

Mind the Municipal Gap:

**Did The London Passenger
Transport Board 'Secure for the
Workers the Best Obtainable
System of Popular Administration
and Control' 1905-1948?**

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Abstract

The period 1905-1948 saw the transformation of London Transport from a mass of private and municipal providers into a single nationalised entity. Such drastic and rapid changes in institutions expose the tensions between the ideals of public administration and the realities of politics in the provision of an essential public utility more starkly than periods of stability, making it especially conducive to research and analysis.

This thesis challenges existing thinking on the subject in three ways. Firstly, it critically examines who benefitted financially from the operation of London Transport. It finds that, contrary to previous accounts, the passengers rather than the investors were the primary beneficiaries, but that investors were nevertheless better remunerated than sources allow. Secondly, it finds London Transport to have been an essentially unaccountable body. However, contrary to current views, there is no evidence that this was detrimental to the quality of service provided. In fact service quantity and quality markedly improved over the period in question. Thirdly, the management and leadership qualities of the two central figures in London Transport in first half of the 20th Century are critically and systematically assessed here for the first time. Previous accounts do not place their evidence within relevant theoretical frameworks and are often somewhat hagiographic. In summary this thesis is an overdue revision of an existing area of history where the initial accounts published forty or fifty years ago have been uncritically accepted and are themselves too unquestioning of the sources used.

Contents

Abstract	2
Contents	3
Tables	4
Figures	5
Acknowledgments	6
Declaration	7
Chapter One: Introduction	8
Chapter Two: Literature Review	13
Chapter Three: Methodology	37
Chapter Four: Contextual Background	51
Chapter Five: Did Passengers, Employees or Investors benefit most from the London Passenger Transport Board?	75
Chapter Six: How Accountable was the London Passenger Transport Board?	119
Chapter Seven: How Effective was the Command, Leadership and Management of the London Passenger Transport Board?	163
Chapter Eight: Discussion and Conclusions	197
Abbreviations	218
References	219

List of Tables

Table 2.1: Styles of Command, Leadership and Management	32
Table 3.1: Summary of Content of Archives	40
Table 3.2: Rationalising the Transport London Archive Catalogue	43
Table 3.3: Proposed Periodisation	44
Table 3.4: Journals Consulted	45
Table 5.1: Principle Actors in the Formation of London Transport Policy	76
Table 5.2: UK Interest Rates, Inflation and London Transport Dividends 1905-48	70
Table 5.3: Cost of War Damage	90
Table 5.4: London Passenger Transport Board Staff Expenditure 1934-47	105
Table 5.5: London Passenger Transport Board Expenditure on Pensions and Benevolent Funds 1934-47	111
Table 6.1: Monetary Returns to Bondholders and Comparators	120
Table 6.2: Members of the London Passenger Transport Board 1933-48	141
Table 6.3: London Passenger Transport Responses to Public Criticisms/Proposals Involving the Northern Line 1933-39	144
Table 6.4: Members of the London and Home Counties Traffic Advisory Committee 1933	148
Table 6.5 Official Strikes 1911-48	153
Table 6.6 Unofficial Strikes 1933-41	153
Table 8.1 LPTB Wages and Total Staff Expenditure	198
Table 8.2 Percentage Returns to Bondholders	199
Table 8.3 Cumulative London Passenger Transport Board Expenditure on Pensions and Benevolent Funds 1934-47	201
Table 8.4 Monetary Returns to Bondholders and Comparators	203
Table 8.5 The Social Context of Leadership Behaviour	210

List of Figures

Figure 2.1: The Leader as a Problem Solver	32
Figure 5.1: Nominal and Real Average Receipts per Passenger 1913-33	92
Figure 5.2: Nominal and Real Average Receipts per Passenger 1934-47	93
Figure 5.3: The Average Speed of Underground Railways 1906-32	93
Figure 5.4: Numbers of Trams, Buses and Tubes Operated by the Underground Electric Railways Company of London 1913-33	93
Figure 5.5: Numbers of Trams, Buses and Tubes Operated by the London Passenger Transport Board 1934-47	94
Figure 5.6: The Cumulative Peacetime Expenditures of the London Passenger Transport Board 1934-39	116
Figure 6.1: The Private London Transport Company Policy Community 1905-33	124
Figure 6.2: The Municipal London Transport Company Policy Community 1905-33	124
Figure 6.3 Theoretical Lines of Accountability	158
Figure 6.4 Practical Lines of Accountability	158
Figure 8.1 Gross Revenue per Journey	198
Figure 8.2 Numbers of Trams, Buses and Tubes Operated by the London Passenger Transport Board 1934-47	200
Figure 8.3 The Social Context of Leadership Decisions	209

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Author's Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. All sources are acknowledged as References.

Chapter One

Introduction

Research Problem

This thesis examines the tension between the ideals of public administration and the realities of politics in the governance of large public network utilities. Its focus is on the problem of securing the best obtainable system to provide London's transport which became especially politically controversial between 1905 and 1948. The controversy arose out of a growing political conviction that purely private sector provision no longer provided effective or efficient outcomes for the city of London. These convictions were symbolised by Clause Four of the then Labour Party constitution adopted in 1918 from which this thesis has derived its title. But in Britain there was immense institutional resistance to idea of public ownership rooted in 18th and 19th Century concepts of Laissez Faire and the defence of private property. In 1905 the authors of Royal Commission into the London Traffic Problem found that it was simple to articulate but wickedly difficult to solve: Which combination of private and public provision provided the optimal outcome for London's transport? The issue has still not been fully resolved by us today.

Aim

It is the aim of this thesis to provide a critical analysed account of why the best solution to urban transport problems lay in the development of public corporations at a municipal or regional level. In London's case, this thesis will propose that historically the London's transport needs were best served while the network was administrated and controlled by a quasi-public body known as the London Passenger Transport Board (LPTB).

Objectives

This thesis has three research objectives. The first chapter of this thesis analyses whether the LPTB operated in the interests of its passengers, its employees or its investors. I see this as the key objective since the organisation's accounts will provide objective financial data which can be triangulated and used to construct a historical theory of events identifying which interest group obtained the best financial outcome from the LPTB. However, whilst

critically examining the flows of money will be highly suggestive about who benefitted from the organisation and why, analysing finance alone does not address more qualitative issues related to wider benefits such the transparency of the organisation's systems of administration and who controlled its operations and objectives.

Thus the second chapter will focus on examining whether the LPTB was popularly accountable or not. It queries whether the LPTB was meaningfully accountable to any of its key external interest groups. In doing so it will challenge current literature on agencification which suggests that where such a lack of transparency occurs a fall in the quality of the service provided also takes place. Most of these works are concentrated in the post 1980s period, and this chapter develops current understanding of agencification by exploring how the same process took place in an earlier period. In contrast to the existing transport history literature on the topic this chapter also makes a firm and detailed link between the provision public transport in the London and the evolution of the public administrative bodies governing London and national UK politics.

Having analysed the degree to which the LPTB was accountable or not, the third and final chapter will consider how successfully the LPTB leadership used the discretion granted them to command, lead and manage the organisation. In this section I will focus especially on the role played by two prominent individuals in the leadership and management of the organisation, Frank Pick and Lord Ashfield. Their performance as Chairman and Vice-Chairman is critically analysed through the current day public leadership theories of Grint (2008) and Brookes (2010). This leads to a discussion about which of the two radically different approaches to public sector leadership employed by the two men was the more apposite to the strategic problems faced by the organisation and why, despite the structural failures in transparency and accountability endemic in the institution it nevertheless operated as effectively in meeting public requirements as it did. Finally, this discussion develops Grint's management and leadership theories from temporal perspective, showing how they can be transposed into a historical setting which long pre-dates the modern evidence used to create them.

Why London?

Between 1905 and 1948 Greater London grew from city of approximately 6.5 million to 8 million individuals, peaking in 1939 with a population of 8.6 million (Barratt, 2014). Within the United Kingdom its absolute preponderance relative to all other British cities was substantially reinforced over this period as London attracted the migrant workforce leaving the declining staple industries in the north and west of the UK (Scott, 2007). Not only was the urban space of London on a different scale and trajectory to all other major cities in Britain at this time, but it also represented a declining though nevertheless very significant centre of global commerce as well as international governance dating from the 19th Century (White, 2008). Finally, it represented unique developments in the scale of the managerial requirements of local government (Robson, 1939). I argue that London transport was thus the pre-eminent British urban transit system shaping in the realities of everyday life for a substantial working class, a growing middle class and also the top governing, commercial and financial elites only present in the capital (Rubenstein, 1994). Additionally, I suggest that it shaped the actions, perceptions and imaginations of millions more from abroad who came to regard the system as the acme of mass urban transit success in the period, symbolised by the ubiquitous London transport roundel as an early form of social marketing (Halliday, 2001).

Why 1905-48?

I propose that the period in question represents the key developmental epoch in both the evolution of methods of finance, control and administration for the following reasons. When the Royal Commission into transport in London set out its findings in 1905, London's transport was being provided and governed by the legacy of 19th Century Laissez Faire. By 1948, the entire network was nationalised and centrally controlled as a mere subset of the British Transport Commission. Over the 43 years that separated those events the network went through a series of administrative and financial mergers propelled by both economic exigencies and by the long term fruition of political ideas which amounted to a revolution in

methods of administrations and control (Morrison, 1933). In spite of the uncertainties of the time, I argue that the long term trend towards an ever larger and an ever more centralised economic and administrative unit paradoxically realised both the rationalising economic aims of private sector industrialists of the period responding to British economic decline, but also the rising tide of socialist communitarian aims symbolised by the growing Labour Party. This confluence of ideas from both ends of the political spectrum made the eventual outcome of regional transport provision controlled by central government highly probable though not necessarily optimal (Offer 1981, Middlemass 1979 and Robson 1937). In assessing the provision of public transport by a quasi-public corporation I believe the period 1905-48 offers by far the richest comparative environment in terms of the development and variety of systems of public and private administration and control.

Modern Relevance

The rapid rise in London Underground passenger numbers since the mid 1980s has been commensurate with the re-invention of London once again as a pre eminent global city only seriously rivalled by a few conurbations in the US and Asia. This prominence is symbolised politically by the devolution of power given to the Mayor and nationally and internationally by London's successful hosting of the Olympics for a third time in 2012. These events have catapulted London's mass transit system back on to the public and political agenda, with the quadrennial contests for the mayoralty dominated by the transport issue above any other (Edwards, G & Isaby, J. 2008). Parallel to this, the contested legacy of utility privatisation in general and rail privatisation in particular at this current moment in politics indicates that the search for the best obtainable system of administration and control of our network utilities is far from over and has a special prominence in the capital owing to the ongoing presence of the governing and financial elite there. A critical analysis of previous systems of administration coupled with access to the as yet incompletely catalogued and explored archives at Transport for London is therefore timely and topical.

Qualitative Interpretation of Terms

The title of this thesis uses a number of key terms open to interpretation. For the purposes of this work the following I intend to employ the following meanings. When considering 'The Workers' I intend to look at the achievements of the LPTB in relation to all the users of the London underground network. I believe that it is too complex to try and first define and then extrapolate data relating to just the working class users experience, and too narrow a definition to limit the study just to employees of LPTB. Furthermore I argue that it is this wider definition that was meant by the authors of the Labour Party in 1918, and it is congruent with their ambitions to create a national Labour capable of governing the nation, not just a sectional workers Party (Dell, 2001). Therefore I will take 'workers' to mean 'the travelling public' in the widest sense.

When defining the 'best obtainable system' I intend to address the issues of temporality and locality in the following ways. In terms of time period I will critically analyse the achievements and choices made overwhelmingly within the context of 1905-48. However, I propose for the reasons given above that the conclusions drawn have some resonance with the ongoing debate in the present day. In terms of locale, the analysis presented will concentrate on London alone. Whilst there will be occasional references to foreign cities, this thesis is not a comparison of London to other cities. Therefore the 'best obtainable system' will be situated in the 1905-48 period in the context of the choices then available to London.

Finally, I interpret the meaning of 'popular system' both in the sense of well liked and also in the sense of there being proportionate influence and benefit for all users of the system as opposed to disproportionate power or benefit accruing to a small minority.

Chapter Two

Literature Review

Introduction

Following the structure of the research topics laid out in the introductory chapter and the order of the findings chapters of the thesis, the main body of this review is also split into three parts. We begin by looking in more detail at what the existing literature tells us about the finances, controlling interests and beneficiaries of the LPTB and its predecessors. The second section considers the development of government at municipal level in Britain as a whole before moving its focus to literature covering the development of public, quasi-public and private organisations in London in particular. Part three concludes by reviewing the coverage of the management and leadership of London transport throughout the principal histories, and more specifically the single biography of Frank Pick. However, before moving to discussing the specific arguments and evidence presented by the literature in each section, this introduction makes a series of general observations.

The volume of literature dealing with the history and development of London Transport is extensive, though heavily dominated by the nostalgia industry rather than by more rigorous formal accounts. Though this review will always seek to concentrate on the academic, I acknowledge that the cultural influence of the London Transport in general and the London Underground in particular has been so great that it is impossible to ignore it completely. It has undoubtedly influenced academic writing on the subject. Thus Barker and Robbins (1976) reference 'Metroland', a concept they acknowledge as entirely originating in popular marketing and literature. Ashford (2013) discusses both the development of the inner London tube network and suburban 'Metroland' underground through the medium of novels, paintings and films and Dennis (2008) considers the development of London through fictional writing and art in Chapter Four of his book 'Cities in Modernity'. While the focus of this review remains on academic texts, the influence of popular culture is recognised in academic discussion.

In public administration, the disparity between the exemplary conduct of public administration and the compromises of politics is a well explored issue in academic literature, as is the third research topic concerning leadership and management which commands an immense academic commentary. However, few accounts of the development and history of London transport combine all these analyses and scarcely any public administrative literature discusses transport in London terms of the service provision being a result from the clash between organisational dynamics and political models. As Tennent (2017) observes, much of the historical literature on the development and decline of public transport systems has tended to see the issue on a national or even international scale. Where case studies do exist, they are often focused on the sequential narrative at the cost of real analysis or focus on the passenger experience rather than the overarching institutions. Thus this review begins by noting the literature's well established profusion but also its general extraneousness to the three research topics examined by this thesis.

The existing principal histories of London's transport are Jackson and Croome's 'Rails Through Clay' (1962), Barker and Robbins' 'A History of London Transport' (1976) and Wolmar's 'Down The Tube' (2002) and 'The Subterranean Railway' (2005). This literature's principle form and purpose is a descriptive chronological narrative covering the progress of network expansion coupled with a supporting cast of technical developments that made each stage of development practically feasible. This method of approaching the topic is understandable, as the authors' purpose is mainly to give panoramic views of the entire development of the system and its component organisations over more than a century. Nevertheless, concentrating on the physical results of transport policy and neglecting the politics of its governance is a considerable omission since as we will see almost all the recurring themes and issues described in the canonical London transport literature are in a strategic sense the highly attributable but under acknowledged product of the actions of London's private, public and quasi-public bodies.

The lack of engagement with governance in the London transport literature can be overcome by moving further afield from London, and in some cases further away from transport itself.

Given the title of this thesis this may appear self-defeating, but the paucity of specific literature compels an investigation of what is related. There are a variety of sources such as Barker and Savage's 'An Economic History of Transport in Britain' (1959), Bonavia's 'Railway Policy between the Wars' (1981) or Hannah's 'Engineers, Managers and Politicians' (1982) all of which do deal with the interplay between the organisation and management of public sector network utilities and political trends. More currently, Hibb's 'The Dangers of Bus Re-regulation' (2005) or Wolmar's 'Are Trams Socialist?' (2016) discuss the governance of public transport in Britain in greater detail, but are either too focussed on one mode (Hibbs) or else move too far in other direction by adding few specifics to an already too generalised commentary in other previous books (Wolmar). Overall, the issues considered are clearly highly analogous but the conclusions are either too indiscriminate, focussed on parallel but separate industries or consider too narrow a slice of the entire transport market.

Most recently of all, Tennent's 2017 paper 'Profit or utility maximizing? Strategy, tactics and the Municipal Tramways of York, c. 1918-1935' has explicit parallels for this work in terms of the topic, time period, themes and research question. Naturally, caveats for the specifics of locality (York) and transport mode (trams only) apply, and the conclusion reached concerning the objectives of transport operators differs too. Nevertheless, its approach in viewing public transport organisations as highly atomised and requiring deep archival research in order to be understood is closely mirrored by the methodology of this work.

Finally, there are series of books which directly deal with the issue of the changing governmental framework surrounding all sectors of the economy in the inter war years at a national level. Middlemass (1979), Broadberry (1986), Millward (1995), Chick (1998), Greaves (2005) and Floud and Johnson (2008) all offer commentaries on the 1905-48 period which are invaluable in understanding the political – economic context in which the LPTB operated. Occasionally it merits a specific mention as an organisation. However, this literature focuses on sectors rather than organisations, and on macroeconomic trends and industrial policy in general rather than the particular. As such, they offer highly important contextual understanding but few useful details.

In terms of the literature of public administration, the general history of London's governance is covered by Robson (1939), Laski et al. (1936) and Finer (1941) as well as forming part of Chandler's book 'Explaining Local Government' (2007). Other books from the period such as Porter (1907), Shaw (1908), Masterman (1909) and Knoop (1912) are highly illustrative of the state of political debate in the about public, municipal, quasi-public and private organisations providing collective goods at the time in question, though as we will see, Porter and Shaw's perspectives are very narrow financial ones. There are also a wide range of recent books and articles considering the overall performance of quasi-public bodies in providing public services such as Common et al. 'Managing Public Services (1992) and Overman's 'Agentification and Public Sector Performance: A systematic comparison in 20 countries' (2016). Again, the issues raised are analogous but the focus of the research either does not concern either transport or London (Overman) or deals with just one element of the London transport network amongst many other studies in a later time period (Common). We are left then with less than a handful of books and articles that explicitly cover both London's transport, its governance and its management. Examples include Herbert Morrison's 'Socialisation and Transport' (1933) which is necessarily partial since it was published more or less contemporaneously with the formation of the LPTB, Turvey's 2003 article 'The London County Council's River Steamboat Service', Hey's 'Transport Co-ordination and Professionalism in Britain Forging a new Orthodoxy in the Early Inter-War Years' (2010) and Darroch's 'London's Deep Level Tube Railways: Visibly Invisible' (2012). These latter three are excellent guides that explicitly cover critical elements of both issues. However, Turvey's work is necessarily limited to one mode and a very short time period. Hey's article demonstrates the growing power of the managerial elite in the provision of transport in the inter-war period at a national level. However, he discusses Lord Ashfield's role in the formation of the Institute for Transport as part of that process which provides a useful, if incidental, link back to the specific case of London Transport. Nathan Darroch's dissertation examines the changing attitude towards land ownership in London and its pervasive influence on the construction of the underground railway network. Political

attitudes to property ownership vs. collective or 'club' goods such as transport are a key element in explaining the governance puzzle on London, and this work seeks to build on Darroch's research. However, a considerable number of gaps remain. I find that the three research topics of this thesis; finance, governance, and the management and leadership of the London Passenger Transport Board (LPTB) are all insufficiently explored by existing literature. We now move to examine this assertion in detail.

The Role of Finance in the Development of London Transport

The two key studies covering the whole period in question remain 'A History of London Transport' Volume Two (Barker and Robbins, 1976) and 'Rails through Clay' (Jackson and Croome, 1962). Barker and Robbins' book is described by Gourvish and Armstrong (2003) as huge in scope, entertaining, drawing on a wide range of sources and judicious in its conclusions. Whilst this review acknowledges the scale and scope of their achievement, a number of weaknesses must also be considered. The first is they are relatively descriptive and uncritical accounts. This means that while the critical junctures in the development of London transport are all carefully documented, the authors ask few critical questions about why events turned out as they did or in whose interest these outcomes were. For example, both books cover the issue of the under-payment of the 'C' Stockholders by the LPTB in the 1930s. In theory, this should have resulted in the receivers being called in, but in the event nothing happened. Few explanations are offered, though the row over the issue was important enough to lead directly to the vice chairman's resignation. Similarly, when covering the initially unchecked expansion of private 'Pirate Bus' operators in the early 1920s, little is made of the intense political struggles and compromises between figures in the LCC, The Labour Party, Trade Unions and Parliament that determined the course of events. Finally, there is a tantalising section entitled 'Why the LCC failed to control London Transport'. Sadly, this discussion is scarcely a page long and concludes by informing the reader that the government failed to transfer powers to the LCC 'For reasons best known to itself'. The preference for description over asking hard questions and analysing the 'so what?' of each situation presented is a structural weakness throughout which means that while the physical

effects of the development of London transport are well described the link is seldom if ever made to the underpinning political causes and interests.

Having highlighted a general lack of criticality in the key texts, I now move to a number of specific observations about the way in which the financial data that underpins many of the authors' assumptions is handled and presented. The failure to draw a connection between the development and operation of transport in London and the structures of governance within which it operated is explored further in the next section, however for my purposes here in addressing finance it also illustrates a further weakness which is that Lord Ashfield's highly personalised and inconsistent views on the finance of London transport are uncritically accepted by both books. The problem is that Ashfield's views changed frequently, and while this is faithfully documented in both volumes, no critical questions are asked about why he might have changed his mind or about which audience he was addressing when he gave varying speeches. Ashfield's mostly downbeat financial prognostics are unchallenged by the authors, leaving readers to wonder why bond issues in the 1920s for the tubes were so enthusiastically bought up. Ashfield's style of leadership is unanalysed and uncritically accepted. In a similar vein, the strong connections between Ashfield and politicians in raising finance and shaping political and public perceptions about how transport should be financed are largely unexplored.

The third weakness is that the financial data used to illustrate the arguments is scattered and non-continuous. Both books concede in their prefaces that in the trade off between depth and breadth they have opted for breadth. Nevertheless, a complete series of data for the financial results of the LPTB 1933-48 exists in the archives, and apart from the war years, it is highly detailed. Similar accounts exist for the LPTB's principal predecessors from 1913 onwards after the 1911 Railway Companies (Accounts and Returns) Act was passed. Omitting to give data over long continuous periods gives the reader little sense of trends. Selective presentation of statistics means that only relatively short periods of time can be contrasted with one another. This does not stop the authors drawing wide ranging conclusions on the basis of what is presented, and this is problematic because Lord

Ashfield's views on finance are simply uncritically proffered and are not verifiable against the actual long term results published by his companies. For example, much use is made of Ashfield's quote in 1924 that the underground railways in London were never in their whole career able to earn anything approaching a reasonable return, but there is no way of comprehensively checking that assertion in the text and the authors do not query or examine what a reasonable return on investment might have been.

Fourthly, much of the financial data relates to dividends and bond returns or overall receipts. The problem here is that these statistics only represent the interest of one set of stakeholders in the operation of London transport, the owners of capital. Movements in fares and pay and conditions which represent the interests of passengers and employees are poorly covered. It is hard to judge on the basis of the financial evidence presented how much services improved for customers and conditions and real pay improved for workers. Thus, in so far as conclusions are drawn by the authors about the operation of the LPTB and its predecessors at all, the generally favourable verdict is insufficiently linked to data covering the interests of all stakeholders.

Fifthly, although some hard words are reserved for the financial performance of the London transport companies and the LPTB, there are no meaningful comparisons drawn between transport companies in London and comparable organisations elsewhere. The returns given by the London underground railway companies are compared unfavourably to some of the bus companies and the Associated Equipment Company, a vehicle manufacturer. Neither example constitutes a valid comparator. As organisations their purposes and fixed costs were wholly different as the authors themselves concede. Truer comparators would be the London suburban railway companies, or the 'Big Four' railway companies from 1923 onwards. Little or nothing is said about any of these, especially the Southern Railway which was the LPTB's main competitor but which paid substantially lower dividends. Additionally, the performance of transport organisations in comparable capital cities such as Paris, Berlin, New York or even British provincial cities are seldom if ever averred to. While making direct comparisons between different jurisdictions is problematic, they would nevertheless serve to

indirectly illustrate and contextualise a number of key assumptions about the financial structure of London's transport. Finally, no continuous data is presented depicting wider macro economic conditions such as the rate of inflation or the Bank of England base rate. Without these sources to draw on, it is hard to make valid and reliable arguments concerning the financial performance of London transport or in whose interests it operated. In fairness, the books largely eschew making such explicit judgements. However, by printing and then leaving Ashfield's views unchallenged, they are implicitly perpetrating his 'official' version of events.

In summary I find that Barker and Robbins' (1976) and Jackson and Croome's (1962) books fail to engage sufficiently with the underlying financial and governmental themes which influenced the development of London transport and favour of a descriptive review of technical and network related developments. Nevertheless their work is extensive, very comprehensive and essential in understanding the chronological sequence of events.

Consequently, it has also influenced much of what has been written subsequently.

Principally, the more recent accounts consist of two books published by Wolmar and one by Halliday. Wolmar's work 'Down the Tube' (2002) concerns the finance of Transport for London and 'The Subterranean Railway' (2005) is a full scale historical study comparable in scope to 'Rails Through Clay' and 'A History of London Transport'. Halliday has also published 'Underground to Everywhere' (2001) in a similar vein. The fundamental issue with both books is that they add very little to their predecessors in terms of financial analysis.

If Barker and Robbins and Jackson and Croome essentially unquestioningly repeated the consensus of the 1920s and 1930s, then Wolmar and Halliday repeated them in turn again.

As evidence of the former's influence on the later authors, Halliday's and Wolmar's discussions of the development of the underground electric railway are also typically couched in terms of the terrible congestion on streets above, the problems thrown up by a steam railway underground, the rivalry between different owners such as Watkin and Forbes and the evolution of electric motive power, rolling stock and progress in tunnelling

techniques. Discussion of passenger numbers and turnover is scarce, and the conclusions of previous works are simply accepted rather than challenged or investigated.

However, unlike the previous authors both Wolmar and Halliday do make a more explicit attempt to situate the development and financial operation of London transport in a political context. The gist of their arguments is that in order to win the political argument over the creation of a public corporation, too generous a deal was given to the bondholders on the creation of the LPTB in 1933. Consequently, the LPTB like all its predecessors was overburdened by debt interest to the detriment of the services provided to passengers and its employees. The issue remains that like Barker and Robbins and Jackson and Croome, the gnomic utterances of Lord Ashfield about reasonable returns on investment are simply accepted without rigorous comparative analysis, and little evidence is offered about fares, pay and conditions, similar companies in the UK or similar organisations in other cities. Without consistent and continuous financial data over long time periods, I find it is hard to accept their assertions about whether the LPTB was a good, bad or indifferent organisation or in whose interests it operated. Though both more recent books offer the same wide panoramas in terms of historic scope and the breadth of material covered, they offer only slightly more politically orientated analysis backed up by even sparser evidence.

As well as these all encompassing studies, the development of transport in London generally and the underground railway system in particular has generated a large body of empirical literature such as the series on each individual underground line published by Capital Transport aimed at both the popular market but with a high level of specialist information in text. As ever, their central weakness is their inability to link the well described specific operational issues encountered by the industry to the more sparsely covered wider financial, governmental and managerial contexts in which it operated, and to critically analyse the organisational responses. Consequently, these books give descriptive and relatively uncritical accounts of the history of the physical expansion of the system or else focuses on the development of specific technological innovations in the system, primarily regarding engineering, rolling stock, manufacturing, artwork, architecture or design. These topics are

treated by the authors as being interesting factual accounts in themselves, rather than as the basis for wider critical debate or theory forming, which make them valid but also partial and technical (Harvey, 1989). They form an essential part of understanding the development of the system, but their purpose is the meticulous record of the facts rather than analysis.

In summary, I find that the literature covering London transport omits key features of the financial operations and the interests involved. Fundamentally, it lacks a critical voice. In the specialist works on engineering, design or art work this matters less, but in the panoramic histories too much received opinion was simply accepted by the initial researchers, and their conclusions have not been subsequently challenged sufficiently. Secondly, despite a profusion of financial data available to researchers over long time periods relatively little of it seems to be used. Thirdly, where it is used it is poorly applied and contrasted. Finally, the linkages between practical results and political causes which are visible in the financial data have only recently begun to be acknowledged and are not fully understood. We now turn to the literature which would assist in this aspect of the historical interpretation.

Public, Municipal and Quasi-Public Government in Britain

There is a long tradition of lively debate about the governance of the bodies providing collective goods by authors such as Porter (1907), Shaw (1908), Collins (1936), Robson (1937) and Finer (1941). But while Britain created the capacity for self government and engaged in the study of administrative law, it remained relatively unengaged compared to other countries until comparatively recently with the formal study of administrative science (Ferlie and Lynn, 2005). As Woodrow Wilson (1887) comments: "The English race... has been more concerned to render government just and moderate [constitutional] than to make it facile, well ordered and effective" (p.206).

The power of non-British influence on this subject is well illustrated in Ferlie, Lynn and Politts' 'The Oxford Handbook of Public Management' where a number of origins of the development of public administration are proposed, but none are rooted in British history. Elsewhere, Brown and Steele (1971) link classical theories of public management back to Henri Fayol, Frederick Taylor and Max Weber who were highly influential in the field in the

early 20th Century, but none of whom were British. The Fulton Report in 1968 concluded that a systematic review of the British Civil Service had not occurred since the Northcote-Trevelyan reforms over a century previously and Rhodes (1981) observes that studies of British local government demonstrated a marked aversion to theory which is perhaps a legacy of the relatively late arrival of this academic discourse to the UK.

It is also observable that much of the more recent literature displays marked chronocentricism. The literature critiquing the performance of public and quasi public bodies both in the UK and abroad typically makes reference to the 'emergence' of quasi-public bodies alongside techniques of 'New Public Management' in the 1980s (Pollitt and Summa 1997, Van Thiel 2002 and Overman 2016) with Radford (2013) providing a relatively rare countervailing example of a study of public administration acknowledging the long history of multiple forms of public authority.

I suggest that these observations about authorship have two outcomes for the literature. Firstly, that the British authorship of the period 1905-48 tends to be pragmatic rather than theoretical and therefore primarily concerned with the financial arguments rooted in notions of achieving efficiency as opposed to governmental outcomes aimed at achieving effectiveness. Consequently there is a great deal of interest in whether governance is efficient as understood as getting value for money, but relatively little in whether it is effective in terms of delivering what people might want (Self, 1972). Secondly, that the modern literature, British or otherwise, seldom acknowledges the long term origins of the research problems it investigates. This circumscribes the usefulness of their conclusions. For example, in Van Thiel's 2004 article examining why politicians choose QUANGOs over government bureaucracy she found that the primary reason for choosing quasi-public bodies to deliver public services was imitation, but did not explore what was being imitated in sufficient historical depth. These tendencies will repeatedly reveal themselves both in this review and later findings chapters, but for the remainder of this section we will now take a closer look at the literature considering the relationship between central and localised power,

the difference between the authority to raise finance and wider constitutional powers and the relationship between private property and public interest.

The traditional view of literature suggests a long British fixation with governmental centralisation based on a unitary state often termed the Westminster Model. Works on the subject from the period are often written by members of the establishment keen to legitimise the status quo. However, this view is challenged by some authors who suggest that this assumption of untrammelled executive power at Westminster has always been exaggerated (Bevir and Rhodes, 2003) and (Rhodes, 1981). It is also challenged by Robson (1937), who points out that the legal doctrine of Ultra Vires did not gain widespread currency with regard to limiting the powers of local authorities until mid way through the 19th Century. Few writers offers reasons why local authorities powers should start to be constrained in this way at this point, though I suggest that an implicit explanation can be drawn from the literature as whole which is that as the duties of public authorities moved away from the concerns and control of private individuals and towards the notion of a public good managed by public servants, Parliament became more anxious to control its remit (Chandler, 2007).

Although the trend towards Westminster centralisation is contested, it was often nevertheless justified by theorists of the period on the grounds of 'efficiency'. According to Collins (1936) three acts, The Local Government Act 1888, The Local Government Act 1894 and the London Government Act 1899, radically adjusted the structure of local government. In terms of reforming British local authority finance, this work was continued by the Rating and Valuation Act 1925 which reduced the number of Rating Authorities from 14330 to 1770. But writers emphasise that streamlining structures in the name of efficiency is not the same as reforming and devolving legal powers. The literature takes pains to point out that this was adjustment not reform, and that increased central direction may even have been facilitated by the drive for administrative efficiency (Laski et al, 1936).

However, Collins (1936) suggests that the drive for rationalisation in the name of efficiency failed. British local government structures and their relationship with central government were not informed by theory, but instead were possibly deliberately muddled and highly

idiosyncratic. Rhodes (1981) defends this state of affairs by terming it 'the rationality of ambiguous confusion' which allowed room for manoeuvre and negotiation between central and local government. However, muddled practicalities in the period 1905-48 did not mean the absence of strong underlying principles, though these were expressed in terms of finance rather than governance. Two books of the period are especially emblematic of the concept of powers being linked to financial rather than constitutional obligations: Shaw's 'The Common Sense of Municipal Trading' (Shaw, 1908) and Porter's 'Dangers of Municipal Trading' (1907). Both books are overwhelmingly concerned with the raising and spending of money by local authorities to fulfil their duties rather than the duties of local government being discussed as part of wider constitutional arguments such as the balance or devolution of powers. In the context of an un-codified constitution this ensured that local authorities' powers progressed on an incremental case by case basis relating to specific financial responsibilities, however neither book fully explores the long term implications of this trend. In financial affairs overall local government spending did grow four-fold between 1900 and 1938 (Wilson and Game, 1994). But even a comparatively modest proposal to allow London County Council an extension of tax raising powers on property was defeated in 1936 on the grounds that if it were passed, then all other local authorities would demand the same (Collins, 1936). Thus we can see that while local authorities' administrative fiscal responsibilities and powers in the UK advanced considerably, their capacity for autonomous executive action remained firmly curtailed. Even in America, Radford (2013) shows that municipalities seeking fund raising powers for public projects had to prove that the costs would not be borne just by the taxpayer, but could be financed out of revenue. Later writers such as Marquand (1988) characterise this tendency in the UK as the product of a polity that above all else preserved the rights of private property thereby marginalising the scope for public bodies and public action.

Overall, the British public governance literature in the period 1905-48 is limited by its focus on the financial concerns of the private individual rather than trying to build theoretical frameworks to either explain the past or guide the future development of public

administration, particularly at the local level. Later British literature engages at a higher more theoretical level of discussion, constructing theories and offering plausible rationalisations (Rhodes 1981, Marquand 1988, Chandler 2007 and Leopold and McDonald 2012), though in Rhodes' case, his revisionist case against traditional criticisms of an overly dominant centre was turned on its head by the Thatcher Revolution and the introduction of 'New Public Management' with its centralised targets driven systems of public governance. Marquand (1988) and offers a compelling rationale as to why Britain did not create the administrative institutions at a national or local level necessary for a development state or give its state officials sufficient latitude for what he calls discretionary intervention. He blames a moral and philosophical outlook rooted in 18th Century individualism for a failure to build political and economic institutions at all levels with sufficient power to act in the public interest. Chandler (2007) buttresses this argument by pointing out that fear of socialist using the powers of local authorities to practise the kind of state interventionism eschewed by Westminster led to the dramatic curtailment of local authority powers by Parliament in the late 1920s.

Taken in combination, the pragmatically focussed public administrative literature of the period and the theory building narratives of more recent authors offer a useful but generalised context within which to place the LPTB and its predecessors.

Public, Municipal, Quasi-Public and Private Organisations in London

We now move from the national to the municipal context. Robson (1939) notes that London had been excluded from the 1835 Municipal Corporations Act, and as a result an astonishing plethora of overlapping minor decentralised authorities and bureaucracies had grown up in London in the early 19th Century as incremental responses to pressure and interest groups in the capital. He and others attacked the situation as a state of inefficient semi anarchy where London contained seven boards of commissioners for sewers, approximately 100 different lighting, paving and cleaning boards and 172 different vestries (Shaw, 1908, Robson 1939, Finer 1941).

The weakness of the literature of the period lies in its only obliquely addressing the issue of why, if chaotic disorder was so disliked, the imposition of order via the formation of a

municipal body like London County Council was resisted. More modern literature offers two explanations. Theorists such as Braybrooke and Lindblom (1963) and echoed by Rhodes (1981) indirectly defended these developments as being desirable 'partisan mutual adjustments' effectively responding to public opinion through marginal incrementalism (Self, 1972). Alternatively (Marquand 1988, Hutton 1995, Chandler 2007 and Darroch 2012) suggests the reason was that the first duty of British public administration was perceived to be protecting private interests, not promoting public ones. Therefore, whenever additional supervisory powers were created or proposed for London they ran up against not only parliamentary sovereignty but also fierce debates about the extent of public bodies' practical financial obligations on a case by case basis. This kept them focussed on short term cost efficient solutions at a minimal cost to ratepayers, preferably implemented by arms-length quasi public bodies rather than government bureaucracy (Robson 1939, and Chandler, 2007). These theories are not mutually exclusive and they offer a great deal which explains the dilemmas faced by London's transport. Nevertheless, with the exception of Darroch's work, they are seldom explicitly averred to.

Much existing literature recognises and comments on the report of The Royal Commission of 1905 highlighting the critical importance of transport in London as a collective good. The creation of a Traffic Advisory Committee is also covered, but the significance of this decision in terms of public governance is either omitted or glossed over. Equally, the shortcomings of the Commission's report are not often commented upon, and often the subsequent Traffic Advisory Committee's more far sighted recommendations are attributed to it (Wolmar, 2005). The lack of priority and powers allocated to the municipal provision of transport (and other public goods) is often portrayed as British problem (Offer, 1981) but other authors (Radford, 2013) have pointed out that in the United States municipalities had faced similar problems, but were able to circumvent them by autonomously raising funds provided that it could be shown that they could be underwritten by the revenues generated by the enterprise. The reasons why this did not occur in London are generally unexplored, though it was noted in the period that the absence of this process in the UK played a significant role in the

formation and the structure of the LPTB itself (Robson, 1939). But there is no literature directly covering the reasons why the governance of transport in London took the path it did even when there were other alternatives. Laski and Robson (1936) recognise that bodies like the advisory committee or the LPTB were set up incrementally as independent offshoots answerable to a central authority rather than being part of a municipal democratic process. In other words, they were early examples of what today would be described as Quasi Autonomous Non-Governmental Organisations though few modern authors except Millward seem to have made this connection and still fewer engage with the reasons about why this form of governance was preferred for London's transport.

Works such as those by Millward (1995) and Greaves (2005) show that in line with the principle of defending private interests, organisations like the LPTB were supposed to financially support themselves independently, though in reality the scale of the investment required by network utilities such as transport far exceeded the ability of those organisations to self finance themselves. Consequently the practise of setting up localised, apolitical, self financing private organisations responding to municipal needs on a case by case basis came under immense pressure. In these circumstances, the doctrine of parliamentary sovereignty combined the concept of centralised efficiency pointed the way clearly towards eventual full nationalisation (Morrison 1933 and Dell 2000) though the political settlement in the 1920s and 1930s precluded this outcome until after the Second World War (Chandler, 2007).

However, whilst the literature in this area provides an excellent contextualising framework for this thesis, with the exception of Morrison (1933) there remains little literature engaging directly with its effects on London transport as a whole.

The literature on the development of purely private organisations plays a smaller part in this thesis, but it is relevant since it charts the evolution of private companies into large quasi-public and finally into nationalised industries while offering overarching explanations about how and why this happened. Examples here include 'Scale and Scope' (Chandler, 1990) and 'The Political Economy of Nationalisation in Britain 1920-1950 (Millward and Singleton, 1995). Furthermore, I suggest that the relative paucity of formalised public administrative

theory in the UK during the period led people in senior management positions to look for inspiration to the private sector in how they might control and develop public sector governance. There are examples of this within the LPTB (Barman, 1979) and other nationalised industries where Drucker's book 'Big Business' was circulated to the Committees considering nationalisation (Chick, 1998). In terms of authorship much of this work, like that concerning public administration, is American and criticisms have been levelled at it proposing that by viewing events through an US perspective it has failed to credit the success of British business given the circumstances it faced (Wilson, 1995). For the purposes of this thesis however, the US bias in business literature may simply be a useful reflection of the powerful American interests and influence over Underground railway operations of the time period (Wolmar, 2004).

However, the applicability of British or US private sector examples was very much dependent on individual circumstances which lent itself to once again to incrementalism and to an approach to corporate governance based on effectiveness rather than efficiency. Of particular interest to Transport Managers at the time was the creation of the organisational structure of General Motors by Alfred Sloan in 1920. Sloan's success in applying his principles of corporate development organisation made the idea of autonomous operating divisions under a central advisory staff attractive to the LPTB, though they were inconsistently implemented (Wolmar, 2004). Later theorists such as Chandler (1990) have criticised the British industrial approach as being too dependent on personalised ownership and control. While the LPTB was clearly not owned by its board, its management has been critiqued for being elitist (Hey, 2010) unaccountable (Robson, 1939) and overly dependent on its chairman and vice chairman (Wolmar, 2004).

In general the private corporate literature describing the period is heavily slanted towards either the ideas of cartellisation and rationalisation, or towards varying forms of state ownership justified on the grounds of managerial efficiency. These are seen as the correct responses to the state of capitalism in the inter war period, the only debate is to what extent British industry actually followed those models (Greaves, 2005). Unsurprisingly, transport is

held by commentators of the time to be a mature industry suitable for those strategies, and the creation of the LPTB does indeed represent a form of rationalisation along those theoretical lines (Floud and Johnson, 2008). However, the LPTB was too complex an organisation with too great a public interest sphere and too dependent on powerful individuals to fully fit Chandlerian theoretical models of private organisations.

In conclusion, I suggest that the public governance literature of the period 1905-48 offers an implicit but not explicit explanation of the effects of the choice of public governance structures on London's transport. There is a failure to discuss ramifications of a system of incremental administrative rationalisations at as low an upfront cost as possible for the provision of collective goods such as transport in favour of the dissection of the financial costs and returns to the ratepayers. To review how these paradoxes were dealt with by the personalities on the spot, we now move to the literature discussing the performance of London transport's managers and leaders.

The Management and Leadership of London Transport

The narrative focus in business history is often on founders and their personalities (Rowlinson and Hassard (2014), so the largely dispersed and incomplete nature of the work dealing with the leadership and managerial effectiveness of its leading personalities, Frank Pick (Vice Chariman) and Lord Ashfield (Chairman) is unusual. Only one biography exists, Barman's 'The Man Who Built London Transport' (1979) which describes the life of Frank Pick. Admittedly, studies of Ashfield are hampered by the destruction of his personal papers. Nevertheless extensive records of his business correspondence, articles and speeches remain, and are catalogued by Barker and Robbins at appendix four of 'A History of London Transport'. A similar catalogue exists of Pick's personal papers which are much more extensive than Ashfield's, and these have been used by all the wide ranging London transport histories in support of their observations about the senior figures.

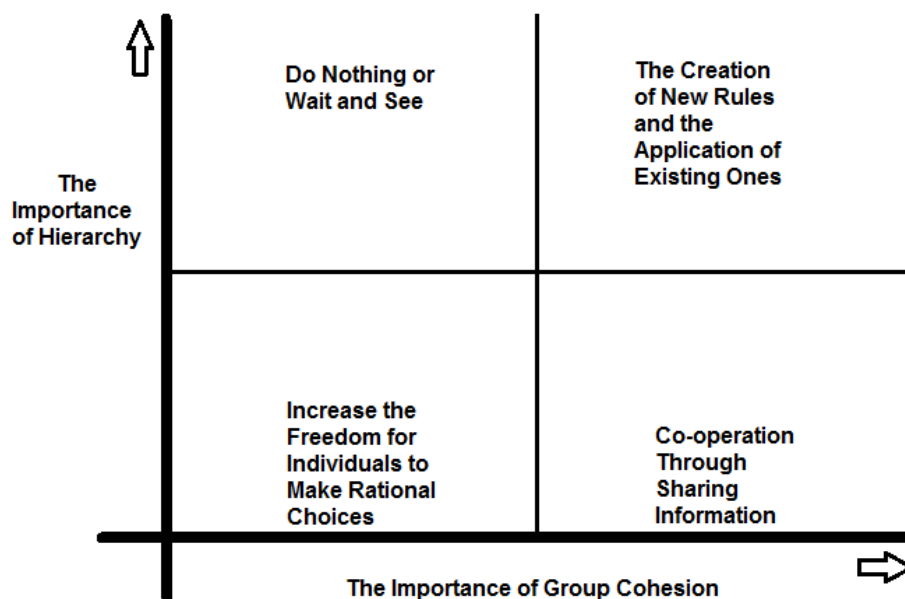
In the theoretical sphere, there is a very wide range academic material discussing the role of management and leadership in the public sector. Dunleavy (1991), Common et al. (1992), Johnson and Scholes (2001) and Flynn (2007) describe the changing political climate in

which public sector managers and leaders have had to operate from the 1980s onwards. Their work covers a wide variety of topics, but for the purposes of this thesis its principal interest is in how and if public sector managers providing public goods can respond to increasing accountability through notions of public choice. Moving from institutional analysis to considering the actions of the individual, Bass and Avolio (1993), Popovich (1998) and Grint (2005) offer a number of models through which the actions of Pick, Ashfield and others may be interpreted, while Northouse (2016) supplies an interpretation of how individual leadership and management were perceived in the period in which Pick and Ashfield operated. Using Northouse's historiography of leadership styles, we can see that Bass's work emphasising the importance of idealised influence and personal charisma represents a move away from the situational based management and leadership theories popular in the 1960s and 1970s and an indirect return to importance of individual character traits and behaviours that were held to be the essence of successful leadership in the 19th and early 20th century. However, Popovitch and Grint's work offers an opportunity to reconcile the central debate between trait vs. situation i.e. nature vs. nurture in leadership theory. By acknowledging that problems and their solutions are essentially social or political constructions, they accept the situational element in any given context facing a public sector manager. However, constructionism also allows a role for personal agency in terms of what the manager or leader prefers to select as their leadership style (Table 2.1), situate the problem and select the solution they opt for (Figure 2.1).

Table 2.1: Styles of Command, Leadership and Management (Grint, 2008).

Perception of the Situation	Style of Leadership	Typical Behavioural Characteristics	Wider Circumstances
Crisis	Commander	Knows the answer	No time for debate High pressure Single solution Short time scales
Complicated or 'Tame' Problem	Manager	Applies the process	Little need for debate 'Deja Vu' Problems Probable single solution Medium time scales
Super Complex or 'Wicked' Problem	Leader	Asks the right questions Involves the right people	The nature of the problem itself is disputed Solutions cause new problems 'Vuja De' Problems Multiple stakeholders Long time scales

Figure 2.1: The Leader as a Problem Solver (Grint, 2005)



With its focus on the public sector and its ability to bridge both sides of the nature-nurture debate, Grint's work appears a highly appropriate analytical model for the study of leadership and management in public transport. However, all this scholarship is in a sense in vain, because the first of several key weaknesses in the transport history literature in so far as it discusses managerial or leadership ability in London transport is that it simply ignores any frame of academic reference. There is no attempt at a systematic analysis of Pick,

Ashfield or anyone else's leadership and managerial ability situated within a theoretical framework. Consequently, the conclusions drawn about them are entirely based on individual recollections or impressions recorded by colleagues. As such, the arguments advanced are somewhat valid, but highly unreliable. The second issue is that Barker and Robbins' and Jackson and Croome's discussions of Pick's, Ashfield's and other key personalities such as Yerkes', and Morrison's leadership and managerial ability are scattered throughout the key literature rather than forming the single subject of specific chapters. The analysis simply never reaches the required depth. In common with much else, their management and leadership styles are simply uncritically accepted and described in a very piecemeal fashion. However, both Wolmar and Halliday do devote specific sections to Pick, Ashfield and Yerkes. Nevertheless, Halliday's is very brief indeed and few conclusions are drawn. The reader is left wondering what proof there is of whether Pick, Ashfield and the others were good, bad or simply irrelevant to the operation of the organisation. The consensus from the literature is that Pick and Ashfield were especially pivotal to the success of London transport, but other than their undeniable longevity in post little is offered through the medium of managerial and leadership theory to support this claim.

