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IMPLEMENTATION AND POLICY CHANGE:
ASPECTS OF BUS PASSENGER TRANSPORT IN THE U.K.

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March, 1982.

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ABSTRACT

The dynamics of policy change are inevitably complex, and can involve inputs at all stages of the policy process. These stages are to some extent interdependent, and the expertise of the implementer, together with the usually long time-scale involved in an implementation process, would suggest that those who execute a policy are particularly well placed to influence change. At the same time there is also considerable scope for discontinuity within the process, with the result that policy change can come about from autonomous events at the policy-making level, and have little connection with the work of the implementer. The aggregative model of implementation, put forward by Dunsire, is considered to be a particularly valuable tool for gauging these connections and discontinuities.

The case study examines the creation and implementation of legislation affecting the bus industry since the beginning of the Twentieth Century. The category of operators chosen for study is that of the territorial busmen, who in earlier years were subject to the control of the entrepreneurs, but in recent times have come under state ownership in the form of the National Bus Company (NBC). An organizational analysis of the NBC suggests that it retains many of the traditional values of the company busmen, despite suffering from declining passenger demand. The final part of the case study looks at a number of NBC subsidiaries, and traces the inter-organizational dynamics of the relationship with the County Councils in which their services operate.

The evidence of the case study suggests that the capacity for discontinuity within the policy process was initially

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under-estimated, and that although implementers possess great power within their own sphere, it is policy-makers who are in a more advantageous position to initiate radical change.

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CHAPTER ONE

THE THEORETICAL FRAMEWORK AND THE NATURE OF THE IMPLEMENTATION PROCESS

In this chapter we will firstly give a working definition of implementation, followed by a model of the policy process, and the function of the implementation process within it. The nature of the implementation process is examined principally in the context of studies by Heclo, Hood, Dunsire, Downs, Pressman and Wildavsky and Richardson and Jordan. The theoretical writing on implementation is relatively sparse, but these particular writers offer a good cross-section of the principal theories. At the conclusion of the chapter we attempt to indicate the main points concerning the nature of the implementation process, and briefly outline the contents of the case-study on implementation and the road passenger transport industry.

A. Implementation and the Policy Process

A Definition of Implementation and Its Function in the Policy Process

If we examine implementation as a phase of the policy process, we would usually consider it to be that part which immediately follows the completion of the legislative phase. In the British context, once a Bill has been given the Royal Assent, it becomes an Act ready to be implemented. We might assume that in an ideal situation the Act will set out the changes it intends to bring about to the real world (i.e., its objectives), and also the means which will be adopted to produce these changes. By stating the objectives themselves, and the means by which they are to be obtained, the Act will attempt to give clear guidance to those who are charged with the

responsibility of implementing its provisions. When the process of implementation has been monitored and judged to be completed, then a process of evaluation can commence which will enable government to assess the exact degree of success which has been achieved, and hence learn valuable lessons which may be incorporated in any further round of policy-making on this subject.

This basic model of a seemingly "perfect" policy process assumes with a naive optimism that the real world can be altered in a specific way. Within the model there is an implicit assumption that policy objectives are realistic (e.g., a policy objective which rested on the premise that the world is flat would not fit this model) and, also, that a chain of authority and control will be created (if it does not already exist) in order that the desired policy objective can be brought about. If, however, the real world refuses to change in the manner prescribed by the policy objectives, or the means of achieving the objectives does not exist, then implementation will be regarded as a failure in this instance.

As a starting point, this simple model can be used in order to give us a working definition of implementation. Implementation is that stage of the policy process where the means of obtaining a given objective are activated, followed by the period when these means are put into practice by those charged with this responsibility. The process will continue until the policy objectives have been achieved (or maintained) and/or a fresh policy process is activated. This definition of implementation can be related to the stages of the policy process outlined by Lewis Gunn.¹ These are:

1. Problem-Search
2. Problem-Definition

3. Forecasting
4. Objective-Setting
5. Identifying and Comparing Relevant Options
6. Policy Implementation
7. Policy-Monitoring and Programme Evaluation

The nature of Gunn's model emphasizes that making, implementing and evaluating policy is an interlinking process. In fact, in identifying a stage of the policy process known as implementation, it is likely that there will be blurring at the edges, and even within the process itself, for no stage of the policy process stands in isolation.

Firstly, a number of policy options may be tested at one time, meaning that selection of a final option will only take place after a process of implementation, or a particular option be simply allowed to emerge by a process of natural selection during implementation.

Secondly, when a bureaucracy is itself the target of a policy objective within the implementation process (i.e., when government changes the bureaucracy's structure or standing procedures in order to bring about greater efficiency) then implementation and policy impact can be inextricably intertwined.

Thirdly, policy monitoring is an inherent part of the implementation process, while evaluation can take place when implementation is still in progress. In some instances a time-scale may be of such a length that it is difficult to determine when implementation has been completed. For example, when a public corporation is set up and its duties and obligations are detailed in legislation, then the corporation's long-term behaviour represents continuing implementation of this original Act. During this period, corporation policy may

be externally evaluated many times, but until new legislation is passed the corporation can claim to be implementing the Act by which it was founded.

Fourthly, Gunn's classification appears to incorporate policy impact into policy implementation. Can a policy's impact on its clients be regarded as part of the implementation process? On many occasions the implementers and evaluators may be one and the same, e.g., a bus company provides a service to its passengers but will usually also evaluate that service and adjust it accordingly. In this case it might be said that the service itself represents the impact of implementation on the public, or alternatively, that the bus running on the road and carrying passengers is the final stage of the implementation process. There is a blurring between implementation and policy impact where the implementer meets his clients which suggests that an unambiguous categorization is impractical.

These examples illustrate that in the real world the various parts of the policy process are interlinked and interdependent to an extent which would make it unrealistic to consider implementation as being divorced from the preceding and succeeding stages. We have seen that on a time-scale there will usually be considerable overlap between the various elements of the process. Nevertheless, there can also be considerable discontinuities. If a policy possesses conflicting objectives, or is out of touch with reality, then this will present enormous implementation problems. Similarly, policy evaluators will have difficulty in performing their job if implementers are either unwilling to co-operate or unable to understand the evaluator's questions and give misleading information. Finally, if as a result of these difficulties, or

the evaluator's shortcomings, the wrong conclusions are drawn about the quality of the policy, then the policy-makers will be liable to initiate a faulty policy-making process.

We can therefore observe that there is ample opportunity for failure within the policy process. In fact, within the "perfect" model, we can note that the mere presence of an evaluator indicates a particular type of policy "failure." If we imagined a single line policy process, then it would cease when the policy had been implemented. Monitoring could take place in order to ensure satisfactory implementation, but the line would be discontinuous.² If the single line is required only to achieve a specific objective at a single moment in time, then it may suffice, but without evaluation feedback to the policy-makers, the line has no other purpose than its own limited function. Without any information as to how a policy had affected the real world, the policy-makers would be able only to base their judgment on instinct and their own values. This lack of continuity would apparently mean that the second policy process line was not "perfect". Once the link between each policy process line is broken, the process would appear to break down.

A more realistic view might be that in the course of time the policy-makers will change, either in terms of personnel or in attitude and approach. Thus when they receive information from an evaluator or the implementer himself, another policy line may be initiated (if the policy objectives continue to be met policy-makers could decide that no further action is required, and wait until further feedback is obtained at a later date). In this model the evaluator analyses the policy at a particular moment in time, and the policy-maker may act on this

information. Alternatively, the policy-makers may have changed their views to such an extent (e.g., as a result of a change in government) that the new policy is based on different values and conceptions of reality rather than a straightforward "learning" process. We should also note that even with an unchanged policy those individuals or groups who either operate or receive the effects of the policy may have changed their behaviour after an evaluation has taken place. In this case the policy may no longer be appropriate.

If a policy remains unchanged amidst changes in the real world, then an emphasis will be placed on the work of the implementer. Rather than carry out a series of specific tasks set by the policy-maker, he may interpret his responsibilities in a way which is appropriate to the new set of circumstances. In this case the initial "straight line" becomes indistinct, and is replaced by a more significant series of interactions between implementing individuals and groups. Even when a new policy line is initiated it will only be a "straight line" if the implementers do not use their own experience to modify its nature. Implementers may thus be powerful agents of policy change, either through reinterpreting an existing policy or by giving advice to government on the formation of a new policy. The implementer's power can be greater still if he is his own monitoring agent and evaluator. We should note, however, that governments may still find means of having the last word, and also that clients of the policy may also wish to participate in the policy-making process.

The Nature of Change

Hugh Heclo attempts to analyse the policy process by outlining a continuum of change, ranging from the static to the

dynamic.³ At the static end, we can isolate a particular moment in time, and attempt to: ". . . find what goes with what."⁴ Statics can be developed in order to discover how a process can maintain equilibrium over time, and also how external changes can affect the equilibrium. Dynamics begin where the occurrence of one stage is dependent on the occurrence of a particular preceding and succeeding stage. This analysis proceeds whereby the constant interplay between bureaucracy and its environment produces a kind of synthesis ("selective reprogramming") which creates the ultimate dynamic process of comprehensive reprogramming. The latter indicates general changes in attitude and approach brought about by everyday interactions.

The static end of the continuum can be equated with the contact between implementation and policy impact (i.e., which policy objectives are suitable to achieve a particular impact at a particular time). The development of statics could be equated with the maintenance of a steady state relationship between implementer and client, together with the influence of external factors. An examination of dynamic change would proceed through analysing how a change in one element of the process led to a sequence of changes in the other elements, and would continue through an examination of results produced by the constant interplay between the elements in the process. Finally, comprehensive reprogramming can be equated with the general changes emanating from and influencing the constant interplay.

The concept of comprehensive reprogramming is particularly important to our study for two reasons. Firstly, it suggests that an accumulation of everyday interactions causes each

policy element to reinterpret its position, and that an accumulation and interaction of these reinterpretations will lead to a new form of the system. Secondly, it indicates that interaction itself has a synthesizing quality, i.e., general change will occur because, through interaction, each element in the process accepts the fact that it has occurred. In turn, the importance placed on the value of interaction itself as a synthesizer, suggests that the trend of political activity normally tends towards some form of consensus.

A practical dilemma, confronting both the policy-maker and implementer, is to judge if conflict within the system should be accepted at any particular moment in order to bring about a general consensus in the long-term. In examining political activity, it can often be difficult to place a particular policy objective within a general consensus of policy objectives. Consensus with regard to one objective can lead to conflict over another objective. If we examine the policy process over a wide area and a long period of time, we can perhaps identify a very general consensus of values, (e.g., the general acceptance of Keynesian principles in Britain during the 1950s and 1960s) but within that consensus we are likely to find internal conflict which in time will produce a further general consensus. Although comprehensive reprogramming can permeate all elements of the process, it may itself be a function of everyday interactions brought about by the attempts of political actors to achieve a short-run consensus. The policy process may also contain a time overlap, in which yesterday's consensus plays an important part in shaping that of tomorrow.

We have seen that our concept of the "perfect" policy line is in fact not perfect in the sense that a straight line can

convey its true nature. It is a complex system of overlaps, interactions, interdependencies and discontinuities over time which, although apparently leading towards consensus, is likely at any one time to contain the seeds of conflict.

Within the process we also have seen that although policy-making can be of considerable importance, on a time-scale it represents only a small period in comparison with implementation. To some extent the position can be confused through the difficulty of identifying when monitoring and evaluation end, and policy-making begins. To the extent that evaluation can contain discussion of future options it could be regarded as a form of policy-making, and a policy idea might be discussed over a long period of time. While these processes are continuing, however, the previous policies are still being implemented, and will continue to be so until the next policy is officially introduced. Once it has commenced, interaction between implementer and clientele continues until it is officially altered or changed. As the amount of time which governments can give to change in one particular policy area is limited, it is likely that implementation will continue for a comparatively long period of time. We have already seen that, in order to keep track of the policy objective and the changing behaviour of his clients, the implementer is likely to use his own discretion and initiative. The importance of implementation in the policy process, and the behaviour of the implementer, brings us to consider the nature of the implementation process.

B. The Limits of Administration.

The "Perfect" Implementation Model.

In our "straight line" model we regarded implementation as the means by which a policy objective is to be achieved.

Superficially, it might appear that a policy which set out both its objectives and the means of achieving them would be likely to achieve satisfactory implementation, but there could of course be many other obstacles. The implementer might not understand his instructions, or deliberately disobey. The client could be recalcitrant, and go out of his way to resist the implementer. Pressures of time might mean that implementation is rushed, and the objective not achieved. It might nevertheless be hoped that, if only theoretically, conditions of "perfect implementation" could be envisaged.

Christopher Hood defines 'perfect administration' as being: ". . . a condition in which 'external' elements of resource availability and political acceptability combine with 'administration' to produce perfect policy implementation." ⁵ Based on the "total surveillance" society devised by J.B. Rule, Hood outlines the five major conditions which he considers to be necessary if administration proper is to have no limiting effect on policy outcomes. The five conditions are:

1. A unitary administrative system, like a huge army with a single line of authority. Any conflict of authority might potentially weaken administrative control, and all information should be collated at a single point, in order to avoid compartmentalism.

2. The norms or rules enforced by the system have to be uniform. Objectives must be kept uniform if the unitary administrative system is to be fully effective.

3. Perfect obedience or perfect control. If perfect obedience cannot be obtained, perfect control will ensure that recalcitrance is nullified.

4. Perfect information and communication. This includes

perfect co-ordination.

5. The absence of time pressure. Time must be allowed for administrative resources to be brought to bear.

The Conceptual Limits of "Perfect Implementation".

These five conditions offer a valuable insight into the nature of administrative control, but are they the conditions necessary to bring about "perfect implementation" ? At the core of the five conditions is the assumption that "total surveillance" is necessary if perfect implementation is to be achieved. The image is similar to that of the single line policy process, where the implementer is given explicit details of his task and carries it out with total obedience, but our model of the dynamic policy process suggests that more is required of the implementer than pure obedience. If it is assumed that better implementation will be achieved if the implementer is allowed some discretion, then can the fulfilment of Hood's five conditions be regarded as "perfect implementation" ?

There is the further difficulty of identifying "perfect implementation" as the successful completion of an internal bureaucratic process, and/or the successful achievement of the original policy objective. If the implementer behaves like an automaton, and carries out the wishes of his controller, even if he sees that the policy objectives are not being achieved, can this be regarded as "perfect implementation" ? In the "total surveillance" model we must therefore assume that "perfect implementation" refers to both the means of achieving the objective and the achievement of the objective itself. It could nevertheless also be argued that "perfect implementation" is the achievement of objectives, regardless of the means of achieving them. In a situation where the implementer has more

"grass roots" knowledge than his superior, (e.g., where the implementer interacts with his clients) then the "total surveillance" model will break down, for in this case recalcitrance could be a definite asset to the achievement of "perfect implementation."

Hood states that when the five conditions are satisfied, administration will have no limiting effect on policy outcomes. We must therefore assume that a controller has perfect knowledge not only of the implementer or implementers, but also of the clients as well, for without this total knowledge he will be unable to control policy outcomes. On the whole, the concept of "perfect implementation" is perhaps a relatively unfruitful means of examining and analysing the implementation process.

If we examine the five conditions in turn, we can perhaps identify some of the conceptual limits of "perfect administration"

1. For the pyramid system to be the most effective, it would appear that we must assume a purely downward movement of information. The single authority at the peak of the pyramid will have perfect knowledge of the entire system, which he will programme completely before the process commences. In this way, the system can be self-administering, without any feedback to the peak of the pyramid being required (this system is reminiscent of the "single line" policy process, where a single linear downward movement is sufficient) and either perfect control or perfect obedience must be assumed. If the single peak authority has complete knowledge of the programme, but commences it by only instructing each element with regard to its initial task, then when that task is completed, feedback and new instructions will be required in order that the second task may commence. In this situation a single peak authority is

apparently not the most effective structure, for, given a second peak authority of equal capacity and knowledge, the task will be completed twice as quickly. It might be argued that an infinite number of peak authorities of equal capacity and knowledge is still in fact one authority, but this implies fulfilment of the fourth condition of perfect co-ordination, which we will examine shortly.

2. Although we can conceive of a single uniform objective in the sense of a policy outcome, the means of achieving that outcome requires that each sub-unit of the system will have an individual objective at a particular time. At that moment, the sub-unit will see the world in terms of completing its part of the task. In a sense, to envisage the process purely in terms of the final objective is tautological, as if the policy-maker is saying: "to achieve the objective we must achieve the objective".

3. Perfect control is a state which it is difficult to envisage theoretically. Firstly, a subordinate might be immune to all threats, but secondly and more significantly, a control system requires some form of feedback. During this time, the subordinate can devise methods of recalcitrance and hence keep ahead of the control system. Although recalcitrance may be forestalled, the contemplation of disobedience implies that attention is turned away from the task in hand, and is in itself a departure from the 'perfect' system. In addition, the process of control requires strict surveillance, and as analysis of the first condition suggested, the unitary system does not provide this in its most efficient form.

Although the subordinate could behave with perfect obedience, his superior can never be sure that he is perfectly obedient

unless he operates some form of monitoring system. Once again, this will require more than the unitary authority. Our analysis therefore suggests that perfect obedience and perfect control are in conflict with the concept of a unitary authority as one of the conditions necessary for 'perfect implementation'.

4. Our analysis of perfect co-ordination is based on the implementation model of Andrew Dunsire, which we will be considering in detail later in this chapter. For perfect co-ordination, we must assume that all instructions are perfectly understood. We have seen, in our analysis of objectives, that each sub-unit will have its own task. If we assume a common language amongst and between all the sub-units, then this will be a lowest common denominator, and will not satisfy the needs of each specialized sub-unit. If we allow each unit to develop its own specialized language as a means of describing aspects of its work, then in order to achieve co-ordination between units, some form of interpretation at the margin will be required. Interpretation is not a finite process. In attempting to define a particular specialized activity to those not involved in it, there will always be some form of cognitive gap, based on each individual's unique personal stock of knowledge and experience. In this sense, perfect co-ordination cannot be achieved, and even if the infinite number of peak authorities in our first condition is regarded as one, interpretative difficulties will occur.

5. Some form of time pressure is inherent in the implementation process. If we state an objective, then there must be an assumption that at some date in the future the objective will be achieved, otherwise there would be no point in

having an objective at all. In addition, implementation will usually require a sequence of activities to be co-ordinated. In order for this sequence to take place, it will need to be programmed over a certain period of time.

The Limits of Control

It appears that when we take the "perfect implementation" model to its theoretical limits, there are internal weaknesses within the system. It represents a particular style of implementation based on a chosen set of values. Hood himself points out the weakness of this system in stating that: "One difficulty which has been identified by many writers is that the word 'dysfunctionality' implies a prior judgment about what organizations ought to be doing, whereas in practice, people in organizations have multiple and conflicting objectives, and the objectives of the 'bosses' are open to challenge." ⁷

A method of implementation based on total surveillance is likely to prove itself too naive and simple to be effective in the real world. It is based on a judgment which regards uniformity and control as being the primary means of effective policy implementation. The nature of our policy process model suggests that where external conditions are changing, the implementer will be required to use his discretion if the policy is to be implemented at all. Ironically, cumbersome control devices within the bureaucratic system would usually be inappropriate in the case where implementers wish to maintain control over their objectives. This is a dilemma of control referred to by Hood, who gives the following example: ". . . police officers who are given no opportunity to 'get their hands dirty' will be unable to obtain intelligence from the criminal 'underworld', but allowing police officers to pursue secret intelligence

activities on their own, inevitably introduces opportunities for corruption." ⁸ This classic dilemma indicates that an implementation method employed at one level of the process can produce its opposite at another level, and vice versa. It is not just a matter of examining differing styles of implementation between implementation processes, but also styles of implementation within one process.

Hood gives a valuable and exhaustive list of implementation problems based on relaxing the five conditions of 'perfect implementation'. He classifies these limits within three categories. Firstly, external or extra-administrative limits. These include cases where there is a shortage of resources or where the policy lacks political feasibility. The latter will usually occur when certain dominant interests, within either the bureaucracy or its clients, refuse to accept the policy as it stands. Secondly, administrative limits. These are cases where implementation fails because of internal weaknesses or dilemmas within the administrative system itself (this category could include the control dilemma referred to earlier). Thirdly, quasi-administrative limits. This term refers to implementation failure caused by weaknesses within the policy itself, most frequently found in cases where conflicting objectives make the policy administratively unworkable.

The difficulty with a categorization of this sort is in identifying and classifying a particular problem. If a particular method of implementation occurs when we relax the conditions of 'perfect implementation', then there is a danger that we may interpret this behaviour as indicating an administrative limit, when in fact it represents an alternative administrative style. If it is discovered by an official that a policy is most

effectively implemented if he allows his subordinate a certain degree of discretion, then in this particular case the mix of control and discretion employed might be described as the optimal means of achieving policy goals.

It might also be the case that when the implementer and his client interact, the quality of the policy will be improved if a mutual learning process takes place between them. Hood refers to reciprocal learning as being the case where learning takes place against an environment which is also learning. Where the environment is hostile, Hood portrays the relationship as being of a 'cat and mouse' type, with both sides continually trying to outwit one another. As we have already indicated, there will always be some scope for recalcitrance. In the sense referred to when we were discussing co-ordination limits, mutual learning could also signify a case where the two sides are attempting to interact and understand each other's behaviour, and hence achieve some kind of consensus. In discussing this process, Hood refers to the 'lumpiness' and 'slippage' of language ('lumpiness' meaning the manner in which language fails to define a situation exactly, and 'slippage' being the tendency for people to place their own interpretation on a particular word). These learning problems can occur because of a genuine failure to understand, or because one side deliberately chooses to misunderstand.

Hood places the emphasis on 'deliberate' misunderstanding, and considers that: "The degree of hostility in the environment is the key factor. To a large extent, recalcitrance is the raison d'etre of administration. . . . one 'administers' because there is or may be resistance in the system. But recalcitrance is also a limiting factor, indeed the limiting factor in many

cases. The more that the authorities try to prohibit or to enforce activities that a significant proportion of ordinary people do not feel to be wrong or right, respectively, the more administrative difficulties they will encounter." ⁹ It therefore appears that, although there are limits to control, there is no limit to recalcitrance. The implementer faces dilemmas and limits to the degree of control he can operate, but theoretically and ultimately the client is uncontrollable. Hood concludes that: "In a dilemma there can by definition be no wholly satisfactory solution: but to know that there is no answer is itself an 'answer' of sorts, if only as a discouragement to naive hopes. There is no point in trying to 'fine tune' in such cases. Finally, 'limits' and 'possibilities' are merely the opposite sides of the same coin." ¹⁰

Despite these limits, complex administrative processes take place each day and policies are implemented with at least relative success. Although various forms of control over recalcitrance can play a prominent part in the operation of implementation processes, recalcitrance itself might not be the *raison d'être* of administration. In examining Andrew Dunsire's implementation model, ¹¹ we can analyse an alternative exploration of how the implementation process operates in practice.

C. "The Execution Process."

The Aggregative Model of Implementation.

We examined earlier the prominent part played by implementation within the policy process, at least on a time-scale, and also the discretion which will usually be required of an implementer if he is to maintain contact with his clients. In the previous section we attempted to indicate the inherent

limitations of the "perfect implementation" model, and also discussed the possibility that control might not in fact be the central factor in achieving successful implementation.

In essence, where Hood is discussing what can go wrong within the implementation process, Dunsire examines how things can go right within that same process. Dunsire's emphasis is on continuing administrative processes, where over a long period of time an organization will build up specialized knowledge, and apply that knowledge in performing a series of functions. Perhaps the key element in the model is the hypothesis that on the whole implementation is an aggregative rather than a developmental process. Dunsire considers that, if we study an organization, we will see a series of 'offices'. Within each 'office', we will find: ". . . a person or persons endowed with the necessary skills, equipment, materials and authorization." ¹²

Initially, the 'office' can be seen as a single unit, in which a particular range of activity takes place. The aggregative model then states that: "An intention is executed, an order completed, a plan activated (a decision implemented, a product or service produced, an application dealt with, a demand met, a stimulus responded to, etc) by linking together a chain, train, combination or converging network of such offices or work stations, assembling a sufficient number of appropriate work operations in a requisite sequence for the cumulated final output desired." ¹³ The implementation process is thus assembled by combining a number of individual 'offices' rather than developed from an original blue-print containing the whole process in embryo.

Dunsire employs the example of a particular case study (the almost uncontested closure of a branch railway line in Yorkshire) to examine the validity of this hypothesis. He concludes that the aggregative model is most applicable at the higher and lower ends of the process, but less so in the middle. At the higher end, a Cabinet decision on public expenditure levels will involve an examination of the National economy as a whole, with the future of the railway system one element within that total. The Cabinet is an 'office' with the task of making decisions on the economy as a whole, and railway finance is but a relatively small part of that whole. At the lower end, a ballast loader will not consider that the function of his work is to form part of a particular implementation process. He will perform the task within the context of his 'office' of ballast loading. In the middle, we may find civil servants or railway board officers whose main task is to develop a particular policy. They are not so independent of the process as the ballast loader, and must to a large extent base their behaviour of what takes place at preceding and succeeding stages of the process. ¹⁴

Dunsire concludes: "To generalize: the idea that individuals in the descending ranks of a hierarchy of authority are implementing a ministerial decision or carrying out a policy of his (or any one else's) is an abstract one, one that derives from the interest of the observer or the enquirer, and is not inherent in, or even manifest in, the internal structure of the Ministry." ¹⁵

Problems of Communication

The significance of the aggregative model leads Dunsire on to distinguish between the position of an office on a generality/specificity scale, and the degree of discretion to be

found within the office. On a generality/specificity scale, the Cabinet and senior civil servants would be placed at the generality end, while the ballast loader would appear at the specificity end. We could also say that a Minister concerned with problems on a National scale will possess a higher degree of discretion than the ballast loader. In another sense, however, it could be argued that a ballast loader could enjoy more discretion as to how he actually performs his job than a Minister hemmed in by all manner of external constraints. ¹⁶

Arising from this examination of the aggregative model and discretion within an 'office', Dunsire identifies particular 'orders of comprehension'. These are 'clusters of activities', with each cluster having a different character from the others in the process. Each cluster will have its own individual language, in order to communicate information about the nature of activity within that cluster. As we outlined when examining the inherent limits of 'perfect implementation', a cognitive gap will exist between clusters and even within the cluster itself. Translation will take place on the margins, but over a large number of 'orders of comprehension', a large cognitive gap will appear. Dunsire illustrates this gap by employing a 'Babel House' model, where messages issued at one end of the building would be unintelligible at the other end until they had been taken through a process of interpretation and translation by a series of units.

This process of interpretation and translation can be seen as a series of triadic relationships where the office in the middle sees the world in terms of instructions received from the 'office' above, and information received from the 'office' below. The 'office' in the middle will interpret an instruction

in terms of how it can be 'operationalized'. This will involve adding a certain amount of information, in addition to discounting any part of the instruction which seems irrelevant. By specifying the task, the 'office' will be able to undertake it more efficiently. When the 'office' in the middle passes the instruction on to the 'office' immediately below, it will contain certain assumptions about the nature of the instruction which the 'office' below will have to take on trust, for it cannot possess all the specialized knowledge of another 'office'. This process is known as uncertainty absorption, and will also occur when messages are passed upwards. Dunsire concludes that interpretation and uncertainty absorption should not be regarded as distortion of the system, but (given the nature of an 'office' and its discretion) as an essential means of performing the process.

The manner in which the sequence of operations takes place could be regarded as programmes-within-programmes, whereby each unit is an individual 'machine' within the total process. Each unit will communicate with the unit above and below it in a vertical hierarchy, and also the parallel 'offices' on a horizontal plane. Nevertheless, the aggregative model and the discretion of the individual unit can give the process the appearance of being a network of communication between the units rather than a hierarchy of command.

Dunsire's model focuses attention on the cognitive rather than the motivational aspects of the implementation process. He emphasizes that motivational elements of behaviour are always present in an organization, and that they can only be separated from the cognitive elements analytically. The particular importance which he places in the cognitive process is

nevertheless clear in this comment on the nature of administrative feedback: "Now there is no doubt that many men are lazy, self-seeking and fearful of what may happen if they tell the truth or allow their superior to learn the truth: the distortions introduced into the communication system by the use of information as a commodity must gravely affect a superior's ability to know what is going on. But - at the risk of flogging a dead horse - is it not the case that, before we can properly take the measure of such distortions, we must acquire some appreciation of what difficulties there might still be in knowing what is going on, even if all subordinates were keen, assiduous, dedicated only to the purposes of a superior and George Washingtons to a man ? " 17

The concept of administrative difficulties caused by communication itself is inherent in Dunsire's model. In a large Babel House with many languages the occupants may spend a large amount of time trying to understand one another, and as a result give relatively minor attention to tactical manoeuvring.

The Benefits of the Aggregative Model

Of perhaps even more importance for the nature of the implementation process is the concept of the aggregative model. The relatively high degree of autonomy and discretion allowed to each 'office' by the aggregative model suggests that any concept of the implementation process as a straight line, or of aiming towards a system of 'perfect control' would be mistaken. We saw in our policy process model that a policy-maker would be wise to allow the implementer the degree of discretion he requires to maintain interaction with his clients, but Dunsire's model suggests that 'orders of comprehension' and cognitive gaps are features of the process which create a natural discontinuity.

The model also indicates that recalcitrance is not necessarily the raison d'être of administration, for even if conditions of 'perfect obedience' existed, discontinuity would remain. It might also be mistaken to regard the nature of this discontinuity as an administrative limit. The degree of discretion and expert knowledge within an 'office' could be employed to advantage within the system.

A dilemma is that, if these cognitive gaps and 'orders of comprehension' exist to the extent made apparent by Dunsire's aggregative model, can we examine an implementation process at all ? Dunsire analyses the implementation of a railway line closure, but nevertheless concludes that the idea of implementing a ministerial decision is an abstract one. It is true that a large Ministry will be dealing with a great many other things at the same time that the administrative process associated with closure of a particular railway line is handled, and also that to a ballast loader one particular job may represent only a small part of his total work, but does this signify that "Implementation is in the eye of the beholder." ? ¹⁸

In the sense that within an 'office', an individual's activity may be influenced by many factors (e.g., past experience, organizational traditions, external constraints and internal objectives) it could be argued that a single activity is but a small insignificant part.

This is a powerful image, and would appear to have a great deal of validity, but a particular implementation process need not exist merely in the eye of the outside observer. To the railway passenger who loses his local line, the effect of that process will be all too apparent, and he will not be inclined to think that the line has disappeared purely as the result of a

large number of people going about their everyday business. He will place the blame on the policy-makers at the Ministry or British Rail headquarters. The decision may form only a small part of a total strategy, but its implementation does have an identifiable impact on the real world. We noted earlier that the client may not be regarded as taking part in the implementation process, but in many cases (including the operation of a railway or a bus network) it is difficult analytically to separate the actions of the client from those of the implementer. There are many elements which can influence the implementation of a particular policy decision, and to someone operating within an aggregative process implementation may appear to be something else (e.g., running a ballast loading business), but if some kind of identifiable interaction takes place between the implementer and his clients as a result of that decision, then policy implementation would appear to have taken place (whether or not the interaction is of the nature originally intended).

Dunsire's concept of 'orders of comprehension', the 'Babel House' model, and the aggregative nature of implementation and discretion within an 'office' give us a valuable and distinctive way of examining and analysing the implementation process. It implies that implementation should only be viewed as part of a total administrative and operational process, and that the nature of the process makes it inadvisable for one 'office' to think that it can fully understand and control the activity within any other 'office'. It also suggests that we should pay particular attention to the 'viewing point' of a single individual or unit within the process (this aspect of the model can be linked with the theory of Anthony Downs, which we will be considering shortly), for its aggregative nature means that

implementation may be profoundly affected by the manner in which it is treated by a particular unit.

The Aggregative Model and Problems of Control.

The nature of the aggregative model also suggests that attempts to impose a high degree of control may not only be impractical but also undesirable. Within Dunsire's implementation model, it might be thought that control can be at best only tenuous, given the apparent autonomy of each 'office' and the cognitive gap between 'orders of comprehension'. Dunsire, himself, considers that the greater the generality of the task (caused by an uncertain environment) and the higher the discretion made to a decision maker, then the more will control rest on self-regulation: "In routine clerical work, . . . standards can be almost as 'objective' as in mass-production manufacturing industry. Specific skills and attitudes can be identified and inculcated; job evaluation and job specification can be applied." ¹⁹ In this case, deviation from a particular norm can be quickly detected, but at the other extreme: "Where the superior is not familiar with the subject-matter of the subordinate's work, the superior will not only lack the equipment for 'scanning for oddness', he will be conscious that he lacks the authority for it. Hierarchic authority will not do: if mutual esteem is to be maintained, sapiential authority is requisite. Such authority may be found elsewhere in the bureaucracy, but it may not, and in that case the subordinate has to be induced to contribute not only his own monitoring, but also his own standards of what he ought to measure up to." ²⁰ The subordinate cannot be made subject to duress, while the superior's lack of knowledge precludes any form of exchange.

Duress and exchange are Dunsire's first two modes of

superior-subordinate relationship. Duress involves achieving compliance by means of sanctions, while exchange entails the winning of co-operation by the mutual recognition of contribution and obligation. The remaining relationship is one of identification, whereby the subordinate adopts (either spontaneously or by inculcation) the values, purposes and goals of his superior. Supplementary to its importance as a mode of achieving compliance within an organization, identification can be of considerable importance in building up an inter-organizational implementation process, for where no official hierarchy of authority exists, duress cannot be imposed. In addition, exchange can involve a great deal of complex bargaining, although a long and intense period of bargaining may lead to identification between the parties. The extent to which this process of identification may occur will be one of the considerations of this study.

Dunsire sees an organization as being in a state of dynamic stability. It derives its stability not from remaining in a steady state, but from each unit within the organization continually adjusting its position with regard to other units, although still remaining within a given threshold. The concept of dynamic stability appears to be close to Heclo's idea of selective reprogramming, whereby change comes about through a constant interplay between elements in the policy process. Heclo takes the process one step further along the dynamic scale and identifies a process of comprehensive reprogramming, which is change brought about as the result of a synthesis in the elements within selective reprogramming. Identification could be seen as the manifestation of comprehensive reprogramming, for when members of an organization (or a number of organizations) accept

certain common values without any obvious self-interest being involved, then it might be explained by the constant interaction between individuals or units.

The Importance of Everyday Interaction

We stressed in our policy model the importance of the implementer being able to keep track of his clients. In doing so, the implementer will inevitably lose some degree of contact with the policy-makers or other members of the administrative process. This can be caused by a simple time lag, a cognitive gap, or perhaps even the implementer identifying his interest with that of the client rather than the policy-maker (this latter phenomenon could also be explained by the implementer and client occupying the same "order of comprehension"). In this case, an apparently natural phase of the implementation process can lead to the implementer switching identification from the values of the policy process to those of the client.

In another case, the policy-maker may become affected by changes in the general "atmosphere". Having devised and implemented a particular policy, he may discover that it is no longer in tune with the general values and objectives of his government, and therefore has to choose between operating a policy which is unpopular with his colleagues, or making clumsy changes in a delicately balanced administrative system. Because the world refuses to stand still, seemingly firm alliances can drift apart, and apparently sworn enemies find common values and goals.

The unpredictability of these changes is liable to frustrate the most determined policy-maker, although it should be noted that he himself is part of the process of change, and because he identifies himself with new values and goals, may be relatively

unaware that change is taking place. It might be said that the implementation process is a dependent variable of this change, until we note that change itself is not something which appears out of thin air. In many cases it may come about through everyday interaction, although the nature of the interaction will rest on certain values and goals which themselves have been brought about by change.

This interplay between everyday interaction and change is of considerable importance in studying implementation. When we examine an implementation process, we may quite rightly search for a pattern of interests, either of groups or individuals, as an explanation of how that process works, but we should also understand the nature of the interests themselves. On its own, a particular group or individual interest can appear meaningless, for it is the political process which gives it shape and significance. The degree to which the process creates or moulds an interest is perhaps of greater significance than the interest itself, for the values and goals of all interests will change to a greater or lesser extent over a period of time.

The Limits of Dynamic Stability

Dunsire's concept of dynamic stability envisages a constant interplay between particular incompatible procedural objectives within an organization, (e.g., speed versus accuracy), but does not consider the general changes which this interplay can bring about. It could be argued that ultimately no dynamic system can be stable, and that the natural interplay between objectives could change the nature of the organization, or affect its place within the implementation process. Dunsire considers that the flexibility of approach brought about by stressing one objective, and then another, leads to a situation of balanced equilibrium.

The natural tension between objectives means that no unit within an organization can adopt one objective to the total exclusion of another. In turn, this tension enables one unit to balance with another: "Dispersed control of this kind (it is not really self-control) relieves the centre of an impossible burden of monitoring and enforcing priorities - which would be counter-productive in any case, since the priority among procedural objectives has to fit the circumstances of each decision." ²¹ Because the units are already in a state of balanced tension, a superior can exercise control by merely stressing the importance of one objective rather than another. In this way, the merest touch can enable the superior to bring about large-scale changes within subordinate units: "Control energy can be minute when large forces are in balance." ²²

With regard to implementation, we should perhaps also study how it comes about that one value is stressed rather than another, and its implications for change. In addition, we might question the nature of the movement of the large forces which are set in motion by the minute energy of the superior. If the effect of the touch cannot be predicted, then the balance might be shifted uncontrollably, causing the organization to lose its stability. Given a high level of discretion within each 'office', the degree of 'fine tuning' available to a superior might be limited, particularly in an organization where a degree of recalcitrance is present.

In this section we have attempted to indicate the value of Dunsire's model in analysing the implementation process. Dunsire, himself, stresses that he has deliberately avoided all reference to motivational aspects of behaviour in order to study organizational processes as such, although he does not make clear

the extent to which he considers apparently motivational aspects can in fact be satisfactorily explained by the cognitive elements. He does at least implicitly suggest that everyday interaction within an implementation process can be more readily explained by the aggregative model, the cognitive gap etc. than by individual psychology and motivation. The model appears to become more strained when we consider the concept of control and dynamic stability. Dunsire's model rests heavily on an analogy with the physiology of the human body, but unlike the body, the structure of the implementation process may be constantly changing. The nature of organizational (or inter-organizational) change defies enclosure within the analogy of a single structure, for the aggregative model itself suggests that parts can be used and then discarded. Once we introduce motivational elements and recalcitrance the analogy becomes impossible to sustain, for one part of the body does not totally rebel against another.

We indicated earlier that the relationship between everyday interaction, producing consensus, conflict and ultimately general change is of considerable importance in analysing the implementation process. When an Act is implemented the nature of the various interests and the relationship between them (be they implementers or clients) can have profound effects in influencing the 'atmosphere' which surrounds the whole policy process including succeeding implementation processes. Even if we accept the validity of the aggregative implementation model, we cannot ignore the manner in which self-interest can influence the implementation process. Also, if Dunsire's model of dynamic stability fails to fully describe how change comes about within the implementation process, we need to examine how organizational or inter-organizational dynamics can bring about these changes.

In these two respects, the work of Anthony Downs offers useful guidance.

D. "Inside Bureaucracy"

The Nature of Self-Interest

The hypotheses put forward by Anthony Downs ²³ stress the motivational aspects or organizational behaviour. If we over-simplify somewhat, it could be said that while Dunsire emphasizes the co-operative nature of the implementation process, Downs emphasizes its competitive nature. Nevertheless, Dunsire makes a considerable number of references to Downs, and to some extent the two works do complement each other, for both are concerned with the nature of communication and control within an organization. Downs sets out his three central hypotheses as being:

1. Bureaucratic officials seek to attain their goals rationally.
2. Officials have a complex set of goals, but all will be influenced by a certain degree of self-interest.
3. An organization's social functions (its interactions with the outside world) will strongly influence its internal structure, and vice versa. ²⁴

The first hypothesis might be regarded as a dependent variable of the second, for where goals conflict, there will need to be some degree of compromise between them. This might be particularly true where official interests conflict with self-interest. In this case, if an official seeks maximum rationality for his official goal, he might be sacrificing his own interest, and vice versa.

A further complication is the degree to which official interests can be disentangled from self-interest. This difficulty

is similar in kind to considering uniform objectives as a condition of "perfect implementation". We argued that a division of labour required an individual to have a particular objective at a particular time, even when the ultimate objective of the organization is held in common. That particular objective of the individual might be regarded as either an official or personal objective. In Dunsire's terms, the objective could be defined as an individual exercising his discretion within an 'office'. In Downs' terms, the objective could be regarded (at least partly) as reflecting the individual character and personal ambitions of the individual. In reality, when an official is seen to be carrying out his allotted task, we can assume that he is operating in an official capacity. It is only when the official task comes into conflict with strictly personal objectives that the motivational aspects come into consideration. Each official will of course bring his own personal approach to a job, but where his efforts can be perceived as furthering the overall objectives of the organization (or an inter-organizational implementation process), the question of self-interest is of minor importance.

As an illustration of how the separation between official and self-interest can work in practice, we can examine Downs' categories of individual character. Downs classifies officials by five "ideal types" - (similar terms might be applied to organizations) climbers, zealots, conservers, advocates and statesmen. Although a few officials might be classified under one type exclusively, Downs suggests that the natural behaviour of an individual official will tend towards one of these types, although experience within the organization can cause him to switch types. Thus, a climber who realizes that he can go no

higher is likely to become a conserver, while a natural zealot at the top of an organization will have to behave as a statesman when questions concerning the "National interest" are to be considered.

In these cases, it would appear that individual behaviour is being shaped by organizational characteristics. The apparently "natural" climber becomes a "natural" conserver, while the enthusiastic zealot becomes the objective statesman. If this behaviour is congruent with the needs of the organization, then the element of self-interest which may be involved is not significant. If, however, the climber becomes a conserver when the organization requires him to remain a climber, or the zealot causes the organization to fail because he wishes to promote a new image as a statesman, then the self-interest of the individual becomes significant.

We should perhaps also note that the short-term gains made by self-interest, might be offset by the damage to the individual which organizational failure can bring. It might even be argued that while an individual remains a member of an organization, official interest and self-interest will invariably coincide in the long-term. We must also avoid the trap of regarding the performance of official interest as being totally congruent with perfect obedience. In a dynamic implementation process, the instinct of the individual that radical change is needed may be more beneficial for the interests of the policy than merely furthering the interests of an organization which has outlived its useful purpose.

Downs himself appears uncertain as to whether personal or official goals are of primary importance as the causal elements of individual behaviour. In a hierarchy of goals, Downs regards

the personal goals as having a more profound effect on an individual's behaviour than the bureau-oriented goals.

Nevertheless, he amplifies this hypothesis by stating that:

"If society has created the proper institutional arrangements, their (the officials) motives will lead them to act in what they believe to be the public interest, even though these motives, like everyone else's, are partly rooted in their own self-interest. Therefore, whether or not the public interest will in fact be served depends upon how efficiently social institutions are designed to achieve that purpose. Society cannot insure that it will be served merely by assigning someone to serve it." ²⁵ This statement, although somewhat enigmatic, appears to support the hypothesis that "institutional arrangements" will guide private motives in the direction of the public interest (despite the previously outlined hierarchy of goals).

If, however, self-interest and official interest conflict, then the organization must find ways of imposing its will on the individual. We have already argued that "perfect control" is impossible, and so the organization is incapable of totally banishing self-interest from individual behaviour. In this case, the organization must endeavour, by means of coercive control or exchange, to ensure that official interests and self-interest coincide in the work of the individual, or alternatively that the individual (despite Downs' hierarchy of goals) can come to identify his interest with that of the organization.

One of the insights we have gained from Dunsire is that of the aggregative implementation model, whereby a natural cognitive gap will exist between 'offices'. Dunsire is critical of Downs

for his failure to distinguish between cognitive and motivational elements in his analysis. In analysing communication within an organization, Downs describes changes in information during its transmission as distortion,²⁶ and concludes that the particular objectives of individuals within an organization will cause authority leakage.²⁷ Following Dunsire, we can argue that when an individual is perceived to be "doing his job", even if his behaviour contains a degree of self-interest, then it is more suitable to regard that behaviour as forming a part of the cognitive process. Analytically, it can more often than not be almost impossible to indisputably identify the behaviour of an individual as representing the performance of official interest or the defence of self-interest. Even then, the identification of self-interest becomes less important when it is placed in the context of an evolving interaction process. In this sense the concept of self-interest is of less analytical importance than the observation of an official's actual activity and its effect on implementation and policy impact.

Further Characteristics of the Implementation Process

Despite Downs' failure to distinguish between cognitive and motivational elements in the implementation process, he adds to Dunsire's analysis in three particular ways. Firstly, and arising from the motivational elements, there is the question of control. Given that officials do not always behave in the manner intended by their superiors, some kind of control system will usually be enforced within an organization (or sometimes between organizations). The emphasis which Downs places on the competitive nature of elements within an organization is particularly illustrated by his Law of Counter Control, which states that: "the greater the effort made by a sovereign or

top-level official to control the behaviour of subordinate officials, the greater the efforts made by those subordinates to evade or counteract such control." ²⁸ This Law is closely linked to the concepts of distortion and authority leakage, and suggests the imperfect nature of any control system. Some type of monitoring system within an organization is usually necessary as a control device, but also as a means of feedback, performing a service as part of the cognitive process.

Given the high cost of setting up elaborate control systems, it might be considered more suitable to engender a process of identification, but Downs considers that some degree of goal diversity (i.e., individual discretion) is required if the organization is to respond satisfactorily to environmental change. His Law of Countervailing Goal Pressures states that: "The need for variety and innovation creates a strain toward greater goal diversity in every organization, but the need for control and co-ordination creates a strain toward greater goal consensus." ²⁹ This Law emphasizes the manner in which change takes place during an implementation process, for the strain towards variety and innovation (sometimes apparently manifested in self-interest) will take place both when an individual exercises his discretion within the organization, and also when implementers come into contact with their clients. The strain towards goal consensus represents the general recognition that to make the process work at all, a higher degree of co-operation is required. This activity does not necessarily represent a distortion of the policy process; it is in fact an integral part of it.

Distortion can take place if implementers misrepresent the reality of what they are doing to the policy-makers. We can

illustrate this difference by examining the nature of an organizational ideology. In the cognitive sense, an ideology is a form of feedback, whereby an organization can explain to the outside world what it is doing in terms of information which can be easily assimilated by policy-makers. In the purely self-interested sense, however, an ideology can be used to exaggerate the importance and quality of the work which is being undertaken. Although this behaviour may have short-run benefits, in the long-run it may distort the whole process and lead to the organization spending more time on creating a false image than on doing its official job. In this case, official and self-interest clearly come into conflict, although eventually even self-interest will be damaged if the organization collapses under the strain of maintaining this misrepresentation. The dilemma for the policy-maker is that he needs to ensure that the implementer is doing his job, but that if he imposes too strict a degree of control, the essential flexibility of the implementer will be lost. (This is the dilemma referred to by Hood with regard to the work of a police force).

The discretion of the implementer brings us to the dynamic nature of the implementation process, this being the second way in which Downs adds to Dunsire's analysis. The most obvious example of this dynamic quality given by Downs is his outline of the rigidity cycle, whereby an organization changes in character as it grows older. ³⁰ The larger an organization becomes, and the higher degree of control which is exercised over its members, the more rigid it becomes. When a task is set requiring a high degree of innovation, a new organization may be set up, but this organization will in turn find its energy being dissipated. Organizational change is mirrored in the behaviour

of individuals, whereby climbers become conservers etc. The concept of the rigidity cycle suggests that eventually nearly all policy initiatives will run out of steam, and will need recharging periodically.

We noted earlier that one of the principal considerations in examining an implementation process is to understand how change comes about, and the rigidity cycle can be an important factor in considering this problem. We should nevertheless note that an organization can exist for many years, and while experiencing many fluctuations in its fortunes, can maintain a high degree of success in achieving its goals (in a successful organization the goals might change over time). It might even be the case that an organization could commence in a rigid state, and become more innovative over time.

A key to an organization remaining innovative could be its ability to remain flexible in responding to its environment (e.g., an implementer maintaining contact with his clients.) The final way in which Downs adds to Dunsire concerns his third central hypothesis, that of an organization's social functions strongly influencing its internal structure and behaviour, and vice versa. Thus Downs' Law of Free Goods states that:

"Requests for free services always rise to meet the capacity of the producing agency." ³¹ and the Law of Inter-organizational Conflict states that: "Every large organization is in partial conflict with every other social agent it deals with." ³²

Paradoxically, this inter-organizational conflict, which may appear dysfunctional for the implementation process, can lead to innovation and progress. It is the paradox considered earlier, and which appears to be at the centre of the implementation process, whereby everyday interaction contains the seeds of

both consensus and conflict. Because implementation occupies such a large part of the policy process time-scale, it can influence or even come to dominate the whole process, epitomized in the manner by which a general "atmosphere" of common values and perceptions builds up and infiltrates the political world. Counteracting this force is the tendency for the cognitive gaps caused by 'orders of comprehension' to enclose information and values in pockets, thus causing discontinuities within the policy process.

E. Multi-Organizational Implementation

The Relevance of the Aggregative Model.

If an inherent tension and conflict exists within and between organizations (and both Dunsire and Downs suggest that this is true), then actually setting up an implementation process is liable to present considerable difficulties. Apart from any motivational aspects, the aggregative model of implementation suggests that when someone considers that he is "just doing his job", he may not even understand that he has been designated to play an integral part in implementing a policy-maker's "grand vision". By employing the example of a particularly disastrous implementation process, Pressman and Wildavsky offer an insight into the nature of these inter-organizational tensions. ³³ Their study also illustrates that a process of identification can be difficult to achieve when there is little or no pressure on the organizations to achieve a consensus.

The lack of a hierarchical relationship between organizations presents both problems and potentialities. The problems stem from the inability to construct a formal control system, while the potential of a network rather than a hierarchy is the greater flexibility and individual discretion which may be

allowed. Pressman and Wildavsky's study tends to confirm the inherent problems of the aggregative implementation model, with its cognitive gaps and 'orders of comprehension', although its multi-organizational character also highlights the dynamic nature of the process and the interests which influence it over the passage of time.

Lessons of the Oakland Case-Study

Pressman and Wildavsky's study concerns the Economic Development Administration in the United States, which was set up in 1965 in order to provide assistance to areas where persistently high unemployment rates were prevalent. It was envisaged that the EDA would provide assistance to rural areas and small towns, but the leadership of the organization was anxious that they should move in to a large urban area, particularly one where social tensions were high. Eventually they chose Oakland in California, and quickly committed 23,000,000 Dollars of EDA funds in the form of grants and loans to various projects in the city. The majority of the money was to go to the port of Oakland, and would be used to finance an airport hangar (leased to World Airways) and a marine terminal. The remainder of the money was to finance an industrial estate and a short section of road.

The original leadership of the EDA departed soon after setting up the projects, in the mistaken belief that their main work was completed. In the event, the naive optimism with which the EDA entered into these projects was soon dissipated by a number of unforeseen happenings. The Port facilities were not specifically EDA projects. They had already been envisaged by the Port, who saw the EDA as providing a useful means of finance. Similarly, World Airways wished to improve their facilities, and

were not particularly interested in providing employment for the under-privileged. In the aggregative sense, the EDA was switching-in to a project which already existed, but lacked the control to impose its goals on other organizations.

With regard to the marine terminal, a basic dispute arose over finance. The EDA wished to maintain control over the project by only paying out money when it had been completed, while the Port argued that work would not commence without the necessary funds. This basic control dilemma is caused by mistrust between organizations. The EDA suspected that if the money was paid immediately it might be wasted by the Port, while the Port suspected that a change in political control might result in the EDA redirecting its funds. It was not so much that one side suspected the other of plotting deliberate recalcitrance, but both feared that the passage of time and the intervention of circumstance would frustrate their original agreement. In effect this is what happened, for over a period the EDA leadership became less favourably disposed towards the Oakland project, while the Port realized that the original financial commitment by the EDA would be insufficient. Progress was also impaired by the intervention of the Navy, who objected to the project on the grounds that it was a danger to both navigation and airplane safety. In the aggregative sense, the Navy had its own 'order of comprehension', and was switched-in to the implementation process in an attempt to protect its own interests. The Navy was indifferent to the EDA objectives, but its objections further delayed the project.

The hangar project experienced similar difficulties to the terminal project, with considerable disputes over funds, and a reluctance by World Airways to commit itself to employing poor

and underprivileged workers. In addition, an EDA plan for World Airways to operate a training programme was vetoed by other federal agencies who feared that their own training centres would suffer. In this case, implementers in a neighbouring 'order of comprehension' assisted the Airline in losing contact with the implementation process. Pressman and Wildavsky point out that attempts to by-pass an existing bureaucracy (which the EDA to some extent represented) will usually cause resentment.³⁴ This can be partly caused by the creation of a gap in communication. Officials who feel that they are being by-passed will almost inevitably build up a feeling of resentment, even if they have no objection in principle to the work of the new organization. In the motivational sense, it could of course also be possible that an existing organization had genuine fears that its functions were to be usurped.

The EDA also initiated a number of loans to small businessmen, but nearly all of the businesses were already in a poor financial state, and little new employment was created. The EDA's one major success was the building of a health centre. Like the terminal and the hangar, this was a project which had been planned prior to the EDA intervention, but the EDA was able to commit funds when the project was in danger. Delay was minimized by the EDA paying the contractor direct, and by 1970 the centre had created 150 jobs for minorities.³⁵

Pressman and Wildavsky's principal analytical point concerns the high number of agreements which need to be made during an implementation process, even when only a relatively small number of individuals and organizations are involved, together with a high level of agreement between them on policy goals. In a multi-organizational implementation process there will be many

decision points, at each of which clearance will be required from several different organizations if the process is to continue its progress. Using the concept of decision and clearance points, Pressman and Wildavsky calculate (slightly tongue in cheek) that even given 99% concurrence between the parties involved, after 68 agreements the possibility of project completion drops below 50%. When given this perspective, the relative failure of the Oakland project becomes more explicable.

Change, Exchange and the Importance of Identification

Given the apparently high probability of project failure, why is it that any project is ever completed? In relation to programmes that have succeeded, Pressman and Wildavsky comment that: "It is easy to forget (perhaps because we never knew) about their initial difficulties. The years of trial and error that led to the present state of operation are lost from view No genius is required to make programmes operative if we don't care how long they take, how much money they require, how often the objectives are altered or the means for obtaining them are changed." 37

Pressman and Wildavsky suggest that programmes survive because they adapt themselves to their environment over a long period of time. We could add that the implementation process will itself play a part in shaping the environment (e.g., the failure of such projects as those undertaken at Oakland can lead to a general consensus that this type of activity has an unacceptably high marginal cost), but perhaps the main point is that when (within the context of the aggregative model) a number of people or organizations are "doing their job", change is never likely to be easily or inexpensively brought about. As we noted earlier, within almost any implementation process,

there is a natural tendency towards both consensus and conflict. In the Oakland project, the EDA, the Port and World Airways all needed each other to attain certain objectives, but the bonds which drew them together were not firm enough to prevent conflict over objectives within the overall objective.

It might be that interaction could cause an exchange of values and alter perceptions. Thus, the Port and World Airways might become more aware of obligations towards minorities, while the EDA could understand more about the nature of major capital development projects and the needs of business. This altered perception could lead to a greater consensus, but it would also represent a change in the political "atmosphere". In Dunsire's terms, the organizations would be within a similar 'order of comprehension'. The new consensus can be strong, and resistant to outside intervention. In effect, the power of everyday interaction will be stronger than that exerted by new policy initiatives. In the case of Oakland, the EDA had to fight desperately to make any impression on the "business is business" attitude of the Port and World Airways. Nevertheless, change was in the air (brought about by minorities refusing to accept the status quo), and the work of the EDA reflected the new attitudes. Even within the consensus of everyday interaction, tensions can be detected which will eventually lead to general change.

In most multi-organizational implementation processes, the lack of any hierarchic structure will minimize the chances of implementation by means of coercion. The process will usually be based on exchange followed by some kind of identification, although in some cases interaction itself might lead to identification (e.g., by listening to the arguments of the EDA,

World Airways executives could become more aware of their responsibilities to minorities, regardless of the commercial benefits to the organization). The exchange could be one of material benefits, but could also be one of values. In this case, communication itself can be a powerful agent in bringing about a consensus. In the latter stages of our case-study we will be examining the extent to which communication and interaction may lead towards the formation of a consensus within a multi-organizational implementation process.

F. Group Activity and the Policy Process

The Problem of Policy

The failure of such over-ambitious programmes as the one attempted in Oakland raises serious doubts over the ability of well-intentioned planners to devise policies which can be implemented satisfactorily. Wildavsky himself has sought to discover how the policy analyst can learn from such an experience: "Much of the scholarship of the Seventies, my own included, has been an effort to discover what went wrong and to learn how things might be made to work better, or whether government should take some actions at all."³⁸ On the whole, Wildavsky concludes that social interaction is likely to be a more reliable and valuable policy dynamic than the opposing image of what he terms (drawing from Lindblom) intellectual cogitation. Social interaction occurs where people pursue their own interests and decisions are made: ". . . . without anyone necessarily controlling the sequences of individual actions or intending an outcome."³⁹ In contrast, cogitation: ". . . . orders social relations through mental processes as if they were taking place in one mind."⁴⁰ Wildavsky considers that cogitation can act as a corrective to a process of interaction which produces

selfishness and chaos, but that interaction should on nearly all occasions take precedence over cogitation.

Arising from this conclusion comes a related view that: "Problems are not so much solved as superseded." ⁴¹ Thus a policy will generate its own problems to which a succeeding policy will offer a solution, but the new policy will itself cause problems requiring a further policy change, and so on. In this model, policy implementation can become something of a "cuckoo in the nest" which pushes out other activity and itself assumes a position of predominance in the policy area: ". . . . the environment in each major policy sector is more internal than external, it reacts more to internal needs than to external events. That is, each sector creates the environment to which, in turn, it best responds." ⁴²

In order to control its environment, Wildavsky considers that each policy sector will attempt to maximize its size. Ironically, this increasing size will cause big solutions leading to big problems which will have an impact on neighbouring policy sectors. Wildavsky sees sectorization as a major policy trend during the 1960s and 1970s, in which government has become a federation of sectors. This arrangement is the key to a paradox in which central government appears to be acquiring more power, while at the same time the centre itself is seen to be disintegrating. Wildavsky perceives that sectorization is a decentralization of power, but that the central authority of each sector will wish to maintain maximum control over the activities within its policy area. As bureaucracy encounters difficulties in controlling its clientele, then objectives will be orientated towards inputs and instruments rather than people (a similar conclusion to that of Downs). The dilemma for a

growing policy sector is that control over its environment will become increasingly difficult, for the various individuals and groups within the sector are so diverse that uniformity is impractical.

Monolithic policy sectors threaten the quality of the policy process, but Wildavsky softens the image by emphasizing the degree to which each participant in the process should constantly bear in mind the need for correction of error. Correct solutions are not the prerogative of any one individual, but by interaction and consequent exchange the process can move along in the best available manner. Wildavsky is obviously concerned that such a means of ordering affairs will result in interest overwhelming intellect, but considers that this is preferable to absolute control by a Great Planner. The policy analyst should give aid to interaction and thereby fulfil the function of: ". . . . speaking truth to power." ⁴³ It is nevertheless interaction which produces change, the criterion for which is: ". . . . altering the pattern of relationships between participants which leads to outcomes that are different." ⁴⁴

Values and the Policy-Maker

Wildavsky's emphasis on interaction highlights its power as an agent of change (usually of an incremental type), but his analysis also suggests the associated implicit assumption that implementation is likely to be of a higher quality when there is a strong bottom-up element present within the process. In other words, better policies will result when those at the centre have a good understanding of the problems involved in delivering the policy to the clientele. Wildavsky discusses the implementation process in terms of correction of error rather than Downs'

image of distortion. In essence, where Downs would see the implementer distorting the planner's intentions through self-interest or lack of knowledge, Wildavsky has the view that it is the planner's false hopes and dreams which require correction by those given the onerous task of implementing these policies. Correction of error implies that each implementer is adjusting a false view of reality held by his superiors, but in the terms of Dunsire the error may be no more than a cognitive gap. If policy is being changed during implementation then it may not be correction of error but reinterpretation which is taking place.

Wildavsky's somewhat jaundiced view of the value of the policy-maker probably reflects his own disillusionment with the radical social programmes introduced in the United States during the 1960s, but we should note that the Minister and the ballast loader are required at various times to both cogitate and interact. Nevertheless it is the Minister who is in the better position to cogitate on the general state of the railway system, and his thoughts on this subject are likely to be of more political importance than those of the ballast loader. This top-down image of the policy process is based on the Minister's official position, his particular type of expertise, and his control over resources. The policy-maker's power to control the policy values is something of an antidote to the importance placed on interaction as an agent of change, for at times interaction may be dependent on cogitation i.e., a change in the pattern of relationships may bring about a change in outcomes, but the change in the pattern may be brought about by new policies promulgated by the policy-maker.

Interaction during implementation may not necessarily be the

principal dynamic of policy change, for as Rhodes points out discontinuities in the behaviour of officials can sometimes only be explained by major (and perhaps autonomous) changes in government policy: ". . . . the political and organizational models tend to ignore the discontinuities for the routine and to this extent at least they can be considered descriptively inadequate." ⁴⁵ Wildavsky's view could be considered part of a cycle described by Kaufman in which the weaknesses of a policy centrally controlled will lead to greater decentralization followed by centralization once more when the disadvantages of decentralization are discovered. Thus: "Decentralization will soon be followed by disparities in practice among the numerous small units, brought on by differences in human and financial resources, that will engender demands for central intervention to restore equality and balance and concerted action. . . ." ⁴⁶ In this cycle, implementation is transformed from a complex decentralized network of relationships into a more straight line process, only to once again fragment with the passage of time. The dynamics of this process do not entail correction of error so much as responses to endemic implementation phenomena.

In this case the policy-maker will assume greater importance when a centralized policy is being devised, for his decisions will have a direct effect over the manner in which a policy is implemented. In contrast, a decentralized policy will mean that greater discretion is allowed at the local level. Our analysis suggests total control from the centre will not lead to "perfect implementation" but it could also be said that a policy initiative entailing a change in general values is likely to have more effect when it comes from the top e.g., if a Minister decides that a smaller railway network is required in the

national interest then his decision is likely to have more impact in the real world than if a ballast loader comes to the same conclusion. Although there may be a multitude of cognitive and motivational obstacles obstructing a centrally initiated and controlled implementation process, the power of that original initiative can still carry more force than policy initiatives instigated lower down the chain of authority. In this sense, central government is often the chief repository of values underpinning a particular policy, i.e., an implementation process totally controlled from the centre may be impossible, but the ability of the centre to control the nature of the policy process and the behaviour of implementers is potentially considerable. Even a policy which allows for a high degree of discretion at the operational level may imply values which will have a significant effect on the manner of implementation.

Governments can hold certain values for a variety of reasons. In some cases it might be that the Party in power has certain views on how the world should operate, e.g., a Labour Government may consider that a certain industry will operate most efficiently when it is state-owned, whereas a Conservative Government would wish to see private enterprise take charge of that same industry. In other cases general political circumstances may force a government into a particular position e.g., electoral considerations or the need to retain a majority in Parliament.

An analysis of the relationship between groups and government can be an extremely complex affair, and is epitomized by the long-standing discussion on the true meaning of corporatism and pluralism. This unresolved debate nevertheless provides an important means of examining the relative power of

groups and their consequent impact on government and the policy process. For our purposes, we will employ the definitions of corporatism and pluralism set out by Schmitter. These give a good indication of how corporatism is associated with a structured relationship between groups and government in which some kind of exchange process is vital, while pluralism is generally identified with a more informed relationship in which government may at the same time have potentially both more and less power than in a corporatist relationship.

Schmitter defines corporatism as: ". . . . a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the State and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports." ⁴⁷ In contrast, he defines pluralism as being: ". . . . a system of interest representation in which the constituent units are organized into an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered and self-determined (as to type or scope of interest) categories not specially licensed, subsidized, created or otherwise controlled by the State and not exercising a monopoly of representational activity within their respective categories." ⁴⁸ Thus in a pluralistic relationship government may make a decision with or without consulting a particular group, but at the same time the fragmented nature of the group structure and the lack of government control over implementation reduces State power.

The existence of corporatism has important implications for policy implementation, as it implies a top-down process in which groups and government at the centre will together seek to impose a policy on the implementers. Policy-making in a pluralistic system can also be top-down where consultation is minimized, but more usually the concept of pluralism is identified with many groups contributing to the policy-making debate. Thus in a pluralistic system we might expect the policy process to be more of the bottom-up type, with implementers being allowed a higher degree of discretion than might be found in a corporatist system.

Kaufman's analysis suggests that the attitudes of groups themselves are dependent on the natural cycle of the policy process. This conclusion could be equated with Wildavsky's view that policy is its own cause. Kaufman states that: "Discontent on the part of various groups is thus the dynamic force that motivates the quest for new forms."⁴⁹ Although this could often be the case, change can also come about when the government itself, or even a single official, has strong views on a particular policy. In their study of the origins of the 1973 Water Act, Jordan, Richardson and Kimber lay particular emphasis on the part played by the Under Secretary responsible for the policy area. This official favoured reorganization of the water authorities on the basis of efficiency and rationality rather than politics and participation. The authors consider that the new organizational structure which resulted from the 1973 Act owed a great deal to the views of this one individual.⁵⁰

This observation on the role of the individual highlights the point that the policy process is capable of producing radical as well as incremental change. The potential for change may be latent, only to burst through when a forceful individual

(possibly a zealot or advocate in Downs' terms) comes upon the scene and pushes through a radical measure. From the point of view of interaction, formerly disparate groups can form a powerful alliance to initiate change, or powerful interests may collectively adopt a previously dormant policy idea. We should also note that a seemingly incremental policy change may become radical in nature during implementation, and vice versa. Major policy change may take place at various levels of the process, sometimes unofficially and with little indication of its occurrence. Despite the power of the implementer to initiate change, we might nevertheless hypothesize that significant policy changes will eventually be given the status of the official stamp of government.

Corporatism, Pluralism and the Policy Cycle

If a policy is corporatist in nature, the chief interests will take an active part in policy-making, and undertake to seek compliance in implementation from their members. In this case the leaders of a group can take on some of the officiality of government. Lundquist sees the decision-maker's attempts to keep in touch with the implementer in terms of steering: "The steering consciousness of the decision-maker presumes that he has goals for his activity and that the steered implementation will result in outcomes. The difference between goals and outcomes can be said to be a measure of the rationality of the decision, and the difference between decision and implementation a measure of the reliability of the steering." ⁵¹ Lundquist adds that the feedback process will enable the decision-maker to: ". . . get information about the rationality of his decision and the reliability of the steering. This activity, which follows the implementation process, is called review." ⁵²

Lundquist adopts Simon's concept of bounded rationality in order to assume that in general a gap will appear between goals and outcomes. We have seen earlier in this chapter that review might well take place during the implementation process and that steering and review may be applied alternately before a policy outcome is known, but Lundquist's analysis does indicate the problems of implementing a corporatist policy. If the leaders of a group assure government that they can guarantee implementation of a particular policy, then a large gap between goal and outcome can place the group in a vulnerable position in its future relationship with government. In order to prevent this gap, the group leaders may well seek to ensure that the policy is centrally administered in the belief that the goal-outcome gap may be unacceptably wide if a high degree of discretion is allowed at the local level. There is thus likely to be a strong link between corporatist policy-making and a centrally administered policy in cases where compliance cannot be guaranteed. If as a result of a top-down policy implementation process the level of feedback and review is low, then the centre may become out of touch with the outside world. Ironically, the very policy which results from corporatism at the centre may result in fragmentation between interests and alienation between government and groups when it is discovered that the policy lacks the flexibility to be workable.

Wildavsky considers that policy is its own cause, and from the above example we could also conclude that policy style can carry within itself the seeds of a different approach. As a reaction against corporatism a government may decide to develop a looser relationship with the interests, and consult a wider range of groups. Alternatively, government can decide to "go it

alone" in finding a policy solution, or else present a superficial appearance of wide consultation when in reality the decisions have already been made.

At the operational level there is often more emphasis on performance of a task. Consultation processes can take place, but non-operational interests may find difficulty in gaining power. The aggregative implementation model and the concept of 'orders of comprehension' both stress the limitations of central control and the need for individual discretion to be exercised if a task is to be performed satisfactorily. Gustafsson and Richardson note that co-ordination of policies at the local level has often proved more successful than at the national level,⁵³ and it could be argued that this success for decentralization is at least partly explained by the differing priorities at the two levels (Gustafsson and Richardson also consider that responsibility for problems is likely to bounce up and down between local and national levels, although it could be said that on the whole the impetus for the bounce will come from the top, and that national political circumstances are more likely to determine its velocity rather than events at the local level).

In performing his task the local official as implementer is likely to give priority to obtaining co-operation from those whose help he needs most. If he is to obtain order from his environment he will wish to deal with the minimum number of groups and individuals necessary in order to 'get the job done.' This priority gives him a higher incentive than the central policy-maker (or even the local politician) to exclude from his considerations 'fringe' groups, although he may also be more likely to consult groups from another sector whose help he

particularly needs (we should note that at both central and local levels there may be a tension between a pluralist-minded Minister or councillor who wishes for particular political reasons to consult as many interests as possible, and his corporatist-minded officials ever mindful of the need to implement a manageable policy).

Pressman and Wildavsky's study illustrated the local problems when a new agency attempts to disrupt the established order. The EDA wished to bring together many local groups which formerly had known very few inter-connections, and lacked the power to compel compliance. The basic weaknesses of such a vague and ill-defined programme are highlighted by Peter Drucker's analysis of "the sins of public administration." These include having over-lofty objectives, a lack of priorities, overstaffing, dogmatism, an inability to learn, and an adherence to programmes which are no longer of use.⁵⁴ From the point of view of the Oakland project, Drucker's key statement is perhaps: ". . . . work is always specific, always mundane, always focused. Yet without work there is non-performance."⁵⁵ This observation ties in closely with the aggregative implementation model and the image of the implementer "doing his job." In addition, Drucker's recommendation that the job should be done with the fewest number of people can be equated with the corporatist tendencies of implementers at the operational level.

Gustafsson and Richardson consider that: ". . . . the most difficult task in modern democratic societies is to combine a high level of rationality (in the sense of designing policies which succeed in the objective of solving "real" problems) with high levels of group, and citizen participation."⁵⁶ This observation reflects a concern that too many groups within a

policy sector will prevent any significant activity from taking place. Group theory emphasizes the importance to the policy process of organizations other than government, even to the extent that the groups may take on some of the functions of government. Corporatism implies that government is prepared to sacrifice a part of its sovereignty in return for co-operation from powerful interests, while even pluralism suggests a need for government to achieve a working relationship with the most important groups as an essential prerequisite of policy-making and implementation. In order to achieve some sort of order, it is understandable that government should normally favour policy sectorization. Richardson and Jordan see the distinctions between groups and government in many countries becoming more blurred over time, with the result that: ". . . we see policies being made (and administered) between a myriad of interconnecting, interpenetrating organizations. It is the relationships involved in committees, the policy community of departments and groups, the practices of co-optation and the consensual style, that perhaps better account for policy outcomes than do examinations of party stances, of manifestoes or of parliamentary influence." 57

The policy community suggests an image of continual interaction between groups and government departments, and Richardson and Jordan employ the key terms of negotiated order, negotiated environment and accommodation to describe how orderly change is brought about. By means of negotiated order, and within a negotiated environment, government arranges a stable pattern of relationships with the groups, while accommodation allows for agreement even when the basis for consensus is minimal. 58 Although a government seeks stability within the

policy community, the relative importance of the groups over time is likely to change, while new groups may attempt to join the community. Gustafsson and Richardson point out that in many Countries an increasing number of groups have sought and gained admittance to policy communities, with the result that overcrowding has taken place. It is this overcrowding which restricts the manoeuvrability of policy-makers and causes stagnation within the policy process. 59

This analysis suggests that beyond a certain point, interaction becomes dysfunctional, and that certain channels of communication should be cut, i.e., certain groups should be excluded from the community. In reality overcrowding may not be such a serious problem as it appears, for despite the size of the community only a few of the groups may possess real power. It is significant to note that these powerful groups are likely to be the ones most concerned with implementation, for without their co-operation the policy cannot function. It is thus not only important for a group to gain admittance to the policy community, it should also seek to become an integral part of the projected implementation process. If a group becomes indispensable to government in the administration of a policy, then its power is indeed real, i.e., it has a good chance of being included in corporatist policy-making.

A group can nevertheless also gain power by enlisting wide popular support for its policies. If a government fears that it may suffer electorally by excluding a group whose values have a wide following, then it is likely to incorporate some of the group's values into a policy. In this case, a non-operational group's values can infiltrate government and hence a policy community. The boundaries of the community can be extremely

blurred where transference of ideas and values is concerned, for the network of relationships may spread over a wider area than the groups immediately involved with policy in that sector.

Issue Networks

Hugh Heclo has observed that in the United States the familiar "iron triangles" linking executive bureaus, congressional committees, and interest group clienteles have been replaced by a large number of issue networks: "Looking for the closed triangles of control, we tend to miss the fairly open networks of people that increasingly impinge upon government." 60

Heclo sees these networks creating strains in political administration caused by: ". . . a dissolving of organized politics and a politicizing of organizational life throughout the nation." 61 Thus the increasing amount of government activity in recent years has led to the political activation of more and more groups, but at the same time the specialized and technical knowledge required to operate within a particular policy area effectively insulates it from both the traditional party politicians and the public in general. It is significant that Heclo places great emphasis on how a multitude of interests wish to be represented in Washington. Thus nearly all the States and Cities have their own offices in the Capital, and it is here that the issue network predominantly operates: ". . . everyone has accepted the idea that the national government in Washington is the decisive arena and will continue to be so indefinitely." 62 The tendency of so many groups to concentrate their attention on Washington suggests not only that they consider this is where true power lies, but also reflects the expectation that their efforts are likely to

obtain some kind of reward. Heclo's identification and analysis of the Washington issue network gives an image of a central policy community or 'order of comprehension,' where the specialists who understand a particular policy network, and the manner in which it operates, can wield considerable power:

" it is the issue network that ties together what would otherwise be the contradictory tendencies of, on the one hand, more widespread organizational participation in public policy and, on the other, more narrow technocratic specialization in complex modern policies." 63

Heclo does not make clear the extent to which the issue network phenomenon is evident at a more local level, but the apparent emphasis which so many groups place on a presence in Washington suggests that the degree of activity may be less intense elsewhere. If this is so, then the corporatist "iron triangle" may be more significant at the local level than the complex issue network. Where groups place such emphasis on the policy-making process then implementation and policy delivery can be left in the hands of the principal operational interests who wish to "get the job done." We should note that it is they who will execute the policy delivery. Paradoxically, it might be that overcrowding at the centre will lead to policies based on a wide consensus of interests and which decentralize authority for implementation. In this case, the multitude of groups seeking power at the centre may find that their very actions cause power to be devolved to a lower level. Thus in the policy process it may be wise for a group to stay away from an overcrowded centre and devote its energies to becoming a key part of the (in all likelihood corporatist) implementation process at the operational level.

G. The Nature of the Implementation Process

In examining implementation theory, we have attempted to indicate the importance of the following points:

1. The interdependence of the various elements within the policy process, but also the capacity for discontinuities.
2. The importance of the implementation process within the policy model, at least on a time-scale.
3. Models of "perfect implementation" are unrealistic and even conceptually impractical.
4. Control need not be the chief motivating force behind an administrative system.
5. The aggregative model appears to be the most satisfactory explanation of how an implementation process actually works in practice.
6. Self-interest (of an official or organization) is only of limited analytical importance, for it is difficult to identify definitively, and in any case must be placed in the context of interaction.
7. An organization is likely to be best able to avoid the trap of the rigidity cycle if it can remain flexible in response to its environment.
8. Within an implementation process, there is usually a natural tendency towards consensus, but the consensus will contain the seeds of conflict and future change.
9. Everyday interaction and change are interrelated and interdependent.
10. Within the implementation process, an exchange of material benefits or values will often lead to some kind of identification between the parties involved. In some cases, however, communication and interaction may of themselves lead to

identification.

11. The officiality of government places it in a position to inculcate its own values into a policy process.

12. Policy values can be adopted by government as the result of a bottom-up process, but policy discontinuities caused by autonomous change at the top cannot be discounted.

13. Policy change at any level is likely to eventually seek the status of the official stamp of government.

14. Radical policy change can be brought about by a powerful individual, as well as being activated by a change in the pattern of interaction.

15. Both policy-makers and implementers are likely to discourage trends towards pluralism at their level, although a non-operational policy-maker may be more susceptible to pressures from a variety of interests.

H. Implementation and the Road Passenger Transport Industry.

In our case study we will attempt to analyse and develop the above points. The bus industry (a term which refers to the provision of bus services rather than the manufacture of buses themselves) and its attendant legislation offers us the interesting opportunity of examining the implementation process in several different forms. Firstly, we can study the interaction between a series of policies and their implementation over a long period of time. Secondly, the development and characteristics of a particular organization (the National Bus Company) can be studied. Thirdly, we can trace how a number of separate inter-organizational implementation processes (involving County Councils and NBC subsidiaries) come to adopt varying goals and values during implementation.

In Chapter Two we will examine the early development of the

road passenger transport industry and its legislative framework. The inter-relationship between policy-making and implementation will be emphasized, but we will also note the degree to which implementation has a life of its own.

In Chapter Three we will briefly analyse the philosophy and activity of the bus operator, with particular reference to the aggregative implementation model.

In Chapter Four the 1962 and 1968 Transport Acts will be examined in the context of political reactions to environmental change.

Chapter Five will trace the development of the National Bus Company. Despite operating in a hostile operational environment, the NBC still survives, and offers an interesting example of organizational dynamics.

Chapter Six will examine the legislation concerning road passenger transport during the 1970s. This legislation has led to increased financial support for the bus industry, and has also brought the local authorities into much closer contact with the busmen. With the decline in demand for bus services, a rising level of criticism from Conservative politicians and some local authorities has been directed towards the existing administrative system.

