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BRITISH EXPERIMENTS
in
PUBLIC OWNERSHIP AND CONTROL

A Study of the

CENTRAL ELECTRICITY BOARD
BRITISH BROADCASTING CORPORATION
LONDON PASSENGER TRANSPORT BOARD

by

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To M. whose back
forbore to break
under this straw

NOTE

THIS IS ONE OF A NUMBER OF STUDIES under a research scheme promoted by the Institute of Public Administration. The Council of the Institute hopes that these studies will help to make available for all interested some part of the store of experience and thought relating to public administration which the various public services of the country possess.

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I—INTRODUCTION

THE THREE PUBLIC CORPORATIONS which form the subject of this study, the Central Electricity Board, the British Broadcasting Corporation, and the London Passenger Transport Board, are conspicuous examples of a method of organising the public ownership and control of a business or service which, though not without application in the past, is in essence new and experimental. These three bodies are of such recent and empirical origin, and were created to perform functions so different in kind, that it is possible to doubt whether the characteristics and problems which they share in common are sufficient to render them susceptible to collective investigation, that they have hitherto in fact been submitted to little such investigation,[1] and have not yet acquired any settled common description. Do they, together with certain other institutions formed on similar lines but of smaller national significance, represent the emergence of a new type of public organisation the imitation of which for other major public purposes is practicable and desirable? Or is it more accurate and profitable to regard them as isolated empirical responses to widely different sets of problems, which have functioned since their creation for purposes and under conditions so varied that collective study of their past performance and future significance can offer little that is of value?

It is on a belief that the Central Electricity Board, the B.B.C., and the London Transport Board, in spite of the dissimilarity of their purposes and functions, share features as public institutions which are in need of fuller examination and which may well prove valuable models for future imitation and experiment that the present study is based. For

[1] M. E. Dimock, *British Public Utilities and National Development*, 1933, represents almost the only attempt so far made at comparative study of these Corporations.

some time past observers outside the British Isles, noticeably in the United States, have shown interest in these institutions as expedients for the introduction of public control into new fields of economic or social activity. More recently, British students and practitioners of politics have begun to recognise that these bodies, though created in an empirical fashion to meet quite different sets of practical requirements, share characteristics which may provide useful solutions to the problems of organisation and supervision with which a State which is steadily enlarging the boundaries of its participation in various phases of national life is confronted. Theorists of each of the three chief English Parties have started to press the claims of the semi-autonomous public body as a model for future development. Not unnaturally, it is the theorists of the Labour Party who have done most to champion the introduction and elaborate the principles of a form of institution which seems capable of furnishing answers to many of the orthodox arguments about the impracticability and inefficiency of public ownership and control.

The present study is, however, concerned not with theory but with practice. General interest in this type of public body has, at the present time, outrun examination and detailed knowledge of such examples of it as exist and function. While theorists have come forward with their views as to how bodies similar in principle to the B.B.C. or the London Transport Board should ideally be constructed and operated, the models themselves have received only scant investigation and description; and there is a tendency for clouds of controversy over such matters as the right of manual workers to be represented on the directing boards of these bodies, or the status and conditions which ought to be accorded to their staff, to obscure the experience and practices of the working models. This study is occupied neither with the basic question of what spheres of economic and social enterprise ought to be transferred to public owner-

ship and control, nor with the elaboration of an *a priori* view of this particular method of achieving that transference. Its preliminary aim is to supply, what is noticeably lacking, a description of the origins, structure, and past performance of the Central Electricity Board, B.B.C., and London Transport Board. And its supplementary aim is to elucidate and formulate the main problems of a political and administrative kind which the structure and operations of these three institutions have in practice brought forward, and so provide material which may assist the construction of future theory.