The title of Wolmar's chapter on Yerkes 'The Dodgy American' illustrates a third weakness. This is that the activities of the key figures in London transport are largely presented by Wolmar and Halliday as individual human interest stories. Yerkes and Perks are presented as scoundrels, Pick as an honest dealer and Ashfield as a smooth operator. Little attempt is made to consider why these different personalities controlled London transport at different times or to what degree their methods proved effective – or not. Their actions are not framed within conceptions of proper leadership of organisations in that period or subsequently. Yet again, the critical voice is absent and the reader is left amused by their peccadillos or impressed by their acumen and probity though still with insufficient information about their actual impact on the organisation or whether they were suitable leaders for organisations they led.

Fourthly, the literature contains a major gap when discussing personalities other than Pick, Ashfield, Yerkes and Gibb. Whilst these men were undoubtedly prominent, they were also indirectly and directly supported by a large cast of other able individuals such as Paish, Acworth, Speyer, Geddes, Bull, Morrison, Menzler, Graff-Baker and Latham. Their names crop up repeatedly throughout the histories. Admittedly, Morrison has his own biography and autobiography, but the remainders' contributions are acknowledged by fundamentally unexamined. Regrettably, this is also a weakness of this thesis, though it may offer scope for future research.

All these findings are consistent with the general weakness of the literature repeatedly alluded to throughout this review which is that the authors principally see their work as a descriptor of a historical panorama which seeks to inform, rather than a work of critical analysis seeking to explain. Neither Barker, Robbins, Jackson, Croome, Halliday nor Wolmar saw their books as being fundamentally engaged with leadership and management, even though much of what they write about and the conclusions they draw are hard to explain without touching on it. Consequently, the books are littered with momentary insights into leadership and management style, but at no point is it systematically addressed.

The only book whose central purpose is an exploration of these topics is Christian Barman's biography of Frank Pick (1979). Barman does cover all aspects Pick's life from his childhood, through industrial design to his work and at the UERL, the LPTB and events after his resignation until his death. However, there are a number of issues from the perspective of business or organisational historian. Yet again, none of the narrative is situated within managerial or organisational theory. Secondly, much of the book describes Pick's life and talents as a designer and his involvement in art and architecture. This is an interesting study of character, but of little importance to his managerial methods. There is little attempt to systematically analyse or justify Pick's actions as a leader and a manager of a complex organisation in the manner of Chernow's account of Rockefeller (1998). As a result the reader is left with a slightly jumbled structure that well encompasses the huge variation of talents demonstrated by Pick, but it is inelegant and makes little attempt to analyse the

findings or present them within academic theories or a unifying theme. In essence, the book remains a much longer version of all other material concerning the management and leadership of London transport. It is a mass of human interest details, making only occasional stabs at critically examining Pick as a leader or manager of London transport within analytical frameworks. I suggest that the reason for this is both the book's greatest strength and greatest weakness: Barman knew Pick personally. While this allows the author a unique level of insight it also prevented him from viewing Pick with the necessary detachment. The book's essential weakness is that it is a personal tribute to an esteemed colleague rather than a systematic examination of his managerial record at London transport.

Analysis of Lord Ashfield's life and his impact on the development and operation of London transport is even more superficial. There are several problems. Firstly, the destruction of his personal papers has undoubtedly stymied subsequent authors. As a result, it is Pick's personal papers are used to discuss the relationship between the Chairman and the Vice Chairman, with the obvious implications for bias. Ashfield is typically and correctly portrayed as a successful amalgamating tycoon of the early to mid 20th Century, though there is no discussion about why he differed so greatly from his flamboyant predecessors or contemporaries satirised by Dreiser (1912) and Galbraith (1954). The series of events leading up to Pick's surprise resignation are very incompletely covered and Ashfield's often very personal interventions in industrial disputes are ignored while the nature of his political influence at Westminster almost as equally disregarded. He is given generalised credit for his influence over shareholders at key junctures in the development of the LPTB and recognised along with Pick as a 'Great Man' of London transport (Wolmar, 2005) however, the leadership and managerial methods by which he achieved his remarkable results remain largely unexplored.

Conclusion

We have seen that there is no shortage of literature both from the period 1905-1948 and more recently that discusses the issue of public administration, though each has its minor

weaknesses located in a focus on the practicalities of finance and in chronocentricism respectively. More importantly for this thesis, transport in London is only of incidental interest at best to this literature and its primary usefulness is in context setting.

There is also a plethora of material, academic and otherwise, that concerns the overall history and development London transport in general. Unfortunately it is overwhelmingly focussed on describing what and how events happened rather than why they happened, hence the focus on technical change, network expansion, developments in service provision, human interest stories etc. Insufficient effort is expended in analysing the reasons for events unfolding as they did. This is revealed by the relatively minor role assigned to London transport's finances, management and leadership, and the almost total neglect of its governance successively as a private, quasi-public and public body.

Fundamentally, the nature of these omissions is rooted in three absences. Firstly there is the absence of sufficient primary source evidence. This is the smallest of the problems that need to be addressed, but it is nevertheless critical as it prevents the construction of data sets over long periods from which trends can be inferred. Secondly and more importantly, there is the absence of critical analysis or interpretation of the evidence. Thirdly, there is the absence of theoretical frameworks within which evidence and analysis can be reliably situated.

I echo Tennent's (2017) finding that methodologically, addressing these gaps clearly requires a case study based on an extensive in depth re-examination of the archives. The incomplete analysis of the financial position of the LPTB and its predecessors requires a review of the corporate archives and a systematic analysis of their accounts and annual reports. An understanding of the events leading to the creation of the LPTB as a quasi-public body points correspondingly towards an exploration of public records. Many of the questions left unanswered by the existing literature such as over the managerial methods of Pick and Ashfield make necessary an examination of their business correspondence. To clarify how these ends will be achieved in a valid and reliable manner, we now move to the methodology.

Chapter Three

Methodology

Introduction

There are three objectives to my research. Firstly, to critically analyse the financial performance of the London Passenger Transport Board (LPTB) and its predecessors, identifying who drew most financial benefit. Secondly, to assess the degree to which the LPTB was responsive and accountable to its users, exploring its relationship with other publically accountable administrative bodies and identifying which interest group was regarded as most influential. Finally, to critically discuss how the leadership and management controlled the LPTB, identifying the key individuals and the extent and value of their influence. I begin my methodology by outlining and justifying the trade off I have selected between qualitative and quantitative approaches to research. My overall approach has followed a 'Corporate History' research concept, constructing a narrative based on evidence within a stated periodization related to wider theory (Rowlinson et al. 2015). This chapter then moves to describe the research strategy, detailing the steps I have taken to ensure reliability and rigour in the collection and examination of evidence. Finally, I discuss some reflections on the practical limitations encountered in research, changes of approach, and my evolving understanding of archives and archivists.

Research Concept

In the research for this thesis I have attempted to maintain a balance between quantitative and qualitative methods. I am aware of the criticisms of producing purely narrative history located in case studies in terms of problems with intrinsic bias, irrelevance and generalisability (Byrant 2000, Decker 2013). I am also aware of criticisms of a purely quantitative approach to answering subjective research questions (Bell & Taylor, 2013). To chart a middle way, business history typically uses a plurality of methods, fusing social scientific method and a historians' craft in a system allowing 'dual integrity' (Maclean, M. Harvey, C & Clegg, S. 2016). Narrative and numbers are used to describe and triangulate findings and generate, rather than test, hypotheses (Bucheli & Wadhvani, 2014). This

approach has been adopted in three very recent historical case studies dealing with Municipal Tramways, Lloyds Bank and Whitbread which explore similar themes to this thesis (Tennent 2017, Barnes & Newton 2018, Bower 2018).

Constructing narratives appears appropriate in other ways too. Firstly, as Bryant (2000) suggests they guard against: “The illusions of an unmediated factual transparency, while also forestalling the projective imposition of grand conceptional schemes that violate the contextual integrities of other times, different places.” Secondly, narratives are valuable methods of structuring primary evidence since Bryant (2000) also proposes that: “As authentic elements of past social worlds, most forms of historical evidence are not only laminous in signification, they typically survive in affiliated clusters or congeries; ensembles of integrated evidence are thus sociologically catenated and, as such, narrative-entailing.” In summary, this thesis is best methodologically situated in the emerging field of Historical Organisation Studies as described by Maclean, et al. (2016) and Rowlinson and Hasard (2013). Business history methods as situated between pure history and social sciences may appear messy to the reader (Bryman& Bell, 2011). This imperfect fusion is the result of a rationalisation of the relationship between historiographical theory and organisational theory which is required to justify the reliability and plausibility of a constructed historical narrative (Rowlinson et al. 2014). Thus to achieve reliability and rigour in the interpretation and analysis underpinning the narrative of this thesis, Rowlinson et al’s ‘Corporate History’ approach to research strategy appears to be well fitted for this work. Having chosen the underpinning concept, a discussion of two possible practical research strategy options now follows.

Selecting the Research Strategy

The choices of strategy open to a researcher involved in the new emerging field of Historical Organisation Studies are predicated on how the researcher perceives the purpose of their work. My purpose is to make a historiographic contribution via historical research while to some extent using and engaging with theory. This purpose, coupled with the existence of several specifically identifiable archives, a huge existing secondary literature, the

contemporary problem of how to manage London Transport, the periodisation of 1905-48 and the constraints of being a part time student together lend themselves heavily towards documentary rather than interview based research. Having had the experience of conducting interviews for Masters level research, I knew that the interviewing approach held some advantages. Thompson (2000) proposes that above all oral history allows 'witnesses' to be called from the under classes, the under privileged and the defeated. In researching a thesis focussed on whether the workers obtained the best methods of popular accountability and administration, the testimony of those present at the time but whose views were not necessarily recorded in official documentation would be valuable. However, my own experience of this approach is that it would be immensely time consuming and complex to discover and secure the agreement and interview contemporaneous employees of the LPTB who would now be aged 80 at the very least. On balance, the practicalities alone defeat this alternative while a blend of archival, historiographical and problem led research presents itself as both a theoretically justified and realistic approach. Having made this decision, we now explore the detail of the processes designed to ensure reliability and rigour in archival evidence collection and its analysis.

Selecting the archives

The main source of material dealing with the London Passenger Transport Board is principally held by the Transport for London Archive. However, substantial collections are also located at the London Metropolitan Archive, the London Transport Museum library and depot, the National Archive and The Historical Model Railway Society. From these archives, primary and secondary sources were analysed potentially for purposes other than which they were collected with the intention of asking fresh questions from older data, supporting or challenging existing contentions, making comparisons over time or bringing together many different sources of information in a new form order to provide a wider picture. The types of sources available through each archive and their relevance are tabulated on the following page.

Table 3.1 – Summary of Content of Archives

Archive	Typical Material	Researcher's Comment
Transport for London (TfL)	<ol style="list-style-type: none"> 1. London Transport (LT) Related Companies, Conglomerates and some associated firm's records and reports. 2. Records of personal communication between senior personalities within LT. 3. Research notes made by other academics and personal memoirs of LT employees. 4. Reports made by senior personalities within LT. 	<p>This forms the primary archive. However, the process of accessing the material is more laborious than at the other archives as the material is not held on site and must be ordered. Furthermore, the extent of the archive is still not fully known and the process of cataloguing (though well advanced) is still incomplete. Finally, while the archive undoubtedly has the most complete record of all transport related materials, it lacks the necessary focus on LT's relations with public administrative bodies which this thesis requires.</p>
London Metropolitan (LMA)	<ol style="list-style-type: none"> 1. LT related Companies and Conglomerates records and reports. 2. Personal and political communications between senior LT personalities and outsiders. 3. Records of the decisions of public administrative bodies in London such as the LCC. 	<p>There is some duplication between TfL and the LMA in company records, but the LMA's focus is weighted more heavily towards the Metropolitan Railway than other private organisations. However, the archive is readily accessible, fully catalogued and also has complete records of the decisions made by public administrative bodies in London.</p>
London Transport Museum (LTM) and depot.	<ol style="list-style-type: none"> 1. Specific records left to the museum by individual LT employees. 2. Library collection of LT literature and memorabilia. 3. Personal diaries and effects of Frank Pick. 	<p>The record collection here is relatively small and research periods have to be booked in advance. Access to the depot is very restricted. However, personal legacies to museum mean that there some individual records here not available at the other archives. The library also provides a good starting point for building the literature review.</p>
National	<ol style="list-style-type: none"> 1. LT related Companies and Conglomerates records and reports. 2. Personal and political communications between senior LT personalities and outsiders. 3. Records of decisions made by governmental bodies at UK level. 4. Reports made by governmental bodies at a London and UK level. 	<p>The focus of the archive is heavily weighted towards individuals accessing specific family historical records rather than building data sets out of multiple records. However, the archive is readily accessible and contains the materials that either contextualise or specifically explain the political decisions taken with regard to LT as well as some company records.</p>
Historical Model Railway Society	<ol style="list-style-type: none"> 1. Library of railway related literature. 2. Original blueprints of all rolling stock design from 1948. 	<p>A good starting point for building the literature review. Content mostly irrelevant.</p>

I approached all these organisations and viewed their catalogues either printed or online from which I constructed shortlists related to my research question through a rationalised process shown in Table 3.2 below. Once the shortlists were drawn up arranged visits to the archives where I photographed the documents for further reading and analysis. However, I realised that this rationalised process was unlikely to entirely sustain contact with the reality of research. Bryman and Bell (2011) acknowledge what they call the ‘messiness’ of business research methods which contain false starts, blind alleys, mistakes and enforced changes. I anticipated that my research would result in a number of changes of direction dependent on my personal circumstances and what I discovered in the archives. As a part time student with limited time available I concentrated my research efforts on the particular archives mentioned previously as I believed they would offer the most efficient return on time spent. I also needed to be flexible in my approach and due to the uncertain availability of records my research strategy was governed as much by ‘reconnaissance pull’ towards available material as by ‘question push’ in search of records that might not in fact exist.

Selecting and rationalising the information gathered – Primary Sources

Contrary to the experiences of some researchers into business history, the LPTB and its predecessors were sufficiently interested in their own histories to preserve a huge volume of primary material, albeit not interested enough to comprehensively catalogue it or ensure that it was centrally held in one location. Additionally, since billions of individuals have used London’s tube network for variety of purposes for well over a century, this archived material is supplemented by a further enormous volume of interpretative secondary sources. The strategic problem is therefore one of over abundance. However, alongside abundance there are also what Decker (2013) has described as ‘silences’ in the archives and secondary sources which need to be identified. These gaps in corporate records and their knock on effect into secondary interpretations and constructed social memory arise for several reasons.

Firstly, while records were preserved they were not catalogued, a process which Transport for London is still completing. In terms of researching the main archive, the researcher is

therefore still in the realm of 'unknown unknowns' concerning the extent of what documentary evidence is available. Secondly, the records are not held in one location, and each archive has a different 'attitude' towards its materials which sometimes impinges on the way in which the archive can be sampled, for example policies towards photography. By 'Attitude' I want to draw on Decker's concept of the 'Voice' of the archive (Decker, 2013) and Lipartito's view of the influence of the archives as institutions on data selection as discussed in chapter twelve of Bucheli and Wadhvani (2014). Both the TfL archive and the London Transport Museum library are directly concerned with preserving the history of London Transport, albeit in differing ways with the museum understandably more focussed on the preservation and display of artefacts. By contrast, the London Metropolitan Archive views transport as just one aspect of London's history. The National Archive's system of document search has been adapted to suit the majority its users who are interested in making singular specific requests about individual family history. Consequently, data series are laborious to construct. The influences are likely to make me privilege the use of the TfL archive above the others. Thirdly, much of the secondary material is either corporately sponsored and therefore often unreflexive, merely describing events rather than critically analysing them, or else a branch of the nostalgia industry offering a similarly uncritical account of the past (Bell and Taylor, 2013). Fourthly, the sheer abundance of material leads to selective silencing by the researcher, and although this is inevitable, it needs to be acknowledged and where possible systemised (Decker, 2013).

I proposed accumulating the primary evidence in the following way. Once catalogues for the archives have been obtained, their contents needed to be reviewed for relevance to the research objectives, and time period. In the process of reviewing the archives, what material is missing and why and what material has been excluded and why was identified and where necessary justified as in the example below.

Table 3.2 – Example of Rationalising the TfL Catalogue

Transport for London Archive Catalogue (Worked Example)				
Main File Title	Date	Documents	Relevant Objectives in Thesis	Relevance and Justification
Lord Ashfield: Minutes and Financial Matters. (63 Folders)	1921-1947	Not specified in the catalogue.	Was the LPTB financially successful? Was the LPTB popularly accountable? What were the leadership and management styles of LPTB?	Relevant.
Frank Pick: Correspondence, Memoranda and Reports concerning Statistics. (10 Folders – 3 examples given here)	1928-1940	Memoranda concerning Easter holiday traffic and passenger takings.	Was the LPTB financially successful? Did the LPTB do enough to maximise its revenue?	Relevant, though very specific. Requirement for generalisation on the basis of limited evidence?
	1928-1930	Memoranda concerning the cost of maintenance of rolling stock.	Was the LPTB financially successful? How did the LPTB respond to technological change?	Relevant, short time period. Are other records missing? Why?
	1928	Memoranda concerning financial comparisons with the Paris Metro.	Was the LPTB financially successful?	Limited relevance within UK, most useful as a wider comparator.
	n/a	Memoranda concerning financial comparisons with other Foreign metro systems.	Missing or not conducted – why?	
LRT and predecessors. Solicitor's department. Papers correspondence and plans relating to the DLR. (167 Folders)	1987-1994	Not specified in the catalogue.	Nil.	Irrelevant. Four decades after the time period of thesis.

Even having applied these filters to the primary source material, over abundance remained an issue. To resolve this I applied further periodisation within the time frame of my sample, focussing my search around significant dates in the evolution of London's transport and municipal development as outlined in the table below. Where sources presented themselves as a series, this allowed me to start with the first and last documents in the folder and examine the remainder in between as regards their relevance to those key events and significant dates (Decker, 2013).

Table 3.3 – Proposed Periodisation

Period	Specific Events
1905-1910	The Royal Commission into Transport in London reports, Municipal Reform Party wins LCC elections, UERL debt crisis, final tube line built under central London until 1960s.
1912 & 1915	Financial pooling arrangement begins and later extended to all LT for the duration of the war.
1919-1924	The 1919 Rail Strike, The Ministry of Transport created, The Addison Housing Act passed, The Ullswater Commission into London Government fails, Tube lines extend overground into the suburbs, The London Traffic Act passed.
1933-1934	LPTB created, Labour wins control of the LCC.
1939-1940	Situation of LPTB reviewed before the outbreak of WW2, Frank Pick leaves the LPTB.
1948	Lord Ashfield dies, LPTB nationalised.

Each source identified needed to be considered on its merits. When was it written and how proximate was that to the event which it relates to? Who was it written for, did the writer already have posterity in mind or was it focussed on the addressee of the time? Was it intended for public release or just for internal consumption? What access to information did the writer have at the time? As a general rule, those written close in time, internally and with immediate use in mind were more useful, though their viewpoints had to be balanced against their lack of historical perspective provided by the secondary sources (Decker, 2013).

Selecting and rationalising the information gathered – Secondary Sources

Secondary sources were obtained through a combination of the recommendations of supervisors, discussions with subject matter experts at academic meetings and conferences via the A2SN network, membership of the Business Archives Council and the Historical Model Railway Society. I also scanned the bibliographies of other secondary sources with the same filters of relevance to topic as mentioned above, though the time period was deliberately stretched in order to gain full advantage of long term wider perspectives. A representative sample of these secondary sources is examined critically in the Literature Review and a full list can be found in the bibliography. A table of journals used as references and their value to the research process is as follows below.

Table 3.4 – Journals Consulted

Accessed Through	Journal Type	Comment
London Transport Museum	Train Omnibus Tram News (Practitioner)	Transport Staffs' magazine from 1914-1933. Large volume of material, but the content is often very individualised and somewhat anecdotal.
London Transport Museum	Pennyfare (Practitioner)	LT Staff magazine 1934-47 and successor to TOT. As above.
London Transport Museum	Institute of Civil Engineers (Professional)	Professional articles by subject matter experts on railway and tube construction. Highly informative, but only a minority of articles deal with transport in London.
London Transport Museum	Institute of Locomotive Engineers (Professional)	Professional articles by subject matter experts on railway and tube maintenance. Limited relevance but highly informative.
University of York	Academy of Management Review (Academic)	Articles used to inform and develop methodology.
University of York	Management & Organizational History (Academic)	As above.
University of York	Business History (Academic)	Articles used as a reference and comparator to other industries as well as a guide to writing style and content.
University of York	Transport History (Academic)	Articles cover a wide range of transport topics. Most are unrelated to London transport, but nevertheless have an general or indirect relevance to aspects of transport operation in London as a comparator.
Internet	Railway Archive (Academic)	As above.
Internet	Electric Railway (Professional and Practitioner)	Journal published by McGraw-Hill in the US between 1908-31. Highly informative and useful in making international comparisons. Contains articles by engineers and operators from Europe, Britain and America discussing all aspects of electric public transport operation by subject matter experts.
Internet	Commercial Motor (Professional and Practitioner)	Journal published by private sector interests providing transport in London in the period – primarily buses. Highly informative and detailed, but considerable political bias in favour of private sector operation.

Reflections on Limitations

My research has been limited and shaped by a number of factors, some of which have already been alluded to but are now categorised and discussed in detail. Practically, my greatest limitations of time and location are the product of being a part time student.

Throughout this PhD I had a full time job which made absolute demands on my time and effort which I had to fulfil. Additionally, unlike a full time student, I did not work within the University institution. Having previously undertaken part time academic work at Masters Level I discovered again that one effect of this is that the level of my assumed knowledge about the University and academic processes in general was markedly lower than most academic practioners took for granted. The nature of my job meant that I moved home twice during working on the doctorate, and there were a number of short notice absences which were impossible to plan for or predict. There was the constant possibility of a lengthy tour of duty abroad. All this brought considerable disruption to my home life and ability to focus on the thesis. It was not always possible for me to easily access the archives that I required, attend academic conferences or visit the University regularly. These all posed palpable practical obstacles the pure pursuit of academic research. Like all researchers, I was also limited by the practical issues encountered in archival research. I have discussed these in more detail previously, but in summary they consist of the absence of material, the shortage of material, the superfluity of material and the barriers that archives themselves create in the terms of the procedures for access and recording.

As well as practicalities, limitations also presented themselves intellectually. In terms of interpreting what I found, my work in the course of my full time job on how cognitive bias affects decision making also led me to realise just how deep the assumptions in my thinking ran in variety of ways. My thinking process is an associative machine 'programmed' by long habit to do what I find intellectually easy (Kahneman, 2011). Most importantly in this respect there was my personal preference from qualitative over quantitative research methods which arose out my previous my previous research at Masters level and led me to reject the idea that definitive truth in social science or humanities could be established by statistical

analysis. Closely related was my preference for writing narrative over mathematics, and consequent disproportionate interest in the discursive evidence found by reading documents found in archives. There is no question that these assumptions have framed the terms of reference considerably, and while it has not been my methodological approach there is no doubt in mind that future research could evaluate the activities of the LPTB from a more quantitative approach.

Reflections on Changes

These practical and cognitive limitations, along with an evolving relationship with the archives and archivists imposed certain changes. For example, from the practical perspective, time and job pressures resulted in one entire chapter on innovation having to be removed. Similarly, plans to expand the scope of the archival research outside those archives already listed here had to be abandoned and research on timetabling and frequency was not feasible. However, this section focuses principally on a series of observations relating to the liminal experience of archival research and the changes it entailed.

My first impression of an archive was its catalogue. The quality, depth and accessibility of the catalogue set up an immediate set of parameters which as a new researcher I was scarcely aware of. Over time I was able to adjust my question construction and technique to better elicit the information I was looking for, or even just ascertain whether it existed or not. This involved individual adjustment at different archives, as archivists themselves had adopted and to some extent internalised their own institutions' referencing systems. Thus similar or exact replicas of documents existed at both TfL and LTM, but were accessed in different ways and referenced differently. The longer I researched, the more carefully I studied the archives' catalogues before making a request for records.

Time spent in research also taught me how important it was to foster a good relationship with the archivists. The ability to access the archive may be dependent on their good offices, and their ability to save the research valuable time and effort is enormous. Over time, my relationship with both the LTM and TfL archivists strengthened significantly and I was

acknowledged as the TfL archive's most prolific user. This relationship allowed me to play a small role in supporting the archive when my views were asked for concerning their referencing system, and also where the archive was able to use me as an example of where research in the archive led to the production of academic papers. A closer relationship with the archivists led to a far more specific focus in my requests in retrieving records, and the process of finding what I was looking for, or not, turned out to be far more efficient than I had originally anticipated. This allowed me to cover a much wider volume of material than I had expected, which in turn led me towards a more critical approach to the existing literature on the history of London's transport and also towards reinterpreting some documents that I had previously seen in a new context. Over time, this led to an almost complete re-write of the literature review, and the re-casting of several arguments made in the findings chapters on finance and governance.

After first examining the catalogues, first contact with the actual physical documents in the archives made the task of analysis and interpretation appear impossibly vast. This impression was only slowly and never entirely dispelled. It also proved too easy to engage with minute pieces of detail and human interest that the archives threw up, and to forget that a wider audience would be unlikely to follow the steps, each seemingly logical in and of itself, that had led the researcher to the point of interest they had arrived at. I began to understand why previous researchers had peppered their accounts with these type of details, and the temptation to simply describe as opposed to analyse the documents especially when it was clear many of these records had probably not seen the light of day since they were deposited decades previously. In these circumstances it was sometimes difficult not to see some records, particularly personal ones, almost as museum objects and having significance merely for being what they were rather than the import of what was written on them.

Immersion in the archives therefore did not necessarily produce effective research. However, It did widen my understanding about how other researchers might have drifted from their original aims and pitfalls for my own project. It made me question myself harder

about why another reader might be interested in a certain piece of information, and what significance a document might or might not have for my research questions. It also led me to be more critical of existing work and to be able to better contextualise subsequent documents. This was particularly important in editing down the chapter on management and leadership, where the temptation to lapse into anecdote was particularly strong.

In summary, the changes I made to my methods were iterative and related to applying the context of what I had learned already to make the process of covering more material faster. The practical pressures I was under as a researcher left few other options other than to cram information gathering in the time that I had in the archive as fast as possible, and then re-read and reflect on the material in slower time afterwards. In retrospect it would be interesting to revisit the archives without any specific goal in mind and simply let a train of thought and consequent documentation lead wherever they go. But more practically, my experience of research changed my views about archives and archivists profoundly. Future methodologies for research will draw attention to their critical importance in shaping research and their potential role in drawing up research questions.

Conclusion

The three research objectives outlined at the start of this section will serve as the basis for the three enduring themes which will run throughout this thesis. However, while each theme will be distinct, it will not be discrete. There will be ample scope for 'cross pollination' of the information gathered and each of the themes feeds the thesis' meta-narrative of the tension between the ideals of public administration and the realities of politics. This cross pollination will ensure the effective and efficient use of the evidence I will gather in the limited time I have available.

Methodologically, this analysis will follow a corporate or serial history model outlined by Rowlinson (2014) which justifies the plausibility of constructed of historical narrative by situating its research methods within a theoretical framework. But the adoption of a framework did not mean that the pressures of events did not force some deviation from the research strategy as planned or that the initial experience of research did not grow to

change what I did subsequently. It was a liminal experience in many respects. The research strategy framework outlined here was therefore best seen as a blueprint for action when reality of research turns out as expected, and as a guideline for how to react when it did not.

Chapter Four

Contextual Background

Introduction

This chapter establishes the context in which the findings chapters are situated. The narrative is a simple chronological progression through the time period that the thesis explores, following the themes of finance, governance and management which are examined in much greater detail in the succeeding findings chapters. To borrow a well known phrase, the purpose here is to give the reader a good clear view of the 'Wood' before entering in and critically examining the 'Trees'.

The central narrative of this thesis is a simple one. In examining the tensions between the ideals of public administration and politics it reveals how the managerial elites within a hybrid 'arms length' organisation grew to be the dominant influence in the provision of transport in London. This was at the expense of other public and private interests until 1948 when their powers were transferred to ministers on nationalisation. Contrary to research into more recent examples of hybridity in public organisations this process does not appear to have compromised the quality of the public service provided. Indeed, as will be more fully explored in the forthcoming chapters, the travelling public were the main beneficiaries. To explain this paradox, the leadership and management style of the controlling elite is critically analysed and proposed to be a superlative example of Brooke's (2010) and Grint's (2008) theories of how to lead a public sector organisation in practise, thus compensating for the deficiencies in accountability.

For the purposes of fulfilling its aims as an organisation and its reporting mechanisms the LPTB grouped its stakeholders into three. These were Passengers, Employees and Bondholders, and this thesis will use this framework for making comparative judgements about the main beneficiary of the LPTB's operations in chapter five. To assist the reader in following the complex interrelationships which governed the provision of transport in the capital this thesis has followed the lead of the LPTB and followed these groupings, though a more detailed and wider ranging discussion of the actors involved governance can be found

at chapter six. Chapter seven examines the effectiveness of the command, leadership and management of the LPTB, and in doing so also addresses some of the paradox revealed in chapters five and six whereby an organisation insulated from public accountability nevertheless orientated its expenditure towards delivering public services that improved in quality at the expense of financial interests.

The remainder of this chapter is a straightforward chronological narrative of the principle events in the history of London Transport during the period 1905-48. While the scope is broad, care has been taken to ensure that events described relate to the themes of finance, governance and management that constitute the areas covered in the forthcoming findings chapters.

1905-1914

In 1905 transport in London was a mix of municipal and private provision. Operators ranged from the municipal such as the London County Council (LCC), through to large scale private companies such as the London General Omnibus Company and down to private individual operators of just a few vehicles. By 1948 all public transport was owned by the state. The period 1905-48 was therefore characterised by a dramatic series of national political, social and economic changes that radically affected the governance and provision of transport in London. These changes were driven by a perception that the miscellany of interests that had provided transport in the 19th century was no longer adequate. Even a government generally hostile to state interference was prepared to investigate the issue, and the result was The Royal Commission into The Means of Locomotion and Transport in London which formed in February 1903 and reported in June 1905. It was not the first or the last investigation into the issue of governance, urban space and traffic in London, but it was an important stepping stone towards the idea of a city wide unified transport authority (Morrison, 1933).¹ Its brief was twofold. One requirement was to make a series of practical recommendations on how transport in London might be improved, but secondly it was to

¹ The Commission adopted the title The Royal Commission on London Traffic at its first meeting.

comment on whether a single transport authority should be set up and what powers it should have.

It is indicative that right from the outset The Royal Commission saw the two issues as fundamentally interlinked. Whilst still in the process of practically addressing how the situation might be improved, The Royal Commission made it clear in the section addressing 'Fundamental Difficulties' that:

'The present unsatisfactory conditions are largely due to the fact that there did not exist in the past any municipal or other authority having jurisdiction over the whole area, and possessed of sufficient power and resources...' The Report of the Royal Commission on London Traffic 1905 Chapter Two, Para. 22.

Clearly The Royal Commission felt that no practical redesign of the urban space would substitute for the long term requirement for good governance. It was therefore hardly surprising that when The Royal Commission did address second question of local authority in transport provision it came out strongly in favour of the creation of a Traffic Board for the London area. However, it then stopped far short of recommending that transport powers should be awarded to any existing or newly created democratically accountable public authority as this would create intolerable interference and friction between the nominated authority and its neighbours into which its powers would have to extend. These powers, according to The Royal Commission, would be a 'Municipal Revolution' and it was unable to recommend such a course of action (The Royal Commission, 1905 para. 201). The Commission then set out the powers and duties of a proposed Traffic Board; these in effect were foundation of what would 28 years later become The London Passenger Transport Board.

The sum total of the powers and duties outlined by The Royal Commission created a semi-judicial body of experts that could arbitrate, consult and advise on transport schemes, but who under no circumstances could raise money. Neither was there any meaningful mechanism of public accountability. This stymied the possibility of centralised control of transport development, policy and funding at city level, moving instead towards an early

example of governance via what Robson (1939) terms an ad hoc body or quasi autonomous non-governmental organisation.

In conclusion the report acknowledged the scale of the problem, made a large number of practical suggestions regarding the question of improvements and made two proposals regarding governance. One of these was the formation of the putative Traffic Board, and the other was the removal of the powers of veto by local authorities over tramways. There were three dissenters on the Committee who did not sign the report, or signed it only subject to specific additional notes. Their dissent was largely on technical grounds to specific construction projects and contradictory views on the power of local authority vetoes, but it was emblematic of the enduring controversy and lack of unity that dogged the issue of governance in London.

Nevertheless, in 1907 The London Traffic Board was set up, and it reported back via the Board of Trade until 1916 when it was abolished. Its essentially advisory status meant that practically very little changed in this period regarding the governance of transport in London in the period up to the First World War, and all changes to operation and provision remained driven by the private sector. While the cause of effective public governance of London transport did not advance very far between 1905 and 1914, both the scale of the operation and the scope of the provision expanded considerably. Without either central administrative direction or democratic accountability, the plethora of companies that had provided tram, bus, and sub surface and tube railway transport in 1905 were slowly coalescing towards an oligopoly in which the largest players were the LCC, the Metropolitan Railway and the Underground Electric Railways of London Company (UERL) which by 1914 included most, though not all, underground railway operations. The company name was something of a misnomer, since the UERL also included the London General Omnibus Company (LGOC), the Lots Road power station, the Associated Equipment Company and several tramway companies. The efficiencies gained via the vertical and horizontal integration of transport companies in this way as a transport combine were obvious (Greaves, 2005) though sometimes harder to capitalise on than outside observers expected (Bonavia, 1981). The

UERL was still far from a monopoly as some tramways, many bus companies, some underground and most over ground railways remained in competition with it. Nevertheless the direction of travel was clear and the pooling of resources which it represented would be formalised during the First World War between all transport providers in London. Due to the fragmented nature of transport provision, fares trended down in both real and nominal terms until the 1907 crisis. Thereafter, the process of combination described here allowed competition to be eliminated and fares to rise slightly.

The economies of scale brought about by the formation of the UERL allowed it to absorb or fight off bus and tram competition, but they did not allow any further expansion of the inner London tube or underground railway network after the burst of construction activity which had characterised the twenty years from 1890 to 1910. In the 1907 crisis Sir Edgar Speyer had approached the LCC requesting municipal funds to make the tube companies solvent (Barker and Robbins, 1976). Had this approach to transport finance been adopted the continued expansion of the inner city tube network might have been a possibility, but in 1910 the modern day zones one and two looked fundamentally the same as they would be in 1960. The growth of capacity and scope of provision for the next 10 – 15 years was therefore driven partly by the trams but above all by the buses.² Curiously, The Royal Commission in 1905 had discounted the impact of the bus but in this they were completely wrong.³ The arrival of a powerful and reliable diesel engine completely transformed the speed, flexibility, cost and capacity of omnibuses, briefly opening the possibility of an almost genuinely free market in the provision of this form of transport during the early 1920s (Barker and Robbins, 1976).

By contrast, the much of the tram network was operated by municipal transport through publically accountable providers such as the London County Council (LCC) or other Councils. There were also private tram operators, but they represented a minority of operators. Cheap 'Socialised Transport' had aroused class antagonisms in the 19th Century

² Underground and London Traffic Statistics pp 95-96. LMA, ACC-1296-UER-04-065.

³ The Royal Commission on London Traffic, 1905. pp. 44, para 100.

with the trams perceived as a medium by which undesirable working class elements could travel cheaply throughout the City while subsidised by wealthier ratepayers. Hence the veto enjoyed and used by some local Councils to completely exclude tramways from their districts.⁴ Motor buses were not perceived as such a threat possibly because they required fewer subsidies from the ratepayer, though they too offered cheap fares and mobility to potential working class passengers.

In summary, the period between the publication of The Royal Commission's report and the advent of the First World War saw relatively little change in how the provision of transport was managed and governed, but rapid changes in the nature and scope of that provision. The number of horses and steam engines was vastly reduced, and they were replaced by electric trams, diesel buses and electric railways. Passenger numbers grew rapidly on all forms of transport, though buses and trams took the vast majority of the growth.⁵

Competition had forced fares downwards in both real and nominal terms initially, but this had proved ruinous and the success of the UERL amalgamation lay in halting that trend. Some pressure remained for a powerful and accountable public central authority to oversee this development, but the defeat of the Progressives in the LCC elections in 1907 meant that further moves in this direction above and beyond the creation of The London Traffic Board in the same year were unlikely, at least in the short term (Offer, 1981). In the absence of local or national government funding, cross subsidisation from bus to rail operation via private amalgamation kept the network viable.

The First World War

Operationally the effect of the War was to retard the development of motor buses and dramatically increase travel on the tube network. A considerable number of the buses were sent to France to assist the Army, and the advent of Zeppelin raids persuaded large numbers of Londoners to travel underground and smaller number to take shelter there (Jackson and Croome, 1962). In terms of the long term future of the transport network, the

⁴ Ibid. pp 52 - 55.

⁵ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

entire amount spent on investment in the period 1914-1918 was about a third of the amount spent in the single year of 1913. Coupled with a doubling of prices over the war this amounted to rapid disinvestment.⁶ Inflation also caused the real cost of fares to drop dramatically in this period, until belatedly and incrementally a series of increases were enforced from 1916 onwards. These fell far behind the inflation of wages, and tube travel became extremely cheap. However, the corresponding rapid raise in ridership did not compensate for the loss of real earnings and investment.

For employees, the war caused rapid wage growth and the dislocation of workplace practices and differentials caused by full employment, conscription and the mobilisation of women into the workforce in large numbers for the first time (Wojtczak, 2005). Though there was a brief moment of unity in the labour movement in the 1919 Railway strike, these effects were essentially transient as a fragmented Union structure allowed sectional interests predominate. Women were rapidly removed from the workplace after the War, and the effects of the war wage increases for unskilled workers were unravelled by wage cuts driven by deflation and unemployment (Middlemas, 1979). The only enduring wartime changes for labour were the considerable reduction in the working week to 48 hours and the large numbers of men taught to drive heavy good vehicles during wartime service who provided a readymade corps of potential bus drivers and mechanics.

While the operations and service provision of the London transport companies were distorted and generally suffered during the War, the exigencies of wartime meant that governance, and more importantly attitudes towards governance, changed rapidly too. The transport companies – except for the District and Metropolitan Lines – did not come under unified government control, but they adopted a pooling arrangement for fares and costs which spread the risks between the highly profitable and loss making elements of the network (Jackson and Croome, 1962). This universalised the pre-war aims of the UERL, though ironically the conditions of wartime meant that for a while the tubes subsidised the buses. However, in this way a truer understanding of the essentially interdependent

⁶ Ibid.

provision of transport by many different modes was arrived at. Buses were certainly the most profitable element of the network in peacetime, but had the unprofitable tubes lines simply closed the resulting flood of commuters would have been beyond the ability of the bus companies and road network to deal with. The War ensured that the provision of transport was understood not just as a profit making exercise, but as a wider social and economic good.⁷ Direct national government compensation was paid to the transport companies from 1914 to 1920. In the wake of such measures, calls for its administration by more publically accountable bodies in a wider political context shaped by the rise of the Labour Party and its commitment via Clause Four of its constitution to wholesale public ownership were more credible.

In summary, the war achieved a degree of unification in the governance of London's transport which the Progressive Party in the LCC, the Labour Party, Academics and municipal socialists had long called for (Robson, 1939). Though the changes brought about in the sphere of investment, fares and labour relations were temporary, the role of public funding in transport provision and the desirability of unified control of London's transport was permanently changed.

1919-1932

Expansionary wartime economic conditions continued until 1920. A post war crash then saw the nominal value of the British economy contract a by third, and a long period of deflation and high unemployment on a national scale, though with significant regional variations. From the mid to the late 1920's there was some recovery in London and the South East before the onset of another deep recession in 1929. The effect of this economic switchback ride produced considerable labour unrest cumulating in the General Strike of 1926 and continual calls for public ownership of businesses in the primary, secondary, tertiary and quaternary sectors in different forms (Greaves, 2005). The rise of the Labour Party to government in this period meant that these proposals were not merely minority ideas as they had been in pre-war era, but had the potential to become government policies. However, the effect of this

⁷ Lecture by ABB Valentine at LPTB Staff Meetings Session 1937-38. LMA, ACC-1297-LPT-19-1A.

was to scare the conservative-liberal establishment into placing much tighter controls on the conduct of local government than had hitherto been the case (Offer, 1981 and Chandler, 2007). The events of the Poplar Rates Rebellion 1921-27 and the failure of the Ullswater Commission into reforming the government of London meant that the prospects of a democratically controlled unified transport authority receded, and the likelihood of unified but essentially private and unaccountable body subsidised by periodic central government intervention grew.

For the London transport companies, the immediate post-war recession produced the first ever fall in per capita transport ridership per annum from 425 in 1920 to 393 in 1921 since records had begun in 1867. By 1924 ridership had recovered, but in 1930 it flattened and fell slightly from 511 p/a to 482 p/a in 1932. In terms of modes of operation, neither the underground nor the trams recovered to their immediate post war peaks, but the buses considerably extended their proportion of all passenger journeys from just over a quarter in 1919 to just under a half in 1932.⁸ The real cost of fares fluctuated dramatically, becoming relatively much more expensive in the early 1920s. The 'Penny per Mile' system tapering over longer distances was institutionalised and operated with next to no changes until the Second World War. As deflation and wage cuts in the 1920s gave way to wage rises and inflation from the mid 1930s passengers steadily paid less in real terms for the use of system that was quantitatively expanding and qualitatively improving.

These improvements were achieved with public money, but via central not local government. Lord Ashfield used his wartime experience as President of the Board of Trade secure funding for tube line expansion into the suburbs via the Trade Facilities Act justified on the grounds of alleviating unemployment. Short distance inner city traffic was conceded to the buses and trams, but Pick and Ashfield correctly recognised the potential that large scale suburban development offered to railways. Though population density was never sufficient to make the underground highly profitable, the creation of outer London suburbs especially in north and west London allowed it to pay dividends on average at 4% to 5% through the

⁸ Ibid.

1920s. In spite of protestations both at the time and by later academic literature, these were 'reasonable' in the context of both the alternatives available and the mature, secure industry that the UERL had become. In terms of governance, in spite of some proposals for a 'Municipal Tube' funded by the LCC, the framework by which transport was funded remained firmly in the hands of either private investors and/or central government. The exception to this was the LCC and Borough tramway networks, but these became moribund and static in the period in terms of usage, network coverage and technological development.

The buses gained the most in the post war environment. The low capital costs, low barriers to entry and large numbers of ready trained drivers spilling on to the labour market meant that for a brief moment in the early 1920's the transport market was open to any entrepreneur with a few hundred pounds, an outcome later endorsed by Hibbs (2005).

However, the foray into the free market was not popular with either the public or politicians. The London 'Pirate Bus' phenomenon resembled the 'Railway Mania' in terms of its chaotic, ungoverned and sometimes unscrupulous proliferation of facilities. Route miles covered rose from 1060 in 1920 to 1667 in 1923.⁹ The spectacle of rival buses queue jumping and spontaneously changing their destinations en route to snatch extra traffic did much to reinforce the idea of a central transport authority as a desirable outcome. But it was the downward pressure on costs caused by the proliferation of competing buses that set off a direct chain of events which resulted in the rapid enactment of the London Traffic Act in 1924 and thereby drastically curtailed activities of the smaller bus operators (Clegg, 1950).

In June 1923 three tramway operators responded to falling revenues by proposing to cut wages and by 21st March 1924 both tram and bus crews went on strike, though they were not joined by the railway workers or the smaller bus operators. Nevertheless, the minority Labour government gave the first reading of the London Traffic Act designed to curtail competition on the 25th March and the strike was called off on the 28th. By the 7th August 1924 the Bill had received Royal assent. The Act had two main consequences. Firstly and most importantly it regulated the process by which transport firms could apply for licenses to

⁹ Ibid.

operate buses. If a street in London was deemed a 'restricted street' by the Ministry of Transport (MoT) no further companies could apply to operate buses there. By 1925, in spite of promises that only prominent streets would be restricted, nearly all the streets within the Metropolitan Police District of London were listed as being such and the era of free market competition was at an end.¹⁰

Secondly, the Act created the London and Home Counties Traffic Advisory Committee (L&HCTAC) which was a successor to the Traffic Board, but with responsibilities now stretching up to 25 miles from Charing Cross. It too had only advisory powers over decisions made by the MoT and while 8 of its 12 members were representatives of local authorities, just 2 of them were from the LCC. The wide distribution of county and metropolitan councils and their inevitably varying interests thus represented ensured that a unified body with meaningful powers over the provision of transport was as far away as ever.

To underline the degree of opposition to the creation of powerful and effective public authorities in London, the failure of the Royal Commission on London Government (The Ullswater Commission) in 1923 to bring about change or even issue a unanimous report on the subject was an important watershed. The report signed by the majority (in fact just half of the Committee) recommended change only on a voluntary basis where local authorities in the London and Home Counties area would be encouraged to merge on an ad hoc basis. This essentially amounted to the status quo. There were also two minority reports, each signed by two members, and each making radically different cases for change. The first called for London's government to be further geographically subdivided as the LCC was already too large and unwieldy, but that the provision of some services such as a tramways and water supply should be provided by central authorities. The second minority report called for a single authority for the entire urban area whose councillors would control all public service provision. In reality the report did little except highlight the controversy which surrounded the issue of London's governance. The LCC evidence was particularly inept in that which it strongly favoured a larger area for its authority more commensurate with

¹⁰ House of Commons Debate, 12 March 1925 vol 181 cc1699-730. Hansard online Accessed 28 March 2016.

London's actual urban area but offered no objective definition of what that might be or interest in the current situation beyond its own borders (Robson, 1939). Herbert Morrison believed that the LCC had presented its case so badly that it practically amounted to sabotage (Morrison, 1960). The only recommendation that eventually saw the statute book was the creation of the L&HCTAC (Robson, 1939).

However, pressure to at least co-ordinate the operation of London's transport facilities continued. At heart, this was a debate about whether the ideal public administration and provision of services should be via competition which seen as either offering 'choice' or being 'wasteful', or whether it should occur via a single public authority either local or national level which was also perceived to be either 'efficient' or 'bureaucratic' according to political tastes. Interestingly, these viewpoints did not strictly follow Party lines. In 1924 the restriction of bus competition had been supported by an unlikely alliance of Municipal Reformers (generally Conservatives) on the LCC and Trade Unions, and opposed by London Labour MPs. Economic interests generally trumped political principle, and this was to be seen again in the defeat of the London Traffic Co-ordination Bills in 1929. The 1929 Bills arose out of another report in 1927 into London Traffic which made, yet again, the case for a combined transport authority. This proposal was taken forward by the Conservative government and the Conservative run LCC at the time, but objected to by Labour on no less than 12 grounds. These essentially broke down into three areas: It created a private monopoly, there was insufficient public oversight and consequently insufficient control of fares, services and dividends. The election of Labour government in 1929 effectively killed the Bill, but it is ironic that when the new government put forward its own London Passenger Transport Act its differences with the Traffic Co-ordination Bills were, in spite of Morrison's protestations to contrary, insubstantial in practice if not in principle. Later in the 30s he was to proudly accept the Coalition government's creation as own (Donoughue and Jones, 1973). With only minor amendments the Conservative dominated coalition government elected in 1931 passed the Act two years later and created the LPTB on 1st July 1933. Consensus over the nature of the unified governance of London's transport had at last been

achieved, but while the newly created LPTB truly had central direction over all forms of mass transit in the capital, it could scarcely be described a democratically accountable (Robson, 1939).