Chapters Seven, Eight and Nine will be more detailed case studies, concerning four NBC subsidiaries (Midland Red, Potteries Motor Traction, Crosville and City of Oxford Motor Services) and their relationships with a variety of Shire Counties. In these chapters we can examine more closely the manner in which interaction may lead to an exchange of values and eventual identification.

In Chapter Ten we can summarize our conclusions and attempt

to develop our analysis of the relationship between implementation and change.

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CHAPTER TWO

THE DEVELOPMENT OF THE BUS INDUSTRY AND ITS LEGISLATIVE FRAMEWORK

A. Introduction

In this chapter we will be studying the general development of the bus industry, and its relationship with government up to the implementation of the 1947 Transport Act. Although the implications were not fully realized at the time, the middle 1950s marked the dividing line in the fortunes of the bus industry. Prior to that time, legislation such as the 1930 Road Transport Act and the 1947 Transport Act sought to give a rational administrative and regulatory system to an expanding and prosperous industry. It will be seen in Chapter Four that the 1968 Transport Act to a considerable extent represented a continuance of this attitude. Nevertheless, the increasing financial pressures on the industry inevitably meant that after 1968 a higher degree of political attention has been paid to the question of how to run an industry which declining demand has made largely unviable as a commercial proposition.

An examination of the relationship between Government and the bus industry enables us to analyse the inter-connection between policy-making and implementation. The manner in which the 1903 Motor Car Act, the 1930 Road Traffic Act and the 1947 Transport Act were implemented leads us to some general conclusions with regard to the relationship between a policy and its implementation. In each of the three pieces of legislation, we shall see that the method of implementation produced effects which were not anticipated at the initial policy-making stage. As we stated in Chapter One, the nature of

this apparently natural discontinuity between policy-making and implementation, and the manner in which the gap may be bridged, is a central theme of this study.

When we examine the British bus industry, a feature which quickly becomes apparent is the gap between central government's deliberations on transport policy and the operator running a bus between a village and a neighbouring town on market day. At this local level, the operator is providing a personal service to the consumer which possesses a high degree of flexibility and variety. Throughout the history of the industry, bus operation has been taken up by men who wished to escape from the enclosed world of an office or factory, and who enjoyed the relative independence given to them by running their own services, or even when working for a larger company. The traditional independent spirit of the busman is still in evidence today, and sometimes appears to run independently of company or government ownership.

Politically, this independence is important in that there is a sphere of activity relating to the day-to-day operation of bus services which appears to be almost immune to outside influence. In studying the activity of government and senior bus company officials, we should always bear in mind the activity of the local traffic manager and engineer, both of them more likely to be influenced by custom and tradition rather than advice from politicians, civil servants or company chairmen. In this respect, some bus routes and services might appear little changed over the last fifty years.

Existing side-by-side with the independent nature of the busman, however, we find a tendency throughout the industry's

history towards rationalization and increasing government involvement with the problems of bus operation. Although the degree to which economies of scale operate in the bus industry is an argument which continues to this day, the trend within the industry during the 1930s and 1940s was towards the takeover of smaller operators by the large companies. In the case of government, after initial suspicion of a new means of transport, the anxiety to provide a regulatory framework for bus operation manifested itself in the system of Traffic Commissioners set up by the 1930 Road Traffic Act, which complemented the process of operator rationalization. Subsequently, the 1947 Transport Act reflected the government's objective of providing an integrated transport system. Consequently, a new rationalization process commenced which by 1968 had led to nearly all the major bus companies becoming state owned.

In examining the development and legislative framework of the bus industry we can therefore identify the interests and values of (a) the operator (b) the entrepreneur (c) the Department of Transport and (d) the government of the day. If we are to understand the behaviour of the NBC, government and County Councils since 1968, it is necessary to appreciate the strong influence of former times on more recent events. Indeed, in an industry which is innately conservative, the circumstances surrounding such a major piece of legislation as the 1930 Road Traffic Act can offer key indicators in identifying values which continue to shape current events. From the policy process aspect, this persistence of values gives a cyclical appearance to policy-making and implementation.

The common threads to be found within the 1930 Road Traffic Act and the 1947 Transport Act belie the long time scale involved, and can give the impression that each new policy owes more to the contents of its predecessor than the lessons learned from implementation. The continuity could be partly explained in that both Acts were passed by a Labour Government, and the activity of successive Conservative Governments did little to alter the general trend. Only at the present time is a Conservative Government beginning to question the fifty year old system of Traffic Commissioners and their powers over route licensing.

It will be seen in Chapter Five that, despite the bus industry's declining commercial viability, the NBC has experienced little direct government intervention when compared to other public corporations. In earlier and more prosperous days the system of Traffic Commissioners allowed the large companies to become virtually area monopolies, with considerable discretion as to the degree of cross-subsidization to be operated. In contrast to the railways, therefore, the political debate on the amount of subsidy to be given to the bus industry has only commenced in recent years. Previously, government was more concerned with giving the industry a tidy and rational administrative system. These circumstances have had the effect of frequently relegating the bus to a position of apparently minor political significance. For most of its history, apart from one or two relatively brief periods, the bus has faced stiff competition from interests representing other means of transport, and has often found it difficult to obtain a sympathetic hearing from government.

B. The Early Days.

Even from its birth in Britain, the bus appeared to lack the popular romance which was attached to the stage coach and the railways. The original scepticism was based on a natural British mistrust of foreign ideas. The principle of running a public service vehicle which anyone could board without prior booking was established in Paris in 1819, and the name of "omnibus" was given to it shortly afterwards.

George Shillibeer, who had previously built coaches and buses in Paris, introduced the horse bus into London in 1829. In the manner which foreshadowed many battles to come, Shillibeer encountered strong opposition from the short-stage coach operators, and was forced to run his buses over an unpaved route not operated by the coachmen. The speed and cost of these services nevertheless won them considerable public support, with the result that some competitors brought actions for illegality. They received little sympathy from magistrates, and the bus was given official blessing by the 1832 Road Traffic Act.¹

By this time Shillibeer had been joined by numerous other bus operators, to the extent that one service had 90 buses running. Anticipating the situation which came to a head in 1930, it was decided that some form of service regulation was required, although unlike the latter period there was no official system. Inspectors worked for the companies, and companies were allocated particular times on the route.² Within three years of being introduced into Britain, therefore, the bus industry had faced severe competition, been subject to over-capacity, introduced a system of route licensing, and

battled to achieve official recognition from government - a microcosm of what was to come during the following one hundred and fifty years.

The Nineteenth Century was essentially the age of the railways, and railway interests came to dominate the attention of both the government and the public in general. Hibbs makes the point that steam vehicles were being developed at the same time as the earliest railway engines, but while the railways prospered, the steam vehicles almost disappeared until the final years of the century. ³ The antagonism of government towards steam vehicles was reflected in the Locomotive Act of 1865 (the "Red Flag" Act), which imposed conditions of such severity that the running of a steam vehicle became an almost prohibitive occupation. Even today a bias towards the railways is still evident, for the problems of British Rail continue to occupy a greater degree of political and public attention than those of the National Bus Company.

The 1870 Tramways Act allowed a greater degree of competition to the horse bus by making it easier to develop tramway systems. In London, the trams did not penetrate the centre of the City, but in many provincial cities it became the most popular means of public transport. Klapper highlights the irony that large-scale bus undertakings outside London often developed as a result of the introduction of capital provision by tramway companies, a point which emphasizes that the horse bus operator, left to himself, had little inclination to become associated with big business. ⁴

Even in London, it was the tram which transported the working class, while the bus became identified with middle and

upper class transportation within the central area of the City. The London General Omnibus Company, founded in 1855 with a capital of £1 million, took over many small operators, but was generally conservative in its policy towards expanding services.

C. The Motor Bus and the Growth of the Companies.

The Establishment of the Motor Bus.

The Twentieth Century began with no motor buses on Britain's roads. In successfully persuading the government to place prohibitive regulations on the use of motor vehicles in general, the railway interests had demonstrated their power, while the owners of horse buses were not inclined to become mechanised.

The 1896 Highways Act removed many of the restrictions on motor vehicles and lifted the speed limit to 12 m.p.h., but it was the Motor Car Act of 1903 which heralded the dawn of the motor age by raising the speed limit to 20 m.p.h. and introducing the registration of vehicles. As its name implies, the Act resulted from pressure by motoring interests. It seems doubtful that the government even considered the Act's implications for public transport, and represents a good example of how a piece of legislation may activate hitherto latent interests. It is also interesting to note that the 1903 Act set a precedent in the sense that legislation has rarely dealt solely with the bus industry. Usually, it has been included either incidentally, or as a part of a "total" plan for transport.

Smith states that: "The hierarchy of policies develops as rules have to be formulated to govern the various activities which contribute to the implementation of policy." 5

Superficially, it may have appeared that the 1903 Act represented no more than a middle ranking policy, by which some kind of regulation could be given to an activity indulged in by a tiny minority. In fact it represented a policy watershed, in that the motor vehicle was given official respectability and legitimacy.

We should therefore note that the place of a policy in an implementation hierarchy cannot always be ascertained from the value placed on it by policy-makers. An apparently middle or lower ranking policy may, in the effects of its implementation, be seen to express general values. Equally, a policy which appears to be of the highest rank, by expressing a far-reaching set of values, may in its implementation prove to have less momentous effects. Later in this chapter we shall see that the implementation of the 1947 Transport Act, which set out a comprehensive plan for the organization of transport, had little effect on the day-to-day operation of bus services. Although the Act was primarily concerned with the nationalization of the railways, it did set out a framework for a radical restructuring of the bus industry, but lack of government involvement and the opposition of the principal interest frustrated its implementation.

The first municipal motorbus service ran in Eastbourne in 1903. Despite the 1903 Act, however, the motorbus gained favour only slowly. As Booth states: "The drivers and mechanics were dealing with unfamiliar machinery, and the buses themselves were still very crude and prone to breakdown." ⁶ These early buses were mainly Daimlers, built under licence in Britain, and continued the tradition of a

strong continental influence on the British bus industry. In London, one of the earliest motorbus operators was the Thomas Tilling Company, which was later to own many of Britain's bus companies.

After many difficulties with regard to design and operation, the turning point for the motorbus came in 1910. The London General Omnibus Company was slow in developing motorbuses, and when in 1909 the Metropolitan Police laid down very strict regulations for bus design it appeared that the age of the horse-bus would continue for many years. These new regulations concentrated the minds of the General's engineers wonderfully, however, and in 1910 the introduction of their B type was an immediate success with the public. The London General's reaction to the regulations was another example of how implementation may have unexpected effects. The Metropolitan Police were clearly suspicious of motorbuses, but in attempting to suppress their use, they provoked the General into action. Hood describes this phenomenon as the "negative demonstration effect." This refers to . . . "the case where the activities of the authorities directly trigger off antagonistic or perverse responses." ⁷ The General's reaction also indicates the ability of the bus industry to adapt to a hostile environment, a quality which in more recent times the NBC has required in abundance.

In 1912, the London General Company was taken over by the Underground Electric Railways Group, a business deal which years later made it easier for government to implement the policy of nationalizing London's transport. In the years that

followed the take over, the General spread its activities into London's suburbs, and obtained operating agreements with many smaller companies. The agreement with Thomas Tilling was to have far-reaching effects, for the reduction in their London services encouraged the Tilling board to seek provincial expansion. So successful were they that, together with the British Electric Traction Company (BET), they came to dominate the bus industry outside London. Eventually, it was the nationalization of the BET bus companies in 1968, following those of Tilling in 1948, which produced the formation of the NBC.

Despite their eventual common ownership, the development of such companies as Midland Red, City of Oxford Motor Services, Potteries Motor Traction and Crosville, has given to each a distinctive character which is still visible today. In Chapters Seven to Nine we shall be dealing with each of these companies in turn, and seeing how in modern times they have developed a particular relationship with the county councils, and therefore represent good examples of contrasting implementation styles. If we are to understand the nature of these companies, it is important that we examine their origins and development.

Midland Red.

As its name implies, British Electric Traction was founded in order to develop tramway undertakings. It was noted earlier that many local bus undertakings were begun by tramway interests, and BET was to the forefront of this process.

BET developed many tramways around Birmingham, and eventually acquired a joint controlling interest in the

Birmingham and Midland Motor Omnibus Company Limited in 1905. The initial operation of motorbuses was not a success, however, and all of these were withdrawn in 1907, leaving only the horse-buses and trams for the following five years. Nevertheless, the colour of the horse-buses had already given the company its colloquial name of Midland Red (a title which perhaps belatedly became official only in 1974). The motorbus successfully returned to BMMO services in 1912, but operation was restricted by Birmingham corporation's insistence that motorbuses could not compete with the tramways. Eventually, an agreement was reached whereby the company was not to compete with the corporation inside the city, but was permitted to run through services of motorbuses between the centre of Birmingham and places outside the city. In a modified form, a similar agreement still exists today. From this time, the BMMO company took over the services of many private operators in the surrounding counties. This process was unwittingly assisted by government, which requisitioned many vehicles for use in the First World War, but did not favour the type of buses used by BMMO. As a result, the company was able to fill in the gaps left by these losses.

Throughout the 1920s the company continued to be aggressively expansionist, and from 1923 became almost unique amongst bus operators by manufacturing its own buses. In the days before route licensing, in preference to taking over smaller operators, BMMO often preferred to put on alternative services and gradually run its competitors into the ground. Using these methods, by 1930 BMMO dominated the bus industry within a wide radius of Birmingham. 8

Perhaps the most remarkable feature of BMMO during these years was its organizational structure. There was no General Manager and the company was run jointly by O.C. Power, the Traffic Manager, and L.G. Wyndham Shire, the Chief Engineer. A deep enmity existed between these two men, to the extent that each jealously guarded his own sphere of responsibility, and resented any intrusion from the other. Klapper describes how a green-baize-covered door separated the traffic and engineering departments at BMMO, with the staff forbidden to essay any liaison between the departments.⁹ Yet throughout this period (1912-1940) Power's ruthless expansionist policy, and Shire's audacious and imaginative designs for the company's own buses, allowed BMMO to grow rapidly.

The Power-Shire relationship is particularly interesting to the extent that it indicates how the rivalry which soured relationships within the company, was translated to assist the external success of the company. With regard to implementation, it suggests that apparent failure at one level may be instrumental in bringing about success at another level. Bardach observes that personality clashes can be ". . . a deterrent to better co-ordination,"¹⁰ but in such cases as the Power-Shire relationship it might be preferable for everyday interaction to be kept to a minimum !

When Shire resigned in 1940 BMMO acquired a General Manager and took on a more orthodox organizational appearance. The company ceased manufacturing its own buses in 1970, but it remains the largest of the NBC's subsidiaries, and in many respects is still the flagship of the NBC.

Potteries Motor Traction.

A neighbouring BET company, but with a different tradition, is the Potteries Motor Traction Company. Prior to 1933, the company was known as Potteries Electric Traction, a title which reflected its function as a tramway company. Founded in 1898, the company quickly set about the task of providing an electric tramway system along the "main line" linking the towns which comprise the City of Stoke-on-Trent. Even by the early 1920s, the PET operated only a handful of buses, which were used mainly as feeders for the trams. The financial position of the PET deteriorated rapidly when Stoke-on-Trent City Council obtained powers to control the licensing of all routes, vehicles, drivers and conductors. The City Council granted licences to nearly all those who applied, which led to fierce competition on the most lucrative routes. ¹¹ Twenty-five different companies ran on the main Potteries route, producing a situation graphically described by the West Midland Traffic Commissioners: "No time-table existed, and the vehicles shuttled up and down in a continuous game of leap-frog, with an average frequency of less than a minute at peak times. . . . Competition between individual omnibuses accordingly became general, and convictions of both drivers and conductors for dangerous driving or obstruction were frequent." ¹²

The PET ceased to operate trams in 1928, and after the introduction of the Traffic Commissioners and a stricter system of route licensing, a process of rationalization began. Nevertheless, a residue of the old system remains today in the form of several private operators running buses over urban

routes. The presence of these private operators requires the PMT to liaise with them in settling routes and fares. A further link with the past is the manner in which the PMT services are still dominated by the "main line" routes. Unlike the BMMO, the PMT was content with its role of providing services for Stoke-on-Trent and its environs, a policy no doubt influenced by the lack of any competition from corporation-run buses. The PMT is rare among the NBC subsidiaries in restricting its sphere of operation to one densely populated area, and in being the dominant operator within that area. The individual character of the PMT means that its policy has not always followed the mainstream of the NBC thinking, particularly with regard to such developments as one-man operation.

City of Oxford Motor Services

A bus company which developed at an early date as a result of investment by a tramway company, was City of Oxford Motor Services. It was founded in 1906 by its holding company National Electric Construction Company Limited (a company similar in character to BET and which was eventually taken over by the latter in 1931), in order to develop an electric tramway system, but it was soon discovered that: "Overhead wires were unthinkable in a city of the calibre of Oxford." 13 As a result of this local opposition, motor buses replaced the horse-trams from 1914. In a similar manner to the PMT, COMS did not adopt an expansionist policy, and in fact did not trust its buses to run more than a radius of 25 miles beyond the Oxford headquarters. This conservative policy caused it to forfeit revenue on lucrative express routes, such as Oxford - London. Later in this study we shall see that in

recent years COMS has become a much more commercially minded company, in contrast to the still conservative PMT.

Crosville.

One of the largest and most distinctive of the NBC companies, but previously controlled by Thomas Tilling, is Crosville. Unlike BMMO, PMT, and COMS, Crosville's roots are firmly those of a family concern. The Chester-based company was founded by George Crosland-Taylor and Thomas Ville in 1904 in order to manufacture cars, but when this venture failed the two men turned to motorbus operation, and began running a service from Chester to Ellesmere Port in 1910. After 1919 Crosville steadily expanded its territory in Cheshire and North Wales, controlled by archetypal busmen in the persons of the Crosland-Taylor family. Nevertheless, in 1929 Crosville became involved in a take over which typified the arrangements made between the business interests largely controlling the bus industry at that time.

Although the railway companies were anxious to obtain some control of the expanding bus industry, they were reluctant to undertake bus operation themselves. In fact, until the Railway (Road Transport) Act in 1928 it was officially illegal for railway companies to run their own services, although the Great Western Railway had operated its own bus services for several years. It would appear that the railway companies had decided that bus operation was an activity best left to the professional busman, for even after 1928 they concentrated their attentions on taking over existing companies. From 1st May 1929, the Crosville company was owned by the London, Midland and Scottish Railway, while on

1st November 1929 the LMSR sold half its Crosville shares to the Tilling and British Company.

Tilling and British represented a merger of interests between Thomas Tilling and the BET subsidiary British Automobile Development Company Limited. As Tilling and BAT both held considerable shareholdings it was decided to form a joint company in 1928, and it was this new company which acquired a 50% shareholding in Crosville. The BET companies which did not have a Tilling shareholding remained entirely under BET control, and these included both BMMO and PMT (although the railway companies obtained a 50% shareholding in BMMO).

These complex financial arrangements represented the activity of entrepreneurs who were anxious to obtain a stake in what was an expanding industry. Despite the tendency towards co-operation between these business interests, the relationship between Tilling and BET was not harmonious. Klapper emphasises the contrasting philosophies of the two companies when he states that "the Tilling group set out specific lines of management which Heaton (the Tilling Chairman) wanted followed, whereas the BET style of management left much more to the discretion of the individual general manager. Some of the companies managed direct by Tilling were fortunate in having managers bold enough to confess that they threw away what they considered unreasonable directives from Tilling headquarters and admitted to objecting to the spying on staff or management that the Tilling methods induced." ¹⁴ These differences, reflected particularly in the personality of the Tilling Chairman Sir Frederick Heaton,

led to the failure of Tilling and British, and the two companies went their separate ways once more in 1942.

The machinations of the entrepreneurs, however, should not hide the essential work of the busman. In the next chapter we shall examine the activity of James Crosland-Taylor, a general manager of Crosville, with particular reference to the manner in which it reflects Dunsire's implementation model. The arrival of big business in the bus industry nevertheless paved the way for the 1930 Road Traffic Act, a piece of legislation which gave the industry an administrative system which exists, almost unchanged, to the present day.

D. The 1930 Road Traffic Act.

A Community and Confluence of Interests.

The investment of BET, Tilling and the railways in the largest bus companies created a very powerful vested interest within the industry. The result of the cross-investment was that the companies agreed not to invade each other's territory, as there was little to be gained for the entrepreneur in pitting one company against another. Instead, the territorial companies could expand within their own areas. We noted earlier, in connection with BMMO, that there was little incentive for the expanding companies to buy out their smaller rivals when fresh competition on the same routes could be encountered immediately. A system of route licensing, however, would allow the territorial companies the opportunity to take over competitors and achieve a monopoly. It was therefore in the interests of the large companies that a system of regulation for the industry be introduced, for without it they could never obtain security of operation which the entrepreneurs

required if a satisfactory return on capital was to be obtained. The representatives of these investment interests were to have a considerable influence over the system of licensing introduced by the 1930 Road Traffic Act. Richardson and Jordan refer to a community of interests between powerful groups and government, and state that "it is worth noting that there is a preferred relationship that Whitehall attempts to establish - and that very much suits the interests involved." ¹⁵ The 1930 Road Traffic Act is a good example of this community of interests, for the Omnibus Owners' Federation exerted considerable influence over its introduction.

In addition to representing a community of interests, the contents of the Act also signified a confluence of interests. Although a close relationship can exist between interests, some bargaining may be required in order to achieve an equilibrium, but in 1929 the policy content objectives of three powerful interests (The Ministry of Transport, the territorial companies and the Labour Government) coincided, although each differed in its motivation for wishing to see legislation implemented.

Although the territorial companies were powerful supporters of the Act, the youthful Ministry of Transport was the chief motivating force behind its passage. The Ministry was founded in 1919, and its first Minister, Sir Eric Geddes, was determined that his new charge should have a positive role to play in relation to transport planning. Plowden quotes Geddes as stating: "The country now expects from the government, not only regulation and restriction, but initiation and inspiration - a positive, not merely a negative policy

Among the matters to be dealt with on new lines, transportation holds a prominent place, and the hopes raised will have to be satisfied" ¹⁶ From the outset, the Ministry was concerned to take the initiative in an attempt to obtain a co-ordinated and rational policy on transport. The associated tendency of the Ministry to regard co-ordination as a beneficial development in itself is a quality which is still evident today.

As early as October 1919 the MoT began to examine proposals for the reform of road traffic law, and set up a departmental committee which included a representative of the bus operators. Delays in preparing a policy were aggravated by governmental doubts on the future of the Ministry, but a draft bill on changes in the law with regard to the motor car was produced in 1922, to which provisions for bus licensing were added in 1924.

The Ministry's attitude to bus licensing was influenced by experience in London. Increasing traffic congestion led to the 1924 London Traffic Act, which gave the Minister of Transport power to regulate or prohibit motorbus traffic on certain restricted streets. In addition, the licensing authority for the area, the Metropolitan Police Commissioner, could prescribe approved routes for operation of buses. ¹⁷ This Act had the effect of controlling the number of buses on London's streets and severely restricted the introduction of new operators. The proposals in the draft bill were based on the new system of bus licences in London, but owing to disputes concerning provisions with regard to the motor car, the bill was not officially made public until 1927. At this time it was circulated to the various interests for comment.

Even after this had taken place, the Government could not find time to introduce the legislation, and fell back on the expedient step of creating a Royal Commission to examine the whole question of the growth in road traffic, including bus licensing.

The Ministry submitted the draft bill to the Commission, which also took evidence from R.J. Howley on behalf of the Omnibus Owners' Federation. Howley stated that he would accept a "controlled monopoly", with the protection of the "established operator" from new competition.¹⁸ In contrast to the strong impression made on the Commission by Howley, no evidence was taken from any of the smaller independent operators.

The strong views of both the Ministry and the large territorial companies in favour of bus licensing, not surprisingly led the Commission to make recommendations almost identical to those contained in the draft bill. By the time the Commission reported, however, there had been a change of government.

The new Labour Government of 1929 represented the third, and final, interest whose influence brought about the new licensing system. The new Minister of Transport, Herbert Morrison, at that time a young and ambitious minister, was anxious to see introduced on a national scale a system of bus licensing similar to the one which he had observed in his native City of London. It was perhaps ironical that a licensing system which favoured large private interests should also be regarded with admiration by a Labour minister, but this community of interests was finally decisive in bringing the new system to fruition. Morrison's attitude

towards transport planning is indicated by the nature of his own brainchild, the London Passenger Transport Board, which was eventually set up in 1933, and took over all existing transport undertakings in the Metropolis with the aim of providing a unified and rational pattern of services. In fact, as the Underground group also already had control of most of the bus services, the Government in effect had only one organization with which to bargain. The degree of continuity and the link with the private sector which was achieved is indicated by the fact that the Chairman of the Underground group, Lord Ashfield, became the first Chairman of the LPTB, and continued the policy of greater co-ordination to which he was personally dedicated. Outside London, a similar scheme would have involved obtaining the agreement of Tilling, BET, the railway companies, municipal bus operators and many private operators, a task which at that time the Government considered was too politically daunting to undertake. On the other hand, the proposed system of bus licensing had the advantage of being supported by the most powerful interests, and could also be presented as a means of ensuring that the industry served the public interest.

An important implication for the Bill's implementation was that, because all the strongest interests were agreed on the need for the new system, there was little public debate on how the system would actually work in practice. With reference to the 1903 Motor Car Act, we noted that a middle-ranking policy could prove to be of the highest rank (in creating and shaping interests, or even changing general values) in its implementation. In the case of the bus

licensing aspects of the 1930 Act we could look at the argument from another side, and state that because no difficulties were foreseen in implementing the content of the Bill, there was little debate with regard to the underlying motives of the interests concerned. The territorial companies, the Ministry of Transport and the Labour Government had differing motives for wishing to see the Bill implemented, but all were agreed that it should be implemented. For the territorial companies, the primary policy objective was to obtain security and extend their services; for the Ministry of Transport, the primary policy objective was to achieve a more co-ordinated and rational set of services together with a higher degree of central control; and for the Labour Government the primary policy objective was to devise a system which would introduce a degree of public control over the bus industry.

These differing objectives did not prove a serious barrier to implementation because the substance of the Act was agreed by all. The difficulties occurred during implementation and the next round of policy-making, when the interests discovered that they had been operating the system with different objectives in mind, and failed to achieve agreement with regard to the next step along the road. In 1930 the Labour Government could therefore envisage the licensing system as a move towards full nationalization, the Ministry of Transport could hope that the system would make the industry more centrally manageable, while the territorial companies would aim to ensure that the system operated in their favour. In later years, these conflicting objectives were to become more apparent.

Parliament and Implementation.

A further factor which limited debate on the bus licensing aspects of the Bill was the degree of interest shown in the sections which concerned the motor car. The abolition of the speed limit, although of relevance to the bus industry, was discussed almost entirely in terms of the private motorist. The licensing of drivers, the introduction of third-party insurance and the refusal to introduce driving tests were generally considered by the political world to be topics of far greater importance than bus licensing, although the private motorist still represented only a small percentage of the total population and the bus had taken over from the tram as the primary means of urban public transport. The Draft Bill became generally known as the "Motor Bill", reflecting the ability of such organizations as the Automobile Association and the Royal Automobile Club to arouse the interest of those with political influence. Yet Plowden makes it clear that for Morrison, bus licensing was the most important aspect of the Bill. He quotes Morrison as stating in a broadcast:

"Establishment of an ordered system of public vehicles: a matter of less general interest to the public at large, but in many ways the most important part of the Act." 19

The low political salience of the public transport aspects of the Bill diverted public attention away from them, and restricted comment to the interests concerned. Once again the principal interests were assisted, for if any general public opposition to bus licensing had grown up on the grounds that it was protectionist, then the system might have been more difficult to set up. Public debate was also kept to a minimum

by the fact that the Road Traffic Bill was introduced into the House of Lords only four months after the Royal Commission reported. Part IV of the Bill dealt with the regulation of public service vehicles, and detailed the new licensing system. England and Wales were to be divided into eleven Traffic Areas, with two Areas for Scotland. Each Area was to have three Traffic Commissioners, one full-time chairman appointed by the Minister, and two part-time members appointed from a panel submitted by the county councils and county borough and urban district councils respectively. The local authorities therefore gained considerable influence over the system, although as the one full-time professional, the role of the chairman was clearly crucial.

The Commissioners were given the authority to grant five different types of licence, each of which would be required by an operator wishing to run express coaches, fare stage services or excursions. The five types were:

- (1) A driver's licence.
- (2) A conductor's licence.
- (3) A certificate of fitness for the vehicle. This licence is issued by a suitably qualified certifying officer.
- (4) A public service vehicle licence for the operator, which may be revoked if the holder is not considered to be a "fit and proper person" to operate buses.
- (5) A road service licence. This is the most contentious and politically significant licence, which establishes the operator's right to run services over a particular route. It was this licence which the territorial companies were seeking to introduce in order to establish area monopolies. In

awarding this licence, the Traffic Commissioners were directed by the Act to give consideration to the suitability of the route, the service needs of the route, the extent to which the service was necessary or desirable in the public interest and the needs of the area as a whole (in particular the need for co-ordination of services and the provision of unremunerative services). The Commissioners were also to ensure that fares were not unreasonable and prevented wasteful competition with alternative forms of transport along the route. In order to consider applications for road service licences the Commissioners were empowered to hold public sittings, popularly known as traffic courts. Any unsuccessful applicant was permitted to lodge an appeal with the Minister.

The Act in theory offered wide discretionary powers to the Commissioners in granting road service licences, but the nature of the system itself inevitably favoured the territorial companies. It was noted earlier that there was little incentive for large companies to take over smaller competitors, for new competition could spring up at any time. In contrast, the new road service licence guaranteed protection to its owner, and was therefore a valuable commodity to be bought and sold. The Traffic Commissioners could grant a licence to an existing operator, but they could not prevent that operator selling out to a larger competitor.

Although the implications for the future structure of the industry were the most important implications of the Bill, they were not touched upon during Parliamentary debates. Morrison, in fact, did not even mention the Labour Party philosophy of increasing public control over the industry, but instead

concentrated on the MoT concept that the administrative system required greater rationalization and co-ordination. Even such a powerful political personality as Morrison apparently found it difficult to escape from being strongly influenced by the philosophy of his officials.

During the Second Reading of the Bill, Morrison prefaced his remarks on the new system of Commissioners by referring to the then current chaotic system whereby licensing was in the hands of 1,298 local authorities, few of whom imposed any effective system of control. He went on to say that: "This is an impossible state of affairs, which must be cleared up if we are to have a national policy I decided to take the true path of revolutionary conduct and to reduce the whole of the 1,298 to twelve authorities at one blow, and I hope that I shall have the support of the House in coming to that decision, because I am sure that it is the only way in which we can get a national and co-ordinated system of transport." ²⁰ After outlining the new system he emphasized that the duties of the Commissioners would be: ". . . . mainly administrative. Their main task will be to co-ordinate and to organize transport." ²¹ Morrison concluded his remarks on the Commissioners by once again emphasizing the benefits of administrative co-ordination: "I think that as time goes on we shall find that we have set up machinery not merely for licensing, but a great aid towards co-ordination, and machinery that can be used with advantage in any further alteration of the law that may come along." ²²

The emphasis which Morrison placed on the words "national" and "co-ordination" illustrated the influence of the MoT over the contents of the Bill. The Commissioners, although

including local authority representatives, were to be led by a Chairman who was appointed by, and responsible to, the Minister of Transport. Morrison had admitted during the Second Reading that he was initially inclined to leave licensing in the hands of the local authorities, but had eventually been persuaded to introduce a national system. Given the propensity of Morrison to be influenced by his officials, it was a system which would apparently increase the power of the Ministry of Transport as a whole.

Morrison referred several times to the manner in which the system would be an aid towards co-ordination, and this could be taken to mean that the needs of the public would benefit, but during the debate the Minister made no reference to the public as such. In this case, co-ordination appeared to be conceived as providing a tidier and more centrally controlled administrative system. Amidst this triumph of a Departmental interest, little attention was paid to the effect of the new system on bus operation itself.

The power of the MoT over successive Ministers was confirmed by the attitude of the Opposition spokesman, and the previous Minister of Transport, Colonel Wilfred Ashley. Ashley is quoted by Plowden as being: ". . . . "a thorough-paced old English gentleman," and also that: ". . . . he relied heavily on the advice of officials." ²³ His reply to Morrison during the Second Reading confirms these observations. From the outset, he stressed the Opposition's support for the principles of the Bill by declaring: ". . . . On behalf of those who sit on the Conservative benches I can assure him (Morrison) that, though we shall feel it our duty to examine fairly minutely

the various proposals of the Bill, we shall do so in no party spirit. This is not a party Bill: it is a Bill which affects us all, whatever part of the House we may sit in; and we want to make it a national Bill and a useful Bill." 24

Colonel Ashley emphasized that the Draft Bill he had circulated in 1927 had been prepared by two Departmental Committees, and that no significant opposition had been expressed by affected interests. He considered that the Bill was long overdue, and regretted that only shortage of time had prevented him from introducing it himself. The views of Colonel Ashley confirmed that a real policy community had been created, and that implementation of the Bill was unlikely to arouse any significant degree of political interest. It should be noted that both Morrison and Ashley devoted only a small section of their speeches to road passenger transport. The motoring aspects of the Bill were given far more attention, while the MPs who followed the front bench spokesmen made scarcely a single reference to the new regulatory system for public transport.

The Effects of Implementation.

The paucity of public debate on the implications of the new system for the future structure of the bus industry, and the lack of precedent with regard to bus and route licensing, ostensibly allowed the Traffic Commissioners a high degree of potential discretion in exercising their authority. With regard to the certificate of fitness, the new inspectorate clearly possessed considerable direct power. An operator could no longer afford to neglect the condition of his vehicles, for if he did his whole business could collapse. Dyos and Aldcroft

state that during the 1930s: "In nearly every case the Traffic Commissioners were able to report that there had been a remarkable improvement in the standard of equipment and in the comfort and cleanliness of public service vehicles. They were no longer worked to a standstill before repair, . . . while the safety of the public was increased by constant supervision of the maintenance of steering, brake gear, and general improvement." 25

The certificate of fitness offered a means of improving vehicle quality which could be relatively easily implemented and the consequent benefits measured. The benefits of route licensing were more difficult to measure, while the Road Traffic Act did not offer the Traffic Commissioners an easy guide to implementation. Such questions as the suitability and needs of a route, the desirability of a service, the needs of the area as a whole, the provision of both efficient and unremunerative services (a clear case of conflicting policy objectives), and the co-ordination of all forms of passenger transport, left the Traffic Commissioners with a considerable degree of individual discretion. In fact, Thomson and Hunter quote Chester as considering that the Traffic Commissioners acted on the principles of priority, protection and public need. 26 Thomson and Hunter also consider that the principal objectives of route licensing were: ". . . to eliminate wasteful competition within the road industry and between road and rail, and to facilitate the provision of unremunerative services." 27

Although Parliamentary debate was much concerned with rationalizing the system, no reference was made to the provision of unremunerative services, despite its inclusion as one of the

matters which the Traffic Commissioners should bear in mind when considering a licence application. In fact, the provision of unremunerative services depended to a large extent on the elimination of competition, wasteful or otherwise. The territorial companies, in having most to gain from the implementation of the new system, were in a vulnerable position with regard to providing these loss-making services. If a large company was given the monopoly of a profitable route, then it could charge a particular fare without the fear that new competition would spring up. This would only happen if the Traffic Commissioners allowed these newcomers to operate. On the other hand, there could also be routes where profits were small, or where even losses were likely to be made, but which were considered by the Commissioners to be (in the words of the Act): ". . . necessary or desirable in the public interest." On these routes, the large companies might be persuaded to operate in return for the continuing privilege of being able to operate a monopoly on more profitable routes.

Rather than charge a higher fare on the unprofitable route, the operator could average out his total costs and revenues and charge the same rate of fares on all his routes. The operation of this principle is known as cross-subsidization, and the method of calculating fares as standard charging. The principle of cross-subsidization, although not referred to in the Road Traffic Act, became the main feature of its implementation (we shall see in Chapter Three that cross-subsidization already existed prior to implementation of the 1930 Act). Operation of the principle depended on the mutual recognition by the companies and the Commissioners that

their interests would be best served by a tacit acknowledgment of the need to co-operate with each other.

Operation and preservation of the route licensing system therefore depended on an equilibrium and interdependency of interests being achieved between the Commissioners and the large companies. The Commissioners could fulfil their statutory obligations, while the companies could obtain guaranteed route monopolies in return for fulfilling certain social functions. When placed in this context, the Commissioners' principles of priority, protection and public need become clearer.

The Commissioners established the principle of priority from the start by giving the established operator preference over the new applicant: "In fact to facilitate their proceedings in the transitional period the Commissioners were empowered during the first four years to grant public service licences to all vehicles operating prior to 1931, without a certificate of fitness having been granted." ²⁸ Although obtaining a public service licence did not automatically mean that a road service licence would also be issued, it did mean that the established operators' services could not easily be taken off the road.

The principle of priority led naturally to the principle of protection: "As a rule, whenever more than one operator performed a service in the same area or on the same route, the Commissioners allocated services on a non-competitive basis." ²⁹ We noted earlier, however, that by merely issuing a licence the Commissioners facilitated the development of the territorial companies. In return for this privilege of protection, the

operator could assist the Commissioners by fulfilling the principle of public need.

The merit of cross-subsidization in the bus industry is a contentious issue. Its supporters argue that it allows for the most comprehensive set of services, while its critics contend that it destroys competition and hence provides the public with an inefficient service. The significant point with regard to implementation of the 1930 Road Traffic Act, however, was that cross-subsidization served the interests of both the regulators (the Commissioners) and the regulated (the large companies). The Road Traffic Act was a piece of legislation which expressed the interests and philosophy of the territorial companies, the Ministry of Transport and the Labour Party, but in its implementation it was moulded by the Traffic Commissioners into a shape which none of its progenitors appeared to have envisaged. The discretion given to the Commissioners allowed them the opportunity to apply the principles which could achieve the most convenient equilibrium of interests between themselves and the operators. The Road Traffic Act was therefore an effective piece of legislation to the extent that its implementation allowed for any potential conflict between the Commissioners and the operators to be defused. A more rigid system, which set out precisely how the Commissioners were to operate, could have led to confrontation and non-implementation of the Act.

It is also important to examine the dual nature of the Traffic Commissioners' interests. On the one hand, their interest lies in implementing the provisions of the Act. In this respect they are the delegates of those who framed the Act,

and charged with the responsibility of ensuring that the real world changes in the manner stated in the contents of the Act. On the other hand, and in a more personal sense, they are officials doing a job, and unlikely to deliberately provoke a conflict where it can be avoided. The Commissioners' solution to the problem of satisfying these dual interests was the principle of cross-subsidization.

This dual interest corresponds to Downs' hypothesis that a member of a bureau will attempt to satisfy his own interests in addition to those of the organization.³⁰ When an official discovers a means of satisfying these dual interests, then ease of implementation is considerably assisted. It should nevertheless also be noted that the personal interests of the implementer are dependent on the contents of the Act. If these official interests are ignored in favour of satisfying personal interests, then the implementer is likely to be checked by his superiors, unless they acknowledge the impracticability of the Act's contents, (or themselves have a vested interest in frustrating official policy objectives) and hence turn a blind eye to the implementer's behaviour. Difficulties could also occur as a result of cognitive gaps within the Babel House model outlined by Dunsire (e.g., the Minister of Transport could be seen as occupying a different "order of comprehension" from the Traffic Commissioners). In certain circumstances it could even be argued that satisfaction of personal interests is merely a by-product and result of satisfying official interests. Hence in applying the principle of cross-subsidization the Traffic Commissioners could be perceived as fulfilling the provisions of the Act, and as a

result gaining personal fulfilment from satisfying these official interests. This argument in turn raises questions about the nature of individual motivation and discretion. The individual's role within the implementation process is of key importance, and one to which we shall return during this study.

Regardless of the way in which we interpret the nature of the Traffic Commissioners' motivation, competition within the bus industry was undoubtedly reduced during the 1930s. Dyos and Aldcroft state that between 1931 and 1938 the number of operators fell from 6,434, to 4,798, with the average number of vehicles owned by each operator rising from 7.1 to 10.4. By the beginning of 1938 over 60 per cent of the buses and coaches were owned by firms possessing 100 vehicles or more compared with around 47 per cent in 1931, whilst the percentage owned by smaller operators (less than ten vehicles) fell from 29 to 22 per cent over the same period.³¹ In addition to the take over of smaller concerns by the territorial companies, the existence of the Commissioners considerably checked the entry of new operators into the bus industry. As the onus was on the operator to prove that his proposed service was necessary or desirable in the public interest, would-be operators were discouraged from even applying for a licence, which strengthened still more the power of the territorial companies.

The Act did nevertheless bring a greater degree of order to the industry. The co-ordination of fare and time-tables provided a much more reliable service to the public, while there was also a limited degree of co-ordination between bus

and rail services.

In analysing implementation of the Act, however, we should also consider the degree of autonomous change which took place. We noted earlier that throughout the history of the industry, there has been a natural trend towards operator rationalization. During the 1920s, the bus industry experienced a type of "gold rush". Many operators were attracted to the industry in the hope of making a quick and easy profit, producing a chaotic pattern of services and cut-throat competition. The powerful financial support given to the territorial companies gave them a strong foothold in the industry, and as we saw with BMMO few private operators were able to resist for long once such a large company had made up its mind to dominate a particular route at all costs. In this context rationalization during the 1930s, although greatly assisted by the provisions of the 1930 Act, would still have taken place without legislation.

Dunsire's aggregative model would appear to be of particular significance with regard to the development of the bus industry during the 1930s. One of the main pillars of Dunsire's implementation model, which we described in Chapter One, is the premise that: "Implementation is a construct that takes its life and force from the interest of an observer. Implementation is in the eye of the beholder." ³² We have already seen how the Traffic Commissioners moulded the Act into a form which suited their purpose. Dunsire holds that when we are examining bureaucratic structures and processes, we are looking at the matters which concern particular stages of the bureaucracy, rather than at a continuous thread of

policy implementation. Implementation of the 1930 Act worked because interdependency of interests existed between the Commissioners and the operators. In one sense the Commissioners were implementing the terms of the Act, but in another sense they were ensuring that their place within the structure of the bus industry was secure. Equally, without the consent of the principal operators, the Act would not have been capable of implementation. For the territorial companies, implementation of the Act was just one element of their plans for future expansion. If we examine the implementation process in this manner, then Dunsire's concept of an aggregative implementation process can be linked to Downs' hypothesis that self interest is a primary element in motivating the individual within a bureau. The difficulties which arise when interests rebel against a piece of legislation are illustrated when we examine the 1947 Transport Act.

E. The 1947 Transport Act.

During the Second World War, the bus companies were compelled by the Government to run services where they were most needed, and a rationalization of routes resulted. There was inevitably little new investment in buses, and by 1945 many fleets consisted of ageing vehicles. The most notable single event for the bus industry during the war years was the dissolution of Tilling and British. As we noted earlier, the relationship between the two companies had always been uneasy, and it was finally decided that they should once more go their separate ways.

They continued to operate their area agreements, but

significant differences over major issues were reflected in the nature and membership of groups representing bus interests. The largest of these groups was the Public Road Transport Association, which was formed in 1943 as the result of a merger between the Omnibus Owners' Federation and the Public Service Transport Association.³³ The PTA contained both Tilling's and the BET, as well as many municipal operators and the largest private operators. Richardson states that the PTA's wide constituency made it an influential client of the MoT,³⁴ but there were several other operators' groups. The Municipal Passenger Transport Association was founded in 1905, and contained nearly all the local authorities who ran their own transport services. The Passenger Vehicle Operators Association represented many of the smaller operators, and BET were also members, but Tilling's did not join.³⁵ Tilling's were also absent from the British Omnibus Companies Public Relations Committee. This group was founded in 1942 in order "to convey to the public how the companies are serving them and assisting the war effort." Fifty companies joined, including BET and Scottish Motor Traction. In reality, the BOCPRC was formed to fight any proposed nationalization plans for the bus industry, and after the war the Omnibus Passengers' Protection Association (largely a front organization for the BET and other large operators) campaigned against the plans put forward by the Labour Government.³⁶

The Labour Government which took office in 1945 was committed to the nationalization of the railways, road haulage and civil aviation, but not the bus industry. Finer indicates that the Government considered a bus service to be a matter of

local concern, and that a centralized organization owned by the national authority would be politically inept as well as clumsy to operate. He reveals that the Government's decision was largely influenced by the views of Sir Frederick Heaton, the Chairman of Tilling's. Heaton suggested: ". . . a number of purely local passenger transport boards for the purpose of co-ordinating as public utility undertakings the existing local passenger services municipal and private." ³⁷ This statement confirmed that Sir Frederick was not inclined to be anti-nationalization to the same extent as his counterparts at BET, and explained why Tilling's was disinclined to join groups other than the PTA.

The 1946 Transport Bill proposed that a policy-making British Transport Commission would supervise five Executives, dealing respectively with railways, road haulage, hotels and catering, docks and inland waterways, and road transport. A further Executive was set up to take over from the London Passenger Transport Board.

In a similar fashion to the 1903 Motor Car Act and the 1930 Road Traffic Act, the bus industry found itself in a position of low political salience, with the majority of attention being given to nationalization of the railways. With regard to road passenger transport, the BTC was given power, but was not required, to: "secure the provision" of road passenger transport services. It was to be allowed to prepare and submit to the Minister "area schemes" which would provide for the acquisition of operators within such areas, and for the organization of suitable bodies to run the services

thus obtained. 38

The Labour Government clearly considered that the 1930 Act did not provide for sufficient public control of the industry, but had only a vague idea as to how any new system should operate. The lack of precision concerning the nature of the area schemes was in fact reminiscent of the Ministry of Transport's faith in the benefits of co-ordination itself. The BTC's connection with the MoT was strengthened by the appointment of C.W. Hurcomb as its first Chairman, for Hurcomb had previously been Permanent Secretary at the MoT from 1927-37, and had been closely connected with the creation of the 1930 Road Traffic Act. In the event, the BTC experienced scant success in implementing the road passenger transport provisions of the 1947 Transport Act, with the result that the new legislation had little direct impact on the bus industry. In contrast with the 1903 Motor Car Act, general values expressed by road passenger transport aspects of the 1947 Act occupied a high position in the policy-making hierarchy, but a low position in the implementation hierarchy. The failure to implement the Act could be attributed to lack of interest and attention at the top, and resistance at the operational level.

The Minister of Transport, Alfred Barnes, exemplified the lack of thought which the Government had given to implementing the area schemes. He stated that: "The procedure to be adopted is for the policy Commissioners to promote area schemes, after consultation with the local authorities in their areas It is the intention that ultimately they shall be brought completely into an integrated national transport service The Commission will promote schemes

after consultation with the local authorities for the co-ordination of the passenger transport services serving the area." ³⁹ The Minister did not mention the delicate subject of consultations with the private companies, a process which would be essential if the schemes were to work, nor did he refer to the future of the Traffic Commissioners in the event of the new system being implemented.

In contrast to the Minister, several backbench Labour MPs were prepared to be more outspoken in their criticism of the relationship between the companies and the Traffic Commissioners. The Labour Government of 1930 could envisage that the Road Traffic Act represented a step in the move towards full public control, but by 1946 many Labour MPs had become disillusioned with the system. A particularly vehement critic was Robert Mellish (making his maiden speech). Mr. Mellish accused the road passenger transport industry of being a monopoly and claimed that: ". . . . the people who work in the industry know the methods adopted by the monopolies in order to gain this measure of control. We know the instances that have occurred again and again in order to stamp out the "small man" They knocked him out years ago, and they gave him very small compensation in doing so The issue before us is whether private monopoly is better qualified to run transport than is State control." ⁴⁰

It was ironic that the system which Mr. Mellish criticised so strongly had been brought about through legislation introduced by a previous Labour Government. The terms of the 1930 Act had resulted in a particular relationship between the Traffic Commissioners and the territorial companies, and the

nature of this relationship was explicitly set out by Mr. Glossop, a Conservative MP and also a director of a BET subsidiary. Mr. Glossop claimed that there was no real monopoly in the way that Mr. Mellish would like to suggest. He defended the system of traffic courts with regard to route licensing, and considered that the Traffic Commissioners had no difficulty in securing all the services which they considered to be necessary.

Mr. Glossop continued his defence of the status quo by emphasizing that a large number of operators ran a substantial proportion of their services at a loss, and continued to do this because if they did not, the Traffic Commissioners would say: "If you will not operate from A to B - we know it is not an economic route - we shall take away from your existing licence a section of your economic route." ⁴¹ In supporting this statement, Mr. Glossop revealed that 48% of BMMO services and 64% of Southern National services were run at a loss. These figures indicated the extent to which the operators were prepared to accommodate the needs of the Commissioners, and also the extent to which the companies were allowed by the Commissioners to operate the more lucrative routes at a high level of profit. The strength of the interrelationship, manifested in the form of cross-subsidization, indicated that implementation of the 1930 Road Traffic Act had produced a system which would not easily be changed by the policy-makers.

The difficulties which would be encountered by the BTC in attempting to implement the area schemes were further emphasized by Mr. Glossop's comment on the activities of the Public Transport Association. He emphasized that this body, supported

by both private operators and municipalities, had decided that the Bill's proposals were ill-considered and unfair. ⁴² On this occasion there was to be no question of the bus industry adapting legislation to suit its own needs.

Yet implementation of the 1947 Act began with a notable victory for the BTC, when they acquired all the transport interests of Thomas Tilling for the sum of £24.8 million. As we indicated earlier, Sir Frederick Heaton had first suggested the concept of the area schemes, and he shocked the bus industry to the core in 1946 when he announced himself to be in favour of the nationalization of inland transport. The PTA had been relatively non-committal over the Government's plans, as had the MPTA, but the PVOA and the BOCPRC (with BET to the fore in both groups) had come out strongly against the area schemes proposal. Sir Frederick outraged the BET and other operators by stating that neither railways, road hauliers nor bus operators could be said to be engaged in the ordinarily accepted meaning of free enterprise, and that the Government quite distinctly had a mandate for what it proposed to do. ⁴³ Heaton was severely criticized by the PVOA, but he replied that the PTA represented the widest cross-section of the industry, and they had expressed no opinion on the Government's plans (thereby throwing doubt on Glossop's assertion). ⁴⁴

Tilling's sale came as a great shock to other operators, for bus travel was then approaching what was to prove its peak level, but Hibbs points out that compared to BET many of the Tilling bus companies operated in the relatively unremunerative rural areas. ⁴⁵ In addition, Sir Frederick Heaton had by that time considerably diversified the interests of the

company, and buses were no longer so important a part of the company's holdings. It was also perhaps significant that Heaton, who ran the company in an extremely autocratic manner, was ill at the time of the sale, and died only a few months later.

Tilling's were quickly followed into state ownership by Scottish Motor Traction and many in the bus industry assumed that, with these two major companies having gone into public ownership, it would be only a matter of time before BET followed. The directors of BET were extremely angry about Tilling's action, however, and refused to contemplate any sale to the BTC. Nevertheless the BTC did acquire considerable interest in the BET companies, in the form of shares which had previously been owned by the railway companies.

Despite this direct involvement by the state in bus operation, the structure of the industry showed little change. The BTC was content to remain within the existing regulatory system, and the area agreements with BET were unaltered. The degree to which the BTC wished to remain true to the spirit of the relationship which had been constructed between the Traffic Commissioners and the territorial companies was illustrated in a 1951 court case. When it was ruled in the High Court that a BTC company could not be made subject to the provisions for route licensing laid down in the 1930 Road Traffic Act, the BTC immediately appealed against this decision, and won its case ! ⁴⁶ The BTC evidently did not share the low opinion of the licensing system expressed by Labour MPs such as Bob Mellish, and was not prepared to introduce revolutionary changes. The attitude of the BTC could be explained by the

nature of the leadership given to the Road Passenger Executive, which was set up in June 1949 with the particular object of introducing the area schemes. The Chairman of the RPE was George Cardwell, a genuine busman who had built up the North Western Road Car Company, based in Macclesfield.

Prior to Tilling's sale to the BTC, Cardwell had worked at the company's headquarters in London. Significantly, the RPE eventually moved its headquarters to the building occupied by the Tilling Group Management Board (the management structure of the Tilling bus companies was little changed despite its sale to the BTC). The RPE was therefore dominated by the philosophy of the territorial companies, which was embodied in the twin principles of area agreements and cross-subsidization. In the light of the close relationship between the RPE and Tilling's, we could relate the managerial philosophy of the RPE to Downs' observation that: ". . . any new department in an existing bureau will usually be under superiors whose functions continue to be dominated by the tasks previously assigned to them. Hence these top officials cannot develop the same single-minded concentration upon their new functions as the leaders of a wholly new bureau formed solely to carry out those functions".⁴⁷ The RPE was a new bureau, created as part of the BTC but it was another "new" BTC bureau, the Tilling organization, which had taken it over. In this case it could be argued that the BTC itself was the new bureau, attempting to control a "department" (Tilling's) which had been established for many years, and contained a high degree of professional expertise. The Ministry of Transport philosophy epitomized by Hurcomb, together with the philosophy of the

Labour Government, had little hope of influencing "Uncle" George Cardwell (as he was known in the bus industry) and the firmly entrenched Tilling approach to road passenger transport planning.

In introducing the 1930 Road Traffic Bill, Morrison had laid great stress on the MoT concept which emphasized the scheme's national and co-ordinated character. In practice, the MoT had little opportunity to influence the development of the territorial companies, or control the Traffic Commissioners, while co-ordination was based on an equilibrium of mutual interests between the Commissioners and the companies. The area schemes proposed by the BTC could be interpreted as a further attempt by the MoT to strengthen central control, a plan which, as in 1930, could also fit the Labour Government's wish to increase public control over the bus industry. The stumbling block was that on this occasion the industry itself was determined that the schemes should not be implemented.

It was decided that the first area schemes should be introduced in North-East England, but progress was extremely slow. The area was to be controlled by a Northern Passenger Road Transport Board, and divided into three districts. The main company in the area, United Automobile Services, was owned by the BTC, and it was no doubt hoped by the Government that the many Labour-controlled councils in the area would be sympathetic towards the scheme. In the event, the councils were reluctant to surrender their authority to one co-ordinating Board, and strongly resisted attempts to win them over to the new concept. In addition, the BET-owned company within the area, Northern General, remained firmly in private hands.

Resistance to the area schemes was also assisted by the lengthy and complicated consultative process adopted by the BTC. This consisted of the following stages:

1. The Commission was obliged to consider representations made by the local authorities in the area concerned, while they were still in the process of formulating a scheme to be presented to the Minister. When they had provisionally decided on a scheme they were bound to consult every local authority and every private provider of transport who was likely to be affected by the scheme (i.e., local authorities had to be consulted twice).

2. The scheme was then submitted to the MoT.

3. Providing he approved of the scheme, the Minister then had to prepare a Draft Order, which was to be published so that objections could be made against it.

4. If any objections were not eventually withdrawn, the Minister was forced to hold a public enquiry.

5. After holding a public enquiry the Minister could then make the Order, which then had to lie on the table of the Commons for fourteen days. If, even after this period, objections still had not been withdrawn then the final stage came into operation.

6. The scheme had to be examined by a Select Committee of both Houses after which it became law. 48

After two years of wrangling, the BTC submitted a scheme to the Minister in 1951, but the change of Government in that year effectively rendered the plan null and void. Within the MoT the area scheme concept lived on, however, and resurfaced in the form of the Passenger Transport Areas set up by the 1968 Transport Act.

The Conservative Government disbanded the RPE in 1952, and in the 1953 Transport Act took away the BTC's power to acquire bus companies together with its scheme-making powers. The PVOA campaigned strongly for complete denationalization of the bus industry, but this issue was not considered by the Conservative Government to be as important as denationalization of the road haulage industry.⁴⁹ It was thought at the time that some of the BTC companies might be sold back to the private sector, but only a handful of small sales took place. Despite the non-implementation of the area schemes, the BTC was now firmly established in its ownership of the former Tilling companies. In maintaining the company management structure within the now traditional licensing system, the BTC was not inclined to lose its interest in the bus industry.

Assistance in maintaining the status quo was also given by the Thesiger Committee, which was set up to enquire into the working of the licensing system.⁵⁰ The Committee's report amounted to a total defence of the existing system, and its judgment was supported by the Government.

The year 1953 proved to be a significant one for the bus industry (although it could hardly have suspected it at the time), for in that year the volume of passengers carried by bus reached its peak. In the early post-war years, the demand for travel exploded at a time when the bus was asserting its final supremacy over the tram. Bus fares had remained almost unchanged since 1930, but the real incomes of the population were slowly increasing. At the same time few people could afford a car, and in any case the supply of vehicles was restricted. From the mid-1950s onwards, car ownership began to

increase rapidly, and the golden age of buses was over.

F. Conclusion.

In this chapter we have studied the development of the bus industry, and the legislative framework which grew up around it. We have attempted to analyse and compare the effects of three pieces of legislation in particular - the 1903 Motor Car Act, the 1930 Road Traffic Act and the 1947 Transport Act. We saw that the 1903 and the 1930 Acts had a far greater impact on the bus industry than the 1947 Act, and concluded that the initial place of a policy in a hierarchy of importance may not correspond to its importance in the implementation hierarchy. Nevertheless, with regard to the 1930 Act in particular, we attempted to illustrate the interrelationship between policy-making and implementation. In this case, the circumstances and manner in which the policy was presented considerably influenced the success of its implementation. At the same time, we also recognised that a gap existed between the policy concept and its implementation. The success of implementation depended on achieving a delicately balanced interrelationship between the two principal interests involved.

During the following round of policy-making, the Ministry of Transport and the Labour Government discovered that their exclusion from the implementation process had frustrated the achievement of their objectives. Subsequently, in the implementation of the 1947 Act, they again learned that an expression of general policy objectives is no substitute for power at the operational level. We also noted that when one of the operational interests (Tilling's) became a part of the

official structure, it quickly invaded and took over departments set up to initiate radical change.

The apparent power which implementing interests have over policy-making interests in determining the actual effects of a policy might suggest that a similar phenomenon might be detected at each operational stage of the implementation process. In this chapter, we have examined the territorial bus companies mainly in terms of the interest of the entrepreneur, particularly in studying how he gained from implementation of the 1930 Road Traffic Act. In the following chapter, we will briefly examine the philosophy of the busman, and his place within the implementation process.

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CHAPTER THREE

THE PHILOSOPHY OF THE BUSMAN

A. Introduction

At the core of the bus industry is the busman, i.e., the man who operates, services or manages the actual bus service. In the context of the aggregative model, he must be switched-in to any implementation process which concerns road passenger transport. In fact within our policy process model, the work of the busman will predominate on the time-scale. Nevertheless, the bus industry undoubtedly has become more subject to official regulation over the years, while in recent times it has been compelled to seek a greater degree of co-operation with local authorities in order to maintain economic viability.

The reaction of the bus industry to change in later years will be seen when we study the National Bus Company, but the attitudes and values which have shaped the NBC are themselves derived from the busman's basic attitude to his business.

We noted in the previous chapter how both the 1930 Road Traffic Act and the 1947 Transport Act were moulded to suit the interests of the bus industry, and in particular those of the territorial companies. The 1930 Act was of major importance because of the administrative restructuring which it brought to the industry. In contrast the 1947 Act, despite expressing high level general objectives, and leading directly to the state ownership of major bus companies, had little real impact on the industry as a whole.

In briefly examining the reactions of a particular busman to these pieces of legislation, we can analyse how implementation may work at the "grass roots" level, and also

identify some of the attitudes of a typical busman. James Crosland-Taylor (son of the founder of Crosville Motor Services) spent forty years in the bus industry, and was General Manager of Crosville from 1935 to 1959. His account of how he did his job is a unique instance of a busman writing about his work.¹ The views which he expresses are still much in evidence today, and have shaped to a considerable extent the policy of the National Bus Company.

B. Crosville and the 1930 Road Traffic Act.

From its earliest days, the Crosville Company operated its services over a very wide area. With its headquarters in Chester, it quickly developed a system of routes into both the thickly populated industrial areas of North Cheshire and Merseyside and the sparsely inhabited territory of North and Central Wales. In this respect, Crosville offers a good example of how a bus company can contain a large amount of in-built cross-subsidization. In the previous chapter we emphasised that cross-subsidization became the key element in the Traffic Commissioners' approach to implementing the 1930 Road Traffic Act, but Crosland-Taylor makes it clear that loss-making routes were a feature of the company's operations almost from the outset.

Until 1923 Crosville concentrated its services on lucrative industrial areas such as Chester, Warrington, the Wirral and Crewe, but in 1923: "Fresh capital was easy to come by, and so we were tempted by the almost untouched area of North Wales and fell. One often wonders what would have happened if we had sat tight in our own very compact and rich piece of country, relying on Merseyside with its million

population, and let other people have North Wales - as they would have done, because even then small operators were beginning." ² Crosville did not of course commence these services in the expectation that they would make a loss, but even before 1930 it had become clear that many of the Welsh routes would never make a profit. Yet the company did not move out of Wales: "By 1929 we had this large area in square miles, but small in population, for which we had paid nothing and which barely paid its way. What was the best thing to do ? It might have been better if it had been sold, and the profit used to buy something better, but we decided to adopt a policy of keeping it, and buying certain other businesses where the goodwill paid for would be at least partially balanced by the economies that could be made by amalgamation." ³

Even prior to the 1930 Road Traffic Act, therefore, Crosville had made the decision to purchase rivals in the rural areas. The 1930 Act nevertheless made it possible for Crosville to take over these businesses without the fear that new competition would spring up. The extent of the change is illustrated by the fact that between 1922 and 1930 Crosville bought twenty-six businesses, but between 1931 and 1939 a further sixty-seven companies were acquired. Although many of these purchases might have taken place irrespective of the Road Traffic Act, the security which it offered to Crosville must have been an incentive to proceed with this policy. The Act therefore had the effect of encouraging rationalization within the bus industry, but in Crosville's case it also appeared to have the effect of encouraging the company to widen its territory despite the business instinct that it was

an unwise policy. Even without the presence of the Traffic Commissioners, the company wished to expand in the hope that by some means or other a satisfactory return on capital could be obtained.

The principal impact of the Traffic Commissioners on the company was the insistence of the former that services should be maintained even in the deepest rural areas. As a result of the Commissioners' policy, ". . . by 1939 it was obvious that the Welsh part of the company was becoming a drag, and would have to be supported by the English portion, which by that time was thoroughly established and doing extremely well." ⁴

It is possible to illustrate the actual effects of the Commissioners' policy, for at the commencement of World War Two, and in the light of petrol rationing, the bus companies were asked to cut services. Crosland-Taylor observed that: "This was a golden opportunity to get things sorted out, since we had a lot of superfluous mileage that had to be kept going in normal times but that was really not required." ⁵ In 1939 bus miles run for Grosville were 33,465,636, but in 1940 this had been reduced to 30,418,510. Nevertheless, passengers carried increased by more than six million, and profits rose from £261,689 to £320,063. There is therefore no doubt that the Traffic Commissioners were able to exercise genuine control over the bus industry during the 1930s, and that the principle of cross-subsidization was enforced.

The limits of the Commissioners' powers are illustrated by Crosland-Taylor's observations on events in Wales, where "pirate" operators continued to exist: "Evidence of law breaking was extremely difficult to obtain because a stranger

was immediately spotted, and local people would naturally refuse to help. Even when we did get a case, the Court would fine the offender half a crown, and that was that. The money spent in obtaining a prosecution was just not worth it." ⁶ This activity in Wales illustrates an absolute and a relative limit of control. In the absolute sense, some forms of recalcitrance cannot be controlled, while in the relative sense, the marginal cost of enforcing a control system may be unattractively high.

We could nevertheless note that the work of the "pirates" indicated a weakness in the aggregative nature of the 1930 Act. If the "pirates" could have been somehow "switched-in" to the implementation process, the question of recalcitrance would not have arisen. It must be assumed that the "pirates" were taking revenue away from the territorial companies, for it was unlikely that they would risk breaking the law in order to provide a social service ! By being excluded from the system, the "pirates" became the outcasts of implementation. In this case, when the implementers were unable to maintain control with a particular target, then the process proceeded as if the target did not exist.

For Crosland-Taylor himself, the principal effect of the Road Traffic Act was the extra paper work that was required. When the Act first came into effect: " the first thing we did was to get a van load of forms to fill up. I say a van load - perhaps it was two - in any case there was a prodigious number of them Every route, including shorts, had to have a licence When "the appointed day" arrived we sent them all to Manchester in a lorry and had an

evening off. For three weeks we had worked till 8 p.m. every night." ⁷ The age of bus regulation had arrived with a vengeance, and it is worth noting that the procedural effects of implementation are themselves of significance. In the present age of multi-organizational implementation, many NBC senior managers complain that most of their time is taken up with obtaining agreements with Government, local authorities, unions etc. rather than actually running the buses. In having less time to give to their own companies, more weight of authority and discretion can be thrown on to those occupying a lower position in the hierarchic chain. In this sense, implementation of the 1930 Road Traffic Act introduced a new "order of comprehension" in which the senior management of a bus company were compelled to become more acquainted with the political and bureaucratic world. In doing so, there was an obvious danger that a cognitive gap could appear between themselves and the people who actually operated the bus services. Ironically, an implementation process designed to increase official control over an industry can lead to a breakdown in communication and control within the existing organization.

With regard to the Traffic Commissioners themselves, Crosland-Taylor indicated his preference for someone from the same "order of comprehension". In the North West, Mr. Chamberlain was appointed to be the first Traffic Commissioner: "We thought that he could be a good man for the job, and events proved that we were right. Always fair to everybody - a firm and kindly guide for the other part-time Commissioners - he held the balance in a difficult and complicated area. . . . He had been

an operator, and that made a lot of difference." ⁸

Crosland-Taylor clearly felt more at home with someone who spoke the same language, although (as we noted above) the new system was a world of its own. The quasi-judicial nature of the traffic courts has tended to attract members of the legal profession, and few Traffic Commissioners have come from the bus industry itself. It could be argued that by their very nature, the traffic courts favour the large operator. The small operator applying for a licence might well feel lost amongst the specialised world of the regulatory system, unless (like the large companies) he can afford the best legal advice to speak for him.

It was also inevitable that, because of their frequent contact with each other, Traffic Commissioners and company managers would often build up a relationship outside the courts. Crosland-Taylor describes how he and his solicitor would often speak to the Commissioner for South Wales (A.T. James) on the night before a sitting while they were all staying in the same hotel. Although James was very deaf: "He used to speak very quickly and size up a situation like lightning He would say: "Are you people coming before me tomorrow ? Well, I see the case like this." And he would immediately outline the whole thing and tell us what he was going to do before we could get a word in. "Don't tell anyone you have seen me," he would say, and then we would have an interesting talk about all sorts of other things, for A.T. was a great talker." ⁹ As we noted in the previous chapter, the territorial companies and the Traffic Commissioners needed

each other, and against this type of interaction outsiders such as the Ministry of Transport or small private operators were unlikely to have much influence. The community at the policy delivery point was different to that at the formulation stage, and the regulators and the regulated developed a relationship which suited the interests of them both. It must nevertheless also be noted that the general climate of the time was in favour of the bus industry becoming more regulated and rationalized, and the relationship between the operators and the Traffic Commissioners did enable this objective to be achieved.

One further effect of the 1930 Road Traffic Act was the manner in which it compelled the territorial companies to consider quality of service. Once it was realized that expansion in terms of mileage had reached its optimal level, and that the Commissioners would not allow further expansion of territory, the companies turned their attention to new investment, advertising and improved social facilities for employees. At Crosville it was decided that: "We were to attack the revenue side of the business at last. Any reasonable cost of doing it would be allowed. There would be the maximum of new vehicles and the standard of maintenance of all assets would be improved. Publicity was to be completely overhauled, and on top of that all services were to be reviewed twice a year - after winter and summer working - so that we could become more elastic and open up the good traffic and clamp down on the bad." ¹⁰ It is interesting to note the degree to which Crosland-Taylor's scheme for increasing revenue corresponds with the objectives of the current Market

Analysis Projects, which the NBC has undertaken in an attempt to maximize its revenue. Later in the study we will be attempting to assess the degree to which MAP represents a novel approach by the NBC to maximizing revenue, but the work of Crosville during the 1930s suggests that bus companies require a periodic "quasi-revolution" in order to accelerate change.

We have seen that the new regulatory system itself and the effects of that system had a tangible effect on the bus industry, but we should also note that to some extent the 1930 Road Traffic Act represented just one element in running a bus business. We have seen that Crosville accepted the principle of cross-subsidization even during the 1920s, and that the company made its decision to retain its Welsh services even before implementation of the 1930 Road Traffic Act. In a sense, Crosville appeared to make maximizing of territory an even greater objective than maximizing of profit, and was prepared to pay the cost of adopting this policy. Dealing with the Traffic Commissioners was just one part of the company's total approach to running a bus business. In the manner of the aggregative model, this section could alternatively have been entitled, "Crosville and Cross-Subsidization," in which an account of the effects of the 1930 Road Traffic Act would form an integral part.

Yet the Traffic Commissioners did have a measurable effect on Crosville's policy, i.e., in this case the implementer remained successfully in contact with his target. The Commissioners possessed a potentially strong sanction over

Crosville, for if the company had declined to run various loss-making routes, then it might have found that some of its lucrative Merseyside routes would have been transferred to other operators. The nature of the cross-subsidization system therefore enabled the Commissioners to gain a strong position within the administration of the industry, although the nature of their control rested heavily on the understandable reluctance of the territorial companies to attempt any recalcitrance of the traffic courts' decisions.

C. Crosville and the 1947 Transport Act.

Nationalization came to Crosville in January 1949, when all the Tilling bus companies were taken over by the British Transport Commission. From 1930 to 1942 the company had been owned jointly by IMS and Tilling and British. In reality, the company was largely controlled by BET, whose Chairman was also Chairman of Crosville. The decentralized style of management adopted by BET is indicated by the obvious freedom in running the company enjoyed by Grosland-Taylor during the 1930s. In 1942, however, when Tilling and British broke up, Crosville came under the control of Tilling and its Chairman, Sir Frederick Heaton. The new Chairman, (representing the classic entrepreneur) was more interventionist in approach, and immediately instructed Grosland-Taylor to place all the company's employees on a single wage scale, for up till that time lower rates had been paid in Wales (a practice which reduced the effects of cross-subsidization). The attitude of the entrepreneur was also reflected in Heaton's instruction that Property should be bought as an investment in order to compensate for the inability to expand the company's territory

or purchase new buses during wartime. The entrepreneurial approach was also evident in Heaton's willingness to sell up when an attractive offer for Tilling's buses was made by the BTC.

The Tilling sale marked the beginning of the end of the entrepreneur's interest in the bus industry. Although passenger demand was at its peak, and BET was to retain its buses for another twenty years, the busman was now coming into his own in controlling his industry. As the title of his book, State Owned Without Tears suggests, Crosland-Taylor was extremely gratified to discover that state ownership enabled him to carry on with his work in much the same manner as before. Crosland-Taylor took no direct part in negotiations between Tilling's and the BTC, but was pleased to note that: "The management was to go on in the meantime exactly as it had always done, and all we really cared about was the old problem of receipts and expenses per mile." 11

In fact, things were not quite as they always had been, for the BTC had decreed that the General Managers of all its new bus companies should join the board, and so Crosland-Taylor became a director of Crosville. It was perhaps symbolic that on the same day that Crosland-Taylor joined the board (17th January 1949), Sir Frederick Heaton tendered his resignation, together with five other directors who in the main had represented the interests of the railway companies. The board of ten was now reduced to a board of four. The Chairman and one other director basically represented the Tilling interest, one director came from the railways, while

the presence of Crosland-Taylor himself indicated the new importance given to the actual operator. Behind the general ideals expressed by the 1947 Transport Act, its main effect was to officially ratify the structure of the industry which had grown up since 1930, and to increase the busman's control of his own affairs.

In the previous chapter we noted that the appointment of "Uncle" George Cardwell to be Chairman of the Road Passenger Executive represented a considerable triumph for the busmen. In effect, the new Executive was captured by former employees of the Tilling organization, who had little sympathy for the Labour Government's plans to introduce area schemes. Crosland-Taylor makes a brief but cryptic comment on the failure of these area schemes: "This (failure) was not Mr. Cardwell's fault. He did his work well, but I never once heard him express his personal opinion as to these schemes." ¹² It might be said that the Conservative Government's abandonment in 1953 of the obviously failed area schemes concept spoke volumes for "Uncle" George's attitude to implementing the vague policy ideas put forward by a Labour Government six years previously ! At least the Labour Government (and perhaps more importantly the Ministry of Transport) learned from that experience that the implementation of such schemes could not be entrusted to the busmen. In the next chapter we will see how the 1968 Transport Act made direct provision for the introduction of Passenger Transport Areas (in many ways the modern equivalent of the area schemes).

In the years which followed Nationalization, Crosville's main activities centred around purchasing of new vehicles,

minimizing costs, developing depots, gaining approval for the now more frequent fare increases (fares had remained almost unchanged from 1930 to 1948), and attempting to maintain good labour relations, in other words, the traditional concerns of the busman, which so often appear to transcend the significance of a particular piece of legislation.

In addition, despite the Nationalization of both the railways and the Tilling bus companies, there was little real co-ordination between the two. The separate organizations were maintained, together with their basic rivalry. To a busman such as Crosland-Taylor, this relationship represented the natural state of affairs, and epitomises an attitude which is still widespread today.

The attitude of Crosland-Taylor towards the BTC's attempts at achieving greater co-ordination clearly indicates the suspicion of the busman that political intervention can only do harm to the industry: "The BTC's first reaction to its newly-constituted powers was to reorganize everything within sight, to centralize as much as possible. But they did not provide enough oil for their machine at first, and there soon appeared a slowing down of the wheels - clogged up with the requirements of "permission from headquarters" - and of course the old bogey of "Policy", which is so necessary, and yet so deadly if used unintelligently by men whose grasp of theory may be unimpeachable, but whose practical knowledge is either entirely lacking, or else sadly antiquated." 13

It is significant to note that Crosland-Taylor's objections to the work of the BTC were of two kinds. Firstly, that the policy-makers and those at the top of the

implementation hierarchy lacked practical knowledge, and secondly that a centrally controlled bus industry reduces its efficiency. In terms of our policy model, Crosland-Taylor considered that there was a discontinuity in feedback, a chain of authority in which one "order of comprehension" spoke a different language from another, and a degree of control which acted as a hindrance to the efforts of the implementer (Crosville) in his attempts to maintain contact with his objective (the well-being of the company).

As far as Crosland-Taylor was concerned, his job was to look after the welfare of the company, while co-ordinating with the railways, or even other bus companies, was not the prime company objective. In this view he was supported by the RPE, and so by 1953 was able to note that: "As far as bus companies were concerned, we had been fortunate from the beginning of the new regime. The Tilling way of running the group was recognised as being perfectly sound, so let it continue. It made profits in the past, so let it go on doing so in the future. And we did. . . . From the Crosville point of view, with our deep-seated optimism, it was a case of "State-owned without tears." 14

D. Conclusion.

In later chapters we will see how the National Bus Company is confronted with an inherent conflict between centralization and decentralization. We will also observe the degree to which the busman's determination to maintain the viability of his company (either the NBC itself or a particular subsidiary) is still evident, and also the natural suspicion which he maintains of a political world with which he is

obliged to co-operate. The extent to which Crosland-Taylor's attitudes mirror these behavioural characteristics and dilemmas indicates the continuity of the busman's philosophy.

The philosophy is perhaps most evident in the attitude towards cross-subsidization. Crosland-Taylor was quite happy to accept the principle of cross-subsidization, and recognised that in certain circumstances a route should be operated as a social service. It might be thought that he would have been looking towards outside support for this service, but in fact he was quite prepared to accept that Crosville should carry this obligation itself. Crosland-Taylor's approach is indicative of a distinctive dichotomy in the mind of the busman. Implementation of the 1930 Road Traffic Act has given him an ingrained respect for the principles of cross-subsidization, yet he is anxious that at all costs his company should retain its profitability. Even in an age when passenger demand was at its peak, these opposing forces placed a strain on the company, but when that demand began to flag, the burden became almost unbearable. Crosland-Taylor was reluctant to surrender any of Crosville's territory, and in fact was prepared to undertake an expansionist policy even when the commercial prospects for such activity were inauspicious. To the territorial company, the size of its territory is clearly a matter of importance, and it is reluctant to hand over services to the small private operator. Regardless of the arguments with regard to the merits of cross-subsidization, the large companies take some pride in their size, and do not wish to see it diminished. Downs considers that a bureau will wish to

establish a large enough territory of policy space to guarantee its own survival. ¹⁵ In Crosville's case, the territory is geographical, although the motive for moving into North Wales could be ascribed to empire-building as well as self-preservation. The decision could not be justified on rational economic grounds, but it represented the company's ambition to expand, and its anxiety to secure the "frontiers" of lucrative urban routes.

The anxiety of Crosland-Taylor to remain on good terms with the Traffic Commissioners is a further typical characteristic of the territorial company. He was pleased to emphasize that: "For years, since 1931 in fact, we had built up a state of mutual confidence with the licensing authority. We had never let them down, and never tried any sharp practice which might have brought us a monetary advantage. If we said a thing was so - assuredly it was as we said - at any rate to the best of our belief." ¹⁶ Crosland-Taylor was anxious that no cognitive gap, neither accidental nor deliberate, should appear between Crosville and the Commissioners. If it did, then the company's most lucrative routes could be in danger, although it also could be argued that if the Commissioners deliberately broke up the system of cross-subsidization, their job would become a great deal more difficult. To this extent there were limits to the control which the Traffic Commissioners could exercise over the territorial companies.