These three examples of a method of organising a public service are not without antecedents and counterparts, both in this country and elsewhere. During the eighteenth century resort was made in Great Britain to semi-independent authorities for a number of public purposes. But experiments in this direction declined in Britain in the following century, with its preoccupation, first with the development of organs for the administration of local public services, and later with the integration of these organs into a strengthened central administrative system. The chief exception to this, the Poor Law Commission of 1834–47, did not, in the outcome, encourage faith in the principle of granting freedom from normal Ministerial direction and Parliamentary control to a body with a public service of national scope and significance to perform. The Port of London Authority, established in 1908, and Mr. Lloyd George's Road Board (later absorbed into the Ministry of Transport) and Development Commission of 1910 may be taken to mark the revival of experiment with the semi-autonomous statutory authority in the context of the modern industrialised State. Since the War such experiment has grown apace, and a legal commentator has recently expressed the view that resort to institutions of this character represents "the typical tendency of modern English legislation." The creation during this period, in addition to the three bodies which form the

subject of the present study, of the Forestry Commission, Racecourse Betting Control Board, Agricultural Marketing Boards, Unemployment Assistance Board, and other organisations, related especially to public health, coal-mining, and agriculture, with varying degrees of statutory autonomy gives substance to this generalisation.

But these bodies, although sharing the vital features of some degree of statutory independence and freedom from continuous Ministerial direction and Parliamentary control, form a miscellaneous collection, differing widely in the measure of their independence, structure, and the scope and significance of their operations. The activities of the Racecourse Betting Control Board concern only a limited section of the public, the Agricultural Marketing Boards are private producers' organisations, and the Port of London Authority combines public and private interests both in its composition and its operations. The Central Electricity Board, B.B.C., and London Passenger Transport Board have been chosen by the writer for examination because, as fully public bodies performing vital services, they seem to him the most significant examples of the development just described. The leading common characteristics of these three institutions may be summarised as follows: (i) they represent *public ownership* of major services or economic undertakings; (ii) their function is not merely regulation or supervision but the *production* of a commodity or service (this is not strictly true of the Central Electricity Board, which, however, substantially controls national production of electrical energy); (iii) the area of their operations is *national* in scope, and the volume of their business is considerable (the first part of this statement is not true of the London Transport Board, but the fact that this institution supplies the passenger transport of the vast Metropolitan area gives it a status of more than regional significance); (iv) they are granted *monopolistic privileges* by statute, and are at the same time placed

under definite obligations and limitations with respect to the nature and scope of their operations and the structure of their finances; (v) their *management* is entrusted to a specially-appointed Board which, within the framework of the obligations and limitations just mentioned, enjoys a large measure of freedom in the organisation and conduct of the service; this grant of freedom is made with the intention of producing a greater degree of economic or business efficiency in the operation of the service than might be achieved by what until recently have been regarded as the normal methods of managing a business owned and operated by the State; (vi) in furtherance of the foregoing aim, they are removed from direct and continuous *political control* and made subject to political control only of an indirect and spasmodic nature; (vii) this relaxation of political control is, however, accompanied by arrangements, explicit or implied, for the full operation of *public control.*

Mr. Herbert Morrison, in a book which is of great interest to the student of these institutions both because its author was the principal agent in the creation of the London Passenger Transport Board and because it contains a clear statement, from the point of view of a Socialist, of the principles which might guide the formation and administration of Public Corporations of this kind,[1] defines concisely the objects which the creation of such a body is designed to promote. "We are seeking," he writes, "a combination of public ownership, public accountability and business management for public ends." The emphasis of the present study is upon the adjective public, or upon the characteristics which this type of Public Corporation exhibits as a political institution. The central political feature of these three Corporations lies, as has just been indicated, in the fact that they constitute public ownership and control of important national services divorced from what has hitherto

[1] H. Morrison, *Socialisation and Transport*, 1933.