Fortunately for passengers, whilst the details of the governance of London's transport were being haggled over in the late 1920s and early 1930s developments in the scale and scope of service provision were still proceeding. From the perspective of passengers, the introduction of newer and more powerful buses over an increasing range of routes was accompanied by the expansion of the underground network into both north and south London. The Northern Line as it currently exists was completed by 1926, the Piccadilly line reached Cockfosters and the Metropolitan Line was pushed out to Watford and Stanmore. All this was achieved against a background of nominal fare prices that remained essentially stable i.e. rising slightly in real terms in a deflationary macroeconomic environment and labour relations that have been described as a model for other sectors in the period (Clegg, 1950). Wages rose very gradually, but as mentioned above in a deflationary environment their real value rose faster and they were reckoned to be considerably above comparable rates paid in other cities. The UERL and Tramway companies were noted for generous provisions of benevolent funds, ex gratia payments, mess halls and sports clubs, though this was not always as true of smaller bus firms. Investors also had reason to be content in this period, as returns on their secure holdings mostly either matched or exceeded the Bank of England base rate, and the Combine had no difficulty in selling its bonds to raise the capital for the construction of the Piccadilly line extension when they came on the market in 1928. In retrospect the 1919-32 period was a transitional phase in London transport in which the free market and competition as a method of providing public goods were gradually abandoned in the face of changed economic, social and political conditions, and the administrative practises introduced as a product of wartime emergency were consolidated. This is clear to us now with the benefit of hindsight, but at the time there were powerful governmental forces demanding a return to 'normalcy' as well as those who realised that the conduct of public administration had permanently changed. This realisation was sufficient to

bring about a political consensus allowing the co-ordination of the operation of London transport by the early 1930s, but it was not sufficient to carry the reform of London's government as a whole.

The rows over governance did not seem to affect the continual expansion, development and scope of transport in London. However, the effects of the absence of central control, democratic influence and public funding at city level were palpable. The funding secured under the Trade Facilities Acts was a welcome product of the realisation that the state had a role in the provision of long term public utility network projects whose benefits were too diffuse to be captured through the fare box alone. However, this funding depended on the relationship between the highest echelons of the London Transport Combine and central government in the form of the Treasury. The people of London, in whose name all this was nominally being done, were in no way represented and this made itself felt in a number of practical outcomes. Compared to Paris, Berlin or New York in the period, fares were higher and more complex. The suburban development of the tube network was commendable, but the original pattern and density of the network had been set by speculative private capital seeking profits in the late 19th Century and first decade of the 20th. This left large gaps in central London provision that were still unfilled a century later and which only long term public funding would have addressed. The tram network remained under capitalised and fragmentary due to diffuse ownership and nimbyism, and the growing desire and ability to own a private car was almost totally missed by top decision makers insulated from popular opinion. Addressing these issues would now be the challenge of the newly formed LPTB.

1933-1939

The LPTB had a startlingly short time span in which to develop and implement its policies regarding transport in London. It enjoyed just six years of peacetime, and its remaining eight years were spent under emergency conditions or dealing with the damage caused by the war in preparation for what was known to be an almost inevitable hand over to the British Transport Commission. Long term planning and project implementation were almost impossible under these conditions, but the LPTB was fortunate to have two superbly

experienced men at its head at their height of their powers, Frank Pick and Lord Ashfield, who nevertheless achieved a great deal in terms of the operation and provision of transport for the capital (Barman, 1979).

Governance of London's transport in this period settled into new pattern. There would be just one main provider of suburban transport not merely within the urban area itself, but a much wider space known as the London Passenger Transport Area which stretched out some 30 miles in all directions from Charing Cross, from Gravesend to Beaconsfield east to west and from Baldock to Horsham north to south. There would be some competition from the four mainline railway companies, especially from the Southern Railway and some bus operators at the edges of the area. But to all intents and purposes the LPTB operated a monopoly of road services and within an oligopoly of rail services. This monopoly 'arms length' organisation providing a public service was essentially unaccountable.

The Board itself was completely undemocratically selected. Pick himself was on record as having said that in the flight from competition the LPTB had stumbled into a dictatorship. The Chairman and six members of the Board were chosen in turn by five appointing trustees listed in the 1933 Act.¹¹ The trustees and members of the Board over its lifetime did include one trade unionist, one engineer, two transport experts and three elected representatives from local authorities. However, amongst the remainder there was heavy representation from the financial and legal sphere who claimed another four places. Elections played only a very indirect role in the composition of the Board and its Trustees, but governance of bodies discharging public services by self selected committees of the great and the good was a tried and tested method which had previously been employed at the Central Electricity Board, the Forestry Commission and the BBC amongst others (Millward and Singleton, 1995). This system of private arms length public service provision by technocrats and grandees would be replaced in 1948, but not because public opinion had become hostile to an unresponsive organisation providing poor quality services. In fact the LPTB era stands

¹¹ The Chairman of the LCC, The President of the Law Society, The President of the Chartered Institute of Accountants, The Chairman of the Committee of the London Clearing Banks and a representative from the L&HCTAC.

out as one of the periods where London's public transport was held in relatively high esteem both in the UK and abroad (Jackson and Croome 1962). Much of this success was attributable to the command, management and leadership qualities exhibited by Chairman and Vice-Chairman. These were exceptionally complementary from the First World War until the late 1930s. Ashfield especially demonstrated Grint's (2008) model of organisational 'Leadership' through the ability to control or manipulate the public and official perceptions of the super complex problems facing the LPTB in such a way that was favourable to the organisation. His ability to ask the right questions and involve the right people or agencies is viewed as an essential component of the successful leadership of public organisation by Brookes and Grint (2010). When combined with Pick's attributes typified by Grint (2008) as a 'Commander' and a 'Manager' in the organisation their teamwork was formidable, and more than sufficient to dissuade or deflect critics from all policy communities interacting with the LPTB. The Board's long term vulnerability lay in its increasingly resented unaccountability to Ministers and Parliament coupled with its financial dependence on the Treasury. Viewed critically, this arrangement could not last. For a while the experience and abilities of the duumvirate that controlled it obscured the lack of a democratic mandate and reliance on funding from central government. But only a city transport authority run at least in part by elected officials from the LCC and funded by London ratepayers would have had genuine independence as it would have drawn its legitimacy from its own democratic mandate. In the meantime, the Board was as successful as its predecessor the UERL in securing central government funding for the 'New Works Programme' of 1935-40 which included an expansion of the tube network, infrastructural refurbishment and major rolling stock purchases. The Board also began the rundown of the tram network and its replacement with trolleybuses in this period. This programme of improvement was carried out against a background of steady economic growth in the London and the South East and low interest rates of just 2% as the country recovered from the great depression. Despite this, the LPTB in pure financial terms was never able to fulfil its statutory financial duties and it certainly could not have embarked on the £42 million investment programme that the New Works

represented on the basis of its own net revenues. Throughout the 1930s the books were balanced on the back of the bondholders, particularly holders of the 'C' type stocks who should have received 5.5% annually but in fact never received any more than 4.25% and more commonly about 3 - 3.5%. After several years of failing to meet their required returns, the stock holders had the opportunity to call in the receivers in 1938. They chose not to, as the looming menace of World War Two and potential direct government control may have put the issue into perspective. Additionally, returns of 3-4% looked far more generous in a post depression 2% base rate environment than they did in early 1930s, and by the late 1930s Lord Ashfield was calling for a downward revision of the statutory bond return premiums on these grounds (Jackson and Croome 1962).

Traditionally, the mainstream view is that the LPTB was hobbled from the outset by its commitments to paying interest to its investors. But as we have seen, the Board was quite prepared to renege on its statutory requirements in this respect. By contrast, the combination major investments and fare freezes showered on passengers meant that in financial terms they and to a lesser extent employees were the winners from the 1930s. The travelling public benefitted from the broadening network, increasing speeds, and modernised infrastructure and rolling stock. Most visibly trolleybuses widely replaced trams, the modern 1938 tube stock entered service and escalators replaced lifts in many central London tube stations. Wages both in the transport industry and in the South and London generally rose, but fares remained static even in the face of the continual inability to pay stockholders and slight inflation towards the end of the decade.

In summary the 1933-39 period can be seen to represent something of a high water mark in the provision and operation of London's transport. All road, all underground and significant portions of the overground rail network north of the river were run by one organisation. This supposedly would result in corresponding benefits for unity of effort, economies of scale and standardisation of policy and equipment, but as had already been discovered by the four railway companies, these could prove elusive and only realisable over decades of policy making (Bonavia, 1981). Nevertheless, there was sufficient finance from central government

for many long term investment projects. In general terms, the speed¹² and comfort of travel improved over a network which also grew in size. Fares remained static in nominal terms, declined slightly in real terms and declined considerably against average wages. Employees' terms, conditions and pay were above average for the period and whilst not all stockholders saw their expected returns, this was confined to the holders of 'C' type stock, while the holders of and the 'A' and 'B' types received their expected interest, thus frustrating the possibility of a wide coalition of stockholders calling in the receivers. The paradox of governance which made the organisation unaccountable to but financially dependent on central government remained unresolved for the time being. But the political momentum given to the idea of full nationalisation as a form of public administration by the Second World War made the continuation of the status quo unlikely.

1939-1948

On September 1st 1939 the LPTB came under the central direction of the Railways Executive Committee, and from January 1940 the purely London based revenue pooling scheme was suspended. The LPTB was now de facto nationalised, although the de jure confirmation of that state of affairs would not occur until 1948. The Board held one seat on the committee along the four railway companies, and led by no less than five different Ministers of Transport over the next eight years. This lack of continuity in leadership due to general elections or more commonly the machinations of internal party politics was to retard policy making for London transport in the decades to come, but for the duration of the war it was masked by the much wider and more pressing crisis that the organisation faced.

Governance reached its apogee of centralisation in this period. This meant that decisions, even quite small scale ones such as individual escalator replacement, had to be approved by the Minister of Transport and in reality, the Chancellor of the Exchequer. It was true that ever since the first grant of money via the Trade Facilities Act in the early 1920s and arguably even earlier via the government's compensation scheme during World War One, that London's transport network had been dependent on the goodwill of the Treasury. But

¹² Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

until the 1940s there was a key difference in the level of autonomy still granted to the Board. The Treasury loans for the 'New Works' programme in the 1930s had not been blank cheques, but on nationalisation the British Transport Commission's approval was required all senior appointments and for every project costing more than £50 000 (Jackson and Croome, 1962), an absurdly low level in the context of an annual investment programme running at roughly £5 million per year pre war, or roughly £10 million p/a at 1948 prices.¹³

Nationalisation solved the paradox of operational independence without financial independence by taking away the vestiges of strategic operational decision making and making the higher echelons of transport executives essentially civil servants in a hierarchy that in reality led to Whitehall, the MoT and the Treasury rather than the Chairman of the Board. Three very influential individuals who might have been able to change or possibly prevent this outcome for the administration of transport in London were either dead, dying or in eclipse. Frank Pick had died in 1941 and Lord Ashfield died in November 1948. Herbert Morrison who had long opposed central government led nationalisation in favour of his own 'Morrisonian' variant had been relegated to the post of Lord President of the Council in Attlee's government after a botched talk of a coup against Attlee in 1945 (Donoghue and Jones, 1973). The potential role of the LCC was not considered either during the war or in post war planning. Control by democratically elected central government politicians would ensure the necessary level of strategic oversight combined with sufficient reflexivity to the public's opinions, presumably through the somewhat crude mechanism of general elections. The state of emergency prevailing until 1945 and the high level of pre-war investment concealed the difficulties implicit in such a system of governance. During the war London's transport system performed well in the face of much more serious and prolonged attack than in the previous conflict and its tasks went well beyond the provision normal working transport. Some 200 000 evacuees were carried over the four days immediately after the outbreak of war. By the following year some 177 500 Londoners were taking shelter in the tube on a nightly basis (Jackson and Croome, 1962). A complete breakdown of sanitation

¹³ Annual Reports for The LPTB (1934-1940), TfL, LT1011/001-006.

and order was avoided, though more narrowly than sometimes presumed because of the previous unwillingness of the authorities to accept the use of stations as refuges. In reality there was little choice but to accept that sheltering in tube stations was an entirely logical reaction to air attack, and facilities were rapidly expanded and improved.

There were mass casualty incidents on the network in this period, notably at Bank, Sloane Square, Bounds Green, Balham and Bethnal Green stations. The Bethnal Green incident in 1943 resulted in 173 deaths and was kept secret for the remainder of the war. Over and above the evacuees, shelterers, bomb damage and casualties, the network also had to cope with a huge increase in normal journeys undertaken by personnel transiting through the communications hub of London and the same rapid disinvestment caused by a spending freeze as had occurred in the First World War. Total capital expenditure had grown by a mere £2.2 million in the entire period 1940-45, during which the value of new expenditure had fallen by 50% in comparison with its pre-war comparator.¹⁴

Central government control was effective in administering the system so that it met the needs of the country in the wartime period. However, there is little evidence that it would not have been even if it had been left in the capable hands of Lord Ashfield and Frank Pick who had in any case done most of the pre-war planning for the emergency which was then simply put into effect. Pick's resignation in 1940 after disagreeing with the Board over returns to Bondholders was probably a mistake from the point of view of maintaining long term operational efficiency, though it seemed to have had few immediate consequences (Barman, 1979). The overall impression is of an organisation well capitalised and resilient enough in its infrastructure, personnel, strategy and 'brand' to withstand considerable setbacks in the short term, nationalised or otherwise.

After the war, with the immediate priorities of damage repair and formal nationalisation firmly on the agenda after Labour's 1945 election win, I suggest that it is fair to characterise the remaining activities of the LPTB as little more than a winding down exercise. A few extant pieces of the 1935-40 New Works programme were finished off, most notably the eastward

¹⁴ Annual Reports for The LPTB (1940-1945, TfL, LT1011/006-01

Central Line extension. Several ambitious plans were drawn up to remodel London's transport in the wake of the Blitz, but the idea of local government at City level mapping out a future for itself seemed parochial, old fashioned, inefficient and faintly selfish at a time when national central planning appeared to be the ideal of public administration (Dell, 2000). The powers of the LCC over transport lay dormant and unreformed until 1965 when the Greater London Council was created, which in turn did not acquire powers over transport until 1970.

Whilst the war firmly set the course of governance towards central government control in peacetime, it also, just as in the First World War, distorted the pattern and scope of service provision. The premature end and waste of some of the 'New Works' schemes due to the war has already been discussed, but the war had the additional effect of displacing road traffic onto the railways, both above and below ground. Petrol rationing as an indirect effect of warfare stymied widespread car ownership for ten years, with the number of registered cars in the UK falling by 50% between 1939 and 1944.¹⁵ The probable post war rise in car ownership was noted in the wartime and post war planning (Abercrombie, P. 1944). Though this was never going to be a realistic option for the inner city, its future popularity was seriously underestimated. In general, the shortages and exigencies of wartime bought a false sense of security to public transport in general and rail based traffic in particular. Post war planners recognised the needs of road traffic but both they and Lord Ashfield failed to comprehend the speed at which affluence would cause commuters to abandon the tram, the tube and eventually the buses in favour of the car. In the last three years of the LPTB's operation investment did rise slightly, to a total of £3.1 million between 1945 and 1948. But at a time when every effort needed to be made to order to ensure the retention the commuter traffic before the inevitable end of petrol rationing which occurred in May 1950, this was a minor amount when compared to pre-war totals.

In summary, the 1939-48 period saw an artificial boom in London transport usage whilst simultaneously starving it of the capital needed to meet demand and compete with private

¹⁵ 'A Century of Change: Trends UK Statistics Since 1900' Parliamentary research paper 99111/111.

road traffic. Simultaneously, the loss of Frank Pick in 1940 and Lord Ashfield in 1948 deprived the organisation of the leadership which had successfully redefined the problems it faced in manner favourable to its own ongoing existence and independence. A city authority with the powers to raise its own capital and legitimacy rooted in the electorate would have been better placed to challenge centralising tendencies. The Treasury, with a national view, simply saw London transport as one other industry in one particular region and an initially relatively well capitalised one at that. This was the long term consequence of central control, though it was not widely appreciated at the time.

Conclusions

Financially, London transport developed in a way that was to benefit passengers most of all. The initial phase before the First World War saw fares fall to operationally unsustainable levels for private firms, and then stabilise. The delayed reaction to wartime inflation then provided them with possibly the cheapest travel they were ever to experience. The 1920's saw steep rises in real fares, but this was combined an investment and expansion plan that improved and expanded the service that they were enjoying. The 1930s saw real fares plateau and decline slightly against a background of continual service improvement. This was interrupted again by The Second World War, but once again fares lagged behind inflation though not so dramatically. This finding contradicts the commonly held view that LT fares were and are unreasonably high in their own terms, though evidence from abroad suggests that it is true that other systems of governance used abroad would have allowed even greater reductions.

In contrast to an image of the working class as repressed and on the dole in 1920s and 30s, London transport employees did well too, especially during the First World War, but wages and conditions were generally above the average for the whole period. Ironically, just as conditions for the industrial working class began to improve from 1939 onwards, the relative position of London transport workers diminished considerably. Though this was a secular rather than an absolute decline, it is a point which is often understated in existing analysis of the decline of the system post-war. This leaves the investors, which are usually portrayed in

existing literature as being over privileged, and their excessive demands for high returns are perceived as constricting investment and wages. This viewpoint is contested. Returns were actually often poor in the pre-World War period, no more than a good average for secure stock in the decades that followed and then finally partially reneged on by the LPTB.

Naturally it is true that had the LPTB and its predecessors had to make no payments at all to private interests and secured their funding entirely via a national or city wide tax base they would have been greater scope to invest. However, this would have required a very different structure of public governance, and the acceptance that the debt would have been held elsewhere by the city or by the national government. It is probable that such a debt might have been secured at a lower rate of interest than even the reduced amount paid to bondholders.

In fact the influence of investors declined throughout the period. After 1933 they were not even truly owners in any meaningful sense, and simply drew statutorily fixed returns that were not always guaranteed in reality. The employee's trade unions were much more active and influential, and were often able to secure improvements in pay and conditions for their members in the inter war period, albeit that their relative position declined rapidly during World War Two. For passengers, once the transport companies began to combine genuine consumer choice was reduced. Unable to vote with their feet, passengers' interests could only really be corporately expressed and made effective at policy level through the ballot box. They needed powerful mid-level democratic institutions to either run transport directly, or monitor London transport providers on their behalf. As we have seen, governance in London was particularly weak in this form of intermediate democratic administrative body. Instead, the UERL and later the LPTB were dominated by their own managerial elites, a common feature of 'arms length' public bodies (Rhodes, 2012). 'Agencification' often leads to disputable efficiency savings and questionable improvements in the quality of public services (Overmann, 2015 and Van der Walle, 2008). Nevertheless, in this instance fares declined in real terms and considerable investments were made in improving the scope and quality of services.

In chapter seven I argue that part of the explanation for this unusual outcome lies in the quality of leadership and management offered by Pick and Ashfield to the LPTB and its predecessors which was superb. Ashfield's ability to politically recast the perception of the difficulties facing the organisation in a manner conducive to its survival and expansion when combined with Pick's mastery of the detail solved the paradox of an unaccountable organisation nevertheless providing highly regarded public services. Eventually, the tension between the Ashfield as a instrumental manipulator of the realities facing the Board and Pick as a categorical confronter of those difficulties was to result in Pick's resignation, ostensibly over matter of detail, but in reality over principle. Nevertheless, their abilities in the provision of London's transport allowed the defenders of private interest to demonstrate that full public control was not merely theoretically undesirable but also practically unnecessary. Their mastery of their brief in reconciling the conflicting demands of passengers, employees and investors both compensated for and caused the lack of democratic accountability. We will now examine in greater detail exactly how this was achieved.

Chapter Five

Did Passengers, Employees or Investors benefit most from the LPTB?

Introduction

The previous chapter set out a historical narrative of the development of London transport. It gave a broad description of the tensions and paradoxes inherent in its finance and governance, and it suggested that they could be partially resolved by the nature of the leadership and management of its Chairman and Vice-Chairman. This first findings chapter begins the process of detailed assessments, starting with the financial management of the organisation and who benefitted from it.

In terms of the beneficiaries, there are a variety of systems of classification available to map a network of interest groups surrounding an organisation. Rhodes & Marsh (1992) offer a typology of five such networks of which the 'Policy Community' bracket best approximates the context in which the LPTB operated. Alongside and within the community there were a significant number of actors involved in the formation of transport policy in London and stood to benefit from it, but for simplicities sake this thesis has reduced them to seven key groupings described in detail below. However, following the work of Acworth and Paish (1912) in the formalisation of railway accounting and statistical reporting, the LPTB reduced these even further to three generalised groupings. It termed these passengers, bondholders and workers, but in order to unpick exactly who or what was meant by these terms Table 5.1 on the following page provides some additional detail.

Table 5.1: The Principal Actors in London Transport Policy Formation

All Actors	Terms for the Principal Actors used in the Thesis	Actors as Recognised by the LPTB
MPs, Ministers, The MoT, The Treasury, Royal Commissions, The L&HCTAC	Parliament	Represented all actors in theory, but especially Passengers
A, B, TFA, LA and C Stockholders	Financial Owners	Bondholders
TGWU, ASLEF, NUR, RCA and occasionally splinter Unions such as NPWU	Trade Unions	Employees
The LCC and all other London Borough Councils	Local Government	Passengers
Users' Associations, Ratepayers' Associations, and Individuals' personal letters to MPs, The Times and The Chairman	Customers	Passengers
The Railway Rates Tribunal, SR, LMSR, LNER, GWR, but especially the SR	Rival Providers	Used as a reference point for judging Employees' and Passengers' Interests
The Board, but especially the Chairman and Vice-Chairman	Internal Managerial Elites	Not Acknowledged

For ease of archival analysis this chapter has followed the Board in classifying the actors as passengers, employees and bondholders. Expressing their interests in financial terms gives a simple metric by which comparative judgments can be made. Business history does not rule out the use of figures in support of the construction of theories in a business history as opposed to the testing of hypotheses in economic history (Bucheli & Wadhvani 2014). After five years of operation, the Board's 1938 report attempted to draw some conclusions about the value of its operations over the long term. At paragraph five of the report the LPTB considered its duty as being towards balancing the interests of the three groups of actors acknowledged by the Board; investors, passengers and workers whose interests could be expressed financially as returns to bondholders, fares and wages.¹⁶ Rather evasively it reached no conclusion about who benefitted most. However, with the benefit of a far longer historical perspective and unencumbered by immediate political pressures this chapter will propose that the passengers were in fact the principle financial beneficiaries.

¹⁶ Fifth Annual Report of The LPTB (1938), Transport for London (TfL) Archive LT1011/005.

In doing so it not only answers the question left hanging by the evasiveness of the Board itself in 1938, but also challenges a traditional view expressed as early as 1908 by Charles Weston¹⁷ in the Electric Railway Journal and subsequently by a series of literature (Jackson & Croome, 1962), (Barker & Robbins, 1976) and (Wolmar, 2005) that the main beneficiaries of transport operations were the shareholders and the bondholders.

This chapter also challenges the commonly held view that the organisations providing London transport, especially the tube and underground railways, generally failed to meet their financial obligations. This perception has arisen out of the widespread and sometimes deliberately vague use of the term 'return' to mean alternatively 'return on capital employed' (ROCE) and/or 'dividends to investors'. The reality is more nuanced. It is certainly true that the tube and underground railways represented a poor return on capital employed. It is not true that their dividends to investors were always equally poor, and once transport modes were amalgamated I will demonstrate that although passengers' interests were favoured over bondholders by the LPTB the investors nevertheless had little to complain about. To support this, I will show that much of the down beat confusion over returns to investors was propagated by the senior leadership of the LPTB as part of deliberate campaign to manage public and political opinion. For example, a much quoted 1924 speech by Lord Ashfield¹⁸ runs as follows:

"It may be a great surprise to you to know that the Underground Railways in London have never been, in their whole career, a financial success. In other words, they have failed to earn anything like a reasonable return upon the capital invested in them." (Jackson and Croome, 1962).

In ROCE terms this was true. But from an investors perspective the tube railways were offering steady returns of 4-5% in this period and would continue to do so throughout the later 1920s. The real reasons for Lord Ashfield's public pessimism were twofold. Firstly, in 1924 he was the midst of fighting the small scale London 'Pirate Bus' operators and he could

¹⁷ Then the President of the Chicago South Side Elevated Railroad.

¹⁸ Then the chairman of the Underground Electric Railways Company of London (UERL) and later the London Passenger Transport Board (LPTB).

not allow his huge transport combine to be portrayed as an overbearing giant exploiting its dominant market position to give secure and reasonable returns to his investors. Secondly, he was simultaneously engaged in campaigning for cheap government loans for the UERL which again could not seem to be given to dividend generating semi-monopolies. These contextualising details have been ignored, but the perception of the loss making tube railway meaning a loss making transport combine has endured in the literature.

I find that the arguments in the 1905-48 period debating the rival merits of private finance, municipal capitalism, municipal socialism and nationalisation were seldom positions based on objective financial data but rather political and managerial responses to differing circumstances confronting London's transport providers. This required the perceptions of shareholders, the public and governments to be shaped by the leading figures in the UERL and the LPTB. The idea that the management of the perception of the problems facing public sector organisations is the key task of public leadership will be further significantly developed in the chapter on the command, leadership and management of the organisation.

The Investors – A Reasonable Rate of Return?

If 'returns' may fairly be described as payments to investors, we now move to examine the term 'reasonable'. Inevitably this changed over time both in contrast with broad economic conditions and specific comparable industries. Macro-economic indicators such as the Bank of England base rate and the background rate of inflation offered basic standards of comparison which investors themselves would have been well aware of, and the fall in the base rate to 2% in 1932 caused Lord Ashfield and others to revise their views about the level of payments to bondholders by the late 1930s. Table 5.2 demonstrates that other than in wartime, neither inflation nor interest rates posed serious pressure on the dividends or the interest offered by a secure mature industry such as the UERL or the LPTB. Indicatively, when the UERL floated bonds to finance the extension of the Piccadilly line in the late 1920s the issues were almost immediately over-subscribed.¹⁹

¹⁹ Operating Manager's Personal Letter 15th October 1930, LMA, ACC-1297-LPT-04-067.

In terms of comparators in wider industry, other railway companies also failed to meet the levels of return to investors offered by the UERL or the LPTB. In their best post war year (1937) the 'Big Four' highest return was 3.9% on their debentures and in 1929 it was 2.6% (Crompton & Jupe, 2002). Between 1935 and 1939 average dividends from The Great Western Railway (GWR) paid 2.75%, The London Midland and Scottish Railway (LMSR) 2.7%, The Southern (SR) 0.65% and the London and North Eastern Railway (LNER) nothing at all (Wolmar, 2007). They never came close to achieving the 4.7% average return that was implied by the standard revenue calculations on amalgamation in 1923 (Crompton & Jupe, 2002), and as Table 5.2 clearly indicates, investors in the LPTB were far more amply rewarded than those in the 'Big Four' railway companies of which SR was the most direct comparator and competitor to London Transport. As such, I find that UERL and LPTB investors did in fact receive a reasonable return from around the period of the First World War onwards and more than reasonable once interest rates fell to 2% in the early 1930s.

The 'Free Market' in Transport: High Risks, Low Returns.

Prior to the amalgamations in the first decade of the 20th century, underground railways offered investors generally poor returns. The City and South London Railway (C&SLR) rapidly met and exceeded its forecasts of passenger numbers but the scale of the dividends at between nil and 2.17% between 1891 and 1901 did not remotely meet the risk taken by the investors even when compared to returns on more secure investments such as the Bank of England base rate or comparable railway industries such as the London and South Western Railway (Turner, 2013).

However, investors were not deterred at this point for three reasons. Firstly, because the underground railways had unambiguously revealed the enormous potential long term demand for transport in London. An article in 'The Engineer' in March 1891 discussing the promotion of the CLR made the following point:

Table 5.2: UK Interest Rates, Inflation Rates, and LT Dividends 1905-1948

Date	Variation in Base Rate²⁰	Inflation²¹	Highest Return from Underground Railways²²	
1905	2.5-4%	0.4%	5%	
1906	3.5-6%	0%	5%	
1907	4-7%	1.2%	5%	
1908	2.5-6%	0.5%	6%	
1909	2.5-5%	0.5%	6%	
1910	3-5%	0.9%	6%	
1911	3-4%	0.1%	6%	
1912	3-5%	3%	6%	
Creation of the UERL and the 'Common Fund' for London Transport²³				
			Railways	Buses
1913	4.5-5%	-0.4%	4.5%	19%
1914	3-10%	-0.3%	4.5%	17%
1915	5%	12.5%	5%	14%
1916	5-6%	18.1%	5%	11%
1917	5-6%	25.2%	5%	9%
1918	5%	22%	5%	11%
1919	5-6%	10.1%	5%	10%
1920	6-7%	15.4%	5%	9%
1921	5-7%	-8.6%	5%	11%
1922	3-5%	-14%	5%	12%
1923	3-4%	-6%	5%	12%
1924	4%	-0.7%	5%	8%
1925	4-5%	0.3%	5%	8%
1926	5%	-0.8%	5%	7.5%
1927	4.5-5%	-2.4%	5%	9%
1928	4.5%	-0.3%	5%	10%
1929	5-6.5%	-0.9%	5%	10%
1930	3-5%	-2.8%	5%	10%
1931	2.5-6%	-4.3%	5%	9%
1932	2-6%	-2.6%	5%	6%
1933	2%	-2.1%	5%	8%
LPTB Created July 1933				
1934	2%	0%	5.5%	
1935	2%	0.7%	5.5%	
1936	2%	0.7%	5.5%	
1937	2%	3.4%	5.5%	
1938	2%	1.6%	5.5%	
1939	2-4%	3.1%	5.5%	
1940	2%	17.2%	5.5%	
1941	2%	11.2%	5.5%	
1942	2%	7.5%	5.5%	
1943	2%	3.7%	5.5%	
1944	2%	3.1%	5.5%	
1945	2%	3.2%	5.5%	
1946	2%	3.5%	5.5%	
1947	2%	7.4%	5.5%	

²⁰ Change in the BoE Bank Rate and Minimum Lending Rate, BoE Website accessed 28th November 2016.

²¹ HoC Research Paper Inflation and the Value of the Pound 1750-1998 99/20.

²² Barker and Robbins' notes on the finance of early tube railways. TfL, LT346-006.

²³ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

‘The traffic in London had increased to a marvellous extent [since 1864]... In 1889 LGOC carried 104 million passengers, The MR 82 million, The MDR 32 million, the tramways carried 169 million and The London Road Car Company carried 15 million, bringing up the total to 407 million passengers as against 53 million 23 years earlier. In other words in the course of a generation the figures had been multiplied seven times. Having regard to this enormous increase, who could say that the streets of London showed the slightest sign of relief?’

The confident expectation of rapidly rising passenger numbers was borne out. At this time London’s population was huge on a global scale, prosperous and growing rapidly. Annual transport rides per head in London rose from 95 in 1891 to 190 in 1905 and to 308 in 1913.²⁴ Secondly, since steam power was evidently impractical over the long term and the development of electrical power still in its initial stages, none of the existing railway companies was employing either a correct or a mature technology for the operation of underground railways. Thirdly and probably most persuasively, there was the example of America where underground electric railways were running successfully. Within the Central London Railway (CLR) report on proposed fares and working arrangements there were several analyses of New York suburban railway traffic, and the shareholders’ prospectus pointed out that from a smaller city population of 1.8 million, the Third Avenue line carried 75 million passengers in 1894.²⁵ Therefore if promoters had relatively little strong British economic data to draw on, it still seemed credible that if the right technology and managerial methods were applied, London’s transport could be made to generate high returns like those in the USA.

The operation of the CLR justified beliefs in the application of American efficiency to some extent. Traffic forecasts were slightly optimistic, predicting an annual traffic of between 45.5 and 52 million passengers, while in reality 38 to 45 million passengers were typically carried in the initial decade. However, this was still sufficient to pay dividends on ordinary stock of

²⁴ Underground and London Traffic Statistics pp 95-96. LMA, ACC-1296-UER-04-065.

²⁵ Central London Railway (CLR) Report and Shareholders’ Prospectus, London Metropolitan Archive (LMA) ACC-1297-CLR-04-001 and 002.

4% between 1901 and 1906 (Barker and Robbins, 1976) while the normalisation of tube travel and spread of the network were arguably factors in lifting the C&SLR return briefly to 3.25% in 1902 (Jackson and Croome, 1962).

This performance when compared internationally was average to sub average. In the same period the Berlin Elevated and Underground Railway paid a 5% return to its ordinary shareholders (Electric Railway Journal, 1909) which was considered slightly above average by international standards. A series of articles entitled 'Action Necessary to Ensure a Reasonable Return on Investment' by US and German operators in the Electric Railway Journals of 1908 and 1909 claimed that 5% was a reasonable return on underground railways and anything less than 4% should be considered a failure. The investors in the C&SLR and CLR were risk takers in pioneering projects who, certainly in the case of the C&SLR, did not receive a reasonable rate of return. By contrast, later investors in the CLR were investing in a company that had forfeited the advantage of being first movers, but as it turned out shifts in technology, the free rider effect and the resolution of market uncertainty turned out to favour later movers in this pioneering period. Paradoxically the risk taken with CLR was smaller, but the return greater than with the C&SLR.

From 1905 onwards trams and buses seriously challenged the tubes' market share of the travelling public. Between 1905 and 1913 the number of bus rides per head per annum more than doubled and tram rides rose over 60%. Tube rides rose by 50%.²⁶ This made serious inroads into the ability of tube companies to stay solvent, let alone pay a reasonable dividend. Matters came to a head in 1907-08 when the repayments on some of the loans raised five years earlier fell due. In 1907 the London Electric Railway Company (LER) had run an operating deficit of £6 424 and it was no longer possible to borrow or issue any more stock on to the market or meet obligations to investors.²⁷ Liquidation was one theoretically the free market outcome, but it was simply impractical given the ramifications for commuters. Alternatively, municipalisation via a £5 million loan from the London County Council (LCC) in

²⁶ Underground and London Traffic Statistics pp 95-96. LMA, ACC-1296-UER-04-065.

²⁷ London Electric Railway Company 1908 Commercial Manager's Report, LMA, ACC-1297-LER-04-001

return for allowing the LCC to purchase in either 21 or 40 years was another solution. This idea was not novel, since the Berlin companies had as a matter of policy left the construction of suburban extensions to the city authorities or large land owners (Electric Railway Journal, 1909). Nevertheless, the municipalisation proposal was rejected by the newly elected Municipal Reformer Party at the LCC and the socialisation of transport was delayed for the time being (Barker & Robbins, 1976). Instead, private ownership was retained, but in a different form. Debt was restructured from shares to bonds, and amalgamation between competing transport modes was allowed creating the foundations of private monopoly. The risks fell, but returns increased.

The volume of investments held by people and institutions investing in the UERL and its successors changed too, from risk taking individual speculators to institutional bond holders looking for secure returns. The shareholders address book for the CLR in 1895²⁸ contains approximately 1000 names of which just one or two are institutions such as the Banque de Paris et Des Pays-Bas and the Internationale Banque de Paris. It also gives some individuals probably investing on an institutional scale such as the Oppenheim brothers and the Rothschilds. But the overwhelming majority of the list is made up of the more ordinary well to do such as Colonel Edward de Laval Tarleton or occasionally the less prosperous, such as Joesph Summers, a boot maker or William Tarrant, a plasterer. Wolmar (2005) estimates that about 14% of the shares were bought by ordinary members of the British public. Fifty years later, the LPTB published an analysis of its stockholders.²⁹ 9% of all stocks were now held by Local Authorities, 6% was held in just two funds by trustees and 35% was in 910 holdings of £10 000 or more. Of those 910 holdings, 280 were individual or joint names and the remaining 630 were institutions of one form or another who collectively represented another 50.5% of the total stock value. Small investors' holdings of up to £199 made up just 3%. Institutional investment had clearly displaced small scale investors.

²⁸ CLR Shareholders Address Book. LMA, ACC-1297-CLR-004-001.

²⁹ LPTB Finance Investments. TfL, LT491/017.

The crisis also opened the way towards private monopoly via amalgamation. The mergers between railway companies which created the London Electric Railway company (LER) in the early 1900s, and the merger of the UERL and the London General Omnibus company (LGOC) in 1912 created a London wide privately owned transport combine in which the risks of competition tended to be reduced or even eliminated. The merger of the very profitable buses with the less profitable tube produced a situation where the buses alone doubled the amount of capital available for payments on ordinary stock and allowed payments on bonds in excess of the prevailing BoE base rate.³⁰ This allowed the UERL to begin to meet and even exceed expectations of reasonable returns.

Balanced against this better outcome for investors were three longer term questions. Firstly, if a private monopoly would now exploited its position would this to lead to political calls for public control at either municipal or national level? Secondly, would the creation of so many fixed interest securities created an absolute requirement to prioritise their repayment over long term investment in the expansion of the business? Thirdly, if the returns on fixed investment were now capped where would future speculative investment capital be found? If they were more likely to come from institutional sources seeking long term reliable returns than risk taking private individuals then this development would steadily draw the UERL towards raising money from public authorities. With that, came the greater likelihood of public control of investment decisions and returns.

The First World War 1914-1918.

The First World War saw greatly increased government involvement in the operation London transport and changing patterns of usage. There was a 20% rise in real passenger revenue for the tube companies during the war coupled with a dramatic rise in annual rides per head, partially at the expense of the bus companies. However, operating expenses rose even more rapidly, roughly quadrupling in the years to 1920. Only the operation of the common fund and a direct government subsidy of £2.1 million cumulatively between 1914 and 1920 allowed all the tube companies to pay greater dividends of up to 4% on their ordinary

³⁰ Underground and London Traffic Statistics pp 8. LMA, ACC-1296-UER-04-065.

shares.³¹ While subsidies masked worsening operating ratio, wartime inflation concealed the static state of capital investment. The tube railways and UERL had entered the war with £40.2 million of capital assets and were expending additional capital at around £1.2 million per annum.³² The entire capital expenditure of the next six years of £750 000 did not equal the single year of 1913, and so by 1920 the total capital invested had risen only slightly to approximately £41.1 million at a time when inflation had cumulatively halved the real value of the money now being invested. This shortfall somehow needed to be replenished, but it was unlikely to come from private sources.

The war therefore left London's transport companies with a mixed financial legacy. Net passenger rides per head were up by over a third with the trams and tubes benefitting most whilst the buses lost traffic to the blackout and vehicles to the Army. A greatly expanded customer base, revenue pooling, and government subsidy allowed better than ever returns to investors which could fairly be described as reasonable for secure stocks.

However, all these gains were placed in jeopardy by inflation, the departure of the pound from the gold standard, the six year 'investment holiday' between 1914 and 1920 and the probable increase in competition from new entrants to the private bus market once the war had ended. Additionally, from a political perspective the fact of wartime nationalisation meant that the terms of debate over the purpose of the provision of transport had irrevocably changed with growing Labour Party calling for outright public ownership serving need not profit (Morrison, 1933 and Chandler, 2007).

The UERL 1919-1932

None of these investors' fears were immediately realised post-war. A policy of rapid cuts and deflation meant that the British economy contracted by a third in cash terms between 1920-1922 (BoE, 2015) and the scope for either state ownership or 'socialism on the rates' was blocked (Chandler, 2007). The unemployment resulting from an austerity policy prompted the government to pass the Trade Facilities Act which channelled public money into projects

³¹ Underground and London Traffic Statistics pp 8. LMA, ACC-1296-UER-04-065.

³² Underground and London Traffic Statistics pp 11. LMA, ACC-1296-UER-04-065.

designed to promote employment. This opened the possibility of raising public money for long term investment in London's transport network with the interest guaranteed by the government. Thanks largely to the Trade Facilities Act, the wartime investment drought came to an end in 1921-22 with approximately £800 000 capital expenditure in underground railways in both those years, followed by £2.5 to £3.5 million invested annually between 1923-26. In an emerging pattern of British governance, cheap public money had become available to a privately owned industry directly from central government, by-passing public control via nationalisation or municipalisation (Offer, 1981).

This resulted in some paradoxes. In the same year as Lord Ashfield was complaining about the dismal investment prospects for underground railway companies, he was simultaneously channelling the cheap investment funds he had earlier obtained by issuing £4.5 million of government backed bonds into the expansion of the Northern Line and other tube projects. This long term investment in turn guaranteed both the ongoing fixed returns to bondholders and the ability to pay dividends to ordinary shareholders of between 3% to 5% by the LER and other tube companies during the 1920s. This was a far better result than before the War, and in a context of deflation, a BoE rate of between 6% and 2% and the performance of the 'Big Four' railway companies it was perfectly adequate if not spectacular rate of return.

As we will see, Lord Ashfield's public position on reasonable returns was inconsistent. At the UERL annual meeting in 1925 he re-iterated his opposition to the further expansion of tube railways on the basis of inadequate returns. Yet a few years later in 1930 it was proudly announced by the UERL that the issue of £5 million of debenture stock for the extension of the Piccadilly line had all been sold within hours, followed by another issue of £4.3 million which sold within a day.³³

It appears that the governing factor was the audience to which Lord Ashfield was speaking. When talking down the tube's prospects, Lord Ashfield's intended audience was the government.. He intended to achieve two things: Firstly, that over the long term competition should either be eliminated by amalgamation or at least brought within limits. This would

³³ Operating Manager's Personal Letter 15th October 1930, LMA, ACC-1297-LPT-04-067.

require statutory intervention, such as the London Traffic Act 1924, which removed the numerous small scale 'pirate' private bus operators from London's streets. Secondly, he wanted to raise cheap long term loans. This required treasury backing. On both counts the audience Lord Ashfield had in mind was the state. By managing expectations down, he calculated that he could extract the largest loan at the cheapest cost and ensure that the legislative machinery of the state would not oppose the creation of single transport combine for London. It is an irony that the overly optimistic private shareholders' prospectuses of 1900-1905 concealed the reality of risky and poor returns for shareholders, whereas the gloomy prognostics of Lord Ashfield in the 1920s concealed the reality of secure and reasonable returns for bondholders. As we saw in the literature, his negative views on investment returns have too often simply been taken at face value. Chapter seven will demonstrate that Lord Ashfield was perfectly capable of changing his opinions, and well aware of the requirements of his audiences.

The LPTB 1933-1948.

The LPTB offered economies of scale and administrative efficiency greater even than those already achieved by the UERL. The sheer size of the new organisation with a balance sheet of £122 million and annual revenue of £27 million in 1934 made it of appreciable importance in London's and even the national, economy.³⁴ By way of national comparison, in the first full year of the Board's operation (1934), nominal UK GDP was £4.3 billion (Measuring Worth, 2015)/ This made the LPTB's capital about 3% of the British GDP and it was the fifth largest employer in the UK (Thorold, 2003). Government supported loans for development for a utility of this size were highly likely. This was amply demonstrated by scale of the 'New Works' investment programmes in the 1930s which dwarfed previous state support. But private investors still had to be won over to the idea of losing many of their rights in the process of creating a quasi-public organisation. In 1931 Lord Ashfield made the following appeal to them to support the prospective creation of the London Passenger Transport Board:

³⁴ First Annual Report for The LPTB (1934), TfL, LT1011/001.

“I have read this [London Passenger Transport] Bill carefully, and I beg you to accept that I know what I am talking about. You cannot conceive I would be guilty of such a folly as to suggest... that you should transfer your interests to a board subject to political interference, that could play ducks and drakes with your investments. Acts of Parliament are not treated like scraps of paper. They are scrupulously observed by all parties. I have promised the minister my support. You may fail to support me, but in that event you will have to find somebody else to manage your undertakings. I have pledged my word and I am not going back on it.” (Electric Railway Journal, 1931)

His support for the Bill was unequivocal and his threat of resignation was a decisive factor in securing investors assent. He expressed no qualms as he had previously about the ability to guarantee a reasonable rate of return if the LPTB scheme was agreed to. As ever, the message about the financial prospects for London transport was tailored to suit the audience and attain his desired objective of a unified privately operated transport system.

As well as Lord Ashfield's personal guarantees, the Act itself reassured investors. Section 3 gave statutory guarantees of rates of return to different classes of stock. A, B, Local Authority (LA) and Trade Facility Act (TFA) stock equated to bonds and were fixed at 4.5% or 5%. With C type stock, given as compensation to ordinary shareholders, the return was slightly more complex. It was fixed at 5% for the first two years of the Boards operation followed by a minimum of 5.5% and a maximum of 6% thereafter. There was also provision in the Act allowing the rate fall below these depending on funds available. If the return to A, B, LA and TFA stock holders fell below the statutory minimum for more than three months they could call in receivers. The same power was awarded to C stock holders, but in this instance the Board had far greater latitude, as the return had to fall below the statutory minimum for three consecutive years. These types of proposed returns were very reasonable at time when the Bank rate would remain at 2% for the decade, inflation averaged less than 1% and other railway companies struggled to make 3% returns.

Between 1934 and 1940 the LPTB spent approximately £40 million in capital expenditure, an average of £6.5 million per year. By contrast, between 1919 and 1933 the UERL spent £2.6 million per year.³⁵ Even when the capital expenditure of other major transport providers such as the Metropolitan Railway is added to the 1919-1933 figures, this only boosts the total by £200 000 - £400 000³⁶ per annum. This makes pre-LPTB annual investment about two thirds of the post-LPTB average. Such investments benefitted the passengers in the immediate term, but were also the guarantees of a long term secure income stream for investors. However, for some investors both the promises of Lord Ashfield and the text of the Act in fact turned out to be scraps of paper which were treated with impunity. While the A, B, TFA and LA stock commitments were always met, payments on the 'C' Stock never exceeded the 4.25% achieved in 1937. Concern was expressed that the 'real' rate had in fact settled down in the region of 3 – 3.25%.³⁷ By 1938 the three year amnesty on meeting its returns to the C stockholders granted to the LPTB had expired, and the opportunity to call in the receivers by those owning more than 5% of the C stock fund arose. In the event it can be inferred that the complexity of statutory requirements, the persuasiveness of Pick and Ashfield and the looming prospect of World War Two and further state control meant that rebellious C stockholders contented themselves with irate letters in the 'Commercial Motor' magazine. Despite the justifiable anger of 'C' Stock holders, it should be remembered that the majority of investors did receive their returns as promised in this period, and that at approximately 5% p/a these were good when compared with both the base rate and wider railway industry in the 1930s. Even the 3 – 3.25% average of the 'C' Stock still exceeded these comparators. The period of the Second World War and the subsequent final two final years of the LPTB's operation followed a similar financial pattern of losses to that set in the First World War. Investment in the system tailed off with £5.3 million spent between 1941 and 1947 as opposed to £5.1 million spent in 1940 alone. Background inflation was significant but lower

³⁵ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065 and Annual Reports for The LPTB (1934-1940), TfL, LT1011/001-006.

³⁶ Metropolitan Railway Annual Financial Report 1928. TfL, LT000/103.

³⁷ LPTB meeting minutes extract, 25th March 1946. TfL, LT491/003.

than in the previous war. The pound lost half its 1938 value by 1947, as opposed to two thirds between 1914 and 1920. As before, the effect of this was to nullify the fact that passenger rides per head and receipts increased dramatically, since although receipts almost doubled in nominal value by 1947, their real value had actually fallen slightly from just over £30 million in 1938 to just under that amount in 1947.³⁸ The arrangements of the Common Fund were cancelled by the government, and replaced with the control net revenue pool. A report submitted to Lord Ashfield in 1947 estimated that the loss to the LPTB resulting from the new pooling arrangement was about £450 000 annually.³⁹ Finally, there was the direct physical damage caused by enemy activity as well as the indirect disinvestment caused by the switching of assets to wartime purposes. The losses owing to this are hard to definitively assess, but at the end of the war the Board drew up the following table of damages:

Table 5.3: LPTB Estimate of War Damage⁴⁰

Item	Vehicles Destroyed	Vehicles Damaged or Incidents of Damage to Property	Total as % of Pre-War Fleet
Rolling stock	19	1050	28%
Buses	166	4456	72%
Trams	69	1335	112% ⁴¹
Trolleybuses	15	1527	105%
Stations and Permanent Way	-	1252	-
Depots	-	1613	-
Power Generators	-	559	-

The cost of this destruction and damage was estimated at £7 million in 1947. All these factors taken together meant that the period from 1939 until nationalisation and into the foreseeable future was not as promising for private investors as the 1930s had been. In this context the returns of between 3% for the C stock and 4.5% - 5% for the other stock classifications were certainly very reasonable in wartime conditions, though looking ahead

³⁸ Sixth to the Fourteenth of the Annual Reports for The LPTB (1939-1947). TfL, LT1011/006-014.

³⁹ Minutes of Meeting of the Chairman of the LPTB, 26th June 1947. TfL, LT491/021.

⁴⁰ LPTB Annual Report 1945. TfL, LT-1011-012.

⁴¹ Some vehicles were damaged repeatedly, others escaped damage altogether.

the damage and lack of long term investment made questionable how long these returns could be sustained.

