained in the years following his departure. Accused by contemporary critics of making 'no real attempt to achieve the targets that it had set itself or to tackle the problems with which it was confronted' and of being 'prodigal and tolerant of inefficiency',[26] the railways' record on productivity and the reduction of operational costs during the 1970s is unimpressive and management appeared uncertain over what BR's strategy should be, at least until Peter Parker's arrival in 1976.[27] At the same time, the lessons which motivated the reforms of the early 1960s seem to have been forgotten. In the mid-1960s the Government again intervened to hold down or at least delay increases in fares, but while the BRB complained of the effects, they were at least mitigated by restraints on wages and after 1968 the railways benefited from greater freedom and the implementation of more selective pricing as recommended by the Prices and Incomes Board.[28] In the 1970s, the BRB had to endure the sort of interventions in prices and wage negotiations which caused so many problems in the 1950s. The relationship reached a nadir when the last disillusioned years of Marsh's chairmanship coincided with the return of Fred Mulley as Minister in 1974 (succeeded by John Gilbert in 1975) under Anthony Crosland as Environment Secretary. A significant fall in freight traffic, which necessitated additional unplanned grants to supplement the PSO in 1975–6, did nothing to improve relations. Crosland was not alone in tending to see the railways as existing largely for the benefit of the middle class. One study of the 1970s showed that over half of personal expenditure on rail came from the richest 20 per cent of the population, while only 5 per cent came from the poorest, and the difference was even more marked in spending on season tickets, statistics which did little to encourage social funding of rail.[29]

There were more hopeful signs from 1976 when Peter Parker became Chairman and Bill Rodgers Secretary of State for Transport.[30] However, official pessimism continued to be encouraged both by the railways' financial performance and their failure to provide solid justification for investment projects, in particular by basing returns on questionable estimates of increased earnings rather than cost reduction. The embarrassing story of the APT, abandoned in 1986 after more than a decade of development, sums up the failure to invest in railways post-Beeching. Whitehall's investment scepticism was justified by technical and project-management failings on the railways' part. However, in hindsight there are elements of self-fulfilling prophecy here in that had the project been more enthusiastically supported its difficulties might have been overcome.[31] Peter Parker bemoaned it as exemplifying a British habit of 'wishing for the moon and not willing the resources', which in this case represented a fraction of the sum wasted on Concorde.[32]

Parker's attempts to get government endorsement for a major electrification programme were rejected by the Conservatives in 1981, despite a favourable joint BRB/Ministry study. Mrs Thatcher's famed dislike of publicly owned railways, and the scepticism regarding their prospects attributed to her trusted adviser Alan Walters, cannot have helped matters, but the railways' inability to achieve planned reductions in the PSO or obtain union cooperation on productivity deals were major handicaps to the Board's case. Although results did improve in the late 1970s, published surpluses were revealed to be losses once inflation was taken into account and when the economy went into recession from 1979 the railways' losses seemed once again to be spiralling out of control at a time when the BRB and the Government had agreed a reduction in the PSO.[33]

By the late 1970s the railways' investment position was becoming desperate. BR was refurbishing multiple-units built under the *Modernisation Plan*, including vehicles operating on services in the south-east which even the most draconian advocates of a closure programme did not envisage withdrawing, in order to extend their lives rather than purchasing new stock. The future of lines such as Inverness–Kyle and Shrewsbury–Aberystwyth was called into question by the postponement of 3,000 miles of track renewal in 1977. Most disappointing was that, following the completion of electrification to Glasgow in 1974, no main-line electrification, and little suburban, took place during the decade.[34] The great investment success of the 1970s, the High Speed Train, the world's fastest diesel, was nevertheless a reflection of Britain's failure to implement the Weir committee's recommendations of 1931 on main-line electrification. A 1979 study showed that British Rail received less investment per train/km than any other European Union railway.[35]

A measure of the problems facing the industry by the 1980s is provided by Gourvish's suggestion that rail managers deserve credit for the fact that the railways did not suffer the decimation inflicted on the coal industry during that decade. The introduction of sector management between 1979 and 1982, which divided the railways into five business sectors (InterCity, Provincial and London and South East passenger sectors, Freight and Parcels), provided a clearer management structure and was eventually followed by complete abolition of the railway regions and the creation of completely decentralized businesses; management performed well in general throughout the 1980s.[36] Ironically, the industry entered a decade dominated by the preparation and aftermath of privatization in better managerial shape than at any time since nationalization, yet this performance exposed the inescapable need for major investment and the railways' vulnerability to economic circumstances, which both damaged the railways' revenue position, thereby weakening the argument for investing in rail, and encouraged the Treasury to cut public spending in general.

The 1983 Serpell Review of railway finances was established at Parker's instigation and he appears to have hoped that it would support the case for investment in the railway, yet the Review's findings stressed the possibilities for further savings and failed to endorse major investment.[37] In its aftermath, the Government demanded a 25 per cent reduction in the PSO between 1983 and 1986 and when this was achieved demanded another 25 per cent cut by 1990. Both targets were exceeded and by the end of the decade the investment reward Parker had hoped for was beginning to materialize. From 1988 investment rose steadily until in 1993 it reached a level higher in real terms than in 1960. However, if the Channel Tunnel was excluded, investment in the existing railway was not that much higher than the inadequate plateau of the 1970s and making up for the chronic under-investment that had typified the intervening period would not be a quick process. British Rail was receiving the lowest level of support of any EU railway in 1989 and the extent to which this was true was greater then than in 1979. In 1990 investment again paid the price of the railways' failure to meet financial targets as the economy entered a recession and the realities behind the improved financial results of the 1980s began to be exposed, with a moratorium on new projects and a review by the Ministry and the Treasury. BR's achievements in the 1980s were genuine enough, for example train miles per staff member increased by 42 per cent in 1982–9, but the improved financial position by the end of the decade owed something to accountancy, something to property and asset sales and, crucially, owed more to increased passenger traffic than to cost savings. Between 1982 and 1989 both rail operating revenue and GDP increased by 26 per cent and as the economy went into recession in 1989 so the railways suffered, just as they had done in 1979–82. In 1989 the Treasury had been hoping to tighten the subsidy belt still further over the next few years so that London and the South East (Network South East, as it was by then known) would join InterCity in being self-supporting. The hopes for the early 1990s were dashed by the recession, during which 12 per cent of passenger mileage and nearly a quarter of freight traffic were lost. As the economy picked up, the BRB produced more encouraging results in its last year including, at last, a surplus for Network South East.[38]

In the light of this brief survey it is clear that the policy of maintaining and subsidizing the railway from 1974 was more an admission of defeat than a declaration of confidence. As Irving Lapsley has argued, the difficulty in obtaining the data necessary to base rail subsidies on social value resulted in the payment of subsidies linked to the loss made by a line which it had been decided should remain open, rather than an arrangement whereby the social value of rail services is a service provided to the government in return for a fee.[39] One consequence of this is that the subsidy became a badge of failure rather than an income earned. Another was that pressure to hold down the level of subsidy merely replaced pressure to cut the deficit. Not only did this add to the difficulties the railways experienced in attracting public investment, but it encouraged a negative public view of the contemporary railway and those who ran it that contrasted with and can only have been reinforced by the nostalgic affection for 'the great days of steam'.[40] By the early 1990s the railways were well run, well organized and cost-effective. They had developed, in total route modernization, an effective approach to investment (under which all elements of a route were modernized at the same time, an approach applied to the commuter services out of Marylebone with excellent results).[41] If only, one is tempted to conclude, the nation had at this point resolved that it wanted a modern, efficient railway and was prepared to pay for it.

Privatization – back to square one?