been regarded as the normal or orthodox manner of conducting State business. With the aim of introducing the advantages of business management and enterprise into their operations their administration has been entrusted, not to a Minister responsible to Parliament for the execution under his direction by a Department staffed with permanent Civil Servants of policy laid down by the Cabinet, but to a Board of specially selected and responsible persons endowed with a large degree of initiative and independence as regards both policy and execution. It is obvious why this departure raises a variety of questions of great interest to the student of political institutions, the common essence of which can be summarised under the description of 'the problem of control.' Can an important national public undertaking be effectively and permanently removed from direct and continuous political control? Will the established agencies of Parliamentary democracy, the Cabinet, the Departmental Minister, and Parliament, allow it in practice the freedom to carry on its operations with the minimum of supervision and interference as regards detailed policy and day-to-day management which it is in theory intended that it should possess? If so, and such freedom from political control on the orthodox pattern can be secured, what means can be devised whereby the undertaking can acquire and maintain sensitiveness to the public purposes and public needs which it exists to serve? How can the institution become properly and continuously what, in the terminology of political science, is called "accountable" to the public?

Some enlargement upon these questions will be made later, in order to establish a framework of topics within which this study will be conducted. But it may prove useful first to describe at somewhat greater length what has been called 'the normal or orthodox method' of conducting the business of the State. This method, characteristic of the second era of English collectivism, has been grounded

on the constitutional doctrine of Ministerial responsibility which, in the words of Sidney Low, "is by many regarded as the main shaft and supporting pillar of the political edifice." The responsibility for administering a particular sphere of State activity has resided in an individual politician, nearly always an 'amateur' with respect to the business over which he presides, who superintends the execution of policy in Whitehall and accounts for it at Westminster. The special virtues supposed to be inherent in this system are, firstly, that by providing a clear and concentrated source of administrative authority it constitutes the surest means by which Parliament, and through Parliament the public, may be able to exercise effective control over administrative action. And secondly, that by confining and concentrating administrative responsibility in the hands of a politician, buttressed in his actions by the collective responsibility of the Cabinet, it enables the actual work of administration to be carried on by a permanent Civil Service relieved of all political functions, including the necessity to defend its actions, and provided with a champion and apologist for its performance in the legislative assembly. It ensures, in other words, a high degree both of public accountability and executive efficiency. "The head of a Department," writes Lowell, "sits in the House of Commons quite as much in order to control the House, as in order that the House may control him." In the continuous process of adjustment between the claims of policy and of execution which the working constitution represents, the Responsible Minister is the prime adjustor, reconciling (in theory) in his own person the legislative and administrative tendencies. Upon him falls the duty of resolving the conflict for control between, on the one hand, what was characterised by Walter Bagehot in his well-known explanation of the decline and fall of the Poor Law Commissioners of 1834 as "the incessant tyranny of Parliament over the public offices," and, on the other,

what was noticed by Sidney Low some forty years later as even then a marked feature of our system of government, a tendency towards "too gross and salient misuse of Ministerial power." For reasons familiar to every student of politics the second of these tendencies has now become considerably more pronounced than the first, and President Lowell's remark just quoted has now acquired the character of an understatement. Yet in spite of the fact that the control of the Cabinet and the Departmental Minister over Parliament has become far more continuously effective than the control of Parliament over the Government, the pure doctrine of Ministerial Responsibility is still employed as the mainstay of the argument in support of the orthodox method of conducting State business and in opposition to proposals for creating authorities less directly connected through the Minister with Parliament.

A good statement of such argument can be found in the Fourth Report of the (MacDonnell) Commission on the Civil Service, issued in 1914.[1] In recommending the abolition of "the Board system" prevailing at that time in several of the Scottish Departments, the Commission declared the defects of this system to be: (1) that it was less effective than the system of a single responsible Minister in securing a "thorough-going responsibility" for official action and advice; (2) that it weakened "the important distinction between the qualities, and the methods of selection, which are suitable for political, and those which are suitable for permanent, appointments," and (3) that it tended to place the higher administrative positions in the hands of men appointed by patronage who had no special knowledge of the work they were called upon to perform and to exclude the type of trained official represented by the administrative class of the permanent Civil Service. An interesting complement to this defence of the prevailing system is to be found

