

Rail privatisation – a failed experiment

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Few people, outside the government and private shareholders, would argue that rail privatisation has been anything but a failure.

For passengers it has delivered Europe's most expensive railway, poorer services and massive overcrowding as investment in new capacity lags behind demand.

For rail workers, privatisation has brought constant attacks on jobs, pension rights and working conditions, and for all concerned it has undermined safety, with tragic consequences such as Hatfield, Potters Bar and Tebay.

For the economy it has meant waste on a grand scale as subsidy is diverted into shareholders' pockets, work is duplicated and investment money is borrowed expensively on commercial markets. It has meant massive asset stripping, the squandering of a huge property portfolio, the dismemberment of Britain's train-making industry, the loss of vital skills and immense damage to communities.

For the private operators and train-leasing companies privatisation has meant a rich seam of publicly financed profits, with up to £1 billion extracted each year from the industry, which receives £5 billion in subsidy – three times the real-terms level of British Rail (BR) days. Three rolling-stock companies extract massive profits by leasing rolling stock to the train operators at extortionate rates.

The claim that privatisation has brought massive private investment is false, for the vast majority of investment in the industry since privatisation has come ultimately from the pockets of passengers and taxpayers. The experience of the railways, in common with other sectors, is that the interests of private profit run counter to the interests of public service, and in the case of the railways they also run counter to the interests of safety.

Market forces cannot deliver the long-term planning and investment the railways need if they are to play their key environmental and economic role. Without addressing control – and that necessarily means ownership – the dream of an 'integrated transport system' will remain just that.

Despite its earlier condemnation of the Tories' 'flawed' privatisation, the model New Labour has adopted is identical: splitting infrastructure and operations – the same model also being imposed around the European Union in its drive to 'liberalise' the rail industry.

The New Labour government not only reneged on the promise made by Blair in opposition to reverse rail privatisation, but has sold off even more of the nation's railway assets, most notably with the disastrous part-privatisation of London Underground, which exploded so spectacularly with the collapse of Metronet, but also with the privatisation of the East London Line's operations as a precondition of its modernisation and extension.

Today we also face a battle to keep the Tyne and Wear Metro in the public sector – the last wholly integrated, publicly owned railway in Britain, which the government decreed must also be subjected to Thatcherite 'market testing' in order to win approval for the £300 million it needs to modernise.

The future is public

Rail renationalisation would be popular. Polls consistently show three-quarters of voters favour bringing the railways back into the public sector.

New Zealand, where privatisation predated Britain's by half a decade, has recently reversed it because its government recognised that the private model could not deliver the massive investment its infrastructure needed. In Spain, where the railways remain public despite EU pressure to privatise and liberalise rail, there has been massive investment in high-speed rail.

For a future progressive government, railway policy must be part of a long-term transport plan, itself a part of an overall economic and environmental strategy designed to lift living standards, boost manufacturing and rescue public services ravaged by decades of privatisation, within a sustainable framework.

There is ample evidence that investment in high-speed rail and other new capacity, with fares set at levels to encourage people out of cars and short-haul flights and onto rail, and other environmentally less damaging modes, would massively reduce the pressure for airport expansion and ever-more new roads.

The basic fault-line running through the rail industry is its fragmentation: the damaging and dangerous separation of rail infrastructure from operations. In its 2004 report on the state of the rail industry the Transport Select Committee called for the creation of a public-sector railway agency.

Such an executive agency would be the vehicle through which the railway industry could be reintegrated vertically, re-uniting infrastructure, rolling stock and operations in a single publicly owned and accountable structure.

Vertical reintegration in the public sector must be the number-one item on the railway agenda, and could be achieved relatively quickly, but it must also be the first step in a process that would aim to bring back together all the elements of the railway network.

The agency would need powers to undertake strategic planning, alongside similar agencies set up to oversee and develop other transport modes, and investment for a massively enlarged network, able to deliver and direct sustained public investment in new high-speed lines, electrification and increased capacity on existing lines.

This would include rolling-stock procurement – with a brief to rebuild Britain's train-making industry, with the aim of reintegrating train-making with the rest of the industry in the public sector.

The agency must have the ability to set fares at levels that encourage people out of cars and short-haul flights and onto trains, rather than to ration access at massive cost to the environment.

But it would also need democratic accountability, operating at arms-length from the government, accountable to parliament and with statutory rights and representation from the various 'stakeholders' – trade unions, national, regional and local authorities, passengers, and the industry itself.

Exactly how the agency might look is a matter for debate in the labour and trade union movement, but there can be no desire to repeat the mistakes of the BR era, when BR had to produce annual plans and an annual begging bowl, where the Fat Director simply became the Fat Controller, with no democratic role for the workforce and its trade unions, or the wider public.

Public ownership and democratic accountability must go hand-in-glove, but also in the context of wider social and economic change.

RMT and its forebears have long argued for democratic accountability and direct worker involvement in the management of a people's railway.

As long ago as 1914 the NUR believed that railway workers should be given "a due measure of control and responsibility in the railway industry", and its 1917 AGM demanded "equal representation both national and local for this union upon the management of all railways in the United Kingdom".

In 1945, with nationalisation on the horizon, the NUR AGM agreed unanimously that "workers' participation in its management is an

indispensable requisite to ensure the success of a publicly owned transport industry”.

At the 1953 Labour Party conference NUR general secretary Jim Campbell argued that nationalisation could simply mean rescuing industries from those who had left them derelict, it could mean greater benevolence for workers with better wages and conditions, or – the view of the NUR – it could be a preliminary to socialism, and it is in that context that democratic self-management becomes a realistic proposition.

In today's economic and environmental circumstances, in which the need to reduce carbon emissions is urgent, it is essential that trade unions are involved at the ground floor of change, drawing up and delivering an integrated and environmentally sustainable national transport plan.

RMT's recent report into developing a high-speed rail network as an alternative to short-haul flights and the third runway at Heathrow explains that it could create thousands of skilled jobs in construction, train-manufacturing and rail operations that would offset any lost.

The unions have a vital role to play in ensuring that workers are not forced to suffer a reduction in living standards because of the necessary climate change measures that have to be made in the transport industry. Just as the trade union movement has a proud record of advocating diversification from arms manufacture, it has a prominent role to play in leading the way to sustainable development so that does not disadvantage working people.

This can only happen if transport unions are involved in planning and delivering the transport network we all need for 2050 and beyond. The alternative is a continued market driven free-for-all – and that future would benefit neither the environment nor the transport industry workforce.

It has been said by ministers who should know better that it would cost £20 billion to renationalise the railways. This is nonsense.

Had there been the will, Britain's rail franchises could already have been brought back into the public sector since 1997 at zero cost, either as they expired or, as in several cases, as their operators failed to meet their franchise obligations.

That softly-softly option remains, but for a progressive government there should be no barrier to simply taking them back – and doing so without compensation is no more outrageous than imposing a windfall tax.