The government–railway relationship in the two decades after 1974 was characterized by government dissatisfaction at its inability to stabilize rail subsidies and by the railways' inability to convince government to invest more heavily in the core network of inter-city and commuter services. Privatization was supposed to solve these problems by cutting costs and freeing the railways from Treasury investment control.[42] The measure can of course be seen as an exercise in Thatcherite hubris which even some arch-Thatcherites were unwilling to endorse,[43] but it also reflects a tendency to see markets as offering the sort of economic panacea which planning promised in the early 1960s, a shift which is reflected in Michael Beesley's move from advocacy of cost-benefit analysis towards support for deregulation and competition.[44] In 1972 a Treasury discussion paper saw 'the seeds of a more rational transport policy' in the separation of responsibility for track and operations, with multiple, multi-mode operators (albeit within a publicly owned structure), and the idea of a separate rail track authority dates back at least to the 1940s, but the belief that the private sector would bring a new expertise in customer service was clearly an important influence.[45] Rail privatization is already the subject of a considerable body of literature and has been discussed in far more detail than is possible here. The summary that follows seeks to highlight two points: that in the story of the railways since 1992 history has repeated itself simultaneously as tragedy and farce; and that privatization has failed utterly to solve the enduring problems of the relationship between government and the railways.

Since 1992 the railway industry has suffered from a politically induced lack of stability comparable to that evident between 1945 and 1955. After 1992 the attention of the BRB was diverted from running the railways to reorganizing for privatization, while a massive investment hiatus lasted into 1995–6 and privatization saw an exodus of expertise from the industry.[46] Before the new structure could bed down, the Strategic Rail Authority (SRA) was established (in shadow form in 1999 and in practice in 2001, accompanied by an advisory Commission for Integrated Transport), and before it could get to grips with its task the entire industry was thrown into chaos by the consequences of the Hatfield disaster of October 2000, the last of three major railway accidents for which the structure and performance of the privatized railway have been blamed. At Hatfield a rail shattered under a train, derailing it and killing four people, after which Railtrack, the company established to own the infrastructure, imposed hundreds of 20mph speed restrictions on sections of suspect track, bringing much of the network to a halt and incurring financial penalties as a result of the impact on Train Operating Companies (TOCs), which eventually led to its collapse. Having been placed in administration in October 2001, it was replaced by a not-for-profit company, Network Rail, the following year. Attempts by Railtrack shareholders to show that the Government, or at least Transport Minister Stephen Byers, had maliciously forced the company into administration foundered on the ruling of Mr Justice Lindsay that Railtrack's insolvency 'cannot be said to be a fault in the government unless one can postulate a duty on government to have funded Railtrack without limit and without condition, a hopeless proposition'. Meanwhile the franchises awarded to TOCs were subjected to a protracted renewal process and, following a policy review, the SRA was abolished by the Railways Act 2005.[47]

These administrative upheavals were accompanied by fundamental uncertainties over transport policy as the Conservatives, having initiated a massive road-building programme at the end of the 1980s, abandoned it in the mid-1990s, largely for electoral and financial reasons, but partly for environmental ones. Initially Labour merely tinkered with this policy and its 1998 white paper neither altered nor developed it in any significant manner. Nevertheless, policy was perceived as sufficiently anti-motorist to frighten the Prime Minister. The success of an alliance of farmers and hauliers in bringing the roads to a halt in protest over fuel prices in September 2000, swiftly followed by Hatfield, meant that Labour entered the 2001 election torn between the need to solve a crisis on the railways and a fear of the motorist.[48] The subsequent appointment of Stephen Byers, a close ally of the Prime Minister, suggested that transport was now a priority, but Byers' position was swiftly and fatally undermined, apparently by an event of almost incredible insignificance, his failure to sack an aide for insensitive comments about the attack on the World Trade Center (although the furore surrounding the fate of Railtrack certainly contributed). It has been suggested, somewhat tongue-in-cheek, that Byers' replacement, Alistair Darling, was given the job of keeping transport out of the headlines.[49] This might not be a bad idea.

While it is too soon to say whether the abolition of the SRA and other measures in the Railways Act 2005 will produce benefits that outweigh the disadvantage of another reorganization, there is little doubt that the Railways Act 1993 produced a defective structure. Critics highlight in particular the complex, legalistic web of relations between over 100 companies and the failure to provide Railtrack with incentives to develop the network while providing it with incentives to cut maintenance costs.[50] These shortcomings reflect the fact that, like Labour in 1948, the Conservatives took office in 1992 with a commitment to fundamental change but no plan as to how this should be done in practice and then repeated the mistake they made in 1951–3 by rushing their proposals into law in order that they might be irreversibly in place by the time a Labour government took office.[51] One consequence of this rush to legislate was that the 1993 Act failed to foresee the subsequent boom in rail travel, just as the 1947 Act took little account of future transport prospects.[52] Although Labour initially seemed committed to a new 'sustainable' and 'integrated' approach to transport policy in 1997, such talk now appears to be as much of a sop to pro-rail Labour sentiment as coordination was in the 1960s. Tony Blair's commitment to restore a 'publicly accountable, publicly-owned' railway appeared as worthless as Wilson's pledge to halt major closures in 1964 until Hatfield.[53] The decision not to renationalize was sensible enough in that it ought to have allowed a period of calm and avoided another expensive reorganization. It did not, partly because, in creating the Strategic Rail Authority, the new government made the error Barbara Castle avoided in 1966 when she argued that recreating the BTC would simply pass the buck and that controlling strategy was the Minister's job, as New Labour seems now to have recognized.[54] The SRA was supposed to restore the strategic drive that was lost when privatization fragmented the railway and removed incentives to growth. An addition to the plethora of railway organizations was probably not the best way to do this. As the SRA controlled neither purse-strings nor railway, it found it impossible to provide strategic leadership. Ironically, while its attempt to manage the renewal of franchises was subject to years of delay following Treasury doubts about its methods, the west-coast modernization, free of Treasury control, spiralled into financial disaster.[55]

New Labour's ten-year transport plan of 2000 appears, with only five years hindsight, to be as much of a politically useful but unrealistic wish list as the 1955 *Modernisation Plan* and, like its predecessor, fell victim to financial disaster, only rather sooner. There is little prospect of its investment proposals being fulfilled by 2010.[56] The BTC's management of its investment programme seems rather less profligate when set against the farce into which Railtrack's modernization of the west-coast main line descended. The BTC may have failed to deliver the predicted financial returns but at least it did produce an electric main-line railway, while Railtrack's dream of a state-of-the-art railway between London and Manchester has been scaled down to far less than an English TGV, because it turned out that it would cost more to get a train from London to Manchester at 140mph than it would cost NASA to put a man on Mars. Perhaps the difficulties of putting a twenty-first-century railway on a nineteenth-century route should have been evident from the difficulties experienced 30 years earlier? This project too appears to have suffered from the political drive to get privatization up and running before a new government could halt it. James Meek argues that the terms of Railtrack's contract with Virgin Trains for the route's modernization were in themselves enough to destroy the company's viability, given the impossibility of fulfilling them.[57] Within ten years of privatization the industry was back at square one. In 1948 a quango operating at arm's length from the government attempted to organize a variety of undertakings in desperate need of maintenance and investment into a coherent whole to provide a safe and efficient service to the nation while not losing money; and the former shareholders were bailed out by the taxpayer. The difference at the end of 2004 was that the task was in the hands of two quangos (the SRA and Network Rail), not one.

Privatization – the impossible aim?