[1] Cd. 7338/1914, paras. 68–70.

in the section of the Report (paras. 84–89) which dealt with the criticism, already growing in volume, that certain Departments of the Government compared unfavourably with private business as regards methods and efficiency of operation. The Commission met this criticism by arguing that the conduct of Government business was essentially different in nature from that of private business; that its criterion of success was not normally the earning of a profit but the satisfaction of a public need; that continuous and detailed Parliamentary and public criticism necessitated the employment of a slow and guarded procedure and the use of elaborate records; and that the recognised obligation on the Government to be "a model employer" entailed methods of dealing with its staff which were, from a strictly business point of view, expensive and wasteful. It may be noted that these arguments can be turned against the position which the MacDonnell Commission was previously defending, and used to support the case in favour of more flexibility and independence in the organisation of Government business.

The Report of the (Haldane) Machinery of Government Committee[1] although, under the stimulus of the practical experience of the War period, it advocated far-reaching administrative changes and allowed for the probability of a progressive enlargement of the functions of the State, squarely reaffirmed the position taken up by the MacDonnell Commission on the question of Ministerial responsibility. It stated that "the system of administrative Boards" was "obviously unsatisfactory" and, noticing the tendency of this form to continue to raise its head, as in the Report of the (Williamson) Committee on Electric Power Supply, decided that "there should be no omission, in the case of any particular service, of those safeguards which Ministerial responsibility to Parliament alone provides."

Although this advice was disregarded the very next year

[1] Cd. 9230/1918, paras. 31–33.

by the creation of the Forestry Commission, and some eight years later by that of two of the Corporations under examination in this study, it is important to notice, as evidence of the faith retained in the orthodox method of State operation, the findings of the (Bridgeman) Committee of Enquiry on the Post Office, reported in 1932.[1] The Post Office, as the oldest, largest and presumably most important of the commercial services operated by the Government, occupies an especially prominent place in the discussion of the problems under consideration here. Anyone familiar with what have been called earlier in this essay the orthodox arguments about the impracticability and inefficiency of public ownership and control will recall how many of these arguments have in the past used the Post Office as their principal target. The Bridgeman Committee was appointed, in response to renewal of criticism that the operations of the Post Office were not being carried on with the initiative and efficiency that is supposed to characterise large-scale private business, "to enquire and report as to whether any changes in the constitution, status or system of organisation of the Post Office would be in the public interest." It reported firmly against what it called "the revolutionary step" of transferring the Post Office services from direct political control to some form of semi-independent authority, although it conceded that such a step might have been advisable with respect to the Telephone and Telegraph services had these formed a new, and not an integral part of an old, system. The Committee's main proposals were the creation of a functional Board of some four or five members of the permanent Post Office staff to assist the Postmaster General in decisions of policy; the introduction of a greater degree of decentralisation of management; and the grant to the Post Office of a larger measure of self-contained finance. The first proposal since,

[1] Cmd. 4149/1932, especially paras. 46–56.

like the others, translated into action, has not disturbed the principle of the sole responsibility to Parliament of the Postmaster-General; and the view of some critics that it has the effect of obscuring this does not appear to have much substance.

The findings of the Bridgeman Committee and the Government action which followed them constitute only one piece of evidence that the belief expressed by one observer that "it is quite certain that so far as England is concerned the type of organisation which the Post Office embodies is dead and obsolete"[1] is, if it is intended as a commentary on the practical situation, far too sweeping. Attention was drawn at the outset of this study to the existence both of a growing tendency to resort in practice to the use of semi-autonomous bodies for public purposes, and of a rising interest in and sympathy towards this development on the part of persons of various political persuasions. But it is too early, in the writer's opinion, to state that, at least with respect to vital and major public services, the semi-autonomous body has been generally accepted as inherently superior to the orthodox method of State administration. Investigation of the origins of the three institutions discussed in this study reveals considerable Parliamentary reluctance, not least in the case of the London Transport Board, the most recent creation, to endorse the principle of removing these services from direct and constant political control. And reflection upon the present relationship between the British Broadcasting Corporation and Parliament does not encourage dogmatic assertion that the measure of independence now accorded to the broadcasting service is permanently assured. It was with these facts, and the immature nature of these organisations' attempts to solve certain of their internal problems, in view that the Central Electricity Board, B.B.C., and London

[1] W. A. Robson, "The Progress of Socialisation in England," *Foreign Affairs* (New York), April 1933.