The behaviour of the RPE, and Crosland-Taylor's obvious pleasure in becoming "State Owned Without Tears" illustrates the anxiety of the busman to retain his independence of the political world. As we will see in Chapter Five it is a

quality which is still evident today, for the NBC has experienced much less government intervention than many of the other public corporations. Crosland-Taylor believed that, with the assistance of the Traffic Commissioners, he could operate cross-subsidization better than any politician or bureaucrat, while he also considered that liaison with railways could have an unhealthy effect on the quality of services. Suspicion of political motives was perhaps also encouraged by Crosville's relationship with municipal bus undertakings. The territorial companies considered that they faced unfair competition from the municipalities, who could subsidize their services from the rates.

The absence of any reference to subsidies by Crosland-Taylor could be indicative of a natural tendency towards independence, although it also could be attributed to the general set of values existing at that time. In an age when nearly everyone travelled by bus, companies such as Crosville had an important place and status within the community. The company would no doubt have considered it most humiliating to receive a subsidy, while neither the government nor the local authorities was prepared to hand over money to apparently lucrative businesses.

By the early 1950s, many of the busmen had moved from being climbers to conservers, and were anxious to be seen by the public as successful businessmen who also possessed a social conscience. It was to be another twenty years before the "comprehensive reprogramming" caused by the massive growth in car ownership brought about a change in values, and caused the busmen and the local politicians to make the first

tentative steps towards each other in order to forge some sort of alliance.

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CHAPTER FOUR

Legislation and the Bus Industry in the 1960s

In this chapter we will be examining how Tilling and BET became reunited in the form of the National Bus Company. We will initially analyse how Government perceived the problems of the bus industry when demand began to fall during the late 1950s and early 1960s. The 1962 Transport Act set up a Transport Holding Company (THC) which had a statutory obligation to act commercially. Within this organization the Tilling companies retained their identity, but when it appeared that the Labour Government's transport policy might sweep away the existing structure the THC took the judicious step of purchasing all the BET bus companies. Although this nationalization of nearly all the territorial companies appeared at the time to assist the Government in its aim of creating a Nationwide network of the New Passenger Transport Areas, the creation of the National Bus Company in the 1968 Transport Act was in fact a triumph for the THC, and enabled the company busmen to retain their independence.

A. Government Response to Change in the Economic

Conditions of the Bus Industry.

The Fragmentation of Problems.

By the end of the 1950s, it had become clear that the demand for bus travel had passed its peak, and that the industry would never again know the days of prosperity it had experienced during the 1940s and early 1950s. Nevertheless, the decline was not so great or so sudden that anyone seriously considered a change in the administrative system was required immediately. We saw in the previous chapter that many rural routes had been

unprofitable since the 1930s, but the system of cross-subsidization (and the territorial companies reluctance to surrender territory) had virtually guaranteed their continued survival.

As implementers, the territorial bus companies were determined to maintain a system of licensing which gave them security, and the Conservative Government of 1951-64 supported them in this particular point of view. We noted in Chapter Two that the Thesiger Committee came out strongly in support of the status quo (although it should also be noted that the Committee reported in 1953, the year of peak demand for bus travel) . The Thesiger Committee acted in an evaluative capacity for the Government by providing confirmation of the view that the operators and the Commissioners were the people best suited to organizing the bus industry.

The first evidence of strain in the system was the accelerating rate of fare increases from the early 1950s onwards. From 1930 to 1950, fares had remained virtually unchanged, but as the decade progressed the time of the traffic courts was increasingly taken up by hearing applications for fare increases. At first, these increases could be attributed to general inflation, but as passenger levels decreased, bus companies were forced to seek rises which moved ahead of inflation rates.

It is interesting to note the form in which the fall in passenger demand manifested itself in the political sense. In reacting to the properties of the policy process it is likely that information received by the policy-makers will define reality in a way which reflects their sense of what can be comprehended and acted upon. Lindblom highlights the difficulty of defining a policy problem when he observes that: "Even

familiar problems require formulation. A problem like inequality in income distribution can be formulated as one big problem or as many relatively independent smaller problems...." ²

Moreover, both Lindblom and Wildavsky make the point that a problem cannot exist unless some kind of solution is possible. Lindblom states that: "Landing a man on the moon never used to be a problem for the US. We made it a problem when we began to develop a technology for space exploration that made such a problem possible." ³ Similarly, Wildavsky holds that: "Policy Analysis is about the realm of rationality and responsibility where resources are related to objectives. Rationality resides in connecting what you want with what you can do, and responsibility in being accountable for making that connection." ⁴

As Hood notes, implementation of a particular policy may be impractical in the absolute sense through lack of material resources, but in many cases it may be a lack of political resources which will cause implementation to fail. ⁵ In a world where absolute control is impossible, successful implementation will invariably require either voluntary compliance or consensus by those involved. We noted in Chapter One that compliance is notoriously difficult to achieve (particularly in Britain) and that a consensus will usually be required if implementation is to be at all successful. Finding a solution to a problem will therefore involve the policy-maker in ensuring that he has both material and political resources.

In the case of the bus industry, the "problem" of falling demand is one which policy-makers lack either the material or political resources to solve. In fact, it is doubtful if

policy-makers would truly wish to solve this problem. In the modern age, car ownership is so universally sought after that politicians would be unlikely to take radical steps in actively discouraging it. It could be argued that theoretically the material resources would be made available for such a course of action, but the political costs are generally regarded as prohibitive.

The predominant problem in urban areas therefore manifests itself in the form of managing the car rather than encouraging the use of public transport as such. This in turn has the effect of fragmenting the policy problems into several categories. If policy-makers can identify certain areas where the use of the car should be restricted, and the development of public transport encouraged, or perhaps an area where public transport requires particular help, then a solution can be found to match a problem. The problem which occurs in developing these fragmented and incremental policies, rather than having an overall plan, is that co-ordination difficulties will usually occur. For example, it is of little use banning cars from a city centre unless a proper public transport system is developed to take its place.

Wildavsky claims that: "Policies don't succeed so much as they are succeeded. It is not resolution of policies but evolution that should interest us." ⁶ Similarly, in Chapter One we observed that the nature of change is such that any implementation process will contain the seeds of both short-term consensus and long-term conflict, and/or vice versa. In these circumstances, it is perhaps inevitable that a wise politician will never allow solutions and problems to stray far from one

another. Thus, there is a natural tendency for policies to be placed in fragmented (even if unco-ordinated) bundles.

The trend towards fragmentation of problems is also encouraged by the nature of the principal sources of support for the two main Parties. The rural areas are traditionally strongholds of the Conservative Party, while the majority of Labour MPs represent urban areas. On the whole, this pattern of representation leads to Conservative Governments placing emphasis on rural problems, while Labour Governments are more susceptible to the problems of urban areas. As a result of these Party political activities, together with resource limits, Governments have divided policy into the "rural transport problem" and the "urban transport problem." The rural transport problem centres around the need to provide adequate services for those who lack their own transport, in areas where bus operation is usually unprofitable. The urban transport problem (although it also includes making provision for those without their own cars) centres mainly around the need to prevent traffic congestion and pollution, caused by the lack of satisfactory transport planning which results in destroying the pattern of urban life and its environment.

From the bus operator's point of view, the rural transport problem could be largely solved by the system of cross-subsidization (i.e., the well-used urban services subsidizing the unprofitable rural routes). However, this apparently neat solution presents a difficulty to the policy-maker. If he wishes to discourage cars from using city centres, and simultaneously develop an efficient low fare public transport system, he would ideally need to isolate the urban

from the rural services, and abandon the system of cross-subsidization between the two. In doing so, the rural transport problem would be aggravated. Unless large-scale subsidies are available (a solution requiring both material and political resources) then the services in rural areas will rapidly deteriorate. Rather than confront such a massive problem, the policy-maker might alternatively decide that it is better to preserve the less publicly obvious system of cross-subsidization, while attempting to treat the most urgent cases in both the urban and rural areas. In this case, if the rural and urban problems can remain separate for the purposes of policy-making, unmanageable problems may be avoided. In the long-term, the policy-maker may hope that change will cause a particular problem to disappear, e.g., if rural services deteriorate, people who lack their own transport in these areas will either purchase cars or move nearer to towns, thus solving the "rural transport problem." The succeeding problem would be the even greater need to relieve the pressure on city centres. The solution to this problem could involve a greater dispersal of industrial and commercial activity, thus causing a different type of "rural transport problem" !

The Nature of the "Rural Transport Problem".

The Conservative Government of the early 1960s maintained cross-subsidization, while at the same time directing its attention towards the transport problems of the rural areas. The isolation of a "rural transport problem" was epitomized by the creation of the Jack Committee. By the late 1950s the Government was under increasing pressure from Conservative MPs representing rural constituencies to take action on the serious

decline in rural transport services. The Government was not prepared to take direct action, but in 1959 appointed D.T. Jack, Professor of Economics at Durham University, to chair a Committee investigating the problems of public transport in rural areas. The Jack Committee took two years to produce its Report, a length of time which reflected the lack of unanimity among its members. 7

Eventually nine members of the Committee agreed to all the conclusions and recommendations of the Report, but there were three dissenting voices. The chief conclusion of the main Report was that rural services were inadequate, and that the existing licensing system was not sufficiently powerful to deal with the situation. Doubts concerning the value of cross-subsidization were indicated by the recommendation that operators should increase fares on unremunerative services before taking a decision to withdraw them. It was nevertheless acknowledged that many rural services would not continue without Government subsidies. A remission of fuel tax was rejected on the grounds that it would be imprecise and indiscriminate, and would also present the larger companies with a considerable increase in profits (an indication that running a bus company was still generally considered to be a lucrative line of business). Instead it was recommended that direct financial aid should be given to the rural services, administered through the County Councils and financed partly by the Exchequer and partly by the Counties. In addition it was suggested that more flexibility should be introduced into the system, in particular a greater use of school contract services and an investigation into the possibility of carrying fare-paying

passengers in Post Office vans.

The majority of the Jack Committee had thus concluded that stage carriage services might not be suitable in all cases, and that subsidies would be required indefinitely for loss-making services in an environment where the bus industry faced an apparently inevitable decline in passenger demand. It is significant that the three dissenting voices represented interests which would have been particularly affected if the Committee's recommendations had been implemented. Firstly, W.T. James, a former Chairman of the PTA, was worried about the effects direct subsidies would have on cross-subsidization. The operation of cross-subsidization allowed the bus companies to largely control their own affairs (with the co-operation of the Traffic Commissioners), but the provision of subsidies would suggest intervention by the County Councils. In the early 1960s the bus industry was still to experience the full impact of financial decline, and preferred to operate on its own terms. We will see in Chapter Six that ten years later the financial plight of the industry made it more amenable towards the prospect of receiving subsidies.

As this study is primarily concerned with the territorial bus companies, which were conceived (and to a large extent are still run), as organizations designed to make a profit, the question of whether or not to accept subsidies is an extremely sensitive matter. It should be noted that for municipal bus services there is a far stronger tradition of subsidizing loss-making routes. Even in the 1940s, it was a sore point with the territorial companies that the unions would first make their wage demands to the national council dealing with wages

in the municipal bus undertakings, as it was considered that they would be more pliable than the National Council for the Omnibus Industry, which represented the companies. (The role of the trade unions in the bus industry will be dealt with in the following chapter).

We noted in the previous chapter that until the 1940s Crosville paid its employees in Wales less than those in England, a practice which emphasized the problems faced by a company in running rural services. The territorial companies therefore have been compelled to compete with the municipalities on wage scales, while running a higher percentage of loss-making rural services and having (at least until recently) far less recourse to subsidy. As the municipal bus undertakings can in many areas cream off the most profitable urban routes for themselves, there is often a natural rivalry with the territorial companies, who would obviously profit from a higher degree of cross-subsidization.

These arguments throw into relief the conflict between the interests of the urban bus passenger and those of his rural counterpart. As the principal provider of rural bus services, the territorial companies have always been particularly concerned with the "rural transport problem", and it is a theme which will frequently recur throughout this study. As a policy problem, however, it cannot stand in isolation while cross-subsidization is accepted as the central pillar of the bus industry's administrative system.

The second member of the Jack Committee to dissent from the majority was H.R. Nicholas, the Assistant General Secretary of the Transport and General Workers Union. Nicholas was

principally concerned about the organization of the bus industry, and considered that a greater degree of integration was required. Since 1945 there has been a consistent strand of thought within the Labour Party and the trade unions which held the opinion that integration of the transport industries in general would encourage rational policy-making and overall efficiency. The BTC was an example of this concept, but by 1961 the limitations of this organization had become evident and its demise was imminent. Nevertheless the TGWU hoped that all the bus companies might be publicly owned with a higher degree of central control of their affairs than was current at that time. Although the Jack Committee outlined the limits of the existing administrative system it did not describe how a new system would work, but restricted itself to the recommendations for greater flexibility and subsidies. The Union offered a more radical alternative, although it was one which was unlikely to appeal to a Conservative Government.

The third dissenting voice came from E.B. Powley, a Deputy Traffic Commissioner for the Eastern Traffic Area and a spokesman for the County Councils. Powley favoured fuel tax remission on unremunerative rural routes and considered that the Association of County Councils would be against the provision of local authority subsidies. Powley's point of view illustrated that the County Councils were not prepared to accept the administrative and political costs of becoming involved in the bus industry, and wished the busmen to retain responsibility for the delicate task of cutting back unremunerative rural services.

The Government was placed under great pressure by its own

MPs to implement the recommendations of the Jack Committee, but the range of interests set against the majority Report was formidable. The opposition of both the bus companies and the County Councils to the prospect of direct revenue support indicated the problems of implementation which the Government would face, for the administration of any subsidy scheme would depend heavily on the goodwill and co-operation of these two interests. In the event the recommendations of the Jack Committee were virtually ignored by the Government. The bus companies were allowed to keep their independence and the County Councils were given no opportunity to deal with the question of subsidy. More than a decade was to pass before these two interests were compelled to build up a relationship with one another. The Government's lack of action was a triumph for the principal interests, but it could also be attributed to the potential cost of the subsidies and the Government's preoccupation with reorganization of the transport system (the latter will be discussed shortly). In addition, the bus companies were still thought of at that time as being financially strong enough to continue the widespread use of cross-subsidization.

The only positive moves by the Government arising from the Jack Committee were to set up an enquiry into the transport problems of six rural areas in 1963, and subsequently to introduce experimental services in four rural areas.⁸ As with subsidies, the enthusiasm for experimental services did not gather momentum until the 1970s. As events transpired the Report of the Jack Committee anticipated much of the later legislation affecting the bus industry. The economic and

political climate for the implementation of its main recommendations was not propitious in the early 1960s, but we should not ignore its possible influence on the thinking of later Governments.

B. The 1962 Transport Act and the Nature of the THC.

The Creation of the THC.

Despite the Conservative Government's perception that a modification in its policy with regard to the bus industry was required, it continued to accept that the established administrative system represented the most efficient means of controlling both the quality and quantity of services. The Government's view was confirmed by the 1960 Road Traffic Act, which basically restated the provisions of the 1930 Road Traffic Act. Nevertheless, structural change was in the air, for the days of the British Transport Commission were numbered.

During the 1950s, the financial condition of the railways had deteriorated considerably, and it was thought by the Government that the BTC was no longer in proper control of its affairs. The Government judged that the massive BTC, with its commitment to achieving an integrated transport system, had failed in its task and instead had become unwieldy and inefficient. The 1962 Transport Act hence disbanded the BTC and in its place set up five autonomous boards. These were the British Railways Board, the British Waterways Board, the British Transport Docks Board, London Transport and the Transport Holding Company.

The aims of the new policy were to decentralize the nationalized transport industries, and to make each sector more individually accountable for its own efficiency. Together with

the state owned section of the road haulage industry, the Tilling bus companies found themselves placed within the Transport Holding Company, which was perhaps the most novel and interesting of the new organizations. The chief feature of the THC was its statutory requirement to act in a commercial manner. The Act stated that the object of the THC should be to (a) hold and manage the securities vested in them by virtue of the Act, (b) exercise the rights attached to the securities as if the Holding Company were a company engaged in a commercial enterprise. The THC was also given the power to buy and sell company securities.⁹ As Ponsonby notes, this was the first time in the history of transport nationalization in Britain that a specific directive had been given to "act commercially".¹⁰

We saw in the previous chapter that to a busman such as Crosland-Taylor, a directive to act commercially was almost superfluous. In this case, legislation was confirming the firmly established practice. A Tilling busman could not have accepted any other way of running his business. From the point of view of the companies, their commercial viability required a continuation of the existing licensing system, for without the protection given to a territorial company it might find making a profit a much more difficult task.

The Structure of the THC.

To a Tilling bus company, the THC was an organization after its own heart. The THC rested on the organizational principle that a high degree of decentralization would lead to maximum commercial efficiency. The THC in fact consisted of 140 companies, each with a managing director accountable to the THC for the profitability of his company. The THC itself controlled

the form of the organization which each company took, appointed the boards of its subsidiaries, evaluated capital expenditure, operated all loans to subsidiaries, and annually examined each company's progress. ¹¹

The structure of the THC is worthy of note for we shall see later that in many respects it was the direct antecedent and organizational model for the NBC. The structure of a decentralized holding company was one which appealed to the bus companies, and continues to give the NBC a distinctive character. A further significant feature of the THC was the retention of the Tilling name itself. The Tilling companies had been state owned for nearly fourteen years, but the company busmen had succeeded in retaining their identity.

In addition to the companies wholly owned by the THC, there were also companies in which it held considerable shareholdings. These included the shares in BET bus companies which the BTC had inherited from the railway companies at the time of nationalization. The THC's large-scale involvement in the privately owned bus companies thus indicated that a National Bus Company already existed in embryonic form. The THC's companies were divided up into appropriate regional groups, with the managers of each company and the Managing Director of the THC itself forming the group board. This group structure enabled a direct link to be made between each company and the central management of the THC. ¹² We shall see later that a roughly similar structure exists for the NBC, where the companies are also divided up into regional groups. The THC groups were additionally formed into three associations. Thus the Tilling groups, by forming an association, strengthened still further

the corporate image of the bus group.

While the licensing system remained unchanged, and the BET bus companies were privately owned, it was inevitable that the Tilling companies would be left almost undisturbed. For radical structural change to have been brought about, the agreement of the BET companies would have been required, while a change in the licensing system would have altered the role of the Traffic Commissioners, which the Conservative Government had previously indicated it was unwilling to do. The Tilling companies were therefore locked into a well established administrative system, which was perpetuated and strengthened by the nature of the THC. To the Tilling busmen, the THC represented an opportunity to continue their work undisturbed.

The Work of the THC.

As events transpired, the THC was to have only a relatively brief organizational life (it was founded on 1st January 1963 and disbanded on 31st December 1968). Throughout its history it consistently made good profits, with the Tilling companies well to the forefront. As examples, the THC's road passenger transport subsidiaries made a profit of over £6.7 million in 1963, and almost £7 million in 1967. To some extent the maintenance of profits could have been accounted for by the acquisition of other companies. Richardson notes that the THC adopted a more expansionist policy after a Labour Government came to power in 1964.¹³ Ironically, the THC was able to act even more commercially under a Labour Government than it had under its Conservative predecessor !

Despite the significance of acquisitions, the Tilling companies were clearly successful in operating profitably.

Ponsonby considered that the passenger journeys' loss from 2,090 miles in 1963 to 1,756 miles in 1967 was also a satisfactory result ¹⁴ (although it represented a loss of over 6% per annum, car ownership increased during this period at approximately 10% per annum). Nevertheless, to accommodate passenger losses and yet still make a profit, it was inevitable that the real cost of bus fares would rise. Although a bus company can rationalize its vehicle fleet when demand falls, it can hardly ever keep pace with the decrease, for a service must often be maintained, and a vehicle retained, even when fewer passengers are being carried (the nature of the route licensing system also requires that loss-making services should be retained).

Behind their successful financial results the Tilling bus companies were already having to cope with the economics of decline. Yet the traditional independence of the busman was still much in evidence, and created a suspicious attitude towards government intervention. In its Final Report, the THC was highly critical of government activity, which it considered created uncertainty and reduced organizational efficiency. It was considered that: "The moral of the last twenty-one years as a whole is that political intervention shall be kept within bounds that are not only reasonable, but also clearly and precisely defined, and above all that a consensus of view must be arrived at, or a political settlement, as a result of which the transport industry will be freed from the consequences of reversible Acts of Parliament every few years, and will at last be granted a due amount of stability." ¹⁵

This statement is perhaps difficult to understand in view

of how little change the Tilling companies had undergone in the post-war period. A considerable amount of government activity had taken place (e.g., the 1947 Transport Act, the Report of the Thesiger Committee, the Jack Report, the 1960 Road Traffic Act and the 1962 Transport Act), but the sum effect of this legislation was that the bus companies were still run very much on the same principles which operated during the 1930s. The significance of this activity to the bus companies was that they had fought to retain their independence, which to some extent must have diverted time and resources away from the actual operation of the bus industry. For the Tilling companies it had been not so much a matter of implementing legislation, but of battling to maintain "business as usual."

In the remainder of this chapter we will be examining the 1968 Transport Act, perhaps the most significant piece of legislation for the bus industry since the 1930 Road Traffic Act. Nevertheless, we shall also see that the bus companies came through even this period relatively unscathed, with the structure of the newly formed NBC largely maintaining the by now traditional world of the busman.

C. The 1968 Transport Act.

Barbara Castle and a New Policy.

We shall see that although the 1968 Transport Act was presented by the Government as being a radical step forward in bus passenger transport planning, its roots could be found quite firmly planted in previous post-war legislation. Nevertheless, such a major piece of legislation did attract a considerable amount of public attention. Interest was also heightened by the forthright personality of the Minister of

Transport, Barbara Castle, who characteristically identified herself completely with the concept of the new policy, and fought with single-minded zeal to bring about its implementation (to some extent a parallel could be drawn with Herbert Morrison and the 1930 Road Traffic Act of an ambitious Minister determined to make a major political impact).

As in 1930 and 1947, a Labour Government was determined to implement a radical transport policy. Sir Harold Wilson, Prime Minister during the 1964-70 Labour Government, considered that: "A 'priority' ministry may become less important as old problems and challenges give way to new." ¹⁶ His explanation for upgrading transport provides a direct (if slightly bizarre) link with the previous Labour Government. Wilson reveals that: "Shortly before he died, I invited Clement Attlee to Chequers where he had spent the happiest days of his life. Following his stroke, he found speaking difficult, so I put questions to him. 'If you were in this chair,' I asked him, 'what subject would you put higher in the system of priorities than it appears to occupy today ?' Immediately he answered, 'Transport.' I moved Barbara Castle there from Overseas Development within a very short period." ¹⁷

The appointment of Barbara Castle as Minister of Transport in December 1965 effectively committed a Labour Government to another attempt at achieving an integrated transport policy. The implementation of the 1947 Transport Act proved to be a relative failure, and had been succeeded by the Conservative Government's more decentralized and competitive 1962 Transport Act. Richard Crossman acknowledged the problems facing Mrs. Castle when on her appointment he observed that: "I have

heard that she (Mrs. Castle) realizes how much a graveyard of all political reputations Transport has become. But if there is anybody who will get us a fully integrated transport policy it is her and that makes it a good move." ¹⁸ Mainly due to Mrs. Castle's forceful approach, transport policy had forced itself almost to the top of the political agenda, where it was to stay for the next two and a half years. ¹⁹

The appointment of Mrs. Castle also focused attention on the structure of the MoT. During the 1950s and 1960s bus transport had become something of a "Cinderella" aspect of transport planning within the Ministry, particularly when compared to the massive road building programme. Martin Painter describes how a self-sufficient roads wing developed within the MoT which generated its own logic and programme momentum. He sees this as a development of sectoral politics, where policy-makers and implementers attempted to control their environment. In becoming self-contained, the justifications for the policy were rarely challenged, and the road builders commandeered massive resources from governments which were in any case disinclined to deter the public from greater use of cars ²⁰ (a Conservative Government could regard such action as an infringement on personal freedom while a Socialist such as Mrs. Castle would find it politically difficult to deny the right of all classes to own a car). Politically, public transport was at a considerable disadvantage, and the well organized road builders took full advantage of their position.

Richard Marsh, Mrs. Castle's successor as Transport Minister (who confesses that he had little knowledge of Transport policy when he became Minister) considered that

co-ordination within the MoT was poor, and was also struck by the power of the road builders: "There was a strong pro-roads policy lobby, partly because we are a nation of car owners, partly because the Press tends to highlight anything affecting the motorist out of all proportion to its real importance, but also because of the peculiar situation where, although British Railways has its own separate board like any other nationalized industry, all matters concerning road construction are dealt with by a section of the Ministry itself. The Director-General, Highways (a professional road engineer) who was to all intents and purposes Chairman of British Roads Limited, was a Deputy Secretary in the Ministry of Transport." ²¹

One of Mrs. Castle's key appointments was that of C.D. Foster in the newly created post of Director General of Economic Planning. An economist who had already written extensively on the need for a more balanced appraisal of economic and social costs and benefits in British transport planning, Foster hoped that he could assist in redressing the balance within the Ministry away from the road builders and towards a more sympathetic consideration of public transport problems. Foster himself was shocked to discover the extent to which road building appeared to exist as a self-contained policy sector, and both he and Mrs. Castle were determined that the Government's new policy initiative would devote a major part of its attention to public transport reorganization. ²² For political reasons previously stated, the Government could not afford to turn its back on the car owner, or potential car owner, but it was considered that action needed to be taken on the problems of congestion in urban areas and the depressed state of public

transport generally. Again for political reasons previously outlined, the Labour Government placed the emphasis on urban transport problems, although we will see that the policy did contain significant changes in rural transport policy. The Government's relative preoccupation with urban transport was particularly significant for the bus companies, who were able to perpetuate their existence by instigating the creation of a National Bus Company while the Minister's principal focus of attention was elsewhere.

The quest for independence by the company busmen might be regarded as one of the factors leading to the supremacy of the roads lobby. As we have seen, the Tilling sections of the BTC and later the THC were a self-contained unit. In this case, the bus companies could also be seen as a case of sectoral politics, for the busmen were disinclined to become over-dependent on the will of the politicians. In the following chapter we will see how the NBC has gone to great lengths to maintain its viability and hence avoid becoming entirely dependent on government aid.

The 1966 White Paper.

The outlines of the new policy were first revealed in a White Paper published in July 1966.²³ The White Paper made clear the Government's emphasis on transport planning. It was stressed that transport systems would need to be integrated with the needs of industry, while urban planning required that public transport be placed within the context of traffic management as a whole.²⁴ The publication of the Buchanan Report on "Traffic in Towns"²⁵ in 1963 had highlighted the problem of reconciling the growth in car ownership with the

creation or preservation of a congenial urban environment. Buchanan emphasized the importance of road building to cope with urban congestion, and the White Paper confirmed that a massive programme of road construction was still required.²⁶ The document nevertheless set out the advantages of traffic management schemes, and stated that: "Public transport has a key part to play in dealing with the urban transport problem, both for the mass carriage of passengers at peak hours and for the transport needs of people without cars. Yet public transport is in decline."²⁷

The causes of the decline were attributed to rising costs, the effects of congestion and the loss of passengers to private cars. It could be argued that the mass carriage of passengers and the transport needs of people without cars, can amount to the same thing, unless cars are discouraged from entering urban centres. In the latter case the car owner and the non-car owner are indistinguishable, and their needs inseparable. The statement therefore symbolizes the political choice which must be made between actively discouraging car use in urban areas, or providing public transport only for those who lack a vehicle of their own. In the event the Government did not wish to make a decision on this politically sensitive value judgment, but chose to place the burden at the local level.

The most significant recommendation made by the White Paper was that public transport required reorganizing so that it could become integrated with urban planning as a whole. It was considered that: "This fragmentation and lack of central control militates against the rational co-ordination of transport policies."²⁸ The Government therefore believed that:

" . . . as a first step conurbation transport authorities should be created under broad local authority control, or suitably linked with local authorities, with the duty of securing an efficient, convenient and integrated system of public transport for the urban region. The Minister of Transport proposes to take powers to create such authorities." ²⁹

As in 1947, the Government had come down in favour of area transport planning, but this time implementation was not to be left so much to chance. It could also be said that new transport planning authorities would require resources from central government, which would in turn increase the power of the Ministry of Transport. We saw the significant part which the interests of the Ministry played in the creation of the 1930 Road Traffic Act and the 1947 Transport Act, and once again a policy proposal for an apparently more rational system was put forward which in one respect (allocation of resources) could have the effect of increasing central control.

C.D. Foster considered that the new transport authorities were primarily proposed in the belief that greater co-ordination was a good thing in itself. He believed that the actual creation of the new authorities would mean that local government could not ignore the need for urban transport planning, and that public transport would have a better chance of maintaining its position within the total system. ³⁰ The implications of this plan for the territorial bus companies were serious, for if urban transport was to be considered as a separate entity, with a transport authority controlling all these routes, then the companies would be left with only the less profitable rural services. It is significant that Foster considered the

subsidization of the rural bus passenger by his urban counterpart to be unjustifiable, ³¹ for the proposed system emphasized the interests of urban public transport. The implication for the bus companies was that their whole existence was threatened, a threat which was to have considerable power in persuading BET to sell its bus companies to the state.

In the 1966 White Paper, the proposal for conurbation transport authorities was not elaborated on, but it was explained that the Regional Economic Planning Councils (set up by the Government in 1965) were already investigating the possibilities for the new system. A complication for the Government was that the Royal Commission on Local Government, chaired by Lord Redcliffe Maud, was still sitting, and that the transport authorities would need to fit in with the new system of local government likely to be implemented as a result of the Maud Commission's recommendations. We shall see that this uncertainty assisted in the creation of the National Bus Company, and aided the bus companies in their battle for survival.

In examining the proposal for transport authorities it is not difficult to detect a link between the new initiative and the old Area Schemes. C.D. Foster appeared to infer that the idea came from the officials, and no doubt plans of this type had been lying on the Ministry shelf for several years (the potential which the new authorities offered for greater central control cannot be ignored). Many opponents of the new authorities assumed that the idea had come from the United States, where comprehensive urban transport authorities were already fairly common. Mrs. Castle herself visited the United States to study these authorities at work, but Foster denied that the policy

concept had come from this source. Perhaps the most significant factor was that the concept of comprehensive planning in general was becoming more politically fashionable during the 1960s, and this trend combined with the Ministry's ready-made scheme and the objectives of the Labour Government shaped the form of the new policy.

In addition to the new transport authorities, the Government also proposed that it would assist in financing major improvements in public transport facilities. During the 1960s, considerable interest was engendered in the development of urban rapid transit systems, several of which had already been built in the United States. Research into a similar type of system was already taking place in Manchester, and indeed one of the chief justifications for the new authorities was that they would more easily facilitate the development of new rapid transit systems. The high cost of these systems and the need for Government finance inevitably implied a higher degree of central control: "The Government proposes to mount a large and centrally co-ordinated programme of research and development with the aim of securing a much needed improvement in services and productivity." ³² The MoT already exercised a considerable degree of control over the road building programme, and could now hope that major development in public transport would increase its power in this sector.

In reality the degree of central control implied in the building of these systems proved to be a disincentive to their development. In the majority of cases local authorities preferred to retain the existing system in order to maintain their autonomy, and concluded that the costs involved in terms of power forfeited

outweighed the benefits to be gained. In this case, the tension between central and local authorities can discourage major new capital projects. In addition, by being nearer to the operational problems, and envisaging the time and trouble that could be involved in implementation, local authorities were also discouraged from undertaking the task. (One of the few exceptions was the development of the Metro system in Newcastle upon Tyne).

The central-local relationship may therefore be a powerful force in preserving the status quo with regard to major projects which require a considerable amount of initiative and discretion at the local level. As Bardach observes: "The object of Funding is to secure not only money but flexibility in regard to its use. The recipient bureau seeks to maximize the size of its grant while minimizing the constraints on how it must spend its monies." ³³ (In later chapters we will see the tensions which develop over subsidies between county councils and NBC subsidiaries). We should also note that the proposed development of rapid transit systems, which utilize existing or new railway lines, offered a threat to the bus services. In this case, if the bus operation within the area of the transport authority could achieve maximum co-ordination and efficiency, then the interests of the municipal busman could be maintained (probably at the expense of company territory).

In contrast to the urban transport problem, the White Paper devoted little space to rural transport. In referring to the decline in rural bus services, the Government considered that: "These adverse pressures cannot be allowed to lead to a widescale withdrawal of rural bus services. For the people who would

suffer from a decline in such services include a disproportionately high percentage of the economically weak - in particular the old, the young, the poor and the infirm." ³⁴ In fact, the creation of urban transport authorities was likely to threaten the user of public transport in rural areas still more, but the Government avoided mention of this policy dilemma. Nevertheless, it was recognized that the bus companies could not maintain these rural services unaided, and for the first time local authorities (with a contribution from the Government) were to be empowered: ". . . . to give, at their discretion, financial assistance for providing or improving road passenger transport for the benefit of rural areas and the people living in them." ³⁵ This proposal indicated that a new set of values had permeated through to the official level. Henceforth, the rural transport problem would be as much concerned with the question of official subsidies as with cross-subsidization.

The sheer size of the White Paper and its comprehensive approach to transport planning apparently precluded detailed Cabinet debate on its contents, and once again the bus industry was swept along by a legislative tide in which its concerns formed just one part. In resigned fashion, Crossman realized that Mrs. Castle had won political priority for her new transport policy: "There was very little discussion of its substance. What people (the Cabinet) were mostly concerned about was whether the publication of the White Paper would ensure that she (Mrs. Castle) got parliamentary time in the next session for a Transport Bill However, we were given a solemn assurance that the publication of the White Paper didn't commit the Cabinet to a Transport Bill in the next Session. That

assurance means nothing. Barbara has got her way and her big Bill will be the major measure of the second Session of this Parliament." 36

A New Battle for the Busmen.

The 1966 White Paper did not go into great detail with regard to the future structure of the bus industry, but the proposed urban transport authorities indicated that change was at hand. Nevertheless the detailed plans for new legislation could not be prepared at the speed Mrs. Castle had hoped for, and it was to be October 1967 before the Bill was introduced. Over the following twelve months the Government evolved its plans for the industry, while the reaction of the bus industry itself could be split into two parts. Firstly, the public campaign by the privately owned companies and the municipalities against the urban transport authority concept, and secondly, the unofficial, relatively unobserved (but crucial) battle by the THC to retain its identity.

As in 1947, the campaign centred around the Passenger Transport Association, the British Omnibus Companies Public Relations Committee, the Public Vehicle Operators Association, and the Municipal Passenger Transport Association. Opposition to the new policy faced two particular difficulties. Firstly, obtaining information on the new urban transport authorities. By the Summer of 1967 it had been decided that the initial Passenger Transport Authorities (as they were now to be called) would be set up in Tyneside, Merseyside, Manchester and Birmingham, but the detailed structure and role of these PTAs had still to be announced. There were unofficial hints from Mrs. Castle that she intended to create more PTAs, but no

public announcement was made.

The second difficulty concerned Mrs. Castle's personal disinclination to negotiate with the principal interests involved. One of the participants in Ministerial consultations on the proposed formation of a West Midlands PTA stated that Mrs. Castle, at the commencement of the meeting, immediately announced that she had only a limited amount of time available. After giving a speech on her proposals, she was called out of the room by one of her assistants. When a few minutes had elapsed, the meeting was told that the Minister had been called away on urgent business ! ³⁷ It was clear that Mrs. Castle was determined to implement her proposals, despite opposition from all sides of the bus industry.

The public opposition to the policy could be divided into two categories, those of the privately owned bus companies and the municipalities. (We will see later in the chapter that the MPTA had little or no effect on Mrs. Castle's plans for the creation of the PTAs). With regard to the private companies, in July 1967 the British Omnibus Companies Public Relations Committee and the Passenger Vehicle Operators Association jointly launched the Passenger Transport Vehicle Operators Independence Committee (VOICE) with the aim of preventing the formation of the PTAs. The companies feared that it was only a matter of time before a nationwide PTA network was introduced, and that Mrs. Castle's objective was to remove the privately owned sector altogether. The principal support for VOICE inevitably came from the BET companies, for they operated the majority of privately owned services. VOICE asked operators to contribute £2 per vehicle in order to form a fighting fund with

a national maximum of £100 per operator. ³⁸ Regional committees were set up and superficially it appeared that the independent busmen were about to launch a strong, united campaign against Mrs. Castle's policy.

The nature of VOICE's campaign was of the category termed by Finer as the "fire brigade" type. Its objective was to douse the flames of the Government's enthusiasm for the PTA concept, and not to function as a long-term interest group. ³⁹ The formation of VOICE also indicated the lack of consensus on the Government's policy. Mrs. Castle had set her mind on implementing the new policy and was not to be denied by even the most powerful interests. Her eventual success, despite the lack of a policy community at that time, suggests that the personal power of Ministers is often more formidable than even they themselves suppose. In the case of the PTAs, the policy process was definitely of a top-down nature !

VOICE had come on the scene rather late, for it was clear that the Transport Bill would come before Parliament later that year, and there was not any sign of Mrs. Castle even considering a change in her policy. The rather frenzied and desperate nature of VOICE's campaign was reflected in a report of a meeting in October 1967 at which Denis Quin, Secretary of both the PVOA and VOICE, expressed the hope that a mass rally could be held at Wembley Stadium to coincide with publication of the White Paper on public transport. At the same time he announced that VOICE had so far collected only £7,000, when the target was £25,000, and that if matters did not improve, members would have to be approached for a second time. ⁴⁰

In addition to Mrs. Castle's determined approach, and the

relative lack of information on the number of PTAs envisaged, it could be argued that the lack of support for VOICE reflected a loss of self-confidence on the part of the busmen. In 1947, the bus industry was at its peak and confident of its future profitability and stability. By 1967, the growth in car ownership was taking its toll on many bus services, and even the most sanguine of operators would have realized that the days of plenty were numbered. The busmen also lacked what Finer terms "advance intelligence" on the Government's intentions. Mrs. Castle had not been inclined to enter into a period of extensive consultation with representatives from the bus companies, who had not been alive to the Government's intentions.⁴¹

A further burden for the industry was the Government's pay and prices "standstill" of that period. Many companies had found their applications for fare increases being rejected or deferred by the Commissioners. The Government was also encouraging the Commissioners to use fare increases as levers towards increasing one-man operation (omo). Improvements in omo were regarded by the Government as being essential if costs were to be reduced and productivity improved, and in 1967 they asked the Prices and Incomes Board to examine productivity in the bus industry, with special reference to increased pay for one-man operation.⁴² By making fare increases conditional on cost reductions the industry was placed under great pressure, particularly in view of the continuing fall in demand for bus services. At the same time, pressure from the Government could assist the companies in their negotiations with the unions, for it could be claimed by the bus operators that they were not free agents.

The general state of the industry at the time when VOICE was canvassing support is indicated by a report that: "The large companies are not money-spinners, and the government standstill has not helped them. Red and White (a THC subsidiary) have delayed orders for new buses for 1968 and decided not to buy any for 1969. Western Welsh (another THC subsidiary) have made their position clear on a number of occasions they too were caught out by the freeze. Their application for a fares increase was rejected, as was their subsequent appeal, although the appeal inspector said the company needed the increase 'to maintain efficiency and undertake necessary investments.' Midland Red (a BET company) had become so short of cash it had to borrow £400,000 from the BET Federation joint deposits and advance scheme." ⁴³ Both the THC and BET were discovering that operating bus services was not an enviable task, with future prospects even bleaker. Secretly, away from the vociferous anti-nationalization campaign waged by VOICE, the two companies were negotiating the sale of BET bus interests to the THC. This time-bomb under the independent bus operators indicated that the entrepreneurs were about to sever their connections with the busmen.

The VOICE regional committees consisted of representatives from BET companies and smaller private operators. It should be noted that their campaign was not directed against the THC and the Tilling buses, but against Mrs. Castle and the PTA concept. To a BET busman, the area agreements with his Tilling neighbours, all authorized and sanctioned by the Traffic Commissioners, acted as a symbol of reassurance and stability within a changing world. (It should be remembered that the companies were already

closely linked through the THC's part ownership of many BET bus companies). In contrast, the spectre of the PTAs, with their threat of external control, haunted the minds of the company busmen.

This fear was reflected in VOICE's suggestion that the PTAs should act only in an advisory capacity. Denis Quin attacked a statement made by John Locke, an Under Secretary at the MoT who was responsible for the bus passenger transport aspects of the forthcoming Transport Bill, by claiming that: "Mr. Locke has had, and missed, a golden opportunity to attempt to justify the Transport Minister's proposals to nationalize the entire bus and coach industry under the guise of operating PTAs Our view, that these PTAs would carry out a valuable function in a purely advisory capacity, has only been strengthened by what Mr. Locke said - moreover they could do this without the extra cost to the community." ⁴⁴ (It is significant to note the extent to which John Locke was playing a highly political role in speaking for the Government, and suggests that the officials identified themselves closely with implementation of the policy). The independent busmen took it for granted that it was only a matter of time before a nationwide PTA network was set up, sweeping away the old order with a totally untried system.

Mr. Locke had confirmed the busmen's fears when he stated that: "The creation of PTA's in the main conurbations, it has been alleged, will seriously damage the company bus undertakings operating partly within a major city and partly outside it. This clearly is not a long-term problem. The Minister envisages that in time the whole country will be divided into PTA areas,

each centred on a large city or town and including the country areas around it." ⁴⁵ We outlined earlier the Government's reluctance to introduce a large PTA network before the anticipated reorganization of local government, but it was clear that the Government envisaged the eventual demise of the bus companies.

One of VOICE's few politically significant actions was to arrange for a visit to Britain by an American Consultant in Transport, Thomas Lenthall. The object of Lenthall's visit was to publicize what he considered to be the chronic weaknesses of the Massachusetts Bay Transportation Authority. We described earlier how the United States Transport Authorities were considered by many to be models for the PTAs, and VOICE was anxious to show that this policy concept was a potential disaster. Lenthall described the heavy financial losses of the MBTA, and alleged that the Authority was a breeding ground for inefficiency. He wrote several articles while in Britain and addressed meetings in different parts of the country, but his visit took place in the early months of 1968, and by this time the Transport Bill was before Parliament. Lenthall's visit thus epitomized VOICE's inability to mount a campaign in sufficient time to make it politically effective.

The THC as an Interest Group.

In this case, when we refer to the bus companies, we must include the Tilling companies with the BET. We saw earlier how the THC, in its short life, had built up the distinctive identity of a decentralized organization whose subsidiaries behaved in a highly commercial manner. In effect, the Government's proposals were as much a threat to the THC as they were to the independent

operators. A nationwide network of PTAs would in all likelihood see the dismantling of the Tilling company structure, while each PTA could purchase its local BET bus company. If, however, a return could be made to the days of "Tilling and British" (now that awkward characters such as Sir Frederick Heaton had disappeared from the scene) then the united strength of the companies might still somehow preserve the world they both knew so well.

As a state owned undertaking, the THC and companies were in an advantageous position compared to VOICE. The anti-nationalization campaign fought by VOICE was unlikely to cut much ice with a Minister as determined as Mrs. Castle, but a proposal for further nationalization put forward by a successful state owned company might be a different matter.

Prior to publication of the Transport Bill, Richardson emphasized that: "The main question, so far as the THC is concerned, must be whether or not it can survive in anything like its present form. It is clearly going to be exceedingly difficult to preserve the degree of flexibility and autonomy within the THC that has been its main characteristic to date." 46 It was not only the bus services which were liable to undergo change, for it had been proposed that the freight interests of the THC and British Rail should be combined in a new National Freight Corporation. With regard to the future of the THC as a whole, Richardson considered that: "Almost certainly a great deal of 'horse-trading' is taking place over the type of organizational structure to be adopted. In this situation it is interesting to note that a nationalized body, like the THC, emerges as an interest group attempting to influence decision

making, in a very similar way to the more commonly accepted private groups." 47

There was no doubt that the senior management of the THC were keen supporters of their organization's structure. Sir Reginald Wilson, Deputy Chairman and Managing Director of the THC, set out this organizational philosophy in a paper given to the Chartered Institute of Transport in October 1966. 48

Although Sir Reginald was careful not to direct his criticism at a particular individual or organization, it was clearly meant as a defence of the "organic" THC and an attack on the "rational" plan for transport set out in the 1966 White Paper.

His suspicion of the planners was made clear in the remark:

"And speaking for myself, I don't want the formulation of these policies to be too much influenced by the purveyors of dogmas, fashionable systems, or expertise generally Thereafter the prime necessity is to see that the 'pale cast of thought' does not inhibit action, that the will-power exists to set action in motion, and that the mechanics essential to successful action are provided." 49

Although direct references were avoided, this statement must be interpreted as an attack on the planners who had devised the PTA concept.

Like a true company busman, however, Sir Reginald was a strong supporter of the existing administrative system: "The need for close regulation of the services and fares of the stage and express carriage services for passengers is generally admitted, except by the lunatic fringe So there has to be regulation in any case, and anyone who believes in decentralization and the rule of law will agree that road transport is fortunate in its machinery of regulation, namely

the Traffic Commissioners, who are both local and quasi-judicial as well as being specially experienced." 50

It could be said that "decentralization and the rule of law" defined the company busman's approach to his industry, whether he be a THC or BET employee. Sir Reginald also spoke for these busmen when he concluded that: ". . . we in road transport must be careful not to sacrifice the special simplicities and virtues of our form of life and effectiveness, and our non-technological advantages, in exchange for some of the complicated messes of pottage, gimmickry and pseudo-science that are now being hawked around. We must combine a great deal of optimism with a certain amount of healthy scepticism, I am saying, in fact, that we must at all costs —>continue to rely in full measure on the ancient prescriptions of initiative and flexibility, hard work and toughness, discipline and individuality and adaptability - and common sense. There are no substitutes for these things in ordinary road transport, whichever way the rest of the world may go." 51 As time went by, Sir Reginald decided that "the rest of the world" was not going in the right direction, and was determined that the "pale cast of thought" (i.e., the work of Mrs. Castle and her planners) would not triumph over the values of the working busman.

A further defence of the THC structure was given by its Chief Executive, G.H. Quick Smith (a company busman of long-standing) in a paper also given to the Chartered Institute of Transport in November 1966. 52 Quick Smith conceded that a case could be made out in theory for monolithic transport systems and: "Perhaps it could work in a Utopian society. But imperfect and irrational human beings would have to work the

system - and imperfect and sometimes irrational human beings would have to use it. Freedom of choice and personal decision would necessarily be curtailed, and even if we accepted these curtailments as compatible with a Utopian society, it would be unrealistic to base plans today on the assumption that Utopia will be attained in the foreseeable future." ⁵³ Quick Smith confessed that at one time he supported the idea of a hierarchical structure, but he now realized that the company structure offered maximum flexibility and adaptability.

These two papers exemplify the suspicion which THC executives had of the PTA concept, and their desire to retain the identity and values of their own organization. As a state-owned body, the THC could not be associated with the anti-PTA campaign undertaken by VOICE (although the THC owned shares in many BET companies). Instead, it instigated a plan for more state ownership by making the BET an offer to purchase all the latter's bus companies. It was ironic that BET, which had so severely criticized Tilling's for selling out to the BTC in the 1940s, should itself be engaged in secret discussions for a similar sale nearly twenty years later. The secret negotiations would also explain the difficulties of VOICE in raising funds for its campaign. To most BET busmen at the time, the sale came as a terrible shock, but the BET management regarded it as a good business deal. The large loan to Midland Red, referred to above, was an indication of how the bus companies were becoming a liability to BET, for it was clear to all that the days of easy profits in the bus industry had disappeared for ever.

The BET Sale.

In November 1967 it was announced that BET was to sell to the THC its interests in 24 regional bus companies and their subsidiaries, together with the coach operating companies. BET was to receive £35 million for its holdings of Ordinary shares. (The THC already owned 50% of the shares in many of the companies, although BET had retained control). The THC was also to offer to buy all the minority shareholdings.⁵⁴ The benefit of the deal to the vendor is indicated by BET's statement:⁵⁴ " that the book value of the BET group's equity investment in the associated bus companies and the book value of the net assets of the subsidiary bus companies comprised in the offer, as included in BET's consolidated balance sheet at March 31st last (1967), amounted to £20,174,000." ⁵⁵ With £35 million in its pocket from the sale, BET could indeed say goodbye to the bus industry with a smile on its face !

The Chairman of BET, Sir John Spencer Wills was a ". . . . dyed in the wool busman," ⁵⁶ who had played a prominent part in maintaining the independence of BET bus services during the 1940s. Nevertheless, as Sir John put it in BET's Annual Report for 1968: ". . . . the percentage of our Group net profit derived from our UK bus interests had, by 1967, declined to 22.2%. Or, to put it rather more flatteringly to your Directors, we had been sufficiently diligent on your behalf as to invest more of your funds in other profitable activities." ⁵⁷ Perhaps the final ironic (and somewhat symbolic) twist in BET's long association with the bus industry was that much of the money obtained from the THC was used to assist the

development of Rediffusion, a television rental company owned by BET. Thus a form of entertainment which had contributed to the decline in demand for buses, by keeping people at home in the evenings, benefited directly from the private sector relinquishing its interests in large-scale bus operation.

The BET sale could be seen as a triumph for Mrs. Castle and the Government, and to some extent it did represent a considerable step forward towards the Minister's fulfilment of her plans, but in reality it was the THC which had gained most benefit. Shortly after the sale the part-time Chairman of the THC, Sir Philip Warter, decided to retire, and he was replaced by Sir Reginald Wilson, who was to be a full-time Chairman. Sir Reginald was a former MoT official who, like Quick Smith, had been involved in the operation of the bus companies for many years. This experience gave these men a high degree of expertise in dealing with the Government and in understanding how to significantly influence the policy-making process. It was thus reported that: "A power struggle at the top, in which the THC under its new Chairman, Sir Reginald Wilson (described by politicians as the "Old Man of the Sea," who always turns up), will struggle to be the national purveyor of bus services to the future public transport authorities, and so continue to have a place in Mrs. Castle's set-up, is one foreseen result of the THC purchase of BET's 24 bus companies. There is some wonder, even with the THC's State Board status, how £35 million expenditure is to get official approval in these hard times." ⁵⁸ This financial obstacle was not to prove a serious one. Of more significance for the future structure of the bus industry was the following information: "The Minister appears

to reckon that she can handle the THC when the time comes, but it is not seen how her (Transport) Bill can now abolish it within any stated time. From the time of unofficial conversations about the big bus deal, it had been assumed that the THC was taking the initiative, having got the Ministerial OK from Mrs. Castle, rather than it was the Minister's original idea." 59

To some extent the development of events was reminiscent of circumstances which surrounded the bus route licensing provisions of the 1930 Road Traffic Act. At that time, a confluence of interests was found between the Labour Government, the MoT and the bus companies. In 1967, a confluence existed between the Government, the THC and BET. A further similarity was that behind the immediate agreement lay basic differences in philosophy. We saw earlier how many Labour MPs had decided by the 1940s that the route licensing system was operating against the public interest. Similarly, the motives of the THC and the Government in acquiring the BET companies were very different. Mrs. Castle considered that once the sale had gone through she could "handle" the THC, but the latter had a strong instinct for "survival of the species", i.e., creating offspring organizations which could perpetuate the organizational philosophy of their progenitor. In Downs' terms, the THC was engaging in the dynamics of territorial relations. He considers that an agency will: ". . . attempt to increase its influence over decisions of other social agents that affect its own operations, thereby pushing many of its zone boundaries outward." 60 The dynamic quality of the THC's approach to survival ironically involved its own death and the birth of two new organizations.

The White Paper on the future of freight transport, published

just prior to the BET sale, had already announced that the THC freight interests were to be integrated with British Rail's freight holdings in order to form a National Freight Corporation.⁶¹ In December 1967, less than three weeks after the announcement of the BET sale, a White Paper on public transport was published which set out the future structure of the bus industry.⁶² In addition to describing how the PTAs would operate (which we shall briefly outline in the following section) the White Paper also announced that the THC and former BET bus companies would be joined in order to form the National Bus Company. It was explicitly stated that the NBC was to be the "successor body"⁶³ of the THC, and that: "Like the THC the NBC will be run on commercial lines."⁶⁴ We will be examining in detail the structure and development of the NBC in the next chapter, but at the end of 1967 the factor of prime importance for the company busmen was that their world was not to be disturbed (at least for the immediate future) by the development of a PTA network.

A further irony of the BET sale was that their executives continued to serve on the executive committee of VOICE. A typical reaction to the sale by a BET busman was that of Mr. J.W. Womar, General Manager of the Midland Red, who refused to have anti-nationalization posters removed from his buses. He defiantly stated that: "I will decide when they will be taken off our vehicles and no amount of pressure will have the slightest effect upon me."⁶⁵ Neither the Government nor the THC in fact had any power to prevent this type of activity, for the THC could not complete the BET purchase until its borrowing limit had been raised from £30 million to £100 million by Act of

Parliament.

Despite the continued existence of VOICE, opposition to the THC takeover was muted. As we described earlier, most of VOICE's activity was directed against the PTA concept, but now that nearly all the area companies were to become nationalized in any case, the heart went out of the campaign. In addition, the Conservative Party was unlikely to vociferously champion the cause of an industry whose principal private operator voluntarily sold out to the state. Immediately after the sale Motor Transport noted: "Tory politicians feel that the rug has been pulled from under their defence of private enterprise against the PTA's take-over, and are not at all pleased with the move. It will prejudice to some extent the full-bloodedness of their attack on the Bill next month and later. In consequence they are turning their main attention to the haulage and licensing proposals contained in the White Paper (on freight transport) published last week."⁶⁶ Although the Conservatives continued to oppose both the THC purchase and the PTA concept (largely on the grounds of the likely cost to the tax-payer), the sheer size of the Transport Bill meant that only limited attention could be given to its public transport provisions.

Amidst all the clamour and attention given to the Transport Bill, the Transport Holding Company Bill passed quietly through Parliament during the early months of 1968. Richard Crossman, who at the time was Leader of the House of Commons, revealed the Government's attitude to the Bill on the day of its Second Reading: "After the business statement we started a highly contentious little Transport Holding Company Bill which we want to get through with the minimum of attention."⁶⁷ In this

case, the Government succeeded in its aim, and by March 1968 the THC borrowing limit had been raised from £30 million to £100 million.

The BET purchase was one of the final acts of the THC, for it ceased to exist from 31st December 1968. Nevertheless, its spirit lived on in the structure and personnel of its successor organizations. Sir Reginald Wilson, the final Chairman of the THC, became the first Chairman of the National Freight Corporation, while the NBC perpetuated the independence and philosophy of the company busmen. As with Crosland-Taylor and Tilling's sale to the BTC, the BET sale represented a case of "State Owned Without Tears." The strategy of the THC could be seen as the one instance with regard to Mrs. Castle's Transport Bill in which she was out-maneuvred. Mrs. Castle left the MoT in April 1968 to become First Secretary of State and Secretary of State for Employment and Productivity, but by then she had ensured that four PTAs were to be set up. Unlike the 1940s and the Area Schemes, there was to be no escape for these particular municipalities on this occasion. Mrs. Castle's successor as Minister of Transport, Richard Marsh, was given the task of steering the Bill through its remaining stages. Mr. Marsh was generally regarded as being a more pragmatic and moderate Minister than Mrs. Castle, but in reality the die was already cast and the future structure of the bus industry decided.

It is significant that in discussing the activity of the THC we have moved away from the "main line" policy contained in the Transport Bill, which after a tortuously long progress through Parliament eventually became law in October 1968. The triumph of the THC was to side-track Mrs. Castle from her vision

of a Nationwide PTA network, while leaving her with the impression that the fulfilment of her objectives were only just over the horizon, when the restructuring of local government took place. It is of course true that the THC could not foresee the future, but it could at least hope that a union of Tilling and BET would give a better chance of survival.

Despite vehement opposition from the Conservatives, (over 2,000 amendments were put down) and considerable obstruction in the Lords, the aspects of the Bill which affected the bus industry survived almost unscathed. Apart from the proposed formation of a National Bus Company, the 1968 Transport Act contained several provisions which were to have a considerable effect on the work of the NBC.

The Bus Industry and the 1968 Transport Act.

In briefly examining the bus passenger transport sections of the 1968 Transport Act, we should note that it contained 166 Sections and also dealt with the setting up of the National Freight Corporation, the regulation of road haulage operators, drivers' hours, inland waterways, bridges and traffic regulation. Such a large piece of legislation was in effect several Acts in one. Only two of the ten parts were concerned with the bus industry, one on the setting up of the PTAs, and the other on the establishment of the NBC.

To the NBC, the PTAs were important in two particular respects. Firstly, they presented themselves as a rival form of organization. Barbara Castle made it clear that she eventually envisaged a nationwide PTA network, and despite the unification of Tilling and BET, there was no guarantee that this would not happen. Secondly, the NBC would have to learn to live

with the PTAs. From the early days, the bus companies had negotiated with the municipalities, but the concept of the PTAs suggested that they might adopt a more aggressive and expansionist approach. It is therefore important that we briefly examine the structure and function of the PTAs.

As with the Area Schemes of the 1940s, the local authorities were on the whole antagonistic towards the PTAs. The Municipal Passenger Transport Association was highly critical of the Government's plans, and several Labour controlled councils within the designated areas for the first four PTAs sent deputations to Mrs. Castle, but the Minister was not to be moved. In contrast to the long consultation process required prior to implementation of the Area Schemes the PTAs became operational only six months after passage of the Act (in April 1969), while on this occasion there was no "Uncle" George Cardwell in charge of implementation !

The first PTAs were set up in the West Midlands, Manchester, Merseyside and Tyneside. Each PTA was to consist of members appointed by the local councils concerned (although not every council had a member on the PTA, which caused some antagonism locally). In addition, the Minister was given the power to appoint a number of members not exceeding one-sixth of the aggregate number appointed by the local councils. The Minister's appointees would be from: ". . . among persons appearing to him to have special knowledge or experience which would be of value to the Authority in the exercise of their functions." 68 The Minister was also required to approve the appointment of each PTA Chairman. It could therefore be possible for a Minister to exercise some degree of central control of the PTA.

The day to day management was to be left in the hands of a Passenger Transport Executive, which would prepare a plan:

" . . . setting out proposals for the development of a system of public transport capable of serving the needs of the Area." ⁶⁹ It was for the PTA to decide whether public transport within the Area would be subsidized by the local authorities, but the Executive was to have the task of planning the public transport system of the Area. (In addition to the buses, each PTE was to take over the train services running wholly within its area). The Executive was expected to split its services into several subsidiaries, with the wide range of 500-1,000 buses being recommended as the ideal size for a subsidiary. Working agreements with the NBC subsidiaries would also have to be sought, and details of these agreements would be sent to the Minister (although his approval was not required). ⁷⁰

Most controversially, full control of the services in the Area would be exercised by the Executive, in place of the Traffic Commissioners, although the Minister had to be satisfied that a fair agreement had been made with the NBC. This position clearly offered a considerable threat to the NBC, but in reality the PTEs have never exercised this authority, and the Traffic Commissioners have retained their place. The Commissioners have survived principally for the intermediary role they play between the PTE and the public. If the Commissioners sanction a fares increase it can be claimed by the PTE and the local authority that the case has been subjected to independent scrutiny. The PTEs have therefore declined to wield absolute power, although the Traffic Commissioners would be unlikely to significantly change detailed agreements worked out between the PTEs and NBC subsidiaries. The Executives were also given

powers of compulsory purchase of other bus companies, but again this is a right which has never been exercised (although we shall see in the next chapter that the West Midlands PTE was to complete a highly contentious purchase of Midland Red services within its area).

Financially, the Executives were to perform in such a way to ensure that: ". . . as far as practicable the cumulative net balance of the consolidated revenue account of the Executive and any subsidiaries of theirs does not show a deficit at the end of any accounting period".⁷¹ The PTEs were therefore given the responsibility of breaking even, although both their finances and level of services would obviously be dependent on the amount of subsidy they received from the local authorities.

In addition to their role as bus operators, the PTEs were seen by the Government as organizations which would have a dynamic planning function. To the company busmen, they represented an unknown quantity, which might either be pacified and neutralized, or could spring out and gobble up a bus company before the latter realized what was happening.

Although the creation of the PTAs and the NBC dominated the bus transport aspects of the 1968 Transport Act, it also contained several other provisions of considerable importance to the future of the NBC. Firstly, a grant of 25% was to be paid towards the cost of each new bus. The Government was anxious for bus operators to re-equip their fleets, and also that one-man operation should be introduced more quickly in order to improve productivity. The aim of the new scheme was to: ". . . encourage the purchase of standardized buses of high quality."⁷² It was intended that the grant would only be

paid on buses which conformed with specifications laid down by the Ministry. As we shall see in the next chapter, this new grant was to have a considerable effect on NBC's vehicle purchasing policy. The grant had the political merit for the Government of assisting both the bus industry and the motor industry. Thus the problems of two policy sectors could be treated by one policy ! The scheme was originally intended to run for a period of seven years, at a cost to the Government of more than £5 million a year.

Secondly, the grant on bus fuel was to be increased from ten pence (4.2p) to one shilling and seven pence (7.9p) per gallon, at a cost of about £7 million per annum. The Government refused to exempt the bus industry from fuel tax altogether, (despite pressure from the operators) as it was considered that operators had access to track which had been provided at public expense.

Thirdly, capital expenditure on projects such as new bus depots or stations were to be entitled to a grant of 75% of approved cost. This grant was primarily intended to bring public transport in line with road construction grants. In fact, it was unlikely to have any great effect on the bus industry itself, and was intended as a contribution towards the cost of new rapid transit systems, which it was thought at that time would become widespread in the urban areas. To the bus operators, a 75% grant for new vehicles would have been of greater value.

Fourthly, the Government proposed: ". . . to give powers to local authorities to make grants to operators of bus services in rural areas where the essential services could not be provided

on a commercial basis. Provided that the terms laid down by the Minister or the Secretary of State concerned are complied with, they will pay the local authorities 50% of the grant paid to the bus operator." ⁷³ This scheme was seen by the Government as a step towards implementing the Jack Report of 1961. Seven years was no doubt considered a long enough period for evaluation of the Report's recommendations. Significantly, it was also considered that: "In many cases services to outlying villages could best be provided by private operators, who may well run a bus service in conjunction with other activities, and the service may be best provided with a relatively small vehicle." ⁷⁴ We described earlier how the experimental services of the 1960s had made heavy losses. It now appeared that the Government was reviewing the possibility that the private operator might be more suitable for the deep rural areas than the territorial companies, (a possibility considered by Crosland-Taylor when Crosville was expanding into rural Wales during the 1920s). If it were to be found that the small private operator required less subsidy than the territorial company (or even no subsidy at all) for particular rural routes, then the degree of cross-subsidy could be reduced and resources possibly diverted from rural to urban areas.

A precedent was set by the provision of the new rural grant, for the local authorities had been given the responsibility of providing subsidies to the bus companies. Although this new grant formed only a tiny part of the 1968 Transport Act, and in the event was only implemented in a small way, it did foreshadow what was to become a major preoccupation of the NBC during the 1970s. We shall see in Chapter Six that the legislation of the

1970s placed considerably greater responsibility on County Councils to co-ordinate with NBC subsidiaries, and in later chapters we will be examining several of these relationships in more detail. The grant also set a precedent in making it clear that local authorities rather than central government were to take responsibility for decisions on subsidizing NBC services.

This was an important step for the NBC who would have to negotiate with local councils individually rather than receive a block grant which could be spent as the Company saw fit. In addition, this grant signified how the Government, in its own mind, had separated urban and rural transport. The PTAs were to provide for the main conurbations, while the Counties would look after the NBC services in rural areas. In reality, the definition of urban and rural areas could be much more blurred, but as we discussed at the beginning of this chapter, the Government could make the problem more manageable by fragmentation. The small-scale nature of the new grant is illustrated by the Government's expectation that the cost was not expected to rise above £4 million per annum. In reality the cost proved to be even less than this figure, and it was only in the second half of the 1970s that the cost escalated.

Fifthly, Section 30 of the Act stated that school bus operators wishing to carry fare stage passengers would henceforth require only a permit rather than a full route licence on the condition that no other services existed in the area. The introduction of Section 30 Permits (as they have become generally known) represented a small liberalisation of the licensing laws, and commenced a movement which was to gather momentum in legislation during the 1970s.

Finally, drivers' hours regulations were tightened up. This provision within the Act was intended mainly to apply to the road haulage industry, but it did have implications for the busman. Maximum working hours were reduced from 14 to 11 hours, with a maximum of 10 hours at the wheel. Drivers were restricted to a maximum of 60 hours per week, and were required to take at least one rest day during that time.⁷⁵ The bus industry is labour intensive, with approximately 70% of cost being attributable to wages and salaries. There were complaints from both the road haulage and bus industries that these provisions would put up costs, but on this occasion the Government would not relent.

D. Conclusion.

In this Chapter we have been principally examining how the company busmen maintained the structure of their industry during a time when demand was falling, and bus operation was ceasing to be regarded as a lucrative business. It was also a time when governments were assuming more responsibility for the welfare of the bus industry, and sought to seek solutions by separating urban and rural transport. In doing so, the principle of cross-subsidization was being questioned, although not confronted directly. It was pointed out by Munby that if the NBC was to remain viable then it would have to retain many urban routes in order to pay for unprofitable rural services, yet if they retained these routes the authority of the PTEs would be undermined.⁷⁶ Rivalry between the companies and the municipalities was nothing new, but at the time when the 1968 Transport Act was passed it was thought that an individual PTE would wish to control its own territory.

The NBC therefore began its life with considerable doubt surrounding its future, but it could take heart from the events of the immediate past. We saw how Tilling's retained its identity by the creation of the THC, and then how the THC itself, by means of the BET purchase, brought about unification of the companies and the creation of the NBC. Mrs. Castle was a strong Transport Minister, who was determined that the fulfilment of her policy objectives would not be undermined. Yet she was in a cleft stick with regard to the PTAs, for she could not set up a nationwide network prior to local government reorganization, but if implementation was delayed altogether then the whole concept might collapse in the manner of the Area Schemes. By setting up four PTAs in the larger conurbations, then the implementation process was set in motion. In this context, to have all the bus companies state owned made good sense. In any case, the THC had been encouraged in its purchasing policy by the Labour Government since the mid 1960s, and the purchase could be regarded as no more than a natural progression.

The behaviour of the THC is a good example of policy overlap, for in implementing the provisions of the 1962 Transport Act the THC had a considerable effect on the nature of the 1968 Transport Act (an example of Wildavsky's hypothesis that policy becomes its own cause). The NBC owed its existence to the work of the THC, and has proved to be a more durable organization than might have been envisaged when it came into being on 1st. January 1969. When Munby criticized the retention of the Traffic Commissioners his words could also have been applied to the creation of the NBC: "It is almost an axiom of British

practice that when a new organization is created all the older ones which formerly performed its functions should be continued alongside " 77 The NBC has now continued alongside the PTEs for over eleven years, with no signs that this arrangement will cease in the immediate future.

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CHAPTER FIVE

The NBC and Implementation of the 1968 Transport Act

In this chapter we will be examining how the National Bus Company has implemented the provisions of the 1968 Transport Act. In later chapters we will study the legislation relating to bus passenger transport during the 1970s and the manner of its implementation. The principal feature of this later legislation has been an increase in the role of the local authorities in public transport planning, and in our case studies we will describe and analyse several of the NBC subsidiary-county council relationships. These relationships are of increasing importance, but it is nevertheless important to understand that in many respects the NBC continues to exercise considerable autonomy over its affairs. The counties only provided 8% of total NBC revenue in 1979, while the attempts made by various counties to take a more direct part in NBC planning have frequently met with only limited success. With regard to capital expenditure, wages and the important principle of cross-subsidization, the NBC makes its decisions with little help or interference from local authorities.

We will initially briefly outline the sections of the 1968 Transport Act which concerned the creation of the NBC, and the thinking behind them. We will then examine the corporate finances of the NBC and analyse the manner in which the relationship with government has developed over the years. The debt which the NBC owes to the holding company concept gives it a distinctive character among the public corporations. We will therefore also look at several aspects of central-local relationships within the NBC.

A. The Creation of the NBC

Only two weeks after the proposed sale of the BET bus companies to the THC was announced, the Government's White Paper on passenger transport set out the structure and function for the NBC.¹ The White Paper made it clear that the THC rather than the Government had taken the initiative in setting up the BET sale, although the Government fully supported the deal. We saw in the previous chapter how the THC and the Government had differing motives for supporting the BET purchase; the THC wishing to maintain its organizational philosophy, and the Government hoping that integration of the companies would assist in the establishment of the PTAs. The creation of a nationwide PTA network was a long-term objective, pending the reorganization of local government, and for the moment the Government was content that it had managed to instigate a new organizational concept.

Outside the five main conurbations the company busman retained his authority. In any case, all the new PTAs were primarily served by municipal services, with the companies operating services into and within these areas by agreement. From the company busman's point of view, the immediate threat offered by the PTAs was that they might attempt to take over all services within their own areas completely. In his categorization of how bureaus are created, Downs suggests that: "In a vast majority of cases a bureau starts as the result of aggressive agitation and action by a small group of zealots who have a specific idea they want to put into practice on a large scale."² In one sense, the officials of the THC were zealots for their organization's character, but the company

busmen were also conservers, i.e., they wished to preserve the existing regulatory system. On this occasion, the zeal of Mrs. Castle and her officials led to countervailing action by the "zealous conservers" of the THC.

Downs also states that: ". . . the self-interest of climbers, zealots and advocates causes them to seek more influence in the surrounding policy space than they would if they were perfectly altruistic." ³ We discussed in Chapter One the difficulties in distinguishing between self-interest and official interest, but whatever the motivation of the PTAs, Government policy made it clear that the ultimate rational policy objective was for the PTAs to occupy the entire policy space. The NBC was therefore likely to come under pressure from any PTA which chose to indulge in empire-building, as well as from any of the PTAs which considered that a take over of all NBC services in their areas was the most rational policy solution. In addition, the NBC also faced the possibility of its own destruction once local government reorganization was implemented. "In much of the rest of the country (outside the first four PTAs) the problems are somewhat less acute and the question of establishing PTAs can perhaps wait until the future shape of local government is clearer." ⁴

Despite these potential threats to its viability and very existence, the NBC was portrayed by the Government as an organization which would fulfil an important function within the public transport system. The Government's attitude towards the NBC indicates a blurring of objectives. Although it was hoped that the PTA concept would spread, the Government obviously wished the NBC to be a successful and efficient

organization. It is significant that despite the evidence in the White Paper/both C.D. Foster and Mr. Gailey (the NBC's first Chief Executive) did not consider the NBC at its foundation was regarded as a "stop gap" organization. Both considered that the THC had successfully persuaded the Government of the NBC's viability as a policy concept. ⁵ In reality it was likely to be municipal operators who would be most affected by the creation of new PTAs, although in some cases NBC subsidiaries were the principal operators in large urban areas. The NBC was no doubt seen by the Government as being the principal rural operator, and thus falling outside the PTAs. The uncertainty was the degree to which local government reorganization would require the creation of regional transport authorities encompassing both rural and urban areas.

With regard to finance, the White Paper stated that: "Like the THC, the NBC will be run on commercial lines It will be expected to pay its way, providing out of revenue for the interest on its capital loaned by the Exchequer and for the renewal of its assets. The financial duty of the NBC will therefore be basically the same as that of the Passenger Transport Executives." ⁶ Unlike the THC, the NBC was not given the specific statutory obligation to "act commercially", but it was obviously expected to operate in a commercial manner. Although superficially its financial duties might be similar to those of the PTAs, the organizational nature of the NBC required it to operate in an environment where it would be left more to its own devices.

The whole concept of the PTAs was based on the premise

that they should form an integral part of large-scale comprehensive planning. As nearly all PTA members were also likely to be local councillors, it was anticipated that the Passenger Transport Executive would operate its services in accordance with the objectives of local authority planning as a whole, and that the level of fares and services would largely be dependent on the position of public transport within the local scale of priorities. In contrast, the NBC was expected to use its own judgment in deciding the best way of remaining viable. Outside the PTAs, it had no obligation to liaise with local authorities, while the only aid from local government it could receive was the small-scale rural bus grant. The concept behind the NBC was still that of a commercial company, which would be expected to make profits and generate funds mainly from its own resources.

The NBC was also given the power to acquire voluntarily other bus undertakings, although it was stressed that the small private operators would still have an important part to play, particularly in rural areas.⁷ Only two major fare-stage operators remained in private ownership after the creation of the NBC (Lancashire United and Barton Transport in Nottinghamshire) and NBC purchases were likely to consist of small local operators. In many deeply rural areas the NBC, like its predecessors, would not consider it worthwhile to purchase companies whose services were unlikely to make a profit. The more attractive targets were likely to be those operators who continued to run in urban and suburban areas. In Chapter Seven we will see how Midland Red (an NBC subsidiary) lost many of its urban services to the West Midlands PTA, and in its turn

reacted by purchasing a group of smaller operators within its own area.

The prospective relationship between the NBC and the PTAs was the most delicate of the policy implications to be considered by the Government. It was stated that: "The NBC will have a specific duty to co-operate with each PTE, in carrying through the necessary reorganization of public transport in the areas concerned", ⁸ and that ". . . . working agreements will be needed to avoid creating problems of severance or irritating restrictions (which often occur at present) on the way in which people inside and outside the Area can use the various bus services." ⁹ We noted in the previous chapter that the PTAs were to be given powers of compulsory purchase, yet crucially the Government was also anxious to emphasize that: "The agreements between the Executives and the NBC companies must not destroy the basis on which the NBC companies can operate profitably. The NBC companies will be maintaining a wide range of services outside the main towns: On many of these the level of profits is inevitably low, and they will need a proportion of more profitable urban routes if the 'mix' of their services is to enable them to be viable undertakings. If these companies were deprived entirely of their right to provide urban services, then the people living in county towns and villages served by the NBC would suffer." ¹⁰ This statement highlights the question of policy fragmentation referred to at the beginning of Chapter Four. The Government wished to maximize the power and independence of the PTAs, yet at the same time was anxious that cross-subsidization between urban and rural areas should continue. In this dilemma the

Government could not offer any solutions, but merely hope that the parties involved would find some kind of compromise.

The NBC was also given the responsibility of arranging for the provision of bus services required as a condition of the Minister agreeing to the withdrawal of rail passenger services.¹¹ Previously this responsibility had been given to British Rail. We referred in Chapter Two to the lack of co-ordination between bus and rail services, and by taking this responsibility for negotiating contracts away from BR, the Government was acknowledging the difficulties of the relationship.

In general, the Government envisaged the NBC as perpetuating the holding company concept, but the union of Tilling and BET would: ". . . make easier the reorganization of bus services to meet the needs of each area."¹² The policy dilemma was nevertheless evident once more in the statement that: "Although it will act commercially, its financial responsibilities will not be such as to inhibit it from taking a broad view of proposals whether in a PTA or with a municipal bus undertaking. In short, the establishment of the NBC will provide a sound basis for developing on a rational basis the provision of bus services throughout England and Wales."¹³

In setting up the NBC, the Government stressed the importance of the holding company structure, the possibilities for rationalizing the company structure and the relationship with the PTAs. There was nevertheless one particular aspect of the NBC which was not touched on, and yet carried considerable implications for the dynamics of the organization.

When privately owned, the Tilling and BET companies had been a part of organizations with investments in other industries. Similarly, after nationalization the Tilling companies had formed part of the BTC and then the THC. For the first time the companies were on their own, and just as important, the new organization was to be named the National Bus Company. (It is interesting to note that the THC originally envisaged a British Bus Company. The title was adopted in order to avoid the idea of nationalization. In the event "British" became "National" when it was considered that the title would cause confusion with the British Broadcasting Corporation). 14

Although central control had been exerted by Tilling and BET management (most obviously by Sir Frederick Heaton) and the Tilling Group had formed a large part of the THC, the creation of the NBC put the central-local relationship into a new perspective. Although the holding company concept was to continue, for the first time the companies would have to present an Annual Report to Parliament, based entirely on their own performance. In the final analysis what was to be publicly visible would not be the viability of an individual subsidiary or group of subsidiaries, but the NBC as a whole. In a period when demand for bus services was suffering an apparently inevitable decline, the NBC would need to produce a corporate result which justified its existence as an organization. In addition, the very word National was likely to evoke in senior management the thought that the organization must live up to its name (the word "British" would have had the same effect). Thus a natural tension was likely to result between the company's two images, firstly as that of a holding company with relatively

autonomous operating units, and secondly as a public corporation answerable to a Minister and to Parliament. Later in this chapter we will study how the central-local relationships and the associated tensions within the NBC have evolved.

B. The Initial Structure.

When the first NBC appointments were made, it was not surprising that nearly all the senior management of the new organization were well-established company busmen. Initially, A.F.R. Carling was appointed in February 1968 as liaison man between the THC and the BET bus companies.¹⁵ As Mr. Carling had previously been a member of the BET board, the appointment represented the first step in uniting the two sets of companies.

In August 1968 it was announced that Mr. Norman Todd was to be the first Chairman of the NBC. The appointment was part-time, and reflected the Government's judgment that the decentralized nature of the NBC did not warrant a full-time Chairman. It might also be said that the appointment signified the relatively low political importance which the Government attached to the NBC. Mr. Todd was a full-time member of the Central Electricity Generating Board, and he considered that the NBC would require only a very small headquarters staff, with a Chief Executive doing the day-to-day work. He saw the NBC as a policy body only, controlling completely decentralized (sic) bus companies.¹⁶

In October 1968 Mr. T.W. Gailey was chosen to be Chief Executive of the NBC. A Ministry of Transport statement said that Mr. Gailey would control and co-ordinate the activities of all the company subsidiaries, including both bus operating and manufacturing. Mr. Gailey had previously been Director of

Passenger Planning in the THC and Chairman of Tilling Association Limited. ¹⁷ He was a confirmed company busman, who had worked for Tilling's since 1932, and in 1968 was also Chairman of the Passenger Transport Association. Further NBC appointments reflected the need to draw on personnel from both BET and Tilling's. The Secretary, Mr. Sandall, had previously been Secretary of the BET Federation Limited, while the Chief Planning and Development Officer, Mr. D. Glassborow, was formerly head of economic research for the THC. It was also significant that the NBC's Press and Public Relations Officer was to be Mr. Glass, who had held the same post with the British Omnibus Public Relations Committee. ¹⁸ The BOPRC had been one of the chief opponents of Mrs. Castle's bill, but the actual establishment of the NBC indicated that the company busmen had won a significant battle. The background of the people who were to form the nucleus of NBC senior management suggested that, as with Tilling's and the BTC, the organization had already been captured by the "establishment" of the bus industry.