It is probably fair to say that there is a general consensus among the public that the privatized railway has been found wanting on safety, service and efficient operation. Such sweeping judgements are unfair, but not unfounded. What is beyond dispute is that it has been a political failure. In their early and admirable overview of the impact of privatization Nigel Harris and Ernest Godward estimated that while the policy had been a political liability for the Conservatives it had probably done little electoral damage and speculated that it had reduced future political difficulties because the industry could be asked to sort out problems itself.[58] With the benefit of considerably more hindsight this appears to be wrong. The fact that the Conservatives privatized the railways allows virtually any rail problem to be laid at the Party's door and although the value of this to other parties must diminish over time, it is taking a long time. It is ironic that while the Thatcher governments have been credited with setting the clear objectives which contributed to the nationalized railways' improved management performance in the 1980s,[59] this success has been utterly overshadowed by the failure of subsequent Conservative policy, a policy founded on the belief that private sector management was inherently superior to that in the public sector. It is even clearer that government has been unable to extricate itself from involvement in the railways. While Labour signalled its intention to take on greater strategic involvement when it established the SRA, the evidence suggests strongly that privatization was unlikely to free railway finance from government involvement even before the industry was thrown into chaos by the fall-out from the Hatfield disaster, which saw Railtrack and several train operators relying on considerable public subsidy.

The logic of freeing railway investment from the constraints of Treasury control was the clearest and most sensible aspect of privatization; and it has not been entirely unsuccessful. The BRB was approaching an investment crisis in the 1990s. A 1992 report on the state of the railways' infrastructure indicated significant problems. The Clapham disaster of 1989 exposed the poor crashworthiness of rolling stock dating back to the *Modernisation Plan*.[60] In the past five years the average age of rolling stock has been reduced by over 25 per cent, representing an investment of over £4 billion, which the Treasury would have been unlikely to approve.[61] Nevertheless, the replacement of outdated stock is well behind schedule, recent investment needs to be set against the hiatus during the privatization process and the ordering of trains which were too powerful to use the existing electrical supply and which were stored out-of-use at the taxpayers' expense is just one example of the extent to which the post-1994 railway has exposed the fallacy of the idea that the private sector is inherently better at business than the public sector used to be. Christian Wolmar has convincingly argued that this investment could have been procured through leasing, without recourse to privatization.[62] At least rolling-stock investment has transferred some risk to the private sector and may now have reached a point where it can function well in the future. On the infrastructure side the taxpayer has sacrificed control with (even) less obvious benefit. Track renewal rates were far lower in the 1990s than the 1980s or 1970s, an increase in the headline investment figure since 1995 masks the extent to which this has been devoted to station renovation and, more importantly, the cost of achieving a particular investment objective has increased by an estimated two-and-a-half times more than inflation due to the complexities of the privatized structure.[63] The most important point about investment is that even before Hatfield the taxpayer was providing much of it; £26 billion of the £60 billion for railways in the 2000 ten-year transport plan was to come from the Exchequer, of which £14.3 billion was in the form of subsidies to TOCs.[64]

The taxpayer has also continued, despite the hopes behind privatization, to subsidize railway services. One of the cornerstones of privatization was that the private sector would be able to cut costs.[65] The train operating franchises were therefore let on a basis of tapering subsidy, which in some cases required financial improvements verging on the miraculous. The total subsidy was planned to fall from £1.7 billion in 1997–8 to £806 million in 2002–3. Before the Hatfield disaster subsidies had increased since privatization (although in 2000 they were expected to fall below BR levels by 2002–3) and some TOCs had been bailed out by the Government.[66] In 1997 the net cost to the Government of privatization was calculated by Nigel Harris and Ernest Godward at £5.6 billion and the net social cost at £9.8 billion.[67] This figure was disputed prior to Hatfield, but even then it appeared likely that any savings to the Exchequer would not appear for a very long time.[68] In 2003 subsidies were higher than they had been ten years earlier.[69] As long as this financial dependency remains, government will continue to face the difficulties inherent in funding the future of the railway within the constraints of Treasury budgets.

Conclusion

The 20 years after 1974 were a period of almost continuous improvement in the running of the railway by its managers and government can take some credit for this. The financial settlement of 1974 implied a recognition that the railways performed a social service; subsidies to essentially unnecessary services were only a small part of the total. However, the 1974 settlement left the industry saddled with an image of failure because its subsidies covered losses rather than payments for a service provided. This encouraged and was encouraged by the restriction of investment in rail to the point where crisis was approaching and insufficient progress was made towards the aim of the various railway plans published in 1955–65: a state-of-the-art network of trunk routes. It is difficult to prove, but reasonable to suggest, that an over-emphasis on the size of the network as a measure of government policy encouraged the development of this crisis. For example, had the 1,000-odd miles of closures identified as saving £3.2 million in 1974 been implemented, they would surely have provoked a public outcry far greater than a cut of ten times that amount in an annual rail investment budget.

The introduction of private capital to the railway offered a way out of the apparently intractable problems of the industry's dependence on Treasury investment finance. However, despite enjoying the most favourable circumstances since the 1950s, the privatized railway has failed. Although one cannot rule out the possibility that this failure might have been avoided but for Hatfield, the evidence suggests that the method of privatization was a contributory factor not only in causing the Hatfield crash (by providing an incentive to cut maintenance and creating an industry structure in which poor communication between component parts was endemic), but more significantly in creating circumstances under which the track authority knew so little about its assets that it reacted to the crash by imposing numerous expensive speed restrictions, as Wolmar argues.[70] In any event, the implications of the west-coast modernization project and the problems of the TOCs before Hatfield indicate that the hope of a cheaper railway was not to be fulfilled. None of this was the inevitable outcome of privatizing the railways, but of the form privatization took and of the haste with which it was devised. The period since 1992 can be seen as a sad repetition of 1945–58 when debates over organization and ideology and their outcomes detracted attention from the task of identifying what sort of railway was required and how much it would cost. Whether the latest review represents a move into a phase of pragmatism and problem-solving remains to be seen.

Although Labour's establishment of the SRA had signalled a rejection of the idea that the private sector should be allowed to simply get on with running the railways, the public outcry over railway accidents since privatization, the taxpayer's involvement in railway investment and the continuing dependence of the railway on public subsidy (both of which were exacerbated rather than caused by Hatfield) mean that the political benefits of privatization were surely always illusory and that privatization has in general added to the complexity of the relationship between government and the railways without solving the fundamental difficulties of it. The government continues to be held responsible for the quality of railway services and the 2004 white paper accepts this responsibility.[71] Closures, subsidies and investment are still a matter for debate between ministers, officials, rail managers and the public and will remain so for the foreseeable future.

Opposition to privatization was always founded on political opposition to the ideology behind it, even though that went hand in hand with pertinent, well-informed criticism. That the private railway came to symbolize the 'fat cat' culture for critics of market economics is hardly surprising when Railtrack was paying dividends to shareholders with one hand and taking subsidies from the taxpayer with another after Hatfield.[72] When Ian Marchant writes that:

> the railway that you sit on every morning on your way to another shitty fucking pointless day in a drab office in the company of drab work-related acquaintances, is the fruit of political corruption, institutional indifference and short-term profiteering. No one loves it because it is unlovable[,]

he is obviously not writing just about the railways. If the industry symbolized the need to modernize in 1960, it is now a metaphor for failure – not a failure to modernize, but of modern Britain itself.[73]

9 Conclusion

This book set out to counter the popular view of the *Beeching Report* and to place it in the context of debates about the modernization of Britain. This conclusion offers an alternative to the popular view of Beeching, argues that transport policy underwent a significant modernization during the 1957–64 period and comments on the relationship between modernization and the negative view of Beeching today.

