

Transport Troubles

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THE CAPITAL put into building the railways was enormous. But the railway companies never got back the benefits of their expenditure. The trouble was that when they sought powers from parliament to purchase land on which to lay their track and build their stations, their powers of compulsory purchase were strictly confined to the absolute minimum of land necessary for these purposes. Yet the convenience of this new method of travelling put up the value of real property throughout a wide area on either side of the line, and encouraged the building of shops, offices, and houses in clusters round the stations. Owners were able to make substantial increases in rents and selling prices of existing properties, and nearby agricultural land was sold or leased for development at urban prices.

The revenue generated by the railway was thus dissipated among the surrounding property owners, while the promoters were left with the impossible task of trying to recoup their capital expenditure out of income. They could pay for running costs and maintenance, but no matter how high the fares were set, they could never recoup the capital, much less pay for modifications and improvements of the line. Eventually the railways had to be subsidised, then nationalised, and then privatised again with large subsidies from the taxpayer.

The principle that owners of property who benefit by capital outlay on works of a public nature, should be rated to pay towards the cost of their construction, was towards the end of the nineteenth century perfectly understood by parliament. In the 1890s, for example, the Public Street Works Acts ordered the cost of paving urban streets to be collected from the surrounding owners according to their frontage, or "the degree of benefit" they received. But it was too late. By 1890 the railway system was pretty well complete, and only a very few new lines could have taken advantage of it. Similarly after the first World War the cost of draining fens and other waterlogged lands was recovered under the Land Drainage Acts from the surrounding landowners according to the "degree of benefit" they received from the works. It was simply the application of the principle of "rendering to everyone his due". In the last few decades, however, when the railways have been expanded and developed to take longer, faster and more frequent trains, this principle seems to have been entirely forgotten, with disastrous consequences.

THE CAPITAL COST of a new motorway is also enormous. It is borne by the taxpayer. The new motorway benefits some, but is a detriment to others. On one hand the supermarket, and one or two other retailing giants are able to obtain green land sites near a motorway junction, where they capture the trade which used to sustain the shops in the surrounding towns and villages. On the other hand the High Streets of these villages die a natural death as the car-owning population take to supermarket shopping, and the garage and filling station which had a flourishing business on the old trunk road, now virtually deserted, is put out of business.

Some years ago when the M5 motorway by-passing Exeter was constructed, litigation for compensation by the owner of such a garage having reached the House of Lords, parliament was persuaded to change the law. Neighbouring property owners are now entitled to compensation for the detriment they suffer. Accordingly when the A1(M) motorway came to be built, one owner of a garage and filling station on the old trunk road near Hatfield received over £4 million compensation for his loss of business. But the new legislation made no provision for the losses of trade in the surrounding villages; nor did it make those who benefited from the new motorway pay for their gain. So the taxpayer paid for the motorway, and for the compensation, while the beneficiaries of the motorway enjoyed their unjust enrichment, and the shopkeepers in the villages simply closed down. This is not justice.

LONDON'S UNDERGROUND railway, stretching over an area of 630 square miles, is one of the most extensive in the world. But its construction began in 1860, and much of it is now showing signs of its age. London cannot function without it. It will have to be brought up to date. But again the capital expenditure, whether by public or private enterprise, will be enormous. Unless there is a change in the law before the work is undertaken, the taxpayer will have to pay in the end. People in the remote hills of Scotland and Wales will be paying taxes to fund the rehabilitation of London's transport! This is not justice. There is no reason at all why those who benefit from expenditure on public works should not pay for the benefit they receive from them. *Suum cuique tradere*.*

* One of the three principles of Natural Law stated by Blackstone, citing Justinian.