To summarise the overall position for investors, I find that the early risk taking investors in underground railways were poorly rewarded, though their counterparts invested in other modes of transport did well. Amalgamation allowed risks to be reduced and average returns to investors to rise in a more secure environment, though at the cost of increasing public and political influence on the system. By the time of the LPTB investors had no meaningful powers over the operation of the organisation, but they were comparatively well rewarded when compared to macro-economic indicators and comparable industries. Though the interests of the minority of the Stockholders with C stock were to a certain degree sacrificed, all investors were nevertheless reasonably recompensed in comparison to both wider economic indicators and specific comparable industries. Above all, Lord Ashfield's views on returns for investors need to be carefully treated in the context on which they were said.

The Passengers – Underground to Everywhere, Quickest Way, Chaotic Fares

This section critically examines the passengers' experience in terms of the fares they paid and the quality of travel they obtained. We start with the fares and examining the extent to which the London transport companies followed general principles of transport economics to maximise their efficiency when setting their fares. Secondly I look at simple chronological comparisons across time periods allowing for inflation and wage growth, thirdly by minor comparisons to similar transport systems in other countries or comparable industries and fourthly by looking at average speeds across the network and numbers of vehicles available to passengers as a general indicator of the quality of service they were receiving.

A.B.B. Valentine⁴² outlined the general tenets of the theory of fares in a lecture to LPTB staff in 1937:⁴³ He began with the following preamble:

“The fixing of fares is less a science than an art...There are plenty of rules which you cannot disregard and be right. But when all the principles to be observed in

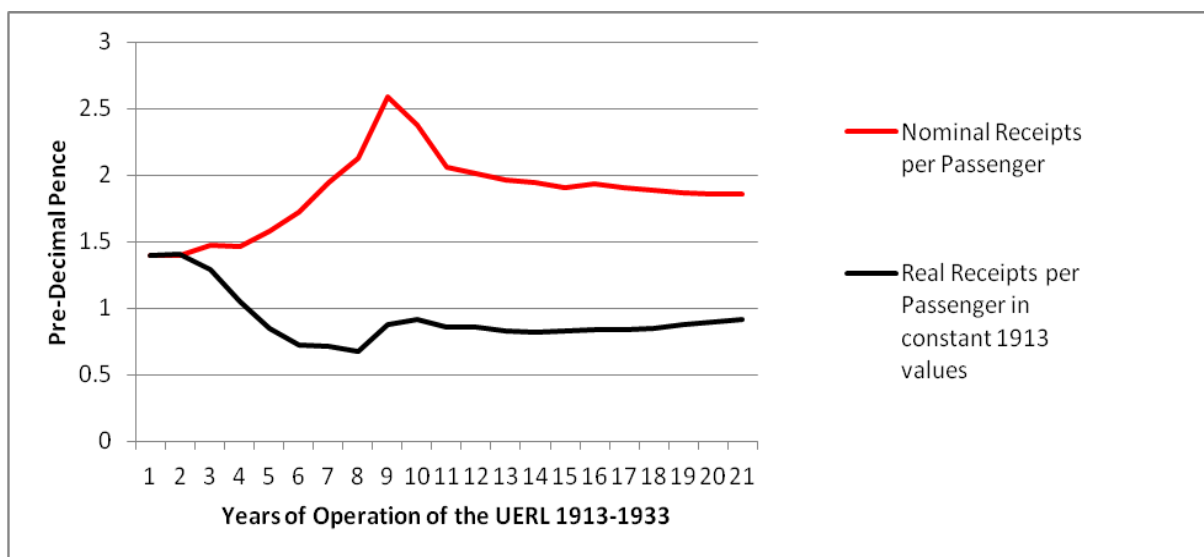
⁴² Then the Chief Commercial Officer and Operating Manager (Railways) of the LPTB, later chairman of the London Transport Executive.

⁴³ LPTB Staff Meetings Session 1937-38. LMA, ACC-1297-LPT-19-1A pp77.

devising a system of fares have been defined, there still remains the problem of fixing the level of fares within that system... It becomes a matter of taking into account a large number of factors, few of them precisely known, most of them liable to frequent and erratic change, and forming a judgment with an eye to them all.” (pp.77)

Whilst emphasising that no such thing as the perfect fare existed, Valentine believed that there were nevertheless certain general principles that needed to be adhered to. These were the correct relationship of fares to costs, intelligibility, standardisation, stability and charging what the traffic would bear. As the Figures 5.1 and 5.2 below suggest, only one of these ideas, stability, was followed to any degree. In all other respects Valentine’s principles were flouted. However, whilst this was damaging to the financial prospects of London’s transport companies and the LPTB, the passengers enjoyed stable or falling real fares against a background of improving services as Figures 5.3, 5.4 and 5.5 below indicate.

Figure 5.1: Nominal and Real Average Receipts per Passenger 1913-1933⁴⁴



⁴⁴ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

Figure 5.2: Nominal and Real Average Receipts per Passenger/Journey 1934-1947⁴⁵

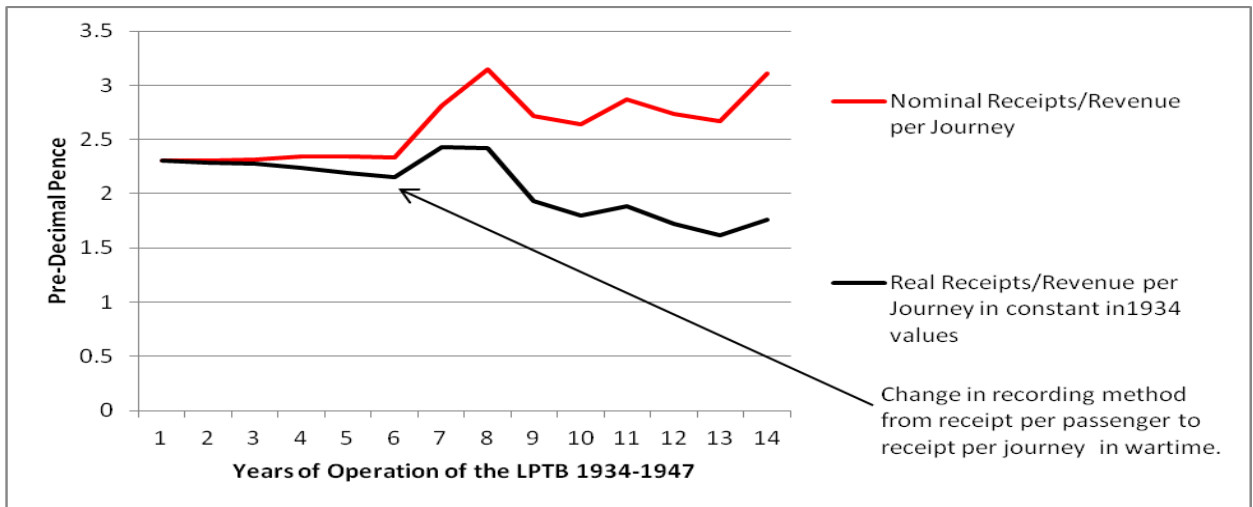


Figure 5.3: Average Speed of Underground Railways 1906-1932⁴⁶

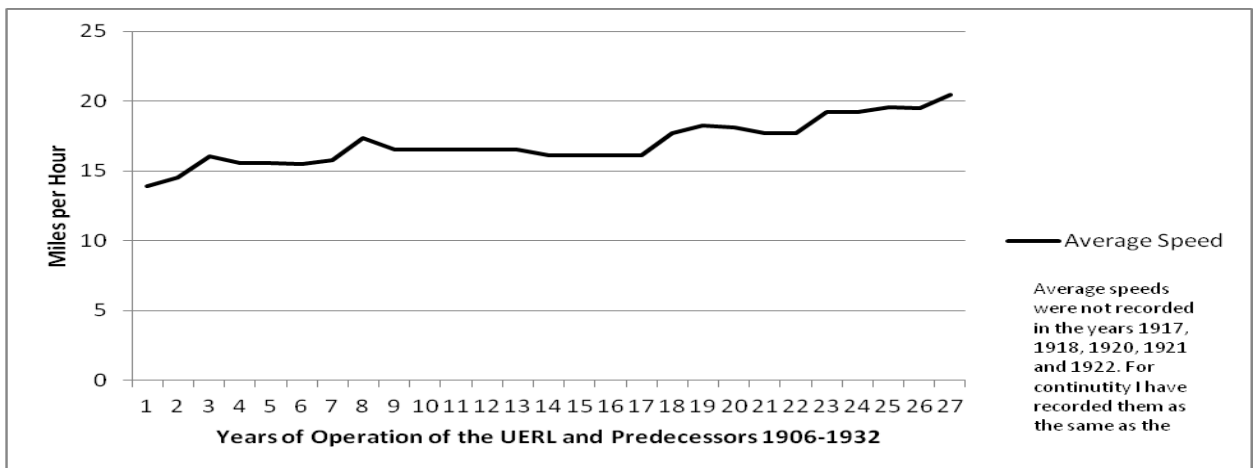
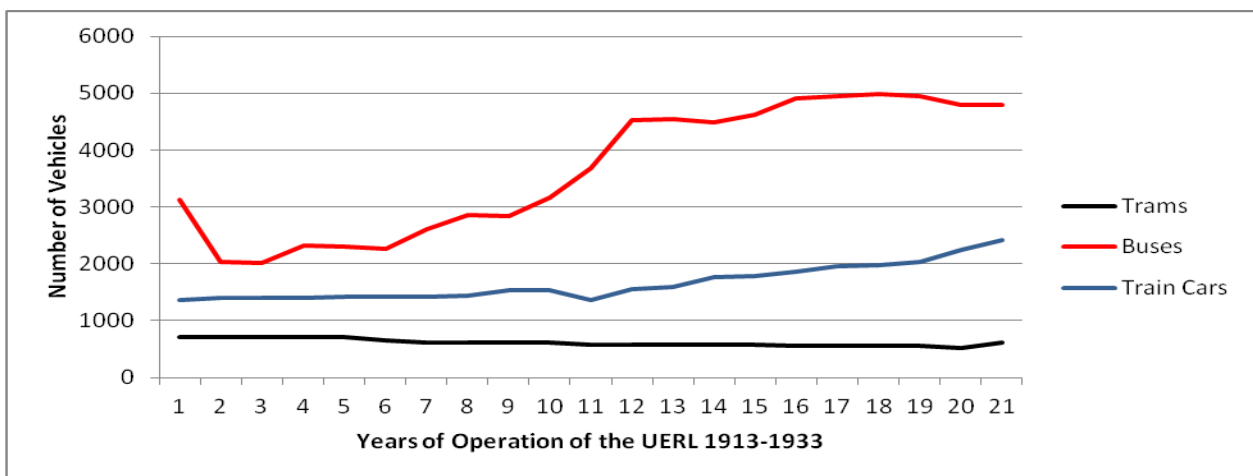


Figure 5.4: Numbers of Trams, Buses and Tubes Operated by the UERL 1913-1933⁴⁷

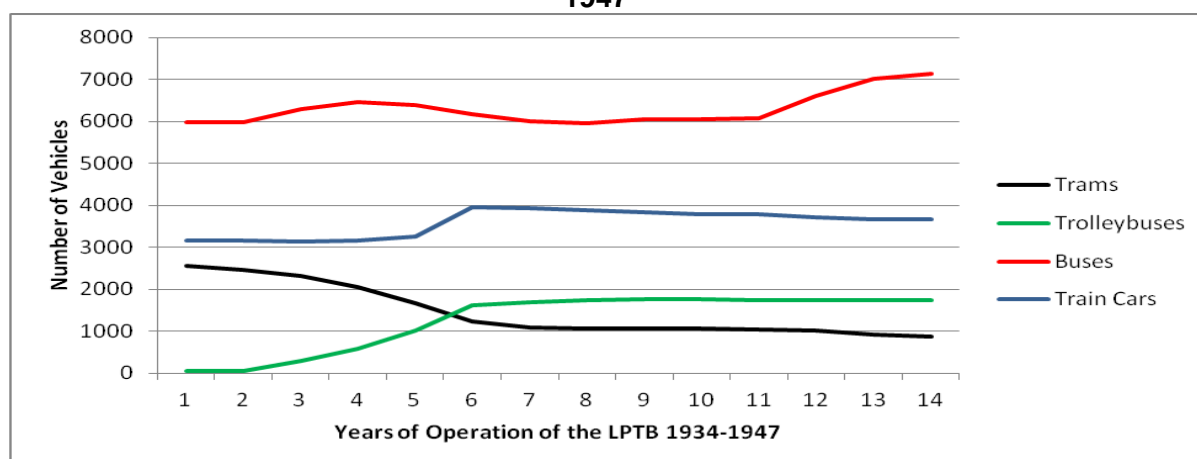


⁴⁵ LPTB Annual Report. TfL, LT-1011-001-014.

⁴⁶ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

⁴⁷ Ibid.

Figure 5.5: Numbers of Trams, Trolleys, Buses and Tubes Operated by the LPTB 1934-1947⁴⁸



1905-1920: Real Fares Fall Rapidly.

At their inception the tube railways opted for a system of flat fares. The C&SLR had adopted a standard fare of 2d throughout its 3.2 mile route, though it quickly abandoned it in favour of half penny stages. However, this did not discourage later entrants and in 1900 the CLR attempted a repeat of the flat ‘Two Penny Tube’ fare policy. The flat fare system met the majority of the principles outlined above, but with two exceptions which proved impossible to overcome in the longer term. Firstly, the relationship of costs to fares was essentially disregarded by the concept of the flat fare. If it had been truly applied to the CLR, this should have given a series of fares dependent on time of day and distance travelled, but this was sacrificed for simplicity and standardisation. Similarly, any notion of charging what the traffic would bear was also ignored by a flat fare, though the CLR did charge a half rate for return ‘workmen’s’ fares bought before 7.30am. Initially, the CLR’s revenues comfortably exceeded costs, but as competition intensified it jeopardised that relationship and forced the company to look much more closely at the principles of charging what the traffic would allow. In 1906 it followed the example set by the C&SLR in by staggering prices according to distance travelled in half penny per mile stages. In 1908 several types of concessionary fares were phased out and prices rose incrementally towards the penny per mile standard that subsequently endured for another 30 years. As a simple worked example, if a

⁴⁸ LPTB Annual Report. TfL, LT-1011-001-014.

passenger in 1905 travelled twice a day on the full length of the 'Tuppenny Tube', six days a week for fifty weeks a year, their annual commute would have cost them exactly £5 from average UK wage of £70, about 7% of earnings. As a percentage of net income, tube travel was therefore not only substantially cheaper than it is in the present day it was also about to get even cheaper under the twin pressures of competition and wartime inflation.

In terms of the service provided, pre-war speeds on the underground railway averaged about 14.5 mph including stops in 1907, ranging from the fastest at 15.1 mph on the Hampstead line to the slowest 13.4 mph on the Central. A minute's average travel therefore conveyed a passenger 0.24 miles, which in the central area of London meant that stations were seldom more than 2 minutes apart. By 1913 this had risen to an average of 16.5 mph, with each train travelling an average of 0.275 miles for a minute's journey.⁴⁹ The 14% improvement was partly attributable to the introduction of electric traction, but also due to improvements in rolling stock design over the period. Competition between buses, trams and trains meant that passengers did well in terms of cheap fares and improvement in the service they received throughout the pre First World War period.

The war brought rapid inflation and wage increases, but generalised fare rises were delayed until the latter years. On the 1st January 1917 fares on the railways from the 'outer area' of London were raised uniformly by 50%. This was followed by a rise in bus and tram fares of roughly 20% in April 1917 and a variety of individualised fare increases up to 1920. But as Figure 5.1 showed, the net effect of wartime inflation was dramatic fall in the real cost of travel. Additionally, since fares rose unevenly between in the 'inner' and 'outer' areas and between different destinations and modes of transport, it was feasible for passengers to game the system by splitting their journeys and ticket purchases accordingly. Consequently, the average receipt per passenger rose even more slowly than the fare hikes would imply. On the tube they rose from 1.72d in 1913 to 2.52d in 1920 (47%), on the buses from 1.34d to 2.05d (52%) and on the trams from 1.23d to 1.81d (47%).⁵⁰

⁴⁹ Underground and London Traffic Statistics, pp145-146. LMA, ACC-1296-UER-04-065.

⁵⁰ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

If 1905's commuter had returned in 1920, they would have found that while their nominal annual wage had grown from £70 to £237 but that their fare for the six mile trip on the CLR had only risen from 2d to 5d due to price tapering over longer distances. Two journeys per day, six times a week for fifty weeks a year would have brought the cost of the annual commute to £12 10/. But from having absorbed 7% of annual income in 1905, the commute now only amounted to 5%. Figures 5.3 and 5.4 showed that the passengers enjoyed a standard of service that had been broadly maintained. In 1913 the tubes had been running on average at 16.5 mph. By 1919 they were still running at 16.1 mph, a slight fall reflecting the wartime investment cutbacks but still significantly faster than the buses which managed 8.6 mph.⁵¹

Thus the net results of the war were beneficial to passengers, but abrogated almost all of the principles of fare setting discussed earlier. The patchwork approach to adjusting fare levels contravened intelligibility and standardisation. While the background level of inflation was not the fault of the transport companies, the inevitable adjustment in prices disturbed long term stability without being nearly substantial enough to correctly address the cost to receipt ratio and the requirements of wartime such as the mass movement of soldiers prevented accurately charging what the traffic could bear.

The introduction of government subsidy and the financial pooling arrangements between different companies made the precise relationship of costs to fares very difficult to judge indeed. But this was not an accident. In fact, the obfuscation of the true costs of tram, bus and underground railway transport was no less than a *raison d'être* of the UERL and later the LPTB according to Valentine. Simply, the overall transport needs of London required the operation of several forms of transport with varying sunk costs at common fares in order to prevent gridlock (Valentine, 1937). Before the war this had meant the transfer of surpluses from LGOC to underground railways, but during the war this relationship was reversed and the common fund railways paid in considerably more than they took out. In 1918 they paid in

⁵¹ Underground and London Traffic Statistics, pp147. LMA, ACC-1296-UER-04-065.

£639 000 but gained only £429 000 from the operation of the fund in return, whereas in 1915 they had paid in £139 000 but received £270 000.⁵²

Bus and tube fares were not adjusted to take account of these variations in the relationship between receipts and costs as part of a deliberate policy of price standardisation. The operations of the common fund allowed passengers to benefit from the principles of stability, standardisation and a superficial intelligibility since the oscillations in fare discrepancies between different modes of travel were not as great as they would otherwise have been, but it is hard to judge whether the common fund had any effect on overall fare levels across all modes of transport. In summary, the entire period up until 1920 was characterised by the falling cost of fares that already inaccurately reflected the true costs of operation. This hurt London Transport's financial prospects, but from the passengers' perspective they enjoyed appreciably reduced fares while retaining standards of speed of service.

1920-1933: Real Fares Rise and then Stabilise.

In the years after the First World War fare policies on London transport were gradually consolidated. The underlying structure of the system was as follows: 1d for 1 mile, 2d for 2 miles, 3d for 3 miles, 4d for 4.5miles, 5d for 6 miles, 6d for 8 miles and two miles for each additional penny thereafter (Valentine, 1937). Road and tram transport followed a similar pattern, except that the fares were not tapered over greater distances as the efficient management of the transport system flow required travellers to make use of the superior speed of the tube for long distance journeys. Enormous numbers of minor anomalies still existed, partly because stations or stages seldom fitted into neat whole divisions of mileage and partly because competing companies sought to undercut each other.

However, the trend towards amalgamation reinforced standardisation and stability. This creeping rationalisation was in contrast to wider monetary and economic policy which was on a switchback ride. After soaring inflation from 1914 to 1920, in 1921-22 the UK entered recession and experienced severe deflation (Middlemas, 1979). Passengers using the tube in the same period fell from 408 million to 338 million, total bus users fell from 767 million to

⁵² Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

761 million and total tram passengers from 207 million to 190 million. In the post war period fares increases finally began to catch up with wartime inflation. This brought nominal average receipts per passenger from 2.52d in 1920 to 3.1d in 1921 on the tubes, from 2.05d to 2.51d on the buses and from 1.81d to 2.16d on the trams.⁵³ The real increases were even greater against a backdrop of 9% deflation in 1921, 14% in 1922 and 6% in 1923. This made travel increasingly expensive and after rising abruptly in 1921 average receipts then fell in line with general deflation, but to a lesser degree and unevenly. The nominal average tube receipt per passenger stabilised at the higher than initial level of 2.85d, but buses and tram average receipts fell to lower levels at 1.9d and 1.67d respectively. These levels were then maintained despite continuing low level deflation up until 1933.

The net result, as Figure 5.1 showed was more expensive travel. Thus a 2.52d average tube receipt in 1920 had actually become 3.94d (57% increase) in real terms when including both deflation and other price adjustments by 1929. The bus and trams increases were less dramatic at 15% and 8% since nominal reductions in average receipts cancelled out some of the deflationary impact. Overall, the pattern of rapid deflation in the immediate post war years meant that travel grew rapidly more expensive in the early 1920s, but then more stabilised for the remainder of the period 1924-1933. Thus if the commuter of 1920 returned in 1929, they would have found that although their nominal annual wage had fallen from £237 to £158, a 6 mile ride on the tube still cost exactly the same as nine years before at £12 10/. But from having absorbed 5% of their income in 1920 the fare now absorbed 8%. As a comparison, the London commuter's Parisian counterpart also suffered considerable rises in fares, though from a comparably much lower base. In 1921 a second class fare on the Paris Metro was 30 centimes and a workman's return was 35 centimes.⁵⁴ These equated to approximately 1.3d and 1.5d at prevailing exchange rates (Measuring Worth, 2015). By 1930 these fares had gone up to 70 centimes and 85 centimes respectively, but a drastic fall in the pound/franc exchange rate in the same period meant that their price in pounds

⁵³ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

⁵⁴ Metropolitan Railway of Paris, Report upon the Financial Returns for the Year 1929, TfL, LT000/522.

remained essentially stable. This however would not have impressed the average French commuter who experienced a doubling of fares, or the average British commuter, to whom their French counterpart would still have seemed to be getting a much better deal.

There were compensations though. As the network expanded longer distance underground travellers gained some savings because the tapering policy on their long distance fares.

Strictly speaking, there was no economic rationale for the UERL and LPTB to operate this tapered fare policy. However, it was understandably popular and 'intelligible' to customers because it was congruent with the popular understanding of the concept of getting discounts for buying items in greater quantity. In fact the analogy is a false one in transport economics, but having introduced the idea the UERL and then the LPTB found it impossible to get rid of. It was one of several factors which made achieving both a correct costs to fares ratio and accurately charging what the traffic would bear problematic, but benefitted passengers.

The second factor keeping receipts lower than the general rate of fares would suggest was the proliferation of concessional fares. These were nominally quite strictly governed,⁵⁵ but in fact the practice of charging reduced rates for return journeys within a month, cheap workman's fares for early morning travel and the introduction of season tickets had proliferated to such an extent after the war that the overwhelming majority of journeys were made at some form of concessional rate. From the companies' perspective the complete normalisation of this state of affairs was bad news, since it meant that the reduction was no longer regarded as such, merely the typical price that the public expected to pay. None of these concessions assisted in improving the fares to costs ratio, though getting rid of them would have prejudiced stability and 'intelligibility'.

In spite of frozen fares, passengers continued to benefit from a speed of service that was still gradually accelerating. Having slowed slightly to an average of 16.1 mph in 1919, the underground achieved an average of 18.5 mph across the network in 1932 with the buses running at about half that rate.⁵⁶ A minute's average journey was now 0.31 of a mile, or

⁵⁵ Local and Interchange Privilege Ticket Arrangements 1924. LMA, ACC-1297-UER-04-067/077.

⁵⁶ Underground and London Traffic Statistics. LMA, ACC-1296-UER-04-065.

expressed another way, the average mile's travel cost the commuter 1d and 3 minutes 14 seconds of their time. 1919's commute would have cost 1.3d (at 1932 values) and taken 3 minutes 44 seconds to travel the same distance.

By the early 1930's a very complex picture of London transport's fare system had emerged. Fares were noticeably more expensive in real terms than they had been in the early 1920s, but they were nevertheless generally cheaper than the application of the pure principles of transport economic theory suggested they ought to be. Other city systems where municipal involvement in transport was far greater, such as Paris, New York or Berlin, enjoyed considerably cheaper fares still. Although municipal assistance in keeping fares low was not forthcoming, London's transport costs were now obscured by cross subsidy across modes which negated some of the need for fare adjustments. Price stability and standardisation were prized by management over revenue maximisation as they were held to be synonymous with 'intelligibility' to the public – though 'familiarity' was probably a better explanation. Customers continued to enjoy rising standards of service as journeys were faster, but wage deflation meant that stable fare prices actually became relatively more expensive than previously.

1934-1939: Stabilisation and Decline.

The LPTB therefore inherited a difficult position regarding fares in 1933. The fares system they took over was a simple distance based one, but its effectiveness in raising revenue had been substantially undercut by tapering and normalised commutations. As early as 1909 it had been identified that such a policy would be ruinous in the long term to the finances of private transport company unless it enjoyed substantial state support (Electric Railway Journal). But as Figure 5.2 showed, the LPTBs response to this was to do very little regarding fares until the outbreak of the Second World War when wartime inflation required fare increases. This broadly benefitted passengers over the 1933-39 since background inflation was cumulatively about 9% and wages rose nominally from £142 p/a to £170 p/a. The commuter of 1939 would have found a six mile weekly journey consumed 7% of their

annual income, a slight fall on their predecessors of 1929 and a two point fall from a peak of 9% of income in 1933.

Despite these benefits to the passenger, I find that a policy characterised by freezing fares whilst carrying out some simplifications out of a concern for uniformity of charges was unimaginative.⁵⁷ By 1910 Berlin had already introduced zonal charges system which reduced the number of ticket types to just 22 across the whole city (Electric Railway Journal, 1909). This was a simple and intelligible system to the passenger which would also have brought about considerable clerical savings for the organisation. Just as importantly it would have allowed fares to have been recalibrated, ending both the systems of tapering and phasing out many of the 'normalised' reductions. In searching for the governing principles for the decision to freeze fares in the Minutes of the Fares and Services Committee from 1934-39 it is hard to find an overarching concept informing the approach to fare setting except incremental pragmatism. Issues arising are generally small scale and dealt with on a case by case basis, and the overall effect is one of broadly preserving the existing balance. Thus a proposal to extend free travel from the under threes to the under fives was approved for trams but not buses while a proposal to allow half price weekly season tickets to under 18s was rejected. A request to allow school children and teachers to travel at reduced rates from their school to their playing fields for sport is considered in minute detail for several months before being conditionally accepted.⁵⁸ The minutes reveal that the committee was a reactive organisation responding to other organisations' proposals rather than devising its own, and it was content to 'price for growth' in its customer base rather than make any significant adjustments which might have addressed the LPTB's persistent deficits. This type of organisational pricing policy was not uncommon in quasi-public and public organisations. Leslie Hannah points out in his study of the electricity industry that throughout the nationalised period the cost of electricity to consumers only reflected the generating cost rather than the connection and long term investment costs, and that this was done

⁵⁷ British Transport Commission London Area Passenger Charges Scheme. TfL, LT 709/014, pp10-13.

⁵⁸ Minutes of the Fares and Services Committee, 1937. TfL, LT709/035.

deliberately to expand the consumer base. He also notes the governmental pressures brought to bear in order ensure that politically valuable groups of consumers were added to the network at the cost of considerable price subsidy (Hannah, 1982). It is evident that the LPTB felt the force of similar considerations.

1940-1947: Deathbed Conversion

The War and the resulting inflation forced the LPTB out its inertia into strategically reconsidering fares. They faced two issues, one of public relations and one of clerical efficiency. For roughly 30 years fares had stood at approximately 1d per mile. The next unit of currency was the ½ penny, but adapting the fares system to deal with ½ pennies was judged to be cumbersome and before the war all but eight such rail fares and 47 bus, tram and trolleybus fares across the system had been eliminated.⁵⁹ However, the alternative was a straight jump from 1d to 2d per mile was felt to be excessive and so wartime fare increases consisted of raising the 1d fare to 1 ½d, holding fares between 2d and 4d and then raising fares above 5d for rail travel but not road transport. These actions constituted just about the worst all worlds when compared to the principles of fare calculation outlined at the start of this chapter. Inflation made undoing the most impressive pre-war achievement of price stability inevitable. It also provided a largely missed opportunity to both raise and simplify fares across the board, with background inflation disguising at least some of the impact of real price rises resulting from the elimination of tapering and commutation.

The result of higher long distance rail fares pushed passengers off tubes which were best suited to that form of traffic and onto buses which were not. Passengers went back to their former practice of splitting their journeys between rail and bus to avoid the staggered tariff, whilst complaining at the inconvenience of changing transport modes. By 1945 if a commuter still annually travelled by tube on the same six mile stretch of the central line as their predecessor of 1905 they would now pay 7d a journey or £17 10/ per year.

Alternatively, if they split their journey and took the bus and the tube they could reduce their fare to 6d or £15 per year. Either way, the annual cost of the commute remained at 8% or

⁵⁹ British Transport Commission London Area Passenger Charges Scheme. TfL, LT 709/014

7% of average earnings respectively, reflecting the far more modest growth in earnings over the Second World War. This gradual fall in the real cost of travel was accompanied by a steady improvement in the service as Figure 5.5 clearly indicates. Passengers travelled faster and the number and range of travelling facilities was extended. As such, passengers continued to benefit twice over. More convenient and faster travel cost less. In the background nominal passenger receipts rose from £30.9 million in 1939 to £41.8 million in 1945 but their real value adjusted for inflation fell to £24.7 million at constant 1939 values. In the immediate post war years the LPTB therefore faced a revenue crisis. Rapid action was clearly needed.

The 1947 LPTB report⁶⁰ accurately identified the problems with the existence of half penny fares, the complexity of long distance fare structure and the enduring prevalence of the concessionary workmens' fare. However, the most pressing need identified was to ensure that the organisation remained solvent in the immediate term, and the report was quite open about the quick fix nature of its proposals. The only changes enacted were the proposed fare increases. These had the broad effect of raising all fares on journeys between two and four miles by a penny and the revision of the lowest fare from 1½d to 2d. In the last two years of the LPTB's operation passenger revenue jumped 32% from £41.8 million to £55.1 million, far ahead of background inflation at 11%. However, the operating surplus remained broadly stable at £3.5 - £5 million as costs rose equally rapidly.

The haphazard and short term nature of the fare policy between 1939 and 1947 left commuters in the last years of the LPTB sharply divided depending on what mode of transport and the distance they travelled. A commuter who travelled just one mile had seen their fare double in that space of time. As a percentage of annual earnings, this represented a small rise from 1.4% to 1.7% in the same period. But the longer distance traveller of six miles saw their annual commuting cost fall from 7% to 6%, or even to 5% of their annual income if they choose to split their journey between road and rail as average earnings recovered rapidly after World War Two. The net financial effect of fares policy 1939-1947 for

⁶⁰ Ibid.

passengers was therefore benign, though intelligibility, standardisation and stability suffered slightly.

The Workers – Not a Penny on the Pay, Many Minutes off the Day

This section explores what standard of pay and conditions the LPTB and its predecessors secured for workers in the narrow sense of their employees. Data from within the industry across the time period 1905-48 is examined and some limited comparisons to parallel industries and average wages across the UK as a whole are made.

Like fares, the principle characteristic of all transport workers wages' was that they remained broadly stable in real terms despite some fluctuations in nominal value. In some cases, notably the drivers, they even retained the exact same nominal value between 1923 and 1939.⁶¹ The appreciable improvements that occurred were in the hours and conditions of work, rather than in the wages paid.

Developments in pay and conditions took place in the context of a labour force that was very fragmented and strictly demarcated. This did not provide much scope for talent, but provided a high degree security through stability and professional identity. The balance of the consequences of this system were quite benign for the majority of the period 1905-48, but from the Second World War onwards stability and security began to ossify into a stultification which began to be detrimental to both the employees and the employer. Table 5.4 below shows the falling real value of wages by the end of The Second World War.

⁶¹ London Transport Labour Relations Office, 1961. London Transport Museum (LTM), 2013/2162 Box B654 Ter.

Table 5.4: LPTB Staff Wages 1934-47

Year	Number of Staff	Average Weekly Wage per head	Cumulative Inflation	Real Average Weekly Wage per head
1934	75 468	£3 17/ 6d	0%	£3 17/ 6d
1935	77 500	£3 19/ 11d	0.7%	£3 19/ 6d
1936	78 966	£4 1/ 5d	1.4%	£3 19/ 11d
1937	81 765	£4 2/ 9d	4.7%	£3 19/ 2d
1938	82 833	£4 2/ 9d	6.3%	£3 19/ 2d
1939 ⁶²	86 456	£4 2/ 10d	9%	£3 8/ 1d
1940	78 092	£4 10/ 11d	28%	£3 5/ 4d
1941	80 071	£4 15/ 5d	38%	£2 19/ 1d
1942	76 263	£4 19/ 4d	45%	£2 14/ 7d
1943	75 433	£5 5/ 5d	49%	£2 13/ 10d
1944	76 810	£5 11/ 2d	52%	£2 13/ 4d
1945	83 610	£5 13/ 10d	55%	£2 11/ 3d
1946	93 822	£6 0/ 3d	58%	£2 10/ 6d
1947	96 963	£6 5/ 5d	66%	£2 2/ 8d

1905-1919: Rising Pay, Poor Conditions.

Pre 1914, a driver on appointment would receive between 30/ per week on the C&SLR and 35/ and 6d on the MDR. The other tube railways such as the CLR paid 33/ and 6d. These rates rose to a maximum of 40/ and 6d on the C&SLR and 43/ and 6d on other lines as experience increased. There was further differentiation between companies since it took 4 years to obtain the maximum on the tube railways, whereas the MDR required seven. Speculatively, it can be assumed that these rates bore some relation to the perceived difficulty of operations on each line. However, it is also an indication of just how precisely and individually wages across even a single generic occupation could be graduated. Drivers worked a 54 hour working week for their pay, which worked out at a top annual salary of approximately £110 per annum. This in turn was 138% of the average wage in the UK at that time.⁶³

Their less skilled counter parts, station men and porters, received just 12/ per week on appointment, rising to a maximum of 23/. This was typically after five years experience, though as with the drivers the starting and ceiling rates as well as movement between them

⁶² Data not published for the duration of The Second World War.

⁶³ Ibid.

depended on individual company policy. The station men and porters worked a 57-60 hour week and their maximum annual salary was £57 /10, or about 80% of the UK average.⁶⁴ Conditions would be considered hazardous by modern standards, but Wilson, writing in *The Safety of British Railways* (1909) found no change in the numbers of railway employees killed or injured annually in the period 1890-1905 after the start of the operation of tube railways compared to the period 1875-1890 beforehand (Wilson, 1909). In the context of steadily increasing system mileage and staff numbers over the period, this implies an improvement in safety standards.

The inflationary pressures brought about by the First World War made themselves apparent sooner in the rate of wages than in fares. On the 12th of March 1915 the MR decided to award workers the first of a series of 'War Bonuses' which at this stage amounted to an extra 3/ per week for men over the age of 18 and earning less than 30/ per week or an extra 2/ per week for those earning over 30/. No bonus was awarded to workers earning over 50/ per week.⁶⁵ Elsewhere, the LGOC had given its workers in its manufacture and assembly plants a series of increases and bonuses that in 1915 were worth an extra £12 /10 per annum which was twice the rate of any pre war increase.⁶⁶ By November 1918 the MR 'War Bonus' on top of standard pay for men had reached 33/ per week for men over the age of 18, a breakneck rate of increase which had brought about a considerable compression of pay differentials.⁶⁷ Over the period 1913-1920 it was estimated that a Driver's pay had risen 122%, a Fireman's or Assistant Driver's pay by 156%, a Porter's pay by 197% and a Carriage Cleaner's pay by 195%.⁶⁸

In summary, the First World War had brought about some profound changes and improvements for staff. Nominal pay had risen very rapidly. In 1923 A tube driver was now paid 75/ on appointment to 93/ per week after six years service, though after inflation the real

⁶⁴ Ibid.

⁶⁵ War Bonus Memoranda, 1915.LMA, ACC/1297/MET/10/790-801.

⁶⁶ London General Omnibus Company Coach Making Staff Memoranda. TfL, LT 311/026

⁶⁷ Memorandum of Agreement of Ratio of Pay and Conditions of Service for the Adult Male Staff in the Conciliation Grades of the Railways of Great Britain dated 23rd March 1920. LMA, ACC-1297-MET-10-773-001.

⁶⁸ Ibid. National Wages Board Memo dated 6th May 1920.

value of those wages was almost entirely stable. A porter was now paid between 47/ and 49/ per week which represented a real increase in wages at the lower end, but a slight fall at the top. This conforms to a general wartime pattern of a closing gap between the lower paid and the higher paid. Most significantly however, all grades and professions now worked a shorter working week of 48 hours as opposed to 56 after the 1919 strike.

1919-1933: Pay Falls, Conditions Improve.

In comparison to the UK average wage, transport workers had done well during the war to maintain broadly stable real wages. Nominal UK earnings had risen from £80 p/a in 1914 to £139 p/a in 1923, but once inflation had been factored in those wages had fallen in real terms to roughly half their 1914 value. (Measuring Worth, 2015).

After the immediate period post the First World War, workers' solidarity across the industry in defence of these benefits did not continue and pay differentials widened again. War time flattening of pay differentials had been disturbing to the hierarchical and differentiated nature of workers' expectations, and the unity of the September 1919 railwayman's strike already concealed a critical difference of approach to wages between the Associated Society of Locomotive Engineers and Firemen (ASLEF) and the National Union of Railwaymen (NUR). In the agreement of August 1919 wage increases which absorbed the 'War Bonus' into the 'Standard Rate' of pay were agreed by ASLEF but not by the NUR. This was significant, as the rules that governed the on-going level of the 'War Bonus' allowed for both increases and decreases dependant on the cost of living index published in The Labour Gazette whilst the standard rate of pay was secure. ASLEF had brought members long term security, the NUR had not. The cost of living began to rapidly unwind during 1921-22. The NUR's negotiated bonus was cut by 4 Shillings a week in December 1921 and again by another 2 Shillings in March 1922. This was a phenomenon across London Transport with other trades such as the bus building industry also seeing equivalent reductions in 1921⁶⁹ as did the bus drivers and conductors, though their annual paid holidays were increased from six days to eight as a slight compensation. By contrast, tube drivers' wages which were pegged to the standard

⁶⁹ London General Omnibus Company Coach Making Staff Memoranda. TfL, LT 311/026

rates remained steady throughout the interwar period (Clegg, 1950). As there was deflation in every year except 1925 between 1921 and 1933 it is clear that ASLEF members were better protected over the longer term than their NUR or Transport and General Workers' Union (TGWU) counterparts. A differing approach between Unions is also noticeable in their reaction to redundancies in 1921, where the NUR rejected but ASLEF accepted management proposals to share work out via extra leave time rather than make staff redundant.⁷⁰

By 1933 a porter was earning between 42/ and 46/ per week, a 3/ nominal reduction on 1923. Similarly, the LGOC had also reduced rates for their employees by 3/ per week, and a skilled carpenter or bricklayer now typically earned 66/ while a labourer earned 48/ per week after equivalent reductions in the 'War Wage' element of their pay.⁷¹ By contrast, tube drivers had retained the same nominal rates of between 75/ and 93/ per week. Drivers such as trolleybus drivers had a slightly lower starting and top rates of 71/ at 80/ per week, though the top rate was reached after just two years in the post as opposed to the tube drivers' six.⁷² But falling nominal pay rates in some sectors did not mean however that employees were worse off in real terms. Deflation over the period 1923-33 of 18% meant that the real value of all wages rose, so by 1933 the porters' real wages had risen to the value 46/-54/ per week in 1923 terms. However, general deflation did not disguise the benefit of the deal to fix wages negotiated by ASLEF for the drivers. This now paid off as the differential between the real value of their fixed nominal pay and the falling nominal pay of other workers rose by 7% between 1923-1933.

Though divisions within the industry widened slightly, transport workers retained their pay premium as against the population as a whole. Across the UK nominal wages stagnated between 1923 and 1933, rising by no more than £3 from £139 to £142 per annum.

Nevertheless a top level tube driver in 1933 earned approximately £240 per annum, or

⁷⁰ Ibid. Letter from the General Manager HA Walker to the Railway Staff and Labour Committee dated 16th February 1921.

⁷¹ LPTB 1935 Rates of pay and conditions of service book. TfL, LT 311/01.

⁷² Negotiations in regard to increased rates of pay to Tramway Motormen and Conductors employed on Trolleybuses 1937. TfL, LT 311/27

roughly 160% of the average wage, a booking clerk at age 25 earned a similar salary of £210 p/a, or approximately 150% and a top level bus driver earned roughly £225 or 160% (International Labour Review, 1930). These substantial premiums had fluctuated over time. The drivers' and booking clerks' counterparts in 1914 had earned about a third more than the average, whereas their 1923 colleagues had been better off, earning roughly 66% more. These premiums remain appreciable irrespective of the fluctuations and these movements relate primarily to wider monetary and economic conditions rather than changes in the nominal value of transport workers' wages in the period prior to the formation of the LPTB. In conclusion to the pre-LPTB period 1905-1933, a two part report published in the International Labour Review (ILR) entitled 'Industrial Relations in the London Traffic Combine' (Johnston & Spates, 1930) provides an interesting summary of how the issue of securing the best obtainable system of popular administration and control for the workers was perceived by contemporary opinion. In it they point out the high and stable (real) rate of wages, the provision of staff welfare and training facilities, the generous contributions by the combine to the employees' benevolent fund, the sports associations, the pensions schemes, the stability of employment, the suggestions scheme for employees paying between £1 - £25 for every adopted suggestion and they carefully describe complex negotiating processes with the various Trade Unions. They were evidently so impressed by what they found that their concluding section is not their own work. Instead they have put together two speeches by Lord Ashfield at the 1929 AGM, a general flavour of which runs as follows:

'We have always shared a our prosperity with our employees, and even when we were unable to pay anything like adequate dividends we have not failed to maintain our wage levels at and even above those paid in comparative businesses... We have received better service from our staff, and for this I would make full acknowledgement, and we have enabled that better service by putting at their disposal the best equipment and machinery that we could obtain... Paying therefore as we do good or better wages than any other transport undertaking, we should be entitled to expect that we have a contented and loyal staff.

Certainly I know nothing to the contrary, but rather find everywhere a good and friendly spirit' (Johnston and Spate, 1930 pp642-643)

It is remarkable that the views of the Chairman were not just treated as only one part of a wider spectrum of viewpoints in the conclusion of a report on the transport companies' labour relations but were simply quoted ad verbatim. Nevertheless that it is hard to factually dispute Lord Ashfield's contention that his employees were well paid and well treated compared with others and it is indicative that Johnston and Spate's contemporary conclusions are not disputed by later works by Clegg (1950), Bonavia (1981) or Millward and Singleton (1995) in their analysis. Despite their rather hagiographic conclusion, I support Johnston and Spate's general contention to be correct and that in 1932 the London transport companies did indeed offer one of the best systems of popular and administration and control for its employees.

1933-1939: Good Pay and Good Conditions.

The merging of the private companies into the LPTB in 1933 had a benign effect on the wages and conditions of the employees. There were some minor reductions in the working week for busmen from 8 ½ to 8 hours per day. There was no threat of forced redundancy as the number of employees trended gradually upwards. Clubs, sporting and leisure facilities were provided by the Board, and as we see in Table 5.5 below there was a benevolent and gratuity fund for ex-employees to which the LPTB contributed £5.9 million over its existence.⁷³

⁷³ LPTB Annual Reports. TfL, LT-1011-001-014.

Table 5.5: LPTB Expenditure on Pensions and Benevolent Funds

Year	Total
1934	£284 888
1935	£294 360
1936	£320 445
1937	£368 249
1938 ⁷⁴	-
1939	-
1940	£464 632
1941	-
1942	£452 815
1943	£496 618
1944	£575 520
1945	£574 010
1946	£626 246
1947	£663 232

The nominal value of wages changed fractionally upwards, with the relatively small cuts made in 1932 rapidly restored. On merging, it was noted that if discrepancies in pay had existed between the pre-LPTB companies, these had always been standardised to the highest level. The dramatic downturns and upturns in average wages 1939 and 1947 are similarly linked to rapid changes in the number of staff rather than pay cuts or increases. For the employees, a typical career profile remained a rapid advance in wages based on age and skill related increments to a grade ceiling which was often reached at a relatively young age. For example, an apprentice starting at age 15 in the works section saw their weekly wage rise from 18/ to 34/ over five years. If they then became a bricklayer there were then a further four grades beginning with bricklayer's mate where wages rose from 51/ to 66/ per week. There were some opportunities for further advancement, with two grades of assistant foreman, two grades of foreman and two grades of district foreman. Foremen were paid between 85/ and 138/ per week with 12-15 days annual paid leave as opposed to the 0-10 granted to skilled or unskilled workers.⁷⁵

⁷⁴ Figures for 1938, 1939 and 1941 are not available. However, it would seem unlikely that the Board made no provision in these years.

⁷⁵ Ibid.

In comparison to the present day wage differentials may appear compressed, with a top district foreman earning less than three times a labourer, but the differentials nevertheless were carefully guarded through extensive negotiation with different trade unions. In the mid 1920's there had been an attempt in the supervisory specialisations to introduce what we would today call 'Fast Stream Graduates' but were then termed 'Cadets'. The experiment was abandoned after it proved to be unsatisfactory to the principal officers of the units to which they were assigned and did not produce the desired results (Johnston and Spates, 1930). No other serious changes to the system of grading and promotion were contemplated for another 20 years. Thus the structure of employment remained heavily aged based, highly nuanced, stratified and fragmented. After 1932 there was some movement towards joint negotiation when the London Transport Joint Trades Committee expanded to include 13 Trade Unions under one negotiating umbrella. However, this still did not include any of the railway Unions until 1941, and there were disputes about the level of representation each Union had within the Joint Committee (Clegg, 1950).

Regarding the calculation of pay, remnants of the 'War Wage' bonuses linked to the inflation of the First World War continued to be counted separately into the 1930s instead of being accepted as a higher general level of pay, though this discrimination between the sums that made up the overall rate was only documented with regard to manual trades. Thus the top bricklayer's wage of 66/ per week mentioned earlier was in fact recorded as a 50/ basic rate plus a 16/ 'War Wage' where the rate of the latter was pegged to a cost of living index.

This phenomenon, along with the description of pay as an annual salary for clerks, a weekly wage for skilled workers and a daily rate for the unskilled is arguably indicative of a high level of social class distinction that transcended economic status. For example, a Ventilating Plant attendant's pay was recorded as 68/ per week, though a proportion of it was listed as a 'War Wage' making them vulnerable to reductions in a deflationary environment. A Class One Power House Foreman's pay was recorded as a fixed basic 135/ per week and the lowest grade of Ticket Inspector was recorded as being paid £180 per annum. I suggest that each one of these employees would have been drawn from different classes, belonged to

different Unions and regarded themselves as quite different professionals. But if all pay had been recorded on an annual basis it would have revealed that the Plant Attendant was paid £170 p/a, the Inspector £180 p/a and the Power House Foreman £350 p/a, revealing some profound and potentially disquieting differences and proximities in economic if not social status. There seems to be little justification for the obfuscation of the presentation of wage rates other than a tradition based on maintaining a myriad of professional and social distinctions, perpetuated by the TU movement as the distinctions between the NUR, ASLEF, and the Railway Clerks Association (RCA) demonstrates. In summary the employment structure of the LPTB was designed to maximise security, stability and an almost individualised consideration of their employees' status rather than maximising their potential.

1939-1948: Pay and Conditions Worsen.