The closure programme

Railway closures were not the result of the pernicious influence of the road lobby or Ernest Marples; nor is it right to characterize the closure programme as a ruthless cost-cutting exercise in which the wider transport picture or the social and economic consequences of closures were ignored. The *Beeching Report*, although aimed at reducing the railway deficit, had its origins in studies of future transport requirements, the belief that responsibility for providing social services should lie with accountable ministers rather than rail managers and, above all, the need to control public investment. Although the significant increase in railway deficits during the 1950s was precipitated by government intervention in railway pricing and wage negotiations, it reflected a fundamental weakness in areas of the railway business, in particular stopping-train passenger and merchandise freight services. Much of the railway network was redundant by 1939; pressure to close loss-making branch lines was a feature of the 1950s and the plan for modernizing the railways published in 1955 envisaged a concentration on those tasks for which rail appeared best suited: the carriage of bulk traffic over long distances. However, the need for a more fundamental contraction of the industry began to be perceived as a result of Whitehall's attempts from 1957 to discern the sort of transport system the country would require in the future. These studies were not a simple response to the fact that the railways were operating at a loss, but arose from the inability of the BTC to finance its own investment programme. Faced with potentially unlimited demands for public spending, the Treasury had to construct a means of judging the value of railway investment. Having examined transport as a whole to the best of their ability, officials concluded that there were limited benefits to be gained from investing in rail, that such investments would have little impact on the demand for road space outside urban areas and that the existing rail investment programme was being hopelessly mismanaged. While mounting deficits increased the pressure to cut out individual loss-making lines, the study of future transport requirements encouraged the view that a smaller railway industry was required, shifting the emphasis of the closure debate from arguments for individual closures to arguments for individual reprieves.

A second consequence of the Treasury's attempts to improve its control of public expenditure was the belief that the nationalized industries needed to be set clearer objectives, in the form of financial targets, with government taking greater responsibility for decisions that were not commercially motivated. While it is true to say that the reform of the nationalized industries involved a tendency to treat them as if they were 'commercial undertakings, not social services',[1] setting financial targets was not an attempt to end their role in providing social services, but to prevent ministers from using them to control inflation with no regard for the effect on their accounts, and to manage the public's demand for unremunerative facilities. Both on this macro-scale and the micro-scale of individual rail closures, the effects of ending public services were not ignored. By 1960 it was clear that the rationalization of the network was being hampered by the procedure for closing railway lines and the opportunities it offered to objectors. Experience suggested that these protests were unjustified. The reform of the closure procedure under the Transport Act 1962 therefore sought to make it more difficult for opponents to frustrate closures and to take responsibility for closing loss-making lines away from railway managers and into the hands of government. This new division of responsibility was both a reflection of the wider reform of the relationship between government and the nationalized boards and a practical attempt to make closures easier to achieve; it was accompanied by the belief that publishing a programme of closures as part of a plan would help overcome opposition in individual cases. Because that plan reflected the railways' side of the new arrangements, it emphasized financial questions rather than social factors, encouraging the impression that the latter were being ignored. Whether the decision reached on the level of public service to be provided at the taxpayer's expense was correct in any individual case is a matter of opinion. Rail services were maintained if their closure would cause hardship, but hardship was defined in such a way as to enable a service to be withdrawn where it was possible to replace it with a bus service for those whose journeys were economically necessary and whose numbers were economically significant.

Both decisions on individual rail services and attempts to plan the future transport system suffered from the difficulty in compiling accurate figures in the time available, a lack of expert staff (indeed the nascent stage of economic expertise on the subject) and, increasingly, the political difficulties of restricting road traffic and closing railway lines. For these reasons, and because in 1960 'the future' ended in about 1980, the resultant policy looks rather less prescient today than it might do had road traffic not increased since 1980 and in the light of what we now know about climate change; however, it was essentially correct. Nevertheless, official attention focused on rail closures to an extent that overestimated the degree to which the railways' deficit could be reduced by cutting the network to a profitable core. This reflected a number of factors: the fact that until a closure programme was attempted it was difficult to judge its effects on the deficit; the changing nature of the problem as rail freight declined to become a secondary concern; the difficulties in cutting staff, holding down wages or increasing productivity; and the difficulty in making detailed judgements on the value of specific rail investments when confidence in railway management was at a low ebb. This last point reflected the problems inherent in the relationship between rail managers, who alone had the information and expertise on how to run the railway, and the Treasury, which had to manage the financial consequences. Rail closures were also a focus for Whitehall because by 1960 they were obviously being obstructed by the political and administrative difficulties presented by the closure procedure. As Beeching later commented, the whole process was ten years behind the times.[2] Here was a problem which officials could understand and attempt to solve.

In relation to both transport as a whole and the railways in particular, the gradual development of government policy during 1958–74 was more significant than the apparent changes wrought by new governments or new ministers. Although the election of a Labour Government in 1964 and the subsequent appointment of Barbara Castle as Minister made it harder to pursue a rigorous approach to closures, the search for a profitable core network was never likely to result in every line outside that network being closed, because Whitehall consistently appreciated that loss-making lines might be socially necessary. While it is conceivable that, once road improvements had been implemented, a significantly greater number of closures than did in fact take place might have done so outside urban areas, the abandonment of loss-making urban lines on a major scale was never likely.

The closure programme has been characterized as an act of ruthless disregard for the consequences inflicted on individuals. In fact, it is evidence of the limitations on the state's ability to act ruthlessly. Had Whitehall been able to close the lines officials felt served no useful social or economic purpose, the rail network would be far smaller today. Although the idea that the railways could be reduced to a profitable core seemed less credible as the closure programme proceeded, officials still felt that worthwhile savings could be produced from closing lines which seemed to provide little in the way of a social service. It was the political difficulties of closing railway lines that brought the programme to a halt. This reflects not only the determination of the rail lobby and users of individual lines, but the significance of rail services to regions and in particular in Scotland and Wales, where their maintenance had become, by the 1970s, symbolic of a supposed political commitment that far outweighed the real value of the services involved.

Local MPs routinely opposed closures in their constituencies and the Scottish and Welsh Secretaries played similar roles on a larger scale. However, while local MPs could retire gracefully telling their constituents they had tried and failed to influence the Minister, the more powerful Secretaries of State (supported by officials who could strengthen arguments in a way MPs were not) felt they had to be seen to achieve something in the eyes of their 'constituents'. Where Marples was pressed to alter the timing of proposals, Castle and Marsh faced outright opposition to decisions and this intensified after 1970, reflecting the growing strength of the nationalist challenge to both Conservative and Labour. H. P. White's suggestion that the existence of separate departments for Scotland and Wales reduced the impact of closures there clearly has some validity;[3] however, this in turn made it more difficult to close lines in England where losses were smaller and so helped bring the entire process to a halt. Since the mid-1970s maintenance of the existing rail network has become a badge of commitment to rail of far greater significance than the individual services involved, as can be seen, for example, in the use by opponents of rail privatization of the threat to Scottish sleeper services as a means to attack the whole process of selling off the railways. The legacy of the *Beeching Report* has in fact been to establish network size as a more important test of transport policy in the public mind than investment.

The modernization of transport policy

The image of the railways as encapsulating Britain's need to modernize in the late 1950s was an accurate one. Initially, the desire to modernize was manifested in a simplistic notion of modernization as a largely technological process; but by 1960 the railways, and transport policy in general, were being modernized in a more genuine sense, as part of a wider process which saw the Treasury try to master the more complex environment in which it operated as a result, in particular, of its responsibility for managing nationalized industry investment programmes. As the nationalized industry with the greatest problems, the railways influenced this wider process of reform.

The attempts made to get to grips with transport policy and with the nationalized sector in general during the late 1950s represent a significant advance on the performance of government in 1951–6. The problems the railways faced in the 1950s were little different from those they had faced before the Second World War, although they had been both exacerbated and temporarily disguised by the effects of war. Between the wars the railways largely failed to adapt to modern conditions. The reasons for this failure are not dealt with in detail here, but clearly the difficulty in obtaining funds for investment was one of them and equally clearly the organizational and ideological debates that dominated the first decade of the railways' peacetime history did little to address either this problem or the need to reshape the network. By the mid-1950s the need to invest in the railways was obvious, but the Government launched that investment at a time when, not only did it lack the knowledge of how to manage it or the structure to do so, but did not have a clear idea of what it wanted the railways to do.