The first part-time members of the NBC, apart from Mr. Todd, consisted of a past President of the MPTA, an industrialist (perhaps surprisingly also Vice-Chairman of the British Roads Federation !), a retired local government officer, a retired trade unionist and the Chairman of the Scottish Bus Group. Mr. Gailey was appointed as the only full-time NBC member. ¹⁹

The initial organization of the NBC followed closely the Tilling system within the THC. Central research and supplies departments took over the functions of similar Tilling and BET sections, while the subsidiary companies were split into ten

regional areas: North East, North West, Yorkshire, East Midland, West Midland, Eastern, South Wales, South West, South and South East. In addition to the Tilling and BET buses, London Transport's Country Bus and Green Line services were transferred to the NBC, and became known as London Country Bus Services. All the existing companies retained their identity at the inception of the NBC, although it was envisaged that the Tilling-BET integration would facilitate some degree of rationalization.²⁰ Some of the rationalization was arranged even before the NBC was instituted. For example, in November 1968 it was announced that from 1st January 1969 bus operations of the small Carlisle based company United Automobile services would be integrated with those of the much larger Ribble Motor Services.²¹ Again, in December 1968, it was revealed that the Brighton, Hove and District Company, with its fleet of 150 buses, and the Southdown Company, with nearly 900 buses, would come under the same management.²²

The NBC was launched by its management in the spirit that although some economies of scale might be achieved, the basic company structure (with the busman firmly in charge) offered the most efficient means of running the bus industry. Although the days of real affluence for the industry had already disappeared, there was no desire for the NBC to receive large subsidies, and thus forfeit its independence to local authorities or central government. In the following section we will examine how this attitude, amongst other factors, has affected the corporate finances of the NBC and the associated relationship with central government. The central-local tension which we referred to earlier in the chapter is perhaps the prime organizational

characteristic of the NBC. In the fourth section of the chapter we will study aspects of NBC policy implementation from the point of view of these intra-organizational relationships.

C. NBC Corporate Finances and the Relationship with Central Government.

At the time of the NBC's creation, there was considerable debate concerning the need to set financial targets for the nationalized industries. The 1961 White Paper on the nationalized industries ²³ recommended that surpluses should cover deficits over a five year period. Each industry was to be set a target, with a review each year. As Tivey comments, long-term targets of this type are contingent on many factors: "The targets are determined by administrators, after negotiation with the boards, and determined in advance. They are, therefore, in a sense predictions - not predictions of what will happen, but predictions that the objectives will be reasonable. As things turn out, the targets may be very difficult or very easy to achieve. A great deal depends on the economic circumstances of the time, and on the Government's policies in response to the circumstances. The provision for annual review seems to recognize this." ²⁴

In the case of the NBC, its declining market could only be met by increasing fares and cutting back services if its statutory obligation to break even was to be achieved without recourse to subsidies. If a five year plan was to be successfully implemented, then the decentralized nature of the NBC could be a considerable handicap in evaluating and monitoring the performance of its subsidiaries.

In 1967, the Labour Government produced its own White Paper ²⁵

on the nationalized industries, which proposed that discounted cash-flow techniques be adopted for the majority of investment projects. It was intended by the Government that the adoption of DCF would enable comparisons to be made between a wide range of investment projects, and a test discount rate of 8% was considered to be: ". . . broadly consistent, having regard to differing circumstances in relation to tax, investment grants, etc., with the average rate of return in real terms looked for on low-risk projects in the private sector in recent years." 26

On pricing, the White Paper recommended marginal costing, and made a strong criticism of cross-subsidization: "In a few cases, cross-subsidization may be justified by statutory requirements or by wider economic or social considerations. But - these cases apart - to cross-subsidize loss-making services amounts to taxing remunerative services provided by the same undertaking and is as objectionable as subsidizing from general taxation services which have no social justification." 27 In the case of the NBC, wider economic and social considerations were considered to outweigh the arguments against cross-subsidization, although the concept behind the creation of the PTAs also (as we described in the previous chapter) implied a criticism of cross-subsidization. One of the prime objectives of both the 1961 and 1967 White Papers was to make the nationalized industries more commercially minded, and to place them on a comparable basis to the private sector. As our study has shown, the NBC was likely to welcome the independence to act in a commercial manner, but the general conditions for doing this were not favourable.

The commercial success of the THC possibly deceived the

Government and the NBC into thinking that similar returns could be maintained. Thomson and Hunter consider that the THC's average rate of return on new investment: ". . . . was considerably higher than the 8% quoted, since the figure for the net assets has included over £30 million of goodwill mostly inherited at the time of nationalization, which has nothing to do with the current value of the physical assets involved." 28

The NBC commenced operations with over 20,000 vehicles, and more than 80,000 staff employed. The company was given a Commencing Capital Debt of £97,625,000 repayable at a fixed interest rate of 4.92% per annum. The borrowing limit was set at £130 million. We shall see that the size of the opening debt, and the continuing burden which it has placed on the NBC, has become an extremely sore point with the company. In 1969, when London Transport came under the control of Greater London Council, its capital debt of £270 million was written off, while both British Rail and the National Freight Corporation have each had their capital debt considerably reduced during the 1970s. The failure of the NBC to obtain similar reductions reflects a serious dilemma for the company. The NBC's financial position could be improved by abolition of the capital debt, but this might indicate to Government that the company was not efficient and required a higher degree of external monitoring or even basic structural change. On the whole, the NBC preferred to pay its debts and maintain the status quo.

The financial burden on the NBC was increased by the lack of reserves. The THC's reserves of £23 million were not transferred to the NBC, but were reduced from the size of the

opening capital debt. As Thomson and Hunter comment, this reduction was no substitute for lack of liquidity. ²⁹

Shortly after the NBC was founded, transport suffered a loss of status within the governmental structure. When Richard Marsh resigned in October 1969 his successor, Fred Mulley, did not have a seat in the Cabinet. No doubt the Government considered that once the 1968 Transport Act was on the statute book, transport policy could be safely placed in the political background. In contrast to the 1947 Transport Act, the Government had taken direct action in order to implement legislation, and the creation of the PTAs, the NFC and the NBC signified (at least to the Government) that the main task was completed.

In the event, the Labour Government did not have much time to assess the impact of the 1968 Act, for a Conservative Government took office in June 1970 and in the following November introduced a major departmental reorganization. The Ministries of Housing and Local Government, Transport, and Public Buildings and Works were joined together to form a new Department of the Environment. As Martin Painter states: "The central idea behind DoE was better policy co-ordination through departmental integration of closely related functional responsibilities A Secretary of State for the Environment was appointed, and he took on the statutory duties and powers formerly residing in the three ministers. Under him three ministers of equivalent status to a non-cabinet minister in charge of a department were appointed, each exercising delegated functions over a specified area of DoE work." ³⁰

It was intended that a high degree of policy co-ordination

and integration should be achieved within the DoE, but Painter considers that the DoE could not: ". . . . work like a team except in a very limited sense." ³¹ The DoE was so huge that the Secretary of State could not give attention to all its aspects, and this meant that certain policy areas would hardly ever reach the attention of the Cabinet. The Minister of Transport Industries could immerse himself in the work of his own department, but politically, transport had suffered a severe diminution in status, unless the Secretary of State for the Environment could be persuaded to focus his main attention on this particular policy sector.

From the NBC's point of view, the departmental restructuring did offer certain organizational advantages. If transport policy was given less political attention, then it was likely that no major restructuring of the administrative system would take place in the immediate future. In addition, the NBC was likely to remain a less politically obtrusive organization if its Minister was not in the Cabinet. The company busmen could also hope that their quest for independence would be aided by the return of a Conservative Government, which would recall the success of the THC, and leave the NBC to "act commercially".

In reality, although the NBC remained relatively free from direct Government intervention (as it has continued to do up to the present time), the organization's fortunes during the early 1970s reflected the increasing strains on the ability of the bus industry to remain viable. Thomson and Hunter note that: "In 1969 and 1970, owing to numerous changes in the basis of the accounts, the financial results are not directly comparable

with earlier years (i.e., with the THC accounts), but there is no doubt of a disastrous deterioration" ³² In 1969 NBC had an operating surplus of £7.5 million (reduced to £0.8 million after taxation and interest) and the Minister set the company a target of an £8 million surplus in 1970 and 1971. ³³

In the event, the NBC had an operating deficit of £4.8 million in 1970 and a surplus of £4.5 million in 1971. The NBC was pleased with the improvement in 1971, but noted that: ". . . the £4.5 million falls short by £0.5 million of the interest charge payable to the Secretary of State for the Environment for the capital debt." ³⁴ The company attributed the financial improvement in 1971 to better relations with staff (we will be examining the NBC-Union relationship later in this chapter) but the disappointing financial results in 1970 led to the NBC management putting intense pressure on the Government in order to obtain concessions which would relieve the position.

The Government was not inclined to co-operate at first, but by October 1971 a package of measures had been prepared. Firstly, the bus grant was increased from 25% to 50% of cost. ³⁵ (Again, we will be examining the implications of the bus grant later in this chapter). Secondly, the company received a grant of £350,000 towards the cost of replacing withdrawn railway facilities with unremunerative bus services. ³⁶ Thirdly, there was a slight relaxation in the drivers' hours regulations imposed by the 1968 Transport Act. ³⁷ 1971 also saw the NBC receive its first loan from the Government - £2 million at the then current rate of 9%. ³⁸ The Government's target of an £8 million surplus had been hopelessly over-optimistic of the

NBC's viability, but the company itself regarded 1970 as a freak year, and considered that the need to borrow money was only a temporary inconvenience.

The optimism of the NBC appeared to be justified in 1972, when the company had a consolidated surplus of £14.5 million. This figure included a direct grant of £7 million from the Government. This money was given as a result of the voluntary initiative by the CBI to keep price rises in 1972 below 5%. As the NBC wages rose by 7%, the money was intended to bridge the gap. The money was given as a result of the Transport (Grants) Act of 1972. In addition to the money for the NBC, British Rail received the much larger sum of £27 million. As so often with affairs concerning the bus industry the debate in Parliament almost ignored the NBC, with nearly all the attention being given to the problems of BR. Although the £7 million was no doubt welcome to the NBC, this grant should be seen in the context of the Government's overall economic strategy of seeking to control inflation by means of limiting price increases in the public sector. The Times was critical of the decision concerning the NBC and BR in that it appeared: ". . . to mark the abandonment of the Government's hardline policy towards lame-duck industries, and to drive a coach and horses through the 1968 Transport Act." ³⁹ The NBC could claim that the £7 million represented not so much a crutch to a lame-duck as a prop for the Government's prices and incomes policy. Ironically, as events turned out, better than expected revenue returns enabled the NBC to keep the £7 million in reserve. ⁴⁰

The financial position of the NBC in 1972 was improved by a severe rationalization in staff and service miles. The

number of staff employed was reduced from 76,526 in 1971 to 70,973 and service miles went down from 783 million in 1971 to 746 million (both sets of figures still the largest annual reductions in the history of the NBC). The NBC had threatened in 1970 that it would have to introduce severe service cuts unless it received more local authority financial support. As that support was not forthcoming the company carried out its threat during 1972.

1972 was a year of particular significance to the NBC, for the Local Government Act confirmed that the company was to stay in existence. The principal feature of the new legislation for the NBC was the extra responsibility for co-ordinating public transport which it placed on the county councils. The reorganization of local government was finally implemented in 1974, and while two new PTAs were created, the NBC was now an established part of the public transport system. (We will be discussing this legislation in detail in the next chapter).

The Government's prices and incomes policy made 1973 a relatively stable year for the NBC, although the consolidated profit was down to £2.1 million. This decline prefaced a disastrous year in 1974, when the NBC had a consolidated loss of almost £12.3 million. In addition, the subsidiaries were forced to draw heavily on reserves. The NBC blamed these losses on:

- (a) the three day week during the early months of 1974 (resulting from the national miners' strike),
- (b) shortage of manpower leading to heavy overtime costs,
- (c) a shortage of supplies which caused many buses to stay off the road.

(d) the rising cost of new vehicles,

(e) "threshold" payments (part of the Government's prices and incomes policy, and based on the Retail Price Index, which in the event rose much more steeply than expected),

(f) The Price Code, established under the Counter Inflation Act of 1973, which constrained subsidiaries from increasing fares quickly enough to keep pace with the "threshold" payments,

(g) The NBC's decision to keep unprofitable services in operation pending the decisions on grants by local authorities,

(h) Agreements with PTAs and municipalities (who could levy from the rates) to keep down fares. ⁴¹

Although the NBC did not criticize the Government directly, the effects of the "threshold" payments, and the restrictions on fare increases were seen as prime causes of the company's troubles. The company welcomed a relaxation in the Price Code in November 1974, but noted that: "As applied to NBC subsidiaries, it does not allow sufficient surpluses to cover the total net cost of essential asset replacement and modernization of properties and the growing sums payable by NBC to defray increased interest charges on the capital debt and loans." ⁴² Although the NBC did not increase its borrowings in 1974, it was obviously concerned that the financial situation was unlikely to become stabilized in the immediate future.

The worst fears of the NBC were confirmed in 1975, when the company suffered a consolidated loss of over £19 million. In his foreword to the 1975 Annual Report and Accounts, the NBC Chairman, Sir Frederick Wood (who had taken over from Mr. Todd

in 1971) made the heartfelt comment that: "For more than two decades, bus services have been subject to constant erosion from the powerful competitor, the motor-car. Last year I had to point out how seriously galloping inflation was further reducing our capacity to give a good service on a financially viable basis." ⁴³ Costs rose so quickly during the year that many subsidiaries were forced to raise their fares two or even three times in the year. The enormous rise in fares during this period is indicated by the NBC's statement that: " overall average receipts (excluding revenue support grants) per passenger journey increased by 39.5%" ⁴⁴ Although inflation generally was running above 20% during 1975 (the increase in the price of oil being a major factor) the NBC increase represented a considerable rise in the real cost of bus fares.

Between 1974 and 1976 the real cost of fares rose by 20%, and this increase was not surprisingly reflected in the steep decline in passenger journeys for this period from 2,177 million to 1,856 million. ⁴⁵ In an era when the demand for car ownership had an apparently autonomous quality (even allowing for the steep rise in petrol prices during this period, the number of private cars and vans rose from over 13.9 million in 1974 to 14.3 million in 1976) ⁴⁶ the extent to which real increases in fares can be equated with loss of passengers is impossible to calculate, but the increases during this period indicated that, as a commercial undertaking, the NBC was approaching breaking point.

The financial problems of the NBC were still further aggravated by two financial burdens which were placed on the company by the Government in 1975. Firstly, in September 1972

(the year that the NBC had received a grant of £7 million) the Conservative Government had directed the NBC to commence payment of the principal on its capital debt from 1st January 1975. In 1972 the Government had no doubt hoped that by the mid 1970s the NBC would be in a stable financial state (most governments appear to possess a naive optimism that the problems of a public corporation will miraculously all be solved in two or three years time !), but in reality the position was worse than ever. Nevertheless, the Labour Government insisted that the NBC be held to its commitment. The capital was due to be paid in ten annual instalments, with the interest remaining at 4.92%, but the NBC was at that time in no position to pay up. Consequently, it was forced to immediately reborrow the initial payment of £9.9 million (naturally from the Treasury) at the then current interest rate of 16.25%. As the NBC plainly put it: "The simple effect of this transaction was to increase the annual NBC interest obligation by over £1 million a year." ⁴⁷

The NBC was unhappy that its capital debt did not take the form of public dividend capital, which could be paid back according to the financial state of the company. Several of the public corporations had a capital structure of this type, but the Government remained adamant that the NBC should retain its fixed interest capital debt.

Secondly, the Minister for Transport requested the NBC to suspend action on major service cuts while county councils reviewed the levels of support proposed in 1976-1977. In order to comply with this request, the NBC borrowed a total of £22 million during 1975. This sum lifted the NBC's borrowings above its statutory limit, and consequently the limit was

raised from £130 million to £200 million. The NBC did not receive any subsequent compensation from the Government for the new borrowings, and is a point of contention which continues to aggravate the company.

In 1976, the NBC fares rose by an average of 26%, while passenger journeys fell by 9%,⁴⁸ but in contrast to the previous years there was a consolidated profit of £4.4 million. This improved result reflected a continuing real increase in fare levels and a large cut in miles run from 724 million to 697 million. In addition, the NBC borrowed £7 million from the Treasury in March 1976, while in January 1976 it was forced to reborrow the £10 million annual instalment on its capital debt. At 31st December 1976 the total liability stood at £128.6 million. The NBC was thus remaining viable at the expense of heavy fare increases, drastic service cutbacks and large borrowings from the Government at high interest rates. The company could nevertheless claim that it was fulfilling its statutory objective to break even and operate in a commercial manner. In reality, the world had moved on since the 1968 Transport Act, and the philosophy which had made the THC a successful commercial undertaking was placing great strains on the NBC (it might also be argued that the large debts left by the THC, which continued to place a heavy burden on the NBC, were an example of the earlier organization achieving short-term success by postponing the evil day).

After the traumas of the three previous years, 1977 saw the NBC sailing into slightly calmer waters. A general fall in inflation rates enabled fares to rise by 11.3%, (a real fall in fare levels) and the decline in passengers fell from 9% in the

previous year to only 3%.⁴⁹ (It is significant to note that for the NBC a declining market is generally regarded as being inevitable - a difficult fact to reconcile with the commercial objectives). The NBC was assisted in keeping costs down by the Government's pay policy, which recommended increases within a 10% limit, and a consolidated profit of £9.5 million was reported. Nevertheless, the capital debt instalment was once more reborrowed, and a further loan of £4.4 million was made in March 1977, bringing the NBC's liability up to £133 million.

1976 also saw a significant political change when transport was separated from the DoE in order to form its own Department, with a Secretary of State in the Cabinet. This reorganization coincided with a wide-ranging review of transport policy by the Labour Government, which we will be discussing in the next chapter. The review culminated in the 1978 Transport Act, which had significant implications for the NBC-county council relationship, but the statutory responsibilities of the NBC under the 1968 Transport Act remained intact.

At the end of 1978, the NBC completed its tenth year of operation, and the company was pleased to report a consolidated profit for that year of £17.7 million. The number of passenger journeys fell by only 0.72%. Revenue rose 11.7% from 1977, while expenditure rose only 10.2%.⁵⁰ Once again, the NBC was assisted by the Government's pay policy, which applied a 10% earnings limit. Nevertheless, the company did once more take its by now almost traditional step of reborrowing the £10 million instalment on the capital debt, although no further borrowings were made.

1979 commenced on a depressing note with a particularly

severe winter, which the NBC estimated cost £12 million in lost revenue. ⁵¹ Nevertheless, the number of passengers declined by only 1.3% from 1978. ⁵² Passenger revenue rose by 13.7%, while wages increased by an average of 9.99%. This latter figure did not include an award totalling £5 million to non-manual, supervisory and managerial staff, brought about by the Labour Government's pay policy which had eroded differentials. The consolidated profit for 1979 totalled over £6.2 million, although the capital debt instalment was once more reborrowed, together with an additional £5 million loan. At 31st December 1979, the NBC's liability to the Government stood at £138,025,000. The company was also allowed temporary borrowing facilities up to £12 million (a figure which had risen steadily from an original £3.4 million), although only £7 million of this was borrowed in December 1979. With an upper borrowing limit of £200 million, the NBC had unexercised borrowing powers of £49,975,000.

In its Annual Report, the NBC presents a corporate face to government, and to the world in general. The decentralized aspects of the organization's character are subordinated to the NBC's need for demonstrating its collective unity and viability. The relationship with government has been based on the original premise that the NBC should operate in a commercial manner, despite the steady decline in demand for the company's services. The circumstances surrounding the borrowings from successive governments upset the NBC, who set out their grievances in evidence given to the Select Committee on Nationalized Industries inquiry on Innovations in Rural Bus Services.

1. Unlike other public sector operators, NBC subsidiaries

have to secure substantial income from fares and public services to defray interest on NBC commencing capital debt of £100 million, none of which has been written off. It is currently being repaid and reborrowed in annual tranches of £10 million, at significantly increased rates.

2. Secondly, they have to defray interest at very high rates on subsequent NBC borrowing from the National Loans Fund amounting to over £35 million. The need for this new borrowing at very high interest was the direct consequence of three aspects of Government policy, viz:

(a) the implementation of counter-inflation policies without compensation;

(b) deferment of service cuts in 1974-75 and 1975-76 to allow the councils of reorganized counties time to develop transport policies under the Local Government Acts 1972 and 1974;

(c) transfer of London green buses and Green Line coaches to NBC under the Transport (London) Act without financial provision for investment in essential fleet replacement, central works and head office.

3. Thirdly, NBC and all subsidiaries are accountable for corporation tax purposes in respect of their income from all sources, including local authority grants and payments. 53

The Select Committee Report itself made a particular point of the NBC's capital debt and borrowings, and recommended that the Government should write off entirely those debts of NBC attributable to the additional mileage run at the request of the Secretary of State during 1975. The SCNI also recommended that interest charges on commencing capital debt should be met

directly by the Government in the form of a direct grant to the NBC. 54

The case put forward by both the NBC and the SCNI was never likely to bear fruit, for successive governments had adamantly refused to consider releasing the NBC from some of its financial burdens. The official view was typified by the Parliamentary Under-Secretary of State, John Horam, when he gave oral evidence to the SCNI in 1978. When a question was put to him that the decision whether or not to write off the capital debt of a nationalized industry was fairly arbitrary, Mr. Horam replied: "I do not think in that sense that it is arbitrary. Those organizations which have performed well commercially and have been able to service their original capital debt have retained it. They have thereby retained larger burdens, if you put it like that, of commencing capital debt, but, on the other hand, they have been able to bear those burdens; and the industries which have been in trouble have been the ones which have had the write-offs." 55 The Government considered that the NBC should remain a commercially viable organization, although it was suffering from a declining market, and was forced to immediately reborrow each annual instalment on its capital debt. If only the NBC could have arranged its affairs so that the financial position became hopeless, then it could expect help from Government ! Mr. Horam's viewpoint was later confirmed by the Conservative Government which took office in 1979, when it rejected the recommendations put forward by the SCNI. 56

It might be said that the determination of government to regard the NBC as a commercial organization betrayed a certain

degree of trepidation for the consequences, as a cancellation of the capital debt could be construed as signifying that the company had become instead a branch of the social services, with an open-ended financial commitment required from the government in order to keep services in operation. It might also be argued that NBC's failure to persuade government to change its policy indicates the political weakness of the organization. Although the NBC has had an executive permanently seconded to the Department of Transport for several years, it has not achieved the same degree of success as either the roads lobby or British Rail.

To some extent, the failure of NBC lobbying could be attributed to the lack of government interest in the bus industry, particularly in comparison to the motor-car. At the same time, the organizational position of the NBC also places it in a vulnerable situation. The NBC's greatest triumph is that it remains in existence, for the 1968 Transport Act envisaged an eventual nationwide PTA network. By paying its debts and retaining a relative degree of independence, the NBC could claim to be a successful commercial organization. If too strong a plea to have its capital debt cancelled were to be put forward, it might appear to government that the NBC was no longer in proper control of its affairs and should therefore be dissolved. The NBC is a busman's organization, and we saw in previous chapters that he enjoys being in control of his own industry. Although the busman has an important and influential part to play within a PTE, from an NBC standpoint he may appear too dependent on the whims of local councillors.

For both the NBC and government (but for different motives)

the prime policy objective has remained the one set in 1968 of maintaining the company's commercial viability. The company's busmen have retained the discretion to run the industry in their own manner, in return for minimizing their claims on public expenditure. The control which government exercises over the NBC is based on possessing the ultimate sanction of disbanding the organization, combined with the more routine process of regulating borrowings (although the NBC is still well below its borrowing limit). For the NBC's part, they have a necessity to present themselves to government as a corporate entity. Whatever degree of decentralization is allowed within the NBC, in the final analysis the company must co-ordinate activity to the extent that a corporate balance sheet can be presented to government at the end of each year. If satisfactory financial results are to be obtained (and the survival of the organization secured), then some form of co-ordinated control must be exercised over subsidiaries which possess varying commercial potentialities. This natural tension between central control and decentralization within the NBC is a key element of the organization, and gives it a distinctive character among the public corporations.

In this section we have seen how the government-NBC relationship has maintained the primacy of commercial objectives for the company, despite the constant decline in passenger demand. While operating in such a hostile environment, the NBC has been forced to borrow from government, while cutting back services and increasing fares in real terms. In the following section we will examine several aspects of central-local relationships within the NBC, giving particular

regard to the role of identification within the control process.

D. NBC Headquarters.

The Identification Process Within the NBC.

We have seen that in its relationship with government the NBC must present a corporate identity for the purposes of accounts and generally justifying its existence. In terms of organizational structure, there can be no doubt that the NBC is relatively decentralized, but the nature and the degree of central control can be more subtle and more substantial than outward appearances may suggest. Several factors, including the NBC's own insecurity concerning its future, the nature of cross-subsidization, the delicate question of local authority subsidies, public reaction to fare levels and cutbacks in services, and trade union response to rationalization, frequently make the NBC management sensitive to divulging information on their activities. Nevertheless, overriding all other factors is the consideration that, in a declining market, the NBC must justify its own existence by remaining commercially viable. This requirement imposes limitations on the behaviour of all the NBC's employees, and creates a kind of unity in adversity. A wish to be independent of outside interference and control remains a primary characteristic of the company busman, and this quality, combined with the adverse environment in which he now finds himself, largely shapes the behaviour of the organization as a whole.

The achievement of viability in a declining market will inevitably place great strain on any organization. In order to achieve the objective, it is important that the members identify themselves with it and act accordingly. In examining

the structure of the NBC, we will bear in mind the following hypotheses on identification put forward by March and Simon:

1. The greater the perceived prestige of the group, the stronger the propensity of an individual to identify with it; and vice versa.
2. The greater the extent to which goals are perceived as shared among members of a group, the stronger the propensity of the individual to identify with the group; and vice versa.
3. The more frequent the interaction between an individual and the members of a group, the stronger the propensity of the individual to identify with the group; and vice versa.
4. The greater the number of individual needs satisfied in the group, the stronger the propensity of the individual to identify with the group; and vice versa.
5. The less the amount of competition between the members of a group and an individual, the stronger the propensity of the individual to identify with the group; and vice versa. 57

Identification can play an important part in the achievement of a decentralized organization's goals. Coercion can be difficult in a dispersed organization (bearing in mind the barriers to perfect control which we outlined in Chapter One), while methods of control such as bargaining and persuasion, although important, can absorb a great deal of time and effort.

The NBC Board and Regional Control.

Earlier in this chapter we referred to the Chairmanship of the NBC being a part-time appointment, and also described how the Chief Executive was the only full-time member of the NBC. This remained the case until 1979, when the Deputy Chief Executive, the Secretary and the Personnel Director were all

appointed members. The members of the NBC are charged by the Secretary of State with the responsibility for setting out the general policy guidelines of the company, and with monitoring their progress. In this way it is hoped that they can form a link between the Minister and the actual work of the NBC. When Sir Freddie Wood resigned as Chairman, his place was taken from 1st January 1979 by Lord Shepherd. The part-time nature of the appointment meant that the Chairman (as with all the part-time members) has a high degree of discretion with regard to the amount of attention which he gives to the job. Sir Freddie is an industrialist (the Chairman of Croda International) while Lord Shepherd is a Labour peer and former Leader of the House of Lords. Within the NBC, it is regarded that Lord Shepherd is a more active Chairman than his predecessor, but the amount of time which any NBC Chairman or part-time member can devote to the organization is necessarily limited.

All the Members (ten in 1979) also belong to the NBC's main board, National Bus Management Limited. In addition to the ten Members, there were ten Executive Directors in 1979. It is the responsibility of the board to see that general policy is implemented. We will be examining the central services of the NBC later in this section, but the principal intermediaries between headquarters and the subsidiaries are Regional Directors. We described earlier in this chapter how the NBC was originally split into ten regions, along similar lines to the Tilling group within the THC. In 1971 the number of regions was reduced to six, and in 1972 this was further reduced to only three: Eastern, Southern and Western. Each Regional Director was assisted by a Regional Executive, while

a number of General Managers from subsidiaries within the Region became Chief General Managers for various groups of subsidiaries within the Region. London Country Bus Services remained a separate entity within the Southern Region. 58

The Annual Report for 1972 stated that: "This new regional organization has the dual advantage of retaining at subsidiary company level the control and decision-making for local matters, whilst at the same time providing a simplified line of vertical communication through the Chief General Managers to whom have been delegated many of the responsibilities for their sub-divisions which were previously discharged by Regional Chairmen." 59 In order to compensate for rationalizing the regional structure, the NBC created an extra administrative layer in the form of the Chief General Managers. As events have turned out, the CGM concept has not proved to be a great success, and it was abandoned during 1979. A General Manager must necessarily be chiefly concerned with the affairs of his own company, while other subsidiaries within the group might suspect that the CGM would favour his own company at their expense. In addition, the Regional Director might, at a particular time, wish to take a direct interest in a subsidiary, and would by-pass the CGM.

In 1977 there was a further reorganization when the number of Regions was increased to four. Wales and the Marches became a Region on its own, with a Regional Director based in Cardiff. By creating a separate Welsh Region the NBC hoped to achieve a better liaison with the Welsh Office. We will see in Chapter Eight that some of the Welsh Counties resented what they considered to be a lack of interest in their affairs on the part

of the Chester-based Crosville company. The creation of a Welsh Division did at least indicate to these counties that the NBC was not oblivious to their needs. The other three Regions were now Northern, Midlands and West, and South East.

The role of the Regional Director within the NBC is of particular importance, for he is the chief intermediary between headquarters and an individual subsidiary. He is the Chairman of each subsidiary within his Region, and is responsible for seeing that the subsidiary fulfils its corporate plan, prepared on a five year rolling basis. As with the NBC as a whole, a subsidiary is required to meet its statutory obligations, but it is allowed the flexibility of breaking even over the five year period. In this case, a subsidiary might be for ever making losses in the present, while promising viability in an eternally elusive five years time. In reality, if a subsidiary perpetually fell below its target, the Regional Director would instruct it to rationalize services or put up fares.

The question of cross-subsidization between subsidiaries is an extremely sensitive one for the NBC. When he was interviewed, a Regional Director denied that any activity of this sort took place,⁶⁰ although other NBC officials considered that on occasions the Regional Director would co-ordinate subsidiaries' corporate plans. Even if unco-ordinated, some degree of cross-subsidization must take place, for any surplus made by a subsidiary is paid into the corporate NBC account. The NBC can then re-distribute the money as it sees fit (although a proportion of it will go to the government in interest payments).

The NBC is sensitive about the financial results of

individual subsidiaries, and these were only published for the first time in the Annual Report of 1978. In the relatively prosperous year of 1978 only one of the bus operating companies made a loss (there were also two loss-making coach operating companies). These calculations were made on the basis of historical cost accounting, but when current cost accounting methods were employed eleven bus companies were in deficit.⁶¹ There can be no doubt that by employing historical cost accounting the NBC is able to portray a rosier financial picture than exists in reality.

Although the depreciation on a vehicle can be calculated on the basis of its original cost, when the time comes for it to be replaced money must be found to pay for the new vehicle. As some buses may have a life of over fifteen years, the effects of inflation on the replacement cost can be considerable. The effects of current cost accounting were even more marked in 1979, when only nine bus companies made a loss on the basis of historical cost, but twenty-one (out of twenty-nine) were loss-making when current cost methods were employed.⁶² These results help to explain why the NBC has been forced to borrow more than £40 million from government (apart from the money re-borrowed in order to pay for the capital debt), and also emphasize the extent to which a Regional Director might be under pressure to ensure that the more prosperous subsidiaries within his Region should maximize their revenue.

In outlining a model of cyclical administrative decentralization, Kaufman considers that when the executive leadership fear that departments and bureaus are becoming too independent, then organization by area, rather than by function,

will become fashionable: "The justification for it will be couched in terms of efficiency - the need to speed decisions in the field without referral to headquarters and without loss of co-ordination among field personnel in different bureaus. The consequences will extend further, however, because areal officers in the field would give top executives lines of communication and control alternative to existing functional channels, thus actually strengthening central authority." ⁶³

Kaufman points out the manner in which organization by area, although apparently a move towards decentralization, may actually strengthen central control. In the case of the NBC, the chief changes in the regional structure have been the reduction in the number of regions, and the subsequent disappearance of the Chief General Managers. The extent to which these developments represent an increase in central control depends on the degree of control exercised by the Regional Directors. The rationalization of the regional structure could represent a move towards greater decentralization, with each subsidiary being allowed a higher degree of discretion. On the other hand, fewer Regional Directors and the abolition of the Chief General Managers, could allow for the implementation of a more co-ordinated NBC policy.

When the Traffic Commissioners examine an application for a fares increase, they may find it virtually impossible to discover the extent to which the increased revenue is required by the subsidiary to meet its own financial targets. If a particular subsidiary intends to cut back on capital expenditure, or accelerate the development of one-man operation, then it will find itself with a larger surplus than a subsidiary which

introduces the same percentage fares increase, but maintains its costs at a higher level. Without detailed knowledge of a subsidiary's planning process, the Traffic Commissioners do not possess the knowledge to expertly challenge the NBC's figures.

This lack of expert knowledge (which could also be applied to local authorities in their relationship with the NBC) is a typical problem of control. It is summed up by C.D. Foster, who in analysing the relationship between civil servants and the senior management of a public corporation comments that: "To some extent, what a ports man thinks about ports or a railwayman about railways is something he has absorbed on the job and never learned explicitly. Thus, he is less likely to be impressed by logic, or dismayed when the illogicality or incompleteness of what he has said is pointed out to him. He is more impressed by someone who, he believes, shares some of the craft mysteries that he does. Also, quite apart from this, he knows that, though he may not feel as agile intellectually as the civil servant who is questioning him, in the end - he may have to play it long - he must win, because of the final lack of self-confidence the administrator has in his ability, or his right, to say No." 64

In Chapter Three we discussed how the relationship between the company busmen and the Traffic Commissioners had evolved a particular 'order of comprehension'. By means of cross-subsidization the Commissioners can maintain some degree of control, but they do not have access to NBC corporate plans, and lack the knowledge to truly challenge the claims put forward by the busmen. At the core of the whole matter is the NBC's statutory requirement to maintain corporate viability and hence

preserve its existence. As one NBC official put it:
 "Preservation of the organization is an unofficial, but
 vitally important, corporate objective."

Although a Regional Director may possess the authority to direct a subsidiary in a certain manner, his job will be much easier if all the staff appreciate this objective and identify with it. In this respect, March and Simon's hypothesis on identification that: "The greater the extent to which goals are perceived as shared among members of a group, the stronger the propensity of the individual to identify with the group" ⁶⁵ would appear to be the most apposite with regard to the NBC. March and Simon also hypothesize that: ". . . the greater the homogeneity of background, the greater the extent of perceived goal-sharing." ⁶⁶ We have seen that the busman requires a great deal of specialized knowledge, and that many of the senior executives have been in the industry all their working lives. The NBC itself has a Senior Management Training Scheme: ". . . which recruits and trains candidates who are potentially suitable for senior appointments in subsidiary companies," ⁶⁷ and many of the younger executives have attained senior positions by means of this scheme.

Downs considers that: ". . . strong goal consensus is a vital part of any true decentralization of authority" ⁶⁸ and the degree of identification within the NBC can be a powerful force in granting discretionary powers to the local level. Nevertheless, Downs also hypothesizes that: "The need for variety and innovation creates a strain toward greater goal diversity in every organization, but the need for control and co-ordination creates a strain toward greater goal consensus." ⁶⁹

We shall see in later chapters that introduction of the innovatory Market Analysis Projects has placed internal strains on the NBC, but that the corporate goal of survival remains paramount.

Although identification can allow a higher degree of discretion at the local level, the limits of this discretion are bounded by the NBC's hostile environment. If the bus companies were operating in the climate of the 1930s and 1940s, then profits would be assured and the actual level of financial results achieved by a subsidiary might appear almost academic. In the modern age, however, decline has become a way of life for the NBC. This environment can generate a collective will to survive and breed ingenuity in adversity, but it necessarily requires more co-ordinated activity. A company may experiment with services and fares in order to test the market and improve demand, but the NBC cannot afford to take too many chances. When the Annual Report is presented to the Minister, the subject of viability must be to the forefront in its contents. The great danger for the future of the NBC would be if the continued decline in passenger demand undermined staff morale to the point where it was generally perceived that viability could not be maintained.

The degree to which the staff identify with the NBC as an organizational concept is of crucial importance to the company's survival. Throughout this study we have noted the busman's quest for independence, and this clearly is a powerful force in binding the staff of the NBC together, the shared aim of preserving independence outweighs any wish to allow greater direct political control of the industry. Maintaining

independence is thus the shared goal which most influences staff identification with the group. Nevertheless, March and Simon list four other hypotheses with regard to factors affecting identification. These concern the perceived prestige of the group, the frequency of interaction, the number of individual needs satisfied in the group, and the amount of competition within the group. 70

With regard to the NBC, perceived prestige might be thought a weak factor influencing identification. The decline in bus travel has had the effect of lessening the prestige of the bus industry generally. Within the industry itself, the relative independence of the NBC, in comparison to the PTEs and municipalities might enhance the NBC image somewhat, although in many cases a senior executive within a PTE might consider himself to be in a job which possesses its own prestige. When interviewed, the Director General of the West Midlands PTE, who was formerly the Midland Red Traffic Manager, stated that he had left the NBC because of excessive central control with regard to capital expenditure and financial targets. He considered that the local control exercised over the PTE allowed for greater discretion and flexibility. 71 These views reflect the competition between the NBC and PTE as organizational concepts. Many NBC busmen will perceive prestige in their organization's independence and relative freedom from external control. To an outsider, the prestige of the NBC might be perceived as weak, but to those inside the organization its prestige level might be considered high. Provided that this internal perception of prestige remains high, then it can play an important part in maintaining identification.

With regard to frequency of interaction, March and Simon refer to homogeneity in background.⁷² This factor would appear to be strong within the NBC, for many of the senior executives are lifelong company busmen, while the Senior Management Trainee Scheme ensures that the supply is maintained. (Richardson notes a similar phenomenon with regard to the National Environment Protection Board in Sweden where: "The rapid growth in the size of the NEPB has seen an influx of young graduate scientists, all fairly committed to the 'environmentalist cause' ")⁷³ The extent to which interaction is a causal factor with regard to identification can be of crucial importance in the implementation process. If policy-makers could be confident that intra and inter-group interaction would lead spontaneously to a predicted identification of goals then they could hope for greater success in implementing policy, but in reality the eventual shared goals might not be the ones predicted by the policy-makers. In Chapter One we stressed the importance of everyday interaction in determining change. Within the NBC, interaction and homogeneity of background have maintained the shared goal of retaining independence, but interaction can instigate change by means of its role as the provider of feedback on the nature of the outside world. In later chapters we will be examining the effects on NBC policy of interaction between subsidiaries and county councils.

March and Simon link the satisfaction of needs and the amount of competition by putting forward the variable of permissiveness towards individual goal achievement.⁷⁴ We have previously discussed the difficulty of discovering the

extent to which the NBC Regional Directors exercise control over subsidiaries, but the nature of bus operation ensures that the local level must retain some degree of discretion. Each town, district or street has an individual identity, and the needs of passengers cannot be of a homogeneous character. In scheduling services, a depot superintendent can possess detailed local knowledge which must be employed if the NBC wishes to maintain viability. On Dunsire's generality/specificity scale, the local busman can exercise a high degree of discretion, and might have more room to manoeuvre than a Regional Director attempting to maintain a satisfactory amount of cross-subsidization between subsidiaries.

Of March and Simon's five hypotheses on factors influencing identification, each would appear to be of significance in strengthening identification within the NBC. It could therefore be said that the NBC possesses qualities which draw the individual towards organizational identification. We must nevertheless also note that interaction has the capacity to alter perceptions and change shared goals. The shared goal of independence underpins much of the NBC's behaviour, but if a consensus of opinion developed on the lines that the effort required in achieving viability was too high a price to pay for retaining independence, then the company's survival might be in danger.

Rationalization of Companies.

One of the principal objectives in creating the NBC was that the union of Tilling and BET would allow economies of scale to be attained by means of company rationalization. In the event, although some amalgamations have taken place, nearly all the

major companies have retained their identity. We noted earlier in this study that the ideal size for a bus fleet remains a contentious issue, and the NBC has been reluctant to make major changes. In addition, a local fleet name becomes a familiar part of the community, and passengers can resent change. A bus carrying a standard "National" livery could destroy goodwill and wreck the NBC's image as a decentralized organization.

One of the few major companies to disappear was the North Western Road Car Company. North Western (formerly a BET company) served a wide area of Cheshire, Lancashire and Derbyshire, from Chester in the West to Sheffield in the East. With the creation of the South East Lancashire-North East Cheshire (SELNEC) PTA (centred on the Manchester area), 60% of the North Western stage mileage came within the PTA. As with most of the companies, North Western had operating agreements with many of the municipalities, but the creation of the PTA brought new pressures. In January 1972 all the North Western services within its area were taken over by SELNEC. As it was considered by the NBC that North Western's remaining territory was too fragmented, it was divided between Crosville and the Trent Company ⁷⁵ (Crosville now controlled nearly the whole of Cheshire as against only the Western half in the days of Crosland-Taylor). North Western was thus one of the few examples of a PTA having a fundamental effect on an NBC subsidiary (later in this chapter we will be examining the effects of the West Midlands PTA on Midland Red).

Another example of reorganization was the amalgamation in 1972 of Thames Valley and Aldershot and District to form the

Alder Valley Company. Other amalgamations usually involved a small company becoming part of a larger one. In the early 1970s there appeared to be a trend towards this type of rationalization, epitomized by the disappearance of the Stratford Blue Company. Midland Red had owned Stratford Blue since the 1930s, but in 1971 it was decided that the latter should disappear. In later years, Midland Red came to have second thoughts about the value of local identity. We shall see in Chapter Seven that the first Market Analysis Project took place in Stratford, and the name "Avonbus" was given to the revised network in that area. The question of retaining local fleet names epitomizes central-local tensions within the NBC, where corporate identity must be reconciled with the local needs of a community.

This tension is also evident in the development and work of the NBC's central services. The NBC's term "central services" itself suggests headquarters staff at the service of subsidiaries. Although in some respects this is true, we have already seen in the case of the Regional Directors that some degree of central control does exist.

The Role of Central Services.

1. Purchasing and Technical Services.

The most obvious example of central control concerns the purchase of vehicles. We described in Chapter Four how the 1968 Transport Act provided for a grant of 25% on the cost of a new fare-stage bus (raised to 50% in 1971). A new bus is eligible for the grant, provided:

(a) It is suitable for one-man operation on stage carriage services;

(b) It is a type approved by the Secretary of State;

(c) It is new and not second-hand or converted;

(d) The Secretary of State is satisfied that it will be used "wholly or mainly" as a stage carriage in Great Britain. 76

In 1968 the Government had considered that the grant would accelerate the adoption of one-man operation, and also improve the design and comfort of new vehicles. Detailed specifications were laid down with regard to the "approved type" of vehicle, including such items as noise, heating and ventilation. Over the years it had become normal practice within the bus industry for vehicles to be manufactured in two parts, with the body being added to a previously manufactured chassis. Perhaps the most striking example of this custom is the alliance between a chassis manufacturer - Bristol - and a bodybuilder - Eastern Coach Works. The two companies had originally been Tilling owned, and eventually came under the joint control of the NBC and British Leyland. The chassis are manufactured in Bristol and then driven to Lowestoft where the bodies are fitted. The Bristol/ECW partnership produces mainly double-decker buses, which are sold to the NBC and many other urban operators. 77

The double-decker was for many years regarded as the most suitable for urban operation, but in the 1960s it came to be thought that the single-decker was the only vehicle appropriate for one-man operation. One-man double-deckers had only been legalised in 1966, and by the late 1960s even large conurbations such as Liverpool, Newcastle and Glasgow were favouring single-deckers. 78

In response to this trend, and the introduction of the bus grant, the NBC joined forces with Leyland to manufacture a rear-engined (necessary for one-man operation) integral,

single-decker bus. It was intended that the bus would be suitable for urban and inter-urban use, and that by employing the most modern engineering techniques and integrating the manufacture of bodies and chassis, a new concept in vehicle manufacture would result. A "greenfield" works was constructed at Workington at a cost of £8.2 million, and the first Leyland National (as the bus was known) was delivered to customers in 1972. 79

Having been largely instrumental in the creation of the British Leyland Company in 1968 as a result of a merger between British Motor Holdings and Leyland Vehicles, the Government was also a strong supporter of the Leyland National project. The project had the advantage of helping both the NBC and the vehicle manufacturer at the same time, thus assisting in the co-ordination of policies for both transport and industrial development. The political importance of the project is indicated by Mr. Gailey's opinion that it represented a particular and personal interest of the Prime Minister (Harold Wilson) at the time. 80

With the NBC's heavy financial commitment to the venture, it was inevitable that subsidiaries would henceforth have little choice with regard to vehicle purchasing policy ! As an example, Midland Red (which had manufactured its own buses until 1970 and operated in many areas where high capacity double-deckers had previously been considered the most suitable vehicle) purchased 97 double-deckers in 1969 and 1970, but only 14 between 1971 and 1978. Between 1972 and 1978 the company purchased 388 Leyland Nationals, and —→ 20 Ford single-deckers were also purchased . The Leyland National has now become the

most common sight within the majority of the NBC fleets, and although some variations have been developed, the mass produced vehicle (more than 7000 had been produced by the end of 1979, over 4,000 of which had been purchased by the NBC) is inevitably highly standardized.

As with so many "great leaps forward" many of the early Nationals developed faults, and it was later admitted that the vehicle had been insufficiently tested prior to being placed in service.⁸¹ Operation has improved with time, and a National 2 came into production in 1979. In addition to technical troubles for the National, double-deckers made something of a come-back during the 1970s. Manufacturers such as Leyland, Metro-Cammell Weymann, Volvo, Bristol, Dennis and Foden have all produced new (rear-engined) vehicles, and the change in thinking can be gauged by Midland Red's decision to begin purchase of double-deckers once more in 1979.

The NBC has central Technical Services and Purchasing departments, with a Chief Engineer and Technical Officer for each Region. A shortage of maintenance engineers has been a frequent worry for the NBC, as has the late delivery of vehicles. Difficulties over vehicle purchase nevertheless have been considerably eased by the existence of the bus grant, which rose from £2.5 million in 1969-70 to £21 million in 1977-78.⁸² The grant was originally set to terminate in 1980, but after strong representations from both operators and manufacturers it was announced in the White Paper of 1977 that the grant would remain until 1985, although it would be gradually phased out from 1980-81.⁸³ The Government intends to phase out the bus grant by means of imposing tighter cash

limits, thereby placing a still heavier financial burden on the NBC. In recent years several subsidiaries have taken to operating vehicles by means of leasing and renting agreements, and the phasing out of the bus grant could bring about an increase in this practice.

2. Personnel.

All NBC pay bargaining is negotiated centrally by means of several committees. The chief of these committees is the National Council for the Omnibus Industry, which covers the rates of pay and conditions for platform and maintenance staff employed by the NBC and some of the large private operators. The NCOI was instituted in 1940, at a time when the Government was seeking to exert greater control of the bus industry in order to co-ordinate the War effort. In commenting on the first meeting of the NCOI, Crosland-Taylor considered that personally he: ". . . felt glad that wage negotiations were going to take place on that level and not locally. Up to now the practice had been to play one company off against another. We would be told that Ribble do this, or Lancashire United do that. Those companies in turn would be asked for something 'because Crosville have given it to us.' " 84

Inter-company rivalry may have evaporated, but competition with the municipalities continued. We described earlier in this study how unions usually made their initial wage claims to the municipalities, in the expectation that bargaining with the subsidized operator was likely to prove more fruitful than bargaining with the commercial companies. The municipalities negotiate through the National Joint Industrial Council for the Road Passenger Transport Industry, while London Transport

and each PTE have their own bargaining machinery. Wage rates still tend to be higher in the PTEs and municipalities, which does not help the NBC in the recruitment of staff.

The NCOI, one of three NBC negotiating committees, is dominated on the union side by representatives from the Transport and General Workers' Union, although the National Union of Railwaymen is also represented: ". . . the last-named being a historical curiosity from the period when pre-war railway companies had large holdings in the industry." ⁸⁵

In 1980 the TGWU had 39,000 members employed by the NBC, and the NUR 6,000. Other unions represented in the NCOI are the Amalgamated Union of Engineering Workers (5000 members working on the maintenance side), and the General and Municipal Workers' Union (1,000 members).

The second committee is the National Joint Council for Non-Manual Staffs, which contains representatives from the clerical unions. The NUR is also represented on this Committee, while the other unions are the National Association of Local Government Officers (5,500 members) and the Association of Cinematograph, Television and Technical Staffs (5,500 members).

The third body is the Senior Officers' Association, a group exclusive to NBC employees, containing 1,000 executives from assistant officer level upwards. Together, the three committees negotiate for the whole NBC workforce of 63,000.

The size of the NBC's workforce has fallen from a level of 84,000 in 1970. Given that 70% of the NBC's costs are taken up by wages and salaries, the size and productivity of its staff is of considerable importance in determining its viability. Ironically, at many times since its inception the NBC has

suffered from a shortage of staff. In relation to commerce and manufacturing industry, the bus industry does not offer an attractive form of employment. A bus driver in an urban area must cope with heavy traffic congestion while being responsible for the safety of his passengers. He must be prepared to undertake such jobs as bus cleaning in off-peak periods, work "unsocial" hours, and also be ready at short notice to operate a service which would otherwise not run owing to absenteeism or shortage of staff. Even allowing for overtime, the wage rates of most bus drivers are below those for lorry drivers and industry generally.

Unlike the railway engine driver, the bus driver has also suffered a loss of social status. As bus fares are nowadays looked on by government as a cost which is largely incurred by the poorer sections of the community (there are no first class seats on the buses) it is unlikely that bus workers would receive much official support in a campaign for relatively higher wages. If the busmen's wages are to even keep pace with inflation, then the continuing fall in passenger demand dictates a real rise in the cost of fares, unless a drastic reduction in staff and services can be implemented. We saw earlier in the chapter that NBC fares have risen considerably in real terms, for services cannot be indiscriminately chopped off when demand falls.

Almost since its inception, one of the chief NBC policy objectives has been the implementation of 100% one-man operation. Although pay is negotiated centrally, a subsidiary's productivity is its own responsibility. By 1979, 81.5% of NBC stage carriage mileage was one-man operated, but inevitably

there were variations between subsidiaries. The statutory and corporate plan requirement places great pressure on a subsidiary to break even, while one of the chief features of the Leyland National is its suitability for one-man operation. Nevertheless, the cost savings gained by one-man operation can be partly offset by slower average speeds (particularly in urban areas) and higher pay for the driver. In addition, the irritation caused by long delays at a bus stop while fares are collected can act as a powerful disincentive for the prospective bus passenger. A striking example of the difference in percentages of one-man operation between two subsidiaries is given by Midland Red and Potteries Motor Traction. By February 1979 MR one-man operation had risen to 98.6% of the total mileage, while for PMT the figure stood at 65.1%.⁸⁶ The PMT operates mainly within the urban area of Stoke-on-Trent, while the large MR has many rural services. These differences in the nature of the operating area are reflected in the financial results for 1979, when the PMT made a profit of £191,000, while MR had a loss of £2 million.⁸⁷ The PMT has not experienced the same financial pressures as MR, and hence one-man operation has remained at a lower level.

The unions are in accord with the NBC's ultimate objective of 100% one-man operation, and it is anticipated that this aim will be achieved within the next few years. With wages fixed at the national level, subsidiaries have no scope for paying differential wage rates, and cost cutting will become more difficult when 100% one-man operation is achieved. Larry Smith, National Secretary for the Passenger Services Group within the TGWU, stressed this point when he gave oral evidence to the

SCNI: "So we do not see any reason for interfering with the level that is paid to bus drivers and conductors - and it will only be bus drivers in future, with the commitment to 100% single-manning. I believe we have come to the essence of productivity in single-manning and so there is not any more we can give in terms of productivity, in order to hold down costs and produce the best services." 88

Industrial relations within the NBC have on the whole been satisfactory, with no national stoppage. The major problem for the NBC has been the recruitment of drivers and maintenance engineers, rather than redundancies, although the unions have in certain areas resisted the proposed rate of change to one-man operation. One example of the relatively rare major stoppages within the NBC subsidiaries occurred in 1977, when the TGWU staff at the PMT went on strike for four weeks. The strike was called over the company's proposed new schedules, and was only settled after a long series of discussions on revised and one-man operation.

In an attempt to avoid the type of confrontation which occurred at the PMT, the NBC has in recent years been anxious to involve the unions more directly in policy-making. In 1977 a Central Policy Committee was formed at Midland Red in which staff at all levels discussed with management the future content of the company's corporate plan. The Committee was considered to be a success, and in 1978 all subsidiaries were directed to form similar committees. In addition, a Central Consultative Committee of NBC executives, trade union national officers and staff representatives was also set up: "It enables views to be exchanged on Group policies with the Deputy Chairman and

executive directors." ⁸⁹ The Policy Committees, both central and local, could have the effect of increasing the unions' sense of identification with the aims of the NBC, although differences are always likely to remain with regard to the pace of change.

3. National Travel.

Although the majority of the NBC revenue is gained from stage carriage operation (86% in 1979), the company also operates a sizeable number of express services. Almost from the outset, the NBC perceived that advantages could be gained by developing a more co-ordinated express network. Nearly all subsidiaries operated their own express coach services, which were licensed by the Traffic Commissioners in a similar manner to the stage carriage services. The first step in reorganization was taken in 1972, when a Central Activities Group was set up to facilitate the development of express services, tours and other coach operations. The Group was placed under the control of an Executive Director with two divisions controlling express services and tours respectively. The 1972 Annual Report commented that: "Under the Central Activities organization they (the express services) will be brought together, under a common name and livery, to form a comprehensive network of facilities to be marketed on a national scale." ⁹⁰ The adoption of the term "Central Activities" suggested that the NBC considered express services to be a proper concern of headquarters staff.

The Central Activities Group immediately took control of all the subsidiary companies exclusively engaged in coach operation, and in 1973 all the remaining express services were

absorbed. A common livery of white with the NBC insignia was introduced, and a national advertising campaign was launched which emphasized the national nature of the express network. On October 1st 1973, National Travel (NBC) was launched as the subsidiary through which the Central Activities Group was to discharge its responsibilities for express services and tours. National Travel was divided into five regional areas: South-East, South-West, Midlands, North-East and North-West.

In a similar manner to the stage carriage services, National Travel has experienced fluctuating fortunes. Inter-urban coach travel is often in direct competition with rail services and the private car, while National Travel must also compete with other NBC subsidiaries for scarce resources. A further difficulty for National Travel is in the definition of "express services". Prior to 1980, express services were differentiated from stage carriage services by a particular minimum fare which an express service could charge. In describing the transfer of services to National Travel North West, Deegan states that: "Both North Western and Ribble had successfully promoted a limited stop range of routes, which linked many major points by informal 'pay-on-the-bus' services, and thus did not fit into the strict format of the new National Express concept." ⁹¹ As local urban and rural routes decline, NBC subsidiaries are becoming more aware of the potential in limited stop inter-urban services. To the passenger, the convenience of a "pay-as-you-enter" service can be preferable to a service which requires prior booking. A particularly notable example of the "express limited stop" type is the Oxford-London service run by City of Oxford Motor Services.

By operating a regular half-hourly service, at a competitive price, the route has provided good profits. With regard to express services, it could be said that National Travel and NBC subsidiaries are to some degree in competition, as NBC subsidiaries are reluctant to relinquish routes which may be profitable (it should also be noted that subsidiaries have control of profitable private hire and contract work).

A further complication is provided by the 1980 Transport Act (which we will discuss in Chapter Nine). The Act has the effect of de~~l~~icensing express services in the hope that competition will provide a better service to the public, (an express service is now defined as one on which the minimum distance travelled is thirty miles). The implementation of this provision will inevitably place greater strain on National Travel and could lead to the NBC directing more attention towards the "express limited stop" services, which will still be licensed by the Traffic Commissioners. Hood refers to language 'slippage' with regard to limits of categorisation,⁹² and the definition of what constitutes an express service is likely to be of considerable importance to the future of National Travel and the NBC generally.

National Travel's regional groups have not found it easy to make a profit, and an attempt was made to reduce administration costs in 1977 when the Midlands and North West groups were merged to form National Travel (West). A more radical reorganization took place at the end of 1978, when National Travel (South-East) ceased to exist. This group had lost more than £1 million in its final year of operation.⁹³ Control of the express services in this region was distributed amongst

the various subsidiaries, thus largely restoring the status quo. The NBC's concern about the financial condition of National Travel was further exemplified in 1979, when the NBC's Chief Executive became Chairman of the Group. In 1979, express services provided 5.8% of NBC revenue, as compared to 8% in 1976, while the de-licensing provisions of the 1980 Transport Act threatened a further decline in this figure (although recent evidence suggests that the opposite may be the case).

4. Other Central Services.

When the NBC commenced operations, a small central Planning and Development section was created. This was largely a continuation of the work undertaken by the THC, and we noted earlier in this chapter that the NBC's first Planning and Development Officer, (Mr. Glassborow) had previously held a similar position within the THC. The Planning and Development Department was concerned with developing policies which could improve the quality of services, and also for: ". . . . the co-ordination of group plans for future development, particularly in regard to the NBC policies relating to the public transport responsibilities of central and local government." 94

One of Mr. Glassborow's first tasks concerned: ". . . . formulating a policy for dealing with the specific provisions of the 1968 Transport Act in relation to rural bus services" 95 The provision of Rural Bus Grant by the County Councils as a result of the 1968 Transport Act was relatively slight, but the 1972 Local Government Act was to place much greater responsibility on the local authorities for co-ordinating public transport. In addition to this prospective co-ordination with the County Councils, it had also become clear to the NBC

during the early 1970s that the declining market would place great strain on the company's finances and test its ingenuity to the limit.

As a response to this changing environment, the NBC founded a Marketing and Operational Research Department in 1973. Based in Peterborough, this Department has a staff of five who work: ". . . in partnership with the operating companies co-ordinating research done within the group, developing techniques, and instigating new projects of general value to the group." ⁹⁶ The Department has initiated projects on aspects of bus operation such as rural transport experiments, crew scheduling, traffic management and the effects of fare changes. It has also undertaken joint projects with the Transport and Road Research Laboratory. The nature of these projects necessarily means that the Department must work closely with subsidiaries, and: ". . . much of the research carried out by the Peterborough team has been designed to help companies with the pressing problems of a very difficult economic situation." ⁹⁷ In this respect, the Marketing and Operational Research Department can more truly be described as a central service than some of the other headquarters departments. In addition to the Research Group, the Operational Development Department continues the work of the original Planning and Development Department. Operational Development has its own Executive Director (currently the NBC's Chief Executive), and assists subsidiaries with regard to improving the quality of services.

The Director of Research and Strategic Planning (Mr. Glassborow) is responsible for the Marketing and Operational

Research and Planning Departments. The NBC Planning Department was founded in 1974, officially as a response to a SCNI Report's recommendation that the Nationalized Industries should adopt a long-term planning strategy,⁹⁸ although the increasing need for subsidiaries to keep close control of their finances and the requirement to liaise with County Councils were also likely to be contributory factors. The new Department was set up in Oxford (the first Planning Executive had previously been General Manager of City of Oxford Motor Services), with the task of developing corporate planning techniques within the NBC. It was intended that the Planning Group would: ". . . co-operate with management at all levels in up-dating and developing the Corporate Plan in future years, taking into account local transport policies of County Councils as they are evolved, in consultation with subsidiary companies."⁹⁹

The Planning Department consists of a team of six, who offer advice to subsidiaries on making: ". . . conventional textbook methods more suitable for road transport undertakings operating within an environment where central and local government have a large influence on financial results and on the freedom to plan and operate services. The department also advises the Group on County structure plans, economic and other questions."¹⁰⁰ An important part of the Planning Department's work is its responsibility for preparing the NBC's Corporate Plan. The central and local Corporate Plans have a strong influence on each other's contents, for borrowing, purchasing and pay bargaining are centrally controlled activities, while on the other hand the NBC's aggregate revenue will depend on the results from each

individual subsidiary. The preparation of each Corporate Plan involves projections on passenger demand, wage costs and revenue support.

The Corporate Plan itself commences with a narrative section describing how the company has fared in the previous year and outlining any local characteristics. It continues by projecting future results if no action was to be taken, and concludes by outlining the measures which the management intends to take, and the likely effects of these actions. We saw earlier in this chapter that inflation rates can be highly unpredictable, while revenue support is also far from being stable, but the preparation of a Corporate Plan does compel a subsidiary to think about its future, and also enables the NBC to co-ordinate activity (particularly with regard to cross-subsidization).

As with Operational Research, the Planning Department has no direct control over subsidiaries. Each member of the team is given responsibility for a particular area, and during the course of a year visits each subsidiary within it, in order to discuss the progress of the Corporate Plan, and hopefully to persuade the senior management to adopt new ideas put forward by the Planning team's representative. There are also Regional Committees, and a Research Steering Committee, which contains representatives from subsidiaries, the Engineering Department, Operational Research, Planning and the Management Services Group. ¹⁰¹ (The Director of Research and Strategic Planning also controls a Market Analysis Project Direction Team. We will examine MAP in Chapter Seven).

The Management Services Department provides a large amount of technical knowledge to subsidiaries on such matters as internal audit facilities, organization and methods studies, and the efficiency of various ticket issuing machines. ¹⁰² It is closely linked to the NBC Computer Services Limited, based at Midland Red headquarters in Birmingham. There are now four computer centres, and the NBC sees considerable possibilities in developing a "computer-based management information system." ¹⁰³ The use of computers can help to co-ordinate NBC activity, but the pooling and rapid processing of information could give scope for greater central control.

Other central services include Administration and Finance (NBC finances were dealt with earlier in this chapter), Public Relations and Advertising (the NBC produces a monthly newsletter for its staff) and a Quantity Surveyors Department. The Property Department is responsible for: ". . . co-ordinating and advising on the operational and commercial development of properties owned or leased by subsidiary companies", ¹⁰⁴ and the NBC has its own property company, Omnibus Estates Limited, (which had a rental income of £300,000 in 1978) ¹⁰⁵ together with Regional Architects. Finally, in 1975 a Consultancy Division was created, and the NBC has since provided management training, operational and technical advice to many countries. ¹⁰⁶

E. Conclusion.

In this chapter we have studied the organizational development of the NBC, both in terms of its financial results and internal structure. We have seen that within a hostile environment the company has retained its independence and

viability, although only at the cost of heavy fare increases, service reductions and borrowing from government. We have described how, despite its basically decentralized structure, the NBC has over the years progressively increased the number and range of its central services. The need for co-ordination tends towards greater central control, but the essentially local nature of a bus service necessarily requires the exercise of discretion at the local level.

Government has the ultimate sanction over the NBC of threatening its existence (although no government has as yet gone to this extreme) while also controlling its borrowing and setting cash limits. This degree of control is mitigated by the reluctance of government to disband an organization which remains eager to maintain its viability, and hence keep its claims on public expenditure to a minimum. Within the NBC, the most direct control over subsidiaries is held by a Regional Director. The extent to which he co-ordinates activity is difficult to ascertain, but as Chairman of each subsidiary within his Region he is ultimately responsible for its welfare. Purchasing and pay bargaining are centrally controlled activities, which leave little discretion to a local subsidiary, while headquarters has a strong hold over the NBC finances generally. All the above activities suggest the name National Bus Company is not a misnomer, and that in certain respects the subsidiaries are subject to a high degree of control. In certain cases the control could be coercive in nature, although bargaining is also likely to take place in instances such as a subsidiary discussing the contents of a Corporate Plan with its Regional Director.

Departments such as Operational Research and Planning possess a more advisory character. The degree of their control depends on powers of persuasion.

Coercion, bargaining and persuasion can all play a part in the NBC control process, but we have stressed the primary importance of identification. A large number of recalcitrant subsidiaries could lead to the downfall of the NBC, and the identification of shared goals is of paramount importance if the viability and morale of the organization is to be sustained. We concluded that all five of March and Simon's hypotheses on factors affecting the strength of identification were present within the NBC. One of these five hypotheses depended on job satisfaction at the local level, and the nature of planning and operating a bus service allows individual discretion to be exercised. In the Conclusion we will be further examining how the nature of the control process within the NBC can be related to the implementation process analysis put forward in Chapter One.

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CHAPTER SIX

Legislation and the Bus Industry in the 1970s

A. Introduction

The years between 1970 and 1978 were notable for an intense period of activity with regard to legislation affecting the bus industry. This consisted of the 1972 Local Government Act, the 1973 Road Traffic Bill, the 1974 Local Government Act, the 1977 Passenger Vehicles (Experimental Areas) Act, the 1977 Minibus Act and the 1978 Transport Act. A large proportion of the legislation was concerned with developing public transport policy within the context of major local government reorganization, and the increasing involvement of local authorities in the affairs of the bus industry was undoubtedly the principal organizational effect of policy change during this period.

The continuing decline in demand for bus services during the 1970s inevitably placed more pressure on both national and local government to increase financial assistance to the industry, and revenue support increased quickly in the latter part of the decade. Politically, it could be said that the topic of bus passenger transport became marginally more fashionable during this period. Increasing energy costs and a growth in the number of groups concerned with the quality of the environment led to more public debate on the merits of public transport and its potential. In addition, local government reorganization placed great emphasis on the value of comprehensive planning, and local authorities were encouraged to evaluate planning problems in terms of achieving optimal land use.

The 1972 Local Government Act led to the appointment of public transport co-ordinators in all the shire counties, and this new dimension of local authority activity created a fresh set of relationships for NBC subsidiaries. In the following three chapters we will be examining in some detail how these relationships evolved with regard to several NBC subsidiaries, but the general implication for the companies was that a powerful new element had been introduced into a system which for more than forty years had rested chiefly on the duopoly consisting of themselves and the Traffic Commissioners.

The road service licensing system was not radically altered during the 1970s, although it was increasingly recognized by government that the problems of providing public transport in deep rural areas required a more flexible approach. The Conservatives hoped to introduce some relaxation of the licensing system by means of the 1973 Road Traffic Bill, but the elements of this Bill concerned with delicensing disappeared when a Labour Government returned to power after the General Election of February 1974. The Labour Government's initial hostility to delicensing in time relented somewhat and the Experimental Areas and Minibus Acts (the latter a Private Member's Bill supported by the Government) indicated that Labour was searching for suitable forms of public transport as an alternative to orthodox stage carriage services. When a Conservative Government returned to office in 1979, a more radical move towards delicensing was introduced as a result of the 1980 Transport Act. We will examine this last piece of legislation in Chapter Nine as part of our study of public transport policy and the market model.

The 1978 Transport Act represented the culmination of the third major transport review by a Labour Government. By this time, the process was taking on a cyclical appearance with Labour producing a Transport Act in 1947, 1968 and 1978 (the Conservatives were in power in the late 1950s). Labour still appeared to be searching for the "philosopher's stone" which would produce an integrated transport system, but no attempt was made to revive a BTC type of organization. Although the Conservative and Labour Parties had differing opinions with regard to the structure of local government reorganization, they shared the adherence to principles of comprehensive planning. Nevertheless, the Conservative Government of 1970-74 did maintain faith in the holding company concept and thus the NBC remained in existence after reorganization. The new County Councils were instructed to co-ordinate public transport services, but they had no official control over NBC subsidiaries.

In this chapter we will be studying the legislation in terms of the principal values and interests which shaped it. Surprisingly little of this legislation was directly concerned with the NBC or the general structure of the bus industry, and the organizational framework set up by the 1968 Transport Act remained largely unchanged. The chief political attention moved away from the operators themselves and was directed more towards the local authorities. The policies adopted reflected the concern of government that public transport should be placed firmly within the orbit of local authority planning, which from the implementation point of view suggested that the values inherent in local government reorganization would

invade the bus industry.

B. Public Transport and the Conservative Government 1970-74
Local Authorities and School Transport

In one particular respect the local authorities had formed a close association with the bus industry for many years. The 1944 Education Act included clauses which gave local authorities the responsibility of providing free transport for children living more than three miles from their school, while in the case of children under eight years the limit was reduced to two miles. As Moseley notes, the policy: ". . . made all county councils major forces in the transport development of the rural areas of their counties. The Act also marked the introduction of a pioneer 'standard' into rural transport planning ('all children living over three miles from their school shall have free transport as a right') - perhaps a generously high standard of provision which might sit uncomfortably with standards in other fields of rural transport if ever these are developed." ¹

A further significant feature of school transport is that unlike other types of passengers schoolchildren provide a captive market for the bus operator. For many private operators school contracts provide an essential source of income, while for NBC subsidiaries the provision of bus passes for schoolchildren provides a valuable source of revenue. As the services provided by an NBC subsidiary are usually tailored to fit a stage carriage network the contract services are usually left to the private operators, and a county council can possess considerable power not only in the level of financial resources which it releases to operators but also in the extent

to which it chooses to either tender for contracts or issue bus passes. The money is invariably paid out by education departments, and politically school transport is usually regarded as a separate subject from the provision of bus subsidies in general. In Chapter Nine we will see that Oxfordshire CC used school contracts as a policy tool in an attempt to implement its market model, and also that owing to general public opposition a Conservative Government was compelled to abandon its attempts to repeal the 1944 Education Act clauses relating to school transport.

It might be argued that free school transport is — a politically sacrosanct subject because it provides a valuable service even for car-owning families. In contrast, the county councils were extremely slow to implement Section 34 of the 1968 Transport Act, which allowed for local authorities to subsidize services in rural areas (with central government providing half the cost). No subsidies of this type were provided until 1971, when £1.1 million was granted to operators. A similar amount was provided in 1972, £1.6 million in 1973, £2.8 million in 1974 and £1.3 million in 1975, at which time the grant was superseded by the new grant system which will be described later in this chapter. ²

Central Government Reorganization

During the early 1970s the consensus at both national and local levels favoured a move towards a higher degree of comprehensive and co-ordinated planning. Nationally this change was first manifested in November 1970 with the creation of the Department of the Environment (DoE). The DoE was formed by combining three ministries, those of Transport, Housing and

Local Government, and Public Building and Works. Painter states that: "The central idea behind DoE was better policy co-ordination through departmental integration of closely related functional responsibilities." ³ Politically, Transport was down graded, and the new Minister for Transport Industries worked under the Secretary of State for the Environment. Only the Secretary of State was a member of the Cabinet and he: ". . . . occupied a position akin to a presiding overlord, with authority to take major transdepartmental decisions when they arose, and to interfere in the separate functional fields of his Ministers." ⁴ The priority given to transport by the Government would thus largely depend on the extent to which the Secretary of State took an interest in that particular policy sector. Painter considers that in reality there was little true policy co-ordination within the DoE and that over the years there was a quickening trend towards fragmentation. Typical of the course of events was the history of the Strategic Planning Directorate within the DoE, which was initially given the main responsibility for co-ordinating policy planning and reviewing strategy. The SPD was intended to occupy a highly prestigious position within the DoE, but in 1973 its name was changed to the Central Policy Planning Unit and its role was modified : ". . . . to place more emphasis on serving the routine activities of PMG (the Department's central management board) while specifying its role in policy analysis to lie in transdepartmental matters referred to it by PMG." ⁵ By 1975 the CPPU's role had been reduced still further and little of its original prestige remained. The apparently inherent

tendency towards fragmentation and sectorization within the DoE left the Transport sections in a strange political position. Although much of the work carried on as before there was no longer an MoT to give focus to the policy sector.

Within the DoE several new Planning Directorates were formed with the intention of integrating the various policy areas but again during the course of time the trend was towards sectorization. Directorates with relevance to transport included those for Urban Project Appraisal, Urban Policy and Urban and Passenger Transport. Eventually the Urban Policy Directorate lost its function, which was ultimately shared between the Urban and Passenger Transport and Local Transport and Roads Directorates (the latter being the new name for the Urban Project Appraisal Directorate).⁶ Although sectorization continued, the new Directorates were important for their function of introducing a higher degree of integrated planning into the Transport Ministry. Nevertheless, it was highly significant that the Directorate General of Highways remained intact and separate from the new system.⁷ The world of road building was still considered to be inviolate by the Government, but the new Directorates could at least offer an alternative source of expertise to the Minister. Starkie considers that the introduction of the Directorates could be directly attributed to a new anti-motorway mood: "The Urban Policy Directorate, for example, now combined under a single Under-Secretary divisions responsible for urban planning, urban motorways and transport policy, and conservation and amenity. This was in marked contrast to the structure of the MoT in the mid-1960s when the responsibility of one Under-Secretary was

restricted to urban transport policy, a transport policy which failed to even include motorways." ⁸

A move away from a predominantly pro-road building interest within the MoT suggested that in future public transport would receive a more favourable hearing. The chief evidence of this change was to manifest itself in the general transport planning process associated with local government reorganization. The Directorates were the chief creators of this process, which elaborated on the new transport responsibilities given to the county councils.

The Maud Commission

Local government reorganization was implemented with remarkable speed by the Conservative Government, but its basic principles had already been set out in the Report of a Royal Commission which sat during the lifetime of the previous Labour Government. During the 1960s, a general consensus had developed which held that reorganization of the local government system had become a policy area which required to be given a high priority. As Dearlove comments: "Practically every academic textbook and virtually all official reports on local government contain diagnoses of the ills of the pre-1972 system. There has been constant and general agreement as to the 'problems', 'defects' or 'weaknesses'" ⁹ Dearlove outlines these criticisms as including out of date boundaries, excessive fragmentation and overlaps of responsibility, an unnecessarily high degree of central control, a gap between local authorities and the public and the inefficiency of small units. ¹⁰

Discussions on the structure and efficiency of local government had continued for many years, and in 1958 Boundary Commissions for England and Wales had been set up in order to examine the possibility of reform within the existing fragmented structure. These Commissions did not prove to be a success and in 1966 the Minister of Housing and Local Government, Richard Crossman, set up a Royal Commission on Local Government in England (excluding Greater London which had undergone a reorganization of its local government system in 1963). The Commission was given terms of reference which included the instruction ~~to~~ ". . . make recommendations for authorities and boundaries, and for functions and their division, having regard to the size and character of areas in which these can be most effectively exercised and the need to sustain a viable system of local democracy." As Richards comments: "It will be noted that this phraseology contains a hint of the perennial conflict between efficiency and democracy." ¹¹ Sir John Maud, who was appointed Chairman of the Commission, had already chaired a Government appointed committee on management in local government, and again as Richards comments: ". . . one expected Lord Redcliffe-Maud (as he became in 1967) to produce a structure in harmony with the ideas of the earlier Maud Committee . . . which showed a heavy emphasis on efficiency." ¹²

The Maud Commission did not produce its Report until 1969, ¹³ and its recommendations reflected a general consensus that the local government structure required considerable rationalization. In particular, the Maud Commission was anxious to unite urban and rural areas in order to facilitate

more efficient planning and provision of services.

Redcliffe-Maud himself, together with Wood, express the spirit behind the recommendations thus: ". . . the Commission was convinced that the town-country dichotomy should be ended for those environmental services which depended on suitable geographic areas - town planning, highways and transportation, major development, fire, police. It refrained from proposing new areas which were completely urbanized, and proposed the inclusion of large rural tracts in the area of new authorities based on the conurbations, as well as a union of town and country in the less urbanized parts of England." 14

In addition, the Commission concluded personal services such as education and social services required a minimum authority population size of 250,000. As a result, it was recommended that all-purpose Unitary authorities should be created wherever possible. The boundaries for the Unitary authorities outlined by the Commission would have led to the disappearance of several counties such as Cheshire and Staffordshire, with many of the new authorities built around centres of population. For the areas around Birmingham, Liverpool and Manchester, the Commission considered that the size of the population in the Metropolitan Counties required a two-tier structure. It is significant that these Metropolitan Counties, with the exception of Tyne and Wear, corresponded with the existing Passenger Transport Areas. From the transportation point of view, the chief significance of the Maud Commission was that it stressed the need for comprehensive transport planning to be undertaken by large Unitary authorities.

Not surprisingly, the Association of County Councils opposed the Maud proposals, for their implementation would have decimated the old structure. The ACC had itself recognized the need for larger administrative areas and a higher degree of comprehensive planning, and proposed to the Commission a minimum population size for a top-tier authority of 500,000, (based on the existing county boundaries) but in addition hoped to see a second tier of authorities with a population range of 40,000-150,000. Richards notes that: "Had the ACC suggested a lower figure for major authorities, they would have opened the way for an increasing number of large towns to claim independence and maintain existing County Borough status." ¹⁵ Again not surprisingly, the Conservative Party supported the ACC's proposals, for the Maud structure with its emphasis on urban centred authorities, would have tended to favour control by the Labour Party.

Changing Attitudes to Transport Policy

In contrast, the Labour Government largely supported the Maud proposals in a White Paper published in February 1970. ¹⁶ Events took a new course, however, when the Conservatives returned to power after the General Election of June 1970. The speed with which the new Government took up the torch of local government reorganization indicated the general consensus of the need for change. It could nevertheless also be said that the Conservatives were anxious to get on with the job on the grounds that it was likely to be a lengthy task and any delay might enable a future Labour Government to introduce legislation on its own terms. The new Government wished to introduce change, but it was determined that the new structure would not harm them politically.

Public transport's place within the context of local government reorganization was thus largely determined by the trend towards comprehensive planning, together with an official wish for larger administrative areas. We have already seen that the creation of the DoE and the Planning Directorates suggested a more sceptical attitude towards the road builders within Government circles, and at the local level it was becoming increasingly evident that the cost of accommodating the car could become prohibitive. Starkie refers to the controversy during the 1960s with regard to the proposals for London's Ring Motorways, and also notes: ". . . similar instances of strong general opposition to the highway emphasis of urban transport studies was to be found in many other towns and cities in the early 1970s. Moreover, the protest against motorways spilled over to suburban and rural areas, although here the level of debate was often more parochial and largely confined to those immediately and adversely affected." ¹⁷

The revolt against road building led to an increase in the number and influence of pressure groups lobbying for preservation of the environment, and we will refer to their impact on transport policy later in this chapter.

