

lars rindsig's view from the right



It is a truth universally acknowledged, that a single man in search of a good fortune was responsible for the destruction of British railway culture. That man was Dr Beeching, who axed some six thousand miles of track and two thousand stations, on railway routes that were inefficient, costly, underused and did not make a profit—yet were each important in the lives of the people who travelled on them.

The Government at the time could simply have butted out; deregulated and privatised, letting entrepreneurs once again run lines for profit, and communities run lines for their community, *Titfield Thunderbolt* style. But they didn't learn from history and instead bought into the Soviet style of running a business.

While the UK's railways were semi-privatised in the eighties they had little to show for Beeching's attentions—and with the current economic crisis, nationalisation of railways is now back in vogue: the Government is to put its cold, clammy hands on the National Express Inverness-King's Cross service on the East Coast Main Line.

Why is the UK's rail service in such a sorry state today? Great Britain had pioneered the new railway technology in the 19th Century, and by Edwardian times the entire island was covered by a fine-meshed net of large and small lines, connecting the capital with the remotest hamlet. This development had not been centrally managed—it grew organically: entrepreneurs saw that there was money to be made by satisfying a demand for transportation of goods and people. Since competition was fierce, in order that business wasn't lost, comfort was increased and transport times minimised. Times, profits and services were good.

But the government introduced restrictions on how the railways priced their services, directed where they run their lines, and generally made their life difficult. The result was dwindling market shares to the railways.

Then rolled round 1947. And with it came draconian regulations and all sorts of nationalisations, left, right and centre: from the Bank of England, to mines, to railways. Showing a complete lack of business savvy, Mr Atlee invested a staggering billion pounds (in 1948 money) into turning a host of individual, nimble companies into a gigantic, inefficient mess. Bad investments in poor quality rolling stock and the lack of an ability to adapt to changing demands by customers meant that by the time Dr Beeching appeared on the stage, British Rail was £112bn in the red, making Beeching's £24,000 otherwise eye-popping annual salary a mere tear in the sea.

Today, as in 1947, instead of nationalisations there is one move the government could make for a positive impact on rail transport in the UK. One move would allow enterprise to flourish while at the same time making money for the public purse: copying the Danish railway levies that were introduced in 1908 when Denmark's railway network was rapidly expanding. Under this legislation owners of land paid an annual tax that was directly proportional to the increase in the value of their land caused by the new railways.

This sort of scheme would allow transport of goods and people to remain on rails rather than shift to asphalt, to the benefit of the environment and of everybody who's ever been stuck in a motorway queue during rush hour. If the state could shy away from interfering with the running of the railroads, tomorrow we might even have trains running on time.