The investment programmes of the nationalized industries transformed the purpose of the Treasury, as it took on responsibility for judging the details of railway (and other) investments. This was not what was envisaged when nationalization took place, as is evident from the fact that it was not until three years after the BTC's establishment that the Ministry began arguing the need for a study of future transport requirements. The history of the railways since 1945 is littered with cries that what is needed is for the government and/or the nation to decide what sort of railway it wants and how much it is prepared to pay for it, or words to that effect.[4] When Otto Clarke and Matthew Stevenson decided that they really ought to have a look at the implication of *Proposals for the Railways* in late 1956 those questions began to be asked seriously for the first time since 1945 (and probably since 1921) and they continued to be asked more thoroughly in the ensuing eight years than they have been since. We should not underestimate the extent of change this involved. In 1998 Sir Leo Pliatzky recalled his reaction when the *Modernisation Plan* landed on his desk at the Treasury as being, 'who was I to challenge [the railways'] plans?'.[5]

There was probably no more difficult time for Whitehall to begin asking these questions than the late 1950s, as car-ownership took off. This was a development of greater impact on transport than the development of information technology since 1990, yet can we confidently predict the extent and nature of changes in commuting and retail-related transport that may arise or be encouraged over the next 20 years as a result of the internet? The modernization of the machinery of government in the late 1950s may have resembled 'a rather piecemeal set of running repairs to the postwar settlement',[6] but in transport it was more akin to installing a diesel engine in *Mallard* while it thundered down Stoke Bank. It suited the Government to present the *Beeching Report* as the outcome of sophisticated analysis; but in reality it was a snapshot of a work in progress, work which suffered from a shortage of expertise and the complexity of the task and which continued to do so. This was not a failure of modernization, so much as the legacy of previous failures to ask the right questions; however, the outcome of the process illustrates the limits of what government can achieve and of what it was capable of achieving during this period.

The modernization of transport policy-making achieved some success; not only did it cut railway costs and reshape the network along generally sensible lines, but it identified the need to preserve rail services in urban areas and developed more sophisticated judgements about investment than were evident in the 1950s. It failed in three key areas: linking the price of individual road journeys to their cost; paying the railways for the service they provided to the nation (as opposed to simply covering losses which could not be eliminated); and finding a way to exercise the Treasury's grip on rail investment that did more than simply prevent bad spending decisions and that was immune from unsustainable short-term variations. The first of these failures, which has only been tangentially referred to here, owed much to technological difficulties of which the reader will be well aware, now that the political will to address them appears to be emerging.[7] All three failings reflect to an extent the false promise of technocratic modernization; that careful analysis of the problem would present a solution. Careful (i.e. cost-benefit) analysis offered neither quick nor painless and unarguable solutions to problems. This does not mean it had no value, simply that it was no magic wand.

In an ideal railway world the taxpayer would pay the rail operator a fee for the benefit provided by every rail service (not just those that lose money) to those who do not pay directly in fares and freight charges. Where the total of fares and non-user payments (or the rationally estimated future total) justified investment, investment would take place; where it did not justify maintenance and offered no prospect that it would, the service would close. In making this statement three points should be obvious from a reading of this book: that the closure of those services which could not survive under this system would be opposed; that the setting of non-user payments would involve complex calculations and debatable assumptions; and that the levels of these charges would be argued over by those seeking to prevent closures and by those seeking to lower taxes and fares. Modernization failed to produce this ideal system, not because the wider value of rail services was lost on or ignored by officials, but because it proved unattainable in a political reality of competing demands for investment, a lack of expertise and resources and the pressure of electoral timetables; and is probably unattainable *per se*. Nevertheless, it remains an idea worthy of consideration, however impossible an ideal it may be. Whitehall was certainly much closer to it by 1970 than it had been in 1957.

In these shortcomings can also be seen the consequence of the fact that the modernization of transport policy was led by the Treasury. While the wider social and economic problems were never ignored, the Treasury's chief concern was always with public spending levels. Of course, these are quite important. However, the way in which transport policy developed out of this concern surely encouraged the view of transport spending as a whole to be divided between road and rail, despite the fact that road and rail are not necessarily alternatives, and the tendency of the railways' attempts to acquire investment funds to be hampered by their failure to meet financial targets (I am not referring here to consideration of rates of return of specific projects, but to the more general relationship between deficits and investment). Here, however, one cannot ignore the wider problem of transport policy; that transport must compete for funds with politically attractive short-term spending on social services and the unwillingness of British governments to abandon the illusion of international power. In this contest too little weight has been attached to the importance of transport infrastructure in earning the wealth that funds welfare and defence spending and the consequences can be seen in the state of both road and rail transport in the early twenty-first century. The attention given to rail closures has encouraged the view that transport spending is a public service (which it often is), but it has a far more important role as an investment in the economy.

A detailed analysis of the competition for public funds between different sectors of government activity is outside the scope of this book, but clearly the wider attempt at modernization under Macmillan, part of which has been discussed here, did not involve an unqualified acceptance of Sir Henry Tizard's warning that 'if we continue to behave like a Great Power we shall soon cease to be a great nation',[8] any more than it involved abandoning full employment, the welfare state or tripartism. It was instead a series of adjustments designed to adapt the status quo to new conditions in order to preserve the essentials of the former and to mitigate the consequences of the latter. This is evident in the attempt to find ways of attracting new industries to growth points in declining areas and it is evident too in the necessity of adapting the railways to modern conditions in a manner that would not treat men like machines or be unacceptable to the unions that represented them. Modernization, portrayed as dynamic and pro-active, was really an admission of impotence in the face of economic change. Macmillan could no more arrest the fundamental economic shift towards the south-east than he could drag people out of their cars and carry televisions out of lorries and put them all on trains until the railways made money. The conspiracy theory of transport policy could not be more utterly wrong.

Macmillan's modernization was a generally limited affair, 'too little too late', as Jim Tomlinson puts it.[9] If this is true of transport policy, the problem is surely that in the ten years after the war too little was done to consider what sort of transport system was required. Transport policy-making was modernized significantly between 1957 and 1964 and this laid the foundations for further progress in subsequent years, but like the rest of Conservative modernization it involved planning to cope with change that was beyond control at a fundamental level and suffered from the soporific nature of government in 1951–6. This story illustrates, too, the way in which the elements of Conservative modernization, while brought together as a political response to a general sense of decline, sprang from a variety of sources and posed problems of coordination, as is evident in the relationship between railway modernization and regional policy.

Modernization and culture

Ironically, the negative reputation of Ernest Marples today as a dishonest, anti-rail minister owes much to his willingness to be honest about the choices facing the nation as far as the railways were concerned. Defending the *Beeching Report* in the House of Commons, Marples warned that 'if we funk reshaping the railways, we funk everything, because this is the most patent case for change and change reasonably quickly'.[10] Warning his Party of the dangers of failing to modernize a decade later, Edward Heath argued that 'the alternative to expansion is not, as some occasionally seem to suppose, an England of quiet market towns linked only by trains puffing slowly and peacefully through green meadows', but poverty and decline. In 1981 Martin Weiner included Heath's warning in his assessment of English culture and suggested that the modernization project on which Margaret Thatcher was embarking might face its biggest challenge in a culture which saw modernization as un-English.[11] James Meek presents his account of the failure of Railtrack's attempt to modernize the west-coast main line as a story 'with wider implications about the kind of country that Britain has become: a country that has lost faith in its ability to design, make and build useful things; a country where the few who do still have that ability are underpaid, unrecognised, and unadmired'.[12] Does the opposition to rail closures, the infamy of Beeching, the survival of several thousand miles more railway than his studies implied were necessary and the 'sad state of British railways' today[13] mean that Britain funked modernization or, that if it did, this indicates something fundamentally backward-looking about English or British culture?