This emerging official view was perhaps best illustrated by Baroness Sharp, a former Permanent Secretary at the Ministry of Housing and Local Government. Baroness Sharp was a member of the Maud Commission, but in 1969 she was appointed by the Labour Government to conduct an enquiry into the manpower implications of future transport planning. The Baroness herself saw the inquiry as being: ". . . very closely related to the work of the Royal Commission. It is an inquiry

into the numbers and kinds of people - the skills - needed to grapple with traffic and transport in the years ahead, especially in urban areas where traffic and transport are at their most intransigent and likely soon, unless something can be done, either to grind to a halt or to destroy all peace and privacy or, probably, both." ¹⁸

The future of urban transport planning was considered by Baroness Sharp to be dependent on a more rational local government structure together with a preparedness to develop a total transport policy. At that time she considered that the local government structure made it: ". . . . very difficult for them (the local authorities) to evolve a comprehensive transport policy also we are still only slowly and reluctantly coming to realize what the growth of vehicles on the roads is going to mean." ¹⁹ As a result of these future needs, the transportation authorities (her term for comprehensive transport planning units) would require: ". . . . a team of people able in concert with the land use planners, to identify their traffic problems and transport needs, to analyse and cost the possible choices, to manage an integrated programme of capital investment, traffic management and public transport." ²⁰ The Sharp Report ²¹ highlighted the lack of integration in local authority transport planning (e.g., the autonomy of municipal bus undertakings) and Starkie notes: "The general isolation of public transport in the transport-planning organization of local authorities is something that emerged very clearly." ²²

Still further reinforcement of the aspirations for comprehensive planning had also been set in motion in the 1960s

by means of the 1968 Town and Country Planning Act. This Act set out a new planning system which required each county to prepare a Structure Plan. A Structure Plan: ". . . consists of a written statement, illustrated diagrammatically and setting out and justifying policies and general proposals for the development and other use of land in the county authority's area, including measures for the improvement of the physical environment and the management of traffic." ²³ The Structure Plan concept also reflected a growing trend in that the Plan was required to pass through a lengthy consultation process. During the 1970s we shall see that increasing political importance was placed on the need for wide-ranging consultation within the transport policy process at both the national and local levels. Structure Plans thus set transport planning firmly within total land use policy. In reality, Structure Plans were to become the principal means by which the reorganized authorities evolved their planning policies.

In sum, the Maud Commission, the rising cost of road building, the Sharp Report and the 1968 Town and Country Planning Act represented a firm movement towards placing public transport within the mainstream of a new transport planning system. Local government reorganization could not be introduced without some degree of responsibility for the future of public transport being placed on the new authorities, but the actual nature of that responsibility was to be decided by the Conservative Government.

Public Transport and the 1972 Local Government Act.

Even prior to the General Election, the Conservatives had pledged themselves to introduce a two-tier system. Only eight

months after the new Government had taken office the first Secretary of State for the Environment, Peter Walker, issued a White Paper setting out proposals for the reorganization of local government. ²⁴ This was an extremely thin document and perhaps reflected the reality that by this time the principal values underlying reorganization had already been decided. The Government proposed that six Metropolitan Counties should be created - Merseyside, South East Lancashire and North East Cheshire (roughly the Manchester area), the West Midlands, West Yorkshire, South Yorkshire and Tyne and Wear. Each of these extremely large authorities was to be subdivided into second-tier District authorities. In this respect, although Maud only recommended three Metropolitan Counties, the Government had largely accepted the Commission's findings. Outside the Metropolitan Counties, however, the concept of new Unitary authorities was abandoned. Instead the traditional Shire Counties largely retained their identity, but with increased power. The County Boroughs, (large self-governing urban areas), Urban and Rural Districts were all to disappear and although the new Shire Counties were to be subdivided into Districts, these second-tier authorities were to have much less power than their counterparts in the Metropolitan Counties e.g., the Metropolitan Districts controlled Education but the Shire Counties took responsibility for this service in their areas. It was anticipated that local Parish Councils would be created where the demand existed, but their real power was to be minimal.

With regard to public transport, the Government proposed that the function of the existing Passenger Transport

Authorities should be taken over by the new Metropolitan Counties. Four out of the six proposed Metropolitan Counties already had PTEs operating within their boundaries, the exceptions being South and West Yorkshire. In the separate local government reorganization for Scotland, it was also proposed that a PTE be set up to serve Glasgow. The Conservatives, who had so vehemently opposed the PTE concept three years earlier, were now proposing to extend it ! This sudden change of heart could be explained in the total context of local government reorganization and the existing public transport structure. Having accepted the need for a higher degree of comprehensive planning, and given that four PTEs were already well established, the Government was unlikely to recommend a more fragmented system. To return the four PTEs to control by District Councils so soon after the reverse process had taken place would have been a costly business both politically and economically. To create three new PTEs (including Glasgow) was likely to prove less troublesome, and in any case apparently allowed public transport to more easily become part of a County's total transportation planning process. The Government's decision also emphasized the PTEs as a rival policy concept to that of the NBC. In the long term, the spread of PTEs could lead to the demise of the NBC, while in the short and medium term a Metropolitan County committed to comprehensive planning might be hostile towards an operator other than the PTE running services within its area. In the next chapter we will see that the new West Midlands County fought an eventually successful battle to take over Midland Red services within its area.

It might be thought that the emphasis on comprehensive planning would have threatened the existence of the NBC in the Shire Counties, and indeed the Government proposed in the White Paper that the new Counties should take control of all municipal undertakings, but no reference was made to the NBC services. ²⁵ Mr. Gailey, Chief Executive of the NBC from 1969-71, stated that the Government did consider several proposals for the structure of public transport after local government reorganization, e.g., regional transport authorities, but that there was never any serious suggestion that the NBC should disappear. It was a Conservative Government which had set up the THC in 1962 and the NBC represented a continuation of that concept. ²⁶ The Government thus perceived the NBC as an organization which, despite being state-owned, held strong commercial values.

The difficulty for the NBC was that 1970 had been a disastrous year financially, and there was an awareness within the organization that subsidies for operating losses were urgently required. Nevertheless, it was important that the company should demonstrate to the Government that it was still a commercially viable organization. It could be argued that in addition the preservation of the NBC appealed to the Government on the grounds that it was a national organization, responsible to Parliament, and therefore more amenable to some degree of central control than regional transport authorities.

The NBC was also no doubt assisted by the Government's preoccupation with setting up new PTEs, and also political divisions within the Counties. We noted in Chapter Four that the Labour Government in 1968 was chiefly concerned with public

transport in the urban areas. Although the Conservative Government was naturally more associated with the interests of rural areas (as indicated by its retention of the Shire Counties), urban transport was by no means synonymous with the Metropolitan Counties. Abolition of the County Boroughs represented a considerable loss of political and administrative status for many major towns and cities which would now be integrated into the surrounding Counties. It was inevitable that this unification of urban and rural areas would cause a considerable amount of political tension, for the more rural Counties were traditionally Conservative territory, while the County Boroughs were often Labour strongholds.

The Government's decision to transfer control of municipal bus undertakings to the new Shire Counties dismayed the towns and County Boroughs which operated their own buses, for they feared that control of these services would pass to Conservative controlled Shire Counties. As a result the Association of Public Passenger Transport, representing the municipalities, launched a determined campaign during 1971 to keep control of the local bus undertakings in the hands of what would be the new District Councils. Perhaps slightly surprisingly, this campaign proved successful and the municipalities kept control of their buses. Possibly the Government considered that the political tensions which would have been caused by switching control would not be compensated for by the benefits to be gained from comprehensive planning. The Government's decision on the municipal bus undertakings was a move towards fragmentation. The Shire Counties would be expected to integrate public transport into the total planning process, but

the Districts would operate their own buses. In this climate the NBC had reason to be confident that the Government would not risk any further plans aimed at achieving integration of bus services within the Shire Counties.

It is also the case that the Association of County Councils has never lobbied for direct control of bus services by its constituent members (a further factor assisting preservation of the NBC). Although we will see that the Shire Counties have become considerably involved in public transport policy during the 1970s, one of the ACC officials stated that this had happened "almost by accident." It would be fair to say that it is Government which has placed responsibilities on the Shire Counties for public transport rather than these Counties actively seeking to carry this burden themselves (we will see in our case studies that some Counties have assumed these responsibilities with far more enthusiasm than others).

Apart from the APPT campaign, public debate on the role of public transport within the new local government system was relatively muted. Local government reorganization as a whole was a massive subject, and within this context the future of the bus industry was not a prime object of political attention. In addition, by the early 1970s reorganization itself had somewhat passed its peak as a political topic. Richards comments that: ". . . . a general weariness had surrounded the whole question. There was broad agreement that some change was essential; that without reform local powers would be further eroded by central departments. . . . Undoubtedly another factor which eased the path of the (1971 Local Government) Bill was that both the Opposition and the Government backbenchers

were far more concerned about other social and economic issues. In 1972 local government was far from being top of the political agenda." ²⁷

A good indication of official attitudes towards the NBC during the early 1970s is provided by minutes of evidence given during 1972 to the Select Committee on Expenditure. ²⁸ The Committee eventually produced a Report on Urban Transport Planning, ²⁹ and it is interesting to note that the Committee appeared to interpret this subject as being one of interest only to the new Metropolitan Counties. The future of the NBC was only considered with regard to its role as an operator within those Counties. Thus Mr. Skyrme, Chief Executive of the NBC, was asked if the company should hand over to the PTEs stage services within the PTAs, and replied that:

" . . . certainly we would not think it our duty to hand over any services to any authority. If it should appear that the right way of carrying out the responsibilities which are laid upon us under the Act is for a sale then the sale should be on normal commercial considerations." ³⁰ The possibility of the NBC handing over its services to the Shire Counties, on a commercial basis or otherwise, was not discussed. Mr. Skyrme himself claimed that the NBC required subsidies not only in the rural areas (as already provided for in the 1968 Transport Act) but in the urban areas as well. ³¹ For the NBC, it was the need for financial assistance from all local authorities which was of paramount importance, while the political boundaries between Metropolitan and Shire Counties were of lesser importance.

When the Committee took evidence from DoE officials the

emphasis was still on the PTAs, but glimpses were given of the Department's attitude towards the NBC. At one point G.C. Wordale, Principal Finance Officer for the Transport Industries Section of the DoE, was asked directly if the breaking up of the NBC was not something which the Department was considering. His reply of: "No" ³² was unequivocal but hardly enlightening. We saw in Chapter Four that the Government faced a dilemma with regard to allowing integration of services within the PTAs, while at the same time enabling the NBC to operate commercially. One of the Committee members, John Horam, (himself to become a Labour Transport Minister) raised this point by asking: "Is the only attraction of having the system as it is at the moment, with the NBC straddling urban and rural areas, the fact that it does straddle the urban and rural areas and therefore there is cross-subsidization?" ³³ G.W. Moseley, an Under Secretary in charge of the DoE's Urban Transport Directorate, replied: "I think this is one of the strongest reasons, ³⁴ and went on to say: ". . . if we remove that argument I think there could well be an argument in favour of taking over all the passenger transport within a PTA area, subject to the point that there are routeings between the PTA area and other towns and cities which are an important part of communication." ³⁵

Moseley's remarks suggest that the Directorates made cross-subsidization a higher policy priority than the implementation of an integrated public transport system. The company busman should be allowed his traditional freedom to operate commercially, and not be forcibly deprived (at least by central Government) of his most lucrative routes. The

officials had no objections to local agreements by which PTEs would take over the NBC routes (and in view of the values underpinning local government reorganization might privately have welcomed them), but the Department did not wish to be blamed by the NBC for destroying the company's business. In addition for a Conservative Government, with its allegiance to the rural areas, cross-subsidization was of political importance and was not to be totally sacrificed to serve the interests of comprehensive planning (although we will see in Chapter Seven that the Government gave tacit support to the take over of Midland Red routes by the West Midlands PTE. In this case it appeared that where the local authority possessed sufficient political will to initiate a take over the Government would not stand in its way).

In its Report the Committee recommended that within the new Metropolitan Counties all the NBC services should be handed over to the PTEs, ³⁶ but the Government replied that the differing characteristics of each area required local agreements. ³⁷ The NBC's position within the new Shire Counties was neither discussed nor even referred to at any time by the Committee, who significantly took no evidence from the Association of County Councils. The fragmented public transport structure in the Shire Counties was to be retained, but there were political pressures encouraging the Government to give greater attention to the problems of the bus industry. The NBC itself was anxious to persuade the Government that bus transport could no longer be paid for out of the fare box, and that increased subsidy in some form was essential on both economic and social grounds. The financial plight of the NBC had become more publicly obvious

during 1971 and The Times devoted a leading article to the subject in July of that year. The writer considered that new policies were needed for road passenger transport, and that local government in particular needed to examine its attitude to the bus industry: "With rapidly rising costs both for school buses and stage services, local government is being forced to look hard at something it has previously taken for granted, starting with the acquisition of the staff and expertise needed to do so in an informed way. From this will certainly emerge new transport packages in town and country, with a reshaping of both stage and special services to get better utilization, economy, and service to the travelling public. The role of the licensing system and the Traffic Commissioners will need to be critically reviewed if greater flexibility and competitiveness is to be achieved." ³⁸ Once again, The Times did not suggest that the NBC should disappear, but rather seek to improve efficiency while central and local government decided: ". . . what and from whom urban unprofitable bus services should be bought in the public interest." ³⁹

Much of the running in the campaign to obtain aid for rural bus services was made by Conservative MPs representing country areas. Most notably, a House of Commons debate on rural transport consisted principally of Tory MPs making heart-felt pleas for the Government to prevent decimation of bus services in the areas they represented. ⁴⁰ In reply the Under Secretary of State for the Environment, Eldon Griffiths, pointed out the grants already available to operators, and also stressed the potential importance of the rural bus grant. He also revealed that the Government was taking a fresh look at

the licensing system and the scope for different types of services: "In effect, we are in the process of making a fundamental reassessment of our rural transport policies. We are ready and willing to look at any useful idea." ⁴¹ We will see later in this Chapter that the Government did eventually propose changes in the licensing system, but it was local government reorganization which represented the real change and ushered in a new era of County Council involvement in public transport.

The massive 1972 Local Government Act set out the design of reorganization and contained 274 Sections, of which two were concerned with public transport. Section 202 dealt with the PTAs and stated that each Metropolitan County would become a Passenger Transport Area and the County Council become a Passenger Transport Authority. Each Metropolitan County was to have a PTE. Section 202 placed the PTEs more directly in political hands in order to encourage a higher degree of comprehensive planning, although no reference was made to the position of other operators within the Metropolitan Counties. Section 203 was concerned with public transport in the Shire Counties and for the first time placed on them a specific responsibility for public transport. Each County was given the duty of: ". . . acting in consultation with persons providing bus services within the County and, so far as appropriate, with the Railways Board, to develop policies which will promote the provision of a co-ordinated and efficient system of public passenger transport to meet the needs of the County and, for that purpose, to take such steps to promote the co-ordination, amalgamation and reorganization of road

passenger transport undertakings in the County as appear to the County Council to be desirable." ⁴² Although the Counties were not to have any direct control over the operators, they were instructed to determine the needs of the County and to ensure that the operators met those needs in the most efficient manner possible.

Section 203 went on to instruct each District that it must operate its bus undertaking in accordance with County policy, while all the other operators and the Railways Board were to: ". . . co-operate with one another in the exercise and performance of their respective functions for the purpose of co-ordinating the passenger transport services within the County and to afford to one another such information as to proposed changes in their services as may be reasonably required for that purpose." ⁴³ Each County and District was given the power to make grants to any operator operating within its area (not only for rural services), while a District would be able to claim compensation from the County for carrying out the latter's policy, with possible recourse to arbitration (the Government clearly feared tensions arising from the District-County relationship).

Section 203 thus recognized the fragmented nature of the public transport structure in the Shire Counties, but its allegiance to concepts of comprehensive planning required that the Counties should not be let off the hook with regard to taking a high degree of responsibility for the welfare of the public transport system. Although there was a political logic behind the retention of a fragmented public transport structure within the Shire Counties, it could not disguise the fact of a

certain incompatibility with the values underlying local government reorganization. We have previously noted that the public transport debate at this time was relatively muted, but the apparent gap between theory and practice did not pass entirely unnoticed.

In May 1971 the Secretary of State for the Environment, together with the local authority associations, set up a Study Group on Local Authority Management Structures, in order to produce advice for the new local authorities on management structures at both member and officer level. The Clerk of Kent County Council, M.A. Bains, was appointed as Chairman of the Working Group, and the eventual Report became known as the Bains Report.⁴⁴ The contents of the Bains Report were entirely in the main stream of the general climate of opinion at that time on the subject of how local government should be run in the future. The feature of the Report with which it became chiefly associated was the recommendation that the new authorities should adopt a corporate approach to their affairs: ". . . . in order to ensure that their resources are most effectively deployed."⁴⁵ It was also recommended that each authority should appoint a Chief Executive who would be the chief official and set the tone of the authority. Although it was stressed that each decision should be made at the lowest practicable level, the emphasis was clearly on efficiency and co-ordinated central planning.

The Working Group had appointed a large number of advisers to deal with each aspect of local authority activity, and the three advisers on transportation included L.H. Smith, the General Manager of Leicester City Transport. In 1974 Smith made a

biting attack on the public transport structure after local government reorganization, claiming that it was totally against the spirit of the Maud Commission and the Bains Report.

Despite himself being a municipal busman, he condemned the Government's decision to keep the undertakings in the hands of the Districts: "It abandoned without any explanation, in transportation terms, the considered views that had developed from the dialogue, which had been going on for some five years, that transportation solutions could only be a balanced interplay between planning, road construction, parking policies and public transport all under the control of one authority." 46

Smith went on to say that the 1972 Local Government Act had dealt with co-ordination in public transport, when it was full integration which was required. He considered that the NBC's commitment to fulfil obligations laid down by the Minister had adversely affected the quality of service, while the municipal undertakings put quality of service first, and that the differing objectives of the two organizations prevented proper co-ordination. 47 In addition to these organizational effects, he also claimed that fragmentation adversely affected the political position of public transport: ". . . . elected members at County level have been so long used to the system of financing roads that, together with the overwhelming pressure from the civil engineering lobby, we shall be getting "the crumbs from the rich man's table" rather than sitting there with an equal voice sensibly apportioning the funds available. If the public transport view is presented as it is in many Counties by a third or fourth tier Transport Officer working under the County Clerk or Engineer trying to advise on

the different policies of two or more large independent transport operators in the County, the chances of reaching the right decisions from the passengers' point of view are very remote." ⁴⁸ We shall see in later chapters that in some Counties at least these fears of Smith were well-founded.

Smith's severe criticisms of the public transport system in the new Shire Counties were not generally echoed, and a ground swell of support for integration of services did not develop at any time during the 1970s. Nevertheless, it did suggest that the NBC could not automatically assume that its future existence was assured.

The Shire Counties themselves did not show any great enthusiasm at the time for full integration, and were more concerned with problems of reorganization generally, and with regard to public transport the appointment of Co-ordinators. Even without full integration, the introduction of Shire County Public Transport Co-ordinators did represent a significant landmark. Possibly the group most affected by this development were the Traffic Commissioners, who now had rivals for their position of authority. A considerable weakness of Section 203 of the 1972 Local Government Act was that it made no mention of the Commissioners, and hence left their future role unclear. It was no doubt hoped by the Government that Co-ordinators could reach some form of accommodation with the Commissioners, but where a County wished to take on its full statutory responsibilities the Commissioners were likely to lose a large amount of their power.

The appointment of a Co-ordinator introduced a major new "office" into the public transport system, and with the

Counties becoming more financially involved with the bus operators the long established operator-Commissioner relationship was disrupted. In later chapters we will be examining in detail the evolution of the relationships between several of the NBC subsidiaries and the Shire Counties, while we will see later in this Chapter that the 1978 Transport Act did make a relatively rudimentary attempt to clarify the position of both the Co-ordinators and the Commissioners.

Transport Policies and Programmes and Transport Supplementary Grant

Having given public transport responsibilities to the new local authorities, the Government was anxious to introduce a framework which would allow for more rational and co-ordinated transport planning. Section 203 required each Shire County to appoint a Public Transport Co-ordinator, but the overall aim was to integrate public transport into the total planning system. We have described the thinking behind the creation of the DoE, and central Government was anxious that the Counties should have similar objectives of comprehensive planning. During 1972-73 the Government entered into a period of detailed consultation with the local authority associations, which eventually resulted in the creation of Transport Policies and Programmes (TPPs) and Transport Supplementary Grant (TSG).

Although the initiative for TPPs and TSG came from the Government, the local authorities were sympathetic towards their aims. Local government reorganization itself was not to be introduced until April 1974, but the first elections were held a year earlier and by this time there was general optimism that a new era was at hand. This atmosphere was conducive to

the creation of a consensus on the need for local authorities to become involved in comprehensive transport planning. The NBC was also pleased to see the Counties taking more responsibility for transport planning, for it gave some hope that revenue support would be more forthcoming than in the past. The degree of agreement between the principal interests gave the introduction of TPPs and TSG something of a similarity with the 1930 Road Traffic Act, with a major policy change being accepted with little debate.

Although Transport Supplementary Grant was not given statutory force until the Local Government Act of 1974, a detailed outline of the process surrounding its allocation was provided in a 1973 DoE Circular.⁴⁹ With regard to the need for change, it was stated that: "Local transport problems increasingly involve decisions on the allocation of the resources available between different kinds of transport, and about inter-related policies on e.g., parking, traffic management and public transport. Transport problems therefore need to be viewed comprehensively and set in the wider context of land-use planning The multiplicity of transport grants, at different rates, some payable to operators, some to local authorities, is not suited to the comprehensive approach that is now needed. In addition, the present specific grants involve the Departments in a considerable amount of detailed control of individual projects."⁵⁰ The objectives of the new system were thus listed as being to:

1. promote the development and execution of comprehensive transport plans by the new County Councils and the Greater London Council;

2. eliminate bias towards capital or current expenditure or towards particular forms of expenditure;

3. distribute central government grant in a way that reflects as far as possible the needs of individual areas;

4. reduce the degree of detailed supervision by central government over individual schemes. 51

It could be said that there is an innate conflict between the third and fourth objectives, for distribution of the grant would depend on central government's definition of need, and a Minister would be unlikely to stand aside in areas where it was considered that money was being misspent. From the point of view of public transport, the second objective suggested that the new system might reduce the incentive for local authorities to spend money on capital projects at the expense of revenue —————> support. The Government provided a 75% grant towards the cost of building or improving principal roads, while we saw in Chapter Four that the 1968 Transport Act allowed for government grants towards public transport infrastructure schemes. The new grant was intended to have the effect of ending this discrimination in favour of capital projects.

In order that the Government could make a decision on the level of grant, each County was required to produce a Transport Policy and Programme document in June or July of each year. It was intended that each TPP would include estimates of transport expenditure for the following year, together with:

1. a statement of the County Council's transport objectives and strategy covering 10-15 years;

2. a five year expenditure programme to implement the

strategy, which would be rolled forward annually;

3. a statement of past expenditure and physical progress and the extent to which the programme was meeting the objectives and policies underlying it. ⁵²

The Government saw the TPPs as being in direct line with the Structure Plan concept, and indeed local authorities were expected to see the work done on these two plans as one continuous process. Once all the TPPs had been received the Government would determine the amount of a County's transport expenditure for the following year which could be accepted for the purpose of allocating Transport Supplementary Grant. The Government would also set a threshold level of transport expenditure. Any sum spent on or below this level was expected to be financed through the general Rate Support Grant, but the difference between the threshold level and the accepted expenditure limit was to become eligible for Transport Supplementary Grant. The Government anticipated that 70-75% of this difference would be accounted for by TSG, with the remainder supplied by the County through the rates. It was anticipated that TSG would be announced at the same time as RSG, usually in December. It should be noted that the payment of TSG did not carry with it any compulsion as to how the money was actually spent i.e., a County did not have to spend the money on the lines set out in its TPP. Nevertheless, it was likely that if a County's expenditure was significantly out of line with its stated plans then this could be reflected in the following year's level of TSG.

From the point of view of an NBC subsidiary, it could place a claim for subsidy to a County prior to preparation of a TPP. The County could include revenue support in its total

bid to the DoE, but the actual amount which the subsidiary would receive could only be determined after the allocation of TSG. Thus almost a year could pass between an initial claim and a County's final decision. In addition, the money might not be paid until the end of a financial year and in these cases two years would elapse between the initial claim and the final payment, in which time the subsidiary's financial state could be very different from what had been originally anticipated. These classic implementation problems in which events overtake expectations were to become a source of irritation to the NBC, while the Counties would blame the company for poor quality planning.

Despite these difficulties, the advent of TSG did mean that the NBC was able to look for a higher level of subsidy in the future. The 1968 Transport Act had provided only for grants to rural areas, but now a County could subsidize an entire network. It was generally hoped that the Counties would enter into the spirit of the new era by evaluating alternative strategies in terms of social costs and benefits. In describing the system Tyson considered that it enabled a Council: ". . . to consider transport policy as a whole and costs and benefits to the community as a whole. It can be used to decide resource allocation between roads and public transport, between passenger and freight facilities etc., and is thus directly relevant to the problems now faced by Councils, such as whether to spend £x million on a road improvement, a railway upgrading or a reduction in bus fares in order to reduce congestion in an urban area." ⁵³ Although the identification of social costs and benefits can be described in economic terms,

in many cases the conclusions must be based on political judgments, for as Tyson comments noise, atmospheric pollution, severance and visual intrusion cannot be easily measured in physical terms. ⁵⁴ In this context, public transport needed a strong political voice within the local authorities if it was to exert a strong influence on the decision-making process. The reality of decision-making by the local authorities proved to be based more on the place of the Public Transport Co-ordinator within the local government hierarchy, together with the state of the current economic climate.

TPPs and TSG had the effect of politicizing public transport, for the subject now became part of the local government community. In placing public transport on the local political agenda it allowed an opportunity for sympathetic groups and individuals to put pressure on the County Councils for greater assistance to the bus industry. As events have transpired there has been little grassroots political activity in this direction, with only spasmodic and isolated attempts made to influence the local authorities. A lack of local activity has thrown into greater relief the relationship (outside the more integrated structure found in the Metropolitan Counties) between the Shire Counties and the NBC subsidiaries. We noted at the commencement of Chapter Five that throughout the 1970s, and into the 1980s, the NBC derived only a relatively small percentage of its income from the Shire Counties, and the essence of the Chapter was to indicate that the company remains a largely autonomous organization. Nevertheless there is considerable political significance in the NBC-Shire County relationship, for as the bus industry

becomes less and less commercially viable, greater attention is thrown on to how a network of services can meet public need within a given financial constraint.

In order to assist the NBC, the PTEs and the local authorities in building up the various interrelationships required by the new legislation, the DoE set up a Working Party to develop a standard form of accounts for the whole industry. The eventual Report was published in 1974 by the Chartered Institute of Public Finance and Accountancy and has since become generally known as the CIPFA Report.⁵⁵ The NBC was particularly pleased to see acceptance by all interested parties of the accounting principles set out in the CIPFA Report, for the company could confidently hold that in making its claims for subsidy it was operating on lines approved by all the local authorities. In reality the issue of costing is not so clear cut, and it is privately recognized by representatives from both the NBC and the Counties that there is considerable room for flexibility in costing a service or set of services. Smith generally praised the CIPFA Report but considered that it was weak on cross-subsidization and cross-boundary services.⁵⁶ As these are two of the basic elements by which an NBC subsidiary would make a subsidy claim to a particular County, Smith's analysis suggests that the NBC continues to hold the trump cards. We shall see in our case studies that Counties have found difficulty in judging the validity of the NBC figures, and on many occasions have not even bothered to make a challenge. In these cases it would appear that the Counties accept limits on their control of the NBC subsidiaries, and are wary about challenging the

company to reveal more information.

Although the DoE claimed that it wished to exert less control over local authorities with regard to the implementation of transport policy, we have already described how the Government could use TPPs and TSG as weapons to enforce its will. In the case of the 50% grant towards the cost of new buses the Government retained complete control and this scheme remained outside TSG. The Expenditure Committee had recommended that it should be included in TSG,⁵⁷ but the Government replied that although the grant would cease by 1980, it was important to have regard to the plans of bus manufacturers.⁵⁸ Starkie suggests that the new bus grant was excluded because manufacturers were situated in Regional Development Areas⁵⁹ e.g., the Leyland National Plant at Workington. In this case, local authorities could not be trusted with satisfactory implementation of the Government's industrial strategy !

Ironically, the 1972 and 1974 Local Government Acts were to be implemented eventually by the Labour Government which took office in March 1974 (indicating the consensus on TPPs and TSG). The creation of legislation on local government reorganization had taken the full lifetime of the Conservative Government and it was left to Labour to supervise its implementation. One particular piece of legislation which suffered as a result of the change in Government was the 1973 Road Traffic Bill which was originally intended to change the road service licensing system. The state of the licensing system was also to occupy the minds of the Labour Government, and this subject will be dealt with in a later section of this

Chapter.

C. The Bus Industry and the Labour Government 1974-79

In examining the Labour Government's impact on the bus industry we must consider two parallel strands of activity. Firstly, the Government was given the task of implementing the legislation passed by the previous Conservative Government. We have seen that there was little inter-party conflict with regard to Sections 202 and 203 of the 1972 Local Government Act or the section of the 1974 Local Government Act concerning TSG (in which TPPs played an integral role in the process of allocating the Grant). The Labour Government had originally favoured the concept of Unitary authorities, but local government reorganization was now a fact and further change at this time was unthinkable. Both central and local government entered into the new era in an expansive mood and were fully committed to the introduction of comprehensive planning, but these hopes were quickly dashed by the effects of a general deterioration in the economic climate. The overriding need to control public expenditure dominated the TPP and TSG system during the 1970s and led to central Government exerting more control over public spending than had been intended originally.

Secondly, a Labour Government embarked on what had become by this time its normal critical review of transport policy. This process lasted almost throughout the lifetime of the Government, and commenced in a generally critical mood of existing structures. In time this criticism abated and the eventual 1978 Transport Act reflected more the Government's experience in implementing the TPP and TSG system rather than

the introduction of any radical ideas. Perhaps the most prominent feature of this second process was the emergence of a more sympathetic attitude by the Government towards public transport, particularly after a new Department of Transport was set up in 1976 and William Rodgers became Secretary of State.

These two strands of activity became more linked and interwoven with the passage of time, but in order that we can fully appreciate the nature of the policy review process it is necessary that we first examine the initial development of the TPP and TSG system.

The Initial Implementation of TPPs and TSG.

In Chapters Seven, Eight and Nine we will be examining in detail the developing relationships between several Shire Counties and NBC subsidiaries with particular regard to the provision of subsidy. Although in many respects these relationships had a life of their own, they must be placed in the context of transport expenditure as a whole and the relationship between central and local government. Mackie illustrates well the extent to which the Government was forced to alter course when he notes that the 1975 Public Expenditure White Paper envisaged an increase in expenditure on roads and local transport of 1% between 1975-76 and 1978-79. Two years later, the 1977 White Paper was planning for a decrease of 23% in that area of expenditure for the same three year period.⁶⁰ In the first TPP submissions for 1975-76, the Government accepted 68% of the total bids for transport expenditure from Counties in England and Wales (£874.84 million), with the total TSG amounting to £250 million.⁶¹

The 1973 Expenditure Committee Report had recommended a

low initial threshold so that a large slice could come from TSG and enable the Government to evaluate each County's TPP. ⁶² The Government agreed that the early threshold should be low, but hoped that in time a higher proportion could be absorbed as part of the Rate Support Grant. ⁶³ The threshold is normally based on a rate per head of population, and since its inception all Counties have qualified for at least a certain amount of TSG. The Government's initial hope that TSG would be distributed according to need, and might in some cases be wholly met by the RSG, has been superseded by an anxiety to evaluate and control each County's transport budget. As Mackie comments there was: ". . . an element of tension between the idea of a true supplementary needs-related grant and the desire to secure adequate scrutiny of local transport expenditure." ⁶⁴

The first set of TPPs and TSG represented something of a honeymoon period, for by the second year the Government was exerting more searching controls over the Counties. After 1974, the Government issued expenditure guidelines for each County prior to the preparation of its annual TPP: "Counties were asked to present alternative programmes of expenditure, one at the lower end of the range, and the other representing a preferred option within the range. The aims were twofold; first, to provide a framework for planning related to the resources likely to be available; secondly, to secure a common basis of comparison between Counties' programmes." ⁶⁵ The majority of the Counties quickly perceived the nature of the Government's message and submitted bids which were at or near the lower guideline level !

Within this overall total of local transport expenditure there are several categories. Firstly, the types of expenditure which broadly consist of road construction, road maintenance and public transport subsidies. Secondly, the division of expenditure between Metropolitan and Shire Counties. For example, Mackie's analysis points out that although accepted expenditure during the 1970s was usually fairly equally divided between Metropolitan and Shire Counties, the Metropolitan counties normally received about two-thirds of the TSG total because they had a higher expenditure per head of population accepted than the Shire Counties,⁶⁶ (a factor largely explained by the Labour Government's natural tendency to support the urban areas).

More significantly, the 1970s saw a radical decline in local authority expenditure on road construction: "Thus the bids for local road projects for England and Wales for 1978-79 were little more than half of those for two years previously."⁶⁷ The chief beneficiary of this reduction was not the bus industry but road maintenance. For example, the 1975-76 figure for planned road construction in the English Shire Counties represented 54% of total expenditure, but by 1978-79 this percentage had fallen to 24%. In contrast, the equivalent figures for other road expenditure (mainly maintenance) were 41% and 67% respectively. In the same period planned public transport subsidies rose from 3% to 8%.⁶⁸ The chief trend of expenditure was towards maintaining the existing road network rather than supporting public transport, although Mackie notes that expenditure on maintenance and lighting has fallen by about 10% in real terms since the early 1970s.⁶⁹ This figure

reflects the general restrictions placed on local transport expenditure during the decade.

It was politically significant that revenue support for public transport (together with expenditure on new town roads) was specifically excluded from the Government's transport expenditure guidelines issued to the local authorities. We saw in Chapter Five that the mid-1970s were difficult years for the NBC when the rate of inflation rose dramatically. The PTEs also suffered during this period, and the Government decided that the financial situation of the whole bus industry was such that it had become a special case. The effect of this decision on the local authorities was that: ". . . . whereas the rest of a County's transport expenditure has been constrained by the guidelines, proposed expenditure on public transport revenue support has been determined only by each authority's policy and its capability of financing the expenditure (assuming that the whole of it received TSG)." 70

The Government's decision must be seen in the context of the wide difference between the claims for bus subsidies placed upon it by the Metropolitan and Shire Counties. Each of the Metropolitan Counties made large subsidy claims during the 1970s, with the result that in some years the Government was able to accept less than half of the original bid.

Matters came to a head in 1976 when the Government successfully persuaded all but one of the Metropolitan Counties to reduce their original bids: "The exception was South Yorkshire, which as a result had no expenditure accepted except for some continuing capital works which the Government had already agreed to support." 71 The sanctions placed on South

Yorkshire did not deter it from its low fares policy and the money needed was levied from the rates, but the Government's action demonstrated the depths of its displeasure when it was considered that a County had stepped badly out of line. During this period the Metropolitan Counties were all Labour controlled, and it was likely that in excluding bus subsidies from the general TPP expenditure guidelines the Government was hoping to assist the Counties in implementing an electorally popular policy.

The South Yorkshire case illustrated that the Government was not prepared to go beyond a certain point, but the percentage of transport expenditure devoted to bus subsidies by the Metropolitan Counties was ~~far~~ higher than that found in the predominantly Conservative controlled Shire Counties. Between 1975-76 and 1979-80, the Metropolitan Counties as a whole at no time planned to spend less than 24% of total transport expenditure on public transport subsidies, with the highest percentage being 36%. For the Shire Counties the equivalent low figure was 3%, and the highest 10%. ⁷² Some of the Metropolitan Counties' money went to local PTE rail services, but the gap between the two types of authority was a wide one. While the Government was attempting to control bus subsidies within the Metropolitan Counties, in the Shire Counties underspending (in the eyes of the Government) was on occasions the order of the day. In a number of cases the Government accepted a level of bus subsidy which was higher than that originally bid by the County. In Chapter Nine we will study the public transport policy of Oxfordshire, which resulted in the Government cutting back the County's grant for

road building in an attempt to enforce a higher level of bus subsidies. As the NBC is the overwhelmingly predominant operator in the Shires, the policies of these Counties are of considerable importance to the company. Our case studies will show that these Counties adopted a wide range of public transport policies, and a similar wide range of subsidy levels, but in none of these cases was there an example of the Government penalizing an overspending County on the lines of South Yorkshire.

The PTEs are large undertakings with bus fleets of a much greater size than nearly all of the NBC subsidiaries, but there can be no doubt that the NBC has received much lower levels of subsidy than its counterpart organizations, nor that relatively speaking the Metropolitan Counties spend a higher level of resources on bus subsidies than do the Shire Counties. This discrepancy often appears to be taken for granted by all parties concerned, but it does indicate the differing values and organizational structure of the Metropolitan and Shire Counties. The early appearance of municipal bus undertakings had the effect of quickly placing public transport on the political agenda of those County Boroughs and towns which ran their own services. The creation of the PTAs saw the amalgamation of municipal undertakings in the largest urban areas and to some extent separated bus operation from the local authorities, but local government reorganization gave the new Metropolitan Counties more direct control over the PTEs. Although the PTEs retained a separate identity the quality of the bus services in a Metropolitan County could be seen by voters in political terms (particularly in South Yorkshire).

We have seen that in the Shire Counties the situation was far more fragmented and uncertain, with the Districts retaining control of their own bus services. The municipalities could therefore continue to subsidize their own services through District resources without any recourse to subsidy from the County. Many of the largest urban areas within the Shires ran their own buses e.g., Leicester, Nottingham, Hull, Brighton, Plymouth and Southampton, and cities of this size were reluctant to become dependent on County authorities. The Counties were thus left to deal mainly with the NBC subsidiaries operating inter-urban and rural services. In addition, in many Counties it was the Districts which took responsibility for concessionary fares, usually provided for retired or disabled people. The 1972 Local Government Act allowed either Counties or Districts to administer these schemes, but on the whole Counties were reluctant to become involved in what was a politically sensitive policy area. The Shire Counties had a statutory responsibility for public transport co-ordination, but the power given to the Districts caused inevitable implementation problems. We shall see in Chapter Eight that in Cheshire the County Council was able to exert little control over the three municipal undertakings in its area. Although the CC and Crosville (the local NBC subsidiary) experienced a far from tranquil relationship, the municipalities suspected them of working together in an attempt to undermine the latter's authority.

Unlike the municipalities, there was little tradition in the Shires for involvement with the bus industry. The new

Public Transport Co-ordinators had largely to build the organization up from scratch, and amongst councillors knowledge of the bus industry was often sketchy. In this environment, the subject of subsidies to the NBC was not one which attracted a high degree of political attention. In addition, we have seen that the NBC regarded itself as a commercial organization. Although anxious to build up satisfactory relationships with CCs, and by no means averse to receiving subsidies, it did not wish to become a political football. The differences in attitude to public transport between the Metropolitan and Shire Counties can of course be viewed in Party political terms, with the working class image of the bus being identified with the interests of the Labour Party. Although this analysis is part of the answer, we should also be aware that the historical background together with organizational structure is of equal if not greater significance.

The relative autonomy of District bus undertakings and the NBC subsidiaries did not allow the Counties a great deal of freedom in implementing their Section 203 responsibilities. The Bains Report appeared to recognize the weakness of the Counties' position when it observed that their new role:

" . . . will mean that they will require expertise which will probably not be readily available within the County Council structure. It may well prove difficult to recruit properly qualified senior staff for the County, but the necessary expertise is, however, likely to be on hand in the management of municipal public transport undertakings within the County Districts, and also in nationalized and private undertakings. There would seem to us to be merit in making use of that

expertise, even if only on a part-time advisory basis, rather than attempting to recruit scarce full-time officers." 73

It was thus recommended that the Counties would achieve a better quality of co-ordination if they did as they were told by those who were being co-ordinated ! The Bains approach was endorsed by the Government, although it considered that such an arrangement would not: ". . . obviate the need for the County Council to employ experienced full-time officers at a less senior level to carry out the day-to-day implementation of the Council's public transport responsibilities." 74

The proposed minor role of the County in implementing Section 203 might have recognized political and administrative realities, but was hardly an encouragement to those Counties who hoped to develop their own expertise and adopt a more positive approach. The recommendations also failed to recognize that where Counties were providing increased levels of subsidy, they were unlikely to be content with accepting without question the advice of the busmen. We will see later that a good number of Counties have indeed adopted a relatively passive approach to public transport planning, but in Counties where a relatively high level of subsidy is allocated to the NBC a more aggressively interventionist policy is to be found. The Shire Counties may not be large-scale subsidizers in comparison with the Metropolitan Counties, but the sums are not negligible, particularly when compared with former years. In 1975 the NBC received £6.5 million in revenue support from the Shire Counties, but in 1977 the figure had risen to £26.8 million. 75 Although the status of the Public Transport Co-ordinator differs widely from County to County, he is now

an established part of the local authority and bus industry scene, and it is unlikely that either his role or the level of subsidies will greatly diminish in the immediate future.

Our case studies will examine in detail the various Shire County approaches to public transport planning, but from the point of view of Central Government the general problem was one of coping with policy problems in the context of economic circumstances which placed severe restraints on public expenditure. We have seen in this Section that it was the adverse economic climate which caused early problems for the TPP and TSG system. During this period many of the idealistic hopes for comprehensive planning and greater local autonomy were quickly dashed by the pressure of events, yet during these crises the Government was also conducting a wide-ranging review of transport policy.

The 1976 Consultation Document.

When the Labour Government took office in March 1974 it initially retained the previous Departmental structure. Anthony Crosland was appointed Secretary of State for the Environment with Fred Mulley as a subordinate Minister for Transport. By this arrangement Transport continued to lack a voice in the Cabinet, but as events transpired its days of relative political anonymity were nearing an end. Crosland himself had a personal interest in transport policy and prior to the General Election had headed a Labour Party research team examining proposals for a more integrated transport structure. ⁷⁶ Despite the apparent failure of the BTC there was still a strong feeling within the Labour Party that a similar type of organization should once more be set up in

order that more rational and co-ordinated transport policies could be implemented.

Crosland was anxious that transport policy should not be left to drift along, and in July 1974 appointed a Departmental Transport Central Policy Review Committee. The chief figures on this Committee were Sir Idwal Pugh, Second Permanent Secretary at the DoE with responsibility for the transport industries and Humphrey Cole the Director General of Economics Resources and Senior Economist at the Department. The Committee did not present its Report to the Secretary of State until December 1975, a delay which suggests that the Secretary of State's hopes for an integrated transport policy might not have been entirely shared by the Department. The trend of thought in the Labour Party at that time is indicated by the transport policy recommendations of the TUC and a special study group set up by Socialist Commentary. The TUC proposed an integration of transport under a National Transport Planning Authority,⁷⁷ and this view was basically endorsed by the Socialist Commentary group.⁷⁸

We have seen that by the end of 1975 the Government was encountering considerable difficulty in controlling local authority transport expenditure, and these problems no doubt made the Secretary of State anxious that his new policy initiative should not further delayed. The problems of British Rail were also causing concern at this time, for the 1974 Railways Act had replaced subsidies for individual services with a global Public Service Obligation, and by the mid-1970s BR was receiving total subsidies of over £400 million per annum. Despite Crosland's anxiety to produce a document on transport

policy, the Departmental Committee's Report ran to several hundred pages, ⁷⁹ and it was the Spring of 1976 before he could present his conclusions to the Cabinet. By a typical irony of politics, production of the document coincided almost exactly with the resignation of Harold Wilson as Prime Minister. His successor, James Callaghan, took office in April 1976 and immediately appointed Anthony Crosland to be Foreign Secretary. Crosland had already written the Foreword to the transport document, but it was presented to Parliament on 13th April by Peter Shore, his successor at the DoE.

The Report itself took the form of a Consultation Document and invited responses from interested parties and the public in general. We have previously outlined how a consultative phase was a key element in the Structure Plans, and this emphasis on policy-makers sounding out comment on various options and/or proposals before coming to a decision was a particular development within the policy process during the 1970s. Superficially, it might appear that a consultative phase will tend to give a policy a more pluralistic nature. In addition to general comment, groups can also have more opportunity to plan a campaign in opposition to elements of the policy they dislike. Perhaps in collaboration with other groups a virtual veto can be placed on the Government's ability to introduce the original policy, and instead an agreement could emerge based on a consensus of interests. It could also be said that a consultative phase assists cognitive elements of the process by enabling those with detailed knowledge to point out some of the policy's misconceptions about the real world.

Although a more pluralistic policy can result from a trend

towards greater consultation, we should also note that a policy-maker will still usually be left with a choice to make between competing interests. In this respect a consultation process can strengthen the position of a Government which claims that its decision (which may be the one it intended to make in the first place) has greater legitimacy because opinion and advice has been sought from all the interests. Consultation need not be totally identified with pluralism, for a group's power is only derived from the influence which it can wield over the Government. Possibly the most important phenomenon of a consultation process is the inevitable passage of time, for the world moves on and general economic and political circumstances can often be more influential in shaping policy than the response from a particular group or number of groups. This proved to be the case with the Transport Consultation Document, when considerable changes within the Government and in its general political situation during 1976-77 gave a new perspective to the policy-making process.

The Consultation Document itself referred to the TUC and Socialist Commentary Reports as providing evidence that the degree of public debate warranted a thorough review of transport policy.⁸⁰ Reference was also made in this connection to the Report by an Independent Commission on Transport⁸¹ set up under the sponsorship of the Ecological Foundation, which indicated growing concern with the inter-connection between transport and the quality of the environment. To these points the Government added other changes which justified a review at that time. These were, the increasing problems of those without cars, the energy crisis caused by the rise in oil prices in 1973

and the all-consuming need to control public expenditure. ⁸²

Although the Government perceived a need for a more integrated approach towards transport pricing and investment, demands for a BTC type of organization were rejected. It was considered that an agency operating outside Government would be inappropriate, when most of the vital decisions on transport were properly the responsibility of central and local government. Transport policy decisions were now thought to be political in nature, and hence subject to democratic control. ⁸³ It was also likely that this emphasis on transport's place in the political world reflected the Government's anxiety to keep a more direct control over expenditure, for an external agency might not be entirely trustworthy in implementing a government's wishes. At the same time we should also note that the Government was already dealing with a number of external agencies. The NBC, BR, the National Freight Corporation, the PTEs and to some extent the local authorities themselves were all organizations highly dependent on Government finance, but which also made important policy-making decisions for themselves. It would appear that it was the prospect of an unwieldy central co-ordinating agency which upset the Government, but no reference was made to the BTC experience.

As an alternative to a central agency the Government proposed that a National Transport Council be set up: "This would be a high-level forum, with a Minister as Chairman, on which all the main interests would be represented - management and the trade unions, the industries, both public and private, local government and consumers." ⁸⁴ The Council would not have any specific powers but would: ". . . . become a national focus

for monitoring developments on a regular basis and examining critically the pricing and investment strategy across the whole field of transport." ⁸⁵ The basis for suggesting the Council appeared to be that by bringing the principal interests together a more rational and co-ordinated policy would result, although obviously the Government would still have the last word with regard to allocation of resources.

Despite rejecting a national agency, the Government appeared to favour greater integration within the bus industry. It was thought that national policies could not be applied where different parts of the industry were financed in different ways, and so two possible options were proposed. Firstly, it was suggested that the NBC boundaries might be reorganized to match them with Counties or groups of Counties. This proposal implied that the Counties had now become the premier element in public transport planning and that the NBC should be organized accordingly. Secondly, the Government suggested the integration of the NBC, PTE and municipal undertakings into a unified publicly-owned sector of the industry: "This might be a highly centralized structure with regard to some of its activities, such as vehicle procurement; but might be decentralized so as to give independence to regional or sub-regional operating units whose areas coincided with those of Counties or groups of Counties." ⁸⁶

This second proposal appeared to be suggesting something on the lines of a nationwide PTA network, although it was not made clear the degree to which the new operating units would be subordinate to the local authorities. The Government was concerned that much work would need to be done on drawing up

suitable boundaries and membership of controlling bodies. Rather mystifyingly, it was also stated that a further issue would be the relationship between the new authorities and the PTEs. As the PTEs were to form part of the new organization this point suggested that the Government had a rather confused image of the future structure (it was possible that the Government was split between its wish for greater integration and a fear that further reorganization would upset the Labour controlled Metropolitan Counties). In any case, the Document stressed that detailed negotiations would take place with the bus industry and the local authorities.

In discussing the problems of the bus industry in general, the Document did not offer any radically new initiatives. Importance was placed on traffic management and bus priority schemes, but in the context of a continuing programme (with resources inevitably limited). For urban areas, it was thought that reliable services were of primary importance, even at the expense of lower frequencies, while in the rural areas the call was for more use of unconventional forms of service.⁸⁷ These recommendations had the obvious advantage that they did not imply any great commitment to bus revenue support, and indeed the Government was anxious to make clear that it did not consider subsidy in itself to be a satisfactory solution to public transport problems: "The social objective of transport policy therefore points clearly to the provision of a basic public transport network. This is not a matter of paying out indiscriminate subsidies, for all the evidence shows that these go predominantly not to the less well-off minority . . . but to the better-off. It is the better-off who travel most." ⁸⁸

It was acknowledged that this statement appeared to have more applicability to the railways than the buses, but the latter would also need to be subject to public expenditure constraints. This need for economy pervaded the contents of the whole Document, for it was planned that total transport expenditure would decline from £2,394.8 million in 1975-76 to £1,983 million in 1978-79. Despite the concern expressed for public transport, it was also estimated that local authority bus subsidies would decline from £134.7 million in 1975-76 to £60 million in 1978-79.⁸⁹ To slightly counterbalance this blow to the bus industry, it was announced that the new bus grant would not necessarily be terminated completely in 1980, but might be phased out gradually over a number of years. Nevertheless the projected subsidy levels suggested a considerable gap between the Government's social objectives and its willingness to pay for their implementation.

The Consultation Process

The Government allowed until the end of July 1976 for comments on the Document, but a further major organizational change was to come about before the DoE could appraise the many responses from the different interests. Early in September the new Prime Minister announced his first Ministerial reshuffle, and a principal feature of these changes was the creation of a new Department of Transport. It was reported that Mr. Callaghan was anxious to create a new Department to deal with policy-making as a result of the Consultation Document, although it was also considered that the Prime Minister was generally not enamoured with the Super Department concept. In addition, Peter Shore, the Secretary of State at the DoE,

was thought to be concerned that his overall duties prevented him from giving sufficient time and attention to transport policy. The Times noted that the new DTp would generally please the transport interests who had been pressing for a stronger political voice and more cash. At the same time it was feared that the separation of transport from general planning would lead to less rational policy-making. 90

We have seen earlier how Painter illustrates the trend towards sectorization within the DoE, and in the light of these developments the creation of the DTp was a logical development. Transport had suffered a loss in political status between 1970 and 1976 despite the interest shown in the policy area by Anthony Crosland. The victory for sectorization over integration reflected the difficulty for Government in breaking down a grouping of officials and interests with a long-established political and administrative identity. The values of comprehensive planning had dominated Government thinking in the early 1970s, but the experience of the DoE suggested that the transport community did not see itself as forming an integrated part of a general land-use planning community. Now Transport was once again represented at the highest political level. The new Secretary of State for Transport, William Rodgers, had a seat in the Cabinet and authority to deal with all sectors of transport policy. Like Anthony Crosland, Rodgers had previously indicated a strong interest in transport policy and it was generally considered that he had an expert knowledge of the area.

Richardson and Jordan point out that the number of groups in a bargaining position with government has increased

enormously in recent years, and as a result policy areas have become overcrowded. This overcrowding is caused partly by governments becoming more active, but also results from organized group action compelling governments to act.⁹¹ The Government received over 1,000 replies in response to the Consultation Document, although "The great majority of these replies are in the form of letters from members of the public and local authorities throughout the country."⁹² Thus only a relatively small number of these replies could be described as coming from those in a bargaining position with the Government, although in certain cases a group with relatively little political power could still claim to have an influence in the policy process, e.g., some of the groups concerned about the quality of the environment.

Some of the groups who produced responses such as the Liverpool Society for Social Responsibility in Science and the Tyneside Action Committee Against the Cuts might have had little influence over the Government, but there was still a wide-range of "bargaining" groups whose views could not be ignored by the Minister. Within the public transport sector these would include all the local authority associations, the trade unions, the Confederation of British Road Passenger Transport and the NBC. Environmental and consumer groups also contributed to the debate, while organizations concerned with the railways also had views on the public transport policy in general. We will briefly examine the contents of a few of these responses, although we will see later that other factors were also of importance in determining the final policy.

Not surprisingly, the NBC on the whole was suspicious of

greater integration, although in one respect the company was not averse to an attempt at empire-building. The NBC's response was twenty-seven pages long and reflected fears that a more integrated bus industry could lead to the company's destruction. The NBC forcibly expressed the view that: "There is a positive case for an organization with the present NBC structure. This meets the need for a national organization able to play an effective role in matters of national policy

Fragmentation of NBC's present assets and operations into Shire County ownership would result in a multiplicity of transport policies, none of which would be national

Any changes now contemplated should avoid the expense of further structural change so far as possible." ⁹³ The NBC hoped that the County Councils would enter into a closer relationship with subsidiaries, but not to the extent of the Counties running the buses themselves.

In contrast to the NBC's hopes for an arm's length relationship with the Counties, the company was of the opinion that the municipal undertakings should lose their separate identities: "The District Undertakings are managed by experienced professional bus operators and could form part of a national bus company managed as now by appropriate delegation to accountable subsidiaries." ⁹⁴ The NBC's view was that such a merger would bring benefits all round, no doubt not least to the NBC itself !

The NBC gave qualified support to the concept of a National Transport Council, but was concerned that the new body could only be effective in examining policy if it were to be largely independent of government. With regard to finance and subsidies, the NBC was clearly worried that Counties might

withdraw support for services at short notice and suggested that operators might receive the money direct from central government. At the time of local government reorganization the NBC had favoured the County Councils being the bodies responsible for revenue support, but already it appeared that the vagaries of the TPP and TSG system did not appeal to the company. Strangely no specific reference was made to the Government's plans for radically cutting back subsidies, and the company preferred to place the emphasis on the value of uniform accounting and the need for more stable relationships with the County Councils.

The Association of County Councils was also unhappy about the TPP system, but on the grounds that too much control was being exercised by central government. The ACC had hoped that TSG would be progressively merged with RSG, but: " . . . there have been some disquieting indicators that Departmental thinking is veering in the direction of specific controls." 95 The ACC favoured a three-yearly TPP, but nevertheless wished the Counties to retain control of bus subsidies. The Conservative control of the ACC was also reflected in the hope that subsidies in rural areas should be the policy priority. With regard to the NBC it was inevitably recommended that the capital debt be abolished (the Counties resented the fact that a proportion of subsidies could be returned to central government in the form of capital debt repayment). It was also thought that some reorganization of subsidiaries could take place in order to be more commensurate with County boundaries, but the Association was against the creation of Regional Transport Authorities and reserved its position on the proposed

National Transport Council.

In general, the ACC criticized the Consultation Document for: ". . . its inadequate recognition of the inter-relationship of land-use planning and transportation planning." ⁹⁶ It was considered that mobility as such was less important than transport's position within an overall planning strategy. In the latter part of the 1970s rural transport problems began to be approached more from the point of view of accessibility rather than mobility e.g., services could be made available to those living in remote areas rather than ensuring that they could reach the services. The ACC's response suggested that it was anxious to achieve maximum local control, and in particular the view was held that the role of the Traffic Commissioners now had little relevance. The Counties were becoming increasingly aware that they were supplanting the Commissioners and wished to give their new powerful position more official recognition. At the same time no complaint was made against the proposed reduction in subsidies, and we have seen that the Counties did not provide revenue support to anywhere near the same degree as the Metropolitan Counties. There was thus a dilemma for the Shire Counties between increasing their power while at the same time limiting the financial commitment.

A significant organizational development during the 1970s was a rationalization of the groups representing the various sections of the bus industry. The BET sale to the THC had considerably weakened the private sector of the industry, chiefly represented by the PVOA. We described earlier in this study how the PTA was generally regarded as the more significant

organization politically, and the PVOA's loss of the BET companies strengthened this state of affairs. In 1974 the PVOA recognized the weakness of its position by agreeing to a merger with the PTA. At the same time they were joined by the Scottish Road Passenger Transport Association and the new group became known as the Confederation of British Road Passenger Transport, usually referred to as the CPT. The CPT was strengthened further in 1976 when the majority of the municipal undertakings left the Association of Public Passenger Transport (formerly the Municipal Passenger Transport Association) which hence was dissolved. Only twelve municipalities remained outside the CPT (later reduced to nine), although all the District undertakings were also represented on the Association of District Councils. The ADC is represented at national level by District Councillors, who would be unlikely to accept that the CPT was qualified to speak for them. In contrast it is the municipal busmen who represent the Districts within the CPT. This difference in representation emphasizes not only the CPT's role as a general meeting place for busmen, but also exposes its own internal weaknesses, for it cannot speak directly for any of its constituent organizations.

The CPT is divided into four sections: the Nationalized Sector (the NBC, the Scottish Bus Group and Ulsterbus), the Transport Executive Sector (the PTEs and London Transport), the Local Authority Sector and the Coach and Independent Bus Sector. Within the CPT itself there are five functional committees: External Affairs, Internal Affairs, Technical and Engineering, Traffic and Training. Full-time officers include an Economics Executive, a Legal and Parliamentary Executive and a Public

Relations Executive. Nevertheless, the headquarters' staff is only 22 strong, (at times it has been severely short-staffed) and this is hardly sufficient for the CPT to put itself forward politically as "the voice of the bus industry." The CPT may appear to anticipate a future integration of all sectors within the industry, but during the 1970s it was not realistic to expect the NBC to achieve unanimity with the PTEs, while we have seen that the municipalities fought hard to maintain their independence. As a result of these differences and its own relatively small-scale organization the CPT could not claim to have great political influence, although its staff did develop useful relationships with DTp officials. We shall see in Chapter Nine that the internal weaknesses of the CPT were clear during 1979, when the NBC could not identify itself with the CPT's response to delicensing proposals put forward by the Conservative Government.

In its response to the 1976 Consultation Document, the CPT put forward the view that insufficient emphasis was given to the economic advantages of the bus. All sectors of the industry could agree that the bus industry had a positive role to play within the total transport system: "It is therefore unfortunate that so much emphasis is placed in the Consultation Document on the need to provide for the disadvantaged." 97 The entire industry could also agree with the CPT's point (although the NBC did not mention it) that the reduction in revenue support was to be regretted. With regard to organizational restructuring the CPT favoured the status quo and could see no point in change at that time: "The need is to improve the way in which the present system works: to

concentrate on the best possible level of operation, rather than seek changes in organization." ⁹⁸ No reference was made to amalgamation of the NBC and municipal undertakings, or any other such sensitive issue! The CPT's contribution to the debate was thus based on the general merits and efficiency of the bus industry as a whole and the need for continued financial support from the Government.

A notable feature of transport policy during the 1970s was the increasing political importance of groups concerned with the quality of the environment. Kimber, Richardson and Brookes have described how amenity groups fought EEC plans to increase maximum weights for vehicles during the early 1970s. In time this activity led to the relevant groups forming coalitions, beginning with the Transport Reform Group in 1971. ⁹⁹ In 1973 fears about the future of the railway network led to the formation of Transport 2000, which included within its membership not only the BR Board and the National Union of Railwaymen but also environmental groups such as the Council for the Protection of Rural England, the Conservation Society, the Civic Trust and Friends of the Earth. Other members now include the National Federation of Women's Institutes, the Ramblers' Association, the National Union of Townswomen's Guilds and the Electric Vehicles Association. It is significant that Transport 2000 was originally set up to pursue the development and promotion of rail transport within an integrated transport policy, and rail interests do play a prominent part in the organization.

With the passage of time, Transport 2000 has widened its activities to include all forms of public transport, although

none of the bus operators are members of the organization. At times, bus and rail may be in direct competition, and there is perhaps a suspicion on the part of such groups as the NBC that Transport 2000 remains too much of a rail orientated institution. There is obvious potential for a political alliance between environmental groups and public transport operators, but the tensions within the bus-rail relationship together with forebodings which some operators hold about the potential threat to their business caused by voluntary efforts (e.g., social car schemes run by Women's Institutes) could inhibit development.

Transport 2000 has founded a number of Regional and local groups, but on the whole the organization's main impact has been at national level. In 1976 it produced a response to the Consultation Document which it claimed was the most comprehensive statement of an alternative to the Government's more roads - less public transport policy.¹⁰⁰ Publication of this document was followed by a meeting with William Rodgers. It is difficult to assess the exact political impact of such groups as Transport 2000, for we have seen that the Government itself was becoming less enthusiastic about future roadbuilding plans, while the rising price of oil during the 1970s had thrown political attention generally on the need to conserve energy. William Rodgers himself states that Transport 2000 played no prominent part in the policy-making process, and that he saw the group as being very much rail orientated.¹⁰¹

The 1977 White Paper and the 1978 Transport Act.

William Rodgers' remarks with regard to Transport 2000 highlight the Secretary of State's own approach to policy-making.

It has been said of him that: "At Transport he consulted everybody; indeed one of his faults is listening to too many other people's opinions and heeding too many of those he hears." ¹⁰² He has also been described as an emotional politician with a strong populist instinct. These comments suggest that the Secretary of State was likely to be particularly susceptible to policy-making by means of seeking consensus and accommodation within the transport community. Although there is evidence to suggest this analysis of Mr. Rodgers' policy style was correct, it could also be argued that he held particularly strong personal views on certain aspects of transport policy which he was determined to see reflected in the eventual policy outcome. When taking office he was known to be particularly concerned about the future of public transport, and there is no doubt that his policy was a good deal more sympathetic to the bus industry than that suggested in the Consultation Document. On the whole it would appear that on this occasion a Minister's own views coincided with the general trend of political circumstances at that time !

Government policy was set out in the form of a White Paper published in June 1977. In addition to the issue of transport policy itself there were two other factors at that time which placed the Labour Government in a delicate position. Firstly, since its return to power in 1974 the Government had sought to develop a special relationship with the trade unions. It was considered by Labour that Governments of both Parties had fallen largely as a result of a failure to achieve a mutual understanding with the unions, and that a remedy for this situation was an absolute policy priority. The new relationship

forged between Labour and the unions became known as the Social Contract - a term which is difficult to define, for the understanding was of an informal nature. Its chief political feature was that union leaders were brought more closely into the policy-making process in return for exercising voluntary wage restraint. For the purposes of our study it is significant to note that the trade unionist most associated with the Social Contract concept was Jack Jones, the General Secretary of the TGWU. Mr. Jones frequently chaired meetings of the Liaison Committee held between representatives from the Labour Party and the TUC, and was generally thought to be the Social Contract's leading advocate. We have seen that the TGWU is the union with the largest number of members within the bus industry, and there could have been obvious political implications for the future of the Social Contract if the Government had proposed public transport policies which entailed a high number of job losses.

Secondly, earlier in 1977 the Labour Government lost its overall majority in the House of Commons. As a result of this setback, the Government entered into an informal understanding with the Liberal Party, in which the latter's support for key pieces of legislation was enlisted in return for a degree of consultation. This Lib-Lab pact enabled the Government to remain in power but placed further constraints on its ability to act independently. The majority of the Liberal MPs represented rural constituencies and were concerned with the decline of bus services in these areas. The new power of the Liberals gave them greater political leverage which could be seen in tangible form if transport policy was more sympathetically

inclined towards the problems of the rural areas.

The contents of the White Paper could be said to reflect the existence of the Social Contract and the Lib-Lab pact, although the strength of the direct link is clearly a contentious matter. The White Paper as a whole was dominated by the need to contain expenditure: "Expenditure planned for the end of this decade will in real terms be much the same as ten years earlier and well below the peak of two years ago." ¹⁰³ In a similar fashion to the Consultation Document, the objectives of transport policy were given as contributing to economic growth, meeting social needs by securing a reasonable level of personal mobility, and minimizing the harmful environmental effects resulting from transport use. The Government acknowledged that these objectives could frequently conflict, although the drive to improve industrial performance was seen to be the main priority. This overriding objective suggested that transport would have to take its turn in the allocation of public expenditure as a whole, and also that transport policies based on entirely social and environmental values were not likely to be given a high priority.

As in the Consultation Document public transport was seen as providing necessary mobility for those without a car, and in these terms it was the maintenance of the public transport network which was the objective rather than any degree of expansion: "Subsidy should be paid only where there is a clear requirement for it to meet social needs in transport that would not otherwise be met." ¹⁰⁴ The principle that people should be attracted out of their cars by means of subsidies to public transport was rejected on the grounds that congestion

was not a sufficiently severe problem and in any case traffic management and parking controls could usually perform the job more efficiently. Nevertheless in financial terms there was to be a major policy change with regard to the bus industry. Instead of reducing bus subsidies by more than half by 1980, as proposed in the Consultation Document, they were now to remain at the then current level of £150 million. In addition, within this sum £15 million was to be switched from the urban to rural areas. In reality, this reallocation meant that the Government wished the Shire Counties to make claims for higher bus subsidies in their TPPs. Three further measures to assist the bus industry were also proposed. Two years previously the Government had placed an embargo on the introduction of new concessionary fare schemes or the improvement of existing ones. This ban was now lifted with the result that local authorities would be expected to spend an extra £25 million on concessionary fares by the end of the decade. Direct help was given to the bus industry by not abolishing the bus grant altogether by 1981, but instead phasing it out by 1985. Fuel tax rebate was also increased by means of raising the minimum fare services on which it could be claimed from 11p to 21p.

This policy change could be attributed to several factors including the responses to the Consultation Document by the operators and the CPT (although the NBC did not stress this point in its Document), the existence of the Social Contract and the Lib-Lab pact, the work of environmental groups such as Transport 2000, a new approach to transport policy caused by the creation of the DTp, and the personal views of the Secretary of State himself. The important corporatist trends of the

Social Contract and the Lib-Lab pact might appear to be the most powerful and influential elements, although William Rodgers denied that this was the case, and stated that the Social Contract played no part whatever in his decision to maintain the level of bus subsidies: "This was very much my own personal decision in the light of my view about priorities and the evidence given by many people who I saw in the course of an extensive process of consultation in the winter of 1976-77." ¹⁰⁵ Similarly, with regard to the rural areas he thought that the White Paper was in draft before the Lib-Lab pact: "I was much impressed by their neglect - as indeed I was generally by the important role for the bus. I had no discussions with the Liberals before making my decision, although I know that it was attractive to them." ¹⁰⁶ Several Liberal MPs obviously did consider that the new money for rural areas came as a result of the pact, and claimed that the £15 million was switched as a direct result of their new understanding with the Government. It is significant to note that the Secretary of State was anxious to deny the infiltration of corporatism into policy-making, but instead stressed individualism and pluralism. Mr. Rodgers was on the right-wing of the Labour Party (he later left the Party to become a founder member of the Social Democratic Party) and his reply suggests that he was a less enthusiastic supporter of corporatism than some of the other Ministers.

The Secretary of State was also known to be unenthusiastic about further integration within the transport industries and this view was reflected in the White Paper: "Massive upheavals are costly and they cause uncertainty for management and workers.

It is more important in present circumstances to give the industries a clearer definition of their task and to establish closer working relations between them and the elected authorities so that their skill and expertise can be applied most effectively to meeting transport needs." ¹⁰⁷ Thus the proposals in the Consultation Document for operator integration were summarily dispensed with and the NBC could breathe again. Similarly, the concept of a National Transport Council or a National Transport Planning Authority were rejected on the grounds that the setting up of the DTp: ". . . allows a fresh start to be made which combines clear responsibility for transport planning with the traditional advantages of Ministerial accountability to Parliament." ¹⁰⁸ The Government thus held the view that it was the proper policy-making body, and not some external agency. At the same time it was hoped that the National Economic Development Office might create a Transport Committee (known as a little NEDDY), and also that the House of Commons might set up a Select Committee on Transport.

With this emphasis on political accountability went the view that many policy decisions could be made at the local level. We have previously described how on several occasions the Shire Counties allocated bus subsidies which were below the eligible expenditure limit, and William Rodgers was particularly anxious that the underspending Counties should be made to account more publicly for their actions. As a result, it was proposed that each Shire County should produce an annual Public Transport Plan. The PTP would be an extension of the Structure Plan and TPP system (although unlike the TPP it was to become a statutory document), but it was hoped that the public

circulation of a detailed written plan followed by a period of consultation would force the Counties to review their public transport policies. Despite the commitment to local decision-making it could also be said that the production of a PTP would allow central government to keep a closer check on the Shires. As with the TPPs and TSG, the PTPs were a two-edged sword when the central government held the vital purse-strings.

Each County was expected to produce its PTP in close co-operation with the operators and other local authorities. The Plan would set out the County's public transport policy for the next five years, giving particular attention to the needs of the rural areas. In the case of services which required revenue support, each County would be required to enter into a binding agreement with the operator, thus providing a higher degree of security for all concerned.

The Shire Counties were on the whole not too pleased about the prospect of producing further plans (the ACC has consistently campaigned for the abolition of the PTPs) but the Government did sugar the pill by further increasing the power of the Counties at the expense of the Traffic Commissioners. In future the Commissioners were to have regard, in making their decisions, to the Counties' policies and plans for local transport. The Commissioners' powers over road service licensing were retained, and this new requirement was likely to intensify their rivalry with the Counties. The Conservatives at this time were pressing for the total transference of quantity licensing to the Counties, and this latest move suggested that both Parties favoured a restructuring from the

traditionally predominant operator-Commissioner relationship towards a new operator-Shire County relationship. We shall see in our case studies that during the late 1970s the role of the Commissioners was called into question in several Counties, best exemplified by a set-piece confrontation in Oxfordshire.

The 1977 White Paper was not a radical document in the sense that it recommended any organizational restructuring for public transport or offered a basic reappraisal of transport policy. The 1968 Transport Act set up the NBC and PTAs, the 1972 Local Government Act brought the Shire Counties into the public transport community, while the 1974 Local Government Act brought about the TPP and TSG system. In comparison the chief features of the White Paper were a more sympathetic attitude towards the financial plight of the bus industry and the proposed introduction of PTPs (together with licensing changes which we will discuss shortly). Neither of these decisions represented a fundamental policy change, although the new help for the bus industry did represent an obvious change of heart by the Government. Perhaps the chief political significance of the White Paper was that it indicated the growth of a public transport community during the 1970s, and the difficulty of placating these interests in the midst of severe restraints on expenditure. The spirit behind the 1968 Transport Act and the legislation of the early 1970s was that resources would be available to make the most of new comprehensive planning systems. By 1977 the policy priority was to keep the public transport system afloat despite severe financial problems.

The White Paper proposals were put into statutory form by means of the 1978 Transport Act. Several Labour MPs, prompted by the CPT, the NBC and the ADC attempted to introduce clauses

which would have allowed operators to appeal to the Secretary of State where they felt aggrieved over decisions in a County's PTP. This move was unsuccessful as was the CPT's hope of introducing a clause which would have allowed an operator to charge over-riding passengers an excess fare. This clause was strongly supported by the Conservatives and accepted in Committee but was thrown out at the Report Stage, largely because of strong opposition from the TGWU which considered that collection of the penalty fares would present difficulties. The Conservatives also attempted to change the Bill by switching control for road service licensing from the Commissioners to the Counties, but this was defeated in Committee on the casting vote of the Chairman.

Compared to the 166 Sections of the 1968 Transport Act the 1978 Transport Act contained only 25 Sections, eight of which were concerned with road passenger transport. Although Section 203 of the 1972 Local Government Act was now repealed, The First Section of the 1978 Act was an almost complete restatement of its contents. The Second and Third Sections detailed the requirements for each PTP. In addition to describing its policies and objectives and the means of achieving them, each County was required to give a review of the Communities' public transport needs, including an account of the criteria applied to determine need. The question of what constitutes needs with regard to public transport is one which the Counties have not surprisingly found difficult to interpret, and on the whole criteria are employed which fit most closely with the resources available. Many Counties argue that need cannot be uniformly applied, for in some areas the demand for

public transport could be much less than in another one superficially similar (we shall see that this was one of the main elements in Oxfordshire CC's public transport policy).

The clause demanding an account of the criteria employed to determine need was only added at the Report Stage of the Bill, and was meant to enforce a more explicit explanation by a County of how it arrived at its policy decisions. Given the Government's disquiet about spending on public transport in the Shire Counties, it was no doubt hoped that the existence of specific criteria would enable the DTP to more closely monitor the allocation of bus subsidies in these areas. The clause also tended to assume that the Counties would have sufficient information available to perform this job satisfactorily. In reality the NBC was not always prepared to be so compliant, for the company considered that it possessed an indispensable expertise. To emphasize this point the NBC had employed consultants to produce a Report on methods of assessing minimum standards for rural transport.¹⁰⁹ We shall see in our case studies that the NBC's Market Analysis Projects were partly conceived as a means whereby the company could demonstrate the ability to control its own destiny.

The County was required to consult with operators, Districts and other Counties when preparing or revising its PTP. In addition to these bodies, a preliminary draft was also to be made available to Parish Councils, trade unions: ". . . . and others appearing to the County Council to be especially concerned with transport matters."¹¹⁰ The Counties were thus given the discretion to consult a wide selection of groups, although it could be said that by the draft stage the scope for

change might be limited. Finally, the published PTP was to be made generally available to the public. The Government no doubt hoped that the PTPs would instigate a new grass roots interest in public transport, but bus passengers continue to remain politically unorganized.

Agreements between Counties and operators were expected to remain in force for three years, although discretion was allowed to the parties involved. In addition, operators were required to furnish information which the County needed to fulfil its statutory PTP obligations. The Counties nevertheless did not have the power to compel an operator to take a certain course of action, but it was no doubt assumed that the Counties would obtain compliance by means of their control of subsidies.

The Counties were also required to give details of concessionary fare schemes in their PTPs, while the remaining public transport Sections of the Act were concerned with licensing. We will examine these measures shortly when we look at the general trend towards liberalisation of the licensing system during the 1970s.

One further public transport policy development appeared, perhaps surprisingly, in the 1978 White Paper on the Nationalized Industries. In order to strengthen the voice of the bus passenger it was proposed that the Central Transport Consultative Committee, which had been set up by the 1962 Transport Act to act as a consumer watch-dog over rail services, should be renamed the National Transport Consumers' Council and include bus services within its sphere of responsibility. 111 In the event the Labour Government did not have time to pass the legislation necessary for this change before it lost office

in 1979.

The White Paper also proposed that Public Transport Users' Advisory Committees should be set up in each Shire County consisting of consumer interests and councillors. The Committees would assist in the preparation of PTPs and also deal with complaints about bus services. The Government's advice on Transport Users' Committees did not carry the force of law and many Counties were reluctant to set them up. The Counties no doubt feared that strengthening the voice of the consumer would increase the political pressure for higher subsidies, and the recommendation must be seen as part of the general campaign instigated by William Rodgers to force the Shire Counties into allocating a higher level of bus subsidies.¹¹² It would nevertheless be fair to say that at the commencement of the 1980s the political voice of the bus passenger remained extremely weak.

D. DeJicensing in the 1970s.

In the days when demand for bus travel was buoyant it was generally accepted that the orthodox stage carriage service provided the best means of road passenger transport in even the most rural areas. We saw in Chapter Three that Crosland-Taylor realized even in the 1920s and 1930s that some rural routes would never be profitable but company pride and later the cross-subsidizing function of the Traffic Commissioners ensured that the majority of these services were maintained. Political concern about the problems of rural transport were reflected in the creation of the Jack Committee in 1959, while some experimental services were set up during the 1960s. After a 1963 survey of sample areas there was a lengthy hiatus before

it was finally decided that the Post Office might run a bus service in association with its collection and delivery work. The first Postbus came into operation in 1967 but only after lengthy consultations with operators, unions and the Traffic Commissioners.

The detailed discussions required before the first Postbus commenced operation reflected the Post Office's concern about the economics of the operation, and also gave rise to the suspicion of operators that this unconventional service would jeopardize their own businesses. Thus one of the conditions for providing a Postbus was that it should not compete with any existing bus service. Both operators and trade unions are inevitably uneasy about experimental or unconventional services which could represent the thin end of the wedge and destroy their livelihood, while similar doubts are held about any proposed relaxation of the licensing system.

Governments are all too aware of operators' objections in these policy areas, but are also beset by the problem of keeping the public transport system afloat on limited resources. Schemes which encourage voluntary effort could save public money and Governments of both Parties have pushed forward the process towards relaxation of the licensing laws. Labour Governments are particularly sensitive to union objections and are also traditionally associated more with urban rather than rural areas. To counter this, we have already seen that William Rodgers (perhaps partly as a result of the Lib-Lab pact) was particularly concerned about the problems of the rural areas, while it could also be said that a Labour Government which saved money by means of voluntary effort in the

rural areas would free resources for use in the urban areas.