As in the First World War, period the Second World War witnessed rapid inflation, though this time its cumulative effect was about 40% between 1939-45 instead of 60% 1914-18. By the time of the demise of the LPTB in 1948, cumulative inflation since 1939 had reached 45%. Happily for the employees of the LPTB, wages in every grade and professional stream outpaced inflation, sometimes by a considerable degree. On the underground railways, Drivers saw an increase of 51%, Guards 74%, Porters 111% and Clerks 57%. On road transport Bus Drivers got 49%, Conductors 57% and Tram and Trolleybus Drivers 71%. However, the dramatic rise in the number staff at the lower grades meant that the average weekly wage per head fell appreciably as Chart Six shows and as previously there was a general narrowing of pay differentials between the top and bottom (Clegg 1950). More importantly, 1939 also marked the point at which the premium paid to LPTB workers against the average UK wage began to diminish rapidly and Chart Seven shows that the percentage of gross revenues devoted to pay had reached a peak in 1938, which even a dramatic expansion in staff from 84 000 to 97 000 between 1945 and 1947 failed to restore. The implications for LPTB employees were stark In 1938 the average weekly wage across all workers in the LPTB was 82/9d, in the UK it was 69/, giving a premium of about 30%. By 1945 the average weekly wage on the LPTB was 135/10d and in the UK generally it was

137/11d. The long established advantage had completely disappeared, and instead LPTB workers were paid about 2% less than the average (Clegg, 1950).

Towards the end of the war this had begun to have an effect on recruitment, retention and conditions. A report into the clerical staff published on 19th March 1945⁷⁶ outlined the problem. The maximum salary that a clerk automatically attained in 1945 was £210 p/a.

Their counterparts at The Midland Bank, London County Council and the Civil Service were automatically attained £338-£385 p/a. As the report put it:

‘The risk that a clerk in the Board’s service may never pass beyond a salary of £210 p/a, and the knowledge that many of them never do, must serious discourage able and ambitious young men from seeking to find a career with the Board.’ (LPTB Clerical Staff Report, 1945)

There are numerous points that may be drawn out of that single paragraph. Firstly, the pay system and scale itself needed review. In a report published two years later⁷⁷ it was acknowledge that the 150 separate pay grades all with sliding scales for supervisory and control staff alone was too complex. Even more extraordinarily, the figure of 150 was only achieved by excluding railway staff. The super-complex pay system had led to anomalies where staff with similar managerial responsibilities were paid different rates or where the differential between the supervisor and the supervised was too small.⁷⁸ Less than a year before the abolition of the LPTB, the report proposed replacing 150 grades with just seven and a pay rise.

Secondly, the phrase ‘The knowledge that many of them [Clerks] never do’ [Pass beyond a certain grade] was I argue a belated acknowledgement that an essentially age based promotion system was no longer working. The LPTB had a solution to this, as outlined at section 19 of the recommendations:

⁷⁶ Report of Clerical and Booking Staff Committee, 1945. TfL, LT 300/024.

⁷⁷ Control and Supervisory Grades Introduction of Pay Codes, 1947. TfL, LT 300/019.

⁷⁸ Ibid.

'Greatly improved promotion prospects resulting from the transfer of routine work to women are analysed and measured' (LPTB Clerical Staff Report, 1945)

To the modern perspective, this appears extraordinary as well as illegal. However, the LPTB showed no interest in using the talents of women beyond the strictly routine as paragraph 30 of the report entitled 'Place of women staff in the organisation' indicates:

'Equal opportunity for men and women at all levels of the organisations [was advocated]. We do not agree... We feel that it is undesirable as a normal feature of the organisation that women should be placed in charge of men. Such a practice would result in friction and resentment not conducive to efficiency.'

(LPTB Clerical Staff Report, 1945)

While this statement needs to be viewed on the context of the time in which it was written, but even by those standards it was regressive since the War had amply demonstrated that women were capable of many more roles and responsibilities than they had hitherto been allowed, and the Civil Service at that time had opened posts throughout the organisation to women. The paragraph concludes by re-stating the requirement for able and ambitious young men. To that end a small scale scheme to acknowledge the value of university educated staff had been launched post war, which was worth £50 p/a on top a normal salary. In 1958, 10 years after the demise the LPTB, there were 133 graduate employees and 48 of those had been recruited by the LPTB. Even by the standards of that time, this was remarkably few. Charts Six and Seven indicate that the underlying trend in the period 1939-1947 was a stagnation or fall in the relative position of LPTB staff against their pre war position. This is mirrored by the gradually rising frequency of concerns about the workforce in the annual reports and other documents found the archives, and the slowly rising tide of industrial action, both official and unofficial. By the 1950s London Transport was forced to actively recruit abroad for its staff, but the origins of this policy had begun a decade previously.

Who Benefitted? Conclusions.

Figure 5.6: The Cumulative Peace Time Expenditures of the LPTB 1934-39

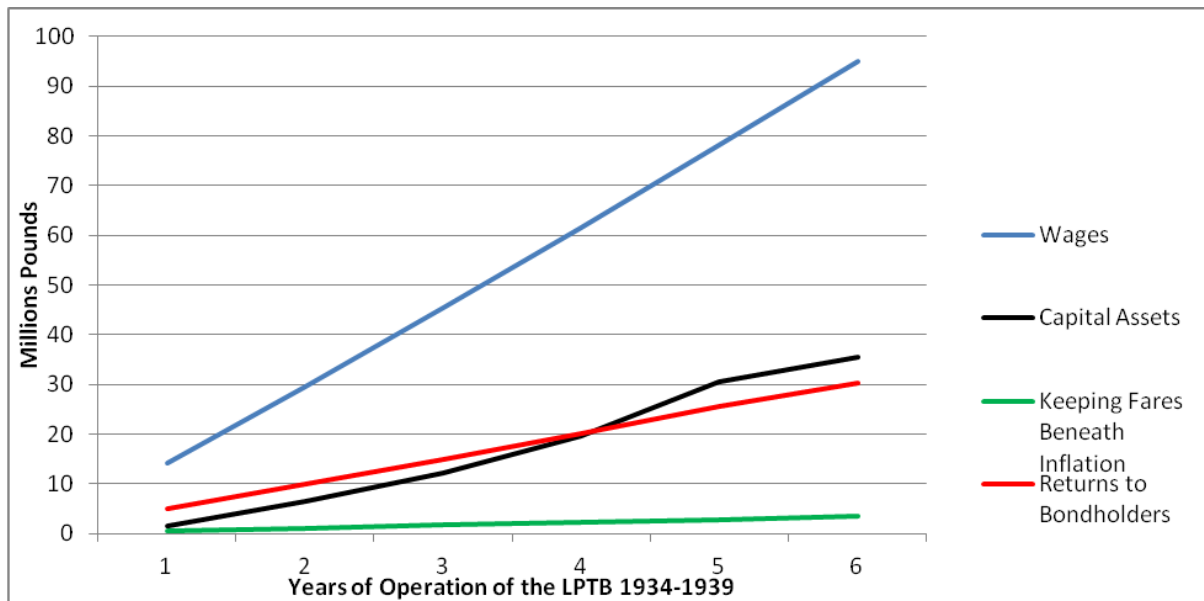


Figure 5.6 shows something that, in theory, should be unlikely: A quasi-public organisation unaccountable to public, dominated by internal managerial elites and with considerable financial obligations to private interests nevertheless orientating the majority of its expenditure towards investment in public services and wages. A wide variety of literature points towards the improbability of this outcome (Politt & Summa 1997, Van Thiel and Leeuw 2002, Van Thiel 2004, and Overman & VanThiel 2016). In chapter seven we will explore an explanation relating to the performance and underpinning attitudes of the managerial elite at the LPTB. The headline fact remains that roughly two thirds of expenditure was on wages, with roughly a sixth allocated to investment and a sixth in payments to investors. This data indicates that the financial situation of the LPTB and its predecessors outlined by Jackson & Croome (1962), Barker & Robbins (1976) and Wolmar (2005) is misleading. They describe organisations continually wracked by financial problems caused largely by the overbearing obligations to their creditors. This narrative fails to explain the continued popularity of UERL bond issues, the generally good wages and conditions enjoyed by LPTB staff and the sustained period of high investment from 1920-39 which resulted in a rising quality of passenger service.

From an investor's perspective, this chapter shows that once amalgamated after the 1907 crisis, the LPTB and its predecessors did not fail financially. However, their managerial elites cleverly played on the perception that they might at some future point, in order to extract cheap loans from central government and secure a privately owned monopoly. Figures from the balance sheets in the LPTB annual reports reveal an organisation that financially was able to meet and even exceed the reasonable expectations of its investors throughout the 1920s. Once the bank rate had dropped to 2% in the early 1930s then the returns to bondholders were even better and not matched by other comparable industries such as the 'Big Four' companies (Compton & Jope, 2002). The LPTB emerges with its financial reputation enhanced. It did not kow-tow to the interests of finance, but neither did it deprive its investors of a reasonable return on their investment.

For employees the LPTB and its predecessors offered a secure, stable and relatively well paid career regulated by labyrinthine grading and pay scales. Since it was seen as a progressive employer, no serious reform of labour relations was seen as necessary (Johnston & Spates, 1930). Between 1905 and 1939 Trade Unions were able to secure improvements in pay and conditions for workers though only the improvements in conditions proved enduring (Clegg, 1950). In the Second World War this changed rapidly. By 1945 the employees of the LPTB had lost any advantage in pay, and the organisation had to re-examine its offer to its employees. I find that while Trade Unions could secure benefits for their members, they had only been partially successful by 1948.

Fares presented an awkward paradox for the organisation. They were too cheap for the LPTB and its predecessors to entirely meet their financial obligations as per a purely private sector business model, and too expensive for prices to be genuinely nugatory and open to all users as per a purely public service model (Valentine, 1937). From a passengers' perspective fares were too complex. However, they benefitted from steadily improvements in the quality and duration of their journeys at a falling price. As such, it is hard to see them as anything but the main beneficiaries of a system that kept the cost of travel broadly stable combined with an impressive commitment to long term investment in the periods 1905-1914

and again from 1920-1939. Workers, in the widest sense of the word as the passengers on London's transport, were the main financial beneficiaries of the operation of the system. However, they remained almost entirely disenfranchised from the actual management and control of the organisation. In the following chapter we will now explore how this state of affairs came about.

Chapter Six

How Accountable was the London Passenger Transport Board?

Introduction

In the previous chapter we saw that the LPTB was able to pay a reasonable return to its stockholders when compared to both macro-economic indicators such as the base rate and also to comparable industries. However, we also saw that this quasi-public organisation orientated its expenditures to prioritise the provision of services to passengers and the pay and conditions of staff over the interests of its investors. Both these findings challenge historical and current literature on these subjects such those by Van Thiel & Leeuw, (2002) and Van der Walle, (2008) which suggest that agencification has either had detrimental or unmeasurable effects on the standard public services.

In this chapter we begin with the proposition that despite a strong and demonstrable commitment to public service the LPTB was a startlingly unaccountable 'arms length' public body. I find that the evolving state of public governance in London allowed the LPTB to avoid the target setting regimes later extolled by New Public Management and also largely to avoid the web of influencing and counter balancing neighbouring organisations described in Network Governance. Though these terms were not in use in the inter-war period, the origins of New Public Management may be discerned in the increasing use of statistics to drive public policy such as in the Samuel and Salter reports and the principles of Network Governance may be seen in structures of municipal governance advocated by Robson (1939). As such, these modern terms provide a useful model against which the governance of an earlier forms hybrid organisation such as the LPTB can be contrasted.

The outcome for London's transport was a highly empowered managerial elite exercising a lot of discretion within the organisation. In line with the expectations of agency theory, they reversed the control of the organisation from those who set it up and from those in whose interests it was supposed to operate over to super-empowered managers originally envisaged as agents (White 1991, Doucouliagos, 1994). However, contrary to other behavioural expectations that agency theory literature might engender, they also chose to

use their powers in favour of their customers and employees. As such, they might more accurately be described as stewards of the interests of particular principals they favoured (Davies et al. 1997, Muth & Donaldson 1998). Table 6.1 below shows how easily the LPTB could have changed its financial priorities away from workers and passengers to favour its statutory duty to paying its bondholders, yet it chose not to.

Table 6.1: Monetary Returns to Bondholders and Comparators

Year	All Other Returns	C Type Stock	'C' Type Shortfall on the Statutory Minimum Return	Approx. Effect of a 2% Rise in Fares	Approx. Effect of a 3% Pay Cut
1934	£4 070 044	£874 664	-£374 856	£543 025	-£431 467
1935	£4 111 079	£1 015 192	-£203 038	£576 465	-£456 994
1936	£4 080 447	£1 027 952	-£385 482	£590 657	-£478 826
1937	£4 198 697	£1 092 199	-£321 234	£601 543	-£484 390
1938	£4 265 426	£1 027 952	-£385 482	£615 168	-£501 148
1939	£4 410 305	£385 482	-£1 027 952	£618 518	-£506 568
1940	£4 082 272	£770 964	-£642 470	£686 361	-£431 467
1941	£4 105 818	£738 841	-£674 593	£750 448	-
1942	£4 111 953	£770 964	-£642 470	£743 394	-
1943	£3 912 069	£835 211	-£578 223	£760 707	-
1944	£3 861 476	£770 964	-£642 470	£801 687	-
1945	£3 916 388	£770 964	-£642 470	£836 948	-£635 872
1946	£3 924 861	£770 964	-£642 470	£949 072	-
1947	£4 579 030	£817 239	-£596 195	£1 102 238	-£869 462

Thus this chapter has three main tasks. Firstly, to examine how and why the web of statutorily empowered external co-actors failed to have significant influence on direction of the provision of transport in London. Secondly, to assess which actor in the London transport policy community wielded the most influence. Finally, to challenge Overman & Van Thiel's (2016) and Cornforth's (2005) arguments that the 'Agencification' of public services leads to a decline in performance. Beforehand, a brief descriptive overview of the LPTB and its predecessors as quasi-public bodies is presented.

Prior to the creation of the LPTB the organisations providing transportation in London took five forms. Many of them, particularly bus companies in the period up to 1925, were small scale privately owned firms operating in a situation loosely approximating perfect competition. But increasingly over this period changing economic and political conditions resulted in these firms combining into larger horizontally and vertically integrated businesses

competing in an oligopolistic environment. Both types of organisation were accountable to their shareholders, bondholders, senior managements and occasionally to central government. Additionally, competition between them forced a form of responsiveness to customers' requirements and after 1907 the Board of Trade's London Traffic Board and its successors provided some minor governmental advisory oversight in the name of the public good. Up until the advent of the LPTB, these private organisations both large and small were also in competition with publically run municipal transport providers. These providers were not susceptible to the private sector definitions of profit and loss in the same way, though their financial activities were nevertheless carefully scrutinised and reported on by the traffic and finance committees of the respective county councils that controlled them.⁷⁹ The councils in turn were accountable to their electorates. This was a far larger constituency than shareholders, although the provision of transport was only one issue on which they were judged by voters.

The London Passenger Transport Board (LPTB) was created by statute to deliver London's public transport in 1933 out of a mass of large and small scale public and private organisations that had hitherto provided the capital's transport. In 1948, after 14 years of operation it was nationalised. Between those dates it existed as an organisation very much disaggregated from government ministries, but carrying out an undoubted public task. Its financial accounts and statutory framework show that it operated under more business like conditions than traditional government ministries. The LPTB therefore amply fulfilled Overman and Van Thiel's (2016) three defining characteristics of a semi-autonomous agency or QUANGO. As such it belonged to a succession of 'arms length' agencies set up by British governments to run public services such as the Forestry Commission, The Central Electricity Board and The British Broadcasting Corporation in the 1920s all providing public services, indicating that agencification has a long history prior to the 1980s.

⁷⁹ The 1907-08 Report of the London County Council (LCC) Powers and Duties. Transport for London (TfL) Archive, LT-1355/4.

The LPTB was in theory accountable to a large number of policy forming actors, with the state playing an influencing rather than a directing role and co-ordinating power sharing between entities (Ferlie, Lynn and Pollitt, 2005). Its theoretical position was therefore analogous to the 'Network Governance' model of how a public sector organisation might be controlled described by Andresani and Fairlie (2006). However, the LPTBs empowered and entrepreneurial management as well as strong internal performance measurement and monitoring processes are also all characteristics of the alternative 'New Public Management' narrative of how a public organisation can be governed. Recognising that simple alternatives do not always address the complexities of governance, Andresani and Fairlie (2006) also offer a number of other taxonomies such as Rhodes's (2003) Market, Hierarchy and Network model and Newman's (2001) Self Governance, Open Systems, Hierarchy, Rational Goal schema. Regrettably, the LPTB is a poor fit for any of them. The reason is the extraordinary degree to which the LPTB was simply unaccountable to external actors and the commensurate powers of its managerial elites (Rhodes et al., 2012, Hey, 2010, Jensen & Zajac, 2004).

A major root of this unaccountability was that the LPTB was financially accountable to central government but only in so far as its financial position periodically required the Board to make a case for central government loans. In fact the Board only had to make its case on one major occasion, and having secured guarantees up to £40 million in 1935 it did not need to approach central government again. It also had statutory duties to its bondholders in terms of the returns it had to pay on its stock. However, it broke these with impunity. From the travelling public's perspective, changes to the provision of services could be scrutinised by local authorities, MPs and the London and Home Counties Traffic Advisory Committee (L&HCTAC), but these powers appear to have been only infrequently and unevenly exercised. Finally, regarding its workforce the LPTB recognised and was prepared to

negotiate with the Trade Unions that represented its employees at its inception, but it followed its predecessors' unwillingness to recognise new or splinter Unions.⁸⁰

In 1948 this organisation was swallowed up within the nationalised rail industry run by the British Transport Commission. The notion of private ownership, already fairly tenuous, was extinguished completely and decisions regarding the provision of transport in London were ultimately made by the Ministry of Transport and the Treasury. The idea of consumer choice or efficiency via competition totally evaporated and instead the conception of ideal public administration was centred on the efficiency and fairness which only centralised control was deemed to be able to bring about. In terms of accountability, the considerable quasi autonomy of the LPTB was totally extinguished and symbolically all expenditures over £50 000 now needed Treasury authorisation.

In summary I find that Trade Unions were the most effective external actor in negotiating with the Board, but that real powers over the strategic direction or daily operation of the board were retained by internal managerial elites, essentially unaccountable to the public or private interests. Both the structure and the practice of the governance of the LPTB ensured that it was far less accountable than its numerous predecessors, its single successor or more modern examples of QUANGOs. Paradoxically, this seems to have little effect on the quality of its service provision. We now move to examine in detail how it achieved and maintained that degree of autonomy, starting with an exposition and analysis of the events that led up to the creation of the LPTB.

⁸⁰ Proposal to create a Federation of Supervisory Staff from the Transport and General Workers Union, 17th August 1926. TfL, LT304/063.

The Free Market, Municipal Trading and Oligopoly 1905-1933

Figure 6.1: The Private London Transport Company Policy Community 1905-33.
(Rhodes, 1988 and Common et al. 1992)

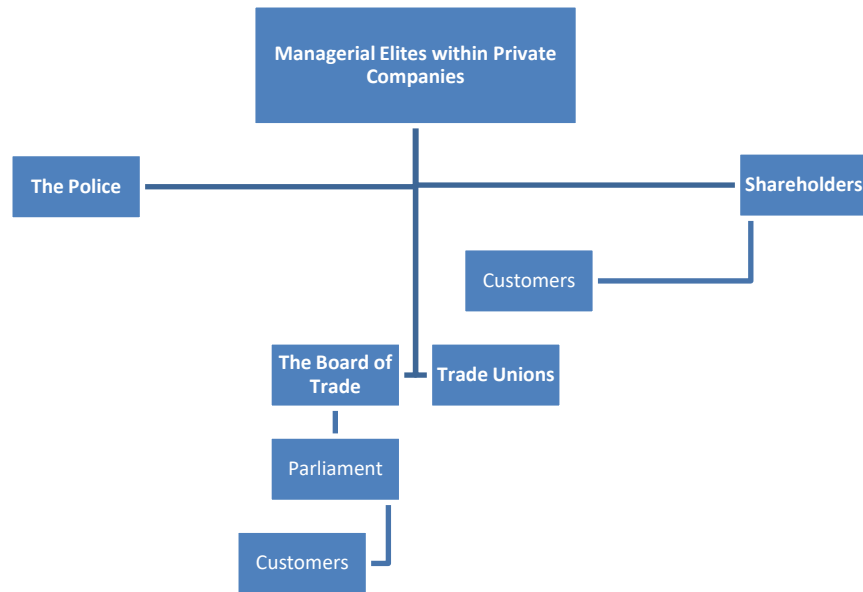
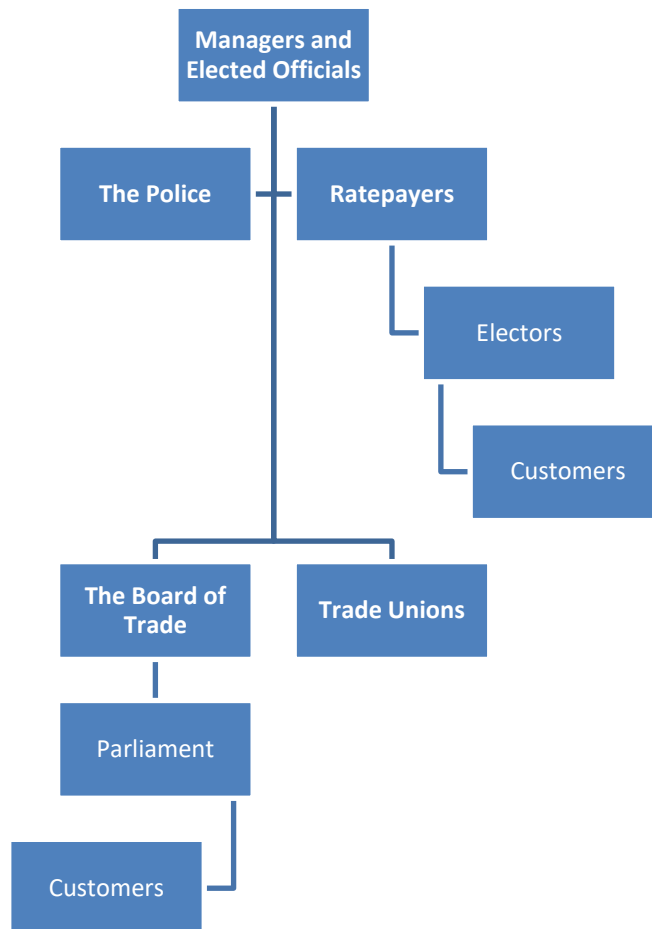


Figure 6.2: The Municipal London Transport Company Policy Community 1905-33.



As figures 6.1 and 6.2 show, the legacy of laissez faire government in the 19th Century left London provisioned with competing modes of mass transit provided by both public and private operators. Each formed a semi distinct policy community. In the private sphere, many of these companies were generally still relatively small scale and neither horizontally nor vertically integrated. In this context, a bus company would exist to run buses rather than several modes of transport, and it would compete with other bus companies as well as tubes, trains and trams for public custom. If they were of sufficient scale, these organisations typically loosely conformed to the 'M' type organisational pattern, with a board of Directors above a series of sectional department managers dealing with the specific requirements of that area of the business (Wilson, 2006). Their accountability was primarily a function of their operational and financial activities. The operational activities of the firm were governed by a managerial stratum on a day to day basis and they were in turn answerable to the Directors. If they had issued stock, then the Directors provided an annual (or bi-annual) general report submitted to the proprietors describing the state of the company, the conditions of trade and future plans.⁸¹ At these shareholders' meetings, shareholders could vote on resolutions such as the level of dividend to be declared, the submission of Parliamentary Bills for expansion of the business or the membership of the Board of Directors.⁸² The shareholders' register from the Central London Railway (CLR) shows the shareholders to be a fairly diverse set of people ranging from Spinsters and Ironmongers to Lord Rothschild, but the asterisks marked against those names whose holdings qualify them to act as Directors unsurprisingly show a clear preponderance towards wealthy and upper class professions.⁸³ In summary, shareholders in these organisations had not yet become merely the representatives of large institutions as they would later be, but neither could they be truly termed 'popular' or compared as a body to the electorate entitled to vote at municipal or general elections.

⁸¹ Metropolitan Railway Bi-Annual Directors Reports 1867 onwards. TfL, LT-000103.

⁸² Baker Street and Waterloo Railway Bi-annual Shareholders meetings 1907-1908. London Metropolitan Archive (LMA), ACC-1297-BKW-01-005.

⁸³ Central London Railway Shareholders' Address Book, 1895. LMA, ACC-1297-CLR-04-001.

Whilst their capital structure made the early transport companies answerable to their financial owners, the multiplicity of competition also made them sensitive to passengers' needs. The extensive publicity campaigns embarked on by the various transport companies offer one set of evidence here, another is the remarkable degree of care with which even quite minor accidents such as 1909 Moorgate crash were dealt with.⁸⁴ However the services were in no sense owned by or operationally directly accountable to the public, instead from a service provision perspective the public was a closely examined but passive object whose custom was bargained for.

Public actors in the transport policy network included municipal operators, Parliament via its scrutiny of individual Parliamentary Bills, The Board of Trade via its enforcement of the statutory regulation of business and the Metropolitan Police Authority via their remit to license and control the use of the streets set the parameters within which these transport companies could operate. But none of these administrative bodies except Parliament were directly elected, and more importantly dealing with the provision of transport in London was only a very subsidiary part of the essential purposes for which they had been created. To that end, the 1905 Royal Commission had recommended the creation of a London Traffic Board as the inadequate state of London's transport was held to have been caused by a lack of central authority.⁸⁵ Having called for the creation of such a body, the Commission then failed to recommend it the necessary powers to achieve its task, proposing that it should only have advisory role.⁸⁶ The Board of Trade created The London Traffic Branch in 1907 which reported annually until it was dissolved in 1916. Though stymied from the outset, it nevertheless took its advisory role seriously and devoted considerable sections of its 1908 and 1909 reports to a detailed analysis of how Washington, Berlin and Paris municipally controlled their transport systems, coming down firmly in favour of implementing aspects of their systems of public control and accountability in London, particularly that where the provision of public transport – especially railways – was lacking in certain areas of the city. In

⁸⁴ 1909 Moorgate Crash File. LMA, ACC-1297-MET-10-001-004.

⁸⁵ The Royal Commission on London Traffic, 1905. pp. 44, para 100

⁸⁶ Ibid. Para 201.

those instances the Branch recommended that the municipal authorities should be empowered to make good that deficiency and expand the number of transport modes which they operated.⁸⁷

Municipal Operators

As the minutes of The Highways and The Rivers Committees of the London County Council (LCC) indicate, local authorities already had considerable powers in this area, and the LCC had the power to raise finance.⁸⁸ But the archives demonstrate that innovation and expansion in the provision of public transport by the LCC was bound not so much by law as by its own views of the extent of its competence. By 1905 it was an established fact that the LCC, along with other London Councils, was a large scale provider of Tram services in the capital. By the 1920s, through having steadily purchased the tramways of other Councils, the LCC was one of three big players alongside the Metropolitan Railway and the Underground Electric Railways of London (UERL) that made up the London transport oligopoly. Despite this state of affairs, proposals to build on this foundation and run municipal buses or municipal tubes were rejected. The example of the municipal tubes debate is illustrative of the LCC's lack of willpower. Following the failure of municipal bus proposals in 1920, Mr Emil Davis⁸⁹ moved motion at the LCC the following year in favour of borrowing £5 million to construct a municipal tube. His principal argument was that the existing tube system had been acquired by the UERL which he termed an 'International Trust Company with interests in England, America and Holland... not a London Railway Company at all' and that the Council as 'Custodians of London's interests' should enter the market for the provision of public railway transport.⁹⁰ Furthermore, building municipal tubes would alleviate unemployment, reduce traffic deaths and congestion in London and prevent the UERL from becoming a private monopoly. This latter point was considerably laboured, and councillors were asked not to view the proposal from the perspective of municipal trading, but from the

⁸⁷ The London Traffic Branch of The Board of Trade Reports 1908 and 1909, Appendices A and E. National Archive (NA), MT70/5.

⁸⁸ Report of the London County Council 1905, Chapter 1. TfL, LT-1355-04.

⁸⁹ Alderman Emil Davies, later Deputy Chairman of the LCC 1926-7.

⁹⁰ Minutes of the Meeting of the LCC, 21st November 1921. TfL, LT-346-101.

viewpoint of a wider patriotic duty to ensure British public ownership of British public services. The moderates retorted that there were better ways to create jobs given the level of expenditure proposed, the management of tube systems was beyond the expertise of the Council, tubes lost money, there was insufficient technical detail given about the proposals and that they would cause Lord Ashfield to give up his UERL investment schemes entirely. The motion was lost 37 to 61.⁹¹

Subsequent events reveal the genuine motivations of the moderates. Having rejected tube construction, they did not embark on a serious alternative programme of job creation. The reality was that the Moderate Party in control of LCC did not want to use for public money for any scheme of job creation, transport related or not. In justifying this, Moderate Party councillors recalled the LCC passenger river boats debacle of 1905-08⁹² when they stated that the prospective tubes would not raise a commercial profit and that public bodies had insufficient knowledge to run them effectively (Turvey, 2003). By contrast, the Treasury and Lord Ashfield evidently believed that transport projects were public money well spent, as the UERL successfully applied for central government funding shortly afterwards under the Trade Facilities Act using the alleviation of unemployment as one of the main arguments. The result was that while municipal ownership and funding for transport not just opposed by parliament as is often portrayed in the literature, they were also rejected by majorities on municipal bodies themselves. In summary, this episode shows that the LCC was in effect bound over by its own views of its competence and scope to running more transport modes other than trams.

As transport providers even in this relatively limited capacity, the London's local authorities still had a considerable role to play in the provision of public transport as tram rides constituted a peak of 42% of all London passenger journeys in 1911.⁹³ They were held accountable in ways that differed considerably from their private counterparts. Most obviously they were held accountable by periodic elections, but it is worth re-iterating that

⁹¹ Ibid at page 46.

⁹² River Thames Passenger Services Report, 1933. TfL, LT-674-002.

⁹³ 1913-33 London Transport Operating Statistics. LMA, ACC-1297-UER-04-065.

electors were judging their performance on more than just transport related issues. For example, of the 150 different municipal services provided by the LCC ranging from municipal ice cream to the provision of housing for the working classes, just 14 were transport related. Additionally, whilst more widespread than shareholders' rights, the franchise itself was still restricted via its relationship to property ownership, though unlike in parliamentary elections female ratepayers had been able to vote since 1869. Contemporaries saw the outcome of key municipal elections as hinging on the issue of 'The Rates' i.e. property tax, rather than transport provision (Masterman, 1909) and subsequent works support this view (Offer, 1981). However, the close scrutiny of the level of 'The Rates' by the electorate meant that the financial accountability of municipal transport operations was stringent. The central political problem of municipal trading was the issue of financial surplus, whether it truly existed and what to do with if it did. The annual report of the LCC 1904-05 is illustrative. In relation to tramways, the report states that the southern network of London tramways showed a net surplus of £7 054 and the northern network a surplus of £22 836.⁹⁴ However, this surplus or 'profit' would have been over twice as large had not £35 000 already been deducted for the renewals account. This obligation fell more heavily on municipal providers than private firms, and was a considerable distortion if comparative levels of 'profitability' were to be compared. As Flynn (2007) suggests, such comparisons are so problematic as to be invalid. Unfortunately for the future of municipal transport provision, this did not stop commentators and decision makers of the period from making them (Porter, 1907). Municipal obligations did not end here. Having achieved a surplus on its tramways, the LCC was then required make a payment to the Special County Account to the Relief of Rate following a special resolution made in 1898. This was effectively a 'dividend' to ratepayers, and £293 592 had been transferred by 1905. Arguably this 'profit' or surplus on municipal undertakings should have been channelled back into increased wages, improved working conditions or better passenger comforts and lower fares, not relief to ratepayers. This is especially so if the ratepayers were not financially directly contributing to the system. Since

⁹⁴ 1904-05 Annual Report of the LCC pp 143. TfL, LT-1355-09.

the trams met their liabilities and ran a surplus, it is hard to see on economic grounds why they received anything at all. Nevertheless, the LCC clearly understood that as voters, Rate Payers represented an interest group to which they were accountable generally as a public body and the Moderate Party directly represented their interests specifically (Offer, 1981). Indirectly, the LCC also understood that the while debt incurred in tramway construction was maintained by tramway revenue it had been secured, perhaps unnecessarily, on the rates as the ultimate guarantors.⁹⁵ It was this theoretically unlimited ratepayer guarantee that allowed the potential for large scale long term investment in public utilities at low interest rates identified by Shaw (1908) and Finer (1941) as being the principle argument for municipal trading. But neither they nor the LCC were able to dispel the fear that municipal corporations would use this financial advantage to undercut all private trade or saddle municipalities and rate payers with immense debt burdens (Porter, 1907). They were also unable to firmly decide what use should be made of any surplus accrued by municipal activity. These problems, characterised as a fear of 'socialist profligacy' (Chandler, 2007) fed a narrative that allowed the Moderate Party who represented the concerns of ratepayers and small and large businesses to achieve power in the LCC between 1907 and 1934. While the Moderates controlled the LCC, and the possibilities for enlarging the scope for municipal trading in transport were firmly curtailed.

With municipalisation halted, multiple small scale private businesses briefly re-entered the London transport market 1921-24 in an episode that was characterised by what were known as 'Pirate Buses'. The era is worth examining from the perspective of governance, as it was the last occasion on which the free market was allowed largely unregulated freedom in London's transport provision. Furthermore, the events which occurred did a great deal to swing public opinion firmly against 'free market chaos' and to bring about public regulation of transport in London, though at a central government rather than a municipal level. The origin of the 'Pirate Buses' lay partly in the technological improvements in diesel engines prior to the First World War and partly in the expansion of the Army Service Corps from 6,500 men

⁹⁵ Ibid at pp 144.

in 1914 to 325,000 men in 1918. In the political context of governing Party on the LCC hostile to the municipalisation of transport and pro-small business, the sudden arrival of thousands of trained drivers and mechanics on the job market with service gratuities following demobilisation⁹⁶ represented an opportunity for allowing the creation of small bus companies with minimal sunk costs in terms of staff training, equipment purchase or network construction and maintenance. The number of registered buses owned in London rose 50% between 1922 and 1924 from 3162 to 4526, and the number of bus rides per capita rose from 131 to 193 over the same period, while all other modes declined.⁹⁷ In a climate of intensified competition, a variety of practices emerged which were detrimental both to the interests of the customer and to the reputations of the companies involved.⁹⁸ However, as well as leading to chaos and congestion on the streets, competition also drove wages down. Public anger and the threat of gradually snowballing industrial action in response to those wage cuts that drove the minority Labour government into rapidly passing legislation in the form of the 1924 London Traffic Act (Clegg, 1950).

The Act once again stopped short of creating an actual unified transport board for London, though it did create yet another semi autonomous organisation with advisory powers, the London and Home Counties Traffic Advisory Committee (L&HCTAC). More immediately, the Act saved the Government from the problem of transport chaos, angry commuters and continued strikes in London by giving central government the power declare any street in London a 'Restricted Street' where no new transport operator could offer services.⁹⁹ Despite promises that it would be used sparingly, all of central London was rapidly restricted and a barrier to entry in the transport market was firmly erected against new entrants. The profits of the existing large companies were safeguarded as were the wages of their employees, and further strikes were called off just five days after the first reading of the Bill on 28th March

⁹⁶ Bus Company Employee's Personal Records. TfL, LT-171-008 and The London Traffic Restricted Streets House of Commons Debate 12th March 1925 vol 181 cc1724. Hansard Online accessed 30 May 2016.

⁹⁷ 1913-33 London Transport Operating Statistics. LMA, ACC-1297-UER-04-065.

⁹⁸ Speech by Frederick MacQuisten MP in the House of Commons Debate on the London Traffic Bill, 12th March 1925 vol 181 cc1707-09. Hansard online Accessed 30 May 2016.

⁹⁹ The London Traffic Act 1924 14&15 Geo. 5, C. 34 Section 7.

1924. The Bill was criticised by a wide spectrum of Conservative, Liberal and Labour politicians including Herbert Morrison who were concerned about the monopoly power this measure would give to Ashfield's Transport Combine. But monopoly had its spectrum of supporters ranging from Right to Left as well, as it had the backing of Ernest Bevin and the Trades Unions who calculated that a powerful Combine would better able to maintain wages and possibly that their influence within a single hierarchical organisation would be greater than amongst many small businesses where the division between owners and workers was far less clear cut. Morrison's concerns about monopoly were proved correct as by 1927 it was estimated that only 150 buses remained that were operated by small businesses, but the public and the Trade Unions had clearly indicated that they did not want transport provided by the free market.

The Move to Quasi-Public Monopoly Provision

These episodes are highly illustrative of a number of trends in the public governance of transport in the capital. Firstly, there was the enduring suspicion of municipalism whether capitalist or socialist that prevented existing publicly accountable bodies such as the LCC from providing the service. Secondly, there was the enduring predilection for just allowing the private individual or business to find a solution. Thirdly, where an undeniable problem then arose with market provision, there was the move straight to primary legislation by central government by-passing any intermediate body, and burdening central government with the detail and accountability of policy making on a literally street by street basis.

Offer (1981) and Chandler (2007) link these actions as the middle way between the programme of municipal expansion set by the Progressive Party and the anxieties about the scope and nature of local government held by a relatively small land owning elite supported by a much broader 'bastion' of smaller scale home and business owners represented by the moderates. Thus the failure of the municipal tube project and the rapid end of the pirate bus mania serve as the parameters of the 'Overton Window' of the London transport debate in this period.

This search for a middle way resulted in the gradual ascendancy of the Underground Electric Railways Company of London (UERL) headed by Lord Ashfield and Frank Pick. The UERL had assumed a dominant position amongst the private companies providing transport in London before the First World War. During the war that it ceased to be a strictly private company in a financial sense as its relationship with both local government, central government, its passengers and its employees bore little or no resemblance to the many smaller private companies that it had amalgamated by 1919. These changes in accountability were the product of profound changes in the scale and scope of the organisation. The UERL had begun its existence as a device to save the tube railways from bankruptcy via amalgamation, but by 1914 horizontal and vertical integration had gone much further than just running an amalgamation of tube lines. The UERL then acquired buses, trams and the Associated Equipment Company which produced its road vehicles. After the war the UERL was more generally known as 'The Combine' which was a much more accurate appellation for an organisation that had interests well beyond underground electric railways. To illustrate just how rapidly the business had expanded beyond electric railways, the total gross earnings of the amalgamated tube companies had been £54 672 in 1908.¹⁰⁰ By 1915 the combined UERL now grossed £367 865, of which just £56 062 was derived from the tubes.¹⁰¹ By the 1920s the UERL's only serious competitors were the LCC, The Metropolitan Railway and The Southern Railway, each of whom held significant if somewhat niche modal positions in the London transport market but none of whom approached the scale and scope of the UERL overall.

The horizontal and vertical integration combined with the dominant market position of the UERL in the pre First World War world had shielded it from some of the borrowing and cost pressures which afflicted its smaller rivals, but as the recipient of direct central government subsidy both during the war and then via the Trade Facilities Act (TFA) after 1920 the organisation began to be censured by public bodies such as the LCC and the House of

¹⁰⁰ London Electric Railway Company Commercial Manager's Report 1908. LMA, ACC-1297-LER-04-001.

¹⁰¹ 1913-33 London Transport Operating Statistics. LMA, ACC-1297-UER-04-065.

Commons. Concerns about loaning public money and placing so much of London's transport system in the trust of one organisation were aired frequently and in many different forums by politicians of all three main parties ranging from Herbert Morrison to Percy Harris.¹⁰² This was a form of accountability, though neither MPs nor Councillors had any actual powers over the day to day operations of The Combine. The government of the day might reject or attach conditions to the provision of funds provided by the issue TFA stock, but it was in no sense a conduit for passengers' or employees' concerns or wishes. In the absence of widespread competition, it is hard to see how The Combine was accountable to anyone except its own management, bondholders and occasionally central government.

Some of the political processes that trended towards the formation of a private monopoly have been discussed above. However, economics was also flowing on same direction. Chandler (1990) and (1962) argues that even prior to the First World War businesses of all types were following an American trend to integrate their activities to take advantage of economies of both scale and scope. Though his examples are mostly taken from manufacturing, the underlying logic of economic efficiency through the integration of previously separately owned and managed activities also applied to service industries. In Britain, this amounted to a rejection of the doctrines of Adam Smith and Mid Victorian capitalism which held that competition spurred efficiency, innovation and accountability to the public via consumer choice. Competition was now increasingly typified as 'wasteful' and the combination of many industries under government control during World War One lent weight to this contention though creating the necessary institutional structures, experience and evidence.

More specifically for London transport, Lord Ashfield had spent his formative years in America working for the Street Railway of Detroit and later The Public Service Corporation of New Jersey, only returning the UK in 1907. He was fully versed in the benefits of economies of scale, the re-orientation of business from retail to wholesale markets and the efficiency of

¹⁰² MPs for Hackney South and Bethnal Green Southwest, they encompassed a spectrum of opinion from socialist to liberal.

scale in organisations which allowed professional managers to specialise in their areas of responsibility. The larger the organisation, the more effectively these ideas could be applied. But there were detractors from the growth of the private cartel symbolised by the UERL. The evidence from the minutes of the Meetings of the LCC, debates in the House of Commons and Traffic Inquiries such as the Kennedy Jones proposals in 1919¹⁰³ show that there were few public figures that were openly enthusiastic about a private semi-monopoly running London's transport. However, most paid tribute to the expertise that Ashfield, Pick and their managers brought to their jobs and there was a growing recognition that unification rather than diversity might be a greater spur to overall efficiency of provision.

As well as private sector backers, the advantages of centralisation had also been continually proposed by socialists from the 1880's onwards. Morrison's book 'Socialisation and Transport' (1933) summarises views that by that time had been held by some for almost half a century. The result in Parliament and the LCC after 1906 was an increasing body of Conservative and Unionist, New Liberal and Socialist elected representatives who no longer believed that competition was feasible or even desirable. But fear of monopoly public control whether at state or more especially at municipal level appears to have created another different coalition between conservatives and liberals in all Parties which held that if there had to be an end to competition, then a private monopoly was better than a public one. As in the United States, the momentum for public or municipal ownership was checked by existing powerful institutions, but unlike in the US, British municipalities failed to find legal workarounds such as 'Special Districts' and 'Revenue-Bond Financing' (Radford, 2013) despite starting from a more privileged legal position.

The Failure of Municipal Activism and Reform 1919-1933

Chandler (2007) links the inaction of British public administrative bodies in the face of the nascent London Transport monopoly to anxieties about the scope and nature of local government. These anxieties are well symbolised by the course and outcome of three

¹⁰³ Proposal for New London Traffic Authority, 1919. NA, MT-36-10.

separate events in the period 1919-1927; the Poplar Rates rebellion, the Ullswater Commission and the Kennedy-Jones report.

The Poplar Rates Rebellion was a series of events that ostensibly had nothing to do with the provision of transport, but impacted considerably on the autonomy of local government to raise finance and provide services in general. At the beginning of the 20th Century there had been considerable conservative and liberal political sympathy for the concept of a 'dual state' where both local municipal and central government provided different types of social goods. This was eroded by fears that the rise of socialist politics would result in redistributive schemes of social provision being voted for non-ratepayers and then implemented by local government at the cost of rate payers (Chandler, Chapter 7). The widening of the franchise in 1918 stoked these concerns, and events in the London Borough of Poplar appeared to vindicate them. In 1919 Poplar was one of the poorest local authorities in London, and Councillors had voted to increase the poor rate of relief despite simultaneously having one of the lowest rateable values in the Capital. During the First World War there had been some redistribution between London boroughs, but further reform was stymied. In autumn 1921 Poplar Councillors refused to collect the rates due to the LCC in protest at the lack of reform and were eventually imprisoned to widespread public sympathy. Herbert Morrison¹⁰⁴ arranged an agreement with the government which did redistribute the rates levy. However, Poplar Council continued to raise unemployment relief above the levels stipulated by the government, moved into debt and then asked for central government relief in 1922. Briefly in 1923-24 it looked as if central government might be willing to annul the debts if there no further increases in social relief, but by 1925 other local authorities were beginning to follow the precedent set by Poplar and increased their social spending above the level that could be supported by the rates. In 1926 central government passed The Boards of Guardian (Default) Act which allowed the Minister of Health to replace indebted boards with central government officials. It was promptly used in three cases, though ironically not in Poplar. In 1927 The Audit (Local Authorities) Act was passed. This allowed central

¹⁰⁴ Then the Labour leader of Hackney Council.

government to remove any Councillor for five years who had been surcharged for more than £500 for their part in enacting policies which put their council into debt. Local authorities were now firmly under central government control and the episode had cemented the link between municipal activism, fiscal irresponsibility and socialism in the minds of conservatives and liberals in central government. Whatever the implications for accountability, proposals that local authorities such as the LCC rather than private individuals should run public service monopolies like the prospective London Traffic Board were unlikely to be received favourably.

The indecision represented by the Kennedy-Jones proposals and the Ullswater Commission represented a failure of a different and more fundamental kind. In 1919 a House of Commons Select Committee yet again reported on the issue of London traffic and yet again strongly proposed the creation of a 'Supreme Traffic Authority'.¹⁰⁵ It also called on the government to act rapidly, as it believed that 'The Combine' was in the process of expanding their services not on strictly economic grounds but as the basis for future vested rights.¹⁰⁶ The danger of private monopoly had clearly been spotted, and the cause was taken up by William Kennedy-Jones¹⁰⁷ who put forward a series of specific proposals for a London Traffic Authority in early 1920. These were frustrated by Sir Eric Geddes¹⁰⁸ who ruled that there was insufficient Parliamentary time for such legislation, and Lord Ashfield who successfully defeated the proposals with his mastery of detail which allowed him to pick them apart in committee.¹⁰⁹ The supremacy of The Combine in providing London's transport, in spite of the qualms of not only radicals but conservative public figures such as Kennedy-Jones, was left untouched.

In 1921 the Ullswater Commission was tasked to review the boundaries of the LCC, and implicitly thereby revisit the issue of the multiplicity of public service providers within London. The prospects for reform ought to have been good, since some form of action was supported

¹⁰⁵ Report from the Select Committee on Transport (Metropolitan Area) 1919 para. 5. Tfl, LT-370-03.

¹⁰⁶ Ibid at para.14.

¹⁰⁷ Former business manager of The Daily Mail and Conservative MP for Hornsey 1916-21.

¹⁰⁸ Minister of Transport 1919-1921.

¹⁰⁹ Minutes of the Committee to Consider the London Traffic Problem. NA, MT-36-1.

across the political spectrum in the LCC. In reality, the reformers split three ways. The majority advocated the continuation existing arrangements but with more ad hoc bodies to cover joint working over existing boundaries, one minority supported the inclusion of additional councils to London as county boroughs and another minority argued for the both the expansion of the LCC area and increased control of all public services within the area including transport. Though the report was certainly a failure for reformists, but (Robson, 1939) goes further and suggests that it was a failure for all concerned. I argue however that in fact the report's majority view was implicitly accepted and the creation of another privately controlled ad-hoc body, the LPTB, was the result. This was a success for the conservative moderates and the maintenance of a long standing tradition in the conduct of British local governance.

In conclusion, the events of the Poplar rates rebellion both epitomised and shaped the political context in which the issue of unified control of London's transport was debated and the outcomes of the Kennedy-Jones proposals and the Ullswater Commission signposted the specific outcome that was eventually arrived at. It was clear that the free market could no longer provide the necessary services, but there would be no intermediate municipal body controlling transport either. Instead, central government would create a privately owned monopoly to provide a public transport service. It would be lavishly backed by tax payers' money but actual control would be kept well away from them. However politically contradictory and obfuscatory this might seem in terms of public accountability, developments in politics and public administration in London since the late 19th Century had made this outcome highly likely (Offer, 1981).

The LPTB and Accountability 1933-1948

The LPTB was formally held accountable via the statutory provisions of the 1933 LPTB Act which allocated powers to a collection of policy communities. However, the evidence suggests that none of these statutorily empowered bodies proved especially effective. Pick accurately described the situation in a lecture to the LSE in 1933 as one in which in the race to avoid political control, the LPTB had fallen almost into dictatorship (Halliday, 2004).