Chapter 1 argued that the infamy attached to Beeching's reputation today reflects the place of the branch line in English culture; but it is important to draw a distinction between the way Beeching is remembered and the nature of contemporary reaction. While there are elements of cultural luddism in the opposition to rail closures and in particular to the various societies which sprung up to oppose them nationally or to preserve them locally, Beeching's status as a symbol of the modern approach and the association of rail closures with modernization were assets in the presentation of a policy which was generally only unpopular with those who stood to lose, not just a symbol of the past, but a tangible service. In some cases this can be seen as the selfish defence of a subsidized luxury, but even for those who used the railways occasionally and for pleasure, this was an important contribution to the quality of life. For those, sometimes many, who depended on the railways, buses, while adequate in Whitehall's understandably austere view, were no substitute.

Opposition often owed something to an arguably outdated attachment to the railway as a symbol of an area's continued significance, but this itself reflected, not a rejection of dynamic modernization, but a fear that areas such as the Highlands would be left behind while the rest of Britain modernized. At the time of writing, opposition to the withdrawal of sleeper services to Cornwall is criticized for exhibiting a romantic attachment to the sleeper service, while opponents themselves argue that the services are assets to both the tourist trade and the Cornish economy in general.[14] Even the preservation movement, which might be seen as a clear manifestation of the romantic attachment to railways, in many cases hoped to restore lines, not as heritage sites, but as genuine public services and concrete proof of the flaws in the closure programme; a motive particularly evident in the attempt to reopen the Waverley line.[15] The withdrawal of a local service, whether rail, hospital or post office, is almost always opposed. It is usually only possible to remove some of that opposition by arguments about the national interest, however well-founded they may be, because once a public service exists people tend to feel they have a right to it. The battle over rail closures was first and foremost a political struggle between those who saw the threatened lines as worthwhile social services and those who felt the nation could not afford them. This conflict took place at a time when romantic nostalgia for the disappearing rural railway co-existed with enthusiasm for modernization, but on balance the latter was stronger in contemporary reaction to the closure programme, except where the former was combined with a more significant opposition to the loss of a specific service, opposition founded in self-interest.

To present opposition to rail closures in the Beeching era as indicating a rejection of modernization would be too simplistic; however, the reputation of

Beeching today tells us something about contemporary British culture's assumption of a long process of decline and its view of the modernization effort of the 1960s as not only having failed to prevent that decline but added to it through its destructive nature. The Beeching myth, discussed in chapter one, reflects both the 'declinism' Tomlinson sees in economic history and a sense of social decline founded firmly in nostalgia for an England recreated by heritage railways and on screen. Jeff Vinter's view of Beeching as typifying the 'self-consciously modern and destructive' nature of the 1960s reflects a wider feeling that 'modernisation seemed to produce dereliction' which Robert Hewison has identified in relation to a variety of post-1945 environmental changes.[16]

Rail closures were part of a transformation of rural Britain. When I told a student of mine from Cirencester that Marples had been burnt in effigy outside her station when it closed, her response was one of amazement: 'but it's only five minutes to Kemble in the car'.[17] When Neil Cooper-Key questioned whether the BTC should be allowed to close services in outlying districts just because they lost money in 1953, he specifically drew comparison between rural railways and rural post offices. Hillman and Whalley argued in 1976 that resentment over rail closures had been strengthened by the tendency for public facilities to be concentrated in towns.[18] Today the decline of the rural post office and the village shop is a familiar concern, as they give way to the mini-supermarket at the garage on the dual carriageway or the lure of distant superstores. The rail closure programme was part of a massive social change in Britain, which those who have created it through their desire to live in the country while enjoying the benefits of a job in a town or city, to drive on dual carriageways and use out-of-town supermarkets, to pay less for goods delivered more cheaply by road or to drive to the coast, regret some of the time. As Marples understood, 'our own car is precious, the rest are a traffic problem'.[19] There is a Squire Chesterford ranting against the lorries and cars and houses with numbers instead of names in most of us and that part also regrets rail closures because they symbolize this change and because the branch-line railway is an integral part of the 'real' England depicted in so much of our culture, which the new England appears to have destroyed. Yet this change was caused not by the *Beeching Report*, but by the motor car and the lorry and was a consequence of popular choice. As Kenneth Glover puts it the 'predict and provide [response to traffic growth] has become politically incorrect, but at the time it seemed democratic, because it gave people what they showed they wanted'.[20] The result however, is that Beeching has come to be seen as 'a bad thing' not only by those who have reason to resent the loss of their local railway, but by a wider audience.

The negative view of Beeching today also reflects our dissatisfaction with the railway as it is. The railways were clearly central to the industrial revolution and the period of assumed greatness from which Britain has subsequently 'declined'. Much of the presentation of Britain's railway heritage emphasizes 'the high standards of service, performance and workmanship in which Britain was a world leader'.[21] As James Meek's comments suggest, the railways today represent the falling away of that leadership. Ian Marchant is wrong to say that the British do not love the railway today; it would be more accurate to say they feel that love has been betrayed by the dilapidated state into which much of the railways were falling before privatization and the chaos into which they have fallen since. Beeching is associated with the start of this process of betrayal, as Marchant recognizes:

> [after the well-intentioned misspending of the *Modernisation Plan*] Ernest Marples became Transport Secretary – the last one anyone remembers – and he liked motorways, not horrid old trains. So he made Dr Beeching chairman of BR, and he didn't like railways, either. So he decimated Britain's railway system, only five years after the investment of the Modernization Plan. So what hope for Mr Prescott/Byers/Darling (insert name here)?[22]

The idea that Beeching presided over the start of a decline which has typified the subsequent history of the railways surely owes much to the simple equating of the maintenance of a network at its existing size with being 'pro-rail', evident in the warnings of 'Beeching mark two' which almost invariably accompany reports of a possible round of closures.[23] Because closing railways is anti-rail, Beeching was anti-rail and started the industry on the path to its current sorry state.

Yet when did the loss of faith Meek refers to set in? When *Mallard* took the world steam speed record, Britain was not a world leader in rail technology; when the HST was launched and the APT prototype was built it was, if not the world leader, a creditable front-runner. The problems the railways have suffered since privatization stem in part from the fact that, on the assumption that the railways were in a process of permanent decline, the increased demand for rail services during the 1990s was not foreseen.[24] This, of course, is only part of the explanation. If there are lessons to be drawn from the story of Government railway policy since 1945, they are that it does not matter what the policy is if its detailed practicalities have taken second place to the need to legislate quickly and that there is no surer recipe for disaster than the assumption that if only the right organization or ideology is applied to the transport sector, the world will be a better place. One of the great successes of transport policy under Macmillan was the Government's willingness to abandon decentralization in favour of pragmatism. To see the railways in terms of a steady decline from Beeching to Hatfield is to ignore both the origins of Beeching's work and the effects, negative and positive, of choices made subsequently. Criticism of rail closures may have contributed to the idea that modernization in the 1960s failed to halt British decline, but this is a two-way process; 'declinism' has also given a distorted shape to the myth of Beeching 40 years on.