The Conservative Government of 1970-74 attempted to change the licensing system but was frustrated in its efforts by the intervention of the General Election in February 1974. In 1970 the DoE set up Committees in Devon and Suffolk to undertake a survey of local bus services. The Committees concluded that since a continuing decline in demand for services was inevitable, the emphasis should not be on providing open-ended subsidies but instead on the encouragement of voluntary effort within the community itself. ¹¹³ After lengthy and difficult negotiations with both the NBC and the unions the Government introduced several de_licensing clauses into its 1973 Road Traffic Bill. During the Second Reading the Minister for Transport Industries, John Peyton, stated that the Bill would: ". . . . make legitimate the already widespread practice of giving lifts in return for payment. Subject to safety requirements Minibuses should be free from road service licensing outside urban areas and away from existing bus routes. In addition, the interest of the public is to be made the principal criterion to be considered by the Commissioners in deciding whether a road service licence should be issued." ¹¹⁴ Mr. Peyton was clearly concerned about objections to these proposals, for despite acknowledging the advice of operators and trade unions he admitted that at a later stage he would propose amendments which would meet some of the views expressed. He considered that the operators now saw eye-to-eye with the Government, but made no reference to the unions.

The Government faced an uphill battle in achieving acceptance for its proposals, although it was significant that the Opposition spokesman on Transport, Fred Mulley, supported

the measure to legalize car-sharing. At the same time he was anxious that nothing should be done to make still more difficult the operation of existing services.¹¹⁵ When Mr. Mulley himself became Transport Minister later in 1974 he omitted from the Bill altogether the clauses concerned with road passenger transport. Instead he announced during the Second Reading of the new Road Traffic Bill that a Departmental Committee had been set up to discuss the subject of the bus licensing system. Meetings had already taken place with operators and trade unions and further discussions were planned.¹¹⁶ The Labour Government was anxious that some degree of de_licensing should take place but was not prepared to go ahead without placating the fears of operators and unions (perhaps with the fortunes of the Social Contract also in mind).

Although there was no immediate threat to the operators the NBC could not assume that it would be protected by the Government, and in 1975 the company took matters into its own hands by founding an unconventional service itself. The Marketing and Research Department initially put the idea to Eastern Counties, one of the NBC subsidiaries. Norfolk County Council agreed to co-operate and thus the concept of the Community Bus was put into action. A remote part of North Norfolk was chosen, comprising six small villages and a population of just over 600 where 80% of households owned a car. The high level of car ownership no doubt indicates the NBC's confidence that such an area was unlikely to provide business for an orthodox stage carriage service. Nevertheless mobility and accessibility in the area for those without a car was a

problem: "So beautiful and peaceful are the hamlets they have only one school, one pub and not a single shop between them." ¹¹⁷ A Village Bus Committee was founded although the area to be served and the pattern of services was worked out in close collaboration with Eastern Counties ! The company provided the 12-seat minibus and also trained the volunteer drivers who were all required to possess PSV licences. The County Council also contributed to the planning process, but more importantly agreed to underwrite any losses. Union agreement for the scheme was also secured, and union members assisted in the training of drivers. All the various interests were represented on a Steering Committee, although day-to-day operation was in the hands of the local Bus Committee.

The Norfolk Community Bus proved to be a success, with the result that similar schemes were taken up in other areas including East Sussex, Northamptonshire and Clwyd in North Wales. The Community Bus is significant politically for the manner in which it demonstrates a group attempting to manage its own environment. The NBC did not wish to operate services in unremunerative deep rural areas, but feared that services run by volunteers might eventually spread and invade the company's more lucrative inter-urban services. The Community Buses were thus to be "feeders" for NBC routes or provide services in areas or at times which offered no competition to the company. By taking the initiative in setting up Community Buses the NBC became a policy-making body in advance of the Government. To a Labour Government concerned about the NBC and union objections to de_licensing, the Community Bus was also a popular proposition, and an official guide was produced in order to

advise communities how to go about founding a project of their own.¹¹⁸ At the local level the Community Bus took on the appearance of a corporatist approach to policy-making. The close co-operation between the NBC, County Council and unions suggested that the parties were prepared to participate in a scheme which offered benefits to each at minimum inconvenience.

The Community Bus concept captured widespread political and general public attention. It is significant that the Select Committee on Nationalized Industries in 1978 chose to study Innovations in Rural Bus Services. Although the Report included a wide-ranging survey of the NBC activities, particular attention was given to Community Buses. The Committee concluded that Community Buses provided a valuable but limited contribution to the rural transport network. Particular emphasis was given to how provision of these services could improve the public image of the NBC.¹¹⁹ It could also be said that the existence of Community Buses could enable the NBC to argue that general de_licensing was unnecessary, for the company possessed the social conscience and the expertise to provide for those without access to orthodox bus services. The difficulty for the NBC was that the constraints placed on the use of a Community Bus prevented it from becoming a totally flexible and universally accepted means of providing an unconventional service.

The Government was reluctant to commit itself on any de_licensing proposals until after the consultative phase of the policy review process. The Consultation Document itself suggested that changes in the licensing code would have to be examined in the light of the results of various experiments.

These experiments were mainly in urban areas, such as dial-a-bus, and it was thought such services as shared taxis and car pooling might eventually be introduced (the emphasis on urban areas possibly reflected Anthony Crosland's concern for these areas rather than rural transport problems). The current licensing system was defended on the grounds that it provided stability, but it was also considered that innovation and change was inhibited by the monopoly of the established operator. 120

Publication of the White Paper coincided with two separate pieces of legislation which indicated that by 1977 the Government had decided that changes in the licensing system could wait no longer. In its response to the Consultation Document the NBC had inevitably made a strong defence of the existing licensing system, and considered that the flexibility already existed to encourage innovation. The examples of Community Buses and Section 30 permits (from the 1968 Transport Act by which operators could run stage carriage services carrying no more than twelve passengers or carry fare paying passengers on a school bus where there were no other transport facilities available to meet the needs of the proposed route) were cited as providing sufficient flexibility. 121

Despite the NBC's objections, the company did participate in a number of schemes as a result of the Passenger Vehicles (Experimental Areas) Act 1977. This piece of legislation empowered the Secretary of State to designate experimental areas within which the laws relating to public service vehicles might be modified for up to two years. In the event sixteen groups of Parishes were so designated, four in Devon, five in North Yorkshire, four in Scotland and three in Wales. The

experiments covered a wide range and included buses with flexible routes, a Community Bus (with NBC involvement), private cars charging fares and Postbuses. ¹²² The NBC was no doubt prepared to co-operate in the experiments on the principle that they were for only a limited period and did not represent any permanent change.

A more permanent change was brought about by the 1977 Minibus Act. Although a Private Member's Bill it was fully supported by the Government and largely brought about one of the changes proposed by the Conservatives in 1974. Minibuses of between six and eighteen seats used by voluntary organizations were now exempt from PSV licensing, as were their drivers. The vehicles were also exempt from road service licensing, although fares would be charged providing no profit was made. Permits for these vehicles were available from the Commissioners and the local authorities, but the Secretary of State also gave this power to 68 voluntary organizations themselves. This delegation of authority made the system largely self-regulating and indicated the Government's view that public transport of this type need be of no concern to the Commissioners or the bus companies. A wide range of organizations was given authority to issue permits e.g., the Boys' Brigade, the Church Army, the National Union of Students, the Spastics Society and the British Trust for Conservation Volunteers.

The White Paper on Transport Policy announced that more general modifications of the licensing law would be considered after further consultations, but for the present two further changes were recommended. Firstly, Community Buses were to be

made part of the official system, and Sections Five and Six of the 1978 Transport Act were exclusively concerned with outlining how these schemes should work. In a sense, this recognition represented a triumph for the NBC in having initiated a scheme which was later considered by Government to be of sufficient value to warrant being given special legislative status. At the same time the Government proposed to take Community Buses a step away from the NBC's control by exempting them and their drivers from PSV licensing. This move was consistent with placing Community Buses in the same category as voluntary organization minibuses, but it also suggested that the Government was anxious for Community Buses not to become totally dependent on the NBC for their existence. Although the NBC had founded the Community Bus concept, the Government had the power to loosen the link, although the schemes were to remain under the control of the Commissioners.

Secondly, legislation was to be brought forward which would remove the restrictions forbidding car owners to make a charge when giving lifts. Thus the 1978 Transport Act allowed private car owners and non-commercial organizations with vehicles up to seven seats to give lifts for payment. In addition to legalising a widespread practice this provision also made it easier to operate Social Car Schemes. Usually operated by the Women's Royal Voluntary Service, these schemes provide volunteer drivers for those in need of transport where satisfactory public transport services did not exist. The 1978 Act also made it legal to advertise car-sharing for the purposes of journeys to work or club activities, although the advertisements could only be placed at work, in the club, or in

the club magazine (the Conservative Government's 1980 Transport Act abolished all controls over advertisements for car-sharing).

Two further relaxations of the licensing laws in the 1978 Transport Act were the abolition of the twelve-seat limit on non-school contract services wishing to obtain a Section 30 Permit and the introduction of short-term (up to six months) road service licences. ¹²³

The Labour Government had no intention of abolishing the road service licensing system or removing the powers of the Commissioners, but in total the Experimental Areas Act, the Minibus Act and the 1978 Transport Act did represent a significant policy change. The NBC appeared to be generally reconciled to these changes, no doubt calculating that failure to co-operate in incremental change might cause the Government to penalize the company with regard to future finance. The TGWU was particularly concerned about the threat of car-sharing and opposed the legislation process brought about by the 1978 Act. There were also doubts expressed about the Community Bus concept by Larry Smith, National Secretary of the TGWU's Passenger Services Group. In giving evidence to the SCNI, Mr. Smith expressed the fear that: ". . . if the idea grows that all you need to do is to get volunteers to do it in other places (away from the deep rural areas) the position of the network operator will be eroded. Then you will not get sufficient volunteers and it will undermine the current services being provided." ¹²⁴ The union view indicated a fear that voluntary effort might ultimately bring great harm to the established operator and his employees. The de_licensing measures did indeed place more responsibility on voluntary

bodies who were becoming increasingly aware of their role in providing public transport in rural areas, although their relationship with the established structure was inevitably a delicate one. The focal point at national level for much of the voluntary movement is the National Council for Voluntary Organizations. This organization was formerly known as the National Council of Social Service, but changed its name in 1980 for the reason that it was concerned not to become mistakenly identified with local authority social services departments. Many voluntary organizations are affiliated to the NCVO, but at national level appear to leave matters concerned with rural transport largely in the hands of the NCVO's Rural Department. The NCVO has a full-time Rural Transport Officer, which gives the organization a higher degree of expertise on transport matters than can be found in many of its affiliated groups.

In addition to individual groups, other organizations affiliated to the NCVO are the Local Rural Community Councils. All but one of the Shire Counties in England has a Community Council, the first one of which was founded in 1920. A Community Council acts as a focus for local voluntary organizations, and can also be a link between these groups and the local authority. The Community Council's full-time officers can also assist in the promotion of new ideas and encourage local initiative in various areas, including public transport. In this sense the Community Councils can be seen as the local arm of the NCVO.

It cannot be said that the voluntary movement generally has offered a co-ordinated political challenge to the existing public transport system. We have seen that the Community Bus

was an NBC concept, while such things as Social Car Schemes are usually organized at a fragmented local level. It is perhaps in the nature of things that voluntary effort is difficult to co-ordinate into a strong political voice at either County or national level. An attempt to overcome this obstacle has recently been made by the creation of the group Rural Voice, which it is hoped will give the rural areas more influence in the policy-making process at both national and local level. Many of the organizations affiliated to the NCVO also belong to Rural Voice, although it would appear that the latter might take on a more general lobbying function than the former has previously undertaken. If the voluntary movement can gain a higher degree of political influence then it could offer a greater threat to the NBC, although at the local level the company can take heart from the extent to which its services and expertise are required by the Shire Counties.

At the national level the NCVO consults informally with the NBC. It is significant that the NBC has recently appointed a Community Involvement Officer, who has been working closely with the NCVO on projects in Devon and Cornwall. As with Community Buses, it would appear that the NBC is here again attempting to manage its environment and promote its public image. Another of the organizations with which the NCVO has informal contact is the Association of Transport Co-ordinating Officers. Founded after local government reorganization, ATCO brings together the County Co-ordinating Officers into a national group. ATCO also has Area Groups and an Annual Conference, but by its nature is prevented from having an overt political voice. Transport Co-ordinating Officers nevertheless

frequently wield enormous influence over Counties' public transport policies, and the NCVO's ability to influence the members of ATCO could be of greater political significance than more public lobbying.

The NCVO also has close links with the environmental movement. Many of these environmental groups are affiliated to the NCVO, while in 1979 Transport 2000 prepared a guide to participation in PTPs which was published by the NCVO.¹²⁵ There appears to be a strong cross-fertilization of ideas and activity between the environmental and voluntary movements which is likely to be strengthened by the foundation of Rural Voice. We should nevertheless note the strong NUR influence within Transport 2000, while plans are also afoot for the National Union of Agricultural and Allied Workers to be absorbed by the TGWU. In this sense strong transport union involvement in political movements concerned with rural areas and the environment might veto moves towards an increasing role for voluntary effort in public transport, (thus the unions may literally "manage the environment"!)). In addition the NBC, through Community Buses and its Community Involvement Officer, can also claim to be representing the interests of rural areas.

E. Conclusion

The 1970s saw a greatly accelerated pace in national political activity concerned with the bus industry. At any one time throughout the decade it would have been possible to witness Environment or Transport Ministers either preparing or presenting legislation, while the introduction of the TPP and TSG system gave them new responsibilities for monitoring the allocation of transport expenditure at the national level.

The deteriorating financial position of the bus industry was one obvious reason for the increased attention given to it by Governments, although the depth of the crisis only appeared to become apparent in the second half of the decade. In the early 1970s the chief policy change was to bring road passenger transport into the comprehensive planning system envisaged as a result of local government reorganization. Partly for traditional and structural as well as political reasons the Shire Counties were reluctant to commit resources to bus subsidies, and the Government encountered great difficulty in its attempts to both coerce and persuade them to spend more.

The 1977 Transport White Paper and the subsequent 1978 Transport Act did not superficially indicate any major policy change, but the percentage of the 1978 Act devoted to aspects of bus operation was greater than any previous legislation we have studied and brought road passenger transport more into the political limelight. The personal views of William Rodgers played a part in this development, although it also suggests that the new DTP was somewhat less dominated by road building interests than its predecessor. In addition, public transport was occupying the attention of an increasing number of groups, as reflected in the response to the 1976 Consultation Document. The rise in oil prices and general concern about the quality of the environment highlighted the value of public transport, but at the same time this increased attention threw an increasingly critical gaze on the existing licensing system. In this sense we could say that the Traffic Commissioners and operators such as the NBC might not have welcomed these new developments, for while a policy area remains a political

backwater the status quo is more likely to be retained.

Compared to the equivalent legislation of the 1960s, the legislation of the 1970s had a less partisan appearance. The concept of the THC appeared to epitomize the philosophy of the Conservative Government in 1962 (the NBC was basically a THC creation under a Labour Government), while the PTAs were associated with the Labour Government. The Conservative Government's plans for local government reorganization differed from Labour's in recommending a two-tier system, but the values underpinning the system were essentially similar.

This consensus was indicated by the Labour Government's anxiety to make the Conservative created TPP and TSG system work efficiently. The 1977 Transport White Paper rejected greater integration of transport industries and the creation of any BTC type of organization, and instead concentrated on attempting to make the local authorities more politically accountable and to introduce greater flexibility into the system. It is significant that the de_licensing proposals put forward by the Conservatives in the 1973 Road Traffic Bill were initially withdrawn by Labour, only to reappear in their own legislation at a later date. This convergence of policy between the Parties could be explained partly by the Conservatives' adoption of corporate and comprehensive planning as a valuable tool for the purpose of creating greater policy rationality and general efficiency (particularly exemplified by the creation of the DoE), and also by Labour's counter move away from organizational restructuring as a cure for transport's ills.

Despite the high degree of legislative activity the NBC

survived unscathed, although with the aid of some good fortune. Firstly, if the Labour Government had won the 1970 General Election and implemented the Unitary Authorities recommended by the Maud Commission then the NBC might have passed over control for bus services to these new Counties. The Conservative Government initially suggested that the municipalities would lose control of their undertakings to the new Counties, but in the event the fragmented system remained. In addition, the Conservatives had a particular affection for the holding company concept. Secondly, the 1976 Consultation Document suggested that the various bus undertakings might be integrated, but William Rodgers was not well disposed to this idea. A more left-wing Minister might not have been so happy to preserve the status quo.

Probably the most significant result of the 1970s' legislation was the intervention of the new Shire Counties into the affairs of the bus industry. The NBC could not ignore this development, for it required the subsidies allocated by the Counties, but the company was extremely suspicious (sometimes with good reason) that the Counties would challenge the subsidiaries' independence and authority. In addition the decade also saw the Counties increasingly take over the authority formerly enjoyed by the Traffic Commissioners, with the result that the NBC-County Council relationship largely replaced in importance the old operator-Commissioner relationship. In the next three Chapters we will examine in detail how several of these important new relationships developed, giving particular attention to the various policy styles of the Counties.

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CHAPTER SEVEN

IMPLEMENTATION IN THE 1970s:

1. Midland Red and the County Councils.

A. Introduction.

In the following three chapters we will be examining in turn the activities of —> four NBC subsidiaries with particular reference to the development of Market Analysis Projects and the companies' relationships with the relevant County Councils. The four subsidiaries are Midland Red, Potteries Motor Traction, Crosville Motor Services and City of Oxford Motor Services, (the PMT section will be incorporated into the chapter on Midland Red). Earlier we briefly outlined the origins and early development of these companies, and discussed the distinctive character of each. By the nature of the service which it provides, and regardless of the degree of central control which may be exerted, each NBC subsidiary is confronted by particular local problems.

We have also studied the activity of the NBC in terms of implementing the 1968 Transport Act, and attempted to indicate that the development of the Company could be traced through this particular policy process. In the previous chapter we saw that a considerable amount of legislation affecting the NBC was passed during the 1970s, although the immediate effects fell principally on the County Councils. As the 1970s progressed and the Counties became more directly concerned with public transport, the NBC was compelled to come to terms with this new influence on its work. In the 1930s, the Traffic Commissioners and the bus companies developed a mutually dependent relationship which continues to this day. The addition of the County Councils

has nevertheless provided a new and powerful interest to this relationship. The full effects of this tripartite relationship are still not fully apparent, and in many cases the parties concerned appear to be unsure of their exact authority and responsibilities within the evolving system. We noted that in some instances the 1930 Road Traffic Act, the 1968 Transport Act and the legislation of the 1970s possess conflicting objectives, and this confusion inevitably produces a certain amount of tension and uncertainty. The situation is likely to be made still more complex by the implementation of the 1980 Transport Act, which has the principal objective of introducing a higher degree of competition into the bus industry. In the latter part of Chapter Nine we will briefly examine this new legislation.

In the next three chapters we will be principally concerned with analysing a number of County Council-NBC subsidiary relationships. By their nature, no two bus networks or Counties are completely alike, and each area has particular individual characteristics. Nevertheless, we can classify the attitudes adopted by the Counties with regard to public transport planning into three broad categories:

1. The passive approach. This largely involves an acceptance of the status quo and a reluctance to intervene in NBC affairs.
2. The planning approach. The Counties adopting this policy are likely to be far more interventionist as a result of their objective of devising and implementing a comprehensive plan for public transport.
3. The market approach. Paradoxically, implementation of a public transport system based on the market model can also

involve a considerable degree of intervention. Achievement of the objective implies the introduction of a higher degree of competition, usually by encouraging the private operator at the expense of the NBC.

We shall see that Counties which can be placed in the first category usually tend to have more amicable relations with the NBC subsidiaries than those which come within the second and third categories. The dynamics of policy implementation, however, can in time lead to more amicable relationships being developed between the NBC subsidiaries and Counties which adopt policies based on either the planning or market approach. It is also important to recognize that throughout this period the NBC has not remained static in attempting to build relationships with the Counties.

The early 1970s was a time of considerable reappraisal for the NBC in general, and no NBC subsidiary underwent more heart-searching than Midland Red. The combination of the depressed economic state of the Company and the increased County Council involvement led to the introduction of Market Analysis Projects (MAP) (originally called the Viable Network Project). MAP was subsequently adopted by the NBC as a whole, and has come to symbolize the Company's objectives of cutting costs, restructuring services and developing working relationships with County Councils. We will see that the evolution of MAP within Midland Red has involved an increase in consultation prior to implementation. The company has sought to develop relationships with County Councils which do not require the sacrifice of its own independence, and on the whole has been successful in achieving this aim.

A further interest in the policy community of local bus

operation is the private operator. Potteries Motor Traction has several private operators running fare stage services in close proximity to itself, and in this Chapter we will also see how this has presented difficulties in the implementation of MAP. The case of the PMT is also of interest for the manner in which it has brought Staffordshire County Council into its planning process. In this respect its attitude can be contrasted with that of Midland Red, which also operates services in Staffordshire.

The development of MAP within Crosville has been particularly marked by the policy of Cheshire County Council. The case of Cheshire is perhaps the leading example of a County attempting to devise and implement a co-ordinated and comprehensive plan for public transport, even to the extent of taking the initiative in restructuring services. Cheshire's approach led inevitably to disagreements with Crosville over the introduction and development of MAP, with the heart of the argument based on the extent to which a County can control the bus services of an NBC subsidiary. A further problem for Crosville is that of cross-subsidization and subsidy. We saw in the experience of Crosland-Taylor the extent to which industrial Cheshire bus services subsidize those in rural North Wales. In response to their own doubts concerning Crosville's costing methods, the relevant Counties have attempted to monitor the company's accounts in order to prevent what they might consider to be a misallocation of subsidy.

The relationship between City of Oxford Motor Services and Oxfordshire County Council offers probably the prime example of an ideological confrontation between the NBC subsidiaries and County Councils. Oxfordshire County Council developed a policy

towards public transport based on promoting the virtues of competition and a free market. This approach presented a direct threat to the bus company-Traffic Commissioners relationship built up since 1930, and culminated in a fiercely fought test case during 1976-77. In Chapter Nine we will examine the Oxfordshire confrontation in detail, including the role of MAP in this particular County, and the links between the policy of Oxfordshire County Council and the contents of the 1980 Transport Act. This most recent legislation represents the first concerted attempt by a Conservative Government to dismantle the regulatory system for the bus industry set up in 1930, and its implementation could have profound implications for the future of the NBC.

The varying nature of the NBC subsidiary-County Council relationships illustrates the manner in which legislation may be implemented in several different ways. In many respects the legislation affecting the bus industry has bred a power struggle between the NBC, the Traffic Commissioners and the County Councils and a position of equilibrium is not easily obtained. In nearly all cases however (even in Oxfordshire) some kind of working relationship has developed. We have discussed the importance of identification in creating a unity of objectives within the NBC, and identification can also be important in developing an inter-organizational consensus. Where no organization possesses clear authority over other groups, then some degree of identification (either voluntary or involuntary) can play a significant part in creating some form of consensus. The nature of this consensus could be seen as a type of "comprehensive reprogramming", where interests adopt new values and perceptions.

B. Midland Red 1969-77

The Financial Position Deteriorates

We referred to Midland Red (MR) being the flagship of the NBC. In terms of fleet size (1,036 vehicles in 1979) it is the largest of the subsidiaries, and many of its senior managers have moved on to regional and central level (the current NBC Chief Executive, Robert Brook, is a former General Manager of MR). In recent years the creation of MAP has reaffirmed MR's status, but the early 1970s saw a crisis which threatened the future of the company.

MR ceased to manufacture its own vehicles in 1970, and subsequently its vehicle buying policy became centrally controlled. BET had allowed investment in its bus companies to run down, and MR had been forced to borrow £400,000 from the BET Federation Joint Deposits and Advance Scheme.

The early 1970s were depressing ones for the NBC in general, with the financial position deteriorating rapidly. In 1970 MR suffered a passenger loss of 10.15% ¹ and embarked on a drastic programme of service cuts. In common with all NBC subsidiaries, MR presented an ultimatum to the local authorities that many services would be abandoned unless a large increase in subsidies was immediately forthcoming. The section of the 1968 Transport Act which made provision for a rural transport grant was only sketchily implemented by the local authorities. In 1971 MR received only £9595 in rural bus grant, ² and a large number of rural bus services were consequently jettisoned by the company. Within the area covered by the West Midlands Traffic Commissioners, rural mileage was reduced by 25,501 miles per week in 1971-72 (as against a reduction of 2,986 miles in the preceding year), and a high proportion of this loss was accounted

for by MR services. ³

In addition to general cost cutting, MR also sold two of its garages, thereby raising £240,000. In 1972 it was stated: "The intention is that the company's rural operations must become profitable so that if and when the company's urban operations pass to the West Midlands PTE the routes remaining with the company will be viable." ⁴ The PTE sale was to take place the following year, but the problem of making rural services profitable in the 1970s was one which could not easily be solved by either MR or any of the NBC subsidiaries.

During the early 1970s MR was suffering from a shortage of maintenance engineers, while the neglect of investment by BET and the difficult financial position of the NBC had also led to a shortage of vehicles. The generally depressed state of MR at that time culminated in a serious accident at Dudley bus station in 1971, when a parked double-decker ran away and killed two people. Several spot checks were made on MR vehicles, and over thirty were ordered off the road immediately. Subsequently, the Traffic Commissioners ordered MR to take sixty of its vehicles off the road for three months. ⁵ This was a great humiliation for a company which had prided itself on the quality of its custom-made vehicles, and symbolized the severity of its decline over a relatively short period of time.

The Sale of Services to the PTE

MR had been negotiating with the West Midlands PTA in an attempt to reach an operating agreement since the latter's inception, but the PTA was determined to control all the services within its area. The 1972 Local Government Act gave the new Metropolitan Counties direct control over the PTE, and in the West Midlands the size of the new County entailed the PTE taking

over municipal services in Coventry in addition to its existing responsibilities. The first elections for the West Midlands County Council in April 1973 gave control to the Labour Party, who were committed to the (never implemented) policy of introducing free public transport to the area. The PTA had been negotiating to take over MR services within its area for several months, and the imminent reorganization of local government hastened the process.

MR was still not happy about selling off many of its most lucrative services, but pressure was placed on the company by NBC headquarters, although MR executives believed that the real source of pressure was the Government. The new concept of the Metropolitan Counties was designed to facilitate comprehensive planning, and the West Midlands County Council (with the support of the Government) did not wish to be continually bargaining with MR. With regard to the NBC it might be said that as a grant of £7 million and several loans had already been received from the Government, the company had little scope to fight MR's case. The 1967 White Paper had stated that: "The agreements between the Executives and the NBC companies must not destroy the basis on which the NBC companies can operate profitably,"⁶ but on this occasion the Government's eagerness to give the West Midlands County Council a good start took priority over the provisions of the 1968 Transport Act.

The sale was eventually completed in December 1973 for a total sum of £3,600,000: "Included in the transfer were 1,235 employees, 7 freehold properties, 413 omnibuses and associated assets."⁷ A few PTE routes also passed to MR. For MR services which ran into the PTE area, it was agreed that the PTE would pay the costs and receive the revenue from within that

area. The figures for costs and revenues are arrived at by means of a seven day sample taken over four weeks. In effect this arrangement has amounted to MR receiving a subsidy from the PTE, e.g., in 1978-79 the PTE was paying £700,000 net for cross-boundary services. The 1967 White Paper stated that: "The NBC companies cannot be expected to enter into agreements which would entail their operating at a loss, and so form a back-door method of gaining Government money to subsidize the operation of local transport services." ⁸ In the MR instance, services running into the PTE area have operated at a loss, and the ratepayers in the West Midlands County have subsidized passengers from surrounding Counties. In contrast, PTE cross-boundary routes are not subsidized by MR. The Director-General of the West Midlands PTE considered that this was because: ". . . they are mainly historic routes." ⁹ i.e., the PTE has never pressed MR over the matter. The one-sided nature of the costs and revenue agreement suggests that a compensating "back-door" subsidy formed an integral part of the MR sale. Ironically, the higher wages and cheaper fares within the PTE mean that the lucrative services previously owned by MR are ~~are~~ nearly all now operating at a loss. In this case at least, the resident of the West Midlands County is gaining the benefit of his own subsidy.

MR argues that its subsidy from the PTE was offset by the agreement to service all the vehicles it sold to the PTE for as long as they remained in the fleet or for a maximum of four years. Although this agreement did compensate the PTE to some extent, it expired in 1977, while the costs and revenue agreement continues indefinitely.

The agreement between MR and the PTE highlights the

essentially political nature of cross-subsidization. The West Midlands County Council was so anxious to control directly all the bus services within its area (the PTE also controls the timing, routeing and fares of MR services entering the area) that it was prepared to grant a long-term subsidy to MR (in addition to the £3,600,000 paid initially). In order to fulfil a planning function, the Metropolitan County perpetuated the concept of cross-subsidy between urban and rural areas.

Passengers travelling on services previously owned by MR gained in terms of lower fares (although they themselves were contributing towards this subsidy), but part of the Government grant intended for West Midlands County was syphoned off by MR for the benefit of passengers in other Counties. The agreement also illustrates the conflicting objectives of legislation, for the "back-door" subsidy took it outside the spirit of the 1968 Transport Act, although the West Midlands County Council could claim to be implementing the planning responsibilities given to it in the 1972 Local Government Act.

The sale to the PTE left MR with cash in hand, but a much reduced system of services. MR's response was to consolidate its empire once more by taking over a number of private operators. In this respect MR were considerably assisted by Shropshire County Council and Telford New Town Development Corporation. These two bodies had called in the transport consultants Colin Buchanan and Partners (who we shall see also played a significant part in the development of MAP) in order to undertake a survey of public transport in Telford. The consultants concluded that the bus network was hopelessly inefficient and unco-ordinated, and that one operator for the area would suffice. In 1978 MR purchased the goodwill attached to the road service licences of

seven independent operators in Telford for the sum of £545,000¹⁰ i.e., MR purchased the services and not vehicles or garages. In theory, MR could have applied to the Traffic Commissioners to take over the service compulsorily, but the company did not wish to be so ruthless, although the strong support of the County Council could no doubt be used as a bargaining tactic by MR. It should be noted that if the 1978 Transport Act had applied at the time, the Commissioners would have had a statutory responsibility to consider the views of the County Council.

Despite the acquisition of private operators in Telford and in other parts of the Midlands, MR's financial fortunes continued to deteriorate as the 1970s progressed. In 1975 MR made a record loss of £1,429,757, and although this was reduced to £256,165 in 1976, the position continued to be serious. It was at this time that the concept of a Viable Network Project began to surface, leading eventually to the development of Market Analysis Projects throughout the NBC.

C. The Development of MAP

MAP and the Political Dimension

Since 1977, MAP has become a focal point of attention for NBC corporate activity, and in doing so has been given a high degree of attention by both subsidiaries and County Councils. Indeed, a principal objective of MAP could be seen as an attempt to accommodate the interests of both NBC and the County Councils. Each individual MAP eventually leads to a local revision of services, but the superficial uniformity of the process conceals a wide diversity of circumstances. The development of MAP on a time-scale, must be placed in conjunction with the differing character of NBC subsidiaries and the various policies on public transport adopted by the County Councils. In this context, MAP

itself becomes a dependent variable, and can mean what the parties concerned want it to mean. Nevertheless, MAP has undoubtedly acted as an agent of change, and the effects of its impact are not yet fully discernible.

Wildavsky considers that: "The tension between analysis, which seeks out error and promotes change, and organization, which seeks stability and promotes its current activities, is inevitable." ¹¹ MAP began (and is still to some extent officially portrayed) as a management tool which would employ modern technology to improve the NBC's performance. Although this activity remains a central pillar of MAP, the process has inevitably developed political aspects. The tension which Wildavsky refers to is particularly evident in two respects with regard to MAP. Firstly, even the most sophisticated information system can lack the detail and flexibility to ensure satisfactory implementation. Thus, if discretion is taken away from the local level and insufficient attention given to particular circumstances, then the programme will be over-centralized and inflexible. Secondly, the policies adopted by County Councils can conflict with the objectives of the NBC. These conflicts can arise from differing values with regard to public transport planning (most typically in Counties encouraging the private operator), but can also occur as the result of a more basic power struggle. We saw in the previous chapter that the public transport legislation of the 1970s created a confusion of control with regard to the NBC, County Councils and the Traffic Commissioners. In areas where County Councils consider themselves to be the supreme authority with regard to public transport planning (as was the case with Cheshire C.C.) then a conflict over the introduction of MAP is almost inevitable.

Wildavsky concludes that: "Culture is creative if it makes use of the effective intelligence, which we call policy analysis - simultaneously recombining resources and objectives, means and ends, instruments wielded by government with public preferences so that they, together, form an improvement." 12

It might be said that the development of MAP has seen culture interacting with a technological programme in a form of policy analysis. The creative culture referred to by Wildavsky could also be seen as achieving progress by consensus, or in terms of the aggregative implementation model outlined by Dunsire. Both Wildavsky and Dunsire stress the imprecisions and ambiguity inherent in all policy implementation (and good policy analysis). In essence, they argue that the closer we study reality, the harder it becomes to discover a chain of causality or a pattern of activity. With regard to MAP, the closer we examine the character of individual subsidiaries and their relationships with County Councils, the more difficult it becomes to evaluate the nature of MAP itself. In our implementation model we stressed the importance of interaction and speculate that this might lead to an exchange of values. In our case studies and in the Conclusion we will be examining the extent to which this might have occurred. Ultimately, the chief importance of MAP may be its role in smoothing out some of the rough edges where the NBC and County Councils interact. In its turn, MAP can itself be changed by this process of interaction. In the implementation process, it is often the reality of change itself which comes to dominate the other elements.

The Organizational Significance of MAP

Although the character of MAP has varied from area to area and developed over time, one person in particular is identified

with the process. The Planning and Co-ordination Officer for the Midlands and West Region, Brian Barrett, originally devised the system and was instrumental in its adoption by MR. Mr. Barrett had worked for some time on transport research at Newcastle University (we shall see in Chapter Nine a link between Brian Barrett's background and that of the public transport co-ordinator for Oxfordshire C.C.) and subsequently at several bus companies. In Downs' terms, he might be described as a climber within the NBC, also representing a trend within the company towards executives with a more academic background rather than the traditional Crosland-Taylor type of busman. To some extent he has been able to by-pass the traditional NBC promotion structure by the creation of new posts. It could nevertheless also be said that in developing MAP he was putting forward his own conception of how the NBC's interests could be best served. In this sense, he could also be described as an advocate. To the senior managers participating in the MAP project, the process might appear to be the central activity of the NBC, yet at the operational level it might appear to be one component in a complex set of activities.

What later became known as MAP was originally entitled the Viable Network Project (VNP) and was undertaken in Stratford-on-Avon during 1977. Although the VNP was tailored to meet the needs of MR, it was closely monitored by the NBC senior executives, and by April 1978 it had been decreed that MAP should be adopted by the NBC as a whole (the NBC Chief Executive's former position as General Manager of MR was seen by many to be an important consideration in priority given to MAP). A small central Project Direction Team was set up at Redditch, under the control of Brian Barrett.

The reason given by the NBC for the change of name from VNP to MAP was that it feared the use of the term viable network would give the impression that no further subsidy would be required, and thus let the Counties off the hook. The NBC has discovered that in many cases the implementation of a viable network for even a brief period of time is an unattainable objective, and requires a subsidy if it is not to collapse altogether. The term Market Analysis nevertheless clearly associates the project with the commercial objectives of the NBC, rather than an obligation towards bus transport as a social service. In this respect it is inevitable that MAP should be regarded by many Counties as a means of achieving a considerable reduction in subsidies to the NBC.

The word Market is a politically significant word, which can be given various connotations. During the period of MAP's implementation, nearly all the Shire Counties have been controlled by the Conservative Party, and in some of these the word 'market' has a wider meaning than that given to it by the NBC. To an NBC subsidiary MAP entails an analysis of its own market, and there is naturally no suggestion that the market might be better served by other operators! In Counties with a natural antagonism towards any state owned undertaking (although they might be broadly in sympathy with the commercial objectives of MAP), there is a strong suspicion that the NBC's job could be better executed by the private operator. In these cases tension arises between the County and the relevant NBC subsidiary, which will inevitably be exacerbated when a particular MAP does not achieve the savings anticipated. We will see in Chapter Eight that this has been particularly the case with regard to Crosville

and Clwyd County Council, while in Chapter Nine we will be examining a particularly severe confrontation between City of Oxford Motor Services and Oxfordshire County Council.

One further aspect of MAP concerns its acceptance by the NBC subsidiaries themselves. When MAP was first adopted as corporate policy it was reported that: "NBC local management is displaying simmering hostility to MAP too. They feel that in their 'well run' companies there will not be the same magnitude of painless savings so far displayed at Midland Red and City of Oxford (the first two subsidiaries to undertake MAP)." ¹³ It was stated at MAP headquarters that nearly all subsidiaries had initially claimed that: "We don't need MAP," but that most of them had come to accept the programme as being of use. In analysing MAP the SCNI Report concluded that MAP had been accepted by MR, but that: "It may also be the case that in other NBC subsidiaries where the application of MAP stems from national policy rather than specific local circumstances local management may be less enthusiastic." ¹⁴ A way round this problem for MAP headquarters has been to place their "own men" at the head of affairs. Thus the MAP leaders at both PMT and Crosville had previously worked on the City of Oxford MAP, and were clear advocates of the MAP principle. The leaders clearly perform a cognitive function in instructing staff on the MAP process, but also give MAP headquarters the reassurance that the programme will be implemented with at least a fair degree of enthusiasm.

Allied to this aspect of control and identification within the MAP process is the age group of those most closely involved in the programme. The large majority are of a relatively young age, and this can enhance the image of MAP as a type of

"NBC revolution", - hence giving the younger generation of executives something with which they can identify. In this respect MAP might also symbolize the periodic need of an organization to renew itself. When Crosland-Taylor became Chairman of Crosville on the death of his brother, he suggested to the Chairman of Tillings that receipts might be improved. The Chairman was sceptical: "'Well, do you mind if I try?' I replied, 'I don't say it can be done, but we haven't really looked at it that way.' 'And why haven't you looked at it that way?' The old man was always direct, and if an awkward question was possible he could be depended upon to ask it. 'We just haven't and that is why I want to do it now.' 'Ah, well,' he said, 'have a try - but I don't suppose you'll be able to do anything.'" 15

Crosland-Taylor describes how he met his Divisional Managers, when it was decided that: "There would be the maximum of new vehicles and the standard of maintenance of all assets would be improved. Publicity was to be completely overhauled, and on top of all that all services were to be reviewed twice a year - after winter and summer working - so that we could become more elastic and open up the good traffic and clamp down on the bad." 16 The nature of Crosland-Taylor's programme (apart possibly from the luxury of the maximum of new vehicles) is very similar to the objectives expressed in MAP, while his conversation with the Chairman might reflect the tension between the enthusiasm displayed by those who devised MAP and the scepticism of the older busman. MAP involves new methods of data collection and analysis, but even those closely concerned with MAP concede that the busman's continuing battle with the equation between costs, revenue, investment and level of service has an eternal quality.

The Objectives of MAP and the MAP Process

The official objectives of MAP are linked to the various phases of the process:

1. to make detailed surveys of bus passenger demand and of the attitudes of the existing and potential passengers;
2. to examine the operational performance of the bus service in different areas;
3. to develop a series of plans for reshaping the bus services, their method of operation, staffing and management in such a way as to enable the Company to move into a position in which it could cover its operating costs;
4. to provide an improved quantified basis for discussions between the NBC subsidiary and the various local authorities on the new network and its possible enhancement under revenue support to meet specific objectives beyond those commercially attainable;
5. to establish an ongoing method for monitoring and controlling cost effectiveness. 17

The MAP survey methods were devised by MR with the help of Colin Buchanan and Partners, who we saw above had already completed a survey in Telford. Each MAP study is nearly always based on the services operated from a particular depot (sometimes two or three are grouped together). The survey work is sometimes undertaken by company staff e.g., inspectors and administrative staff, but more often part-time workers are employed. The "MAP week" is divided into three sections, weekdays, Saturday and Sunday. Each service is surveyed at least once in each section (i.e., one weekday, one Saturday, one Sunday), while certain special sections e.g., market day

services may also be added. The overall picture given is described as a "snapshot" of the demand for services at a particular time of the day.

The word "snapshot" conveys a particular meaning and highlights one of MAP's limitations. In some cases, the data collected from these surveys can give a distorted picture and lead to faulty conclusions being made. For those working closer to the operational level, the data collected from the MAP survey may fail to be a complete or moving picture. Even large-scale survey work cannot cover all services at all times, and gaps can appear. To a bus driver, depot superintendent or divisional manager, their own picture may look different to the "snapshot". This divergence can create classic problems of central-local relationships. Those to be interviewed are selected at random. The limit on MAP survey expenditure inevitably restricts its effectiveness on occasions, despite the large amount of information which it provides. As MAP has progressed, the NBC has attempted to cover this gap by means of "extended data." This consists of projecting data for passengers who do not fill in forms (forms are handed in by passengers on leaving the bus) and for journeys not surveyed. The difficulty with this method is that errors and misconceptions may be compounded. Eventually, the NBC hopes that data will be collected and processed automatically on the bus when a passenger purchases a ticket, but this type of technology is expensive and the company lacks the resources to develop it extensively at the present time.

In addition to the on-bus survey, a passenger attitude survey is also undertaken. Members of the public are selected at random, and questioned in their homes with regard to attitudes on public transport. This information is seen as being valuable

in the development of marketing techniques and in highlighting problems on particular services. As with the on-bus survey, limited resources restrict the numbers who can be surveyed.

The processing of data reflects the increased use of technology by NBC. One of the principal incentives for MR to instigate MAP was the installation of a computer system at its headquarters. The NBC now has four computer centres, although nearly all the data is processed at the MR centre. It might be said that one of the subsidiary objectives of MAP is to provide work for the computer centres and assist in their development. Those working on MAP remark on how "microchip" technology has developed since MAP's inception, and that the Scottish Transport Group, (which adopted MAP in 1979) is reaping the benefit. Initially, data was produced in terms of zones, advancing to networks (which give a better picture of travel patterns) and finally to survey replies by individual passengers.

It is the replanning of services phase of MAP which is inevitably the most contentious and political aspect of the process. We have already referred to the inherent tensions of the NBC subsidiary-County Council relationships, and our case studies will show how MAP relates to these. We will also see how subsidiaries have varying approaches to producing MAP networks. MR initially was over-reliant on central control, but in more recent times has become more liable to consult its own staff. It has nevertheless been reluctant throughout to bring County Councils into the MAP process. In contrast, PMT has worked fairly closely with Staffordshire County Council, although this relationship has created some problems of its own. City of Oxford prepared a centrally controlled MAP in a short period of time, as a response to the immediate crisis in its

relationship with Oxfordshire County Council. In this case, although MAP did achieve some cost savings, it was probably the image projected of MAP itself which was of primary importance. Like MR, Crosville covers a large geographical area, and has tried to learn from the former by, to some extent, decentralizing the MAP process, although this course of action can also lead to some central-local tensions.

In addition to the various interpretations of MAP, there are also more general problems concerning scheduling and the allocation of costs. The essence of cost savings for MAP is to reduce the number of vehicles needed at peak times. Outside the peak, services are running at marginal cost (i.e., the cost of running that particular service), and this can be extremely low. The key for the preservation of a sparsely patronized off-peak service is that it should be integrated in the level of network dictated by the peak vehicle requirement. If an off-peak service is placed outside this network, then the NBC will only preserve it if the County Council is prepared to purchase a further vehicle and subsidize its cost. The choice between placing a service (or a particular section of a service) inside or outside the network may be an extremely marginal one, and in putting forward a limited number of options to a County Council there may be little room for flexibility. Those who devise a MAP network (and bus scheduling is a specialized task) can therefore have considerable power in deciding the level of public transport in a particular area.

The subject of cost allocation can also place the NBC staff in a powerful position. In the previous chapter we described how, despite the agreed CITFA method of costing, allocation of costs is not an exact science. In addition, forecasting the revenue

which will be gained from a particular network is even more problematical. Some of those working on MAP admit that estimates of possible savings on a particular rescheduled set of services must sometimes be plucked out of the air. The complexity of the problem gives the MAP planners and schedulers considerable scope for discretion in making the financial calculations for a particular network.

The position over MAP is still further complicated by ambiguities with regard to overlaps and cross-subsidization. Although each MAP area (or bus depot) is officially regarded as a separate entity for the purpose of the study, there is inevitably some overlap in services between depots.

Cross-subsidization is also a difficult concept to isolate and identify, for it can occur over area, time or even particular sections of one route. The NBC has introduced some degree of differential fare levels, but the system of standard charging is still widespread. There are also political constraints, for a County Council may object to differential fares within its own area. A County Council may therefore assist in the process of cross-subsidization, while leaving the NBC to determine the general level of fares. Given the complexities of allocating costs, setting fare levels, forecasting revenue, determining vehicle requirements and scheduling services, it is perhaps not surprising that the SCNI should conclude: "In examining the Hereford MAP report, a discontinuity appeared between the detailed survey analysis and the network proposals, the link not being immediately evident."¹⁸ It might be said that on these matters the NBC's power is derived from the existence of a cognitive gap between itself and the uninitiated!

In the case of MAP, expertise can confer a considerable

amount of power on those who possess this specialized knowledge. Richardson highlights a weakness of enforcing pollution control in Sweden, where County administrations and local authorities have failed to exert effective control over the polluters.¹⁹ County Councils in England now possess considerable authority with regard to public transport planning, but we shall see in many cases only a small staff is engaged in this work, who in reality find it difficult to challenge the expertise of the NBC staff.

Related to the expertise of the NBC and the extensive revision of services entailed in MAP, we could identify a further programme objective. In a declining market, the NBC has been forced into a position of continual contraction. The work of MAP inevitably continues that process, but the modern technology, the expertise and the emphasis on marketing can present a picture to the outside world of a progressive organization. In addition, the detailed survey work and mass of data can be used as proof by the NBC that it does not abandon unremunerative routes lightly. It might be hoped by the NBC that a County Council and the public at large will accept a contraction in services if it can be shown that the decision is made only after a great deal of detailed research and analysis.

All the MAP networks are naturally monitored, and we will see later in this chapter that on some occasions extensive revisions can take place. It is from this kind of experience that MAP has tended to become more decentralized, but MAP itself is a 'single line' process. However detailed a survey may be, it can only isolate conditions at a particular moment in time, and MAP must eventually be placed in the context of time and circumstances. In 1980 the NBC suffered a massive decline in

passenger numbers, and some of the earlier MAP networks were already becoming outdated. The MAP survey teams are dismantled once a project is completed, and until more automated systems of data collection are installed the subsidiaries must cope with the situation of the moment.

In some cases MAP team leaders have been absorbed into the staff of a subsidiary where a project has been completed, but the future of the MAP organization as a whole remains uncertain. The headquarters team at Redditch consists of only five people, including a representative from Colin Buchanan. The consultants help to provide staff for survey work and also play a large part in the production of MAP reports themselves. The MAP Direction Team is responsible to the NBC headquarters through the Chief Executive's Steering Group, which in addition to the Chief Executive consists of the Regional Directors, the Director of Research and Strategic Planning and a representative from NBC computers.

Having devised the system, the main responsibility of MAP headquarters is to educate the subsidiaries. The chief intermediary between headquarters and the individual subsidiary is the MAP Regional Co-ordinator. It was considered at MAP headquarters that on the whole the NBC staff were resistant to accepting computer technology, but that in any case the actual preparation of a MAP report was undertaken by a small group working under the team leader. We referred above to central-local tensions caused by MAP, and its organizational structure emphasizes this point (the headquarters staff of MAP were described by one County Council public transport co-ordinator as being: ". . . too clever for their own good."). Once a project commences, the regional co-ordinator meets the MAP team

only about once a month, leaving a high degree of local discretion. Each MAP is checked at headquarters, although discovering anything but the most obvious anomalies must create evaluative difficulties.

In recent times MAP headquarters has been concentrating more on forward planning. It is perhaps significant that in August 1979 Brian Barrett was appointed the NBC's first Group Marketing Manager (once more creating a new office!), leading a small team with the responsibility to develop marketing techniques in the company and its subsidiaries. The NBC has often been compared adversely with British Rail for its failure to develop special fares for off-peak services, while publicity for services has often been sparse (MAP has also made progress in this area by issuing special timetables and promotional material on the implementation of each revised service network). Brian Barrett's new responsibility may symbolize the NBC's realization that MAP cannot represent a "once for all" rationalization, and that a viable network may in many cases prove eternally elusive, but that at least the company can make a positive attempt to improve its image and obtain the maximum revenue possible.

D. Midland Red and the County Councils

MR runs services into thirteen Counties, but in several cases its involvement with the County Councils is slight. The principal Counties in which it operates are Warwickshire, Leicestershire, Derbyshire, Staffordshire, Hereford and Worcester, Shropshire and Oxfordshire. The special case of Oxfordshire is best considered with that of the City of Oxford, but in this section we will be examining MR's relationship with these other six Counties.

The VNP commenced in Warwickshire, and MR regards its relationship with this County as being particularly amicable. We will see that in the case of Leicestershire and Derbyshire there have been particular problems with regard to implementation of a particular MAP network. MR's most acrimonious relationship is that with Hereford and Worcester C.C., where a series of disagreements have left the two bodies a wide distance apart. The problems of rural transport are particularly evident in Shropshire, where the County has encouraged community involvement in providing public transport. Staffordshire C.C. has been rather more interventionist than the other Counties, although it has failed to become directly involved in MR's MAP. It has been more successful in working with PMT, but we shall see that this involvement carries with it commensurate responsibilities and risks.

1. Warwickshire

The relationship between MR and Warwickshire is epitomized by the appointment of Paul Merryweather to be the company's Operational Development Manager in 1978. Mr. Merryweather had formerly worked in the Treasurer's Department of Warwickshire C.C., and his move to MR was considered by the company to be of considerable importance. The new post of Operational Development Manager was itself part of an NBC organizational experiment (once more MR appeared in its role as NBC's laboratory) involving the separation into three parts of duties previously given to the Traffic Manager. The Operating Manager was given general responsibility for the maintenance of services, while the Marketing Manager was closely involved with the implementation of MAP and the day-to-day relationship with the County Councils. The Operational Development Manager was to be concerned with

MR's strategic development, giving particular attention to how the company might gain a better understanding of the local authority 'mind', (by 1980 it had been decided that this arrangement made decision-making too fragmented, and a more hierarchical structure was implemented, which included the re-introduction of a Traffic Manager. In the reshuffle Mr. Merryweather became Secretary of MR, with the Operational Development Manager working under him).

The relatively close relationship between the County Council and MR was further reflected in the experiment of a VNP in Stratford. The key to the amicable relationship is given in the County's first Public Transport Plan. In discussing the relative merits of MR and the private operator the County stated: "Some have even suggested that if the independent bus operators took over routes from the NBC companies, the needs of the travelling public would be better met at lower fares." ²⁰ Such speculation was quickly put in its place: "The County Council does not support these views and believes that the public interest and need will be best met by the guarantee of stability of any operator's territory and by the prevention of wasteful competition that would be implied if the licensing system were to be sufficiently relaxed." ²¹ In discussing transport policy in Sweden, Richardson concludes that policy styles may differ from one policy area to another. ²² We saw earlier in the chapter that in the case of the County Councils and public transport policies, several different policy styles are identifiable. Warwickshire may be placed in the passive category and has an approach based on trust in the traditional regulatory system and faith in the efficiency of the NBC.

At the outset of MAP, Warwickshire appeared to believe that

the programme would solve most of the County's problems with regard to subsidy and general efficiency of the service network. It is particularly significant to note that an amicable relationship between a County Council and an NBC subsidiary is not necessarily dependent on the relative size of subsidy. In the "league table" constructed on the basis of bus revenue support as a percentage of total transport spending, Warwickshire appears at the lower end. For 1980-81, the County is fifth from bottom, with 4.14% of total transport spending devoted to bus subsidies. Hereford and Worcester, with whom MR has a generally acrimonious relationship, is slightly higher up the table with 5.96%. We shall see in the next chapter that Crosville has had many differences with both Cheshire and Clwyd Counties. Yet these Counties are near the top of the table with 16.76% and 15.4% respectively.²³ A higher level of subsidy might of course indicate a less efficient bus company, while in some Counties the social needs might require a higher proportion of unremunerative services, but this particular table does at least give some guide as to the relative importance which each County attaches to supporting the bus network as opposed to roadbuilding and maintenance etc. It might be thought that MR would look more favourably on a County which devoted more of its resources to public transport, but we have seen previously in this study that it is commercial viability which is uppermost amongst the NBC objectives. An NBC subsidiary which received a large subsidy might fear a loss of independence, while it might also be considered to lack efficiency by other subsidiaries.

In the case of Warwickshire, what mattered for MR was that the County recognized the status quo and would discourage a transfer of services to the private operator. In return, MR was

committed to implementing MAP throughout the County and keeping subsidy to a minimum. The faith which Warwickshire had in MAP is illustrated by evidence given by Mr. McMillan, the County Treasurer, to the SCNI investigating Innovations in Rural Bus Services. Mr. McMillan formed part of the Association of County Councils' delegation which gave oral evidence. We shall see that those actually concerned with public transport occupy a relatively low position within the Warwickshire County Council hierarchy, and the presence of the Treasurer in the delegation would indicate the priority given by the County to the financial implications of rural transport policy. In relation to MAP, Mr. McMillan stated: "The right approach to this MAP has to be modestly optimistic. As I said before it depends on the NBC subsidiary and local authority recognizing what their roles are, and co-operating in getting the right answer. We in the Midlands, with MR, were faced with this situation three years ago where MR was faced with the prospect of a loss of approaching £4 million, and we just had to do something about this." ²⁴ This statement reflects the high priority given to cutting costs by both Warwickshire and MR.

In its 1979 PTP, the County (rather naively) confidently hoped that: "In the future, the MAP networks being introduced by MR should obviate the need for a block grant. However, for the transitional period until each MAP network has reached a position of viability, revenue support from the County Council will be on a network basis where MAPs have not been implemented, and on a route-specific basis where they have been implemented and where routes outside the MAP network are required by the County Council." ²⁵ The County hoped that a viable network could

be constructed, and that individual unremunerative services could be costed. We described earlier in this chapter how the NBC subsidiaries have encountered great difficulty in constructing any long-term viable network, and also noted the difficulties in costing particular routes. Hence, by 1980 the County was beginning to perceive that MAP was not the panacea for all ills.

In 1979 the County assumed that a subsidy of £200,000 would be required for each of the following five years, but by 1980 the position had deteriorated and the subsidy for 1980-81 was set at £300,000. It had been hoped that by this time it would have been possible to cost individual routes, but it was admitted that: ". . . . such negotiations are complex and are influenced by the interaction between the commercial network and the additional services and journeys that the County Council has secured. More revenue support is required in this TPP compared with that in 1979-80 to provide for a contingency situation so that if bus operators face problems, the C.C. may be placed in a position of "buying time" until conditions can be re-assessed and amendments made to the network." ²⁶ The County had discovered that MAP was not a "once-for-all" panacea, and that more subsidy was required just to keep the network intact, rather than support individual services.

The position was further complicated by the delay in implementing MAP in Warwickshire. It had originally been planned that all the MAPs for the County would be completed by the end of 1979, but lack of resources caused MR to put back those for Leamington and Rugby. The Leamington MAP revisions were brought into operation during 1980, but the Rugby Report was only completed at the end of 1980, with the consultation phase still

to come.

The County Council officially allows eight weeks for consultation after publication of the Report, a relatively short period of time for discussing often extensive changes in an area's bus service. The C.C. discusses MAP with the relevant District and Parish Councils, but no outside groups are brought into this process. We discussed in the previous chapter the large number of groups directly or indirectly concerned with public transport, and outlined the responsibilities placed on the Counties with regard to the PTP consultation process in the 1978 Transport Act. A County may consider itself obliged to at least take note of comments made by environmental and transport groups with regard to the PTP, but it is under no statutory obligation to consult on the contents of a MAP Report. Yet while a PTP may give a general policy outline, it is MAP which can actually change the shape of the bus services. Warwickshire C.C. does not have as extensive a list of consultees as some other Counties (none of the environmental groups and only one transport group, the Railway Development Association), but the MAP consultation process is considerably more restricted. To a bus company with severe financial problems, speedy implementation of MAP is a priority, while a C.C. also has a financial incentive to obtain cost savings quickly. It is clearly against the interests of both for consultation over MAP to continue over a long period of time. Members of the Warwickshire C.C. team concerned with public transport stated that on some occasions both they and MR staff had been forced to "burn the midnight oil" in order to meet a deadline for MAP implementation, although they also considered that any objections to specific MAP proposals were dealt with satisfactorily.

In reality the MAP consultation process has in some cases spread beyond eight weeks. We referred earlier in this chapter to Wildavsky and his comments on the tension between analysis and organization. When the Leamington MAP Report was published in November 1979, both the C.C. and MR decided to intensify the consultation process with particular regard to the Parish Councils, and over forty meetings were held. This process was praised by the Traffic Commissioners during the public hearings, ²⁷ and implementation proceeded relatively smoothly.

A further factor in the implementation of MAP within MR concerns the role of the Divisional Manager. Until recently, there were four Divisional Managers (reduced to three in June 1980), one each for the North-East (based at Leicester), South-East (Rugby), South-West (Worcester) and North-West (Cannock). The personality and background of the Divisional Manager for the South-East, Mr. Townsend, has played a particularly significant part in the Warwickshire MAPs. As a former bus driver, Mr. Townsend had spent all his career with MR and had built up a wealth of detailed knowledge on his own territory. In such a large NBC subsidiary as MR, each division is almost a company on its own, and the Divisional Manager has a wide-ranging set of responsibilities. He is concerned with nearly all aspects of operation, including traffic and staff establishment. Only major policy decisions such as fare levels are beyond his jurisdiction. In the case of Mr. Townsend, he considered that a matter referred upwards would be a failure on his part. In the early days of MAP he was unhappy about the lack of consultation, and thought that some of the proposed service revisions were unrealistic. During the course of the Nuneaton MAP in 1979 he had several disputes with MR headquarters

over the nature of the proposed changes, and he considered that the resultant network was more practical than if the original proposals had been implemented. 28

The independent approach of Mr. Townsend towards MAP and his relationship with MR headquarters in general is also illustrated by his relationship with Warwickshire County Council. We stated earlier in this section that the County Council Treasurer appeared to have considerable influence over public transport policy in Warwickshire. As with several County Councils, the public transport section is situated in the County Engineer's Department. We remarked in the previous chapter that many County Councils mirror the situation in the Department of Transport, where public transport policy is placed in a subordinate position to that of roads. A group of four work on public transport within Warwickshire County Council, and occupy a relatively junior position within the Engineer's Department. The Public Transport Co-ordinator has initiated a fair degree of research, including a detailed analysis of public transport need within the County (we discussed in the previous chapter the subjective nature of needs analysis), but his voice within the County's planning process is inevitably restricted.

He has nevertheless obtained influence over the contents of MAP by his close relationship with Mr. Townsend. The two men co-ordinated their response to MAP proposals, even to the extent of arranging that one of them sent a letter to MR headquarters setting out half the proposals, and the other sent a letter containing the other half! Despite his relatively junior position, the public transport co-ordinator has influenced implementation of MAP and the MR-County Council relationship generally by

developing his own specialized expertise and linking it with the knowledge and discretionary power of MR's Divisional Manager. This sub-structure therefore came to occupy a position of some authority in the implementation process, alongside the more senior relationship between MR headquarters and the County Treasurer.

The Warwickshire experience suggests that, despite the large-scale data collection involved in MAP, the process requires a high degree of consultation at the local level if it is to be implemented smoothly (a conclusion associated with Dunsire's aggregative theory of the implementation process and which will be further examined in Chapter Ten). In the following section we will examine a MAP where less consultation and deliberation led to serious implementation problems.

2. Leicestershire, Derbyshire and the "Lancer" Network

The approach to public transport policy adopted by Leicestershire C.C. is on the whole similar to that of Warwickshire. MR is basically left to get on with the job, while the County fills in any gaps which the company may leave as a result of MAP. Although MR operates in only the South-West corner of Derbyshire, the County is worthy of note for its interventionist approach.

In Leicestershire, four people work on public transport, until recently as part of the Highways Department, although a new Planning and Transportation Department has now been formed. The County illustrated its basic support for NBC in replying to comments made by certain Parish Councils that a greater degree of competition was required: "Such competition would be wasteful of expensive resources, and the Traffic Commissioners are legally obliged in their licensing function to have regard to the

desirability of fixing fares to prevent wasteful competition in the public interest." ²⁹ This defence of cross-subsidization indicated that the County Council had become integrated into the existing regulatory system.

To some extent this non-interventionist approach was forced upon both Warwickshire and Leicestershire, for both lacked either the resources or the expertise to seriously challenge MR's position. (we shall see in the case of Oxfordshire that an enormous amount of energy may be expended in attempting to bring about radical change, and even then with only limited success). In view of its general approach, one of the official policies held by Leicestershire C.C. appears startling: "The County Council is committed to securing control of public road passenger transport, and in particular Midland Red, in the County by elected representatives." ³⁰ Not surprisingly, it is later added that: "This is a long-term aim and there is no expectation of its fulfilment within the life of the first PTP." ³¹ In the second PTP the words "Midland Red" are excluded from the policy statement, but the general objective remains. The difference in tone between the severe policy statement and the later qualification reflects a difference in attitude between councillors with no particular responsibility for public transport, and officers who deal with MR on a day-to-day basis. The officers see the strongly-worded policy as a safety-valve for councillors who feel dissatisfied with the quality of bus service, while in reality both the officers and MR realize that it has no chance of being implemented! This could be described as a "placebo" policy, in the sense that it manages the dissent of those not satisfied with the status quo (although the policy might be seen as an extremely small straw

in the wind in that the Counties will one day wish to assert more direct authority over the NBC).

Although Leicestershire has a generally non-interventionist approach towards MR it has devoted a higher percentage of its total transport expenditure to public transport than Warwickshire (9% in 1979-80). Despite the recommendation of the 1978 Transport Act for three year agreements between operators and County Councils, Leicestershire only budgets its revenue support for one year at a time, claiming that government RSG and TSG are too unpredictable to look further ahead. (Leicestershire may be contrasted in this respect with Warwickshire, where revenue support is projected for five years ahead, although they stress that the figures for later years are only provisional). For 1980-81 Leicestershire switched some of its planned transport expenditure from revenue support to road maintenance, causing MR to speedily implement a 10% cut in bus services. The North-East Divisional Manager of MR accepted this crisis with equanimity, considering that the company could not go on asking the County for ever increasing sums of money. This view once more illustrates the NBC philosophy that revenue support is less important than allowing the company to implement cuts without impedance.

MR runs services only over the South-West corner of Derbyshire, but this County is of interest because of its contrasting approach to that of Leicestershire, with particular regard to the "Lancer" MAP network. Derbyshire can be classed in the planning and interventionist category of Counties with regard to public transport policy. The County made it clear that the legislation of the 1970s had: ". . . . laid a duty on County Councils regarding overall transport planning within their

area. Therefore the forward planning of Derbyshire's public transport network now rests within the County Council rather than with each individual operator working in isolation In short therefore the County Council is charged with the overall development of public transport policy, but is reliant on the co-operation received from the public transport operators if these policies are to be made effective." 33

The Public Transport Unit of Derbyshire C.C. forms part of the Planning Department, in pointed contrast to Warwickshire and Leicestershire's placement of public transport matters within the road orientated Surveyor's Department, and has a staff of ten. The general approach of Derbyshire was described by the Public Transport Co-ordinator as one of true co-ordination (in terms of the 1972 Local Government Act and 1978 Transport Act) as compared to mere consultation in some other Counties. Commensurate with Derbyshire's relatively high-powered public transport team is the County's position in the revenue support league table. For 1980-81 Derbyshire was placed fourth, with 15.8% of total transport spending devoted to public transport. The Co-ordinator claimed that this level of subsidy inevitably meant that the County would wish to play a prominent part in the planning process of any NBC subsidiary, but it should be noted that to the NBC such a claim might not be considered valid. The NBC recognizes that a County has the right to grant any level of subsidy it wishes, but the company retains the right to devise and control its own service networks. (In the next chapter we will be studying this conflict in more detail when we examine the case of Crosville and Cheshire).

The case of the "Lancer" network illustrates the problems which can occur in implementing a MAP network together with the

contrasting approach to public transport planning adopted by Leicestershire and Derbyshire County Councils. "Lancer" also includes the Burton-on-Trent area of Staffordshire, and although we will be dealing with Staffordshire C.C. more fully in a later part of this chapter, we will include the Burton aspect in this section. "Lancer" actually covered services operated from the Coalville depot in Leicestershire and the Swadlincote depot in Derbyshire. Before accepting the revised network, Derbyshire C.C. insisted on consulting all Parish Councils, together with all schools and various other interested parties such as social workers. As a result of these consultations, several objections to the new network arose, and detailed discussions were held with MR. In contrast, Leicestershire C.C. invited comments from District Councils, who in turn were expected to consult with their respective Parish Councils. Derbyshire C.C. attempted to persuade Leicestershire to undertake more consultation, but without success. To MR, the Derbyshire method was seen as excessively time consuming and interventionist, although eventually most of Derbyshire's recommendations were accepted.

As with Warwickshire, the position of the Divisional Manager was of importance with regard to "Lancer". The North-East Divisional Manager was unhappy with some of the suggested revisions, and in the words of a public transport co-ordinator "bent the network." Nevertheless, the Divisional Manager was still unhappy about some of the implemented changes, and this disquiet appeared to be confirmed in the number of revisions to "Lancer" within a relatively short period of time. These revisions culminated in the Omnibus Society's local correspondent commenting that: "Major revisions to the "Lancer" network (yet again!) were introduced on 22nd March 1980. . . . It is

noteworthy that in many respects the pattern of services is now close to that applicable prior to MAP!" ³⁴ The experience of "Lancer" suggested that it was a case where the MAP surveys, and the centralized nature of MR's operations, had combined to produce a network which was out of touch with reality.

The most public controversy concerned with "Lancer" involved a failure to obtain clearance on the lines outlined by Pressman and Wildavsky. Previous to MAP, Burton-on-Trent services were operated exclusively by East Staffordshire District Council. In February 1979, as part of the "Lancer" network, the West Midlands Traffic Commissioners granted permission to MR and two independent operators to run services into Burton. East Staffordshire D.C. had opposed the application on the grounds that the streets of Burton were unsuitable for vehicles longer than its own, but the Commissioners overruled this objection. The Council followed up this setback by immediately applying to the High Court for an Order of certiorari. The judges in the Queen's Bench Division granted the Order (which enabled the Council to apply for a full hearing in the High Court which could overrule the Commissioners' decision), while at the same time allowing the new services to start. East Staffordshire claimed that they had not been given the opportunity by the Commissioners to submit all their evidence, and were clearly concerned that MR's new services would reduce their revenue. ³⁵ In the event, East Staffordshire decided that the chances of winning a High Court action did not justify the likely expense, and withdrew the application. ³⁶ Nevertheless, the incident illustrated that MAP could not be regarded as a purely technical exercise by the NBC, and that the programme at times required a high degree of co-ordination.

Staffordshire C.C. was criticized by both MR and neighbouring C.C.s for its failure to ensure the agreement of East Staffordshire D.C. prior to the Commissioners' hearing, and it was considered that they had failed in their statutory responsibility to co-ordinate relations between various operators. Staffordshire C.C. claimed that in many ways the Burton case was a "storm in a tea-cup", and that anyway the final decision was the responsibility of the Commissioners.

This ambiguity concerning the authority possessed by the C.C.s and the Commissioners was brought about by the 1972 Local Government Act and the 1978 Transport Act giving greater responsibility to the County Councils, while failing to clarify the new position of the Commissioners. It would appear that in the West Midlands, the Commissioners have come to assume that the C.C.s will have done nearly all the co-ordination spade-work prior to hearings, (later in this chapter we will see particular evidence of this attitude in the implementation of MAP by Potteries Motor Traction). In turn, the role of the County Councils raises questions concerning the degree to which the Commissioners now possess any real authority. In the case of Burton, Staffordshire C.C. supported MR, and the Commissioners endorsed this decision. East Staffordshire D.C. opposed this consensus, but in time were forced to accept the powerful nature of the opposing forces. When the County Council and an NBC subsidiary reach agreement, other interests (including that of the Commissioners) find it difficult to oppose such a powerful alliance. To this extent, implementation in the 1970s has seen the County Council-NBC subsidiary relationship replace in importance that forged in the 1930s between the area operators and the Traffic Commissioners.

Ironically, MR discovered that its lack of experience in running services into Burton was a severe handicap in its ability to operate efficient services. Timings proved inaccurate, and in some cases passengers were seen to leave MR buses outside Burton and instead board municipal buses going to the town centre! MR's Burton services have undergone several revisions, and improved their efficiency, but on the whole the innovation has not proved a success. In the case of Burton, the municipality found itself in a vulnerable position. As a contrast, Leicester City Transport has resisted any new incursions by MR. The company has no plans to introduce MAP for its services running into the City, and it seems unlikely that the position will change in the future. The County Council does not wish to change the status quo, for the City receives only a small subsidy from the C.C. (£14,000 in 1980-81 as opposed to MR's £404,000). As a powerful, relatively self-sufficient interest, Leicester City Transport is well insulated from the effects resulting from the MR-C.C. relationship.

In this chapter we have so far examined Counties with a passive approach to public transport planning, while also briefly looking at one interventionist County. We now turn our attention to the third type, that of the market approach.

3. Hereford and Worcester

In Hereford and Worcester thirty-six independent operators provide 40% of total stage carriage services, but significantly carry only 11% of total passengers.³⁷ Many of the independent operators run the County's "deep" rural services, which in many cases may only run once a week. Nevertheless, the relatively large number of private operators has assisted in giving the C.C. encouragement that MR's influence might be diminished.

Politically, it might be argued by the NBC that a Conservative controlled C.C.'s "market" policy on public transport represents no more than a euphemism for an endemic dislike of state owned enterprises. In Chapter Nine we shall see that Oxfordshire C.C. openly stated its market approach, and attempted to set out a theoretical and philosophical justification for its policy. In contrast, the Hereford and Worcester PTPs are relatively bland documents, and give only small hints at the undercurrent of ill-feeling between themselves and MR.

The County's extremely general objective for public transport policy is given as being: "To optimize the economic, environmental and social benefits from expenditure on public transport within the limits of the available resources." 38 As the statistics at the beginning of this section would indicate, MR runs its services on urban and inter-urban routes within the County, which are generally regarded as being the most profitable (or least loss-making).

We noted in the section on Warwickshire that Hereford and Worcester gives a higher percentage of its total transport expenditure to public transport than the former County, but the policy on school contracts indicates the differing attitudes towards the NBC. In a generally declining market, school contracts represent one of the few stable elements in the busman's world. Warwickshire C.C. stress that their Education Department: ". . . . has pursued for some years, a practice of purchasing scholars' contract tickets on stage carriage service buses to help to ensure the retention of a comprehensive network of stage carriage routes for the benefit of the users...." 39 This emphasis on bus passes rather than contracts strongly

favours MR, for the school services are integrated with the service network. In effect, the County is giving an extra subsidy to MR. In contrast, Hereford and Worcester places the emphasis on contract services: "At present the Education Department has over 500 contracts. . . . These are mostly held by independent operators, especially in the rural areas, and many of these companies are not involved in stage carriage services." ⁴⁰ Many of these contracts have operated for many years, but MR's lack of access to the schools' market inevitably makes it more difficult for the company to operate at a profit in Hereford and Worcester.

The heavy losses being made in the County (together with doubts concerning the availability of subsidies in the future), induced MR to introduce MAP to Hereford and Worcester at an early date. Revised services for nearly all areas of the County were introduced by the Autumn of 1979, but MR has continued to experience considerable difficulties in the County. In March 1980 MR obtained permission from the Traffic Commissioners to abandon twenty rural routes around Hereford, ⁴¹ while in August 1980 a further reduction in services around the Hereford and Worcester areas was implemented. ⁴² MR considered that a large contributory factor to their troubles in these areas arose from the C.C.'s attitude towards bus access in the two City centres. At the March 1980 hearing, MR's Marketing Manager stated that losses could have been considerably reduced if the company had been granted access to the centre of Hereford. He went on: "Though talks have continued ever since the (MAP) network began in March 1978, every effort by MR to give improved services and lower fares to the bus passengers by making more direct services possible has been blocked." ⁴³ The County

argued that though the traffic management plan in Hereford had been long delayed, they were required to undertake a statutory consultation process. To MR, the delay appeared to exemplify the County's hostile attitude towards the NBC.

MR's attitude towards the C.C. was soured still further during 1979-80 when the County put forward a plan to ban all buses from the centre of Worcester. The Council considered that the Leyland National was too large and unwieldy a vehicle to be seen in the narrow streets of Worcester, and MR countered by demanding compensation of £100,000 a year.⁴⁴ A long series of meetings followed, with MR eventually accepting compensation of £26,000 per year, but the resultant effect was a further deterioration in the relationship.

MR was also aggrieved by the County's refusal to extend subsidy agreements beyond one year and the omission from the subsidy of any provision towards the NBC's capital debt. It is perhaps significant that the Chairman of the West Midlands Traffic Commissioners was also highly critical of the County's work. On one occasion he accused the Council of failing to do its homework on the planning of a school service. In reality the issue involved the withdrawal of MR stage services in a case where the County decided to save money by awarding a school contract to a private operator. Two operators applied, and the Chairman of the Commissioners was critical of the County's decision to support the lowest tender as opposed to what he considered to be the more convenient service.⁴⁵ The Chairman was dubious about the C.C.'s ability to co-ordinate efficiently, but underlying this criticism it might be said that a County which did not support the status quo was liable to be unpredictable in its behaviour. In Chapter Nine we will see

that the East-Midlands Traffic Commissioner was highly critical of the radical market model adopted by Oxfordshire C.C.

Hereford and Worcester employs a staff of nine to work on public transport. This figure is above the average, but as with several other Counties the staff are situated in the County Surveyor's Department. The numbers employed on public transport indicate that the County gives a fairly high priority to this policy area, although MR and the Chairman of the Traffic Commissioners would argue that their efforts are channelled in the wrong direction! In 1980-81 Hereford and Worcester allocated 5.96% of its total transport spending to public transport. The figure placed it in the lower part of the Counties' "league table" although (as we noted earlier in the chapter) it is a higher percentage than that of Warwickshire, with whom MR has an amicable relationship.

The basic philosophy of Hereford and Worcester is indicated by its response to the 1980 Transport Act. We will be briefly examining this piece of legislation in Chapter Nine, but its principal objective was to increase competition in the bus industry, and one of the provisions concerned the creation of experimental trial areas, where all licensing regulations would be temporarily abolished. Hereford and Worcester was to the forefront of Counties wishing to volunteer for this experiment, but the initial enthusiasm has waned. To its disappointment, the County discovered that many of the private operators did not share their zeal for a "free for all." Some of the operators are suspicious of their local competitors, while nearly all share the fear that MR, despite its current problems, would revert to its 1930's policy of driving competition into the ground. In this

case, the policy objectives of the co-ordinators are likely to be frustrated in their implementation by the opposition of the intended participants.

4. Shropshire

Although the private operator plays a prominent part in Shropshire's public transport system, the County Council policy approach can be placed in the passive category. Shropshire is largely a rural County, with the predominant part of the population found in the Shrewsbury and Telford areas. Large areas of Shropshire are of such a rural character that MR has been content to leave the sparse bus services in these areas entirely in the hands of private operators. In this respect, the MR-County Council relationship is not of such fundamental importance in Shropshire as in some other Counties. Twenty-seven private operators carry about half the total number of passengers on scheduled bus services in Shropshire, while also holding many school contracts. Nevertheless, we saw earlier in this chapter that the re-organized "Tellus" network in Telford was of considerable importance in the eventual development of MAP.

Shropshire County Council has only a staff of three working on public transport, and as with Hereford and Worcester they are situated in the County Surveyor's Department. Shropshire is placed in the lower half of the "league table" with 6.11% of total transport spending devoted to public transport subsidies in 1980-81. It might be said that Shropshire's rural character has produced naturally a prominent place for the private operator of a kind sought by Hereford and Worcester. Despite this position, Shropshire does not favour any major reorganization of services, as it is considered that small operators would lack the resources to take on further work. Despite its limited resources,

the County has attempted to develop its expertise by producing an "approved network." This method consists of assessing need and determining the level of subsidy to retain or establish approved routes. ⁴⁶ This analysis was progressing, area by area, (concentrating mainly on the areas served by the private operators) until the advent of MAP. Analysis by the County of MR's MAPs has halted Area studies, for a County with such limited staff resources must respond to initiatives taken by MR, and cannot have more than one major piece of work in hand at a particular time.

Two other features of Shropshire's public transport system (with particular reference to the prominence of the private operator) are worthy of note. Firstly, the major part of Shropshire's expenditure on bus subsidies (£394,000 in 1980-81) goes to MR for maintenance of urban services (particularly in the Telford area). In contrast, only half the private operators claim subsidy. This does not necessarily mean that the private operators are more efficient than MR, for many of the infrequent rural services are cross-subsidized with school contracts. The behaviour of the private operators, however, does sometimes lead to a paradoxical situation where the commencement of a subsidy has led to a substantial increase in fares! The County does not wish to maintain what it terms "artificially low fares," ⁴⁷ and so seeks to implement a common fares system. The public transport co-ordinator considered that many private operators did not wish to claim a subsidy because they feared interference from the County in monitoring their accounts. We have seen that MR also fears outside intervention in its affairs, but in the case of Shropshire it could be said that the NBC subsidiary benefits

financially as a result of the independent nature of the private operator.

Secondly, Shropshire County Council has carved out a particular niche for itself by the development of social car schemes. These schemes in general involve volunteers in providing emergency public transport or in areas where scheduled services are unavailable. We described in the previous chapter the political significance of voluntary effort in the provision of public transport, and Shropshire provides a prime example of conditions where this work can be developed. In areas where the NBC subsidiaries (or even private operators) run scheduled services, proposed voluntary schemes may encounter great difficulties. Both the NBC itself and the trade unions are inevitably suspicious of outsiders becoming involved in public transport, but in Shropshire there is ample scope for voluntary effort. Commencing in Bridgnorth in 1971, it is estimated that a half of the County's rural population now has access to a social car scheme.⁴⁸ These schemes enable the County to claim that it is fulfilling its statutory responsibility to co-ordinate public transport, while also acting as a laboratory for those Counties where the political scope does not exist for such unconventional services.