The London Passenger Transport Act 1933 contained 108 sections grouped into eight parts. None of them considered accountability explicitly, though a large number of individual sections scattered throughout the Act dealt with it both directly and indirectly. These may be grouped as follows: Section one dealt with the constitution and general powers of the Board, section three with its general duties and section four with the conduct of the Board members. Sections 18-31 dealt with the Board's responsibilities to Local Authorities and indirectly thereby to passengers. Sections 38-41 and 46-48 were concerned the Board's financial duties. Sections 58-60 concerned the relationship between the Board and the London & Home Counties Traffic Advisory Committee (L&HCTAC), a body which replicated the oversight functions of local authorities but with nominally greater powers to enforce the LPTB to take action. Finally, sections 67-72 laid out the LPTB's responsibilities to its employees and respective Trade Unions. The Board's system of accountability could be found simultaneously almost everywhere in general throughout the Act but nowhere specifically. This left considerable interpretive and discretionary powers in the hands of the senior managers of the Board.

Managerial Elites: The Duties, Selection and Powers of the Board

The duties of the Board were laid down under a statutory instrument drawn up by central government. These were as follows under Section 3 of the Act where the Board was charged to:

'Exercise their powers under this Act as to secure the provision of an adequate and properly co-ordinated system of passenger transport for the London Passenger Transport Area... and for that purpose, while avoiding the provision of unnecessary and wasteful competitive services, to take from time to time such steps as they consider necessary for extending and improving the facilities for passenger transport in that area in such manner as to provide most efficiently and conveniently for the needs thereof.' Section 3(1) LPTB Act 1933

And:

'It shall be the duty of the Board to conduct their undertaking in such manner... as to secure that their revenues shall be sufficient to defray all charges which are by this Act required to be defrayed out of the revenues of the Board.' Section 3(4) LPTB Act 1933.

These general principles effectively saddled the Board with two lines of statutory accountability, one which led back to the public at large and one which led back to its bondholders. Employees were not mentioned at this stage, and neither was it clear in the preamble how exactly those duties should be enforced or by whom. This arrangement gave considerable scope for interpretation and discretion to the Board. By creating that degree of autonomy, the selection of who sat on the Board and how the members chose to exercise that discretion become matters of greater importance in assessing accountability.

In terms of selection, at Section 1 of the LPT Act, the Chairman and six other members of The Board was selected by five (later six) appointing trustees. These were the Chairman of the LCC, a representative of the L&HCTAC, the Chairman of the Committee of the London Clearing Banks, the president of The Law Society, the president of The Institute of Chartered Accountants, and for future appointments, another member of the LPTB once it had been constituted. In terms of their selection, Section 1(2) the Act stipulated that persons nominated must have extensive commercial, transport and financial experience and at least two of them must have had a minimum of six years experience in local government.

There were only ever 14 members of the LPTB during its existence and in reality the breadth and depth of experience offered by Pick and Ashfield meant that the initial choice of Chairman and Vice Chairman was very unlikely to fall anywhere else. Ashfield stayed as Chairman for the entire duration of the organisation's existence. The five other members rotated fairly frequently as can be seen in the table below:

Table 6.2: Members of the LPTB 1933-48

Name and Period	Replaced By	Replaced By	Replaced By
Albert Stanley, Lord Ashfield (Chairman) 1933-48			
Frank Pick (CEO) 1933-40	Colonel Vickers (As ordinary member) 1941-46	William Neville 1946-48	
Sir John Gilbert (LCC) 1933-34	Charles Latham (LCC) 1935-48		
Sir Edward Holland (Surrey CC) 1933-39	Colonel Forester Clayton 1939-44	Sir Gilfrid Craig (MCC) 1944-46	Sir Edward Hardy (KCC) 1946-48
Patrick Ashley-Cooper (BoE Director) 1933-48			
John Cliff (TGWU) 1933-48			
Sir Henry Maybury (ICE) 1933-42	Geoffrey Heyworth (ICI) 1942-48		

A number of observations may be made. Firstly, that only one of the appointing trustees was in any sense publically accountable or could be said to represent the public. Secondly, of all the members appointed to serve on the LPTB, only five or possibly six could be argued to represent passenger or employee interests. Thirdly, the process by which candidates were selected and appointed to senior positions in this public service provider remained distinctly opaque. Fourthly, that this closed and unaccountable system does not seem to have resulted in any personal financial corruption or malpractice. Only Ashfield and Pick were paid substantial salaries of £12 500 and £10 000 each which was no more than they had received in their capacity at the UERL. Later in the 1930s, Pick's requests for a pay increase were turned down.¹¹⁰ This relative parsimony is unexpected, particularly if managing elites are viewed as agents furthering their own boardroom interests in the absence of shareholder power (Muth, 1998). However, as we have already noted there are alternative theories of stewardship which seek to explain altruistic or collaborative behaviour by powerful figures in authority even in the absence of meaningful structures of accountability (Davies et al. 1997).

Elite Managerial Behaviour – Agents or Stewards?

In general, the powers of managerial elites to influence organisations are widely attested to. Rhodes et al. (2012) argues that the attitude of elite politicians and civil servants is key factor

¹¹⁰ Frank Pick's Appointing Trustees' File. NA, MT-46-142.

in the externally imposed reforms of public services and Jensen and Zajac (2004) demonstrate their control of the internal agenda. White (1991) argues that agents originally appointed to serve the interests of government or voters may acquire such specialist knowledge over time in their given field that they become indispensable, a process referred to as reversal of control. Evidence shows that the Directors of the LPTB were well aware of the extent of their untrammelled powers as agents:

'The LPTB is a new experiment in the administration of public utility undertaking. Authority is vested in small group of seven people selected for their knowledge and experience – a kind of aristocracy of business... and these seven people are practically beyond control.' Frank Pick, Lecture to the LSE 1935¹¹¹

Nevertheless, we have seen evidence above and in the previous chapter that they chose to act as stewards of their principals' interests rather than as self aggrandising agents in a number of areas. We will now explore some of the background factors that may have caused the Board to act in this way.

Hey (2010) shows that the idea of creating a managerial elite to run not just London's but the nation's transport infrastructure had been in existence for at least a decade prior to the creation of the LPTB. In 1919 Lord Ashfield had been invited by Sir Eric Geddes to create a 'Transport Institute' which would formalise a professional association of senior transport managers with close links to ministers and the civil service. Its inaugural meeting was in March 1920 at which there were 437 founding members (Hey, 2010). Hey shows that the explicit purpose of the institute was to create a cadre of transport professionals dedicated to the above all to the co-ordination of transport services along scientific or utilitarian lines with a strong public service ethic:

'If the Institute is given the support which so admirable and worthy an organisation deserves, then upon the foundation already laid an edifice will be reared and encompass a body of earnest, virile, and enthusiastic workers and scientists whose labours will not only redound to their own credit but militate [sic]

¹¹¹ LTM Library Archive, B6 Box 4.

to the convenience, advantage and well-being of the community.’ (Hey, 2010

citing Journal of the Institute of Transport, 1:1 (1919), 2)

Membership of the institute would naturally be exclusive. Ordinary membership required transport managerial experience of 10 years, and associate membership required 5 years, though later applications were judged on a case by case basis. Comparisons were drawn by Ashfield between the institute and other professional bodies such as doctors, though in fact the Transport Institute was considerably more selective than the British Medical Association. As such, long before the inception of the LPTB the idea of a professionalised, self selecting, managerial elite co-ordinating transport in the public interest had taken root and indeed the institute can be seen as pivotal in creating and sustaining that elite. Unsurprisingly, a number of the personalities involved in senior positions in the institute also served on the LPTB, and their underpinning public service ‘Reithian’ ethos similar to that of the BBC was clearly replicated in the 1933 Act. This guiding public service ethos is explicitly referred to by both Frank Pick and Lord Ashfield in the course of number of public lectures they gave,¹¹² and while words may be cheap I find that the evidence in chapter five strongly suggests that the principles of stewardship guided their actions too. The influence of their character on their leadership style is more fully discussed in chapter seven.

In summary, control of the LPTB monopoly was vested in a closed body of individuals selected by others like themselves. They were shielded from systems of accountability in either the New Public Management or Network Governance mould. Despite this, the LPTB managerial elite chose not to act entirely as agents whose personal interests were in conflict with their principals. Instead, much of the financial decision making that we saw in the previous chapter casts them as stewards of the interests of some of their principals, notably the travelling public and their employees. This outcome, paradoxical to traditional agency theory, is supported by Davies et al (1997) who propose that the greater discretion vested in elites the more personal identification there may be between managerial elites and the wider aims of the organisation they serve and its stakeholders. We now move to assess the

¹¹² LTM library archive, Boxes B4, B5 and B6. LTM depot archive, file PA32.

activities and powers of those stakeholder organisations outside the LPTB and what influence they enjoyed over the Board.

The Role of Central Government, Local Government and L&HCTAC

Table 6.3: LPTB Responses to Public Criticisms/Proposals involving the Northern Line 1933-39

Criticism/Proposal	Actors	Outcome
New Tube line to North East London	Borough Councils, District Railway Users Associations	Rejected
Overcrowding	MPs, Passengers' letter campaign to 'The Times'.	New timetable increasing the number of trains.
Prevent the Northern Line Extension to Bushey	MPs, Passengers' letter campaign to 'The Times'.	Rejected
Extend the Northern Line to Epsom	Borough and County Councils	Rejected
Longer Trains	Borough and County Councils	Partially accepted until WWII
Express tunnels	Borough and County Councils	Rejected
Equalisation of fares on the Stanmore and Edgware branches.	Borough Councils and MPs	Accepted

Sections 29 and 30 of the 1933 Act allowed local authorities to petition the Railway Rates Tribunal if they considered that the LPTB had unreasonably reduced or withdrawn fares, services or facilities and also if they believed that the introduction of the new facilities or services would be beneficial. In this way, the Act provided an indirect mechanism via local government for the users of the system to express their interests. Table 6.3 above offers a case study where local authorities acted to address grievances, though with limited success. In the absence of competing alternative transport modes and direct local government control of transport, this was the main conduit of accountability open to the public. However, there were also individual circumstances where MPs acted directly on behalf of constituents concerning transport matters, though in general writing to an MP was still an embryonic concept in the 1930s. As well as this, letters were frequently sent directly to the Chairman and to 'The Times' newspaper. These methods of individual action by the public were ad hoc and disorganised, but it is worth noting that they did succeed in eliciting direct responses to 'The Times' from the vice chairman (Jackson & Croome, 1962).

The archives suggest that the effectiveness of the local authorities in achieving their aims was also sporadic. The Board's two largest projects between 1933 and 1948, the Tram to Trolleybus conversion scheme and the New Works tube extensions do appear to have been influenced by local government, though only in a limited and indirect way. At the inception of the New Works scheme, Lord Ashfield wrote confidentially to the Leslie Hore-Belisha¹¹³ outlining his proposals and justifying them on the grounds that:

'It is not necessary to remind you of the clamant demand from the travelling public for improved transport facilities in the North East and East of London...

This programme has been prepared... after a careful review of the whole traffic problem and of the many applications for improved travelling facilities which the Board... have received from public bodies and various organisations.'

Confidential Letter to the Minister of Transport 22nd February 1935.¹¹⁴

The letter amply illustrates a number of defining characteristics about the relationship of the LPTB with both central government and local authorities. Notably, there is the discrete, direct and unfettered access which the Chairman of the LPTB had to the Minister of Transport. In this relationship, local authorities are the appellants and appear to have no comparable access to central government. Instead, along with other 'various organisations', they make their case to the Chairman of an intermediate body. Lord Ashfield then applied for funds in their name, but he acted as the collator and interpreter of the information, as well as the negotiator and representative to central government. Later, in Frank Pick's 1939 Report to the Ministry detailing the progress of those schemes and recommending which of them should be halted for duration of the War there is not a single mention of public or local government opinion or public petition, though admittedly this was during a time of national emergency when procedures could be more easily set aside.¹¹⁵ In summary both documents are emblematic of an organisation that knew that in practice its own specific actions were

¹¹³ Minister of Transport 1934-37

¹¹⁴ Ashfield letter to Minister of Transport dated 22nd Feb 1935. LMA, ACC-1297-LPT-01-009-037.

¹¹⁵ New Works Programme 1935/40. Proposals for curtailment during the period of the War dated 13th November 1939. TfL, LT-1212-002.

unlikely to be successfully held to account by local authorities, though from the Board's perspective public bodies' support for transport investment schemes in a general sense was useful background corroboration for furthering the more detailed plans on the LPTB's own agenda. Accountability to the public via this mechanism was muffled rather than distinct. The L&HCTAC was another avenue of approach through which the LPTB could be held accountable. It was the successor to the Traffic Committee created by the 1905 Royal Commission, and its composition went through several iterations before and after its (re) formation in 1924. In 1933 it was established with forty members, 24 from local authorities, five from Trades Unions, seven from transport organisations (two from the LPTB) and the remaining four from the Ministry of Transport and London Police. Sections 58-60 of The LPTB Act gave the Advisory Committee quite wide ranging powers as follows:

59(1) 'It shall be the duty of the Advisory Extension Committee to:

(a) Consider, report to and advise the Minister on any matters relating to traffic within the London Traffic Area which in their opinion ought to be brought to the notice of the Minister...

(b) To make representations to the Board with respect to any matter connected with the services or facilities provided by the Board in the London Traffic Area which ought, in the opinion of the Committee, to be considered by the Board...

(3) Joint meetings for the purposes aforesaid shall be convened by the Chairman of the Advisory Committee at least three times in every year... [but] a meeting shall not be required to be convened so long as the Board and the Committee agree that for the time being a meeting is not necessary. LPTB Act 1933

Sections 59(1) and (3).

From the text of the Act, the L&HCTAC appears to have been the designated forum in which transport issues affecting the capital were discussed, considered by a wide spectrum of public figures, and brought to the notice of the Board. With its wider membership and its capacity to approach central government directly, the Committee was potentially quite an effective vehicle to hold the Board to account. But interestingly, whilst the Committee could

not be said to actively evade its responsibilities, it did at its inaugural meeting nevertheless encourage public bodies to make their own cases individually to the LPTB in the first instance.¹¹⁶

Like the local authorities, the influence of the Committee on the Board is debatable. Examples drawn from the archives suggest that the Committee tended to rubber stamp rather than challenge the Board's decisions. Using the minutes of the L&HCTAC meetings discussing the replacement of trams with trolleybuses, it is clear that while consultation occurs, the actual decision to replace trams with trolleybuses has already been taken. Some local authorities had tried to petition against it, but were unsuccessful.¹¹⁷ Two other examples from 1935 also demonstrate the Committee's acquiescence. A proposal to discuss the shortcomings of passenger transport in East London was rejected by Frank Pick on the grounds that the Chancellor's statement earlier that day rendered further discussion pointless.¹¹⁸ Earlier Neville Chamberlain¹¹⁹ had given a brief statement to the House of Commons outlining the New Works programme. He took just five questions, only two of which could be said to have been pertinent to the matter in hand.¹²⁰ Whether or not this reasonably constituted all that was needed to be heard in the debate over the issue is dubious, but at any rate the Committee were satisfied and the issue was discussed no further. The second matter of business for the Committee was a proposed reduction in fares for people in higher education. This was rejected by Frank Pick without giving reasons, and the Committee merely concurred. Most tellingly of all, the powers conferred on the L&HCTAC allowed in section 59(3) for a Joint Standing Committee Meeting between it and the Board up to three times a year. In fact, the Joint Committee met in December 1933 and then did not meet again until the onset of the Second World War. By the late 1930's questions were being

¹¹⁶ Minutes of the First Statutory Meeting of the L&HCTAC, dated 20th Dec 1933. NA, MT-37-15.

¹¹⁷ Ibid.

¹¹⁸ Minutes of the Meeting of the L&HCTAC, dated 5th Jun 1935. NA, MT-37-15.

¹¹⁹ Chancellor of the Exchequer 1931-37.

¹²⁰ Speech by Neville Chamberlain MP in the House of Commons, 5th June 1935 vol 302 cc1871-5. Hansard online accessed 6th June 2016.

asked in Parliament by two London MPs¹²¹ and raised by the London local authorities about why there was no machinery in use through which they could approach the LPTB with passengers concerns.¹²²

In conclusion, it is difficult not to find that the Committee was not a very active watch dog. I suggest that it had probably fallen victim to institutional regulatory capture by the LPTB as Table 6.4 below shows, many members had colleagues on the Board and some were later to serve on it. Additionally, as with the fate of the Kennedy-Jones proposals, the reputation of Pick and Ashfield for subject matter expertise cowed opposition.

Table 6.4: Members of the L&HCTAC in 1933

Actor(s)	Names
Central Government	Arthur Dixon, James Godsell.
London County Council	Frederic Gater, Charles Latham*, Basil Marsden-Smedley, Walter Northcott, Bertie Samels, George Strauss.
Borough and County Councils	Sir John Pakeman, Walter Edgson, Frederick Deane, W H Graham, Sir Henry Jackson, A Rennie, L Sargent, Charles Williamson, Sir Charles Pinkham, W Pinching, Frederick Dane, F Willbee, Sir Edward Holland*, E Franklin, W Peel, J Barton, George Croot.
Police	Herbert Tripp, Harry Chapman, Sir Hugh Turnbull.
LPTB	Frank Pick*, Sir Henry Maybury*.
Mainline Railways	Sir Herbert Walker, Sir Josiah Wedgewood.
Road Vehicles	J Turner, Sir John Moore, J Welland.
Trade Unions	Harold Clay, John Marchbank, James Rowan, Alexander Walken, F Witcher.

* Also served on the LPTB.

Having effectively muted public accountability, the Board nevertheless remained theoretically statutorily answerable to several other actors. Next in order of precedence in the Act came the bondholders, whose terms and conditions were specified at Section 39:

'39(14) Subject to the provisions of this Act...

(b) shall authorise the holders of " A " Stock, " L.A." Stock or " B " Stock respectively, being holders in the aggregate of not less than five per cent. of the total amount of stock of that class then outstanding, to apply for the appointment of a receiver or a receiver... in the event of the Board making default in the

¹²¹ Samuel Viant (Willesden West) and John Parker (Romford).

¹²² L&HCTSAC and LPTB Joint Statutory Meetings. NA, MT-37-15.

payment of interest on those stocks respectively for a period of not less than three months.

(c) shall authorise the holders of " C " Stock, being holders in the aggregate of not less than five per cent. of the total amount of " C " Stock then outstanding, to apply for the appointment of a receiver... in the event of the Board failing in respect of each of three consecutive years of which the first shall be not be earlier than the year ending on the thirtieth day of June 1936 to pay interest on the " C " Stock at the standard rate for those years.'

In the event the LPTB never failed to meet its obligations to the A, B and LA stockholders, however it also never succeeded in meeting its statutory obligations to the C stockholders. Despite this, when the date for their application to call in the receivers fell due they did not do so. In 1938 a senior stockholder in a position to apply to the High Court for the organisation to be placed in receivership, John Heaton,¹²³ did in fact call for a rise in fares to improve the revenue stream. But he was rebuffed by Lord Ashfield and Frank Pick who stated that any rise in fares would result in fall in a fall in traffic.¹²⁴ Nothing further was done by either Mr Heaton or the Board.

The reason for the inactivity was that the senior leadership of the Board had already discovered in the statute that the conditions required to call in the receivers were so onerous that it was unlikely that a consensus could be achieved. In fact, all classes of stockholder (A, B, LA and C) would have had to agree on that course of action. This had been correctly judged to be improbable, and Frank Pick had given a speech to the LSE in 1935 where he said the following:¹²⁵

'The appointment of a receiver is hedged about by such conditions as make it certain that the provisions would not be put in force unless something happened

¹²³ Chairman of the Thomas Tilling Bus Company.

¹²⁴ Finance and Investment Transport C Decision Article in the Spectator dated 14th October 1938. Spectator Online Archive, accessed 8th June 2016.

¹²⁵ Speech to the LSE reported in the 'Commercial Motor' dated 7th January 1938. Commercial Motor online archive accessed 8th June 2016.

which could, or should, have been avoided. The Board may be said to be beyond the reach of these provisions and to have no master lurking in the background based upon the power of capital.' Speech to the LSE reported in the 'Commercial Motor' 1938.

This speech certainly refuted traditional notions of accountability via financial means, and it is all the more extraordinary in the light of another speech given to shareholders by Lord Ashfield a few years earlier in 1931 when he was persuading them to merge their interests into the then putative LPTB:¹²⁶

'I have read this bill carefully, and I beg you to accept that I know what I am talking about... Acts of Parliament are not treated like scraps of paper. They are scrupulously observed by all parties.' Speech to Shareholders reported in the 'Electric Railway Journal' 1931.

Despite this promise, it is quite clear that the Board in reality felt able to dispense with the concern that the bondholders might cause the receivers to be called in and that the statutory provisions did indeed offer little more protection than a scrap of paper. The evidence suggests that this was partly due to the complexity of achieving a successful application to the receivers and partly due to Pick and Ashfield's confidence in their own expertise and consequent indispensability. Even if the receivers were called in, the question remained whether there was really anyone else better qualified to do the job than the incumbents. There was also the unsettling possibility for Bondholders that the arrival of receivers might trigger a full Parliamentary Inquiry which could easily recommend the restructuring of the LPTB debts at a lower interest rate, or worse still from their perspective, hint at full nationalisation. For as long as this was outcome was potentially in prospect, the accountability of the managerial elite to the nominal owners of the organisation could easily be evaded by the threat of socialist 'confiscation' should their judgement be challenged.

¹²⁶ London Underground Agrees to Traffic Board Scheme Article. *Electric Railway Journal* (McGraw-Hill) 75 (6): 332. June 1931. Accessed 8th June 2016.

After rendering the owners, usually a powerful and effective interest group in holding organisations to account essentially toothless, this left the Trade Unions as the remaining interest group statutorily empowered to check the LPTB. The 1933 Act made the following provisions:

'67. If at any time any question arises with respect to the rates of pay, hours of duty or other conditions of service of any of the employees... and the Board and such of the trades unions as may be concerned are unable to come to an agreement thereon, the question shall be referred to a Negotiating Committee, and, if the question is not disposed of as a result of being so referred, it shall be further referred to a Wages Board.

68.-(1) The Negotiating Committee referred to in the last preceding section shall... consist of:

(a) Six representatives of the Board to be appointed by the Board.

(b) Six representatives of the employees of the Board, two of whom shall be appointed by each of the trades unions.

(2) The Wages Board referred to in section [67] shall consist of:

(a) An independent chairman to be nominated by the Minister of Labour;

(b) Six representatives of the Board to be appointed by the Board.

(c) Six representatives of the employees of the Board, two of whom shall be appointed by each of the trades unions.

(d) Four other persons to be appointed, as to one, by the General Council of the Trades Union Congress, as to one, by the Co-operative Union, as to one, by the Association of British Chambers of Commerce and, as to one, by the National Confederation of Employers' Organisations.

The Trade Unions had therefore in theory considerable powers through strikes to bring about or dispute the direction of change within the London Transport system. The 1919 strike had won the Railwaymen a 48 hour working week, and the 1924 strikes had been influential in bringing about legislation to curtail the small private operators of buses. These strikes which

had been successful in the in the first third of the 20th century took place in a scenario where a fragmented labour movement divided between the National Union of Railwaymen (NUR), the Associated Society of Locomotive Engineers and Firemen (ASLEF), the Railway Clerks Association (RCA), the Transport and General Workers Union (TGWU), and the Municipal Employees Association faced an equally fragmented assortment of employers.

After 1933 they faced a single employer, and as a general rule strikes by railwaymen and staff on the trams, never frequent in any case, fell further after this point. By contrast, the Board's relations with the freshly amalgamated road transport service staff were more fractious. Aware of the fragmentary history of the bus companies, the Board keen wherever possible to limit the number of Unions, though the Trade Disputes Act 1927 meant that it could not oblige employees to join a specific Union, or any Union at all, until the repeal of that legislation in 1946.¹²⁷ Their dislike of smaller Unions was matched by the larger Trade Unions such as the TGWU who largely successfully fought to prevent the creation and spread of smaller bodies such as the National Passenger Transport Workers Union¹²⁸ (NPWU) which they did by frequent insinuations of Communist influence.¹²⁹

As the tables below demonstrate, the gradual amalgamation of both Unions and Employers does not seem to have any particular effect on the severity or the frequency of official strike action, but Tables 6.5 and 6.6 below show that unofficial strike action in the road services sector gradually built up to crescendo that cumulated in the official 1937 bus strike.

¹²⁷ Negotiations with TUs 26th August 1946. TfL, LT-493-047.

¹²⁸ The NPWU – A Real Union for Passenger Workers. TfL, LT-497-043.

¹²⁹ Memorandum from Pick to Ashfield, 29th May 1936. TfL, LT-484-009.

Table 6.5: Official Strikes 1911-1948 (Jackson & Croome, 1962)

Date	Duration (Days)	Cause
1911	2	In sympathy with national rail strike.
1918	3	Equal pay for female employees.
1919	6	Working hours.
1919	2	In sympathy with the police strike.
1919	9	In sympathy with national rail strike.
1924	1	Tram workers' pay and conditions.
1924	7	Power workers' pay and conditions.
1926	10	In sympathy with the general strike.
1937	6	Speed restrictions.
1937	1	Speed restrictions.
1937	28	Demand for a 7 ½ hour working day.
1944	2	Loss of Christmas holiday.

Table 6.6: Unofficial Strikes 1933-1941¹³⁰

Date	Duration (Days)	Cause
1934	1	Revised duty schedules for tubes.
1934	1	Self Starters for buses not fitted.
1935	1	Restriction of use of Mess rooms at garages.
1935	1	Disciplinary action against a bus driver.
1935	1	Disciplinary action against two bus staff.
1935	5	Bus schedule dispute.
1936	6 ½	Bus schedule dispute.
1937	3	Bus schedule dispute.
1939	4	Bus schedule dispute.
1940	3	Bus schedule dispute.
1940	1	Disciplinary action against a bus driver.
1941	1	Bus schedule dispute.
1941	3	Disciplinary action against a bus driver.

It would be valuable to be able to contrast the 'unofficial' record of labour unrest in the period before the LPTB, and the Board itself attempted to do so when a parliamentary question was tabled in March 1936 by Vice-Admiral Taylor.¹³¹ It rapidly discovered though that the records of the smaller concerns were too numerous and fragmentary to accurately discover what the state of affairs had been.¹³² However, even the most cursory reading of the statistics reveals

¹³⁰ Negotiations with TUs 8th October 1947. TfL, LT-413-047.

¹³¹ MP for Paddington South 1930-50. Won as the 'Empire Free Trade Crusade' Candidate in 1930 and 1931. Later joined the Conservatives.

¹³² Memorandum from the Roads Secretary, MoT, 25th March 1936. TfL, LT-484-009.

that both the vast majority and the single most serious labour dispute under the LPTB took place in the road transport staff sector. For the purposes of this chapter therefore, the process of establishing whether and in what way the Board was responsive to the demands of its staff will concentrate primarily in this area.

The central issue was the steady increase in speed with which the Board's bus services were run, increasing from an average 9 mph to 10 ½ mph over the period 1927 - 1937¹³³ and a consequent intensification of the service schedule. Whilst the staff and the LPTB disagreed about many of the details and more the importantly the effects on pay and conditions, it is important to note that there was in reality an implicit agreement between the two sides that this rise in activity was occurring. The disagreement concerned the distribution of the benefits. From the Boards' perspective, rising productivity was essential to balance the books.¹³⁴ From the Union's perspective, rising productivity was putting physical strain on the staff and the gains from that rise in productivity ought to be channelled in wages.¹³⁵ A series of unofficial strikes in the early to mid 1930s culminated in the 'Coronation Bus Strike' from 1st – 27th May (inclusive) in 1937.

After all the arguments and protestations, the strike and its aftermath exposed the protagonists' true positions in a number of revealing and sometimes unexpected ways. The Boards' contention that strikes ultimately damaged the workers own interests was arguably proven, since despite additional journeys being made by other public transport mediums, the LPTB lost 86 million passenger journeys in comparison to the previous period in 1936 which resulted in a fall in revenue of approximately £12 500 a week for the duration of the strike.¹³⁶ Worse still, the Board noted: 'The travelling public do not readily change their habits... once these habits are interrupted and new methods are established the public similarly tend to adhere to them...' (LPTB Fourth Report, 1937 pp1, para.3). Perhaps the only real winner of the strike was the motor car industry. The Board also received a large postbag of furious

¹³³ The Report by a Court of Inquiry Concerning the Stoppage of the London Central Omnibus Services, 1937 at pp11. TfL, LT-493-051.

¹³⁴ Ibid at pp18-19.

¹³⁵ Ibid at pp10-14.

¹³⁶ The Fourth Annual Report of the Board, 1937. TfL, LT-1011-004.

letters from the public, some demanding that 'drastic action' was taken against 'Communist' agitation¹³⁷ and kept a careful record of the number of volunteers willing to man buses should they be needed. The LPTB painstakingly recorded the contents of every letter received regarding the strike, a summary of which was sent directly to Lord Ashfield together with the numbers of letters which were pro-Board, anti-Board and impartial. By the 31st of May 452 letters had arrived, 181 of which were supportive, 157 impartial and 114 condemnatory. The Board contented itself, probably wisely considering the roughly equitable balance of opinion thus revealed, with sending non-committal and polite replies to all its correspondents, though the degree of care with which the letters were gathered and at what level they were analysed is yet another indicator of how seriously the LPTB took the issue of customer relations.¹³⁸ Despite the disruption and losses, the Board still felt able to give an extra £60 000 to C stock holders and declare their highest ever dividend of 4.25% that year,¹³⁹ suggesting that they were not hit as hard financially by the strike as they maintained in evidence given to the official inquiries where they are argued hard that the financial position of the LPTB made granting wage increases very difficult.

From the employees' perspective, in June 1937 pay rose from 88/6- per week to 90/ p/w for bus drivers and from 83/6- p/w to 84/ for conductors on central bus services. In terms of conditions, the maximum time that could be spent on permanent duty was reduced from 8 ½ to 8 hours a day (Clegg, 1950). These tangible benefits are clear evidence of the power of strike action and the degree to which the LPTB did respond to employees' demands. Over two years later, a report into the incidence of gastric illness amongst bus drivers was finally published. Employees had alleged that service intensification had resulted in ill-health, and having examined over a million medical records, the report concluded that there was some evidence that between 1933-35 London bus staff were more likely to contract gastric illness than their colleagues on the tramways or other maintenance staff. However, it did not accept

¹³⁷ Letter from Major General Powell to Lord Ashfield dated 4th May 1937. TfL, LT-493-051.

¹³⁸ Miscellaneous Letters from the Public and Press to the Chairman Concerning the London Bus Strikes. TfL, LT-493-051.

¹³⁹ *Ibid* at paras 21-23.

that there was sufficient evidence to justify a reduction in the working day and no further action was taken by the Board.¹⁴⁰ In conclusion, the employees' had won some, but not all of their demands.

In terms of internal Trade Union politics, the end of the Strike was used the TGWU to crack down on what it saw as dissident or alternative workers organisations within the workplace which it viewed as Communist inspired. Partly as result of this pressure, in February 1938 the NPWU was formed as rival to the TGWU with its membership primarily drawn from the road transport staff. It did not flourish, and as soon as the 1945 Labour moved legislation compelling employees to join a single recognised Union in their workplace the Board moved swiftly and without compunction to oblige all its relevant road staff to join the TGWU.¹⁴¹ This was done despite the protestations of former non-Union and NPWU members both on grounds of personal conscience and in protest at the fine that was imposed on the new TGWU members through a series of personal letters to Lord Ashfield.¹⁴² But the Board was unmoved, and in a letter to American investors in September 1946 Lord Ashfield stated that he believed that rival Unions undermined the entire basis of collective bargaining and were detrimental to service efficiency.¹⁴³ This is intriguing evidence which shows that far from wanting legislation of the type passed by the Conservatives in 1927 that had the potential to fragment and weaken organised labour, the senior management of the LPTB clearly preferred dealing with single points of contact to manage their labour force, even at the cost of the power and influence that accrued to individuals such as Ernest Bevin¹⁴⁴ or John Marchbank¹⁴⁵ which could rival their own.

In conclusion it seems reasonable to suggest that the Trade Unions were more successful in many ways in holding the LPTB to account than some of the more traditional sources of

¹⁴⁰ An Investigation into the Sickness Experience of London Transport Workers, With Special Reference to Digestive Disturbances. TfL, LT-304-066.

¹⁴¹ Memo to all Road Staff dated 24th August 1946. TfL, LT-493-047.

¹⁴² Examples from Mr Hitchcock and Mr Crawford dated 27th October and 26th November 1946. TfL, LT-493-047.

¹⁴³ Letter Colonel Sidney E Bingham, dated 17th September 1946. TfL, LT-493-047.

¹⁴⁴ General Secretary off the Transport and General Workers Union 1922-45.

¹⁴⁵ General Secretary of the National Union of Railwaymen 1933-43.

public or private authority within and outside the organisation. Wage cuts made in 1931 were reversed and nominal wages rose, albeit slowly, though in a macro economic climate of mild deflation which accelerated their real value. After the amalgamation of constituent firms into the LPTB there was a serious 'levelling up' of wages wherever the previous component companies rates had differed from the Board (Clegg, 1950). In terms of conditions, after major industrial action in the 1920's the working day did not get significantly shorter in the period of the Board's control, but there were a steady series of minor adjustments to working time in favour of the employees. Within the organisation there was a clear and functioning mechanism through staff councils and wages boards by which employees and staff could make their wishes known¹⁴⁶ and a staff suggestions and technical innovations scheme¹⁴⁷ which in a minor way allowed workers to participate in their workplace beyond merely fulfilling their duties (Johnson and Spates, 1930). Arguably most importantly perhaps from the perspective of the employees, their wages were approximately 30% above the level enjoyed by wider UK male workforce in the period 1933-1939, and from the Board's perspective, whatever their qualms about meeting their obligations to shareholders, they were content to see their total wages bill rise by about 2% per annum throughout the 1930s. Overall, the Board was responsive to the interests of its employees expressed through the external mechanisms of Trade Unions and the internal mechanisms of staff councils. Like the bondholders though, these interests were necessarily sectional and limited in scope in the context of the wider statutory goal of the organisation to provide a public service.

¹⁴⁶ LPTB Scheme for the Establishment of Local Committees. TfL, LT-493-015.

¹⁴⁷ Machinery of Negotiation for Railway Staff. TfL, LT-1735-001.

Conclusion

Figure 6.3: Lines of Accountability (Theoretical)

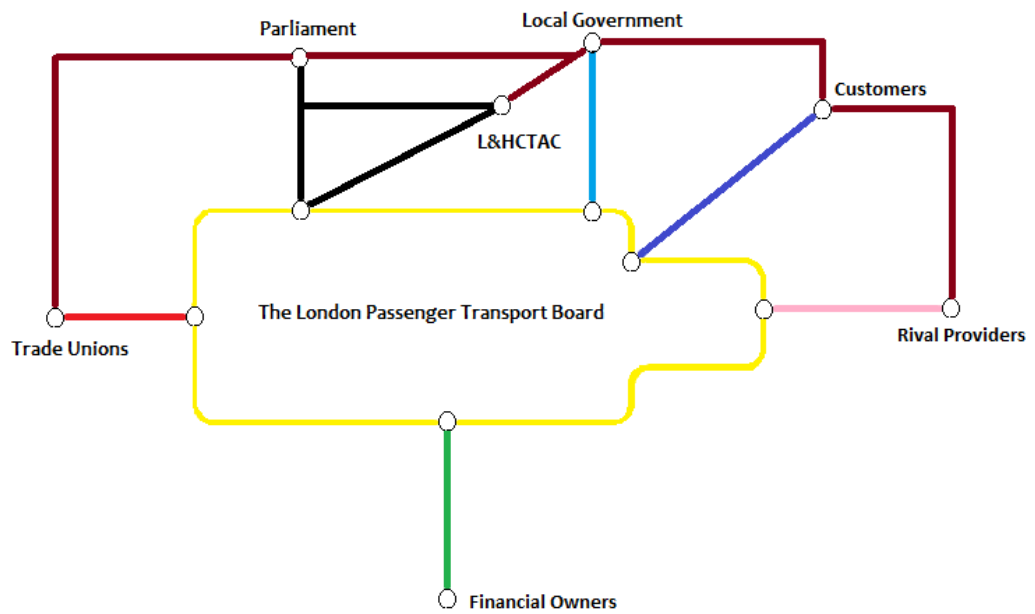
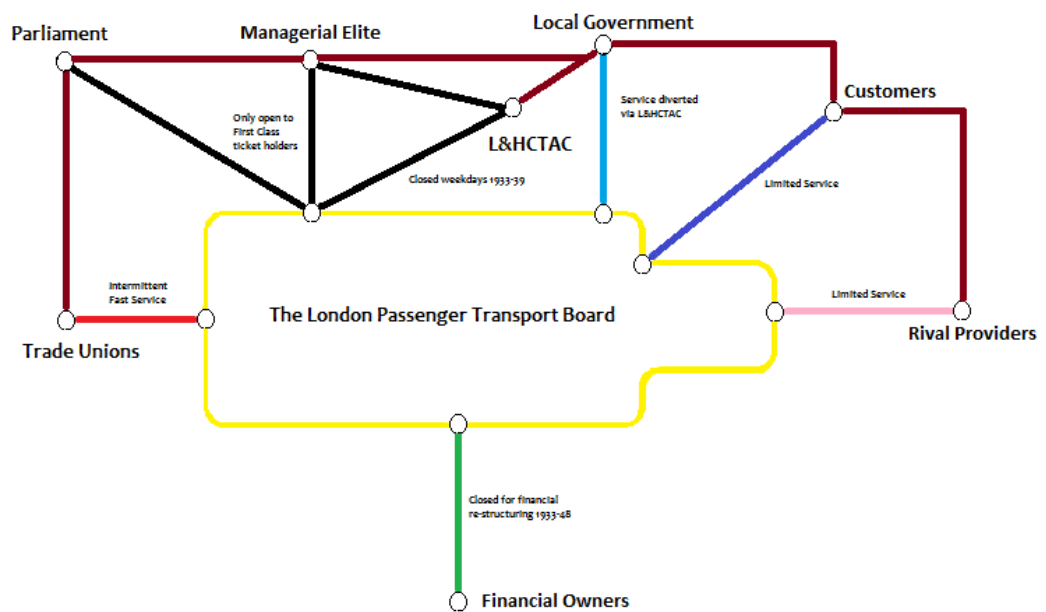


Figure 6.4: Lines of Accountability (Practical)



This chapter began by suggesting that as an organisation the LPTB was clearly what would now be termed a 'QUANGO'. Whether its management corresponded more closely to Network Governance or New Public Management models was hard to determine, but given the evolution of corporate form, municipal government and central government in the UK in the late 19th and early 20th centuries I believe it is fair to conclude that control of transport provision via a municipal Network Governance type model was less likely to occur despite there being successful examples from abroad and good domestic arguments for that outcome in Britain. The manner in which British government had evolved meant that Parliament's sovereignty was jealously guarded, and while legislating for the daily operations of public transport in London was generally correctly regarded as too inconsequential a business for the House of Commons, Parliament was not prepared to let elected municipal authorities aggregate their power any further (Chandler, 2007) nor, as was seen earlier in the chapter, were local authorities determined to exercise or extend the powers that they had. This stymied the powers of what would have been a key set of actors in a network of co-ordinating actors in the governance of London's transport.

As an alternative, in the period it was still widely thought that the provision of network utility services such as transport would be ideally carried out by the private sector actors with their own private systems of accountability and notions of value linked to capital, property rights and free competition (Porter, 1907). As it became clear that this could no longer be achieved either because of falling profitability, chaotic service provision or the creation of natural monopolies, then despite the arguments of contemporaries such as Shaw (1908), Robson (1939) and Finer (1941) for municipal control, Parliament created what is now termed a hybrid 'Private-Public Corporation' or QUANGO (Overman et al. 2016). This would run the monopoly provision of the service through a statutory instrument which defined the public or national interest, but ensured that the operation and goals of the organisation were firmly kept out of the reach of the voting public who were not trusted in this period not to displace the costs of provision too onerously on to rate payers (Chandler, 2007). However, the statute was not prescriptive enough to allow performance management to be monitored via targets,

even by Ministers or bondholders. As portrayed in Figures 6.4 and 6.5, during the period 1933-48 the LPTB was largely uncontrolled by either Parliament, customers municipal authorities such as the LCC and other county councils, the L&HCTAC, private bondholders or Trade Unions.

Parliament wielded the potentially largest and most effective stick both in terms of legislation and the withholding or granting of financial support. But after the creation of the LPTB in 1933 it stepped back from its already minimalist role and Parliamentary action in holding the Board to account was restricted to infrequent questions in Parliament which typically dealt with local parochial constituency issues rather than transport as a whole (Jackson & Croome, 1962). Parliament's efficacy was arguably further reduced by the web of personal connections to the higher levels of Conservative Party enjoyed Lord Ashfield, former Conservative MP and President of the Board of Trade. Informal correspondence, the defeat of the Kennedy-Jones proposals and the effective application for financial support under the Trade Facilities Act suggests that he was an effective lobbyist. In terms of holding the LPTB to account in the name of the public interest this left the local authorities and the L&HCTAC. Neither was particularly effective. The local authorities were stymied by a lack of statutory powers, and the interests and membership of the L&HCTAC was too interwoven with those already existing on the LPTB.

There remained the sectional interests of the bondholders and the employees. The bondholders remained quiescent. The majority of them received their expected returns and those that did not failed to act although statute provided for it. Lord Ashfield's persuasive powers with regard to Parliament have already been alluded to as has his handling of the transport companies' stockholders' meeting in 1931 he persuaded them to pool their interests in the LPTB and trust in his abilities. That the meeting began in a suspicious atmosphere and ended in cheering yet again serves to illustrate his rhetorical talents and managerial abilities which will be more fully explored in the next chapter. Subsequent critical voices in the bondholder community raised in the late 1930s were easily dismissed having sold out their rights earlier in the decade.

Though wages rose slowly and improvements in conditions and working hours were incremental, I suggest that Trade Unions were the most effective organisation in holding the LPTB to account in the interests of their members. Wages rose from an average of £3 17/6- per head per week in 1934 to £4 2/9- in 1938. Across the organisation the percentage of gross revenue devoted to wages rose from 51.6% in 1934 to 53.4% in 1938.¹⁴⁸ These gains were small, but their value for workers was magnified by slight deflation up until 1939. However, the inflationary effects of the Second World War unpicked most of the gains made by the LPTB staff and by 1947 the wage bill had fallen back slightly to 52.7%. More dramatically, pay differentials against other workers had declined from a 30% advantage to approximate parity (Clegg, 1950). Trade Union success was therefore only transitory in holding the Board to account for the interests of its members.

Having concluded by fulsomely rejecting the idea that the LPTB was adequately accountable it would seem logical to assume that the Board might well have therefore run poor quality services and that at least some instances of personal corruption occurred. Paradoxically, it is worth noting that there is no evidence of these things, supposedly the products of a lack of accountability, actually happening. The following chapter finds that the reasons for this lie in the organisational culture fostered by command, leadership and management styles of the LPTB's leading figures. A public service ethos was deliberately fostered by them, supported by institutions such as the Transport Institute.

Externally, Parliament, customers, the LCC, the L&HCTAC, shareholders and Trade Unionists were all to certain extent spellbound by the duumvirate of Pick and Ashfield. The archives are replete with minor and major examples of queries and requests confidently brushed aside. I argue that by the mid to late 1930s, on any issue from fares to trolleybus conversion if Pick and Ashfield were calling for it then it had to be correct and vice versa. I conclude by echoing the findings of Rhodes et al. (2012) and Zajac (2004) that role of elites in the creation and operation of organisations is paramount, especially at their inception (Bass, 1993). In this specific example, the LPTB was in practice meaningfully answerable

¹⁴⁸ LPTB Fifth Annual Report 1938. TfL, LT-1011-005.

only to its own managerial elites. This outcome was both tacitly accepted by ministers, civil servants and local government and explicitly engendered by politicians and industrialists such as Sir Eric Geddes and Lord Ashfield. Remarkably, this did not appear to seriously prejudice the efficiency of the organisation or the standard of their personal conduct. To discover why, this thesis will now critically examine the management and leadership style of the Chairman and the Vice Chairman.

Chapter Seven

How Effective was the Command, Leadership and Management of the London Passenger Transport Board?

Introduction

The first findings chapter highlighted the paradox of a highly unaccountable quasi public body nevertheless delivering improved public services to the cost of its private investors. The second findings chapter critically examined both the process by which such a degree of unaccountability was arrived at and how it was sustained. This chapter examines how the inefficiencies and temptations of unaccountable power were avoided by focussing on the performance of the twin pinnacles of the LPTB management, Lord Ashfield as Chairman and Frank Pick as his Vice Chairman.

Existing literature (Jackson & Croome 1962, Barker & Robbins 1976, Wolmar 2005) recognises that the influence of the command, leadership and management styles of these two men was of paramount importance to the creation and operation of London transport as a unified quasi-public body. However, there has been relatively little critical analysis of their actual performance and how those talents were operationalised. Barman's biography of Pick (1979) provides a fascinating degree of detail, but does not critically deconstruct his actions, or Ashfield's, within a theoretical framework. Hey (2010) provides a very clear account of the wider intellectual and institutional forces that created the LPTB managerial elite, but again does not evaluate their actual performance as individuals. Rhodes et al. (2012) also acknowledge the importance of elites as well as institutional factors such as socio-economic forces, the political system and the administrative system in shaping hybrid organisations, but this observation has only been applied at a generalised national level rather than a specific organisational level. Similarly, Wilson and Thomson (2006) offer a clear theoretical framework for the evolution of British, US and German management in the 19th and 20th centuries, but their scope is too broad to deal with specific instances like the LPTB or individuals like Pick and Ashfield. Nevertheless, all these sources, whilst lacking specificity,

do provide important contextual information and analytical structures which assist in the interpretation of Pick and Ashfield's actions.

Thus this chapter addresses this gap in existing literature by critically analysing the contribution and effectiveness of these individuals to the operation of London transport specifically through their command, leadership and management skills as characterised by Grint (2008) in the pursuit of solving the 'tame' 'wicked' and 'critical' problems confronting public organisations.

Overall it supports Grint's thesis that decision-makers are much more active in the constitution of the context than conventional contingency leadership theories allow. It follows that a persuasive rendition of the context by the leader shapes and legitimizes a form of action that directly relates to the decision-maker's preferred mode of engagement, rather than what 'the problem' apparently demands. As per Popovich (1998) and Grint (2005), the context of organisational problem solving is constructed and best understood as a political arena. This understanding was most consummately demonstrated by the Chairman, Lord Ashfield, and it offers an explanation of how the circle of improving public service in an organisational context of public unaccountability was squared.

Command, Leadership and Management Theory

The evaluation of an individual's personality and performance is inherently open to subjectivity and the task is made even harder by the multiplicity of socially constructed meanings that have become attached to the words command, leadership and management with the word 'leadership' often used as a catch all term to describe the entire genre (Northouse, 2016, Bresnen, 1995 and Rost, 1991). Broadly speaking, leadership theory has evolved from an initial emphasis in the qualities of the individual 'traits' towards acknowledging the role of contexts i.e. 'situations' and then back towards the individual through emphasising the importance of setting organisational culture via epitomising transcendent and transformational values i.e. 'charisma' (Bresen, 1995) and (Bass, 1993). Management in both theory and practice has also gone through several changes.

Theoretically, the evolution of managerial thought as described by Wilson & Thomson (2006)

has followed similar path to leadership. In the 19th century managers were untrained. They followed an iterative or rule of thumb approach. This gave way to a systematic and then scientific approach in the early 20th century which looked to definition of tasks, measurement and experimentation. It was accepted that managers could be trained to apply these processes. Finally, a sociological approach was accepted which emphasised the importance of employees as well as financial and technical considerations in running an organisation. As with leadership, a process that began by emphasising the individual moved through a period of emphasising the situation and has now returned to the importance of bespoke solutions through highlighting the importance of people to a system.

As we have seen above, Grint's work is drawn from both strands of thought: An individual's behaviour is held responsible for constructing at least part of the reality of the situation in which they operate, thus an individual and the situation in which they operate are simultaneously relating to one another. This analysis had been adopted in this chapter as it represents a synthesis of previous leadership and management theory. Furthermore, for the purposes of managing public sector organisations Grint categorises behaviours which other theories simply term 'leadership' into three sub categories; Command, Leadership and Management. These are defined in the following way: 'Command' is a legal status as the authority vested in an individual for the direction, co-ordination and control of [an organisation]. 'Leadership' is characterised by the projections of personality and purpose onto people and situations in order to prevail in the most demanding circumstances and 'Management' is considered to be the ability to effectively employ resources to serve the goals of the organisation (Developing Leaders: A British Army Guide, 2014).