The view of Beeching today reflects the memory of the genuine hardship and inconvenience many suffered as a result of closures, the place of the branch-line railway in English culture, dissatisfaction with the current state of the railways and the tendency to see this as typifying the 'fact' that Britain is a weaker and less pleasant place than it used to be. The failings of the last decade and the restriction of investment notwithstanding, this negative interpretation of railway history since the *Modernisation Plan* needs to be redressed somewhat. In 1955 a broad plan for adapting the railways to modern conditions was produced, based on the principle that in the modern age the railway is at its best when carrying large loads over long distances at speed. Neither the state nor the railway industry was geared up for the task. It was expected to take 15 to 20 years to work out the details and implement them. Over the following decade the plan was subjected to an almost constant process of revision, but the basic principle was never abandoned and the chief technological goal, the elimination of steam traction, had been accomplished by 1968. The contraction of the railway network was always part of this plan. The search for a precise formula by which the social and economic costs of this contraction could be compared to the savings it produced proved to be something of a false trail and the size of the remaining network was instead the outcome of a complex series of political negotiations over individual cases, reflecting the fact that in Britain central government has not historically had the power to impose national plans on the population. Although a number of mistakes were made and although it proved difficult to balance the competing demands of various rail users and workers within the constraints of wider economic and fiscal policy, the plan succeeded in providing quicker, safer, more reliable, more efficient and more comfortable services and by 1979 Britain had probably the most cost-effective railway in Europe. The rail workforce had been cut by more than half without the bitter divisions and social decay associated with the contraction of the mining industry in the 1980s. By 1975 Britain was about to introduce the world's fastest diesel train and was pioneering tilting train technology. A crucial component in this success story was the ability of the civil service to rapidly adapt to the massive new demands made upon it by the inability of the nationalized industries to fund their own investment programmes, a task made all the more difficult in the transport sector by the radical changes resulting from a doubling of motor-car ownership in successive decades.

Unfortunately the British failed to appreciate how successful the modernization of the railways had been. The fact that the process cost more and produced less impressive financial results than had been hoped should not have surprised anyone familiar with the history of building the railway network in the first place and would not surprise us today, given the difficulties railway investment projects have experienced since 1994. To the disappointment these unrealistic early expectations produced was added the belief that the railways' financial problems were the result of contemporary failures rather than (as they essentially were) the consequence of industrial change, several decades of underinvestment prior to 1955 and the damaging effect of government interventions. As a result governments became reluctant to invest in rail and, instead of being seen as the example of Britain's ability to successfully navigate a path through major social and industrial change that they were, the railways became a symbol of the decline which many Britons wrongly believed their country had undergone. The effects of the resulting under-investment meant that this view of the railways became more deeply entrenched. This contributed to a lack of faith in the ability of the public sector to manage change successfully and an increasing tendency to look to privatization as a solution to its problems; a faith which was to prove tragically misplaced, at least as far as the railways were concerned.

The paragraph above deliberately glosses over a few caveats which will be apparent from the rest of this book and its conclusion; but it presents a more accurate picture than the myth founded on the idea that the reform of transport policy in 1957–63 was either an act of incompetence or of wilful destruction which set the railway industry on a path of decline; and it is one well worth bearing in mind as we contemplate the essentially similar problems we face in transport today.

Appendix 1

Financial overview 1948–73

(Figures in £ million, current prices. *Figures in italics are negative*)

Year	*Railway operating result*	*Railway result after interest etc.*	*Investment in rail*	*Road programme capital authorization*[1]
1948	23.8	*10.5*	40.3	–
1949	10.6	*26.0*	44.1	–
1950	25.2	*12.3*	43.4	–
1951	33.3	0.0	42.3	–
1952	38.7	3.9	40.0	–
1953	34.6	*2.7*	55.9	–
1954	16.4	*21.6*	65.3	5.3
1955	1.8	*38.2*	71.3	21.0
1956	*16.5*	*57.7*	89.0	31.0
1957	*27.1*	*68.1*	125.9	37.7
1958	*48.1*	*90.1*	141.0	70.0
1959	*42.0*	*84.0*	167.8	94.1
1960	*67.7*	*112.7*	163.3	79.1
1961	*86.9*	*135.9*	146.2	104.0
1962	*104.0*	*159.0*	115.3	101.9
1963	*81.6*	*133.9*	90.6	117.4
1964	*67.5*	*120.9*	100.7	169.1
1965	*73.1*	*132.4*	113.7	195.2
1966	*71.6*	*134.7*	102.8	175.6
1967	*90.4*	*153.0*	86.0	209.0
1968	*83.5*	*147.4*	79.0	326.8
1969	48.6	14.7	62.0	407.8
1970	47.4	9.5	77.9	366.6
1971	26.2	*15.4*	91.2	300.1
1972	17.8	*26.2*	102.8	513.6
1973	*5.1*	*51.6*	109.4	515.5

This table is not intended to be a detailed guide to the railway business, but to illustrate the overall trends and headline figures. The road programme is only a part of road expenditure. The railway figures are subject to a variety of minor qualifications reflecting changes in the activities included. Underlined figures indicate the points at which major financial reconstructions altered the structure of railway central charges and the introduction of subsidies from 1969 affected the operating result.

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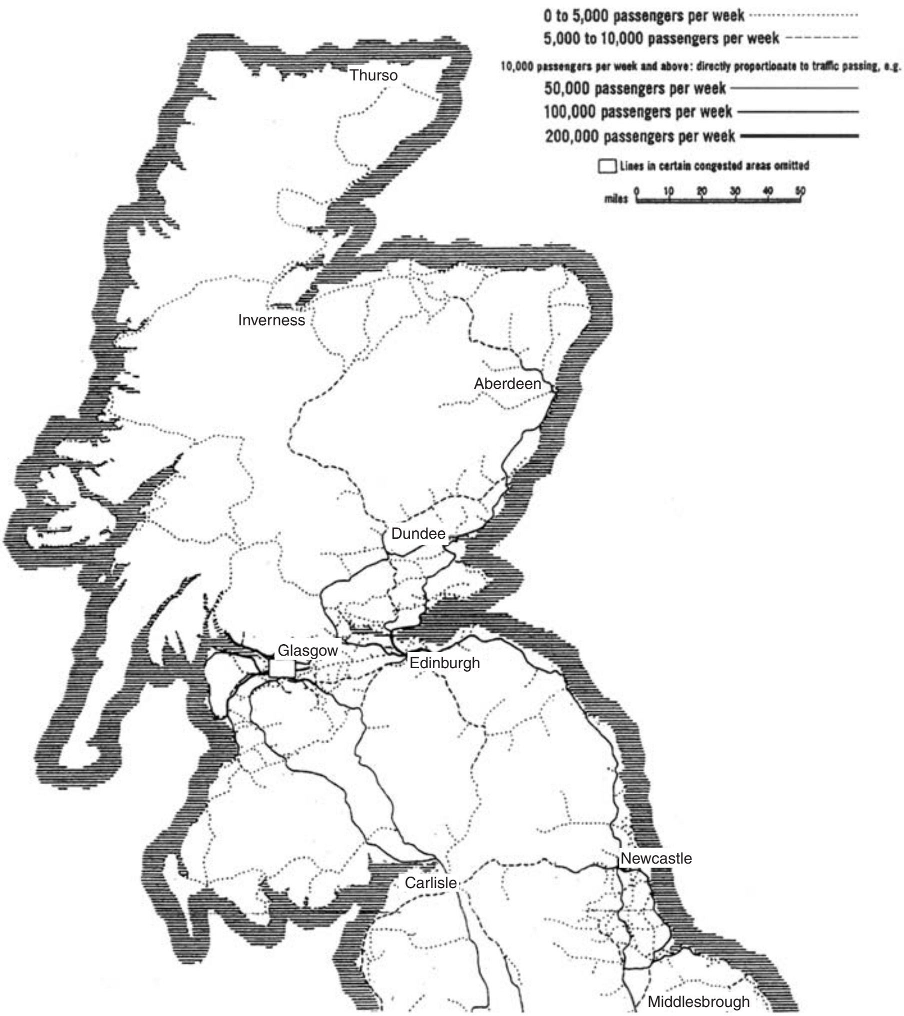
Note