5. Staffordshire

The C.C. and MR

Staffordshire C.C. can be placed in the category of those Counties with a planning and interventionist approach to public transport policy, and has led to the County having a differing relationship with the two NBC subsidiaries operating within its boundaries. MR operates in the South of the County, and in general attempts to resist any intervention from the C.C.

In contrast, Potteries Motor Traction, which operates in the North of the County, has worked closely with the County over several years. We shall see that this relatively close relationship has led to difficulties for the C.C. with regard to its co-ordination responsibilities.

Staffordshire C.C. puts forward the view that the granting of subsidy and the statutory responsibilities concerning co-ordination gives the local authority certain rights and responsibilities with regard to the NBC: "In addition the co-ordination role which the C.C. is attempting to fulfil is not clearly understood (by the NBC subsidiaries) and is often taken to be simply one of subsidy distribution. Bus company managements are often suspicious of the C.C.'s role and uncertain of the future of their industry, which they see as being at the mercy of the vagaries of politics." ⁴⁹ To a basically interventionist County, the behaviour of MR can prove particularly irritating: "MR in particular appears to suffer the disadvantages of size, intensified by a strongly centralized management structure, with the result that the top management are unable to keep in touch with day-to-day operations and changing needs." ⁵⁰ This criticism openly reflects the County Council's dissatisfaction with the company's structure, but also indicates frustration that MR chooses to retain an arm's length relationship with the Counties.

Unlike Shropshire, the vast majority of the three hundred stage carriage routes in Staffordshire are served by the NBC subsidiaries. Potteries Motor Traction(PMT) is the predominant operator, running almost half the vehicle mileage in the County. MR runs about a fifth of the total mileage, while in the South-West of the County the West Midlands PTE operates a number of

cross-boundary services which together total about one tenth of stage carriage miles in Staffordshire. ⁵¹ The place of the PTE has entailed their involvement in MR's MAP process, with the result that a wide-ranging exchange of services has taken place between the two organizations. Despite its statutory responsibility as a co-ordinating body, the C.C. has taken little part in these negotiations.

Staffordshire C.C. has generally encountered considerable difficulty in attempting to develop a closer relationship with MR. In attempting to establish: ". . . . a standardized financial monitoring and forecasting system difficulties have been encountered in obtaining from certain operators (chiefly MR) supporting information about assumptions etc., and in interpreting and imposing any kind of standardized format on the information received." ⁵² The somewhat distant relationship between Staffordshire C.C. and MR has been accentuated by the Divisional Manager's lack of involvement in affairs generally. The County normally deals direct with MR's Marketing Department at Birmingham, and unlike Warwickshire there does not appear to be a "special relationship" between County Council staff and the Divisional Manager.

The general lack of control over MR has recently led the Midlands branch of the Association of Transport Co-ordinators (the role of which we discussed in the previous chapter) to join with the Midlands Treasurers' Group in establishing a Working Party with the aim of devising a form of agreement which would be acceptable to both the C.C.s and the NBC. It is also likely that the Working Party will have the unofficial objective of enabling the Counties to compare notes on MR's apportionment of costs. Some Counties suspect that MR can at times adjust its

costs within a particular area according to the level of subsidy which it expects to receive. The Counties have decided that by greater co-operation and co-ordination they will be able to exert more authority over MR, but the company may not be so easily controlled. We have seen that the various C.C.s have far from a uniform attitude towards public transport planning and the associated relationship with MR. In addition, the company retains a considerable degree of professional expertise which none of the Counties is able to match. The Counties' most direct route to greater control over MR is likely to come through the company's financial hardships and its need to rely more heavily on external aid.

The C.C and PMT

MR's attitude towards Staffordshire C.C. can be contrasted with that of Potteries Motor Traction. In Chapter Two we saw how PMT developed its operations almost exclusively in the compact urban area of North Staffordshire. The character of PMT's network makes it unusual within the NBC, for the majority of subsidiaries cover predominantly rural areas. The North Staffordshire public transport system is also unusual for an urban area in that private operators run a significant percentage of stage carriage services. We shall see that the importance of these operators has played a considerable part in the development of PMT's relationship with the Council.

Close liaison between PMT and the County commenced in January 1977 when a joint project team was set up to survey and rationalize the North Staffordshire bus network. This team developed a rationalization procedure known as the Passenger Information and Collection System (PICA).⁵³ The information collected by means of the PICA system was similar to that of MAP,

although not on such a large scale. When the MAP system was adopted by the NBC as a whole, some private doubts were expressed by both PMT and the County Council as to its validity, but eventually it was agreed that the joint project team should continue in being, but would work on MAP instead of PICA. Two of the County Council staff were seconded to PMT for the duration of MAP, and assisted closely in the evaluation of the data. PMT officials considered that this arrangement enabled the County to become more aware of the pressures and constraints under which the Company was operating, although it might be argued that in time the seconded officials were more likely to become part of the PMT organization rather than that of the C.C. On occasions the County Officers at PMT made recommendations which were not accepted by C.C. headquarters, although it was considered at PMT that the officers had retained their separate identity.

In addition to the secondments, the PMT maintained informal contact with staff at County headquarters, who were kept informed about the contents of a MAP report before its publication. For each MR and PMT MAP, the County published a District Plan, which was in effect a highly detailed route-by-route response to the bus company's proposals. The publication of the District Plans illustrated Staffordshire's interventionist approach to public transport planning, and also enabled the County to assert some degree of authority over both MR and PMT. The District Plans were distributed widely, and were the documents discussed when consultation meetings were held. Although the MAP groundwork was carried out by PMT, the County officers could take the lead at the meetings, for it was their recommendations which were being considered. The County

consulted each District and Parish Council direct, while also holding a large number of public meetings.

The County also exerted authority over the PMT by insisting that the MAP household survey should be conducted by the West Midlands PTE (the C.C. contributed to the cost of MR and PMT MAPs). The PTE conducts its own surveys and employs staff for this purpose (often former bus inspectors). The C.C. claimed that the PTE possessed greater expertise in this area than the PMT, although the company considered that the resultant report reflected the PTE's lack of local knowledge with regard to the North Staffordshire area.

The planning and interventionist approach of Staffordshire C.C. is reflected in their staff of nine working on public transport within the Planning Department. The Public Transport section is divided into two parts, one dealing with MR and the other with PMT - a division which tends to accentuate the County's contrasting relationship with the two companies. The relationship between the planning approach and the priority given to public transport is also reflected in the County's place in the upper part of the "league table" with 10.2% of total transport spending in 1980-81 going to public transport. It is also significant to note that the planning approach is invariably associated with general support for the current licensing system. A County which wishes to implement a comprehensive plan for public transport is unlikely to want a fragmented system which can be difficult to control and co-ordinate. In this sense there is a particular common interest between interventionist Counties and NBC subsidiaries (it might also be argued that interventionist Counties might have long-term designs on obtaining direct control over the bus

network, which would be difficult to implement where a multitude of private operators ran the services).

One particular example with regard to PMT and the implementation of MAP illustrates that a County which seeks to build a close relationship with an NBC subsidiary, can find itself in a vulnerable position when seeking to fulfil its co-ordinatory function. On 28th May 1980 the proposals for reorganization of routes as a result of the East Central Staffordshire MAP came before the West Midlands Traffic Commissioners. After half a day, the Chairman of the Commissioners declared himself to be utterly bewildered, and sent the various parties away to discuss their problems. Four private operators had placed objections to the PMT proposals and all refused to give ground in what they considered to be a basic challenge to their own viability. 54

We referred earlier to the importance of the private operator in North Staffordshire, several of whom were of sufficient size to be a significant factor in the PMT's plans. One NBC official (not employed by PMT) considered that in return for allowing the County to work in close liaison with PMT, the company expected the County to "deliver" the private operators with regard to agreement on service reorganizations. The difficulty for the County was that in seeking to build a closer relationship with an NBC subsidiary, it aroused the suspicions of the private operators. In the words of one of the County officers, the private operators were, ". . . independent-minded entrepreneurs," who were rather mistrustful of a C.C. which appeared to be on such close terms with the NBC.

A further difficulty for the County exemplifies a recurring dilemma in the MAP process. The PMT wished the proposed

reorganization to be placed before the Commissioners as quickly as possible, for every day that implementation was delayed entailed further financial losses. At the hearing, the PMT claimed that the new measures would produce a saving of half a million pounds a year, and that a delay in implementation would cost the company £10,000 per week. For the C.C. it was stated that they had reluctantly agreed to go along with a short consultation period because of the PMT's serious financial position.⁵⁵ The County did not wish to increase its subsidy payments to PMT, but it could not fulfil its co-ordinatory role in the allotted time.

After two days, the hearing was reconvened. In two cases, the PMT had (at the C.C.'s request) agreed to abandon several routes in favour of a private operator, but after further consultations two operators remained opposed to the PMT's proposals. At this point the Chairman of the Commissioners bluntly asked the County officers: "Are you as a local authority facing up to your responsibilities?"⁵⁶ As the hearing had originally been scheduled for early May, the Chairman added: "Goodness knows what the state of play was at that time it is clear to me that the case is not ready for presentation."⁵⁷

The Chairman's strong remarks took no account of the County's dilemma, and provoked a strong reply from the Chairman of the C.C.'s Transportation Sub-Committee. He claimed that the short consultation period had placed a heavy strain on the officers (50 separate meetings) and that the outstanding decisions were ones which only the Traffic Commissioners could make.⁵⁸ The Chairman of the Commissioners considered that the legislation of the 1970s had placed full responsibility for co-ordination on the shoulders of the Counties, while Staffordshire C.C. claimed

that where serious disputes arose between operators, the Commissioners must be the ultimate arbiters. This dispute exemplified legislative overlap. The provisions originally set out in the 1930 Road Traffic Act were still in operation, although they had apparently been largely superceded by the legislation of the 1970s. The contents of the 1978 Transport Act gave the C.C.s full co-ordinatory powers, but the full magisterial apparatus of the Traffic Courts remained.

The contentious issues concerning the two private operators who remained in dispute with PMT were finally heard in July 1980. Nearly two months of further consultation had failed to resolve the issue, but during an adjournment it was agreed that PMT would withdraw its application and the route would be shared by the two private operators.⁵⁹ As with the earlier hearing, the Traffic Court appeared to have the effect of bringing the issues to a head and ensured a settlement. In this respect, we might argue that the Commissioners' hearings continue to have a powerful significance for the bus industry. Despite their co-ordinatory powers, the C.C.s lack the Commissioners' specific power to award a route to a particular operator. In addition, the quasi-judicial atmosphere of the Traffic Courts can give added authority to the Commissioners' words. The PMT case illustrates that all parties are unclear as to the modern meaning and function of the Traffic Commissioners' hearings. When the C.C. was placed in a dilemma, it looked to the Commissioners for help, but the Chairman passed the responsibility back. Ultimately, it appeared to be the PMT's urgent need for an agreement (as a result of its parlous financial position) which brought about a settlement.

E. Conclusion

In this chapter we have examined the development of MR in the 1970s and the company's evolving relationship with the C.C.s. The company's financial position and its need to show the Counties that it could "put its own house in order" led to the development of MAP. In one sense, MAP reflected a continuation of organizational concerns of the NBC which we outlined in Chapter Five, i.e., the need to maintain independence by remaining commercially viable. By minimizing its subsidy claims, MR hoped to demonstrate its efficiency and hence remain free from outside intervention in its affairs.

Despite MAP, MR remains dependent on subsidies (which do not cover all its losses) but has been largely successful in retaining control of its own affairs. We saw how the various County Council approaches to public transport policy could be placed into three categories of passive, planning and market, and studied how the development of these policies affected the relationship with MR. By its nature, the passive approach produced a largely non-interventionist policy which resulted in an amicable relationship with MR. We briefly examined the paradox (which we shall examine more closely in Chapter Nine) that the market approach apparently requires a relatively high degree of intervention by the C.C., and also noted that this challenge to the established operator produced a hostile relationship with MR. The planning and interventionist approach also tended towards a hostile relationship, although the limited degree of intervention achieved by Counties such as Derbyshire and Staffordshire kept disputes at a low level. (Ironically, MR appeared to be on more distant terms with the interventionist Counties than with the passive Counties). It was also the case

that, unlike the market approach, the interventionist Counties were not challenging the basic validity of the licensing system.

As a contrast to MR, we briefly examined the more amenable PMT, and its willingness to accept Staffordshire C.C. into its planning process. The problem for the County was that in becoming more closely linked with an NBC subsidiary, it jeopardized its relationship with the private operators. The County might have had a better chance of "delivering" the private operators if it had maintained an arm's length relationship with PMT! This case study also illustrated the currently ambiguous nature of the relationship between the C.C.s and the Traffic Commissioners.

The disparate approach of the Counties prevented them from adopting a uniform attitude towards MR and assisted the company in maintaining its independence. The case of MR illustrates how implementation of the 1970s legislation by the C.C.s has placed them in a potentially powerful position in respect to the NBC subsidiaries, but also indicates the capacity of the company busman to retain control of his own industry. In the next chapter we will be looking at the Crosville Company, and in particular, studying how a County with a strong planning and interventionist approach attempted to assert its authority.

F. Postscript

In September 1981 MR underwent a radical restructuring, when the Head Office in Birmingham was closed down and five new companies formed. These consisted of one each for North, South, East and West, together with a company to run the express services. It was considered by MR that the new structure would cut costs and enable the company to run more efficiently. The new companies do not have their own secretaries, but share them with other NBC subsidiaries. It was originally intended that the Central Works should also close, but it was eventually decided by the NBC that the Works would remain open and take in work from outside the company.

The measures taken by MR can obviously be seen as a manifestation of the NBC's problems during a recession, but it is significant to note that the territory covered by each of the four new area companies corresponds exactly to the old Divisional structure. Each of the Divisional Managers enjoyed a considerable amount of autonomy, and the reorganization appeared to represent a recognition by MR that formerly the company had been somewhat unwieldy and difficult to control. In its earlier years the NBC had placed an emphasis on company rationalization, but events at MR suggested that this trend had been placed into reverse (perhaps once more MR was fulfilling a role as the NBC's laboratory). It was also no doubt hoped by the NBC that the break up of MR would satisfy those CCs who had complained that the company's senior management was too remote from the operational level. More radically, smaller NBC subsidiaries might more easily facilitate a take over by a County, or group of Counties, at some future date.

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CHAPTER EIGHT

IMPLEMENTATION IN THE 1970s:

2. CROSVILLE AND THE COUNTY COUNCILS

A. Introduction

Chapter Three examined the philosophy of the busman in the context of James Crosland-Taylor and his work at Crosville. We saw how Crosville developed a system of services over an extremely large territory, extending from its home base of Cheshire to cover nearly all of north and central Wales. The contrast between industrial areas of Cheshire and sparsely inhabited parts of Wales is acute, and gives Crosville a particularly distinctive character.

In this chapter we will be dealing with the inter-relationship between Crosville and the County Councils within its territory. In particular, the case of Crosville enables us to examine in more detail the dynamics of the relationship between an NBC subsidiary and a County with a strong planning and interventionist approach. Cheshire CC has been in the vanguard of those Counties which have attempted to develop their own expertise with regard to passenger transport planning, and hence challenge the independence and power of the NBC. This challenge has inevitably produced periods of tension between Crosville and Cheshire, but the need to balance this tension is a countervailing pressure bringing the two organizations together in order to negotiate a stable environment. We referred in the previous chapter to the link between Counties with a planning approach and opposition to a fragmentation of the service network. These Counties would find great difficulty in controlling and co-ordinating a system where many operators are at work, whereas one operator (however recalcitrant he may be

at times) can be given concentrated attention.

In the case of Crosville and Cheshire the conflicting pressures (driving the two parties apart at one time and then bringing them together at another) have fuelled the dynamics of a relationship different from any of those involving MR. The arm's length approach adopted by MR has tended to produce a more static relationship with the Counties, none of whom has possessed the will or authority to directly challenge the company's autonomy. The Crosville-Cheshire relationship could be equated with that between Staffordshire CC and PMT (Staffordshire officers expressed the hope that one day they could emulate the power of Cheshire), but Cheshire's direct challenge to Crosville's authority has inevitably produced a more variable relationship than that experienced by Staffordshire and the Potteries company. We will see that in time a degree of synthesis in the approach to public transport planning has been achieved by Crosville and Cheshire CC with the relationship having arrived at negotiated order. It might be said that the working out of tension between Crosville and Cheshire has ironically resulted in a greater identification of values than that to be found between MR and the Counties with a passive approach to public transport planning. In the case of the latter, a "live and let live" relationship may store up tensions to be released at a later date (e.g., when a County might discover that MAP does not solve all its subsidy problems). The Crosville-Cheshire relationship has eventually resulted in more channels of communication being introduced and a higher cognitive element between the two than can be found in the case of MR and its Counties. (The transition from conflict and tension to an increase in the cognitive element need not be restricted to Counties adopting an interventionist approach, for

we will see in the next chapter that the market approach propounded by Oxfordshire CC eventually led to a higher degree of identification and communication with City of Oxford Motor Services).

Crosville has adopted a more decentralized approach to the development of MAP than MR, but we will see in studying the situation in Clwyd that this policy can present problems of its own. In addition, the more remote parts of Central Wales are a long way from Chester, and the relatively sparse service network in these areas can appear less significant to the company than its "heartland" of Cheshire and North Wales.

B. Crosville and Cheshire CC

The Crosville Approach to Public Transport Planning

In Chapter Five we described how Crosville took over a large part of the territory operated by the North Western Road Car Company when the latter was disbanded in 1972. This further expansion gave Crosville a powerful position as Cheshire's predominant bus operator. By 1980 Crosville was operating 11.36 m. stage carriage vehicle miles in Cheshire out of a total of 17.14 m. The remaining miles were distributed between the three municipal undertakings of Warrington (2.22 m.), Halton (1.10 m.), and Chester (1.09 m.), Greater Manchester PTE (1.01 m.), and independents (0.02 m.).¹ It is nevertheless significant to note that although Crosville operated about two-thirds of the vehicle miles, it carried only just over half the total number of passengers within Cheshire (33.12 m. out of a total of 64.8 m.).² In contrast, the three municipalities ran barely one-quarter of the vehicle miles but carried over two-fifths of the total passengers (27.29 m. out of a total of 64.8 m.).³ These figures signify Crosville's lack of access to

some of Cheshire's most densely populated areas, although the company does run services into all three of the towns where the municipal operator predominates (Crosville also has operating agreements with Greater Manchester and Merseyside PTEs, where there has been no wholesale take over of services on the lines of the West Midlands PTE and MR).

Financially, Crosville is not in such a strong position as the municipalities with regard to remaining independent of aid from the CC (on average Crosville has received about 80% of Cheshire CC's annual subsidy to bus operators). In the days of Crosland-Taylor, cross-subsidization could be employed on a large-scale basis in order to keep the company profitable, but by the early 1970s the strain was becoming unbearable. The position in 1971 was set out clearly by the General Manager, who in replying to public criticism of service cuts stated that cross-subsidization had broken down as a result of many urban services becoming unremunerative. He consequently considered it entirely logical that the community as a whole should bear the burden, rather than it being borne by the small section represented by urban and inter-urban bus travellers.

Crosville acknowledged the need for subsidy, and that:

" all of the services will be subject to local authority control in the matter of timing, frequency and fares and the local authority will be able to decide when the financial assistance provided exceeds the benefit to the community.

In these circumstances they could discontinue the subsidy, and the service would be dropped. One of the major benefits of the exercise is that this gives local authorities the complete right to decide what will continue and what will not and at what fare." 4

This statement apparently implied that Crosville was about to surrender control of its services to the local authorities, but the spirit of the busman reasserted itself in a later part of the article. In refuting a suggestion that councillors were more in touch with local requirements than Crosville, Mr. Wyke Smith commented: "With the greatest respect I must point out that the operation of buses is not a job for amateurs no matter how well intentioned, and that the alteration or discontinuance of just one timing can have a profound effect on both cost and revenue. Whilst I accept that local people know more about the requirements of their own particular community, it is the responsibility of the bus company to put together these requirements into one practical pattern at a reasonable cost." 5 The local authorities were to be given control of services, so long as it was understood that Crosville had the right to the last word!

Cheshire CC's Approach to Public Transport Planning

When Mr. Wyke Smith made his comments, Cheshire County Council's subsidy and involvement in public transport planning was at a minimal level, but his words anticipated the events to come. By the time of Cheshire CC's first TPP in 1975-76:

". . . . the operators supplied their own forecasts and TSG was granted on this basis. The fact that the operators'

estimates turned out to be very considerably less than the eventual deficits, prompted the CC to develop its own method of forecasting." ⁶ This step signified the CC's commitment to challenging the expertise of Crosville, who received by far the largest share of the subsidy. After local government reorganization in 1974, Cheshire CC created a Transportation Unit within the Department of Highways and Transportation. The new unit was split into three sections: Co-ordination, Planning and Traffic Management. By 1980 there were eighteen people in the unit working on public transport, a figure well above that for any of the MR Counties.

Cheshire's Transportation Unit also sought outside help in the development of its own forecasting model, and employed as a consultant a transport economist (W.J. Tyson) from Manchester University. Cheshire CC was clearly suspicious of Crosville's forecasts and considered that: ". . . . the operators were not adept at providing their own deficit forecasts." ⁷ The CC also claimed that the development of an alternative model had encouraged Crosville to improve its own forecasting, and that: ". . . . the CC can now obtain much assistance in its own forecasts by means of joint discussions with the operators before forecasts are prepared." ⁸ The County nevertheless acknowledges that policy objectives may differ between themselves and the operator: "For example, the CC for whom the implicit policy objective of meeting need would seem to mean serving the maximum number of passengers for a given level of revenue support, may make different assumptions about the rate of future fares increases from an operator whose priority is financial return." ⁹ The CC

saw itself as safeguarding the interests of the public, who might suffer as a result of Crosville's need to meet financial targets set by the NBC (although Crosville could claim that its professional experience and expertise enabled the company to keep in closer touch with needs of the public than the CC).

At the heart of Cheshire's determined attempts to develop its own forecasting model was the County's objective of assuming real power over Crosville. In the eyes of Cheshire, any County which merely accepted the word of an NBC subsidiary and allowed the company to "get on with its job" was not fulfilling its statutory obligations. This attitude was closely bound up with (and to the County might have appeared inseparable from) the philosophy of "he who pays the piper calls the tune", for Cheshire has consistently appeared near the top of the "league table". (In 1980-81, 16.7% of the County's transport expenditure was allocated to public transport). The strength of its convictions gave the Transportation Unit an almost evangelical fervour in its anxiety to speak from a position of strength.

The CC Develops its Policy

By 1976 the Transportation Unit had sufficient confidence in its forecasting model to set up a special study team. This team was given the task of preparing a number of policy options with regard to the level of services which could be expected for particular levels of revenue support. Seven alternative networks were prepared, at one extreme was the existing network with its corresponding support cost, and at the other extreme a basic network requiring little or no support.¹⁰ It was emphasized that there was to be no attempt to specify

particular services which might be cut, but rather to illustrate the general level of service that could be provided for a particular sum of money. ¹¹ The Report outlining the various options did in fact go into a fair degree of detail with regard to service reductions which would be required in various areas, and left little doubt of the large reduction in services which would be required if subsidies were to be severely curtailed. From the point of view of the Transportation Unit, a principal objective in producing the document was to spell out to councillors and the public in general the implications of denying a subsidy to operators. If councillors could understand that the bus services in the areas they represented might be decimated if revenue support was curtailed, then this realization might make them more sensitive to the political implications of maintaining bus subsidies. In contrast to Counties with the passive approach, the public transport element of Cheshire's Transportation Unit had no intention of becoming a political backwater, and perceived that one of its principal objectives was to educate councillors on the connection between subsidies and maintenance of the service network.

The network approach to provision of stage carriage bus services required that Crosville would retain its predominant position. During the consultation process on the policy options document, it was suggested by Chester City Council that revenue support could be directed towards socially necessary services rather than the entire network. The CC rejected this view, on the grounds that it was extremely difficult to isolate costs and revenue for a particular service:

"Hence, it affords a greater element of control to give revenue support on a network basis and as such would help negotiations between the CC and operators on questions of rationalization." ¹² Cheshire CC had made control a prime policy objective, although it might be argued that subsidizing a network did not necessarily imply that control was being exerted. If costing an individual service is difficult, then costing a network within a single County (and Crosville covered several Counties) is even more difficult. In addition, the County does not have direct control over fare levels, or activities at the NBC headquarters. As we noted earlier in this chapter, a County seeking control will usually prefer to deal with one operator rather than many, although even in the Cheshire situation Crosville could maintain discretionary power over a large range of its affairs.

From Crosville's point of view, Cheshire's commitment to the network approach was heartening, and one of the company's staff was seconded to the Transportation Unit to assist in the preparation of the policy options. On the subject of scope for private operators, the options document stated that there might be some areas where the small man could take a more active part, but also claimed that: "There is evidence that independent operators' costs are not always lower than those of the major stage carriage operators," ¹³ and also that: "From our discussions it does seem doubtful whether the private sector has the resources, or even the desire, to take on any large scale commitment should a significant reduction in the existing stage carriage network become the aim of the County." ¹⁴

Similarly, in reply to suggestions that better services could be provided if the licensing laws were relaxed, the CC took the view that: "The concept is attractive but suffers the main disadvantage that uncontrolled competition would be detrimental to the stability and reliability of the bus network of services."¹⁵ Also, with regard to the desirability of carrying school children on stage carriage services rather than awarding special contracts (usually to a private operator): "It is generally in the CC's overall interest that as many pupils as possible should make the home-to-school journey on the established stage carriage network provided additional duplication is not required. Indeed the Education Department is taking care to ensure that this policy is adopted."¹⁶

Crosville could take further comfort from the result of the consultation process on the policy options. After consulting with District Councils and the operators, the CC selected an option which provided for only a slightly reduced set of services. Operators were requested to make cost savings of £400,000 by 1980-81, but the plan also recommended an increase in subsidy of 19% in real terms.¹⁷ Implementation of the plan involved obvious hazards, for the CC's calculations contained projections for operators' costs and revenues over a five year period.

We described in Chapter Six that the 1978 Transport Act indicated a greater commitment to public transport by the Labour Government than was originally proposed in the earlier consultation document, and indeed the 1978 Act itself encouraged County Councils to make a long-term commitment with regard to

revenue support for bus services. The Cheshire approach to public transport planning was thus endorsed by the Secretary of State for Transport, William Rodgers. When announcing TSG for 1979-80 Mr. Rodgers made a special point of commending Cheshire: "I very much welcome the work that Cheshire are doing on public transport planning and in assessing the needs of their communities Cheshire have done more than many other Counties to take their responsibilities for public transport seriously and I very much hope that they will continue to build on their achievements so far." 18

With Mr. Rodgers as Transport Secretary, Cheshire could feel confident that the political and financial support of central government for their policy would be maintained. The difficulty was that over a five year period governments and the economic climate could change, and the plan become unrealistic. Proponents of the market approach (such as Oxfordshire CC) claim that there is too much uncertainty in the political and economic environment for long range planning to be feasible. Cheshire counters that some kind of commitment and stability to the public transport network is preferable to an ad hoc approach. The question of long-term commitments is fundamental to the differing philosophies of Cheshire and Oxfordshire. We shall see in the following chapter that the NBC subsidiaries have learned to cope with both types of approach, but in the case of Cheshire, the County's intent of a long-term commitment to revenue support had certain strings attached which were extremely unattractive to Crosville.

The Macclesfield Area Study

The preparation of policy options by Cheshire CC

represented only the first stage of the County's plans. Once the consultation process was completed and an option selected, it was intended that the Transportation Unit should: " conduct detailed area studies which would explore in greater depth the steps necessary to be taken to maintain revenue support within the guidelines. These detailed studies will attempt to get the maximum public transport mobility for a given level of revenue support which means examining every available method of public transport provision." 19

Although the CC stated in the policy options document that it did not envisage any significant expansion in the role played by private operators or unconventional services, the local authority was anxious to assert itself as the chief planning and co-ordinating body. In the eyes of Cheshire CC, Crosville was only one component of the total transport system, and should therefore accept that the County had the final word. Crosville had co-operated in the preparation of the options document, and could rest easy in the knowledge that the company's predominant position would not be challenged. Despite the CC's reference to " every available method of public transport provision" the area studies would be chiefly concerned with rationalizing and replanning Crosville's routes. In its determination to assert control over the operator the CC was not prepared to leave this detailed work in the hands of Crosville. For their part, the heirs of Crosland-Taylor were equally determined to uphold the status and authority of the busman. The CC could rely on the co-operation of Crosville on general planning matters, but when the County intensified its interventionist approach a

crisis was inevitable.

In preparing the area studies, Cheshire's Transportation Unit gave priority to the Warrington and Macclesfield areas. We will refer to the case of Warrington later in this section, but it was in Macclesfield where the County's ability to undertake detailed service planning was more immediately tested.

The Macclesfield area had previously been served by North Western Road Car, but when this company was dissolved its services were split between Crosville and Greater Manchester PTE (the latter in this case operating mainly the cross-boundary routes into the Manchester area). During 1978, the Transportation Unit conducted survey work on passengers' movements in order to: " . . . design a network which takes account of both the CC's and the operator's objectives. This network is designed jointly with the operators and their staff have been seconded to the study for this purpose." ²⁰ Crosville did co-operate in the preparation of the Macclesfield study, but their participation was subordinate to that of the CC. In the document outlining the consultees' responses to the policy options, Crosville expressed: ". . . their readiness to reassess the routeing pattern," ²¹ but in the event it was the Transportation Unit which was to reassess the routeing pattern, with the assistance of the company.

As in the earlier case of the forecasting model, the Transportation Unit enlisted outside help in the preparation of the Macclesfield study. The Department of Transport Studies at Leeds University was asked to check the bus crew schedules through their computer, in order to ensure that the

revisions were viable. It was later acknowledged by the Transportation Unit that the local complexities of crew scheduling made it impossible for the Leeds computer to properly evaluate the data, and contributed towards the difficulties which the CC was to encounter in Macclesfield.

Even prior to implementation, the Transportation Unit ran into difficulties with its plans for Macclesfield. Greater Manchester PTE was not happy with some of the service rationalizations proposed and could not reach agreement with the CC.

When it was realized that the PTE revisions could not be implemented for some time, the County decided to go ahead separately with the Crosville proposals. In their turn, Crosville were not happy with the Transportation Unit's general approach to the Macclesfield study. In particular, they were uneasy that the relevant Divisional Manager (i.e., the man whom the company considered possessed the required detailed knowledge about the Macclesfield area) was rarely consulted during the preparation of the study. Crosville eventually agreed to publication of the Macclesfield study because of the need to make immediate cost savings, while the County's commitment to subsidizing the company's services left the operator with little room to manoeuvre.

The Macclesfield area proposals were published in October 1978. Although the list of consultees was a long one (including District and Parish Councils, local MPs and County Councillors, together with a wide range of local groups), only a month was allowed for the consultation process. We referred in the previous chapter to the dilemma between

conducting an extensive consultation exercise and implementing service changes quickly in order to save costs, and Cheshire's Transportation Unit found itself in this position in the case of Macclesfield. It might also be argued that to local councillors and groups a detailed and seemingly complex set of proposals for bus service revisions cannot be easily absorbed and analysed. It is only when the practical effects of the changes are perceived that a reaction is forthcoming.

The moment of truth for Macclesfield occurred in May 1979, when the service revisions were implemented. The consultation exercise yielded only a small official and public response, but within days of the changes taking place a hostile public reaction was well under way. It was reported that: "Protests are still pouring in to the Divisional office of Crosville at Crewe, and also the office at Macclesfield about the recent revision in the bus services to the area, and these include a petition with 300 signatures on Macclesfield's Weston Estate. The complaint states that due to a reduction in the number of buses on the services many people are being left at stops because the buses are full." ²² During the next few weeks the complaints continued to mount, and towards the end of June there was an intervention from the MP for Macclesfield, Nicholas Winterton. The MP wrote to Cheshire CC's Director of Highways and Transportation, Mr. Knight, on behalf of the: ". . . many constituents who have written to me." ²³ Mr. Knight replied that his Department was in touch with Crosville and were taking any practical measures they could to adjust the new services to meet passenger complaints. He also emphasized that some reductions in services were inevitable

if costs were to be placed in line with the level of revenue support. ²⁴

The culmination of the Macclesfield case arrived in August 1979, when Crosville announced that the County and the company had agreed to revise some services within the budget available and also to provide extra journeys in the areas of greatest need. ²⁵ Although in the eyes of the public Crosville and the CC were placed together as bearing responsibility for the service revisions, it could not have been entirely displeasing for the company that the changes had not been well received by the bus passengers. The County could claim that any cutback in services was likely to arouse complaints, and that major service revisions invariably encountered teething troubles (as we saw in the previous chapter in the case of the "Lancer" network), but there could be no doubt that events in Macclesfield had strengthened Crosville's position with regard to future local plans.

The Introduction of MAP to Cheshire.

This struggle for authority and power between the CC and Crosville was further highlighted by the dispute over the introduction of MAP in Cheshire, which ran largely parallel in time to the Macclesfield case. When Crosville put forward plans for adopting MAP to the CC in 1978 the Transportation Unit rejected the programme on the grounds that the County would have insufficient involvement in the process, i.e., the kind of relationship which existed between MR and the passive counties. Pressure was also exerted on the Transportation Unit by NBC's General Manager and the relevant Regional Director, but little progress was made. Further developments occurred when the

Select Committee on Nationalized Industries was preparing its Report on Innovations in Rural Bus Services. In the course of collecting evidence members of the Committee visited Cheshire, when the Transportation Unit took the opportunity to put forward its case on MAP.

The Transportation Unit was encouraged by the response it received from the Select Committee. The CC emphasized its case by submitting a memorandum to the Committee which publicly set out Cheshire's general approach to public transport planning and in particular the attitude towards MAP. The relatively lengthy memorandum initially outlined the matters which the CC considered were the main elements in public transport planning. These included such factors as need and integration of services and fares. In a clear reference to its opinion on MAP the CC considered that its responsibilities represented:

" . . . a wide-ranging task extending far beyond considerations simply of market analysis and commercial aims. Its wide scope and extent makes it a task which it is appropriate for ccs to carry out within the framework of current Government policy on transport generally and on public transport in particular and the availability, taking into account the amount of grant available, for its support." ²⁶ In staking its claims for supremacy over Crosville, the CC was invoking support of the relevant statutes: "With the above requirements in mind it would appear that ccs are best equipped to do public transport planning and that is, indeed what the Transport Bill (later to become the 1978 Transport Act) requires." ²⁷

We saw earlier that Mr. Rodgers' public commendation for Cheshire's approach to public transport planning indicated

that the CC could feel confident of official support for its policy. The CC's basic self-confidence was reflected in the second stage of the memorandum, which set out the case against MAP. The County claimed that in order to fulfil its responsibilities, it must retain the initiative with regard to data collection and computer analysis (the memorandum was written prior to implementation of the Macclesfield proposals !). It was considered that MAP could be useful in improving the efficiency of an NBC subsidiary, but the County was also of the opinion that MAP was not innovatory and should not be the main tool for transport planning because of its predominantly commercial objectives. In the County's view, NBC's proper role was to implement changes with regard to agreements with Trade Unions and submissions to the Traffic Commissioners: "It is this latter stage of planning concerned with implementation on which operators should concentrate their efforts. They are best equipped to do this - indeed the only agency who can properly do it - just as ccs are best equipped to do the plan preparation." 28

The content of the memorandum reflected the assertive, almost pugnacious, approach of Cheshire CC towards public transport policy. The main source of this pugnacity was the Transportation Unit, which saw itself as pioneering a trail where other local authorities could follow. As we noted earlier, the Unit also saw part of its role as that of an educator, not only of external bodies but also of its own councillors. We referred earlier in this chapter to the Unit's perception that the policy options document would demonstrate to councillors the consequences of adopting a particular level

of revenue support. In a similar manner to Leicestershire CC there is also an example of a "placebo" put forward to keep councillors happy. The memorandum contended that Elected Members of the CC would be less remote from policy-making if they became Board members of the major NBC subsidiary in their area. The Transportation Unit considered that this was an impractical proposition on the grounds that the NBC boards had little power, and also that a councillor would suffer a conflict of interests between the company and the CC. The paragraph was inserted at the request of councillors who wished to exert more control over Crosville. The Transportation Unit had the same objective, but was determined that the policy should be implemented in a "rational" manner!

When Crosville had studied the CC's memorandum, the company decided that it should issue a reply. Crosville's memorandum set out to justify its own role in public transport planning, and in particular the importance of MAP. The company was also anxious to put forward its own suspicions concerning the motives of the Transportation Unit: "Whilst the County stresses, at the outset, the need for full co-operation between the CC and bus operators, it could be said that their comments are largely in self justification of the not inconsiderable Transportation Planning Unit which the County at present has" ²⁹ Crosville saw the Unit as an obvious threat to its own status, and interpreted the motivation behind the latter's behaviour in terms of self-aggrandizement rather than rational planning.

Crosville went on to throw doubt on the County's professional expertise and the quality of the Macclesfield

study in particular: ". . . . the (CC's) paper over-emphasizes the skills available to a cc in specific areas of route and time-table planning. Crosville would not wish to dispute with Cheshire that the objectives and financial targets for the planning of bus routes should be fully discussed, agreed and greatly influenced by the CC. However, the translation of those guidelines into a major revision of services on the ground is the same problem which faces a MAP exercise On the experience of the Macclesfield study (recently undertaken in Cheshire with Crosville co-operation) it is not clear that Cheshire's method of survey and analysis produces data in a clear enough form. MAP has concentrated its programmes on doing just that." 30

In their memorandum Crosville were anxious to indicate that the company was prepared to co-operate with the CC, but it was also determined that MAP should go ahead in Cheshire. A programme such as MAP gave Crosville an opportunity to seize back the initiative in the detailed planning of services. Crosville considered that the County's concern for meeting needs was too abstract a concept and that meeting demand was more realistic an objective (we discussed the difficulty of defining need in Chapter Six). The company also pointed out the Transport Bill's reference to the importance of a County implementing its plans in a spirit of full co-operation with the operator. Unlike the County, Crosville did not see its own role as being the implementing agency after a plan had been prepared: "If this is the only company involvement it is too late to make an effective plan. To a large extent this is what is happening in Macclesfield and the results are that the

detailing of schedules prepared by the CC will be difficult and negotiations based on such schedules may well prove ineffective in achieving the maximum possible savings." 31

The submission of memoranda to the Select Committee marked the low point in the relationship between Crosville and Cheshire CC. The Select Committee was generally impressed with Cheshire's approach and put pressure on NBC to allow the County more participation in MAP. In addition, there were other factors encouraging a compromise. The difficulties which the County encountered in Macclesfield made it reluctant to prepare a further study on similar lines, and the ready-made programme of MAP with its techniques of data collection and analysis provided an opportunity for the Transportation Unit to hand this task over to Crosville. For its part, Crosville was prepared to integrate the County closely into the MAP process and also acknowledged that MAP should form part of the County's area studies. The company thereby preserved its status as a plan initiator while also maintaining a relatively high level of revenue support.

This compromise enabled pride to be satisfied on both sides. Perhaps more important than philosophical arguments over the difference between meeting needs and demand, the reconciliation of the two interests confirmed Crosville's power with regard to detailed services planning and scheduling, while also endorsing the County's ultimate control with regard to public transport planning as a whole. Counteracting the confrontation between the two interests was a pressure towards consensus. This consensus was based on the satisfaction of interests, but the agreement also implied an exchange of values.

By integrating MAP into the area studies, Crosville acknowledged itself to be part of a wider planning process, while the County recognized that the commercial values enshrined in MAP could be of value in the process of rationalizing services. (The trend towards integration might also facilitate a process of identification, for if Crosville and the CC work together for a long enough period, then the values of each might become indistinguishable from one another).

The participation of the CC in the Crosville MAP process, itself implies that the two parties are anxious to evolve a common approach, for as we described earlier in this section there is a strong element of common interest drawing them together. A member of the CC's Transportation Unit is seconded to Crosville headquarters for the duration of MAP, while a feature of Crosville's MAP Process is its more decentralized nature when compared to MR. After the data has been collected and processed by the computer it is handed over to the relevant Divisional office. At this point, the detailed service revisions are worked out usually by an Assistant Divisional Manager and a member of the CC's Transportation Unit. Depot Superintendents are also consulted during this period. When the proposals are ready for submission, the MAP process is metamorphosed into a CC area study. We described in the previous chapter how Staffordshire CC took the initiative during the consultation process by publishing District Plans in response to MAP Reports. In a similar manner, Cheshire CC publishes a Consultation Report. The CC issues the Report to all relevant District and Parish Councils, invites comments from members of the public, and holds public meetings.

The Effects on Other Operators of the Crosville-Cheshire
CC Relationship.

The above process applies in areas of Cheshire where Crosville is virtually in a monopoly position with regard to stage carriage services. In areas shared with other operators the situation can be more complicated. We described in the previous chapter how private operators were suspicious of the relationship between PMT and Staffordshire CC. In Cheshire, a similar attitude is adopted by municipal operators and PTEs. In Macclesfield we saw how Greater Manchester PTE was unable to reach agreement with the CC. The Crosville revisions were implemented in 1979, but it is only in 1981 that the revisions involving the PTE have been brought into operation. The Warrington area was covered by five operators: Crosville, Warrington Borough, Greater Manchester PTE, Merseyside PTE and Ribble (another NBC subsidiary). In 1980, the Cheshire PTP stated that: ". . . . the Warrington area study presents special difficulties because of the complicated network of stage carriage services provided by three main bus operators at three different fare scales." ³² In an area with such a high degree of inter-working, Crosville could not undertake MAP, and neither could the CC impose a settlement on all the operators.

Operators such as the PTEs and the municipalities received little or no revenue support from Cheshire CC, and were not prepared to forfeit services merely at the behest of the County. The implicit threat that revenue support could be reduced in certain circumstances was a powerful tool of control for the CC in its dealings with Crosville, but where

the County did not possess this sanction its will could not be imposed. Although the statutes gave considerable authority to the ccs, they did not grant any means of seizing direct control over operators. The problem of control without the power of coercion is one which we shall be discussing in the Conclusion.

Cheshire CC's difficulties in this area were best illustrated by the attitude of Chester City Transport towards the CC and Crosville. The City Council's own undertaking received no subsidy and prided itself on its ability to run a profitable service network in and around Chester. As the inter-urban operator Crosville ran many services into and out of Chester, but with picking up and setting down restrictions in the City. A relaxation in these conditions would have reduced Crosville's deficit (and the CC's level of revenue support), but Chester City was unwilling to co-operate as a result of being highly suspicious of the relationship between Crosville and the CC: "Inevitably, since NBC receive approximately 80% of the total revenue support, it is understandable that considerable discussions take place between the CC and Crosville. However, in the context of the PTP it is important that the influence of operators should be related to the level of passengers carried rather than to revenue support required." ³³ In its response to the CC's PTP proposals, Chester City was making the point that the CC should not equate its co-ordinating role with allocation of revenue support, and that the City was not prepared to sacrifice its interests in order to assist Crosville and the CC.: "The CC appear to be under the delusion that any measures which can

improve revenue for Crosville will assist them in reducing revenue support, but this is a short-sighted policy which takes no account of the effect upon the City Council undertaking which would lose financial viability and require revenue support." 34

Faced with Chester City's refusal to co-operate in detailed rationalization plans an area study was not a practical proposition, although the City Council had declared itself to be in favour of such a study in principle. At this point the CC and Crosville decided to conduct a joint MAP in Chester, which was implemented in October 1980. The CC then proposed that Crosville's picking up and setting down restrictions might be relaxed in return for Chester City receiving some of the Crosville services. The City Council gave tentative acceptance to this proposal, and it was hoped that plans could be implemented during 1981.

We have seen in this section the dynamic nature of the relationship between Crosville and Cheshire CC, but it is interesting to note that in the eyes of Chester City the two interests were indivisible. Endemic tension with regard to problems of control remained, but the CC and Crosville had built up a relationship based on inter-dependence and common interest, leading to an exchange and convergence of values.

C. Crosville and the Welsh Counties

The Dual Character of Crosville

In this section we will briefly examine Crosville's relationship with the Welsh Counties in which the company operates services, i.e., Clwyd, Powys, Gwynedd and Dyfed. A key factor to note from the outset is that although Crosville

runs its buses over an extremely wide area of Wales, the number of services and passengers carried is relatively small compared to Cheshire and the industrial areas of North Wales. We saw in Chapter Three that in the eyes of Crosland-Taylor Crosville had succumbed to temptation in expanding its territory so far into Wales. Commercially the venture could not be justified, but the new services did spread the Crosville name across most of Wales. From the early 1930s onwards the Welsh services could only weaken Crosville's financial position, but the attitude of the Traffic Commissioners towards the maintenance of cross-subsidization enforced the company's compliance in maintaining its Welsh connection.

The impact and effects of Crosville's involvement in Wales can be looked at from two aspects. From Crosville headquarters in Chester, the Welsh Counties can be viewed as forming only a relatively small part of the company's business, while geographically Chester is a long way from Central Wales. From the CC s' point of view, Crosville headquarters can appear equally remote, although their own public transport network is naturally of importance to them. Crosville has two Welsh divisions, one based at Wrexham and the other in Caernarvon. The Wrexham Division deals with the Counties of Clwyd and Powys, while Caernarvon's Division covers Gwynedd. In addition, the depot at Aberystwyth has a special area status, for it is situated in the County of Dyfed. We described in the previous section how MAP was developed as a more decentralized process in Crosville than in MR, with the Divisional Managers taking the lead in evaluating the data, although in contrast to

Cheshire the Welsh counties on the whole took little direct part in the preparation stage of MAP.

The question of cross-subsidization is a sensitive one, although it is accepted by the Crosville counties that some degree of cross-boundary revenue support still takes place. We have discussed earlier in this study the difficulties of isolating the cost of a particular service, and the policy of standard charging for fares is still almost universally employed by NBC subsidiaries. Unlike MR, the Crosville counties do not meet on an official basis, but a number of ad hoc meetings do take place.

Cheshire CC would prefer subsidy to be paid on the basis of a contract, whereby a fixed sum would be paid at the beginning of each year. The County considers that this would provide an incentive for efficiency and minimize cross-subsidization, for the company would be free to save what amount it could from the fixed sum paid. Under the present method, the CC has become suspicious that Crosville's claims at the end of a year nearly always correspond very closely to the maximum amount which the County has allowed for bus subsidy in that year. In its turn, Crosville denies the existence of any "cost-switching" in order to claim the maximum total amount of subsidy from the counties, and considers that counties are given sufficient information to make an accurate judgment of costs and revenues. In reality, the question of apportioning costs does not appear to have been a major point of contention either between the counties or between Crosville and the counties. (In one case, it was found that a county had been paying subsidy on a cross-boundary service which had not

operated within that County for nearly two years!). The financial state of the bus industry in the 1970s left little scope for cross-subsidization in the traditional sense, and the main problem for all the Counties was in dealing with Crosville's deficit.

Of the four Counties, it could be said that Powys and Gwynedd are in the passive category of approach to public transport planning. Dyfed is of the planning and interventionist type, while Clwyd can be placed in the market category. We will be studying the market approach more closely in the following chapter (on Oxfordshire), while we have already examined both the passive and planning approaches in some detail. There are nevertheless certain features of Crosville's Welsh Counties which throw further light on the dynamics of the relationship and the characteristics of Crosville.

Clwyd CC.

From the point of view of our study Clwyd is perhaps the most noteworthy of the Welsh Counties, for it combines the market approach with a relatively high degree of financial support for Crosville. Clwyd is placed near the head of the "league table", with 15.4% of its total transport spending being allocated to public transport in 1980-81. In addition, prior to 1981 Clwyd was committed to financing all of Crosville's deficit within the County. Yet Crosville regarded Clwyd CC with a higher degree of suspicion than any of the other Counties or operators in its area (with the possible exception of Chester City Transport). The generally acrimonious relationship between Crosville and Clwyd was based (like MR and Hereford and Worcester) on the County's hopes that private

operators could take a more prominent role in providing stage carriage services. Clwyd was also to the forefront of those counties which introduced experimental services. These services included a community bus, which required co-operation between Crosville and the CC.

Although such unconventional services as postbuses and social car schemes did not offer any direct threat to Crosville in Clwyd, they implied a fragmentation of the system which could in the long-term affect the company's network. The relationship between Crosville and Clwyd CC hung crucially around the ability of MAP to improve the company's efficiency. In anticipating the implementation of MAP, the CC considered that its results would raise certain issues:

1. To what extent should revenue support be paid for a Crosville stage carriage network as existing or as amended ?
2. Can other stage carriage operators supply more cost-effective services ?
3. Can other modes of public transport serve the observed social needs more cost-effectively ? 35

The questions posed by Clwyd implied that if MAP did not make predicted savings, then the CC would encourage a fragmentation of the network.

It is interesting to note that Crosville did not have a particularly high regard for the expertise within Clwyd CC. The County is unique in the counties covered by this study, for the Public Transport Section is situated within the Administrative and Legal Services Department. The CC considers that as public transport provision has many legal aspects (e.g., agreements with operators and the Traffic Courts) this

is the most appropriate place for the section. Eight people work in the Public Transport Section, although four of these are concerned with school transport. (The integration of education transport with public transport as a whole can also imply a threat to an NBC subsidiary, for we shall see in the case of Oxfordshire that by converting school contracts into stage carriage services the basis of an area network can be undermined).

At the time when Cheshire CC and Crosville were working together on MAP and the area studies, the company had developed respect for the County's expertise, but it was considered by Crosville that Clwyd's Public Transport Section was out of touch with reality. In Cheshire the introduction of MAP had assisted in bringing the company and the County together, but in Clwyd the opposite was the case. Unlike Cheshire, Clwyd refused to contribute towards the cost of MAP, and took no part in the collection or initial evaluation of the data. In the eyes of Crosville, Clwyd CC was demanding results from MAP without appreciating the company's difficulties.

The progress of MAP in Clwyd was not helped by a dispute between Crosville and a private operator. The CC had encouraged private operators in the Wrexham area to participate in MAP, but in July 1979 one of these operators (Wright's) sued Crosville in an attempt to obtain MAP data on its services. Crosville was prepared to supply all parties with the computer output data, but the private operator was demanding the raw data. The route concerned was one with some degree of interworking between Crosville and Wright's and there existed a strong feeling of mutual suspicion between the two parties.

A partner in Wright's claimed that Crosville's behaviour showed that private operators ought not to contemplate joining NBC schemes, but Crosville would not budge.³⁶ The case had still not been settled early in 1981, and continued to be a highly sensitive issue within Clwyd CC.

Although the County failed to bring about an agreement between Crosville and Wright's, MAP as a whole went ahead, with the first revision being introduced in Deeside early in 1980. The timing of these changes was unfortunate, for in April 1980 steelmaking ceased at the Shotton steelworks on Deeside. Combined with general recession, the economic climate on Deeside declined dramatically and reduced demand for bus services. Although the CC acknowledged the adverse environment, it was not happy with Crosville's work on MAP and the ever mounting deficit.

At Crosville headquarters it was claimed that the expertise at Divisional level in Clwyd was not of the required standard for the preparation of a MAP Report. This attitude represents the converse of MR, where Divisional officers considered that MR headquarters lacked sufficient local knowledge to devise MAP service revisions. The central-local tensions within NBC subsidiaries represented differing perspectives. In the eyes of central management, they themselves were the people who best understood how to evaluate computer processed data (despite Crosville's more decentralized approach to MAP). For the Divisional officers, a mass of data was no substitute for detailed local knowledge of the service network. As the Select Committee commented (a point which we outlined in the previous chapter) in MAP there did appear to be a point of

discontinuity where data evaluation met local experience. In addition to external factors, the politics of MAP included this internal cognitive gap.

Clwyd CC became more dissatisfied with the results of MAP during 1980, and by February 1981 had adopted a more aggressive approach towards Crosville. The CC claimed that trunk routes (mainly run by Crosville) should be self-supporting. In addition, it was decided to pursue a policy of converting school contracts (run by private operators) to stage carriage services, and also to introduce more unconventional services.³⁷ The sum of these proposals obviously held little cheer for Crosville, and could only cause a further deterioration in the relationship with the CC. We saw that MAP in Cheshire eventually assisted in achieving a degree of synthesis between the CC and Crosville, but in Clwyd it appeared to have the opposite effect.

Gwynedd and Powys CCs.

In contrast to Clwyd, both Gwynedd and Powys had a relatively tranquil relationship with Crosville. Both could be described as counties adopting basically a passive approach. In Powys, NBC runs approximately 80% of stage carriage miles,³⁸ while in Gwynedd, Crosville itself runs 91% of stage carriage miles.³⁹ In 1980-81, Gwynedd CC allocated 9.76% of transport expenditure to public transport, while the figure for Powys was 3.52%. Both Gwynedd and Powys are highly rural counties, and few of the Crosville routes in these counties are profitable. In Powys there are a considerable number of small private operators, and this creates co-ordination difficulties with regard to timetabling etc., but there is no suggestion by the

County that the private operators might take over Crosville routes. In Gwynedd there are few private operators, which the County admits is a considerable aid in performing its co-ordinating role (we saw that the policy adopted in Cheshire did not favour a fragmentation of the system).

The numbers employed in the public transport sections of Powys and Gwynedd CCs are three and five respectively. Powys has not participated directly in the preparation of Crosville's MAP, and for a period Gwynedd adopted a similar policy. After the initial MAPs in Gwynedd, the CC decided to adopt a more interventionist approach, and officers worked side by side on plan preparation with Crosville's Divisional management. This policy was adopted for two reasons. Firstly it was considered that more direct participation enabled the County's proposals to be incorporated in MAP Reports from the outset, and secondly the integration speeded up MAP preparation, thereby assisting early implementation and cutting costs. Although Gwynedd CC had no plans to adopt a deliberately more interventionist approach, the force of circumstance had pushed it somewhat away from a passive approach. In this case, as in Cheshire, MAP had tended to bring Crosville and the CC closer together.

Dyfed CC.

Dyfed CC could broadly be placed in the planning and interventionist category, although not to the same extent as Cheshire CC. It is nevertheless interesting to note that, like Cheshire, Dyfed was highly suspicious of MAP. Since local government re-organization, Dyfed had worked closely with the operators in revising and rationalizing services

within the County. In 1979 this approach was taken a stage further when the CC appointed consultants Peat, Marwick, Mitchell and Company, together with Social and Community Planning Research, in order to develop a method of assessing public transport needs. The study did not attempt any detailed analysis of services, but it was hoped by the CC that the consultants could prepare a Report which would assist the operators in developing criteria for their own work on service revisions.

Compared to Cheshire's eighteen, only four people worked on public transport in Dyfed, and the County was in no position to undertake a Macclesfield type of study. The CC was nevertheless unhappy about MAP, and considered that:

". . . . such extra studies are unnecessary at this time and could introduce disruption to services when it has been intended that there should be a period of stability. It is CC policy that the imposition of MAP will not be supported in areas in which service revisions have been completed following extensive studies by the CC." ⁴⁰ At this point Crosville decided to go it alone and produced a MAP Report based on services emanating from the Aberystwyth depot. The County did not know that Crosville was undertaking this work until the plan was published, and they also took no part in the consultation process.

Dyfed's relationship with Crosville was also tied up with the long distance between the County and company headquarters in Chester. The Dyfed officers considered that Crosville's central management had little knowledge of affairs in the County, and they generally resented the inferior status which

in their opinion the company afforded to the area. Crosville acknowledged this state of affairs at the time of the MAP preparation when the Aberystwyth Depot Superintendent (basically concerned with operational efficiency) was succeeded by an officer with a higher managerial status. Dyfed CC was pleased with this change, for on the whole it considered that the local office operated more efficiently when intervention from above was kept to a minimum.

Despite Dyfed CC's dissatisfaction with MAP, there did not appear to be any long-term effects on its relationship with Crosville. Basically, MAP was regarded by the County as being a relatively brief interruption in the long-term evolution of joint planning between itself and the company. In the case of Dyfed, there was no suggestion that a swing towards the private operator was likely to increase efficiency. In 1980-81 Dyfed devoted 12.93% of its total transport spending to public transport, and for 1981-82 it was planned that the NBC subsidiaries should maintain their share of this expenditure (approximately 75%).

D. Conclusion

In this chapter we have been chiefly concerned with examining the dynamics of the relationship between Crosville and Cheshire CC's strong planning and interventionist approach. We saw that there are strong forces driving the two organizations apart, but also others pushing them together. On the whole the forces encouraging co-operation have been more powerful, although the battle for control over service planning suggests an endemic rivalry. The identification of interests has led to an exchange and identification of values, and this process

appears to have subordinated the rivalry to a secondary role. The degree to which the interests of Cheshire CC and Crosville were perceived as being indistinguishable by a third party was indicated by the behaviour of Chester City Transport, which viewed both the company and the County with a high degree of mistrust.

In addition to the policy adopted by Cheshire CC, the commercial and financial importance of the County to Crosville compelled the company to give a great deal of attention to the CC. In contrast, the more rural areas of Wales are a long way from Chester, and in some cases (Dyfed in particular) are regarded as remote outposts of the company's empire. To counties such as Gwynedd and Powys the relationship with the Divisional office of Crosville was equal (if not greater) in importance to the relationship with Chester, a factor which emphasized Crosville's role as two companies in one, i.e., one company serving Cheshire and industrial areas of North Wales, and the other operating in the deeply rural Central and West Wales.

Politically, the policies adopted by both Gwynedd and Powys did not challenge Crosville's position, and in these counties the company could on the whole act from a position of strength. In Clwyd the situation was more complex. Although the County gave Crosville a relatively high level of revenue support, it adopted an increasingly hostile attitude towards the company. By threatening Crosville with a greater fragmentation of the system, Clwyd was pursuing the market model which we also saw in the previous chapter with regard to Hereford and Worcester. Having examined the passive and

planning approaches to public transport policy we will now turn to a more detailed study of the market approach in the form of the policy exhaustively pursued by Oxfordshire CC.

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CHAPTER NINE

Implementation in the 1970s:

3. The Case of Oxfordshire

A. Introduction

At the heart of Cheshire CC's relationship with Crosville lay the quest for control. The CC was not able to impose absolute control over Crosville, but neither could the company separate itself from the influence of the County. Although the relationship between Oxfordshire CC and City of Oxford Motor Services (COMS) followed a different course of events, we will see that once again confrontation eventually led to a plateau of consensus.

This similarity may superficially appear to be surprising in that the Cheshire CC approach was based on planning, intervention and central control while Oxfordshire CC's approach emphasized the importance of decentralization, flexibility, deregulation and competition. A common element to both counties was the radical objective of loosening the authority and power of the local NBC subsidiary and to replace it with a higher degree of local control. Although the counties achieved some degree of success in fulfilling their parallel aims, both Crosville and COMS could claim eventually that their ability to plan and implement the services of their own choice had not been seriously impaired.

Although Oxfordshire CC attempted to implement a market model, this did not entail a total laissez-faire approach. The effort required to change the status quo involved the CC in a substantial amount of activity which could be placed on a scale of intensity equal to that undertaken by Cheshire CC.

Although Oxfordshire CC wished to decentralize service planning, the policy could not be initiated without prompting from the centre. In addition, the County's chosen policy tool/ of the extended school contract also necessitated a degree of central direction. The CC undoubtedly intended to introduce more flexibility into the system, but mixed in with this aim was the objective of switching control from the NBC to a locally based structure.

From the COMS' point of view, the CC's policy offered an obvious threat to its position, although the company was by no means unsympathetic to the County's commercial objectives. Eventually, it was the Traffic Commissioners and the Government who frustrated the CC in its aim of extending the influence of the private operator, and led to a more tranquil relationship with the COMS. In achieving this new plateau MAP was to play a key part, and indeed MAP itself can be seen as a response to the policy put forward by Oxfordshire CC.

Perhaps most importantly, the policy pursued by Oxfordshire CC indicated a general change in values. From 1930 until the 1970s there had been an acceptance by governments of both parties that the basic regulatory system was the most suitable form for governing the bus industry. During the 1970s the Conservatives began to seriously question this system and to eventually put forward proposals based on values similar to those adopted by the Oxfordshire CC. When a Conservative Government returned to power in 1979 it almost immediately placed before Parliament a Transport Bill intended to abolish a significant portion of the road service licensing system.

B. The Development of COMS

We saw in Chapter Two how the COMS in its early days was mistrustful of sending its buses far from the City of Oxford: "The operation missed by the COMS is stressed by the fact that in 1922 South Midland Touring and Transport Company Limited was set up with headquarters in Oxford itself and was a 60-vehicle company served in the metropolis by London Coastal Coaches Limited in a little over a decade."¹ Under the Oxford and District Tramways Act, Oxford's City services were leased by the City Council to COMS, but this Act was repealed in 1951.² The agreement with the City Council gave COMS a monopoly in Oxford itself, and although there were a large number of operators in the County as a whole, the majority of these traditionally have been involved in contract work. In 1980, COMS operated over 80% of stage carriage services in Oxfordshire, but only 10% of school contract services. MR and Alder Valley (another NBC subsidiary) operate approximately 10% of stage services and the private sector the other 10%. In contrast, the private operators provide 90% of school contract services in a County which prefers allocating contracts to issuing bus passes.³

Oxfordshire is a County which radiates from the centre, and a high proportion of the population lives in the centrally situated City of Oxford itself. Outside Oxford, much of the County is rural in character, and in these areas bus services are often infrequent, or in a few cases non-existent. COMS' name itself denotes a strong connection with the City, although Stenning notes that since the repeal of the Oxford and District Tramways Act, the company's urban and rural services have been largely integrated.⁴ At the time of the NBC's foundation

the Oxford-based South Midland Company was owned by another NBC subsidiary, Thames Valley. In 1971, ownership of South Midland passed to the COMS, and since that time all the COMS' buses bear the fleet name of Oxford South Midland.⁵ In reality, South Midland's primary function of providing coach travel formed the basis of the new National Travel Midlands, but the COMS' fleet name allowed the company to present a less parochial image. Nevertheless, City of Oxford Motor Services remains the official title of the company. Although the COMS operates a few services in neighbouring counties, the vast majority of its services operate in Oxfordshire. In this respect, the COMS could be equated with PMT in being a relatively small NBC subsidiary serving an identifiable localized area.

In the early 1970s COMS was in a rather depressed state, and in particular suffered from a severe shortage of maintenance staff.⁶ In later years a transformation was wrought by a commercially minded management which placed the COMS to the forefront of NBC subsidiaries. The most obvious indicator of the drive towards increased productivity by the COMS was its achievement in becoming the first NBC subsidiary to implement 100% one-man operation. We described in Chapter Five how the NBC Planning Department was situated in Oxford (next door to the COMS' headquarters) and that its first head was the General Manager of the COMS, while in 1979 the company's Traffic Manager was appointed to head the Scottish Bus Group's equivalent of MAP. We shall see later in this chapter that the COMS was one of the first NBC subsidiaries to introduce MAP, and it was considered by NBC management that if MAP could

make the COMS more efficient, then it could do the same for every other subsidiary.

In relation to public transport policy as a whole, the COMS naturally did not wish to see a change in the regulatory system, but was anxious to encourage the market for bus travel. In 1977, the General Manager of the COMS at that time, J.M. Bodger, stated his opinion that a principal aim of the operator should be to: "Develop marketing techniques that will relate fares to the price of items that are in every day use especially in the home." ⁷ A further objective should be to: "Avoid over-pricing in order to maintain or to provide facilities that are required to meet welfare or other objectives." ⁸ The second of these objectives implied that the operator should be subsidized for unprofitable but socially necessary services, and that these services should not be paid for by means of cross-subsidization.

Allied to this view, Mr. Bodger considered that both central and local government should adopt a comprehensive approach to transport. This policy should include assessment of need, relieving traffic congestion in urban areas and land use implications for transport. With regard to the operators they: ". . . must be prepared to play their part and assist local authorities in their difficult task by providing all the material that is required to permit value for money assessments. In return local authorities must appreciate that operators cannot adjust their facilities overnight. Hasty changes in policy may not produce the most cost-effective package in the long-term. Being a busman, I am sure that buses can, and do, contribute more than many authorities recognize, to a

comprehensive transport package." ⁹ As with Mr. Wyke Smith at Crosville, Mr. Bodger wished bus services to form an important part of local authority planning (including the provision of subsidies for unprofitable services), but at the same time was anxious that the COMS should retain autonomous control over its basic network of profitable routes.

As an example of the type of planning which he considered to be ideal, Mr. Bodger pointed to Oxford City Council. When it was frustrated in its attempts to construct a City by-pass through Christ Church Meadow, the City Council in 1973 introduced a more public transport orientated system. The policy included Park-and-Ride facilities, the introduction of bus lanes and the closure of central streets to general traffic. ¹⁰ It is significant that at this time the policy community concerned with public transport in Oxfordshire included not only the City Council and the COMS but also Oxfordshire CC.

C. The Development of Oxfordshire CC's Public Transport Policy.

Ironically, Oxfordshire CC's radical market policy sprang from an already active planning approach to public transport co-ordination. The County was one of the first to pay subsidies to bus operators under the terms of the 1968 Transport Act (in 1970). In addition: "It was also one of the few counties to appoint a transport co-ordinating officer prior to local government reorganization. As a result, when the new CC took up office in 1974, its transport co-ordinating role was becoming well established in the eyes of the operators." ¹¹ In 1974-75 the CC allocated £216,000 in total bus subsidies

(to both NBC and private operators) at that time one of the highest amounts paid by non-Metropolitan counties. ¹²

In 1974-75 the COMS' deficit amounted to £376,989, while the subsidy received by the company from the CC totalled £157,485. The CC complained that during 1974-75 the COMS issued four different estimates of its total deficit for that year, all of which were considerably less than the actual deficit. ¹³ (This is very similar to Cheshire CC's experience during the same period). The response made by the CC to the COMS' increasing deficit was to commence the process towards a radical shift in policy.

Local Government reorganization in 1974 saw the appointment of a new public transport co-ordinator for Oxfordshire. Peter Ennor had previously undertaken research into public transport policy at Newcastle upon Tyne University, and was now anxious to put his ideas into practice. Although he was the prime mover behind the policy, Mr. Ennor was anxious to stress that it was not a case of an officer attempting to impose a course of action on "a bunch of retired colonels." There were a number of University-based County Councillors, and one in particular, John Redwood (a Fellow of All Souls' College), was a strong proponent of the market policy.

Redwood is highly critical of the NBC on the grounds that it was originally given the instruction to act commercially and to pay its way, but that in time the main organizational objective has changed to one of promoting bus transport as a social service. In his view the NBC saw local government reorganization in 1974 as a good opportunity to obtain higher subsidies and considers that this attitude, together with

government loans, is likely to breed inefficiency and a poor quality of service (although as we noted earlier, subsidies to the NBC have been considerably lower than those to other public corporations such as BR, while successive governments have refused to cancel the NBC's capital debt).

Redwood's solution to the problem is three-fold. Firstly, a staggering of work and school hours in order to reduce the number of vehicles required at peak times (a policy with obvious implementation difficulties). Secondly, the introduction of more competition in order to encourage the NBC to improve its productivity. Thirdly, that the NBC should be encouraged to devise an unsubsidized network, and only then set out claims for those services which may (in the language of the market model) be bought for the public by the CC.¹⁴ This recommendation echoes that put forward by the General Manager of the COMS .

Redwood's plan for the NBC as a whole closely corresponds to the policy put forward by Oxfordshire CC during the 1970s. The additional element, and one particularly stressed by Peter Ennor, involved a decentralization of decision-making. Ennor considered that: ". . . the best way of meeting people's requirements is not to impose standards which will fail to satisfy some people and appear wasteful to others, but let them decide for themselves what they want . . . also best value for money will be obtained if the minimum of conditions are imposed on both the seller and the buyer."¹⁵

Politically, the principles of competition, deregulation, decentralization and flexibility gave Oxfordshire CC's policy a firm conceptual foundation. We saw earlier in the study that

counties such as Hereford and Worcester and Clwyd were sensitive about their policy approach to public transport, and went about implementing it in a rather confused and clandestine manner. In contrast, Oxfordshire was only too anxious to evangelize on behalf of its own approach in the hope that other counties would follow its example. Elements (although not all) of the policy were unpopular with the COMS, and the Labour Government was also to become unhappy with the County's approach, but neither could dismiss it out of hand. People such as Redwood and Ennor could not be discredited by the NBC or the Government as being ignorant of the subject they were discussing.

D. Implementation of the CC's Policy

Subsidies and the Market Model

The concepts of decentralization, deregulation, competition and flexibility could be described as the more long-term policy aims of the CC. More immediately, the County faced the problem of subsidies. In this sense the policy can be seen in two separate (but linked) dimensions. Firstly, it expressed a conviction that the existing regulatory system was out of date. Secondly, it was hoped that the policy would lead to a considerable reduction in the level of subsidies. By 1975, Oxfordshire CC had decided that the COMS' latest deficit was only the start of what would be evermore desperate cries for help by the company, and that the subsidies required would place an increasing burden on the County's financial resources.

In June 1975 the CC announced that the total amount paid to all operators in subsidies for 1975-76 would not exceed £252,000, compared with revised estimates of £440,000 required for maintaining the then existing network of services by all

operators for the County. The amount allocated to the COMS was £150,000, compared with the company's claim for £280,000. ¹⁶

At the same time, the CC agreed that it: ". . . would not oppose reasonable steps which the company might take in order to reduce its deficit whilst broadly maintaining services." ¹⁷
In effect, the CC would adopt a non-interventionist approach with regard to any fare rises which the COMS considered were necessary in order to break even.

The COMS was extremely unhappy with the reduction in subsidy, and in August 1975 implemented a rationalization of services (with CC support) which involved a saving of forty buses. Although this represented a severe cut back, the situation itself was a fairly orthodox one of an NBC subsidiary reducing its network of services in response to a deteriorating financial position. The real policy watershed occurred in November 1975 when a joint CC Planning Department/bus operators' technical group was set up to examine public transport in Oxfordshire in general, but also to identify by 1st. February 1976 the services which could be provided if the CC did not make any payment towards the cost of operating those services. ¹⁸
In future, the CC was not prepared to subsidize a total network of services. It wished the operators to get on with the job of running a commercial business, while individual, socially necessary but unprofitable services would be "bought" by the CC.

Peter Ennor anticipated that the COMS would include some degree of cross-subsidization within its unsubsidized network, but in his opinion the resulting network was affected as a result of Government loans to the NBC and cross-subsidization from other counties. He considered that this "backdoor"

subsidy distorted the market and took away from the CC local control of its services. This criticism of the NBC typified Ennor's belief that the planned approach to public transport would inevitably lead to a misallocation of resources and inefficiency. He also considered that policies designed to restrict the use of the motor-car (such as that implemented by Oxford City Council) would fail owing to political limits inherent in policies designed to restrict car ownership. In default of this policy, the only alternative for the planned approach was an ever increasing level of subsidy. ¹⁹

In contrast, Ennor held the view that the market approach offered an opportunity to run bus services where they were most needed: "There is no reason why local authorities should not continue to help people as each decides is appropriate, in the market approach. The difference would be that the available resources would be directed at the transport poor rather than being spread thinly to the indiscriminate benefit of those with and without transport or those willing to pay the cost." ²⁰ This argument in favour of the market approach typified Ennor's determination to justify his County's policy on practical and philosophical grounds.

The Concept of Local Transport Groups

Oxfordshire CC's approach did not stop at a mere instruction to the COMS that the company should "act commercially." A crucial element of the policy was that a local community should decide its own transport needs by means of transport groups. In December 1975 the CC invited Parish and Town Councils outside Greater Oxford to set up local transport groups covering an area consisting of between one Town Council and a dozen small Parish Councils and Meetings. It was intended that there would

eventually be about sixty of these groups, but that the exact boundaries would be decided by the local councils themselves, even to the extent of some councils switching groups at times. ²¹

The concept of the local groups introduced the elements of decentralization and flexibility into the County's policy. It was not to be the CC who would decide which bus services were socially necessary but the people who it was considered were most in touch with local needs. These same people could monitor the services and decide if any changes were required in order to maintain a flexible approach. In Ennor's view a uniform level of need could not be applied to a whole County. People who had moved to a rural area from an urban environment might demand a local bus service, whereas those who had lived in an isolated spot all their lives had become used to making their own travel arrangements. Where a strong demand was expressed the County would consider "buying" a bus service for that community, but where no demand existed such a purchase would be pointless.

Despite its aim of devolving responsibility for service planning, the policy did imply that those local groups with the strongest lobbying power would obtain preferment from the County. Where resources were limited, it would be the County who had the ultimate authority as to where the money should be spent. We have seen that where a CC subsidizes an NBC service network it can encounter extreme difficulty in discovering how the money is allocated by the Company. Under Oxfordshire's plan, the CC could retain more direct and flexible control over its expenditure. Although the service would be costed by the operator, the CC would have the option of withdrawing support

from that service at only short notice.

The CC could also increase its control by a local public transport group being more pliable to its demands than an NBC subsidiary. The CC was anxious that each local group should consist not only of councillors, but would also include representatives from Women's Institutes, Senior Citizens' Clubs and public transport users in general. Although some of the groups did include this type of member, it was inevitable that most of the groups would be dominated by Town and Parish Councillors. The local groups were not part of the official local government structure and hierarchy, but the vast majority of local councillors in Oxfordshire's rural areas were of a like mind politically to the Conservative controlled CC, while local areas heavily dependent on CC resources for many services would be wary of challenging the centre too strongly.

In addition, the local groups also required guidance from the centre on the subject of public transport. The market could not operate unless the consumers had the necessary knowledge, and the CC was determined to provide them with that knowledge ! During 1976 the CC issued to each Parish a copy of its handbook. ²² This document set out the general public transport situation in Oxfordshire, and also described the CC's policy of instructing the operators to devise an unsubsidized network. The CC made it clear to the groups that it was up to them to decide their own needs and how best they could be provided. It was suggested that the alternatives to the orthodox bus service should be considered. These included car-sharing, community buses, Postbuses and the importance of voluntary effort in general. The document concluded by outlining

the function of the Traffic Commissioners and the procedure of the Traffic Courts. It was nevertheless made clear that the CC wished to see the end of the road service licensing system in favour of the market approach. At the heart of the document, however, was a description of the CC's principal (and most controversial) policy instrument.

Extended School Contracts

The concept of the extended school contract was highly objectionable to the COMS, but the CC made it clear to the local groups that they would be expected to employ this method as the principal means of providing unprofitable services.

Although the COMS did not object to the local transport groups in principle, the company suspected that these groups would be indoctrinated by the CC and hence become mere puppets in the process leading towards implementation of a market policy. We saw earlier in this chapter that the commercially minded management of the COMS had no objections to being asked to devise an unsubsidized network, provided that the CC left it in peace to operate its network. It could be argued that the COMS would be anxious to maximize its unsubsidized network (with the possible aid of the "hidden" subsidies objected to by Peter Ennor) on the grounds that the fewer services left to be covered by the CC, the more the company could retain control over its affairs. In this case, cross-subsidization limited external control. Extended school contracts were a different matter, and the company would do everything in its power to frustrate their implementation.

The extended school contract rested on the principle of an operator with a school contract extending his operation to

include stage carriage services. Initially, the CC would invite bids for a school contract together with the right to claim hourly incentive payments for providing transport on behalf of a local transport group. The number of hours allowed for one operator to claim incentive payments was limited by the CC to 50 hours per week, with the rate paid being reduced after the first 30 hours. The nature of the service itself was to be decided by the successful contractor himself after consultations with the local group. Normally, the amount paid by the CC for the school contract element of an extended school contract would be less than for a school contract on its own.

Oxfordshire CC had become increasingly worried about the cost of school transport provided under the 1944 Education Act. In June 1975 the CC's Environmental Committee set up a joint Working Party with the Education Committee to examine the cost of school transport and subsidized services in general. ²³ It was estimated that school transport would cost the CC £1.3 million in 1976-77, ²⁴ but the introduction of extended school contracts would reduce the direct expenditure of the Education Department. It was intended that the operator's tender for an extended school contract would be less than for a school contract alone, the sum being made up by the CC's incentive payments. These incentive payments would come out of the subsidies budget. In the language of the market model, the subsidies would become incentive payments whereby operators would be encouraged to run off-peak services. By employing this policy, the CC could release a proportion of the Education Department's budget for other purposes.

We saw this process in reverse in the case of Warwickshire CC, where more was spent on bus passes than contracts by the Education Department in order to supplement the income of MR. In these cases, education and public transport policy overlap and invade each other's policy community. Prior to implementation of the 1972 Local Government Act, the provision of school transport could be perceived as a functional part of education policy. In later years, the appointment of public transport co-ordinators and the introduction of bus subsidies indicated that school transport could be perceived as another form of subsidized service (i.e., the CC paid a cost which would otherwise be met by parents). In the case of Oxfordshire, it was intended that responsibility for school transport should be taken away from the education community and placed in the hands of the public transport community. Peter Ennor was eventually given control of all school transport as part of the plan to implement extended school contracts, although the school transport element of the contract would continue to be paid for by the Education Department. The market model required that public transport should extend its community, but in bringing school contracts and bus subsidies under the same umbrella the CC heightened tension within the community,

Bardach describes the fostering of competition as one means of dealing with monopoly power, and the CC considered that by allocating subsidies to the private sector instead of the COMS it could place the company in a position where it would be forced to "act commercially," while it could also be said that by expanding the role of the private operator the CC offered an implied threat to the future of the COMS. 25

Bardach also notes that incentives offer a means whereby one may control the several, but also considers that: "Unfortunately, the limitations of incentive systems are in proving it," ²⁶ and that payment will usually be made for inputs rather than intangible outputs. Oxfordshire CC was to pay the operator for the hours he worked (the inputs) rather than the service itself or the quality of service (the outputs). The CC did possess the sanction of removing a contract from an operator who did not show sufficient enthusiasm for running stage carriage services, while payment was not to be made for services which a local group did not support. Nevertheless, the local group might support a wide range of services (they were not paying the bills !), while the operator could maximize his revenue by running his buses around the area for a certain number of hours per week.