Passenger Transport Board were described at the beginning of this study as essentially new and experimental institutions.

Some indication has already been given of the leading characteristics of these three bodies regarded as political institutions; and it has been seen that the phrase often used with reference to them—that they have been 'taken out of politics'—is, though based (as few members of academic institutions will need to be reminded) on a narrow definition of 'politics,' a useful description of the essence of the matter. No settled title which conveys the essential nature of these institutions has yet come into use; and the titles most commonly employed—"Public Boards," "Semi-Public Bodies," and "Independent Statutory Authorities"—seem to the writer unsatisfactory, at least for his purposes. Since the use of the word "corporation" to describe an incorporated *political* unit is long-established in England, and the institutions discussed in this study are fully public bodies, the title of "Public Corporations" has been adopted; and where closer definition is required the qualifying adjective "Semi-Independent" seems to the writer the most accurate one available. Examination of the three Corporations, has, with a view to attempting formulation of the problems involved as well as for the purpose of assisting comparison, been conducted within the framework of the following twelve topics: the study of (i) the *Origins* of the Corporation is concerned with the part which theoretical and practical considerations respectively played in its creation, the share of different 'interests' in proposing or opposing it, and the character of the public inquiries, Parliamentary debates, and Press agitation which accompanied its formation. The question whether the Corporation was formed to take over an old-established service or function or to undertake a new one is of considerable significance. A section dealing with (ii) the *Functions* of the institution is confined to enumeration of

the powers and duties which the Act or Charter creating the Corporation and subsequent legislation have conferred upon it. It is of some value to describe the formal or written powers and duties granted to the Corporation in separation from discussion of the manner in which these powers and duties have in practice been interpreted and exercised. It is important to notice whether the formal powers have been rigidly or loosely defined. Attention to (iii) the institution's *Economic and Financial Status* involves consideration of the economic character of the function which it is performing, and of the monopoly privileges and financial powers conferred upon it. The degree of its freedom from Treasury and other external financial control, the extent to which it may be financially self-sufficient, and the principle and methods adopted for compensating former proprietors, are other leading questions which fall within this topic. Examination of (iv) the *Board*, or the body of persons collectively responsible to Parliament and the public for the performance of the function, centres upon the questions of the nature of the authority which appoints this body and the type of persons chosen to compose it. The size of the Board, terms of office and salaries of its members, and the time devoted by these members to their duties in connection with it, are also of some significance. A section described as (v) *Operation* attempts a brief summary of the Corporation's performance up-to-date of the function assigned to it. The discussion of (vi) the *Responsible Minister* raises the questions of whether the Minister who is in some degree responsible to Parliament for the operations of the Corporation is the appropriate Departmental Minister for this purpose, and of the manner in which he has in practice exercised the measure of responsibility vested in him. Other executive agencies of the Government which may exercise control over, or have relations with, the Corporation fall for consideration under this topic. The central importance of the

relationship established in practice between (vii) *Parliament* and the Corporation has already been emphasised.