Lord Ashfield as a 'Leader'

Grint (2005) and (2008) describes the ideal leadership of a public body as being the fusion of two abilities in the individual. Firstly, they have to be able to successfully re-construct both their own and wider perceptions of the problems confronting the organisation in terms that are congenial to their own *modus operandi*. Secondly, Grint proposes that the correct appreciation of the majority of structural problems and challenges affecting public bodies are

what he terms 'wicked' or super-complex problems; that is to say that information about them is incomplete, contradictory certitudes are held about their solutions, there are a large number of stakeholders and there considerable economic burdens. Grint claims that their solution, if indeed there is one, lies in the ability of the leader to ask questions and build new patterns of normative behaviour within the relationship networks that hold organisations together. Typically however, there is no 'solution', merely a 'tendency' for the organisation to improve or disintegrate. I suggest that Lord Ashfield understood that analysis and typified many aspects of Grint's ideal leader of a public body.

The facts of Lord Ashfield's personal life are sparse. His secretary's destruction of his private papers after his funeral has stymied the creation of a detailed biography and even his precise date of birth was disputed at the time of his death.¹⁴⁹ Fortunately, the archives contain a number of other types of evidence, three categories of which will be examined here. Firstly there is his own testimony and that of close colleagues about his style of leadership. The latter are mostly written as valedictory speeches and lectures after Lord Ashfield's death and so benefit from a sense of perspective, reflection and the absence of any requirement to enjoy the favour of the man himself. Secondly, there are series of verbatim transcripts of meetings where Lord Ashfield was called upon to justify his actions or secure the agreement of others to his proposals. These offer a direct insight into his oratory, how he behaved under pressure and his methods of persuading others. Finally, there is his private business correspondence. This covers a vast of range of subjects relating the command, leadership and management of London transport concerning matters that hindsight enables us to see as issues of serious importance but also utter irrelevance, though this was not necessarily clear to Lord Ashfield at the time. Distributed over a long period, they enable an analysis of his evolving skills as a leader and a manager and also allow us to see whether he correctly judged the future direction of London transport. Taken together, this thesis will use them critically analyse his abilities as a commander, leader and

¹⁴⁹ Transport for London (TfL) Archives. Letter to the Chairman of London Transport dated 12th May 1992. LT375-099 and TfL Archives. Letter to Michael Robbins dated 11th October 1972. LT346-004.

a manager whilst relating them to the wider political, economic and social context in which he operated.

The facts of Ashfield's public career are well known. His family emigrated to America, and at the age of 17 he began work as a messenger and odd-job man on the Detroit City Street Railways. By 1902 he had reached the rank of General Superintendent of the entire 550 mile network.¹⁵⁰ Other than these bare facts regrettably nothing appears to be directly recorded in this period about the qualities which as a young man enabled such a meteoric rise. One clue however lies in series of papers and addresses given by Lord Ashfield to the LPTB and in his contribution to publications such as 'What Life Has Taught Me – Twenty Five Distinguished Men and Women' (1948) on the topic of what constituted a good administrator in senior management.¹⁵¹ If Kahneman's (2012) proposition that the qualities we most admire are also the ones that we believe we possess is accepted, then Ashfield's views here are at least one indication of his qualities.

'There is one faculty that is indispensable in the great as in the small affairs of life, and that is the quality of decision... without this quality of decision nobody can safely be entrusted with the oversight of the affairs of any undertaking...'

(Ashfield, What Life has Taught Me pp. 172)

This is interesting testimony, because it clearly demonstrates that what Ashfield valued above all in others and presumably perceived in himself was the qualities typified by Grint (2008) as the 'Crisis Commander'. In this scenario, leadership in most encompassing form the word consists of either diagnosing or shaping a situation that requires the imperative for action, and then knowing and presenting the solution. There is no time for debate. There is no time for questions, and as such the Crisis Commander has much in common with Lewin's autocratic style of leadership. However, it was not in fact the dominant trait observed by his contemporaries. Ashfield observes this himself:

¹⁵⁰ TfL Archives. Lord Ashfield Biographical Notes. LT42-023.

¹⁵¹ TfL Archives. Quotations from the speeches etc. of Lord Ashfield, Mr Frank Pick, Lord Latham and Mr John Cliff. LT1676-013.

'The capacity of making decisions must be tempered by common sense or that more intuitive variation usually described as 'Horse Sense' or its more refined version known as sagacity, perhaps the most valuable all round quality that those in charge of affairs can possess.' (What Life has Taught Me pp. 173)

Though none of his colleagues seriously doubted Ashfield's capacity for making good though not necessarily speedy decisions, it was his qualities of sagacity, composure and intuition that really marked him out. In 1950 Frederick Menzler, then President of the Institute of Actuaries, gave a speech entitled 'Lord Ashfield and the Public Corporation'¹⁵² where he reflected on the 19 years between 1929 and 1948 when he had worked closely with Ashfield in a senior financial and managerial position in the LPTB. In his view, the requirements of top level leadership embodied by Ashfield were as follows:

'It is question rather of judgement, of patience, of keeping your temper, of intimate understanding of those with whom you have to deal and even more a full comprehension of the workings of human nature... In such aspects Lord Ashfield was pre-eminent. He was a profound student of psychology.' (Menzler, Lord Ashfield and the Public Corporation 1950)

This view is echoed by a tribute at the time of his death by an anonymous Officer of the LPTB¹⁵³ who wrote in the London Transport magazine:¹⁵⁴

'He seldom gave instructions... If he expressed a view it was framed as a suggestion of something you might think about. Before they had become accustomed to his method many an Officer of London Transport came away from his room wondering why he had not given a decision. Reflection always showed that he had left them with some fresh, far sighted thoughts out of which to make a better decision themselves. (London Transport Magazine, December 1948 pp 5)

This description bears many of the hall marks of Grint's (2008) typology of the leader as a questioner. Rather than presenting the solution, true leadership according to Grint is

¹⁵² TfL Archives. Lord Ashfield and the Public Corporation. LT1172-013.

¹⁵³ Possibly the Chief Commercial and Operating Manager at that time, Alec Valentine.

¹⁵⁴ TfL Archives. London Transport Magazine December 1948. LT42-023.

demonstrated when authority asks questions of the petitioner with a view to changing their normative patterns of behaviour within the organisation. This system addresses long term super complex ('wicked') organisational problems by emphasising that their resolution is only feasible through collaborative compliance rather than coercion or calculation.

Menzler and other senior LPTB Officers clearly saw Ashfield as a superlative leader in the sense that he was able to read other people and change their normative patterns of behaviour in a way that improved their effectiveness, but they evidently viewed Ashfield's claims on the prominence of decision making in his CLM with some affectionate scepticism.

'Prompt and vigorous action [in the art of administration] which Lord Ashfield described... I think must have been with his tongue in cheek... in his last years when all had been achieved it must be confessed that procrastination appeared at times to have developed into a habit.' (Menzler, Lord Ashfield and the Public Corporation 1950)

Menzler's view was that Ashfield's real talent for non-directive leadership and emotive intelligence also manifested itself in his rhetorical powers of persuasion. These have been referred to in this thesis on numerous occasions when analysing vital junctures in the development of the Board and of London transport in general, and it is worth referring to Menzler's comments in this regard too:

'If the power of his personality was evident in negotiation it was not less striking on public occasions... at the critical moment [in the shareholders meeting agreeing to dispose their stock into the LPTB] just before the vote was taken [he] got up and made a personal appeal... his remarks were not written out beforehand... but the tremendous power of his personality turned the scale... he was an extremely good extempore speaker' (Menzler, 1950)

However, these comments need interpretation not least because the concept of 'personality' is at best indistinct and belongs in the now discredited genre of 'trait based' leadership theories that were prevalent at the time. Describing someone in whom the formal powers of 'Command' have been vested as possessing a strong (likely) or weak (unlikely) personality

offers little more than a vague, clichéd and self confirmatory hold all. It is the specific observations of leadership and management style that are important. In this respect it is clear that Lord Ashfield believed that powers of rapid decision making were paramount for a leader and a manager. It is probable that he thought that he possessed them himself, however as has been seen testimony from at least one close colleague suggests that he may not have done. Nevertheless, his cultivation of a sense of a poise and timing in decision making rather than haste appear to have benefitted him in his managerial style. What Menzler fuzzily terms 'personality' I suggest is better described as a combination of rhetorical power, emotive intelligence, subject matter expertise and the natural authority commensurate with the assumption of senior positions within hierarchies sometimes described as situational leadership (Northouse, 2016) but are better encapsulated as Grint's (2008) proposed remedy to super complex problems: 'clumsy solutions' via *bricoleur* leadership. Only the first three relate to skills either intrinsic to or more likely personally polished by Ashfield as a young man in America. In later years, all four acting in combination made him a formidable leader, manager and negotiator.

In 1906 his evident talent was spotted by US financiers looking to assist Sir George Gibb as General Manager of the Metropolitan and District Railway and the Underground Electric Railways of London (UERL) in the task of reorganising the companies in the face of imminent bankruptcy. By this point Ashfield was the General Manager of the Public Service Corporation of New Jersey, but in April 1907 he returned to the UK to assume his new appointment which had all the signs of becoming situated as a 'crisis commander'. It also symbolised the break between personal-proprietorial form of management of businesses and the emerging managerial form. In making this change, the UERL was at the forefront of developments in the UK. Many UK big businesses retained the personal-proprietorial form later into the 20th Century (Wilson, 2006) which was to the detriment of their efficiency and ability to expand according to Chandler (1977). Over the long term, Ashfield's American managerial experience and connections assisted him in achieving the economies of scale and scope praised by Chandler (1990).

Initially however the appointment was a serious risk, as the UERL was bust. But by January 1910 his success in merging the London United Tramways (LUT) into the UERL together with Gibb's retirement meant that his position was immensely strengthened. In 1912 UERL's amalgamation with the London General Omnibus Company (LGOC) ensured that what had been an ailing agglomeration of tube companies was now a powerful transport combine and a knighthood followed in 1914. I argue that Ashfield's strategy had been re-situate the problem from one of crisis to one of super-complexity. Once it was acknowledged that London's transport problems were not susceptible to single modal solutions, combination became an acceptable outcome and Ashfield could personify the 'Collective Leadership' espoused by Brookes (2010) as being the best response to the 'wicked' problems faced by public sector organisational leadership. Other offices and honours soon followed the Knighthood. In 1916 he was appointed President of the Board of Trade and became a Coalition Unionist MP until he retired from the government in 1919 and enacted a Peer as Baron Ashfield of Southwell in January 1920.¹⁵⁵ He then returned to the post which he was to hold for the rest of his life under a variety of different titles, but may simply be characterised as Chairman of London's Transport.

But a mere recital of the facts of his appointments is banal. According to the social construction of leadership theory, primarily they serve to only prove that other 'Great Men' of the period considered that Ashfield was a worthy contemporary, not necessarily whether he was actually effective at his job or even more importantly to indicate whether what made him effective were his personal qualities, those of his assistants, or if he was just at the right place at the right time. To critically analyse Ashfield as a leader in his own relatively unconsidered words rather than his memoirs or those of others, several transcripts stand out by virtue of their length, detail and wide ranging ramifications of the topic under discussion. The first illustrates an example of an Ashfield's skills when dealing with MPs and Ministers. This is the evidence given by Lord Ashfield to a meeting of London MPs at the House Commons at a time when Parliament was considering The London Electric Railway Bill in

¹⁵⁵ TfL Archives. Lord Ashfield Biographical Notes. LT42-023.

March 1920.¹⁵⁶ It was crucial moment for Ashfield and whole transport organisation that he had helped to save and then develop. The First World War had radically shaken economic assumptions in politics and society and in its aftermath the Lloyd-George Coalition was struggling to find a way of reconciling the interests of capital and labour in the future management of large industrial and commercial concerns (Middlemas, 1979). In the wake of wartime inflation and disinvestment, Ashfield was very concerned by the financial position of the companies that formed the UERL and above all their inability to increase fares, a classic 'wicked' problem that was in danger of becoming a crisis. This situation had arisen because the statutory instruments that governed underground fares dated from before the War and since the tube lines had fallen outside of government control in that period, the UERL had not been able to take advantage of The Railway (Passenger Fares) Order in 1916 which would have allowed increases of up to 50%. Rapidly rising passenger numbers and exercising their discretion within the limits of the pre-War legislation had allowed increases in 1917 and had bought the UERL time, but the limits of financial viability had now been reached. The Bill was designed to abolish workmens' fares and allow up to a 100% increase in fares to address the investment backlog, pay reasonable returns on investments and rise and rapidly rising operating costs.¹⁵⁷

Unsurprisingly this was an emotive topic, with MPs such as Charles Edwards (Labour, Bedwellty) describing the Combine in Parliament as being 'Secretly controlled by German financiers' and John Jones (National Socialist then Labour, Silvertown) who characterised the UERL's management as 'Hook nosed patriots who sing 'God save the King in broken English'.¹⁵⁸ Given the political climate of major industrial unrest at the time, Ashfield's proposal to dramatically increase the fares of working class passengers needed every element of his managerial abilities that he could muster to achieve it. His tactic was to

¹⁵⁶ TfL Archives. Report of Proceedings at a Meeting of London Members of Parliament on 3rd March 1920. LT578-034.

¹⁵⁷ TfL Archives. Proof of Evidence for the Case for the Promoters of the London Electric Railways Companies (Fares) Bill 5th May 1920. LT595-130.

¹⁵⁸ House of Commons debate on the London Electric Railways Companies (Fares) Bill on 25th March 1920. Hansard online accessed 1st September 2016.

engage with as many stakeholders as possible. He met the London MPs directly and submitted himself to scrutiny whilst lobbying the Ministry of Transport (MoT). But even without the prevalence of bigotry in the House of Commons his task of making his case was extremely difficult, since the financial mechanisms that underpinned the operation of the London transport combine were labyrinthine and he did not control all the transport modes in operation in London at that time. This laid any agreement that he reached with Parliament open to being undercut by rival operators or the cause of industrial unrest if workers believed that their colleagues elsewhere enjoyed better pay and conditions.¹⁵⁹

Speaking without immediate recourse to notes in the meeting, Ashfield laid out a masterly summary of the situation stretching over fifteen pages of transcript combining both strategic overview and supplementary detail. He was then questioned at length, responding to fifty-five questions, many on relatively minor points for which specific knowledge was required. Ashfield's skill, dexterity and politeness in dealing was widely remarked upon, and the tactic most noted was to answer the easy questions first and to reply at considerable length. By the time the answer concluded, the hard questions were often forgotten (Barman, 1979). In this instance, he was forced to expose some aspects of his scheme that would be detrimental to its prospects though some of the tactics mentioned by Barman are clearly in evidence. The opening question from James Kiley¹⁶⁰ ran as follows:

'Kiley: He [Ashfield] mentioned that the Railway Companies are not charging as much as they could charge... supposing they were to do that, what change would that have on your present deficiency?

Ashfield: I am very much obliged to you for asking that question... we think it would be a profound mistake to take full advantage of our current powers of charge to advance our fares for the full limit for the longer distances... it would be an unfair burden to put upon these passengers... it is within this great congested

¹⁵⁹ TfL Archives. Report of Proceedings at a Meeting of London Members of Parliament on 3rd March 1920. LT578-034.

¹⁶⁰ Liberal MP for Whitechapel and St Georges.

area of London that only a small addition is necessary.’ (Report of Proceedings at a Meeting of London MPs with the Rt Hon Lord Ashfield 3rd March 1920 pp 17)

This response was in fact a serious breach in the Bill’s political defences since it admitted that working class Londoners in the central areas effectively subsidised wealthier suburban commuters. Additionally, the suggestion of a ‘small increase’ was directly at odds with the request for powers to increase fares by up to 100%. However, as the session continued Ashfield’s powers of dissimulation diminished, especially when under pressure on the hardest questions:

‘Sir Edward Coates:¹⁶¹ Have you contemplated the possibility of government subsidy being withdrawn and your company not being allowed to raise your fares?’

Ashfield: No, Sir, I have not.

Coates: What would happen then?

Ashfield: We would stop.

Sir William Bull:¹⁶² You mean to say that you would shut up altogether?

Ashfield: Yes.’ (Report of Proceedings at a Meeting of London MPs pp 24)

In terms of the Leadership and Management of key stakeholders stark, if rather abrupt honesty was effective in this instance. The later supportive intervention of several London MPs including Sir William Bull personally vouched for Lord Ashfield’s integrity in subsequent House of Commons debates was rooted in these exchanges and this was to prove crucial in the Bill’s eventual success.

The minutes of the meeting offer plenty of scope for managerial commentary. Using Popovich’s ‘Summary of the [eight] Rules of the Road’ for managing change through the political maze, we can see that Ashfield understood and applied seven of them. But the transcript also reveals that Ashfield was not successful at all times and all places. The MPs succeeded in eliciting information from him that was damaging to his scheme, and worse still

¹⁶¹ Conservative MP for Lewisham West.

¹⁶² Conservative MP for Hammersmith South.

neglecting Popovich's eighth rule, political leaders hate surprises, now nearly cost him his goal of passing the Bill.

After Ashfield's largely successful meeting with the London MPs both Sir Eric Geddes¹⁶³ and possibly Ashfield misjudged the political climate. While the annexes of facts and figures appended to the evidence made an unequivocal objective case for a revision of fares upwards¹⁶⁴ both he and Ashfield failed to see though that much had changed since the successful amalgamations of the 1908-1914 era and the imperatives of wartime conditions in 1914-1918. In terms of the changes from the pre-war political climate, in the 1918 election the Labour Party won 57 seats on 21% of the votes cast, and by accident of coalition and abstention became the official opposition. MPs from working class backgrounds played a vastly more prominent role in debate, and as this exchange over The London Electric Railway (Fares) Bill demonstrates:¹⁶⁵

'Mr Thorne:¹⁶⁶ Does the Hon. Gentleman dispute the facts stated in the question, that if the powers that the companies are seeking are carried out to the full extent it will affect workmen's families to the extent of more than £2 a week?

Mr Neal:¹⁶⁷ I am not in position to verify these figures.

Mr Thorne: I am! Because it affects my family to the extent of over £2 a week.'

The composition of the new House of Commons through the operation Representation of the People Act meant that raising fares would face direct confrontation from those it affected not merely through the Trade Union movement but also in The House of Commons itself and even across the dispatch box.

The second and more serious miscalculation arose out leadership and managerial habits that had been formed by the executive conduct of the war. During the Bill's readings in Parliament it became clear that the MoT had acted unilaterally to almost entirely re-write the

¹⁶³ Minister of Transport 1919-1921.

¹⁶⁴ TfL Archives. Statement of Case for the Promoters of the London Electric Railways Companies (Fares) Bill 5th May 1920 Part Three. LT595-130.

¹⁶⁵ House of Commons debate on the London Electric Railways Companies (Fares) Bill on 25th March 1920. Hansard online accessed 1st September 2016.

¹⁶⁶ Labour MP for West Ham.

¹⁶⁷ Coalition Liberal for Sheffield Hillsborough.

Bill at Committee stage after the second reading without consulting the House of Commons. Although Ashfield's role in this is ambiguous, both he and Sir Eric Geddes were emblematic of the dynamic 'Men of Push and Go' that Lloyd-George had appointed during the War to prosecute it more effectively. Situating every problem as a 'Crisis' was congenial to the military minded atmosphere of wartime, but it inevitably meant a reduction in the level of decorum and adherence to time honoured practice in Parliamentary procedure. More fundamentally, the relationship between the executive and the legislature was altered in favour of the executive (Middlemas, 1979) to the consternation of MPs. In the meantime the HoC revolted against Geddes' unilateral actions, but the pleading of some of the London MPs that Ashfield knew nothing of these changes played a significant role in saving the Bill. Whether Ashfield actually knew of the unilateral changes by the MoT or not remains a matter for debate. On one hand it would seem remarkable if he did not given his association and coincident transport interests with Sir Eric Geddes. On the other hand, any collusion with Geddes in making one sided changes to the Bill in an unprecedented manner would seem an unusual lapse of managerial judgment. In any case, his management of the London MPs proved critical and in that endeavour he was entirely successful. The Bill received Royal Assent on 16th August 1920.¹⁶⁸

The second transcript of interest dates from approximately the same time and is an example of all of Ashfield's rhetorical, intellectual and emotive powers again used successfully but in a very different sphere. On September 14th 1921 Ashfield and other officials of the LGOC met with the leaders of The Transport Workers Federation (TWF) representing the bus staff. Ashfield's purpose was to rescue a series of talks on pay and conditions which had gone awry and threatened to result in industrial action.¹⁶⁹

Once again, the political context was critical. The inflationary boom that characterised the 1914-20 period had turned to bust, and the British economy was in the process of contracting by a quarter in nominal terms. Many wage settlements during and after war had

¹⁶⁸ Hansard. HoL debate 16th August 1920 vol 41 cc1245-46.

¹⁶⁹ TfL Archives. Minutes of Proceedings of a Conference between LGOC and Thomas Tillings and B.A.T. and The Transport Workers Federation re: A proposed New Agreement dated October 14th 1921. LT493-049.

been pegged to cost of living index, which had now abruptly turned negative, falling by 8.6% in 1921 and 14% in 1922.¹⁷⁰ Wages were rapidly reduced by many employers including in transport industries, and the years directly following the war had seen collusion between Trade Unions in different industries in taking action. However, at the time of the meeting between Lord Ashfield and TWF, this co-operation had received a serious blow on the so called 'Black Friday' of 15th April 1921 when the National Union of Railwaymen (NUR) and the TWF refused to strike to support the miners. Nevertheless, the situation remained volatile and careful management of pay rates, with their implications for standards of living and differentials between various grades, jobs and industries was of paramount importance if direct or sympathetic strikes were to be avoided.

Despite the clear conflict of interest between management and the Union, Lord Ashfield opened the meeting by congratulating both sides on the friendly way in which proceedings had so far been conducted. He soon raised his underlying concern though:

'Lord Ashfield: ...while these negotiations were in a sense carried on very amicably, still there was running through proceedings that same spirit of suspicion and of distrust which has always prevailed when we have been discussing matters affecting the interests of the busmen... I can see no hope whatever of any better situation developing so long as the kind of report upon proceedings which was sent to our men continues to exist...' (Minutes of Proceedings of Conference between LGOC and The TWF re: A Proposed Agreement 14th October 1921 pp3)

I suggest though that this was a blind. The real issue, as Ashfield and all those present knew, was a matter of pounds, shillings and pence. But there would be no point in beginning those discussions until a more congenial atmosphere had been created and Ashfield had created the opportunity for him to frame the debate, or in other words, to situate the problem in terms that he found sympathetic to his style. Having insisted on the paramount importance of trust, he proceeded to do so:

¹⁷⁰ House of Commons Research Paper 99/20 The Value of the Pound 1750-1999.

‘Ashfield: It is not we who ask for the changes. We [the management] have got a taskmaster who overrides everyone, the man on the bus just as ourselves, and that is the public... they will pay a certain fare for the service you give and no more...’ (Minutes of Proceedings of Conference between LGOC and The TWF re: A Proposed Agreement 14th October 1921 pp5)

Ashfield also expounded fluently at length on the theme of the apparently unalterable nature of the times at which the public commuted and the competition that buses faced from other transport modes. He concluded with the air of a man facing insuperable and inevitable difficulties, but he nevertheless was able offer the assurance that the first charge on his undertaking was a fair and reasonable wage to the employees. At this point Mr Robert Williams¹⁷¹ and Mr Ben Smith¹⁷² interjected, but their brief comments related to the creation of the Pooling Scheme for London traffic receipts. This gave Ashfield the opportunity to talk again on a topic about which he certainly knew more than anyone else present and probably more than anyone else in the country. After repeated blandishments and scene setting from Ashfield which ran to 16 pages of transcript that the LGOC only wanted settlement that the employees perceived as fair and reasonable in the context of immovable parameters, Robert Williams was able to set out the case for the Union. But by this point Williams admitted that the debate was already framed as his testimony indicates:

‘Williams: ...I have told the men themselves that in view of all the national and international circumstances they will have to face up to one of these two alternatives [longer hours or lower pay]...[and] I understand... that they are unalterably and irrevocably opposed to any extension of the spreadover system.’
(Minutes of Proceedings of Conference between LGOC and The TWF re: A Proposed Agreement 14th October 1921 pp16)

Ashfield had done everything he could to negate Popovich’s third rule (insiders are wary of change), and his characterisation of the situation as being both inevitable and apolitical was

¹⁷¹ Secretary of the TWF.

¹⁷² Official of the TWF and later Labour MP for Rotherhithe.

a crafty use of Popovich's seventh rule of the road (use crises as opportunities) as well as trying to combat Popovich's first rule that all actions are interpreted as political. Although discussion continued for another 54 pages of transcript, Ashfield had effectively secured the acceptance of his key negotiating points already. The financial realities as he had presented them stood unchallenged and on that basis discussion would proceed. The minutes show Ashfield dealing with a complex, hostile situation by first stressing the need for trust and then subtly, but at great length, framing the parameters of the issue in a way that made his version of events the only plausible one. By the time Union leaders began to speak they had already more than half accepted his terms. As an exercise in command, leadership and management it was outstanding. With such skills on hand, it was hardly surprising that the London Transport Combine and later the LPTB were described as models of industrial relations (Clegg, 1950).

Having considered both the personal testimonies of those who knew him and two transcripts which offer word for word evidence for analysis of Ashfield's negotiating qualities there now remains his extensive personal business correspondence with a variety of individuals, but overwhelmingly with his deputy Frank Pick. The sheer quantity in the TfL archive poses the problem of the mundane. Most, especially those to and from Pick, simply concern the operation and business of the LPTB, and apart from a remarkably close interest in the effect of the weather on passenger behaviour reveal relatively little other than the degree of interest in business trends that would be expected of a man in his position. However, from this mass of detail I propose that some trends do become apparent. One is Ashfield's singularity of strategic purpose. None of his business correspondence suggests that he ever considered any other desirable outcome for the provision of mass transport in London other than a single privately owned vertically and horizontally integrated Combine. This leaves some intriguing omissions and contradictions. For example, Ashfield was far from adverse from taking public money at preferential rates, but he wished to keep ownership out of the public domain. The LPTB reflected a slight compromise in this respect, but it was very small and was counter balanced by the reduction in the power of shareholders. While Ashfield

appreciated the efficiencies brought about by combination, its logical ultimate outcome, 'Socialised Transport', was product of the efforts of Herbert Morrison. At the other end of the transport provision spectrum it is apparent from his correspondence that Ashfield could only really conceive of transport in the sense of mass public transit. The private motor car and its implications are barely explored. Wolmar (2005) contends that Ashfield well understood the consequences of wider car ownership for what was then termed the 'West End Theatre Traffic'. But I argue that this only serves to further demonstrate how superficially the incipient issue was truly comprehended as it firmly locates the spread of motor car ownership to the leisure activities of middle and upper middle classes.

The issue for judging his command, leadership and management skills in these respects lies in defining the point at which clarity of purpose and vision becomes rigidity. The clarity with which Ashfield saw what was needed to be done in 1907 was immensely effective in creating a fully integrated private London transport system. Whether what was entirely clear in 1907 remained so in 1947 is less obvious. Once set, Ashfield's strategic thinking, whilst initially insightful, does not appear to have moved a great deal. This was both a short-term strength and a long term weakness for the LPTB.

Apart from business, occasionally something momentarily illuminating of political or human interest is appears in the correspondence as well. In November 1928 the London Hotelier Sir Francis Towle wrote to Lord Ashfield concerning delaying the forthcoming General Election in May 1929.¹⁷³ Sir Francis believed that:

'Probably and almost certainly, if you agree as to the regrettable effects on those trading in London of General Election during the London season a good deal behind the scenes might be done' Letter to Lord Ashfield dated 27th November 1928.

Ashfield politely brushed this request off, but this letter and others like it averring to Ashfield's political connections show that he was at least believed to be a man whose influence went well beyond the transport world – perhaps even as far as the timing of

¹⁷³ Letter to Lord Ashfield from Sir Francis Towle dated 27th November 1928. TfL, LT527-009.

General Elections. Although he was a returning emigrant from a relatively poor background, when the moment came to take a brief place on the political stage he had stood as a Conservative and aligned himself with the establishment. It might be more accurate though to describe his political convictions as 'Executive' rather than Party political. As a senior industrialist he needed access to the top levels of political power. The Labour Party had no place for him and the demise of the Liberals left only one option. Other industrialists like Sir Alfred Mond¹⁷⁴ drew the same conclusions. The inter war dominance of the Conservative Party offered Ashfield considerable opportunities to make use of political contacts in furthering the cause of transport in London.

The letters also offer evidence of the occasional tinge of personal corruption. A series of letters between Frank Pick, Lord Ashfield and Mr MacDonald, a solicitor at Joynson Hicks & Co. concern the unspecified claims of Sir Cassie Holden and his wife. Eventually, after the offer of an unofficial settlement (also unspecified) Sir Cassie and wife did not pursue their claim.¹⁷⁵ Less mysteriously, Ashfield wrote a memorandum in February 1928¹⁷⁶ to Pick baldly stating that:

'I met Mr Tim Healy last night, and he spoke to me about his son Mr Maurice Healy... I understand that he is a barrister and I promised Mr Healy [Senior] that we would do what we could to help him along. I should be glad if you would keep this matter in mind, and let me know you suggest we could do to help him'.

(Memo to Frank Pick dated 16th February 1928)

Pick's reply is equally revealing about the extent of patronage at the LPTB:

'We have... a considerable number of barristers on our list requiring assistance, and the more we add to the list the less assistance we can give. There is, for instance, Mr F W Gentle, the son of Sir William Gentle; there is Mr Dallas, the son-in-law of Lord Newton; there is Mr J H Thorpe, the son-in-law of Sir J Norton

¹⁷⁴ Creator of ICI and Liberal, then Conservative, MP for Carmarthen.

¹⁷⁵ Letters between Lord Ashfield, Frank Pick and Mr B MacDonald 21st June – 27th October 1928. TfL, LT527-008

¹⁷⁶ Memo to Frank Pick dated 16th February 1928. TfL, LT527-008.

Griffiths and there is Mr Ivor Grantham, the son of Mr Justice Grantham. Our misfortune is that these four men are none of them in the first rank, and, therefore, we are bound to employ other barristers in difficult cases in order that we get fair consideration... you will therefore have some notion of our difficulties of patronage.' (Letter to Lord Ashfield dated 17th February 1928)

Whatever proportion of the revenues of the LPTB that was supporting the careers of the not so able sons of Lord Ashfield's acquaintances it was too much to give Ashfield a completely clean bill health regarding the moral component of his leadership. This exchange demonstrates the less palatable side of Ashfield's abilities to charm and persuade in order to further his causes. But there is no evidence of the really spectacular fraud or shameless personal profiteering that had characterised a previous generation of transport magnates parodied by Theodore Dreiser in his three part series, *The Financier* (1912) *The Titan* (1914) and *The Stoic* (1947) or his contemporaries in Wall Street at that time later lampooned in Galbraith's *The Great Crash of 1929* (1954). Speculatively, it may have been his recollections of dealing with these men during his time in America and in the early days of the UERL and the obloquy into which they fell that led him to refrain from similar actions. A more likely explanation is explored by Hey (2010). He shows that Ashfield was a powerful driving force behind the creation of the Institute of Transport in 1920. This body was set up to formally recognise the field of transport as a vocation worthy of professional recognition, and not merely a vehicle for speculative interests. Clearly this was Ashfield's view too. High professional standards were expected of its members, and as a founding member and President his own beliefs and standards would have had to have been commensurate with those of the Institute he founded.

In summary, abstruseness is an apt description for Ashfield. According to Sir Cyril Hurcomb, he was the ultimate go-between (Barman, 1979). In a period when capital and labour were sometimes violently clashing, his style of CLM occupied the spaces in between. His leadership ensured that within the LPTB and its predecessors a 'crisis' was always re-situated or re-interpreted into either 'tame' or 'super-complex' problems. To paraphrase

Marquand's (2008) description of inter-war corporatism, Ashfield personified it by operating a system of tacit understandings that were not quite agreements, frowns that were not quite prohibitions and smiles that were not quite encouragements. In so doing he was able evade the target based strictures of New Public Management and the modern day conceptual problems of performance comparison (Van der Walle, 2008). This freed him to pursue a belief that never wavered in the necessity for transport co-ordination. This would provide the necessary economies of scale and scope in the provision of mass transport, allowing him to create and operate first the London Traffic Combine and then later the LPTB. His leadership demonstrated a profound understanding of other people's motivations, and he continually used this ability to politically re-frame the problems confronting London transport in a manner conducive to achieving his own goals. Fortunately for him, his subordinates responded well to his 'laissez faire' style of management which allowed them to complement those weaknesses in his own manner. We now move to explore the style and abilities of the most well known of those lieutenants.

Frank Pick as a 'Managing Commander'

Grint's (2008) taxonomy of leadership proposes that along with the 'leader as a questioner' there are two other postures which people in authority in public organisations may adopt. One he terms the 'Commander' whose importance rests on being able to give answers and orders under pressure in order to solve a problem for the organisation that is being socially or politically depicted as a 'crisis'. The other is the 'Manager' whose job it is to ensure that a codified or regularised process is applied to solving the problem. Problems susceptible to this type of solution are described as 'tame'. These approaches correspond to the systematic or scientific approaches to organisational management that were in vogue in the period (Wilson, 2006). Pick, I will argue, epitomised both at different times when dealing with the challenges faced by the LPTB.

The preservation of a large collection of personal correspondence and material by the London Transport Museum (LTM) means that the shape of Frank Pick's early life is much clearer than Lord Ashfield's. It has enabled the publication of full biography (The Man Who

Built London Transport, Barman, 1979) and therefore while this section will consider the same trio of evidence in analysing the effectiveness of his command, leadership and management skills as that used for Lord Ashfield viz. his personal testimony and that of colleagues, transcripts and business correspondence, it has the added dimension of the thoughts and ideas of the young Frank Pick to additionally draw on. Unlike other biographical studies of Pick, this thesis does not examine Pick as a sponsor of design or art. These aspects of his work with the LPTB are well covered and of only tangential importance to his abilities as a senior Official.

By origin Pick's family occupied a higher social position than Ashfield's, and while Ashfield left his relatively humble origins far behind him, Pick was neither able to nor probably wanted to entirely shake off the moral and intellectual framework which his provincial and respectable middle class upbringing bequeathed to his leadership style. Recollections drawn from life in his father's drapers shop in Lincolnshire still peppered his speeches on commercial practices decades later.¹⁷⁷ Other quotes from the same speech also demonstrate how deeply the study of the classics and an earnest and thorough observance of low-church Christianity had permeated Pick's moral perspective.¹⁷⁸ Aged 20, Pick wrote a 36 page treatise on 'The Teachings of Jesus of Nazareth' which was his unifying theory of the attractions of the prophets, and perhaps presciently discussed 'The return of great men' as part of his work.¹⁷⁹ Elsewhere, his personal notes from his late teens and twenties contain detailed moral observations on fox hunting, the acquisitive nature of the British and what he terms 'The paradox of happiness'.¹⁸⁰ His diary entry¹⁸¹ for 25th April 1900 notes:

'Miss May Kendall suggested last night that freedom and necessity in relation to the will were one and the same thing. I fail to see it.' (Frank Pick Diary Entry, 1900)

¹⁷⁷ 'The Fixing of a Fare' Lecture to the LSE 18th November 1920 pp10. TfL, LT1189-002.

¹⁷⁸ Ibid at pp 10.

¹⁷⁹ 'The Teachings of Jesus of Nazareth' Frank Pick, 1899. London Transport Museum (LTM) Depot Collection, PC2.

¹⁸⁰ LTM Depot Collection PC1 and PC5.

¹⁸¹ LTM Depot Collection PC5.

Later that same day he continued:

'We are like railway engines. Motives are within. Must run on lines. Insane if we get off lines. Points worked by outside agencies – religion?' (Frank Pick Diary Entry, 1900)

It is easy to build a picture of an earnest, precise and rather moral young man who never subsequently deviated from these traits. Politically, the thrifty and respectable piety of the small business class was the preserve of the Liberal Party in that period, and significantly Pick never gave up his allegiance to it despite its disappearance as a mainstream Party in the 1920s. In March 1930 the West Dorset Conservative Association, no doubt appraised of his £10 000 annual salary, wrote to him at his home address in Charmouth asking for a subscription.¹⁸² In October Pick eventually replied:

'I think someone must have misinformed you that I was a Conservative. I am a Liberal and, therefore, not able to subscribe or take an interest in your Party organisation. I return your papers herewith.' (Letter to Dorset Conservatives, 8th October 1930)

None of these episodes has, strictly speaking, any direct impact on the actions of Pick as leader and a manager within the LPTB. But they serve to illustrate the mental and moral framework inside which he operated, and, as Brookes (2010) suggests, it heavily influenced the way in which as decision-maker he would chose to frame the problems which confronted him as being most susceptible to the application of a preconceived processes as the only just way of conducting the affairs of public administration. Unlike Ashfield, Pick was not mutable, and his CLM style would carry on down the guiding 'lines' he had referred to in 1899 right up to and including his resignation.

In 1902 Pick joined the North Eastern Railway's statistics department. In 1904 he became Sir George Gibb's¹⁸³ assistant and in the same year he got married. His life seemed set for solid, if not spectacular, success. He had been promoted to being Gibb's assistant because

¹⁸² Letter to Frank Pick from West Dorset Conservative Association dated March 1930. TfL, LT579-004.

¹⁸³ The General Manager of the North Eastern Railway at that time.

of his forensic ability to master statistics and identify the inefficient use of resources. In 1903 he had begun a minor experiment in the centralisation of the York station accounting system and from the results he had identified that two clerks were superfluous.¹⁸⁴ Individually, this was not going to change the fortunes of the North Eastern Railways as their salaries probably amounted to no more than £100 together. However, as Pick was to repeatedly reiterate at the LPTB, the difference between profit and loss on railway operation were in fact the tiniest fractions of pennies on every fare or costs on every item consumed, and these revenues and savings were themselves the incremental result of hundreds of thousands of small daily decisions made by staff and customers throughout the network.¹⁸⁵

The ideal manager's task was to both identify where such savings could be made from the mass of data generated and where possible shape the operation of the network in such a way as to maximise revenue. Such an approach is highly congenial, if not essential, to the characterisation of problems as being soluble by the application of processes. After a trip to the USA, Gibb and others began by implementing systems of statistics gathering that would in time allow them make evidenced based decisions identifying inefficiencies and provide the basis for processes which could be applied by tiers of management. In doing so, another step was taken in the gradual transformation of transport companies from being led by owner capitalists to being run by salaried managers and the commensurate attempted transformation of 'wicked' or 'critical' problems in organisational management into 'tame' ones. Pick's rise and ascendancy as a manager rather than a leader in the transport industry is highly symbolic of that change and endeavour (Wilson, 2006).

The qualities that got him the appointment as Gibb's assistant were in little or no sense related to the skills of leadership of public organisations as understood by Grint's typology, or even the management of people and politics as described by Popovich (1998). Equally, formal command of the organisation was entrusted in the person of Sir George Gibb. Pick's skill was in fact best described as a niche managerial capability, albeit one that was

¹⁸⁴ LTM Depot Collection PA1.

¹⁸⁵ Confidential Speech by Frank Pick to Officials of the LPTB, 6th March 1936 pp7. LTM Museum Collection B6.

becoming of sovereign importance to transport operations. Pick's good fortune was that he got the opportunity over the next few decades to demonstrate this on a far larger stage than the North Eastern Railway. In 1906 both he and Gibb departed to tackle the challenge of confronting the super-complex problem of running tube railways in London which was rapidly becoming politically characterised as a crisis. This appointment was the start of the seminal working relationship of Pick's life as by 1910 Gibb had retired and Ashfield had assumed the chairmanship of what was becoming the London Transport Combine. Regrettably there are few if any records of in the archives of this initial phase before and during the First World War of Pick's business activities. However, Pick's work in the years up to including the First World War is discussed by Barman (1979) who quotes a revealing passage written by Pick himself for a lecture to the Institute of Transport about what he had learned from Gibb and then Ashfield in this period.

'I learned from him [Gibb] how uncertain and inaccurate are guesses and estimates. I learned to bring my actual observation to a proper proportion by the use of statistical measures... My second master carried my education a stage further. I learned from him to take chances, not to await the last statistical proof before acting...' (Barman, 1979 pp67)

But as with Lord Ashfield, Pick's personal testimony on his views about the proper conduct of business and administration was at odds with his actual habits. Whilst Gibb's rigorous statistical approach almost certainly chimed with his latent inclinations as a manager inclined to interpret and reduce problems to a 'tame' status, there is little evidence to support the contention that Pick ever learned to enjoy taking chances and acting on instinct. In a paper written in the Journal of the Institute of Public Administration in April 1935¹⁸⁶ he wrote:

'The wholly virtuous person is impossible to live with as everybody knows. Perfection is only possible at the price of change and progress. Perfection is the enemy of sound administration... the self seeking incalculable individualist is

¹⁸⁶ TfL Archives. Quotations from the speeches etc. of Lord Ashfield, Mr Frank Pick, Lord Latham and Mr John Cliff. LT1676-013.

alone the harbinger and promise of life... [therefore] perfection is a dangerous pursuit, so possibly it is well to accept the flaw with good grace.' (Journal of the Institute of Public Administration April 1935, pp 144-145 and 211)

This passage I argue again perfectly symbolises the conflict in Pick's style of management. On one hand he realises and accepts that perfection is impossible and even a counter-productive way in which to run an organisation. But in the final line he offers a caveat which is that in spite of every rational argument, it is only 'possibly' a good thing to accept flaws with grace. The pursuit of perfection was dog Pick throughout his career and eventually end it prematurely. It was certainly totally at odds with any concept of using something as flexible as intuition, 'horse sense' or understanding the importance of politics to guide his leadership. In the meantime however, the pursuit of system building made him the perfect foil for the more protean Lord Ashfield and a valuable asset to the LPTB. The pursuit of precise knowledge even down to fine detail made him a formidable manager, though a poor communicator, as the testimony of his colleagues makes clear.¹⁸⁷

'[Pick] also provided a detailed surveillance [of the LPTB] incredible in its range and virtuosity... Woebetide the expert who had failed to think out all the ramifications of a particular proposal. Of Pick, it could be said without sarcasm, that he knew all the answers... In this connection his handling of statistics, though often brilliant, was at other times shattering to the self respect of his advisors.'

(Menzler, 1951)

The phrase 'knowing all the answers' resonates powerfully with respect to Pick's managerial style and effectiveness. It is the diametric opposite of the quality that Grint (2008) cites as the key attribute the true Leader, which is to ask all the questions. Instead, Pick is characterised here as Grint's 'Crisis Commander', a poise which is sometimes highly regarded but never sustainable over the long term. The brusqueness which Menzler alludes to might be positively characterised as a willingness to 'tell the truth to power' which is essential to the standard of integrity deemed vital to good leadership by The British Army

¹⁸⁷ TfL Archives. Lord Ashfield and the Public Corporation. LT1172-013.

Leadership Code (2015). Alternatively, there is also plenty of evidence that it simply lapsed into rudeness as this short note to the organisers of Lord Ashfield's 25th anniversary as Chairman of the Combine indicates:¹⁸⁸

'Dear Mr Vernet. Your letter of the 2nd February. I do not stress the Dorchester at all. I am told the Grosvenor is bad. I do not like the Savoy. The Mayfair is a possibility. On this occasion we might even go to Claridge's.' (Memo to Mr Vernet dated 3rd February 1932)

Seven years later during the evacuation of London, Pick responded to letter of thanks for his role in it in the following way:¹⁸⁹

Dear Miss Pearn, Your congratulations, I am sure, are misplaced. My concern with evacuation is quite small... I have nothing to do with you until you come on the transport system and I have nothing to do with you as soon as you get off it, so your troubles will still be quite considerable. As for the rest of your letter [A request to publish his memoirs] you do not stand a chance.' (Letter to Miss Pearn dated 9th March 1939)

Pick was busy man, but even so the flat contradictions and economy of expression is remarkable and perhaps unnecessary. Menzler (1951) suggests that Ashfield appreciated Pick's clarity of expression an ability to focus on detail, though the tone of Pick's correspondence with Ashfield was unsurprisingly softer than with more subordinate or unknown colleagues. Unsurprisingly, Pick's colleagues considered him a difficult and uncongenial man to know personally, and his own correspondence offers plenty of evidence to substantiate it. Barman's biography of Pick 'The Man Who Built London Transport' (1979) supports the evidence from the archives. Barman knew Pick personally and worked with him in the 1930s in his capacity as an artist and industrial designer. In discussing his management and leadership style he quotes Menzler as saying:

¹⁸⁸ TfL Archives. Memo to Mr Vernet dated 3rd February 1932 from Chairman's General Correspondence. LT527-007

¹⁸⁹ TfL Archive. Letter to Miss Pearn dated 9th March 1939. LT571-031.

'Pick was an inhibiting personality who caused people to play for safety. He was very impatient if anyone told him something that he knew or apprehended already, as was almost always the case...' (Barman, 1979 pp10)

However, Barman attempts to make his account more sympathetic by balancing this picture with a quote from Steen Eiler Rasmussen who also knew and dealt with Pick:

'I was a young man when I first met him and I have always known him as a friend with whom I could discuss anything... We were friends from the first day, and he was to me and my wife more free and frank than most Englishmen I have met.'
(Barman, 1979, pp11).

The problem with the latter testimony is that Rasmussen was not an industry colleague, a subordinate or a boss but a fellow artist, industrial designer and as the text makes clear, a friend. Pick was not formally charged with controlling him, managing him or getting his co-operation and consequently it is hardly surprising that his relationship was very different. In summary I argue that there is plentiful and consistent evidence from Pick himself, his colleagues at the time and from later their reflections on his life and work that his leadership was based on a predilection for the constructed rationality of statistical analysis which was in turn morally rooted in the idea that only such an approach could guarantee a freedom from personal bias. Echoing Grint's (2005) criticism of contingency theory as a method of rationalising leadership, I argue that the true causes of Pick's style of management with regard to the LPTB lie in his own preconceptions rather than an objective analysis of the situation he and the LPTB faced. In other words, a true analysis of his management is not about the situation but about how he chose to situate it. For the organisation, the way in which Pick chose to interpret problems and the corresponding manner of his command and management styles engendered significant advantages as Pick became a dedicated and honest public administrator of the highest order. The contradictory combination of remoteness, unaccountability and yet fulsome commitment to improved public service which characterised the LPTB as an organisation also characterised Pick as a manager. The LPTB was a success, but for Pick himself it led to his eventual and perhaps inevitable resignation.

Pick's Resignation

The detailed series of business correspondence in the archives between Pick and Ashfield begins in the early 1920s when Pick became the Assistant Managing Director of the Combine and shows Pick to be an assiduous and meticulous second in command. But as well as the attention to detail, the tone of the letters hints occasionally in at a genuine liking and concern for one another that an already long association had bought about.¹⁹⁰

According to Barman (1979) this close working relationship only began to fail in the late 1930s:

'For the past couple of years [before World War Two] Pick's colleagues seeing him and Ashfield at work had been conscious of an extraordinary change.

Ashfield seemed to have suddenly resumed the old interest in the day to day business... Moreover, he was continually finding himself in disagreement with Pick, but the disagreement was always expressed to third person, never to Pick direct.' (Barman, 1979 pp252)

Regrettably, no more detailed is supplied and the TfL archives bear out Barman's comments about no there being no record of direct criticism. However, records at the National Archives over a disagreement about Pick's pay do offer some indication about how far the relationship had broken down and arguably how much Pick's legalistic approach to problems was contributing to the failure of understanding.