This control problem for the CC was outweighed by its objective of switching resources from the public to the private sector. In theory, the COMS could tender for an extended school contract, but its operations were tied in with providing the peak demand for stage carriage services in the County. We noted earlier that private operators provided 90% of school contract work, and the COMS was not equipped to invade this territory. Although the school contract had become part of the public transport community, the main unsubsidized network operated by the COMS and the extended school contracts were to be separate worlds. From the COMS point of view, the public transport community linked them closely with TSG and the provision of subsidies, but the CC intended to sever that link. In this sense, a new local

community was to be created consisting of the CC, the local groups and the private operators.

The CC claimed that this new structure need hold no fears for the COMS, as it would be completely separate from their network. The COMS thought differently, for it feared that the extended school contracts represented the thin end of the wedge which would eventually destroy the company's business: "The company's view is that the so-called area bus services (i.e., extended school contracts) will not develop purely as local links within parish group zones or as local area feeders to main route services, but will inevitably develop as direct links between rural zones and urban centres." ²⁷ COMS' most lucrative routes were those linking outlying districts with Oxford, and the company did not want to see these invaded by the private operator.

Matters came to a head in June 1976, when two private operators applied to operate stage carriage ~~services~~ → services in the North-West of the County as part of an extended school contract. The COMS had also applied to revise its services in the area as part of the plan to create a viable network. The COMS opposed several of the private operators' applications, while the operators themselves put in an objection to several of the COMS' proposals. The private operators had the backing of the CC and the relevant local transport groups, but numerous other representatives from various local groups together with members of the public were also called as witnesses by the private operators. One of the private operators even went to the expense of employing a QC from London (who Peter Ennor considered behaved as if the hearing was a murder trial at the

Old Bailey !) rather than the more usual solicitor. The hearing lasted for a total of fifteen days, spread over a period of seven months from June 1976 to January 1977.

The hearing was implicitly accepted by both sides as a test case which would determine the future of extended school contracts in Oxfordshire. We discussed earlier in this study the relationship which grew up between the Traffic Commissioners and the territorial companies, and in this Oxford case there was a strong identification of interests and values between the COMS and the Chairman of the Traffic Commissioners. Despite the complexity of the rival route claims made by the COMS and the private operators, the real significance of the case was an encounter between two different "orders of comprehension". The values expressed by Oxfordshire CC represented an alternative perception of how a public transport system should operate. The market model placed great stress on words and phrases such as "buy", "expressed demand", "value for money" and "incentives", where the Commissioners and the COMS emphasized the importance of "network", "co-ordination" and "public interest".

We shall see later that in the case of the COMS the introduction of MAP provided a bridge whereby the CC and the company could once more occupy the same community, but it was the Commissioners who had the power to abort the extended school contract concept. The County's support of deregulation held an obvious threat for the future of the Commissioners, and the fragmentation of the system implied by the introduction of extended school contracts was also perceived by the latter as endangering their future role. As in the case of Staffordshire

CC we can describe a power struggle between the CC and the Traffic Commissioners, but in the case of Oxfordshire there were deep differences in terms of values and the language used to express those values. The County's policy on extended school contracts represented a wish for radical rather than incremental change, and the Commissioners were not disposed towards any form of compromise.

Although the hearing was concluded in January 1977, the Commissioners' decision was still awaited at the beginning of May in that year. Since the formation of the local transport groups, the CC had issued to them a periodic Newsletter (one of the actions which fuelled COMS' suspicions that the groups were being indoctrinated by the CC), and the May issue expressed the opinion of one group on the Commissioners' delay in issuing a decision: "The CC in attempting to fulfil its proper function under Section 203 of the Local Government Act of 1972 to promote a system of rural public transport to meet the needs of the travelling public, is being frustrated by the archaic, antediluvian procedures of the Traffic Commissioners." ²⁸ Such an opinion of the Commissioners was hardly likely to enhance the group's prospects of obtaining an extended school contract!

The group's wait was soon over, for on 9th May 1977 the Commissioners issued a remarkable 72-page document which supported all the COMS' applications and rejected out of hand all the extended school contract applications. Only the latter half of the decision was concerned with the detailed judgment of particular route applications. The first half consisted of an outline of Oxfordshire CC's public transport policy which

the Commissioners scathingly attacked in their Report. The nature of the Traffic Commissioners' document emphasized the extent to which the extended school contracts had become an ideological issue epitomizing the different values of the CC and the Commissioners. In the eyes of the Commissioners, the County was attempting to sabotage a system which had worked satisfactorily for many years: "The logical end (of the implementation of extended school contracts) would be that the County of Oxford would have no integrated bus network but a host of unrelated services practically all in the hands of different operators. The objectives of the existing legislation would have been defeated and the County would have returned to a concept of passenger transport by road considered to have been obsolete since 1930." 29

Like the COMS, the Commissioners also accused the CC of indoctrinating the local transport groups, while also claiming that the County was abrogating its responsibility for co-ordination: "The statement that incentive payments will be made only for services indicated by the parish groups as being beneficial to the local people appears to us to disregard entirely the obligation of the CC and the Traffic Commissioners to have regard to the needs of the wider community and of the county or area affected as a whole in relation to traffic." 30

The County spoke about the need for decentralization and flexibility, but to the Commissioners the provision of need necessitated a co-ordinated network approach: "It will be seen that the Traffic Commissioners are required to concern themselves not merely with individual services, but with the needs of the area affected as a whole," 31 and so: ". . . . it

would, to say the least, be imprudent for the Traffic Commissioners to countenance any general policy which fosters the interests of the private sector to the detriment of the public sector unless that policy also secures the long-term needs of the community as a whole for basic public transport facilities. Any policy which serves parochial requirements at the expense of the community as a whole cannot in our view be regarded as being in the public interest." ³² The statements made by the Commissioners illustrate the cognitive gap between themselves and the CC. Apart from the power struggle, the Commissioners and the County inhabited different worlds where the perception of how a public transport system should operate was entirely different.

The judgment given by the Commissioners on the CC's policy was completely in the mainstream of policy implementation with regard to the bus industry. The private operators placed an appeal with the Secretary of State, which was heard in November 1977, but the Minister upheld the Commissioners' decision. We saw in Chapter Six that William Rodgers was anxious to devolve responsibility for public transport to the local authorities, and was also hoping (and perhaps even assuming) that the CCs would be happy to spend money on supporting public transport in rural areas.

Mr. Rodgers considered that the policy adopted by Cheshire CC represented a proper attitude to implementing his policy, but by 1977 Oxfordshire had become something of a cause celebre and an embarrassment to the Government. In announcing TSG for 1978-79, Mr. Rodgers considered some counties had not been particularly forthcoming about the White Paper's call for more

support for rural bus services: "In some cases it would be wrong of me to hide my deep disappointment. This settlement should encourage those councils who so far have failed to do as much as they could for rural transport to think again and change course. The transport needs of rural areas are urgent - so should be our response." 33

During the late 1970s Oxfordshire consistently appeared at the bottom of the "league table" (2.72% of total transport expenditure was devoted to public transport in 1980-81), while the County also failed to take up its full allocation of TSG. During 1978, the Under-Secretary of State at the DTp, John Horam, visited Oxfordshire in an attempt to persuade them to spend more of their TSG allocation. He referred to his visit in evidence given to the SCNI: ". . . . I was recently in Oxfordshire and talked to them about their policies, which had given me some concern, and found that of the, I think, approximately £148,000 which Oxfordshire had bid for in the current financial year, so far they had spent a very small amount - I think of the order of £20,000, and I was encouraging them to make sure that for the first time this year (they are one of the counties which have not given the money to the operators which they had asked for) they would try to meet their commitments. They gave me an assurance that they would try harder this year." 34

Despite the Minister's claims, Oxfordshire CC was by that time implementing a policy which required NBC subsidiaries to operate self-sufficient viable networks, with services being "bought" only for those local transport groups which demanded them. Although the County did eventually take up its relatively

small public transport segment of TSG allocation for that year, it had no intention of obeying the Government's exhortations to spend more on public transport in rural areas. The control problem for the Government was that although sanctions could be placed on local authorities which (in the Government's view) overspent on particular services, it was difficult to penalize counties which underspent. The sanction which the DTP decided upon was to cut back the amount allowed for Oxfordshire's programme of road building and maintenance. For 1979-80 Mr. Rodgers recognized only 6% of the County's road building plans, but the CC Leader retorted: "The Council is not going to be bullied in this way. Mr. Rodgers is trying to force us into spending money on public transport in areas where there is as yet no firm evidence that it is needed." 35

A further basic difficulty for the Government was that implementation of its policy depended to a large extent on NBC subsidiaries placing claims for subsidy before the CC. If the CC did not respond, the Government could claim that the County was falling down in its obligation towards supporting public transport. Mr. Horam's statement suggested this was the case in Oxfordshire, but we have seen that the COMS was a commercially minded company and perfectly happy to operate a viable network. Despite the COMS' opposition to extended school contracts, contacts between the company and the CC were not broken. Once the CC's extended school contract concept had been frustrated, a new relationship emerged between the two bodies, and one which went beyond the minimal consensus type. In forging this new relationship, the emergence of MAP played a crucial role.

We discussed MAP in Chapter Seven in terms of its development as an MR programme. MAP did start life as MR's Viable Network Project and was first implemented in Stratford, but it can be argued that the appearance of MAP is best explained in the context of Oxfordshire CC's policy. A key element in understanding this connection is the personal relationship between Brian Barrett and Peter Ennor. We saw previously that Barrett was the principal motivating force behind MAP and rose swiftly in the managerial hierarchy of the NBC. At an earlier date, he was Deputy Director of the Transport Operations Research Group at Newcastle upon Tyne University, while Ennor was a Research Associate in the same Group. The two men worked closely together, and had come to share many opinions on the subject of public transport. Ennor himself considered that MAP was developed as a direct response to his CC's policy, and that when he put this point to Barrett, the latter: ". . . . became so angry that I thought the suggestion must be true." ³⁶ Ennor's view was rejected at MAP headquarters on the grounds that MAP was developed as a company-wide programme in order to improve efficiency and develop relationships with CC's in general. Perhaps the most pertinent factor is that Barrett and Ennor shared the view that the NBC should be left to "act commercially" while the CC identified needs and subsidized socially necessary services.

We referred earlier to interpretations of the word "market" and that in the NBC context the use of the word indicated a concern for analysing demand rather than providing competition on the supply side. Oxfordshire CC was only concerned with demand where it could not be met by the COMS and after the abandonment of extended school contracts appeared

to be content with an NBC dominance in these areas. The refusal of the Traffic Commissioners to accept extended school contracts coincided (perhaps not quite by chance) with the COMS' announcement that the company was about to begin work on MAP. The traditional alliance between the Traffic Commissioners and the area bus companies had prevented the implementation of extended school contracts, but the County could claim that the introduction of MAP demonstrated the wisdom of issuing an ultimatum to an NBC subsidiary with regard to the provision of subsidies. It could also be argued that by making maximum viability (perhaps with the help of the "hidden" subsidies which the County disliked so much) commensurate with maximum independence the County offered an incentive to the busman to seek revenue wherever it could be found. The County could therefore exercise some degree of control over the company by encouraging it to maximize efficiency, although in certain circumstances the NBC might increase its subsidy claims in other directions i.e., other Counties or Central Government.

In addition to introducing MAP, the COMS was also concerned that the local groups were not sufficiently informed of the company's activities. In June 1977, shortly after the commissioners had announced their decision on extended school contracts, the COMS produced its own Newsletter which it circulated widely throughout the County.³⁷ In essence, the document put forward the case for the network approach and defended the role of the Traffic Commissioners: "Oxford South Midland (the fleet name) does not believe anyone should look upon the recently published decision of the Traffic Commissioners

as the winning or losing of a battle but as guidance for all concerned to follow. What is needed in Oxfordshire is a new start with the County Council, District Councils, Parish Groups, Private Operators and Oxford South Midland all getting together to evolve a policy which will benefit the community by making the fullest possible use of all existing resources." ³⁸

The COMS could afford to adopt this slightly patronizing tone, as for the moment its fortunes were in the ascendant.

After the frustrations experienced with extended school contracts, the CC was relieved to throw itself whole-heartedly behind the preparation and implementation of MAP. The extended school contracts case had proved extremely costly financially to the private operators (an absolute resource constraint on change), while the officers of the CC had devoted considerable time to the case (a further resource constraint). The CC only employed a maximum of six people to work on public transport, with the figure reduced to four after the implementation of MAP. In addition a further six people worked on school transport.

The COMS published its MAP proposals early in 1978, and the CC invited comments from all councils and transport groups. About thirty of the groups were highly active during this period (still only half of the total number), while the CC allocated £70,000 to be spent on services not covered by the COMS' viable network. This money was originally intended to be spent on incentive payments for extended school contracts, but the main part of it would now be given to the COMS. The reorganization of services took place in July 1978, since which time the relationship between the COMS and the CC has been

relatively stable. Many of the local groups have become inactive, and the CC has ceased publication of its Newsletter since the implementation of MAP. As with Cheshire CC and Crosville, a strong identification of values exists between the COMS and Oxfordshire CC. The COMS retains its independence and operates a cross-subsidized network, although it should be noted that in 1979, according to the current cost accounting method, the company made a loss of £121,000.³⁹ Oxfordshire CC refuses to enter into three year agreements with the COMS, as recommended by the 1978 Transport Act, on the grounds that such agreements would lack flexibility. Subsidized services are usually guaranteed for one year, although in some cases the commitment is of an even shorter duration.

From 1978, Oxfordshire CC adopted a more passive attitude towards policy implementation. This approach could partly be ascribed to the introduction of MAP and the decision to abandon extended school contracts. At the same time it was also likely that the County was less aggressive in its attitude because it had reason to believe that the policy trend at national level was moving in its favour. We saw in Chapter Six that the 1973 Road Traffic Bill represented a change in attitude by the Conservative Party towards the road service licensing system, and these doubts were to become still stronger while the Party was in Opposition. Oxfordshire was to play a key role in shaping Conservative policy, which culminated in the 1980 Transport Act. We could observe that the CC's behaviour indicated that a group may adopt a more conciliatory tone in implementing legislation when it believes that the next round of policy-making will go in its favour.

E. Oxfordshire CC and the 1980 Transport Act

An Inter-Personal Issue Network

In September 1977 the Conservative spokesman on Transport, Norman Fowler, produced a policy document entitled The Right Track.⁴⁰ This document was relatively bland in tone with the objectives set in general terms. Firstly: "Central objectives of transport policy must be to achieve value for money (a key phrase adopted by Oxfordshire CC in setting out its transport policy) and to assist in economic recovery."⁴¹ The objectives stressed the need for competition and innovation and on public transport emphasized the requirement for higher productivity and the identification of specific needs or services.

In the section devoted to buses, Mr. Fowler criticized the Labour Government for its tardy approach to the introduction of new types of services, and committed a future Conservative Government to at least some degree of delicensing and more experimental services. At the same time: ". . . we will consult closely with the interested organizations and unions on such schemes and experiments - but that will be our approach. It is less than revolutionary to suggest that a law fashioned in the decade after the First World War does not meet the modern requirements of the travelling public."⁴² It could also be said that the exact nature of the Conservative Party's proposals on delicensing were considerably less than obvious !

Having completed the policy document, Fowler set about the task of seeking advice on how the policy should be elaborated. In the course of these discussions, Fowler was particularly

impressed by the views of the Director of Oxford University's Transport Studies Unit, Ian Heggie. In May 1977 the Conservatives called a Commons' debate on the problems of rural transport, in the course of which Norman Fowler referred to the case of Oxfordshire. At this time the CC was awaiting the Traffic Commissioners' decision on extended school contracts, and Fowler joined in the criticism of the Commissioners:

"After four days in December it (the Commissioners' hearing) finally finished. I say 'finally' with the proviso that we still do not know, 2nd May 1977, what the result of that application is. As a method of responding to local need, I should have thought that even Hon. Members opposite might think that the process is slightly deficient." 43

Fowler went on to criticize the cost of hearings for a private operator, and in support quoted from a letter written by Heggie to The Economist. With regard to policy, Fowler stated that: "Our aim will be to change the law to allow services to develop naturally in response to different - and they will be different - needs of various local areas. The law should help initiative; it should not hinder it. We shall reform the law to make this possible, and our aim will be quite simply to set the local people free." 44 Fowler's remarks indicated that he was moving towards the Oxfordshire CC principles of deregulation, competition, decentralization and flexibility. In reply, William Rodgers severely criticized Oxfordshire for not giving greater support to the COMS. We saw previously that the Secretary of State had himself introduced a limited number of transport experiments, but his criticism of Oxfordshire was based on the assessment that the needs of passengers in rural

areas were being neglected. 45

Ian Heggie himself had become highly interested in Oxfordshire's public transport policy, and held several meetings with members of the Planning Department. The public transport section formed part of the Planning Department (reflecting the County's attitude that public transport was too important a subject to be merely a subsidiary part of the Highways Department) and the Chief Planning Officer, John Barrow, was a strong advocate of the County's policy. Another important figure was Barry Cooper, the County's Chief Traffic Engineer. Cooper had previously held a similar position in Southampton, where he won national recognition for designing a scheme to ease traffic congestion by the use of sophisticated electronic signals. Barrow and Cooper had frequent contact with Heggie, and the latter became enthusiastic about the Oxfordshire approach. Eventually, Fowler himself made several unofficial visits to the County and held detailed discussions with officers.

We have seen that the Conservatives had expressed doubts about the bus licensing system since the early 1970s, and Fowler had himself expressed these doubts in The Right Track. The difficulty for the Party was that in presenting a policy based on deregulation, the impression was not given that the quality of service would deteriorate. The advantage of the Oxfordshire approach was that the policy could be given a coherent philosophical explanation. The County's concepts of extended school contracts and local transport groups introduced "rational" elements of ordered competition and decentralization rather than a mere "free for all."

The bus industry also held a particular attraction for the Conservatives at that time because it offered an opportunity for the Party to demonstrate its commitment to the market economy. Under the leadership of Mrs. Margaret Thatcher, the Conservatives had severely attacked the interventionist approach of successive governments, and advocated policies strongly based on the principle of "less government". In this climate the regulatory system of the bus industry apparently offered something of a "sitting duck" as a target for radical policy change.

In Chapter One we referred to Heclo's concept of the "issue network". This idea implies a loosely-linked set of interrelationships which combine to provide the prime motivating force behind the policy process. In discussing Heclo, Grant Jordan refers to inter-personal 'issue networks' where the relationships between individuals can have an influence over policy.⁴⁶ In this chapter we have identified a set of relationships linking Brian Barrett, Peter Ennor, John Redwood, John Barrow, Barry Cooper, Ian Heggie and Norman Fowler. In turn these relationships had a significant effect on the NBC, MAP, local authority public transport policy and Conservative Party policy. In covering a wide area of groups (i.e., the academic world, the bus industry, local government and a political party) the network has a pluralistic image. In another sense, however, the behaviour of the individuals concerned can be defined in terms of one interest. This interest was to develop a market model for the bus industry and to put it into practice. If we picture the individuals in terms of an inter-linking discussion group then the

interrelationships take on a more corporatist image.

A policy can emerge as the result of a consensus between the primary interests, but in this case we shall see that the primary interests were taken unawares by Conservative policy. The unofficial and corporatist nature of the issue network allowed policy to be developed in an unobtrusive way, no doubt assisted by the Conservatives being the Opposition Party. It might be argued that while a Party is in opposition it is generally excluded from the official policy community, and is thus more free to develop its own network of contacts and also to meditate on a particular problem. In this way a new government can present a policy which appears highly corporatist to those who are chiefly concerned with the government community.

Although Mr. Fowler was generally impressed with the Oxfordshire approach, he could not base an assessment of the County's policy on any large-scale implementation experience. We have seen that the extended school contracts concept hardly got off the ground, while the local transport groups had not proved to be generally active. Apart from the period covering the MAP consultation process, only a handful of the groups met regularly, and even these became less active with the passage of time. Discussion concerning the market model therefore concerned its theory rather than its practice. In this sense the feedback from local to national level was not so much concerned with how the experiment had been implemented and an assessment of its effects, but with how the policy environment might be changed in order to accommodate the market model (e.g., abolition of the Traffic Commissioners). It could be

said that the policy discussion was more concerned with theory and hoped for expectations rather than the results of practical experience.

A New Government and a New Policy

When the Conservatives returned to power in May 1979, it was generally thought by the bus industry that the new Government would enter into a lengthy period of consultation before presenting any legislative proposals. Politically, it appeared that the DTp had been downgraded, for Norman Fowler was given the title of Minister for Transport rather than that of Secretary of State. In addition, he was not a member of the Cabinet, although he did attend all Cabinet meetings. This rather strange arrangement was officially explained as being the result of insufficient funds being available to pay for another Cabinet Member (Fowler eventually became an official Member of the Cabinet in January 1981). Despite the apparent downgrading of transport, the new Minister could be placed firmly in the DTp tradition of relatively inexperienced but ambitious Ministers. We have seen that Herbert Morrison, Barbara Castle and William Rodgers were all Labour Ministers of this type. We have previously described the new Government's commitment to radical change, and Fowler was determined to introduce an early measure in order to demonstrate that a new era was at hand.

The Confederation of Passenger Transport assumed that the new Minister would propose some changes to the licensing system, but took the remarks concerning consultation in The Right Track at face value. In July 1979 the Director General of the CPT, Denis Quin called for a speedy one-man inquiry into licensing

and stated that the CPT was in favour of change, : ". . . . but balanced and better change." ⁴⁷ At about the same time the Association of County Councils, no doubt sensing the change in the political climate, put forward a set of radical proposals which included the removal of the Traffic Commissioners' powers with regard to road service licensing, an end to TPPs and PTPs, absorption of TSG by RSG, and the removal of legal requirements for free school transport. ⁴⁸

In the midst of what appeared to be the preliminaries of an orthodox consultation process, in August 1979 the Minister abruptly announced the proposed contents of a forthcoming Transport Bill. The main points of these proposals included the abolition of licensing for express services, excursions and tours, fares control by Commissioners to be abolished, several Trial Areas to be agreed with Counties where all road service licensing would be suspended for a period, and car owners to be allowed to advertise seats on a cost and sharing basis. Stage carriage licensing was to continue, but would operate on the criterion that a licence would be granted unless it was specifically proved to be against the public interest. The Minister stopped short of recommending the total abolition of road service licensing, but the idea of Trial Areas suggested that in Counties with a like mind to the Government's such a step need not be far away. A restraint on the Minister might have been the thought that in urban areas Labour controlled Metropolitan Counties would not take kindly to competition springing up against the PTEs.

The Minister announced his outline for the Bill during a press conference, in the course of which he publicly acknowledged

the assistance of his policy adviser, Ian Heggie, in framing the proposals.⁴⁹ Heggie himself cited the contribution of MAP in developing his ideas: "An enormous success, for it showed that the bus industry could be very much more effective."⁵⁰ No doubt the irony was not lost on Heggie that an NBC programme should assist in the formation of free market ideas. Brian Barrett replied to Heggie's comment by stating that the latter had misunderstood the essence of MAP: ". . . which is after all an information tool rather than a solution. It is the way in which the most mobility of people can be ensured within any given allocation of resources."⁵¹ It could nevertheless be argued that the original concept of MAP was based on the assumption that NBC was a commercial organization, i.e., the company would be free to run a profitable business while the counties paid for the loss-making services. It could also be the case that implementation of MAP would place NBC in a better position to cope with competition by reducing the element of cross-subsidy. Although MAP itself did not imply the introduction of greater competition into the bus industry, it did suggest that the NBC should pay more attention to its commercial position than had hitherto been the case.

The Minister gave interested parties two months to comment on his proposals. The CPT was upset at the lack of consultation by the Minister, but its chief problem was in reconciling the interests of both the NBC and the private sector. Eventually, the Coach and Independent Bus Sector and the NBC went their separate ways. CIBS supported a relaxed licensing system, but wished it to continue for all types of

travel. The independent sector was thus not against a higher degree of competition in principle, but feared the implications of a free-for-all.⁵² The NBC was against delicensing in general on the traditional grounds that a comprehensive network best served the public interest.

The period of consultation ended in October 1979, and when the Minister put forward the new Transport Bill in the following month there was only one significant change. Originally it had been intended that express services would be defined as those with a minimum journey of 25 miles. After pressure from the NBC, this limit was raised to 30 miles.

In addition to the Transport Bill, another piece of legislation with significance for the bus industry came before Parliament during 1980-81. Certain clauses of the Education No. 2 Bill would have repealed the sections of the 1944 Education Act dealing with free school transport. We discussed earlier in this chapter the significance of school transport for Oxfordshire CC's public transport policy, and how its removal from the education sector would assist the implementation of extended school contracts. The abolition of free school transport was also one of the ACC's recommendations. The Government hoped to save £30 million per annum by repealing the 1944 Act clauses, but when these proposals became publicly known a large amount of dissent was expressed. Many private operators considered that it would mean an end to their business, (apparently they had never heard of extended school contracts !), while parents and many local groups lobbied both the Government and CCs. Opposition to the clauses also grew in Parliament and in March 1980 they were defeated in the

House of Lords. In the face of so much opposition the Government accepted the defeat and the 1944 Act clauses remained in force.

Implementation of the 1980 Transport Act

The Transport Bill suffered no such setback and received the Royal Assent almost unchanged from its original form. Nevertheless the school transport affair indicated that general acceptance of the new policy could not be taken for granted by the Government. In particular, the Trial Areas were to prove a considerable source of embarrassment. The Government had hoped that the Trial Areas concept would be eagerly taken up by the CCs, but in the event few expressed interest. Several Counties decided that good results could be obtained by co-operation with the Traffic Commissioners, while also fearing that the Council could be left with a large Bill when the trial period of two or three years came to an end. Most significantly, Oxfordshire eventually decided against setting up a Trial Area within the County. Many of the Oxfordshire officers were disappointed that the Government had not opted for full-scale delicensing and feared that Trial Areas contained several pitfalls. Apart from the cost considerations, it was thought that cross-boundary problems would make implementation an impractical proposition. In addition, many private operators showed little enthusiasm for subjecting themselves to open competition.

The refusal of Oxfordshire and several other Counties to set up Trial Areas deeply disappointed the Government, which by the latter part of 1980 was becoming somewhat desperate. In November of that year it was reported that four Counties

were to be offered large cash incentives by the Government to set up Trial Areas. For example, : "In Devon, Mr. Fowler hinted that up to £500,000 and an offer of free minibuses would be given if the County proceeded with three Trial Areas, including one covering Exeter." ⁵³ Early in 1981 Norfolk and Hereford and Worcester CCs announced the intention to set up Trial Areas, although in the Hereford and Worcester case the local private operators protested strongly that existing arrangements were satisfactory.

The failure to abolish the 1944 Act clauses and the difficulties over Trial Areas indicated that the market model for public transport was not to be easily accepted in the real world. The section of the 1980 Transport Act which attracted most public attention was the abolition of licensing for express services, excursions and tours. Although the private operators had favoured a relaxation in the licensing system, many feared the effects of all-out competition. A typical view was expressed by Ron Whittle, a prominent private operator and a former Chairman of CIBS. At the time when the Transport Bill was beginning its passage through Parliament, Mr. Whittle considered that general delicensing would have a detrimental effect on the deep rural areas, while an immediate improvement would be seen on the most lucrative routes. He nevertheless feared that even on the well patronized routes, competition would make for bankruptcies which would lead to a general deterioration in services. ⁵⁴

Express services, excursions and tours were deregulated in October 1980. By March 1981 it was being reported that competition had led to a decrease in the average real fare,

while at the same time many of the less well used routes were suffering reductions in service. It was also suggested by The Omnibus Magazine that: "It has become very clear that the main beneficiary of the deregulation has not been the independent sector, as both proponents and opponents of the Act assumed, but National Travel. . . . The ability to reduce fares in response to independent competition was a noteworthy feature." 55

Although this judgment may be premature, it does indicate the possibility of a serious dilemma for advocates of the market model. The policy might achieve success in reducing fares, but ironically competition may benefit the public corporation rather than the public sector (private operators might claim that Government subsidies to the NBC lead to unfair competition). It is doubtful if a Conservative Government would wish its policies to have the effect of harming the private operator, despite the theoretical commitment to a free market. From the NBC point of view, with the traditional values of the busman still prominent, it might even be argued that to some extent the company welcomed the opportunity to prove that the spirit which motivated Power and Shire at MR during the 1930s was still alive!

F. Conclusion

Both Oxfordshire CC and the Conservative Government achieved only partial success in implementing the market model. We have seen that the CC's initial objective was to control the level of bus subsidies by means of cash limits. The commercially minded management of the COMS was willing to co-operate in identifying an unsubsidized network, and the CC

could claim that the eventual implementation of MAP vindicated its approach. Other areas of the policy were not so successful. Extended school contracts failed principally as a result of the veto placed upon them by the Traffic Commissioners, while the County discovered that apathy at the local level was an almost insuperable obstacle to the successful introduction of local transport groups.

The aspect of the CC's policy which was most successful concerned the control of subsidies, and came about as a result of adjustments within the existing system. The COMS was well disposed towards the commercial approach, and was happy to leave the social service element of the services in the hands of the CC. The CC itself was also pleased to see the introduction of MAP, for it suggested that the COMS recognized the need for greater efficiency. In contrast extended school contracts were seen by both the COMS and the Traffic Commissioners as serious threats to their existence, while the local transport groups appeared to the general public to be a somewhat esoteric concept. The CC itself could not change the regulatory system, but by means of an inter-personal issue network it could hope to influence policy at the national level.

The Conservative Government stopped short of total deregulation (to the disappointment of Oxfordshire) but from the point of view of the bus industry the 1980 Transport Act was a radical measure. In the event, the Trial Areas concept did not prove easy to implement while the early evidence suggested that deregulation of express services might not have the effects hoped for by the Government. In addition,

a public outcry led to the abandonment of the scheme to repeal the free school transport clauses of the 1944 Education Act. On the whole, the experience in both Oxfordshire and at national level demonstrated the resilience and persistence of the existing structure within the bus industry. It could nevertheless be argued that in time the values expressed by the Oxfordshire CC may become more widely accepted and that the associated "issue network" will lead to a dissolution of the existing system. The relationship between an "issue network," corporatism and pluralism within the policy process, and the dynamics of change itself is an issue which we will study in the Conclusion.

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CHAPTER TEN

CONCLUSION

A. Introduction

In Chapter One we put forward a number of hypotheses on the nature of policy implementation, and the relationship between implementation and the policy process as a whole. In this Chapter we will attempt to clarify and modify the initial analysis in the light of lessons learned from the case-study.

No single case-study is exactly like any other, and it is unwise to draw sweeping conclusions about the British policy process from the example of the bus industry. It is possible that a model which may be quite appropriate as a description of one policy area may be quite inappropriate for another.¹ Nevertheless we can study our particular policy sector in the general context of what it tells us about the relationship between implementation and policy change. The link (or lack of it) between these two elements of the policy process demonstrates how the case of the bus industry can be placed in the context of analyses of the British policy style. In addition, our study can also allow us to identify features which enable implementation to be more successful and also examine the inter-relationship between policy-making processes and policy-implementing processes.

The dynamics of a policy process are inevitably complex and the "straight line" model which we outlined early in Chapter One rarely exists in the real world. Perhaps the most obvious feature of implementation is the interaction between the objectives of the policy-makers and the day-to-day work of the implementers. Any new piece of legislation faces a battle for the legitimacy which the respect of the implementers bestow upon

it, for without at least some measure of general acceptance and support the policy is unlikely to survive. The manner in which a policy is implemented may change over a period of time, but to be ignored is the worst fate which can befall it. Despite the undoubted strengths which it derives from its officiality, a new policy can be a weak and helpless creature unless it is nourished and developed by the environment which it inhabits.

B. The Nature of Policy Initiatives

In Chapter One we hypothesized that activity within the implementation process was likely to have a high degree of influence over the nature of the policy process as a whole. We assumed that the process of "comprehensive reprogramming" comes about primarily through everyday interaction during implementation. This bottom-up interpretation of policy change implies that policy-makers will be made aware by the implementers that a change in direction is necessary. Hence central government will adjust its stance to fit this new reality at the operational level.

Many critics of the British political system have observed a general resistance to radical change and an over-emphasis on pluralistic methods of policy-making leading to incremental change. A typical view is expressed by Jack Hayward who considers that: "In Britain deeply entrenched liberal attitudes have made it difficult to contemplate state economic intervention as a natural and permanent phenomenon, much less a form of planning that would upset traditional self-restraining methods of government."² In Chapter One we attempted to demonstrate the endemic limits of control and outlined the functional value of pluralism, but we also hypothesized that the officiality of government places it in a strong position to inculcate its own

values into a policy process. These conflicting models (also exemplified by Wildavsky's cogitation-interaction model) are the key to the top-down or bottom-up interpretation of change, and we should look at our case-study in order to determine how policy initiatives came about and the extent to which the analysis confirms Hayward's observation.

When we examine these policy initiatives we must bear in mind that it is not necessarily commensurate with changes in policy implementation and policy impact. A degree of discontinuity is implicit in the aggregative model with its 'orders of comprehension' and cognitive gaps, although the extent to which the gaps are bridged can play a significant part in determining the extent to which a particular policy is successfully implemented. We might hypothesize that the most powerful agents of change are likely to be those groups or perhaps 'orders of comprehension' which bridge the gaps most successfully by communicating with, and then influencing, other elements in the policy process. In this sense those who have the most success in overcoming (or possibly circumventing) the natural forces at work in the aggregative model are the real power-holders.

The nature of the message transmitted may be one of values, allocation of resources or technical knowledge, but the manner in which the message is received will determine its success, e.g., if central government can successfully transmit its own values to implementing agencies (or at least gain substantive control of their activities) then the policy is much more likely to be successfully executed (at least from the government's point of view). Thus we can also examine our case-study from the point of view of the various methods employed by government

to implement its policies, and also the manner in which implementers and groups attempted to communicate with and influence both government and the process in general. In this manner we can perhaps identify which means of communication are most successfully employed by each element and their relative power.

If we examine policy initiation by itself within our case-study, we can determine the extent to which it is derived from either a top-down or bottom-up process in addition to identifying the source of the policy values. Plowden makes it clear that the 1903 Motor Car Act came about as a direct result of pressure from motoring interests and that: "At no point did it (a memorandum on the draft Bill) suggest that the Government might have an interest in the question beyond the basic political need to silence an embarrassing clamour." ³ The Government had formed no firm ideas on the place of the motor car in society, but was prepared to officially acknowledge its presence and to allow it a degree of freedom. This Act thus came about as a direct result of bottom-up pressures in which a set of groups were able to impose their own values on the Government. In the terms of Wildavsky, the motor vehicle had become a policy problem to which a solution was required, but the Government lacked sufficient knowledge and experience of this means of transport to make a decision itself. In 1903 the Government policy amounted to the creation of a negotiated environment by means of achieving accommodation with the principal interests. In this sense the 1903 Act complies with the general British image of pluralistic policy-making.

A community of interests was also at work in the making of

the 1930 Road Traffic Act, but in other respects circumstances had changed considerably since 1903. The creation of a Ministry of Transport had given new impetus to Government policy in this area, and the MoT was from the outset determined to adopt an interventionist approach. The MoT produced the original draft Bill with the objective of introducing a more rational and co-ordinated regulatory system, and saw the introduction of the Traffic Commissioners as a means whereby a higher degree of central control could be exercised over the industry. At the same time it recognized that the system could not work without the consent of the area companies. Thus the circulation of the draft Bill to the principal interests and the predictable findings of the Royal Commission led to a crucial exchange between Government and principal group, i.e., the area companies were given a virtual monopoly in exchange for being made subject to a higher degree of external control. Despite its elitist beginnings within the MoT, the 1930 Act became a feasible reality as a result of being corporatist in character.

The Omnibus Owners' Federation was happy to co-operate with the Government when it realized how the large companies would benefit from the new system, while in contrast the small operators were politically unorganized and played little part in the policy process. The remarkable unanimity between Conservative and Labour Governments, exemplified particularly by the remarks of Colonel Ashley during the Second Reading of the Bill, was an outstanding feature of this particular policy-making process. Although it might have been expected that a Labour Government would favour greater regulation and public control over the bus industry, the Conservatives were also won over by the Ministry's case for greater rationalization. Herbert Morrison's defence

of the Bill on grounds of efficiency rather than public accountability (although perhaps partly reflecting Morrison's own personal political philosophy) also indicated the power of the Ministry to influence its Ministers.

Although given whole-hearted support by the major companies, the Road Traffic Bill arose from a top-down process instigated by the MoT (significantly the administrative rather than the political top). The Bill's contents embodied the values of a variety of interests, but its gestation period had covered a large part of the 1920s and it could be argued that without the work of the MoT it would not have come to pass. The licensing system brought about by the 1930 Road Traffic Act was an officially instigated radical measure which was manipulated by the MoT in order that it should be accepted by all the principal interests. Thus the corporatist nature of the agreement should not blind us to the skilful way in which the MoT convinced both Conservative and Labour Ministers that the Bill was an essential measure.

The road passenger transport aspects of the 1947 Transport Act were publicly characterized by the Labour Government's general value judgment that a large section of the transport industries should be nationalized in order that a more rational, co-ordinated, and publicly accountable transport system could be created. The Government had few fixed ideas about the bus industry, and ironically the Area Scheme concept was originally suggested by Sir Frederick Heaton, the Chairman of Tillings. The Government appeared to have given little thought to the licensing system itself and the main criticism of the Traffic Commissioner-Area Company relationship came from backbench MPs. Despite Heaton's initiative, the contents of the 1947 Transport

Act which affected the bus industry could not be regarded as representing an orthodox form of bottom-up policy process. Sir Frederick's involvement did give the policy in part a corporatist character, for he literally "delivered" his members to the Government in return for a sizeable amount of money. It might indeed be argued that Sir Frederick's Area Scheme suggestion had more to do with his own business plans than any sudden conversion to Labour Party policy!

It is also significant to note the appointment of the MoT's former Permanent Secretary to be the first Chairman of the BTC. As in 1930, there appeared to be a strong association between the objectives of the MoT and Labour Party Policy. The MoT's wish to be an aggressive planning Ministry was largely commensurate with the Labour policy of greater public control and an integrated transport system, and these two interests formed a powerful alliance.

Disregarding later events, neither the BET companies nor the municipalities could persuade the Government to change its policies, and apart from Heaton's initiative there is little sense of negotiated order or a process of accommodation surrounding the making of the 1947 Transport Act. The creation of the BTC and the Executives was a radical measure, and the Area Schemes were only frustrated at the implementation stage.

The 1947 Transport Act was essentially a Party measure, i.e., it is impossible to imagine a Conservative Government at any time bringing forward a similar piece of legislation. The 1962 Transport Act was equally a Party affair, for it largely reflected Conservative Party values. It was perhaps ironic that having worked with the BTC for so many years the Conservative Government should choose to abandon the former at a relatively

late date, but the new Boards had a greater degree of autonomy, while the THC was directed to "act commercially". The Government had become dissatisfied with the performance of the BTC, and in this respect it could be said that a learning process had taken place, but essentially the THC represented a Conservative model of how a state owned industry should operate. The creation of the THC could therefore be regarded as a radical Party measure, even though there were few tangible effects on the day-to-day work of the bus industry.

The 1968 Transport Act represented a Party policy whose values were particularly associated with the socialism of Barbara Castle. The PTA concept owed a debt to the old Area Schemes, and to this extent the Labour Government learned more from its predecessor than from practical experience in the intervening years. Active hostility to Mrs. Castle's proposals was expressed by VOICE, while the municipalities were only marginally more co-operative than they had been in the 1940s. Such obstacles were not to deter the Minister, however, who had no intention of being swayed from her chosen course of action.

The campaign of VOICE was seriously undermined by the BET's decision to sell its bus companies to the Government. Unlike Sir Frederick Heaton, the BET did not make any show of ideological support for the Government's plans, although the secrecy with which the deal was completed suggested that the company was somewhat embarrassed by its actions. Both Tilling's and BET were eventually prepared to co-operate with the Government when the price was right, although their action entailed the companies' departure from the policy process altogether. In these cases the Government wished to reduce the number of interests within a policy area in the hope that a more

manageable system could be created. The corporatist nature of the bargain did not entail the companies taking any direct part in policy-making, but instead involved financial remuneration in return for "delivering" their members and departing from the debate altogether.

The role of the THC in shaping the 1968 Transport Act was of crucial importance. The THC was a state owned body which nevertheless was able to take an active part in the policy-making process. Its success in persuading a Labour Government that its organizational shape should be preserved in the form of the NBC and the NFC was a considerable triumph. In the sense that the THC was officially part of government it might be argued that the creation of the NBC came as the result of a top-down process, but in reality the THC was an independent interest with its own clear organizational objectives. Richardson and Jordan emphasize the degree to which policies may be the result of departmental conflict within government,⁴ and we have also noted how Labour public transport policy appeared to depend on forming some kind of alliance of interests with the MoT.

The Government no doubt realized that it would require the co-operation and goodwill of the company busmen if it was to implement the PTAs successfully, and the creation of the NBC ensured a degree of continuity. The 1968 Transport Act thus embodied both radical and incremental change. It was radical in the creation of the PTAs despite widespread opposition, and incremental in the creation of the NBC and the preservation of the company busmen. The success of the THC indicated that the experience of the Tilling busmen within the BTC and the THC had made them more politically aware of how government may be

influenced. In this sense they had come to occupy a similar 'order of comprehension' to government without being an integrated part of it. The political sophistication of the THC was in direct contrast to the relative naivety of VOICE, and indicates that government may often be more susceptible to pressure from an integral member of its own community than from an outside interest.

The 1972 Local Government Act could be regarded as representing more of a consensus than previous Post-War legislation affecting the bus industry. Although the NBC valued its independence, by the early 1970s the company perceived that it required some form of revenue support and at that time considered the County Councils to be the proper channel for this aid. The local authorities themselves were largely caught up in the general movement towards comprehensive planning, while the Government created the DoE and also wished to encourage corporate management within the County Councils.

At this time there did appear to be a real policy community, to such an extent that as in 1930 there was little public debate on the implications of Section 203. Initially it was intended that the municipalities would lose control of their bus services, but in this case the Government bowed to pressure from an outside interest. The Party element was provided by the Conservatives' adherence to a two-tier system, for it was likely that under a Labour Government Unitary Authorities would have been introduced, resulting in the probable disbandment of the NBC. The direct intervention of the Shire Counties into the work of the NBC undoubtedly represented a radical change, but with a high degree of consensus. It was also perhaps significant that by 1972 discussions on the reorganization of local

government had continued for such a length of time that few interests could claim not to have been consulted.

The 1974 Local Government Act could be seen as an extension of the 1972 Act, and the creation of the TPP and TSG system set out the procedure by which the Counties were to proceed in implementing their new responsibilities. Although the DoE took the initiative there were extensive consultations with the local authority associations and the bus operators. The policy had a relatively low political salience, and there was little more general public debate than for the 1930 licensing system.

The 1978 Transport Act could be regarded as a low-key policy resulting from a long public debate. Perhaps understandably after the activity of earlier years there was no radical organizational change, although the creation of the PTPs could be regarded as something of a landmark in the politicization of public transport. The TPP, TSG and PTP system also allowed scope for greater central control, which suggested that the DTP was seeking to fulfil aims which had been evident in the 1920s. Nevertheless the suggestions of corporatism behind the Labour Government's policy implied a type of bottom-up process, in which the Government had reversed its original intention of reducing bus subsidies.

On de_licensing, it appeared that a relatively high degree of consensus had developed during the 1970s. The 1977 Minibus Act and the 1978 Transport Act both represented an acknowledgment by a Labour Government that licensing changes were necessary. Once again, corporatism was evident in the Government's Community Bus concept (on this occasion there was a strong bottom-up element, for Community Buses were running before they were officially recognized in the 1978 Transport Act), while the

increasing political activity of environmental and voluntary groups appeared to have some effect on Government policy towards car sharing and various experimental services. The policy on delicensing had taken on an appearance of decentralization and incremental change, but this relatively peaceful progress was shattered by the advent of the new Conservative Government. Although the 1980 Transport Act might have been still more radical, the instigation for the new policy undoubtedly came from Norman Fowler's determination to demonstrate his Party's commitment to the market model, with the result that the Secretary of State placed himself towards the political forefront in a job that might have initially been considered something of a backwater (we saw in our chapter on Oxfordshire that the Conservative "issue network" which was built up based its ideas more on values than practical experience in the County itself). The top-down process took the principal interests by surprise, but this Party measure was rushed through with only a minimum of concessions by the Government.

We could thus conclude from our analysis that a majority of legislation affecting the bus industry has had (at least superficially) a Party basis and a predominantly top-down character. Corporatism has been evident on several occasions, but where a government has set its mind on introducing a certain policy, even the most powerful interests have been unable to veto its progress prior to implementation. The emphasis on ideology rather than consensus is perhaps surprising in view of popular assumptions about the British style of policy-making, and suggests that governments need not be particularly susceptible to external constraints.

Richard Rose points out that: "Laws are a unique resource of government. Whereas many institutions in society are able to raise money, hire personnel and organize on a large scale, only government has the power to enact laws determining what people can do." ⁵ Government's monopoly power in making laws is something which no group can emulate, but government itself is only one part of society as a whole. In the sense that a Party consists of members who might derive their political philosophy from general experience, we could link policy to the manner in which "comprehensive reprogramming" is caused by everyday interaction, but our study suggests greater discontinuity than is proposed by this model.

Rose himself asks the question: Do Parties Make a Difference? and bases his study on an examination of British government activity between 1957 and 1979. He initially considers four different models of Party competition: the Adversary, the Consensus, the Manifesto and the Technocratic, and tests them against the British experience. The Adversary and Manifesto models are based on the twin premises that Parties will oppose one another and that a Party which develops its policy while in Opposition will carry it out in Government. The Consensus and Technocratic models are based on the twin premises that there is no difference between Government and Opposition and that Conservative and Labour Governments will behave in the same way. In examining a number of constitutional changes, such as election law, de-colonization and the reorganization of central and local government, Rose concludes that the Adversary model applies in the majority of cases, although with regard to the reorganization of central government and the civil service he considers that the Consensus model appears to be more

applicable. Although we stressed the strong element of consensus surrounding the reorganization of local government, Rose considers that it was a textbook example of Adversary politics.⁶ He points to the manner in which the Local Government Bill was hotly contested, and there was no doubt that the Labour Party objected to the two-tier system and the consequent decline in the power of the County Boroughs. Nevertheless the values and aims underlying reorganization, e.g., comprehensive planning and corporate management, were common to both Parties and it could be argued that this unity was more important than the eventual structure.

In the case of managing the economy Rose concludes that there has been a higher degree of consensus, but that a Technocratic Consensus Model is too static to be useful. Instead he employs the image of a moving consensus, in which a secular line of change is observable over a number of years. The contrast in Rose's analysis between constitutional change and managing the economy, i.e., the Adversary Model being more applicable to the former and a moving consensus to the latter, tends to confirm that there are differing policy styles within the various sectors. Rose, himself, comes to the general conclusion that: "Much of a Party's record in office will be stamped upon it by forces outside its control."⁷ He argues that Parties are most liable to act as Adversaries when their own interests are immediately at stake and when they are indebted to a particular group. On the whole, however, he considers that there are powerful forces (e.g., resource limits, party competition, relationships with civil servants and Global politics) pushing a government towards consensus. Thus Parties

do make a difference but: "Necessity more than ideological consensus is the explanation for similarities in behaviour." ⁸

If Rose's analysis is correct, then we would expect to find Adversary politics in our case-study when a Party has allied itself with a particular interest (presumably a type of corporatism). The Labour Party is closely allied to the trade unions, but despite general union support for both concepts it could not be said that the creation of the BTC or the setting up of the PTAs specifically favoured the union interest. Perhaps surprisingly, it is easier to ally Labour with the interests of the bus companies in the 1930s and also with Sir Frederick Heaton in the 1940s, although it could not be said that Labour was indebted to these companies. Most significantly, we have already noted the close correlation between Labour policy and Departmental interests. It is easier to find a link between Labour and the unions in the 1977 White Paper and the decision to reverse the decline in subsidies, although the original decision to reduce subsidies had also been taken by a Labour Government. The commercial orientation of the THC allied it closely with Conservative values, although in reality its inertia only maintained the status quo. Again, the contents of the 1980 Transport Act were highly adversarial and no doubt the Government hoped that the private sector would benefit, but there was no "grassroots" support for the measure from the private operators.

What were the elements which apparently led to the adversarial politics in our case-study, and conversely how did consensus policies develop? This point is important not just for what it tells us about the nature of policy-making, but also

because autonomous policy-making within the policy process suggests a victory for cogitation over interaction. In these circumstances what are the effects on implementation? Also can a lack of communication and learning within a policy process affect the quality of that process? We will examine the implications for implementation later in the Chapter, but for the moment we can examine how it was that legislation affecting the bus industry was first and foremost of a top-down nature.

The policy-making in this study has predominantly taken place in the enclosed world of the Department and groups ultimately controlled by government. In this 'order of comprehension' radical policy changes, most notably the creation of the Traffic Commissioners, the BTC and the PTAs, have occurred when the Governments and Departmental officials have been largely in accord over objectives. In addition, the Tilling busmen gained an enormous political advantage by understanding how the internal policy network operated. The radical changes referred to above are of organizational structure rather than allocation of resources, and it could be argued that the introduction of Bus Grant and latterly TSG represented the most far-ranging radical change of all, for implementers are likely to feel directly the effects of government decisions on the level of public expenditure.

Richardson and Jordan point out the manner in which Departments are characteristically in competition in policy-making, in particular with regard to resources.⁹ If one Department is unable to predominate over the others, then incremental change in expenditure is likely in all areas. In Britain, frequent financial crises have made Governments of

both Parties aware of the need to control public expenditure and such systems as the Public Expenditure Survey Committee and Planning-Programming-Budgeting have been tried in an attempt to introduce a higher degree of rational planning into the budgeting process. Sectorization and the significance of political factors have limited the success of these experiments, but the important factor is that within Whitehall no Department is likely to be allowed to 'step out of line' for long. Thus it would be unlikely that the DTp could act autonomously in increasing (or even decreasing) its total expenditure at any one time.

Richardson and Jordan consider that: ". . . . Departmental pluralism derives from the adopting by Ministers of this advocacy role and it has been a recurring theme in prescriptions to improve the Cabinet that those Cabinet Ministers allocating resources should (as far as possible) not be representing Departmental interests." ¹⁰ Ministers do represent Departmental interests, but the pluralistic character of the process has in-built checks and balances which are likely to restrict even the most expansionist Department. It may be significant to note that the Bus Grant also benefited the Labour Government's industrial strategy and had the support of the Prime Minister, while TSG was introduced in the expansionist mood which generally surrounded the reorganization of local government.

We saw how the creation of the DoE could not eradicate the sectorization of policy areas, and that Departmental status was eventually restored to Transport. Despite Departmental pluralism with regard to allocation of resources, sectorization of policy areas enabled Transport to develop its own particular style. Structural change does not carry the same obvious

financial implications as the distribution of subsidies, and in our study Departmental relationships were not of the same importance in introducing the former. Until the 1970s the bus industry was not in receipt of official aid, but the MoT had become closely concerned with the work of the bus companies during the 1920s. The rationalization of companies and the subsequent sale to government of both Tilling and BET buses brought the vast majority of stage carriage services under official control, and prevented the policy community from becoming over-large.

The relative Departmental autonomy with regard to structural change gives us a primary clue as to the most powerful interest in this particular policy-making process. Party policy was a highly significant input, and particularly in the case of Labour policy it became the catalyst of change, but on the majority of occasions this change could not have taken place without the co-operation of the Department itself.

An extremely strong thread running throughout the legislation in this study is the manner in which the MoT sought to increase its control over the bus industry, e.g., the Traffic Commissioners are appointed by the Minister, the BTC was intended to be a strong central planning agency responsible to government, the Minister originally had the authority to appoint several members of the PTAs, while the TPP, TSG and PTP system enabled government to keep a check on the work of the local authorities. The strong interventionist character of the MoT and DTp has not encouraged a wide public transport policy community to develop in this policy area, and clientelism is not particularly evident, i.e., external pressure groups do not control the

Department. Richardson and Jordan consider that a Departmental interest can be influential in determining which problems are put on the political agenda: "This stems from the civil servant's role as gatekeeper of information, which is the main basis of the view of civil servants as policy influencers." ¹¹ In this respect, it was quite reasonable for the MoT and DTp to hope that greater political control over the bus industry would in reality mean greater central administrative control.

Counteracting this interpretation of the legislation is the creation of the THC and the role of this organization in shaping the 1968 Transport Act. We have already remarked how the THC gained from its inside knowledge by assisting in the creation of the NBC, and the philosophy behind the THC could itself be regarded as somewhat counter to the mainstream of MoT policy. In this sense we could argue that there are political gains and losses when an important interest comes under official control. Although that interest might lose some of its former independence, if it retains its identity it can act as a counterweight to the power of the Department. The philosophy of the company busmen was popular with the Conservatives, while the Labour Government also found it prudent not to ignore the views of the THC.

The impression of a small and relatively enclosed policy-making community predominates in this study. Party, and in some cases the individual character of Ministers, has been of considerable importance in the introduction of legislation, but this influence perhaps camouflages Departmental interest as a highly significant motive power within the policy-making process. In this sense the Departmental attitude has shaped the policy-making debate, and adversarial politics have been a

subordinate function of this central factor. Some degree of change is evident in recent years with relaxations in the licensing system. If the network of public transport services becomes more varied and fragmented then a more pluralistic policy-making process may be developed. Indeed central policy-making may become less important in road passenger transport policy. Although the situation is very different to the 1920s, future years may see the completion of a cycle in which public transport is once more relatively independent of official control. The trend towards de_licensing under both Labour and Conservative Governments suggests that as the full financial implications of continued revenue support reveal themselves to Ministers and officials, a consensus may emerge that resources have been stretched to the limit. In this case the limits on a Department's financial resources may affect its administrative approach to a policy area. Thus events at the operational level will ultimately affect the policy-makers in the form of a bottom-up process.

C. Government and the Means of Implementation

Although there are signs of an increasing interaction between implementation and policy-making with regard to legislation and the bus industry, it cannot be said that as a whole there is significant evidence of a connection between these two elements in the process. What are the implications of this phenomenon for the policy process as a whole? If we accept that events in the implementation phase are of considerable importance to the success of the process, then does this discontinuity imply a failure?

We have attempted to indicate throughout this study that the aggregative model, with its images of 'orders of comprehension'

and cognitive gaps, can be applied in the case of legislation and the bus industry, for the model itself implies a natural discontinuity and limits to control. If the behaviour of the participants for cognitive and/or motivational reasons exacerbates the discontinuity, to what extent does this damage the process? In policy studies generally there is an innate paradox of how a discontinuity can be at the same time both a strength and a weakness. Discretion and the exercising of technical expertise can be a powerful force towards efficiency and the satisfactory performance of a task, but if in exercising this discretion and expertise the discontinuity between levels becomes almost complete, then learning within the process becomes an impossibility. Wildavsky recommends a mixture of cogitation and interaction, with the emphasis on interaction, but whichever mixture is chosen there will be certain costs and benefits.

The overlap of policies does not necessarily become evident at the policy-making level, but once the implementation process commences then each new policy will be superimposed on the effects of its predecessors. In our study there was little attention given by policy-makers to the impact of new policies on old ones, in particular the relationship between the bus companies, the Traffic Commissioners and the Shire Counties. Given the top-down nature of the policy-making process, and the Departmental quest for greater central control, we might expect that at the operational level the policy will appear somewhat remote and ultimately irrelevant. In certain cases, in particular the 1947 Transport Act, this proved to be the case, but in others the area companies were to feel the direct impact of policy implementation. The appointment of the first

Traffic Commissioners in 1930, and of the C.C. Public Transport Co-ordinators after local government reorganization in 1974, were highly significant policy developments which even the most independent operator could not ignore.

Although the MoT adopted a planning and interventionist approach almost from the outset, it circulated the Draft Bill and was anxious to obtain consent for the new policy on licensing from all the principal interests. The policy might be described as having its origins in elitism but it eventually became corporatist and achieved a consensus for this radical change. A primary feature of the policy was the extent to which it was portrayed by all concerned as an administrative rather than a political measure, i.e., it was presented as an example of rational, value-free, policy-making. Because of the interests' differing values, the long-term objectives were not made clear, and in this sense it was the presence of a consensus which gave the policy its rationality. In commenting on the limits to rational policy-making Smith observes that: "The (rational) model also suggests a neat division between ends (values) and means (instrumentals). But final ends (or goals) are rarely specified and all intermediate ends can be seen as means to some higher end. Thus there is no clear distinction in policy-making between fact and value." ¹² None of the interests involved in the 1930 Road Traffic Act was clear about its higher end, or even the exact implications of its implementation. Each of the interests had an intermediate end based on its own values, but as instruments of change the Traffic Commissioners were not to be the compliant servants of any one interest. Richardson and Jordan describe how the trade organizations affected by the Restrictive Trade Practices Act of 1956 were anxious that a

judicial rather than an administrative tribunal should be set up. These interests considered that: "Experience had shown over the years that the courts were not particularly effective instruments for controlling monopolies and restrictive practices." ¹³ Richardson and Jordan consider that the Board of Trade was only too pleased not to be made accountable for politically sensitive decisions. Thus: "In the restrictive practices case the self-interest of the bureaucracy (the Board of Trade) coincided with the self-interest of the outside pressure groups." ¹⁴

An analogy could be drawn between this case and that of the Traffic Commissioners, although by holding the power of appointment over the Commissioners government could not completely disclaim responsibility for the latter's actions. In addition, operators were given a right of appeal to the Minister. As the MoT took such a strong initiative in devising the new system it could not be said that it was acting under duress, or that it wished to remain aloof from the work of the bus industry. The local authorities had been the previous licensing authorities, but had not exerted any kind of control over the industry. The Traffic Commissioners were a half-way house by which the MoT could hope to assert some degree of authority over the busmen without operating the levers of power directly.

This kind of solution to a policy problem almost inevitably leads to a position where the agents of change take on an identity of their own which itself influences the nature of the process. As Smith observes: "Administrative power is part of the price which a modern society pays for efficient administration." ¹⁵ When we observe the implementation of the

1930 Road Traffic Act, there is no doubt that both government and the MoT could claim success in producing a more rational administrative structure, although the busman had forfeited some of his independence. Crosland-Taylor, who later prided himself on becoming "State Owned Without Tears," described in graphic detail the enormous increase in paperwork which the new system entailed and the need to build up a good relationship with the Chairman of the Commissioners. For more than forty years the Chairman was a magisterial figure, and although he relied on the goodwill of the operators, the principles of cross-subsidization enabled him to ensure the continuation of unprofitable but socially necessary services. In this sense the Labour Party objective of ensuring the greater public accountability of the apparatus could be said to have been fulfilled.

By placing an instrument of change near the operational level, and creating a new 'order of comprehension', the MoT ensured that the 1930 Act would have a profound impact on the industry. The price was paid in the discretion allowed to the Chairman and the lack of central control over his relationship with the bus companies. Although he was appointed by the Minister, there are few cases of a Chairman being dismissed, for such a drastic course of action could only be taken in the most extreme circumstances. The 1930 Act appeared to be deliberately vague as to the exact responsibilities of the Commissioners, and the logical conclusion to draw is that the MoT wished its authority to be of an indirect and informal nature. In examining communication within the policy process, Lundquist concludes that: "The decision-makers' conscious attempts to influence the implementation in a certain direction are called steering." 16

Lundquist continues by referring to analysis of feedback by the decision-maker as review and the manner in which deviations by the implementer are corrected as re-steering. Lundquist's model is similar to Downs' in that it assumes some degree of authority leakage which requires correcting, and it could also be said that steering requires the decision-maker to have some idea of the direction in which he is moving. The form of steering most applicable to the case of the Commissioner is indirect. In addition to appointing the Commissioners, government provided only the financial resources to operate the system. Lundquist concludes that the most reliable steering would occur; ". . . if the implementer shaped the evaluations of the decision-maker or understood him to be rational." ¹⁷

The Commissioners understood that they were intended by government to bring some sort of order and control to the bus industry, and in this sense could be described as the ideal agents to implement the policy.

The discretion allowed to the Commissioners enabled them to obtain the desired results by means of an exchange with the bus industry. Cross-subsidization in return for virtual monopoly served well as a means of achieving policy objectives and there was no need for the decision-makers to institute a process of re-steering. The bus operators' acceptance of the need to operate unprofitable but socially necessary services also indicated that the policy had been successful in reinforcing (but not changing) certain values of the busmen. The policy was successfully implemented by means of agents operating an exchange process at the local level, and also by the exclusion of "politics". Over the years the Commissioners' decisions developed as a type of common law, in which uniformity by means

of precedent was of overriding importance. There were important political values underlying the 1930 Act, e.g., the disadvantages of competition and the value of uniform pricing, but until the 1970s the politicians were oblivious to this state of affairs. In this case bureaucracy ruled supreme.

We have dwelt on the 1930 Act because it represents the primary example in our study of a successfully implemented policy, i.e., it achieved its intended intermediate objectives. Interaction served the ends of cogitation, but as a result the 'order of comprehension' created by interaction had become a powerful institutional force within the process. In this sense it might be said that the information content of the communication between decision-maker and implementer was extremely low, and that central control was exercised not so much through what government said to the Commissioners but rather through what the Commissioners were allowed to say to the operators. This type of indirect control worked in this case, but on the next occasion when a new agent was introduced into the process the result was not so predictable.

The C.C. Co-ordinators' impact on the bus industry was considerable, as the 1972 Local Government Act intended it to be, but the Counties have adopted a considerable diversity of approach. Bus transport had become a more political issue and the values underpinning ideas about its operation more diverse. Self quotes Mannheim's judgment that politics is a non-rational matrix interacting with a rationalized sphere of settled procedures known as bureaucracy. Self goes on to say:

"But rational here means routinized and predictable, and just as these are functional for bureaucracy (e.g., they both systematize and defend its operations), so they are dysfunctional for

politics because politicians lose flexibility of response and power once committed to following a logical chain of co-ordinated decisions." ¹⁸ The implementation of Section 203 of the 1972 Local Government Act could not be described as routinized and predictable, although the passive approach does have some degree of uniformity. There is no equivalent of the case law built up by the Commissioners, and in several examples the outcomes are highly unpredictable.

The diversity of approach can be partly attributable to political values, most obviously visible in our case study of Oxfordshire. Nevertheless, the Co-ordinators themselves have a primary role in a policy area where the expertise of many councillors is low. The NBC subsidiary-C.C. relationship has something of the appearance of the "issue network" described by Heclo, in which issues become more politicized but also become the exclusive domain of experts in the policy area. Few local transport or environmental groups have gained significant access to the process, which has a highly corporatist appearance.

We should note that as in the case of the Commissioners, the Counties have tended towards a process of accommodation with subsidiaries. Once again, interaction within the 'order of comprehension' is of prime importance, and we studied in particular how seemingly acrimonious relationships had opened up channels of communication, which had led in turn not only to material exchanges but also an exchange of values.

Governments discovered that this local interaction was not particularly amenable to central control, and that even coercive measures were of only limited value. Montjoy and O'Toole construct a matrix in which a mandate is either vague or specific and new resources are or are not provided. The C.C.

Co-ordinators could be placed in the category of vague mandate and provision of resources (in the form of TSG) and Montjoy and O'Toole conclude that in this case a dominant coalition will have the opportunity to focus these activities in accordance with its own goals and/or world view. This analysis refers to an intra-organizational process, but these hypotheses could be equated with the behaviour of Co-ordinators.

Significantly, in their case studies Montjoy and O'Toole also discovered examples of agency inaction in this category. This result might be equated with the passive approach in our case studies, where Counties appear uncertain or even apathetic as to the correct action. Not surprisingly Montjoy and O'Toole conclude that: ". . . the surest way to avoid intra-organizational implementation problems is to establish a specific mandate and provide sufficient resources." 20

Although the TPP and TSG system was initially put forward as a devolution of authority it could be regarded as an example of goal displacement, for by the mid-1970s it was being employed as a means of exerting greater central control, (although the evidence of our study as a whole suggests that this may have been the Departmental objective from the outset). William Rodgers was not particularly successful in achieving his aims, and Counties such as South Yorkshire and Oxfordshire were not inclined to change their approach. Directives became more specific, but it was interaction at the local level which continued to be the dominant feature in determining policy outcomes. Government was successful in initiating a radical policy change, but was not so successful in controlling implementation of the new system.

The one obvious example of policy failure was the affair of

the Area Schemes. The RPE was captured by the Tilling busmen, and the Government was powerless to impose its will on the implementers. The creation of the PTAs and PTEs represented a classical piece of political (and perhaps bureaucratic) learning in that intermediate agencies and lengthy consultative processes were dispensed with in favour of direct implementation.

Structural changes such as the creation of the THC and later the PTEs and the NBC aroused a great deal of controversy and comment at the policy-making stage, but their implementation has not had the same traumatic effect. Unlike the introduction of Commissioners and Co-ordinators, agents were not introduced at or near the operational level, although it could be argued that the Director-General of a PTE has more power than any previous municipal busman.

The 1980 Transport Act was a contentious measure, and the removal of licensing regulations for express services and excursions was not enthusiastically received by the operators. Nevertheless this Act has had a considerable impact on the industry and represents an interesting example of legislation achieving its objectives without a consensus on the part of the implementers. The key to this success appears to be the converse of the 1930 Act, i.e., the removal of the original agents. The Commissioners lost their licensing powers in this sector, with the result that the operators were left to fend for themselves, (in time the NBC and the private operators may achieve some sort of accommodation with each other, although the former could use the Act as a means of lessening its commitment to cross-subsidization). Wildavsky's claim that policy becomes its own cause is confirmed by this example, where radical policy change is achieved by first introducing, and then

fifty years later removing, a particular regulatory system.

Ironically, in the same period the Government suffered a defeat on its proposals to remove free school transport. This was the one example in our study where "grassroots" opposition caused the failure of a policy at the legislative phase, while the Trial Areas failed for the same reason as the Area Schemes. These disappointments for the Government indicated that the implementation of radical change which depended only on the consent and enthusiasm of the implementers was likely to fail. Central government does not appear to be particularly successful in inculcating values into the policy process by some sort of identification. It requires particular levers of power, such as the introduction of Commissioners and Co-ordinators. Even then, government's ability to steer and re-steer is strictly limited. It is radical policy initiation which has proved to be the forte of government, but the degree of policy success is primarily determined by the implementers.

A further important lever of government power is the allocation of resources. The manner in which government distributes money does have an observable effect on policy outcomes, e.g., if Bus Grant, TSG and fuel tax rebate did not exist then the service to the public would be affected. Also Government investment in the Leyland National project obviously influenced the NBC's investment programme, particularly in favouring single-decker buses. Given the decline in passenger demand, there was an obvious incentive for the operators themselves to encourage the introduction of one-man operation, but the Bus Grant accelerated the process. The NBC has a somewhat ambivalent attitude towards subsidies, but it has never actively campaigned for a reduction in government aid!

We have already referred to government's difficulties in controlling TSG, and we also saw how the Counties have been unable to determine how the NBC subsidiaries calculate their subsidy claims. Financial control by either central or local government is thus a two edged sword. On one side the authority which holds the purse-strings appears to have considerable power in deciding the nature of the policy outcome. On the other side that same authority can find itself almost powerless to impose significant control over the implementing agency. There is a constant battle between financial power on one side, and the power of technical expertise on the other. It is at this point that the top-down and bottom-up forces are in most obvious conflict.

D. Implementation in the Policy Process

We have attempted to demonstrate so far in this chapter how the policy-making process in our case-study was primarily a top-down process, and also both the strengths and limitations of government in implementing policy. Bottom-up forces appear to have considerable power in the implementation process, but what is the nature of their power? If the company busmen are so crucial to the success of implementation, why might it be so difficult for them to become more prominent in the policy-making process? Also, why do the implementers appear to rely on the policy-makers for the introduction of radical policy change?

Although our case-study has been chiefly concerned with examining the NBC and implementation, in the later stages we also examined in detail the development of public transport co-ordination in the Shire Counties. Radical change within the NBC or in its relationship with the environment is not easily

detected. Change has undoubtedly occurred, most notably in the increasing acceptance of external financial aid, but it has come largely as a result of the force of circumstance. The introduction of the Commissioners was a radical policy change, but it was comfortably accommodated by the busmen. In certain cases we saw how the Co-ordinators also initiated radical change (with outcomes which can still not be easily predicted), while the NBC attempted to control the pace of change. The conservative nature of the NBC can be seen as forming part of the organizational culture, although even here there were internal tensions. The instigators of MAP saw it as a radical policy change, but nearer the operational level there was considerable resistance to these initiatives. In reality it appeared that all the radical initiatives made by Counties such as Cheshire and Oxfordshire, together with the development of MAP, eventually arrived at a point where the originally hoped for pace of change was slowed down.

Thus within the 'order of comprehension' of the implementers it was interaction leading to incremental change which was predominant. Lindblom terms interaction between autonomous participants in a policy process as partisan mutual adjustment and defends this form of activity as being more rational than comprehensive or synoptic planning. He considers that incrementalism is more likely to yield real knowledge than a search for some over-ambitious objective. In reply to the frequent criticism that incremental change gives too much power to vetoing interests, and that some of the interests may be under-represented, he concedes these as weaknesses of incrementalism, but considers that in the course of time greater knowledge may lead to improved incremental rationality:

"Hence, in a very distant future, bigger political steps may be possible - not large without constraint but perhaps significantly less incremental than at present." 21

In our study we have seen that incrementalism and partisan mutual adjustment has been the predominant form of implementation, in marked contrast to the radical initiatives emanating from the centre. This dichotomy between policy-making and implementation indicates a considerable discontinuity, but perhaps more significantly also suggests that radical policy change at the centre needs to be implemented in an incremental fashion if it is to be successful.

The discontinuities between 'orders of comprehension' appear to be of fundamental significance to the policy process. In our study it was technical expertise within the 'order of comprehension' which gave power to both policy-makers and implementers. Company busmen outside government could not significantly influence the policy-making process, only the THC could do that. At a later date, the NBC was successful in persuading the Conservative Government that it should remain in existence. Nevertheless, the MoT was the most powerful agent of change at this level, for it knew how to operate and control the network. During implementation, it was the NBC who took over this position. The NBC as an organization has been relatively successful in giving a strong sense of identification to its employees, in marked contrast to the inability of the policy-makers to inculcate their values into the policy process. Nevertheless, there are many 'orders of comprehension' within the NBC, and again a tendency towards discontinuity. The power of the Regional Director indicates the importance of an individual placed on the margins between two spheres of activity.

Central management sees the Regional Director as ultimately enforcing company policy on subsidiaries, while concurrently gaining information on activity at the operational level. As well as being the Regional Director, he is also Chairman of the subsidiary, and must to some extent represent its interests. On some occasions this may place him in an invidious position, but the knowledge which he gains of both camps can give him real power.

We also identified an 'order of comprehension' at Midland Red's Divisional level. In particular, the Divisional Manager based at Rugby had a high degree of autonomy, and his relationship with the Warwickshire Co-ordinator was a particularly notable feature in this area of activity. This local interaction also illustrated the importance of the individual to the implementation process, for where individuals possess indispensable expertise, their values and their relationships with others at the same level is of considerable importance in determining the nature of policy impact.

The relationship between radical and incremental change was also indicated in the development of MAP, where the instigators of the programme were forced to realize that change could not be implemented without consultations with local busmen, County Councils and even the public!

MAP itself had several objectives, some internal to the NBC and others concerned with adjusting to the environment. Internally, it was intended that MAP could raise the morale of employees, strengthen the sense of cohesion within the company, give a sense of organizational renewal, and improve the company's financial position. Externally, it was hoped by the NBC that it could demonstrate to government its ability to operate

efficiently, while also assisting in the development of relations with the Counties. We saw that in the event MAP itself altered in character by adapting itself to the NBC structure and the policies of the various Counties. Data collection and interpretation was refined, but at the same time it was realized that MAP could not be implemented on the basis of a radical cure for the NBC's problems, but had to be adapted to existing practices.

Externally, events in Counties such as Oxfordshire and Cheshire demonstrated different purposes for MAP. Particularly in Cheshire, MAP itself became just one element in a developing relationship entailing a process of exchange. Throughout the study we have seen behaviour which might be construed as commensurate with self-interest. At the same time we have also seen that this behaviour may be interpreted in other ways, and in any case often becomes lost through change over the course of time. In this respect self-interest is of lesser analytical importance than the examination of social activity.

The discontinuities between 'orders of comprehension' and the authority of expertise within them might be described as the prime strength of the implementers. The difficulty is that this same expertise which has such power in its own sphere is not easily communicable or transferable to another. March and Olsen outline the characteristics of incomplete learning cycles. They assume that individuals will learn and adapt their behaviour accordingly: "They are, however, operating under conditions in which (a) what happened is not immediately obvious, (b) why it happened is obscure, and (c) whether what happened is good is unclear." ²² Thus the participant will build up his understanding on what he sees, likes and trusts. This learning

under ambiguity is an endemic property of the policy process, for no individual can have 'perfect information'.

The general implication of these cognitive gaps is that within the policy process as a whole, bottom-up forces are less powerful than top-down ones. A participant at the operational level may try to convey his understanding of events to someone at a higher (or different) level of the process, but the limits to understanding can be severe. In any case the official may be content with his lot and not wish to communicate with another level unless some sort of crisis appears. Even then, he will need to translate the instructions into terms which make them operationally feasible. Throughout our study, characteristics of the aggregative and 'Babel House' models have been observable. Values are not easily inculcated by the policy-maker, but he can institute radical organizational change and control the allocation of resources, even though it comes about as the result of learning under ambiguity. Nevertheless, control over implementation or the ability to 'fine tune' is often notable for its absence. Top-down activity can invade and institute change in 'orders of comprehension' although its power is limited. In contrast, bottom-up forces are less powerful as communicators between spheres of activity, but within their own sphere they reign supreme. This power of interaction dominates cross-sections of the policy process, but is circumscribed by endemic limits to understanding.

E. Implementation and the Policy Process

The chief modification arising from this study with regard to our initial conclusions about implementation and the policy process, is that we under-estimated the capacity for discontinuity between policy-making and implementation. Consequently, we

over-estimated the extent to which everyday interaction during implementation could influence the character of the policy process as a whole. Many of the points we made in Chapter One we have attempted to demonstrate in this concluding Chapter, and throughout the study as a whole, e.g., the validity of the aggregative model, the limits to "perfect implementation", the relationship between interaction and change, the trend towards consensus in implementation and resultant exchanges, the particular power of government and the tendency towards corporatism at both national and local levels. Although we examined the importance of discontinuities from the outset, the case-study primarily indicated the high degree to which various elements within the policy process may not be interdependent. Implementation itself cannot be divorced from preceding and succeeding stages of the policy process, e.g., even a failed policy holds the attention of implementers while policies also overlap, but the nature of the aggregative model places policy in a subordinate role when compared to complex real world activities. Thus we saw that the officiality of government and its capacity to institute radical change does not necessarily give it the ability to inculcate its values into the policy process as a whole.

In the same way, policy change at the local level does not always seek the status of the official stamp of government. Indeed, radical policy change was principally the prerogative of central policy-makers. Although it would once again be unwise to generalize on this point, it does appear that those working at the operational level are likely to be highly suspicious of changes to the status quo. It was this innate conservatism which had an inhibiting effect on policy initiatives by both

central and local government. On the other hand, the officiality of government does give it the power to introduce radical structural change by the introduction of an agent at or near the operational level. Even then, this change is only likely to be successful if the agent can initiate some type of interaction and exchange process with the chief interests.

The strength of the discontinuities also throws doubt on the hypothesis that a corporatist policy may contain within itself the seeds of a different approach. There was strong evidence of corporatism at all levels of the policy process, and as we have seen it was interrelationships at the implementation level which primarily determined the success of the policy. In other words, in our particular study none of the legislation under review was implemented in a manner that could be described as highly centralized or highly decentralized. At a particular moment in time the actions of central government appeared to be of greater significance to the process, but at other times it was activity nearer the operational level which was more relevant. The nature of the aggregative model tends to defy easy classification into centralized or decentralized policies, for the ability of any level of activity to strictly control another is limited.

Similarly, our conclusion that top-down forces are more powerful than bottom-up forces suggests that Kaufman's image of a policy cycle may not be easy to identify in practice. In our study the chief evidence for some kind of policy cycle comes from the 1980 Transport Act. De regulation of express services and excursions does not take the situation back to the 1920s, but it does represent a significant dismantling of the administrative system. We saw how the Conservatives wished to

"liberate" the bus operators, and in this sense we could say that, fifty years on, there was a move towards completion of the cycle. We should nevertheless also note that financial limitations have pushed governments of both Parties towards de_{regulation}, and it is perhaps this economic reality which will push the policy cycle nearer to completion rather than dissatisfaction with the administrative system itself.

This study has not been intendedly prescriptive, but if there is one particular lesson for the British policy process, it may be that change (either radical or incremental) is only likely to be successfully implemented as a result of significant interaction and exchange among the implementers. Discontinuities give severe limits to central control, but by employing the gaps rather than fighting them, government may attain some degree of success in fulfilling its objectives. At the same time, the autonomy of implementers does raise serious questions about political accountability. We have already referred to the increasing politicization of issues going hand in hand with increasing specialization, and at the local level the apparently natural trend towards a corporatist relationship may exclude many interests. In the case of bus transport the voice of the passenger traditionally has been weak, while transport and environmental groups have tended to concentrate their activity at national rather than local levels. If a more pluralistic system is to evolve, then these groups may need to develop expertise on activities nearer the operational level. The trend towards de_{licensing} may also assist in this process.

One further point to note is that, despite limits to understanding, both central and local government might find it

advisable to encourage the relatively weak bottom-up processes. In this way it would be more likely that at least the most obvious obstacles to successful policy implementation could be foreseen. Examination of much legislation and of MAP suggests that policy-makers continue to initiate change with little or no understanding of its implications. If interaction is the essence of change within the implementation process, then at least the degree of learning under ambiguity should be minimized.

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