The five remaining sections deal with questions of an 'internal' character, or those provision as to which normally finds no place in the statutory powers and duties granted to the Corporation and the determination and fulfilment of which is, generally speaking, left to the discretion of those in immediate control of the Institution. The first of such questions is the division of functions between (viii) the *Board and the Management*, or the degree to which the persons who constitute the Board may have delegated powers and duties to their officers and servants. The nature of the Corporation's internal administrative organisation is closely related to this topic. Consideration of the manner in which the institution's (ix) *Staff* is recruited, paid, and otherwise dealt with raises the important question of whether the Corporation has succeeded in building up a body of persons to serve it which includes both administrative and technical ability in the appropriate proportions, and combines initiative and creative capacity with an element of stability. A section dealing with (x) *Area* involves examination of the measure in which the institution has decentralised its functions and devolved responsibility upon regional or local officials. The two final sections of the study relate to the control, normally of an unwritten or 'extra-constitutional' kind, which may be exercised over the Corporation through the relationships, formal or informal, existing between itself and the outside public. Attention to (xi) *Advisory Bodies*, one of the chief means of establishing a formal relationship, raises the matter of the steps taken to establish councils or committees of outside experts to assist or advise the Corporation, or to provide for consultation between the Corporation and the general body or special classes of its consumers. The final topic, that of (xii) *Public Relations*, is concerned with other formal methods devised by the institution for

conducting its business with the general public, and with the nature of the Corporation's publications, advertising, and use of the Press and other instruments of propaganda. It is of much importance to notice whether the Corporation has adopted a mainly defensive attitude towards the general public and confined its publicity activities to dealing with complaints and adverse criticism of its operations, or whether it has taken an educational and aggressive view of the function of carrying on relations with the public.

It may be stated that the present study, based on a short period of research, makes no claim to the provision of a complete analysis of the functioning of the three Corporations with which it is concerned with reference to each of these twelve topics. And it may be repeated that it aims, not at the elaboration of a theory of the manner in which these and similar bodies should ideally be constructed and carry on their operations, but at the more rudimentary step of providing material and formulating issues which may assist future theory.

The method of organising a public service of which the Central Electricity Board, British Broadcasting Corporation, and London Passenger Transport Board are conspicuous examples represents, in the view of the writer, a practical step of the greatest consequence towards resolving the conflict, inherent in a democratic system of society under existing conditions, between 'democracy' and 'efficiency.' It is an experiment in the reconciliation of conditions under which the production and distribution of wealth require ever larger units of organisation, an increasing degree of individual administrative ability and creative skill for the direction of vast and complex operations, and a growing measure of participation or co-operation in some form by the State, with the democratic belief in accordance with which the plain citizen, *l'homme moyen sensuel*, enjoys both the right and the opportunity to inform himself about and

pass judgment upon the major public activities and issues of the society of which he forms a fraction. The present study will have achieved its chief purpose if it assists, in however slight a measure, plain citizens to appreciate the significance to themselves of this experiment, and to understand the structure and operations of those three examples of it chosen for examination.

With the purpose of assisting the student who wishes to pursue the subject more deeply, somewhat full references have been supplied in the text to the documents and other sources on which the study has been based. It may, however, be pointed out that documents and other printed matter form a very insufficient guide to the activities of these Corporations, whose semi-independence embraces what, by contrast with the position of a Public Department, is a large degree of privacy.

The writer wishes to take this opportunity of acknowledging his great debt to those members, officers, and servants of the Central Electricity Board, B.B.C., and London Transport Board who gave so freely of their time and attention to his inquiries. The kindness and patience with which these inquiries, however trivial or impertinent they might appear to those to whom they were put, were answered has left him deeply grateful; and he hopes they have not been unduly abused in the outcome. He feels an equal debt of gratitude to those members of the Council, and to the Honorary Secretary, of the Institute of Public Administration who gave him seasoned advice and generous assistance.

II—CENTRAL ELECTRICITY BOARD—*Origins*

THE CENTRAL ELECTRICITY BOARD was established under the provisions of the Electricity (Supply) Act, 1926,[1] passed by the second Baldwin Government. To reach proper understanding of its purpose and functions it is essential to take some notice of the early history of electricity supply and its regulation in Great Britain. It is worth remarking at the outset that both the organisation of this industry and its terminology are to a high degree confusing to the layman, as any non-technical student of the 1926 Act can quickly discover.