After his appointment in 1933 Pick was due to have a salary review by the MoT in 1936. However, the date for review came and went without action on either side and eventually Pick wrote to the MoT on 29th March 1938 to discuss an indirect increase to his salary via his pension.¹⁹¹ Internal papers from the MoT discussing the issue reveal that Lord Ashfield was 'surprised' at the news, and that Pick had not been to see him to discuss it beforehand. On one memo marked highly confidential is a handwritten note dismissing the pay claim as

¹⁹⁰ TfL Archive. Chairman's General Correspondence. LT527-007

¹⁹¹ National Archive (NA). Mr Frank Pick. MT46-142.

preposterous and signed off 'A'.¹⁹² Pick's letter to the MoT admits that a further benefit on top of his £10 000 year salary would 'cause some difficulty' but although his reading of the situation was legally accurate, it was typical of his deterministic style that he let the detail of an agreement obscure its wider import. A guarantee of a 'review' does not necessarily mean a 'raise', and whilst it was true that the MoT had abrogated its responsibilities in not holding the review, someone of greater sagacity might have considered the wider economic situation in the 1930s with regard to wages and been content to let the matter go. The issue continued to be debated throughout the period of Pick's resignation and up until his death. Though Ashfield made a representation to the MoT for a lump sum payment to be paid to Pick on his resignation of £5 000, it was not agreed to by the Ministry¹⁹³ and the whole episode is unlikely to have improved relations between Pick and Ashfield.

The dispute served as a background to the actual events of Pick's resignation in early 1940. Similarly, a situation arose because of Pick's inability to contextualise an issue in the light of its wider implications and make the necessary adjustments to re-construct the problem within a new social or political context. I suggest that as he saw it, systems were there to be applied or followed and mutability implied disloyalty or inconsistency.

The particular problem the LPTB faced was enduring and super complex. Simply put, revenues had never been sufficient to pay the stockholders adequately, and for the duration of the war it was proposed that with revenues under additional pressure the statutory minimum rate of return should be cut. It was a *de jure* recognition of a *de facto* situation, but Pick would not accept it. An undated and untitled memo written after the meeting by Pick¹⁹⁴ runs as follows:

'I find myself so wholly in disagreement with the other members of the Board as expressed at the meeting last Thursday that it seems incumbent on me to put my views briefly in writing.' Memo by Frank Pick to the LPTB.

¹⁹² Ibid.

¹⁹³ Ibid.

¹⁹⁴ LTM Depot Collection. Memo by Frank Pick. PC 144.

Pick's reasons, all fifteen of them, are not in fact brief though they are highly repetitive. They amount to a simple refusal to acknowledge the changed circumstances of the LPTB's operation and an insistence that the confidence in the organisation can only be maintained by honouring, or attempting to honour, legal agreements. Ashfield's acceptance of his resignation was characteristically a model of polite regret.¹⁹⁵ Pick's reply¹⁹⁶ was also a carefully constructed text of apparent contrition, but neither side wavered and it is hard to believe that Pick's departure was a truly a surprise as Ashfield claimed it to be.

If Pick's resignation was genuinely a surprise then an analysis of Pick and Ashfield's command, management and leadership styles indicates that it should not have been. According to Grint's typology, the 'Leader', the 'Commander' and the 'Manager' employ methods of leadership that are frequently diametrically opposed. By this analysis the remarkable thing about the Pick-Ashfield working relationship is not that it ended but that it lasted as long as it did. For a while opposing views in running an organisation may be complementary, but it is unsurprising that eventually Ashfield as Grint's public sector 'Leader' would propose a re-framing of a vitally important 'wicked' problem that Pick considered 'tame' and could not endorse. This failure of leadership in widest sense of the word is, I propose, therefore attributable to Pick. If it is accepted that Brookes' (2010) contention that organisations, especially public ones, have to continually manipulate political and social perceptions of the challenges they face in order to arrival at optimal outcomes, then arguably the prime duty of those in authority is to assume the attributes of Grint's 'Leader' archetype by asking questions, allowing new patterns normative behaviours to emerge and securing the widest collaborative collusion between stakeholders. I suggest that this was not Pick's style, and as well as precluding him from the highest office it also eventually made him disposable to the organisation. Pick was a superb 'commander' and 'manager' of the LPTB but his attributes were also the fault in his stars. Nothing described his leadership better than the manner of his leaving.

¹⁹⁵ TfL Archive. Letter to Frank Pick dated 16th January 1940. LT527-002.

¹⁹⁶ TfL Archive. Draft of letter to Lord Ashfield dated 18th January 1940. LT527-002.

Conclusion

In the previous two chapters we saw how, unexpectedly, a highly unaccountable organisation nevertheless delivered a high and rising standard of public service to a wide variety of beneficiaries over a sustained period of time. In the literature review we also saw that academic theory acknowledges the role of powerful individuals in controlling the outcomes for an organisation and that existing literature in this particular field has singled out Frank Pick and Lord Ashfield as key causes of London Transport's success and good reputation in this period, though without really critically examining the reasons why. Thus the purpose of this chapter has been to offer an explanation of the counter intuitive findings of the preceding chapters whilst simultaneously addressing a gap in the existing historical literature.

The chapter began by proposing that Brookes', Grint' and Popovich's models of leadership are more illuminating in this field as they explicitly acknowledge the political dimension of successful and effective leadership of public organisations and synthesise the nature vs. nurture dichotomy in leadership theory. By this analysis, Ashfield emerges as the clear favourite for the position of more effective leader and this verdict is borne out by the actual historical events. Nevertheless, it would be wrong to characterise Ashfield as wholly uninterested in managerial processes and totally determined to avoid or re-cast a crisis. His famous action on assuming 'command' of the UERL at a moment of perceived 'crisis' was to oblige all the managers to write their resignations but to leave them undated (Barker and Robbins, 1976). Whilst it can be argued that this undoubtedly passively shaped their normative behaviour from then on, it was also a very autocratic moment. However, as Kahneman (2012) suggests, ranges of typical individual behaviour are not so much about what is possible as what is preferred. Here I propose that the evidence is conclusive. Ashfield demonstrated a questioning, collaborative style of leadership whose consistency can, I propose, only have arisen out of sense of preference. It remains a matter for debate to what degree Ashfield consciously knew that this was an effective type of leadership for addressing the super complex and intractable problems faced by public bodies such as the

LPTB. Either way, in his period this contention was being significantly challenged by 'scientific' management theories for running organisations originating from Frederick Taylor in America, or closer to home via The Haldane Report in 1918. I argue that it is a tribute to Ashfield that he appears to have resisted these spurious notions of certainty in the process of decision making, especially in a service rather than a manufacturing orientated organisation. By using Grint's standards therefore, the question of Ashfield's effective command, leadership and management is whether the LPTB showed a 'tendency' towards promoting, influencing and delivering improved public value as evidenced through sustained social, environmental and economic well-being within a complex and changing context. The evidence of the previous chapters points to yes.

Pick presents a harder picture because I believe that it is not necessarily legitimate to judge him only by Grint's model. If he is, then his inability to successfully adopt a collaborative and flexible approach to public leadership puts him clearly in the runner-up category. But I propose that it is unfair to dismiss his 'command' and 'management' talents. Without them, Ashfield would either have had to adopt them himself or appointed someone else to do the same. They also brilliantly symbolise on a personal managerial level how the organisational contradiction between aloofness from public accountability was reconciled with improving public service delivery. It is also possible to be sympathetic to Pick because he was aware of his failings. In what was his final personal correspondence to Ashfield he wrote that he realised that on many occasions that he had faults of temper and temperament which had got the better of him.¹⁹⁷ But he had allowed these traits or behaviours had become too marked, and they had left him without allies at the LPTB when he did finally, and probably inevitably, cross swords with Ashfield not so much over the direction of the organisation but the manner in which its central dilemmas were to be perceived. The qualities that made Pick a high quality administrator at the LPTB were the same ones that would have prevented him from fully realising its potential had he assumed the highest office, and by 1940 his

¹⁹⁷ Ibid.

colleagues and Ashfield intimated that they had become an impediment to the effective discharge of his duties as Vice-Chairman as well.

Chapter Eight

Did The London Passenger Transport Board Secure for the Workers the Best Obtainable System of Popular Administration and Control? Discussion and Conclusions

This chapter returns to the three research questions with which this thesis opened. Firstly, did the LPTB operated in the interests of its passengers, its employees or its owners from a financial perspective? Secondly, was LPTB popularly accountable or not? Thirdly, how successful were the Chairman and Vice Chairman of the LPTB in commanding, leading and managing the organisation? Readers of the previous chapters will be familiar with the material presented here. No new arguments are made. The purpose of this chapter is to tie together the detailed evidence discussed so far into a succinct summary, and to offer the time pressed reader an opportunity to skip straight to the conclusions. We now turn to the first research question.

Who Benefitted?

The 1933 Act gave the LPTB's an overriding duty to ensure the financial stability of the institution. This statutory duty is the origin of the widespread view that the owners of capital were the principal beneficiaries. However, the Act also recognised that the Board had a duty the balance the interests of three main stakeholders in the London transport policy community¹⁹⁸ which it classified as the passengers, the employees and the shareholders. Their interests can be expressed financially as fares, wages and dividends and as such provide objective data by which a judgment can be formed about in whose financial interests the system principally operated. Figure 8.1 and Tables 8.1 and 8.2 give a representative sample of the experience of each financial category of interest.

¹⁹⁸ TfL Archive. LPTB 1938 Annual Report. LT-1011-005.

Figure 8.1: LPTB Gross Revenue per Passenger Journey¹⁹⁹

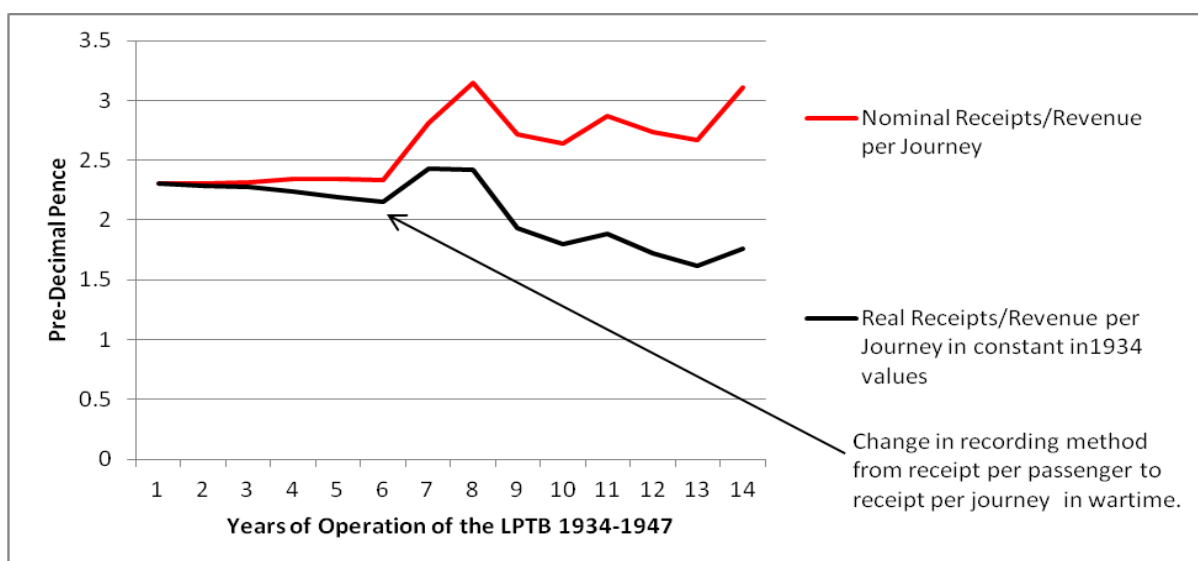


Table 8.1: LPTB Wages and Total Staff Expenditure

Year	Number of Staff	Average Nominal Weekly Wage	Average Real Weekly Wage	Total Expenditure (millions)	Wages as a % of Gross Revenue
1934	75 468	£3 17/ 6d	£3 17/ 6d	£15.2	56%
1935	77 500	£3 19/ 11d	£3 19/ 6d	£15.9	55%
1936	78 966	£4 1/ 5d	£3 19/ 11d	£16.6	56%
1937	81 765	£4 2/ 9d	£3 19/ 2d	£17.7	59%
1938	82 833	£4 2/ 9d	£3 19/ 2d	£17.9	60%
1939 ²⁰⁰	86 456	£4 2/ 10d	£3 8/ 1d	£18.8	61%
1940	78 092	£4 10/ 11d	£3 5/ 4d	£18.6	55%
1941	80 071	£4 15/ 5d	£2 19/ 1d	£19.8	53%
1942	76 263	£4 19/ 4d	£2 14/ 7d	£19.7	53%
1943	75 433	£5 5/ 5d	£2 13/ 10d	£20.7	54%
1944	76 810	£5 11/ 2d	£2 13/ 4d	£22.2	55%
1945	83 610	£5 13/ 10d	£2 11/ 3d	£24.5	59%
1946	93 822	£6 0/ 3d	£2 10/ 6d	£29.3	62%
1947	96 963	£6 5/ 5d	£2 2/ 8d	£31.6	57%

¹⁹⁹ TfL Archive. LPTB Annual report series 1934-1948. LT-1011-001 to 014.

²⁰⁰ Data not published for the duration of The Second World War.

Table 8.2: Percentage Returns to Bondholders

Year	TFA, LA and some A Type Stock	Other Type A and all Type B Stock	Guaranteed Stock	C Type Stock	BoE Base Rate
1934	4.5%	5%	3%	3.5%	2%
1935	4.5%	5%	3%	4%	2%
1936	4.5%	5%	3%	4%	2%
1937	4.5%	5%	3%	4.25%	2%
1938	4.5%	5%	3%	4%	2%
1939	4.5%	5%	3%	1.5%	2%
1940	4.5%	5%	3%	3%	2%
1941	4.5%	5%	3%	2.875%	2%
1942	4.5%	5%	3%	3%	2%
1943	4.5%	5%	3%	3.25%	2%
1944	4.5%	5%	3%	3%	2%
1945	4.5%	5%	3%	3%	2%
1946	4.5%	5%	3%	3%	2%
1947	4.5%	5%	3%	3.18%	2%

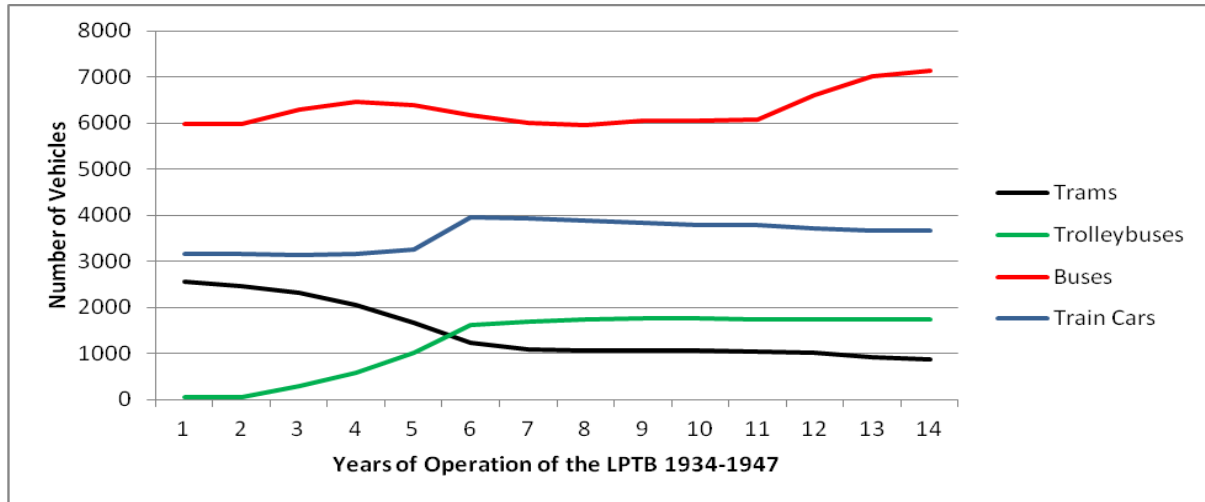
The pattern that the data in Figure 8.1 reveals is quite clear. Passenger receipts per journey fell slowly in real terms in the 1934-39 period indicating that fares were broadly stable at a time of rising employment and wages. Once the Second World War commenced, average receipts per journey then fell dramatically in real terms until the Board was forced to intervene in 1946/47 and enact a 55% rise in fares.²⁰¹ Even so, the real value remained approximately 20% below the 1939 figure. Quite obviously, passengers were financial beneficiaries of the way in which the Board operated. However, over and above the emerging financial advantage enjoyed by passengers, the fares still do not give the whole picture of the qualitative benefits and improvements to the system.

In 1935 the 'New Works' programme of major investment across the network began. Though not entirely completed before the war, the investment nevertheless resulted in increased train frequency, speed, comfort and safety via new rolling stock, buses, trolleybuses, track and re-signalling work. By 1938 £40 million had been spent on the 'New Works' projects, and this combined with routine capital investment and renewal programmes had raised the values of the capital stock of the LPTB considerably. This investment had enabled the LPTB

²⁰¹ TfL Archive. LPTB 1947 Annual Report. LT-1011-014.

to purchase 1690 new railway cars, 2975 new buses, 966 new trolleybuses, 17 miles of new tube railway, 11 new stations and the complete refurbishment of 45 others.²⁰²

Figure 8.2: Numbers of Trams, Trolleys, Buses and Tubes Operated by the LPTB 1934-1947²⁰³



As is demonstrated in Figure 8.2 above, there can be little doubt that the passengers initially enjoyed a larger, newer and better equipped network at a steadily falling price. Admittedly, the war put an end to capital investment programme and resulted in serious damage which was estimated at £7 million in 1947 and disinvestment via asset depreciation. Nevertheless, fares continued to fall rapidly in real terms right up until the end of the Board’s operations in 1947. In summary I find that passengers secured a financial settlement from the Board which encompassed an appreciably improving service (1933-39) at continually falling prices (1933-1948).

Employees’ wages present a more mixed picture. As Table 8.1 shows, wages held up well under some minor inflationary pressure in the late 1930’s, but they fell rapidly in real value with the onset of wartime inflation. This finding is supported by Clegg (1950) who comments that LPTB employees were envied in the 1930s, and Frank Pick who noted that when all the London transport companies were merged into the LPTB, wherever there was a discrepancy in wages between the firms it was always rounded up to the level of the highest provider. This situation endured until the Second World War when wages in other sectors

²⁰² TfL Archive. LPTB 1938 Annual Report. LT-1011-005.

²⁰³ LPTB Annual Report. TfL, LT-1011-001-014.

quickly caught up and outstripped them. By 1947 the annual report notes that an ‘unprecedented’ number of wages claims were brought by Trade Unions, clear evidence that employees had noticed their relative decline in purchasing power.

Table 8.3: Cumulative LPTB Expenditure on Pensions and Benevolent Funds

Year	Total
1934	£284 888
1935	£579 248
1936	£899 693
1937	£1 267 942
1938 ²⁰⁴	-
1939	-
1940	£1 732 574
1941	-
1942	£2 185 389
1943	£2 682 007
1944	£3 257 527
1945	£3 831 537
1946	£4 457 783
1947	£5 121 015

LPTB employees also received non-financial benefits over and above their wages.

Quantitative evidence is easy to find as shown Table 8.3 above, but its impact is hard to assess. In the 1930’s the Board appears to have spent between £540 000 and £685 000 annually on what it termed ‘Other payments in respect of staff’ which typically amounted to approximately £8 per head every year. It seems probable from the archives that much of this money was in the form of pensions or gratuities, but the LPTB’s reports also proudly draw attention to the Board’s provision of sporting, social, canteens, welfare facilities and education events as well as an increase in the value of the awards via the staff suggestion scheme. It is hard to financially quantify the exact effect of these benefits in terms of the security, morale and social ties that they engendered, but wrong to disregard them. As Table 8.3 indicates, institutional provision for pensions and gratuities rapidly outstripped background inflation in the period, rising by 232% against inflation of roughly 50% in the same time frame. In summary, I find that the LPTB had a good record on maintaining

²⁰⁴ Figures for 1938, 1939 and 1941 are not available. However, it would seem unlikely that the Board made no provision in these years.

workers' wages up until the onset of World War Two at levels that made them noticeably better paid off than other comparable workers. Their value then fell precipitately, storing up a recruitment crisis and industrial relations problems that were to hamper London transport in the post war period. But this did not mean that the Board was a wholly bad employer. There is clear evidence that the organisation took its wider social duties seriously and attempted, even in a period before the mainstream formalisation of the welfare state, to ensure that some provision was made for its employees on their retirement. The employees unquestionably obtained a reasonable share of the benefits arising from the operation of the organisation, but their interests were not systematically or consistently advanced as those of passengers.

Existing literature on the operation the LPTB concludes that the bondholders were the main beneficiaries of the Boards activities (Jackson & Croome 1962, Barker & Robbins 1976, Womar 2005) and the Board's own statements on the primacy of maintaining financial stability would seem to support this hypothesis. In fact when it came to balancing the competing interests of passengers, employees and shareholders I find that it was the shareholders who principally lost out. The key interest group were the 'C' type stockholders. All other groups of stockholders (A Type, TFA, LA and Guaranteed Type) saw consistent returns in line with the statutory duty of the Board, however the 'C' type stockholders did not. Statutorily, the LPTB needed to provide long term returns of between 5.5% and 6%. As Table 8.4 below indicates, they never exceeded 4.25% and averaged out at about 3.25%. The table below shows the amounts spent by the LPTB on meeting the claims of their investors.

Table 8.4: Monetary Returns to Bondholders and Comparators

Year	All Other Returns	C Type Stock	'C' Type Shortfall on the Statutory Minimum Return	Approx. Effect of a 2% Rise in Fares	Approx. Effect of a 3% Pay Cut
1934	£4 070 044	£874 664	-£374 856	£543 025	-£431 467
1935	£4 111 079	£1 015 192	-£203 038	£576 465	-£456 994
1936	£4 080 447	£1 027 952	-£385 482	£590 657	-£478 826
1937	£4 198 697	£1 092 199	-£321 234	£601 543	-£484 390
1938	£4 265 426	£1 027 952	-£385 482	£615 168	-£501 148
1939	£4 410 305	£385 482	-£1 027 952	£618 518	-£506 568
1940	£4 082 272	£770 964	-£642 470	£686 361	-£431 467
1941	£4 105 818	£738 841	-£674 593	£750 448	-
1942	£4 111 953	£770 964	-£642 470	£743 394	-
1943	£3 912 069	£835 211	-£578 223	£760 707	-
1944	£3 861 476	£770 964	-£642 470	£801 687	-
1945	£3 916 388	£770 964	-£642 470	£836 948	-£635 872
1946	£3 924 861	£770 964	-£642 470	£949 072	-
1947	£4 579 030	£817 239	-£596 195	£1 102 238	-£869 462

What Table 8.4 reveals is that even quite minor adjustments to either fares or wages would have comfortably covered the shortfall in the statutory return to the C Stockholders.

However, Both Pick and Ashfield argued in the period that large fare increases were counter-productive since any increase in individual fares would result in a fall in ridership. Conversely, small incremental increases were also held to be problematic because of the fixed units of coinage and the distances between stations or stops were too unevenly interspersed to easily reform the stages in which fares were tapered. Neither of these arguments stands up to critical analysis. In terms of large fare increases, fares were increased by 10% in 1939/40 and by 50% in 1946/47. These changes did not seriously affect passenger numbers, though admittedly they occurred that roughly at the start and the end of the War which allowed them to be packaged from a presentational perspective as being part of far wider and more profound changes in society as a whole.

In reality the inability to make small changes was rooted in the failure to redesign the fare system away from individualised point to point fares accompanied by a mass of reductions and exemptions for workmens' fares, employees' fares, servicemens' fares etc. A zonal system would have been simpler administer and offered scope for incremental adjustments

to the size and number of the zones. Many such systems were in operation across the world at that time, but they were rejected as possible models as it was believed that population density applied differently in London. It seems more likely in fact that the failure of the 'Tuppenny Tube' flat fare system on the C&SLR and CLR had turned the senior management of the LPTB against schemes that appeared superficially similar.

The reluctance to increase fares which resulted in their gradual real reduction as shown in Figure 8.1 was mirrored by the similar reluctance to cut wages. Here Pick and Ashfield's strategy was better supported by the evidence of industrial confrontation in other industries such as coal. Wages at the LPTB were only cut briefly in the early 1930s and then restored. Cumulatively, the evidence suggests that the LPTB did not honour its duty to the C Type Bondholders because it believed that stable (cheaper) fares and steady (rising) wages were more important. With the Bank Rate at 2% after 1931, the senior management at the LPTB believed that a return of 5.5% was too much and by the late 1930s Lord Ashfield publicly said so. When it came to balancing the interests of passengers, employees and bondholders, it was capital that took the cut. It would not have been difficult to pay the C stockholders in full, but the Board chose not to. In doing so it contravened its own statutory guidelines, but provided a high quality service at diminishing cost to the users.

Passengers were the undoubted winners of this outcome. Therefore it may be said that workers, in widest sense of the word, did indeed secure the best obtainable system of transport for London as against other interest groups in financial terms.

Whether passengers or employees might have done even better under a system of state or municipal control remains open to debate. Fares were appreciably lower in cities abroad where the system of transport was run by a publicly accountable metropolitan authority, and even in London the LCC provided very cheap tram fares whilst paying wages to employees that were seen as the benchmark for other services. This discussion is explored further in the next section.

How Accountable was the LPTB?

There are a variety of ways in which an organisation providing a service may be held accountable. One is the free market where customers are able to exercise choice between providers and can 'vote with their feet'. In theory, poorly run organisations are naturally superseded by others than can provide better outputs at lesser cost through the exercise of consumer sovereignty. There are numerous problems with this theory, especially when applied to natural monopolies with large sunk costs which typify network utilities such as transport combines. But, perhaps as a consequence of having industrialised without state intervention, the political ideal of private autonomous organisations providing services in a free market where private property rights were upheld and genuine consumer choice existed endured in Britain longer than in other comparable states (Hutton, 1995).

However, the strongly held belief in the free market as an adequate mechanism of accountability avoiding 'political interference' was compounded in Britain by another doctrine. This was the idea of parliamentary sovereignty, which in effect recognised no other legitimate source of law making other than Parliament. The political climate in which large intermediate public service bodies evolved in Britain was one in which the wider public nature of their duties was constantly denied or downplayed in favour of a narrower private one, and where the only institution legitimately able to act on and interpret the public interest both jealously guarded its power and operated by necessity generally at the nation state rather than the regional level (Marquand, 2008).

Towards the end of the 19th Century it was quite clear that the growth of cities such as London had created requirements for accountable public network utilities that completely outstripped the combination of private sector provision at local level combined with Parliamentary oversight at the national level to deliver (Robson, 1937 and Laski 1936). In particular, the governance of London needed serious reform (Robson, 1939). The creation of the LCC in 1889 was a step towards the creation of single democratically accountable authority with control over public services throughout London. But Parliament quickly sensed the danger to its own authority that such a body would rapidly present. Both the continued

existence of the City of London and the creation of new London borough councils undermined the authority of the LCC, and despite its provision of scores of municipal services it never achieved either a unity or a monopoly of provision. Democratic accountability was obfuscated, and this was especially true in the realm of transport provision.

The 1905 Royal Commission into London transport described a situation where many types of rival organisation provided different modes of transport. The smallest organisations, particularly bus companies, could truly be said to operate in a context approximating the free market. But the large sunk costs involved in the provision of railways, both underground and overground, as well as to a lesser extent the provision of tramways meant that the trend towards horizontal and vertical integration of businesses was already gathering pace. In addition to these larger railway companies, there were also the municipal tramways. These were run by the LCC, a variety of Borough Councils and some private operators. The net effect was extreme complexity and according to its critics, illogical wastefulness (Shaw, 1908). However, from the customers' perspective this profusion of operating systems did in fact produce some of the benefits of perfect competition. In many areas of London there was a genuine choice of mode and route of travel, operational and technical innovation surged ahead and ticket prices fell. 'Free Market' accountability worked in some respects. The problems lay in the unsupportable fall in ticket prices, the rising sunk costs of expansion and maintenance, and the uneven distribution of the network.

The long term solution clearly lay in utilising the economies of scale and scope described in Chandler's trilogy (1962, 1977 and 1990) combined with public democratic accountability via municipal government which were already clearly observable in New York, Paris and Berlin. The 1905 Commission and all subsequent reports logically recognised this as the implication of their findings, but shrank away from it for the reasons outlined above, recommending the creation only of a traffic advisory committee with neither binding nor fund raising powers. Further reforms of London's government and proposals to bring the whole of London transport into one organisation failed in the 1920s. Fear of encouraging municipal socialism,

undermining Parliamentary sovereignty and a lingering wish for private provision amongst political elites and ratepayers were culprits according to Chandler (2007).

In the end, I argue that it took two 'Free Market' crises in 1907 and 1924, combined with the arrival of Labour governments in 1924 and 1929-31 to force the pace towards unified provision (Wolmar, 2004 and Morrison, 1933). However, despite the eventual creation of the LPTB in 1933 it shared the characteristics of the other arms length quasi autonomous non-governmental organisations of the period and was accountable primarily to its own managerial elites.

The board of the LPTB were in turn appointed by a small committee of trustees made up of the Chairman of the LCC, a representative of the L&HCTAC, the Chairman of the Committee of the London Clearing Banks, the president of The Law Society, the president of The Institute of Chartered Accountants, and for future appointments another member of the LPTB once it had been constituted. Entrusting operational powers in public service delivery to a small circle of expert individuals in the name of co-ordination was a common phenomenon in the period (Hey, 2010 and Greaves, 2005). However, as we have seen the Board did not take advantage of its discretionary powers to further its own interests as agency theory might imply. Instead, there is strong evidence that the Board acted to safeguard the interests of some its principals, notably passengers and employees. This is a counter intuitive outcome from the perspective of recent 'agencification' literature, but better anticipated in 'stewardship' theory.

Economically the Board was able to take advantage of the economies of scale now open to it as the principal provider of transport in London, but as had been seen it was not meaningfully responsive to bondholders, passengers, employees or arguably even Parliament. I reiterate that this outcome should not have been unexpected. It was the highly probable result of a political culture that sanctified Parliamentary Sovereignty whilst only retreating from the ideal of perfect competition in the provision of public services with the utmost reluctance. The question is whether such an outcome was the best obtainable, and in whose interests it operated.

All the stakeholders described in the previous section had, in theory, lines of accountability which they could operate to influence the LPTB. In practice, none of these worked well. The bondholders could under certain financial conditions challenge the senior management of the Board and bring in the receivers. As was discussed in chapters four and five, the Board chose not to honour their statutory duty which in theory should have led to such a challenge. Evidence from the archives shows that the Chairman and the Vice Chairman of the Board openly calculated that they could flout the statute with impunity,²⁰⁵ and when they did so the bondholders offered no resistance.

The passengers' voice was muffled firstly by the end of meaningful competition and secondly by a complex system of intermediate oversight bodies in the form of Parliament, borough councils, the LCC and the L&HCTAC whose order of precedence and authority over the LPTB was unclear. None of them in reality proved to be effective watchdogs. Parliament's concern was with issues of national importance and the concept of writing to your MP or meeting them about a local issue was confined to the educated upper middle and upper classes. The councils lacked sufficient statutory powers and the unity necessary to control the LPTB and the L&HCTAC fell victim at least in part to regulatory capture.

The threat of industrial action by the TGWU or the Railway Unions proved to be the most effective medium by which the actions of the Board could be held accountable. Senior Trade Union officials had regular meetings with the senior management of the LPTB right up to Pick and Ashfield and corresponded with them frequently on even quite minor issues. Their demands were not always met, but they would be guaranteed a hearing which the archives suggest usually resulted in a compromise.

In conclusion it can be fairly said that both economic and democratic methods of holding the LPTB to account largely failed. The Board could not be said to be in any real sense widely accountable except to its managerial elite, though the employees were the next most influential of all the actors in terms of achieving specific policy changes for their benefit.

²⁰⁵ Frank Pick's speech to the LSE reported in the 'Commercial Motor' dated 7th January 1938. Commercial Motor online archive accessed 8th June 2016.

Given the other options for municipal control of transport successfully implemented in other cities abroad in the 1905-48 period, London's outcome can hardly be described as the 'best obtainable' from the perspective of accountability. To add insult to injury, the fares of those municipally accountable systems were generally far lower than London's, suggesting that popular accountability had tangible material benefits for passengers beyond the democratic exercise of civic power over appointments and strategic planning. Intuitively, this absence of safeguards should have led to poor outcomes. Theory would suggest that in the absence of either consumer choice or democratic transparency the organisation would rapidly tend towards very poor service provision and personal corruption on the part of those operating it, but it did not. Stewardship theory and the command, leadership and management style of its two key figures help explain this paradox.

How well was the LPTB Managed?

The LPTB was very fortunate to secure the administrative capabilities of two extremely able men, Frank Pick and Lord Ashfield. However, as Figure 8.3 and Table 8.5 show, Grint's (2005 and 2008) typologies of strategic leadership in public sector organisation exemplify them as being dramatically different Commanders, Leaders and Managers.

Figure 8.3: The Social Context of Leadership Decisions

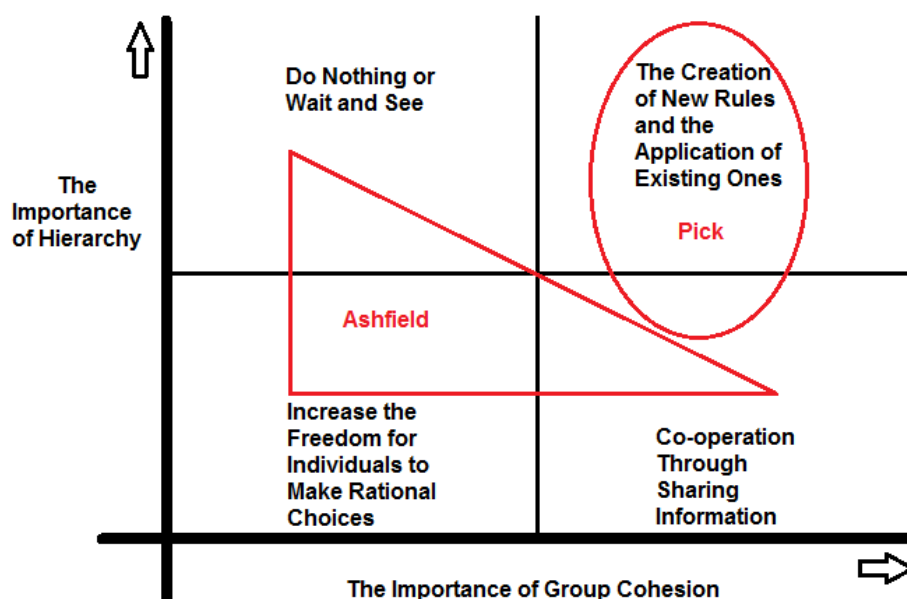


Table 8.5: The Social Context of Leadership Behaviour

Perception of the Situation	Style of Leadership	Typical Behavioural Characteristics	Wider Circumstances
Crisis	Commander (Pick)	Knows the answer	No time for debate High pressure Single solution Short time scales
Tame Problem	Manager (Pick)	Applies the process	Little need for debate 'Deja Vu' Problems Probable single solution Medium time scales
Super Complex or Wicked Problem	Leader (Ashfield)	Asks the right questions Involves the right people	The nature of the problem itself is disputed Solutions cause new problems 'Vuja De' Problems Multiple stakeholders Long time scales

I have argued that Grint's analysis suggests that one of the key issues confronting public sector leaders is their ability to shape the perception of the issues confronting the organisation in a manner that is commensurate with their capabilities. In doing so I have taken his work out of time frame it was devised and shown how it has clear applicability decades beforehand. In spite of the concept of 'Critical', 'Tame' and 'Wicked' problems originating in the 1970s and Grint's very recent synthesis of leadership styles, I find that they have a much wider historical resonance.

In period examined by this thesis it was highly likely that at some point there would be a struggle to define the fundamental problems of the LPTB, and that the chairman's strategic vision of them would be allowed to prevail. As such, it is not difficult to see why Pick eventually left the LPTB. In light of these typologies what was seen as unexpected at the time and has been presented as mysterious subsequently has little mystery at all.

The question that remains to be answered is whether the LPTB was well served by Pick and Ashfield and whether Ashfield's dominant perception of the LPTB's situation was in fact the right one. The partnership between Pick and Ashfield unquestionably allowed the full spectrum of leadership behaviours as described by Grint (2008) to be deployed in the service of the LPTB. While they were able to this harmoniously they were not only able to

create the predecessor to the LPTB out of a wide variety of disparate companies but also win the political and industrial battles necessary to create the Board itself against a coterie of vested interests ranging across the political, social and economic landscape. Having done so, they then ran a huge horizontally and vertically integrated combine which was the fifth largest employer in the UK (Thorold, 2013) to a standard that attracted not only domestic approval but international plaudits (Wolmar, 2004). The achievement is rightly considered impressive, though I argue that the loss of Ashfield's personal papers and Pick's more varied artistic and intellectual hinterland has resulted in a preponderance of literature examining Pick's role. This is ironic since it I suggest that it was in fact less important than Ashfield's. In reality, it was Ashfield's repeated ability to re-cast the apparently intractable dilemmas facing London transport in a manner conducive to his 'Chandlerian' strategic appreciation of the future of industrial organisations in the early 20th century that proved conclusively successful. He also understood what Pick for all his command of detail was unable to morally accept, which was that public sector organisations have to continually manipulate the social and political perceptions of their challenges in order to arrive at optimal outcomes (Brookes, 2010).

If the fault in Pick's leadership was revealed as being an over rigid sense of striving for the truth, then Ashfield was lucky in dying in 1948 with his own weakness still concealed. I argue that was while Ashfield's appreciation of the London traffic problem and the many incremental steps towards its improvement was correct in 1907, there is scarcely any evidence that he developed it in the following 40 years. Had he lived another 10 years he would have had to adjust the LPTB or its successor to the advent of mass car ownership, something which his business correspondence reveals that he, admittedly along with many others, had scarcely comprehended and for which the Board was not prepared.

Nevertheless, the quality of his strategic judgement for the vast majority of his 50 year career was excellent and he ably appointed his subordinates to whom he was far sighted enough to delegate effectively. As such, both Ashfield and Pick were outstanding commanders, leaders and managers of a public sector organisation. When contrasted with leaders and managers

that came before and after them, Londoners and perhaps Britain as a whole had indeed secured the services of the best administrators obtainable for the task.

Synopsis

In considering a question hedged by such immense subjectivities as the one in this thesis, it seems best to start with what can be most objectively categorised: Money. The current literature dealing with the history of London transport depicts and evolving organisation constantly and prohibitively in hoc to its shareholders and bondholders. I challenge this interpretation. The decisions made by the Board vis a vis balancing the interests of fares, wages and dividends have already been commented on in great detail. It only remains to point out that the entire amount of money returned to investors by the LPTB was approximately £73.2 million and that this was £6.6 million less than the minimum statutory obligation on the Board required that it ought to be. By comparison, in the same period the total wages bill was approximately £239 million, not including other employee benefits and total capital investment rose by £43.7 million. However this latter figure is grossly distorted by the war. I suggest a more realistic comparison is the Board's peacetime priorities 1934-40, which give the following financial expenditures: Cumulative returns to investors were approximately £35 million, wages were £95 million and growth in capital investment was £39 million. Objectively speaking, the Board's wages bill was roughly three times the size of either the returns to investors or investment in services. The investment spent most immediately for the passengers' benefit was roughly 10% greater than that for the bondholders, and additionally it should be considered that the effect of keeping fares below the rate of inflation to the benefit of passengers in the 1934-40 period had cost the Board cumulatively approximately £4 million by 1940.²⁰⁶ The priorities that these figures hardly depict an organisation disproportionately focussed on the interests of the owners of capital to the exclusion of others. If anything, the opposite is the case and the LPTB did indeed secure the best obtainable system for its users and employees.

²⁰⁶ TfL Archive. LPTB Annual report series 1934-1948. LT-1011-001 to 014.

Critics may argue that this is true but irrelevant. The £73.2 million paid to investors over the lifetime of the Board is remains a very large sum of money which could have been beneficially used elsewhere, whatever comparisons are made to other expenditures. However, this critique somewhat re-frames the question. If the question is whether the LPTB secured the best obtainable system within the context that it operated as defined by the 1933 statute then a comparison of expenditures across the organisation's internal accounts remains valid. If the critics question is actually whether the LPTB secured the best obtainable system in the context of other systems in other municipal or national jurisdictions then the answer becomes more complex. To address it an analysis of the evolution of the government of London, usually largely if not wholly absent in the existing literature, is required. I suggest that this analysis reveals that the creation of a quasi autonomous non-governmental organisation to run London's transport as opposed to municipally accountable body was a highly probable outcome in the context of British government. Any surprise at this 'anomalous' result is misplaced even if it does differ from other jurisdictions, and on the balance of probabilities it may have caused higher fares for passengers in London than they would have otherwise paid. However, what can be said beyond all reasonable doubt that this outcome made the administration of the organisation almost totally unaccountable to transparent democratic processes. Therefore in terms of accountability the critics are right. The LPTB did not secure the best obtainable system of popular administration and control. But this state of affairs should theoretically have rapidly become detrimental to the public provision of services by the system and it did not. To explain why, we examined the concept of stewardship by CEOs and the command, leadership and management of the LPTB by Lord Ashfield and Frank Pick. The evidence demonstrates that the organisation secured the services of two extremely effective individuals as chairman and vice-chairman. Their methods and styles differed so widely from each other that an eventual breakdown in relations was entirely unsurprising, though oddly contemporaries and subsequent literature retain an air of confusion and astonishment about Frank Pick's resignation. In terms of their effectiveness, it was above all Lord Ashfield's abilities as a consummate politician combined

with Frank Pick's qualities as an administrator that allowed the organisation to operate so autonomously and so unaccountably for so long. Pick's personal standards were unimpeachable and whilst Ashfield's web of connections occasionally lapsed into mild cronyism, it seems neither man descended into the more open corruption associated with their predecessors in the underground railway companies or their contemporaries on Wall Street. As unblemished and well connected subject matter experts Pick and Ashfield were unchallenged and perhaps unchallengeable by the constellation of institutions that were supposed to hold them to account. Parliamentarians, Trade Unionists and Financiers were repeatedly dazzled by the combination of mastery of detail and elegant manipulation. In the final analysis, nobody in the period was ever able to adequately answer the question of who could really replace them and do a better job of running London's transport. The lack of accountability was masked by the superlative level of administrative control exhibited by the duumvirate which made them apparently irreplaceable. I argue that beyond all reasonable doubt in Pick and Ashfield the LPTB truly secured the best obtainable administrators and controllers that they could hope for. Their abilities made the LPTB popular amongst its users, if not popularly accountable to them.

In conclusion I argue that the answer to this thesis' question lies in three segments. Firstly, the finances of the organisation indicate that the operation of the LPTB was indeed secured for the interests of the workers as understood as the general travelling public. Secondly, the LPTB was in no sense popularly accountable, or in fact accountable to any institution other than its own elites. Finally, this glaring oversight was concealed by the extraordinary and complementary talents of its two key figures Pick and Ashfield who truly represented the best obtainable administrators and controllers in their period.

Current Implications

We will now consider how this thesis' findings apply to the situation current faced by Transport for London (TfL) and Greater London Authority (GLA). From the financial perspective fares should be as few and as simple as possible with little or no exemptions. Where differentiations are made time of travel is more important than distance travelled. Any

planned reduction in fares should take place across all modes and be commensurate with the capacity of the system to handle more journeys. For that reason, currently freezing or a reduction in London fares may not actually be desirable. Finally, the level of fares should not be seen as the result of rational calculation. Primarily it is a political construct not an economic computation. For that reason, there are in reality far more options open than history or policy makers suggest is the case, but all these are constrained by the 'Overton Window' of what constitutes reasonable debate in any period. This is most easily illustrated by comparison to foreign systems which were and are far cheaper to passengers because the costs of operation were and are displaced on to wider taxation.

The workforce should small in number, relatively well paid, and adaptable. London's prestige as a world class city is bound up with their daily task. They also have a high capacity to cause critical disruption. As such, their relatively high pay whilst periodically resented is entirely appropriate and consistent with other periods of history. When pay has fallen, as in the post war era, standards of safety have dropped too in a sometimes disastrous and inevitably spectacular manner.

Happily for London Transport, its prominence means that some central government funding will always be obtainable owing to the capital's absolute preponderance in national life. The timing and the reasons for granting the funding will generally not be congruent with the objective operational requirements of the system, but the London transport system does offer a secure low risk investment for long term investors including governments.

From an administrative perspective function appears more important than form. Users do not seem to attach much importance to transparency or local regional control provided that the service provided is perceived as good. Historically perceptions of good administration through regional control (LPTB and TfL) have also coincided with periods of high investment, but where regional control was exercised through the GLC in the 1970s, relatively low investment and dramatic swings in policy were not appreciated by users.

To avoid changes in investment programmes dictated by the Treasury the Mayor and the GLA should seek powers to raise finance for transport through channels not dependent on

central government. More widely, TfL should be allowed to bid or consider bidding for the franchises of other rail operators in the South East of England. These have direct impact on the London market and consequently its own operations, and there is historical precedent for London Transport influence over decision making with respect to service provision here. Looking further afield, other cities in the UK should emulate either London or cities abroad and set up their own all encompassing transport providers within a geographic area. Their case for setting up channels of independent funding is arguably more pressing than London's as they cannot rely on central government to the same extent. Regional organisations providing all public transport in given areas should also be trialled in rural parts of the country.

Reflections and Considerations for Future Research

Writing this thesis has broadened the author's knowledge but also revealed a number of issues related to the process of research and writing. Firstly, the title is far too all encompassing. Given a second chance, just one of the three chapter titles would have been sufficient and probably preferable as a focus for research. This in turn has meant that editing was fierce. Word limits forced an entire chapter on innovation to be removed and the section devoted to finance has been heavily curtailed. Secondly, reassessing my own work has been an enlightening if sometimes rueful experience. The literature review has been almost entirely re-written in the light of fresh reading. There is always something new to know. When I began, I did not realise how important economy of expression was. Looking at my work again and reviewing others' draft articles has drastically changed my style. Thirdly, I have learned a great deal about archives. TfL has acknowledged me as their most prolific user and kindly sought my advice on some aspects of the coding of their files and accessibility. Working with them and other archives over the past five years has taught me just how different they are and to what extent researchers are at the mercy of the archivists. In terms of future research, I remain open to suggestions. A central theme throughout this thesis has been the number of omissions in the existing literature. Some have been addressed in this work. However, the absence of a biography of Lord Ashfield is glaring. The

loss of his personal papers would make the project very difficult, though his business correspondence remains available. Reviewing the research question, a comparison of either the UERL or the LPTB with systems in Paris, New York, Berlin and Moscow 1905-48 and in a similar vein a comparison of public transport systems across UK cities 1905-48 would give a more widely contextualised answer to who benefitted and why. It might also find that the LPTB was not necessarily the paradigm of organisational efficiency and effectiveness from a passenger's point of view that it is depicted as in this thesis.

To bring this work up date and fill the forty year gap left between Barker and Robbin's two volume series and the present day, a critical analysis of the London Transport Executive while run by the Greater London Council 1970-84 focussing on the period of genuine municipal control is required. In a similar fashion, a work considering The London Transport Executive, The London Transport Board, The GLC and London Regional Transport 1948-2000 contrasting the different organisations' performance and the implications for users would have major benefits for management, organisational, business, economic and transport history.

Abbreviations

ASLEF	The Associated Society of Locomotive Engineers and Firemen.
BoE	The Bank of England.
CLR	The Central London Railway.
C&SLR	The City and South London Railway.
GLC	The Greater London Council.
LCC	The London County Council.
LER	The London Electric Railway.
L&HCTAC	The London and Home Counties Traffic Advisory Committee.
LGOC	The London General Omnibus Company.
LMA	The London Metropolitan Archive.
LMSR	The London, Midland and Scottish Railway.
LNER	The London and North Eastern Railway.
LPTB	The London Passenger Transport Board.
LTM	The London Transport Museum.
MDR	The Metropolitan and District Railway.
MoT	The Ministry of Transport.
MR	The Metropolitan Railway.
NPWU	The National Passenger Workers Union.
NUR	The National Union of Railwaymen.
QUANGO	Quasi Autonomous Non Governmental Organisation.
SR	The Southern Railway.
RCA	The Railway Clerks Association.
TfL	Transport for London.
TGWU	The Transport and General Workers Union.
UERL	The Underground Electric Railway Company of London.

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