

Today the Conservatives announced a pledge to enact a real-term freeze affecting about half of all rail fares if they win the election. Prime Minister David Cameron said the move - extending a freeze currently in place - would save an average rail commuter £400 between now and 2020. Labour's shadow transport secretary Michael Dugher said rail fares overall had risen by 20% on average since 2010, while services had worsened for "hard-pressed commuters."

But neither party raised the issue of bringing the railways back into public ownership, a move that would be supported by two thirds of the British people, according to a poll commissioned by Class. This briefing will make the case for publicly-owned railways, as well as examining the damage privatisation has done to the UK's rail system.

What are the effects of privatisation?

Since privatisation, the cost to the public purse of running the railways has risen very substantially. In 1992, the Conservative Government justified privatising the railways by arguing that the move would reduce waste and reduce costs, and this would eventually lead to net receipts to the public purse as a result of franchisees running profitable services. In reality the opposite happened, with different commentators suggesting that costs have increased by a factor of between two and three times.

The most cautious view would be that net Government support to the railways has more than doubled in real terms since privatisation (from approximately £2.4 billion per year during the five-year period 1990/91-1994/95, to around £5.4 billion per year during the period 2005/06-2009/10, all at 2009/10 prices).

Over the same period, money going into the railways from passenger fares and freight charges has also increased, meaning that the combined total of Government support and passenger and freight revenue has similarly nearly doubled, from about £7 billion per year to nearly £13 billion per year (again, at 2009/10 prices).

Britain has Europe's highest commuter fares for both day returns and season tickets; and for the price of a completely restricted advance purchase ticket in Britain, a passenger could generally get a fully flexible ticket in other European countries. Despite these high fares, overcrowding is an increasing issue for train travellers. In the absence of any legal loading limit for passenger carriages, there is no effective pressure on Train Operating Companies (TOCs) to stop them working trains in 'cattle class' conditions to achieve higher profits.

Why public ownership?

Not only have privatisation and market deregulation made the rail system more costly, they have also put decision making about the future of the railways in the hands of a narrow set of private interests. Decision-making and basic priority setting – about how the rail system is organised and who uses it – is dictated by these vested interests rather than the common good or any sense of wider public policy goals.

The continued British fixation with private management and ownership is increasingly out of step with much of the rest of the world, where similar experiences of the deficiencies of privatisation has generated a backlash among the public and politicians. Britain is now in the peculiar situation where 20 out of the country's 27 private rail contracts are owned by foreign state-owned or backed railways, mainly from France, Germany and Holland. State-owned railways are apparently fine, as long as the state in question is not Britain.

How do we bring the railways into public ownership?

As passenger train operations are run by franchises, they should be brought back into the public sector at zero cost as franchises expire or fail, or at minimal cost as franchises deteriorate to weak profitability. This approach would make economic sense.

Network Rail should be brought back under public control, which, amongst other advantages, would reduce the substantial debt service costs that it incurs as a supposedly non-governmental not-for-dividend company.

A single overarching 'guiding mind' is needed to make sure that the railway operates as a coherent whole, in place of the current fragmented system.

Rolling stock (the collective name for the vehicles that move on a railway) leasing is a hugely expensive way to obtain our trains, and a shift from 'hire purchase' to buying trains outright is needed.

Rail freight carriage on the UK rail network must continue to be open to private companies because current EU rules specify open access for freight.

However, it does not appear that these companies are delivering growth of the rail freight sector and the attendant social, environmental and economic advantages that could bring. Innovations are needed to help realise this potential, including consideration of the benefits available from a publicly-owned freight operator.

What has Class published?

Policy paper: *Renewing Public Ownership: Constructing a Democratic Economy in the Twenty-First Century*, Andrew Cumbers <http://classonline.org.uk/pubs/item/renewing-public-ownership>

Policy paper: *Public Services: The Good, The Bad, and the Future*, Roger Seifert <http://classonline.org.uk/pubs/item/public-services-the-good-the-bad-and-the-future>

Thinkpiece: *In the Public Interest: The Role of the Modern State*, Yvonne Roberts <http://classonline.org.uk/pubs/item/in-the-public-interest-the-role-of-the-modern-state>

Blog: *Labour needs to nationalise the railways*, Mick Whelan <http://classonline.org.uk/blog/item/labour-needs-to-nationalise-the-railways>

Blog: *Rail privatisation unspun*, Sharon Sukhram <http://classonline.org.uk/blog/item/rail-privatisation-unspun>

Read more:

- Much of the information and statistics for this briefing is taken from the *Rebuilding Rail* paper, commissioned by ASLEF, RMT, TSSA, and Unite the Union and written by Transport for Quality of Life. You can download it in full here: <http://classonline.org.uk/library/item/rebuilding-rail>