

**“Why did the UK sell off the railways?”, Video by Miranda Green (Tom Hannen and James Sandy), April 9, 2018**

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People are feeling romantic about nationalisation because they don't remember how awful it was.

The railway is a natural monopoly. You don't get to choose which train you travel on, which company you choose. It doesn't make sense to introduce a market into the railway.

There are two big problems with the railways at the moment, the fares are too high, and they've been going up relentlessly. And the second problem I can put in two words. Southern Rail.

If you look at some of the trains they've invested in, they're pretty unpleasant. No tables. Nowhere to put your drinks down. It looks like the sort of place they want to hose down after the passengers have been in there.

I think privatisation has brought many advances. Certainly one of the advances brought is an enormous increase in the number of people using trains.

Jeremy Corbyn is a great trainspotter. So he and I see completely eye to eye on the railways. And I'd love to be his thin controller.

[LAUGHTER]

We didn't feel it appropriate to say that the Chancellor and the Transport Secretary were locked in mortal combat. But that is more or less what it was.

[MUSIC PLAYING]

Britain is the birthplace of the modern railway. But the network is now at the centre of a political battle.

25 years ago every train, every piece of track, and every station in the UK was sold off to private companies. Now, with calls for re-nationalisation growing louder, we're here to ask, why did we privatise the railways? And was it worth it?

One man who was there in the engine room of the great Conservative sell off, stoking the fires of privatisation, is now better known as a connoisseur of the railways.

Trains were old. They were very often dirty. And the most famous symbol was the curly British Rail sandwich, because the standard of catering was so poor. So it was universally acknowledged that the nationalised industries were giving an extremely poor standard of service, because they had no accountability to the customer.

The private railway companies were taken into public ownership in 1948, when Clement Attlee's Labour government decided to nationalise swathes of British industry.

By the time John Major became prime minister in 1990, the service was seen as a neglected part of the transport system. Ministers thought British Rail's management was asleep at the wheel, and looked at ways to bring in the private sector.

So why did the rail privatisation come quite so late?

I think it's partly because it was complex. And partly because I don't think Margaret Thatcher particularly wanted to do it.

I mean, it's odd, because privatisation is much associated with Margaret Thatcher, and rightly so. Although she moved into it a little reluctantly. She was quite slow to do the first privatisations. And railways and the post office, for example, were way down her list.

So it only got going in the Major years. And even then, it took a very long time. When I was first working on privatisation, the plans we had were not at all the plans that turned out to be.

Quite honestly, the principal motivation was that we had an industry that we thought was in terminal decline. And something, almost anything, had to be done about it.

And this is really what I would ask you to judge privatisation against. I know there have been many other changes. But not many people gave railways a hope, even of survival in the late 1980s.

The railways more than survived. But the journey has not been smooth.

Awarding contracts at the lowest possible cost has depressed the quality of train services. The companies complain of squeezed profit margins. But passengers still seem to blame the operators, as the government piles more of the costs onto the travelling public.

As passenger fares have risen, so has public anger. And the remedy that these angry commuters seem to be reaching for is to take the whole system back into public ownership.

One commuter decided he'd had enough. David Boyle challenged Southern Rail's poor service by organising a protest at Brighton Station with his fellow passengers. They were irate at the delays and cancellations resulting from an ongoing dispute between the train operating company and the trade unions. They refused to show their tickets and had a tea party instead.

Well, the reason I got so cross was during the strike, when no one was taking responsibility for it, was it felt like you were going into a restaurant. They won't give you your meal properly. They're late in delivering it. And they still expect you to pay.

And what's more, they check your ticket. They have the nerve to check your ticket. So it seemed to me, what would Gandhi do in those circumstances? He would refuse to show his ticket.

It's a ripoff for both passengers and the public. And it has failed. That's why we need public ownership.

Cat Hobbs speaks for We Own It, a pressure group campaigning for public services to be brought back into government hands.

76% of us believe the railways should be in public ownership. And that's across all age groups. We know that people really believe the railways should be publicly owned. And we can achieve that very easily by bringing rail franchises in house as they come up for renewal.

When you see the ridiculous chaos in Southern Railways, and the huge inconvenience to the travelling public, going back several months, well, of course, the public are entitled not just to be annoyed, but to be very, very angry. If I used Southern Railway, I'd be livid at the nonsense that's gone on there.

Another angry protester? Actually, this is Malcolm Rifkind, former transport secretary, and one of the architects of Britain's privatised railways.

I basically reversed what was perceived to be a conservative policy of the previous 12 years, and said, I am unashamedly part of a government that is committed to an expansion of the rail network. And I had John Major's full support in doing that.

When you were secretary of state for transport, you were not in agreement with the Treasury on how it should be done.

Yes. Although I had no problem with the principle of privatisation, where I did depart from the view of the Chancellor of the Exchequer and of the Treasury was as to the separation of responsibility for the infrastructure, for the railway track, from the operating of the railways that use that track. To divorce from the person who's running the railway the ability to manage the track as well in the most economic and sensible way was irrational, bad economics, and bad business sense.

Instead of pushing British Rail into the private sector as a single company, it was broken into three components, track, rolling stock, and train operators.

The real competition on the railways was not from other railways. It was from whether people decided to use the rail, or to use air or road in order to get to where they wished to go. And that meant that by the time of the 1992 general election, when the manifesto was being drawn up, we had not yet reached a position on this.

This set out in here is the sort of Britain I am going to see, and lead this country to in the next few months.