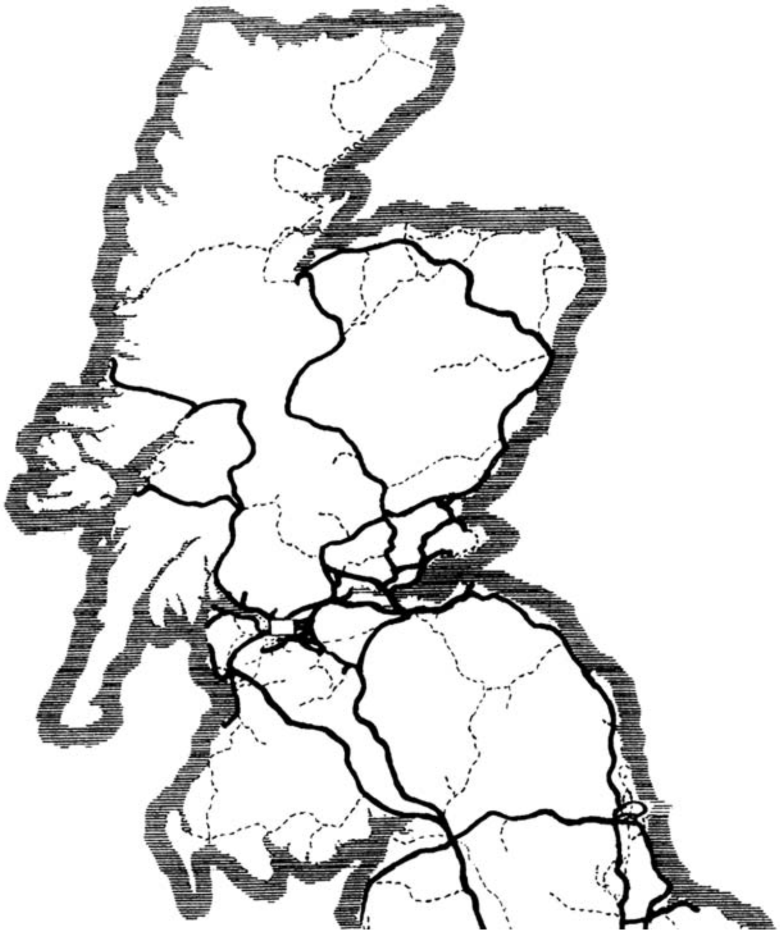
1 In year ending 31 March.

Appendix 2



Map 1

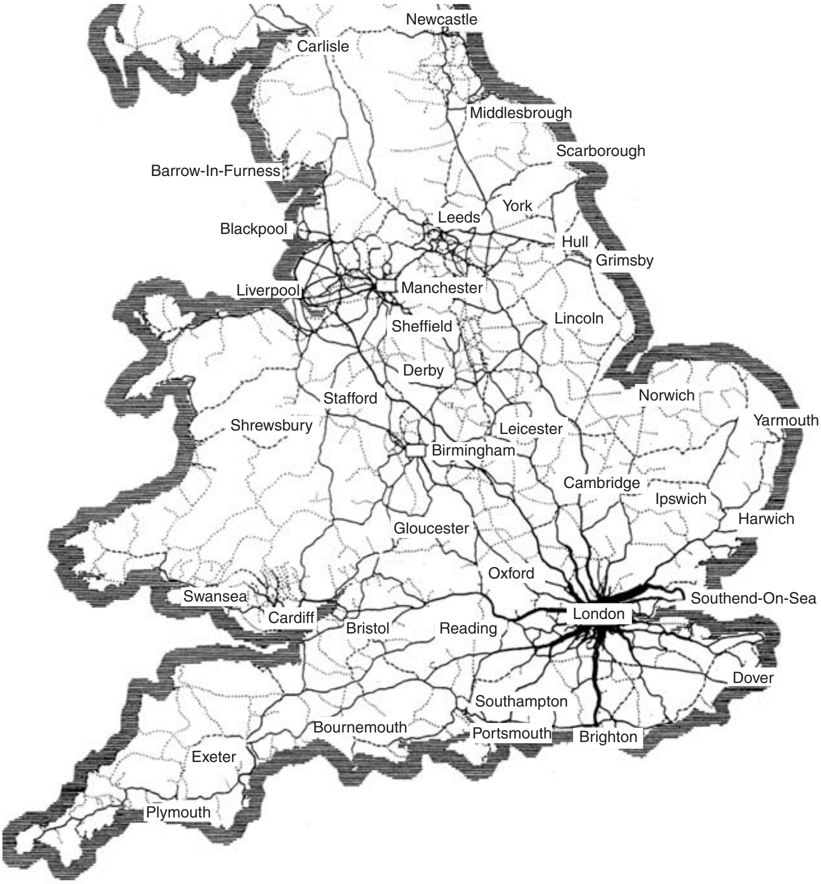
British Railways – Density of Passenger Traffic 1961: Scotland and northern England (source: BRB, *The Reshaping of British Railways: Part Two: Maps*, London: HMSO 1963, map 1).



Map 2

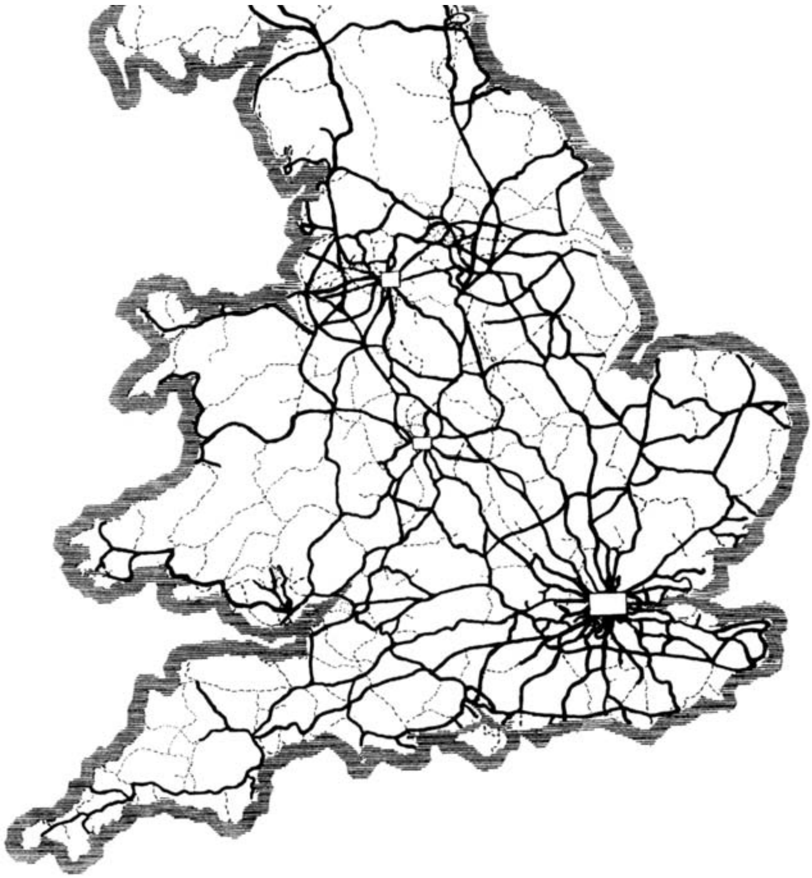
The Beeching Report – Passenger Closure Proposals, 1963: Scotland and northern England (source: BRB, *The Reshaping of British Railways: Part Two: Maps*, London: HMSO 1963, map 9).

Key:
Thick lines: for retention (in some cases stopping services on these lines to be withdrawn).
Broken lines: all passenger services to be withdrawn.



Map 3 (For key see Map 1 above)

British Railways – Density of Passenger Traffic 1961: England and Wales (source: BRB, *The Reshaping of British Railways: Part Two: Maps*, London: HMSO 1963, map 1).



Map 4

The Beeching Report – Passenger Closure Proposals, 1963: England and Wales (source: BRB, *The Reshaping of British Railways: Part Two: Maps*, London: HMSO 1963, map 9).

Key:
Thick lines: for retention (in some cases stopping services on these lines to be withdrawn).
Broken lines: all passenger services to be withdrawn.

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6 Top gear

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Index