In 1992, a secret memo was circulated among senior conservatives discussing how to privatise the railways. The preferred option was to approach privatisation on the basis of line of route. Why? Because this was easy to explain, and was appealing to local regional pride, and a sense of identity.

The memo acknowledges that this method would not be the most pro-competitive solution.

Opinion polls showed that privatising BR was popular with the public. It would be important to bring about privatisation in a way that captured the political trick.

If it meant you were adopting a system that, in all other respects, was an inferior one, then that would be a very bad thing to do. If you devise a policy which not only appears to be the best

way of running the country, but happens in addition to be quite popular, yes, we plead guilty as politicians to being attracted to that as a way of resolving whatever the problem might be.

But now it seems that the pendulum of public support has swung completely in the other direction and favours the Labour solution.

I think the public mood is there, absolutely there, saying bring our railways back into public ownership.

Clearly, in your view, it would be a mistake to follow the Jeremy Corbyn, John McDonnell prescription.

I think it would be one of the silliest, most foolish things they could do. Apart from anything else, it would cost billions of public expenditure. There would be massive disruption for a number of years, until you got back.

And where would you be going back to? You'd be going back to a state system of running the railways, which during the period that had operated in this country saw a constant decline in railway usage and a constant increase in public dissatisfaction right up till the 1990s when we privatised. So that's what you call dumb.

There's no question that passenger numbers have gone up since the railways were privatised. The number of journeys has increased from 761 million in 1995 to 1.7 billion in 2016. But most of this is concentrated around London. Not everyone thinks this is fair.

I'm Lilian Greenwood. I'm the Labour MP for Nottingham South. And I chair the Commons Transport Select Committee.

We're here on this train, speeding north to your constituency in Nottingham. And clearly, there's an enormous amount of investment that has gone into the railway system. I mean, you could almost say, the railways have never had it so good.

There's a lot more public money going in now than there was at the time when we had British Rail as a nationalised rail industry. I think that's one of the things that perhaps is a concern about franchising on its own terms. It was meant to lead to cheaper fares, a more efficient railway, requiring less taxpayer subsidy. And actually, those things haven't been delivered.

So how much money does the UK government spend subsidising each of the train companies? Well, it depends. Between 2016 and 2017 all of them received more funds than they contributed to the government, with two notable exceptions, Virgin Trains East Coast and South West Trains.

South West Trains lost its franchise. And Virgin Trains East Coast has been flirting with collapse.

We ended up taking a system and throwing it into the air with the infrastructure pushed off into Railtrack a privatised infrastructure company, losing lots of the engineering and expertise.

We have the train operations put into 25 different franchises, many more than there are now. And, of course, the rolling stock sold off to the rolling stock operators.

So it basically broke our rail industry up.

I think essentially Railtrack failed to properly maintain the railway. So routine maintenance wasn't being done, which led to a succession of fatal crashes. And it was the failure of a privatised operator to keep the network properly maintained and to keep people safe that was an absolute disaster.

I mean, now we have the safest railway in Europe. That's something to be proud of. But they had to come back into the public sector for that to happen.

Some veterans of the Labour government in the 2000s who re-nationalised Rail Track to create Network Rail now believe that creating more state backed bodies could be the answer.

There should be competition for franchises between public and private companies. After all, we have state companies in France, Germany, the Netherlands, and other countries who can compete for contracts here. What we don't have is domestic state companies, or not for profit companies that can compete.

There's a lot of nonsense spoken. Since all of the track and most of the investment that goes into the network is public investment, we don't have a fully privatised railway in any event.

Over the last decade, the private sector has invested hundreds of millions of pounds into the railways each year. But the amounts invested by government can be measured in billions yearly.

It's not true capitalism, is it? It's not a true market, or true competition.

It is, to some extent, pretend capitalism, because the railway operators are always going to receive subsidy. So is the supplier of the track and the infrastructure. But that isn't the end of the story. Because you can have different franchise seekers competing with each other to see whether they can offer a good standard of service for a lesser subsidy.

It's a kind of negative auction, in other words. They are bidding for the lowest subsidy.

Sometimes it goes wrong. But on the whole, it has not gone wrong. And those who underperform can be replaced. Will be replaced. Have been replaced at the end of the franchises.

The reason why there's such support for nationalisation is because a lot of private companies are doing very badly. They're either not running the trains, like Southern Rail, or they're having to be bailed out at taxpayer expense. Like the East Coast.

You cannot justify privatisation unless the private sector does a good job.

I mean, I suppose people do have short memories. I suppose I'm in a privileged position, because I was in a privileged position to remember how bad things were.

Maybe it's the case that we have to go through the whole wretched cycle again and learn the lesson once more.

This nostalgia for nationalised industries is absolutely misplaced. Perhaps people ought to go and dig out their old Super 8 movies and try to recall for themselves what life was really like.

I'm doing nothing but wasting my time the whole of the time I've been on the train. Two hours this morning. I never get home till after half past seven at night.

It didn't arrive down here until three quarters of an hour late, which means we miss our buses, and we don't arrive home until about an hour and a quarter later than we normally do.

Whatever the solution, there have been some punch ups between commuters and railway staff. Tempers have flared on both sides. And one loco man was attacked with an umbrella.

There used to be political energy around the idea of privatisation.

We conservatives are returning power to the people.

In the Thatcher and then the Major era, privatisation was meant to give power back to the consumer. But now, perhaps, it means returning to state control.

Let the next Labour government transform Britain by genuinely putting power in the hands of the people.

Power to the people.

Power in the hands of the people.