Electricity is now so familiar to most citizens of this and other highly-industrialised countries as a universal provider of energy—for domestic light and heat, communications, transportation, the supply of entertainment, and the operation of industrial processes and of innumerable implements —that it has become a symbol of the age in which we live. It requires some effort to appreciate the fact that until quite recently all aspects of the business of supplying electricity in Great Britain were the concern of a very large number of undertakings, private, semi-public and governmental, operating within a confused medley of normally small and economically haphazard areas and under the regulation of a variety of controlling agencies. The predominant characteristics of British electricity supply up to the post-War era were its strong attachment to the local sphere of operations and local conditions of administration and control in which it had originated, and its provincial independence in matters of technique. Not until 1919 was any significant advance made towards operation and regulation on a regional plane. And the Act of 1926 owes its significance to the fact that, somewhat belatedly, it placed two of the three processes collectively known as "electricity supply"—generation and

[1] 16 and 17 Geo. V, ch. 51. Price 1s.

main transmission—on a footing of national co-ordinated operation and control.

The commercial history of English electricity supply dates from the early 'eighties of last century, an era which witnessed a new development of English collectivism in which the regulatory functions of governments, central and local, were more actively extended over different phases of social and economic life. Electricity supply did not, therefore, grow up in the conditions of freedom which had marked the early railway development of forty years before. Municipal participation in and regulation of the industry became a cause, additional to those deriving from the technical and commercial nature of the industry, for the piecemeal character presented by the business of electricity supply from 1882, the year of the first Electric Lighting Act, until 1919.

Technical reasons, within and without the industry, doubtless contributed much to this state of affairs. The process of generating electricity was scientifically developed long before that of transmitting it over distances, and commercial use of electricity for lighting purposes was practicable before its use for industrial power. The necessary reliance on steam rather than on water power for generation in Great Britain, coupled with the wide distribution of coalfields, was a factor which encouraged both the establishment of large numbers of generating stations and serious diversity in the types of current, frequencies and voltages which these employed. Other conditions, not found either in the United States or in Germany, delaying intensive technical development in Great Britain on national lines were the existence of an ample supply of cheap industrial power in the form of steam, the developed state of the gas industry, and the conservatism and 'individualist' reluctance of many British manufacturers to become dependent upon new and outside sources of power.

In the legislative and administrative framework within

which the industry operated during its first forty years a conspicuous feature, also not found to any significant extent in either the American or German development, was the widespread participation of municipal and other local authorities in the business of supplying electricity. "Gas and water Socialism" was extended rapidly to the manufacture and sale of the new type of energy. Although municipal operation was often remarkably successful, it increased and perpetuated the number and variety of supply undertakings and complicated the task of introducing co-ordination into the business. The policy of Parliament was mainly directed towards the two considerations of giving due scope to the operations and jurisdiction of local authorities, and restraining, in the interests of 'healthy competition,' monopolistic tendencies on the part of commercial companies. The Electric Lighting Acts of 1882 and 1888 conferred on local authorities extensive powers over commercial companies with respect to leave to operate, the area of operations, and compulsory purchase, and company development found itself further restricted by the rapidity with which local authorities had secured Orders for the more promising urban areas. The establishment, at the opening of the twentieth century, of "Power Companies" obtaining powers of supply over extensive areas through Private Acts of Parliament removed some of these hindrances to development, but, since it took place at a time when most of the profitable urban territories had already been secured by distribution authorities who were under no obligation to take supplies in bulk from the Power Companies, accentuated the clash of interests between private undertakers and the local authorities. The Electric Lighting Acts of 1908 and 1909 extended to all undertakers a number of the more important administrative powers formerly reserved to Power Companies, but made no more than a slight contribution towards national co-ordination.

The situation which presented itself at the end of the

World War, which had acted as an enormous stimulus to the industry from the technical point of view, was that of the existence of "innumerable statutory and non-statutory undertakings supplying very small areas without any working arrangement between themselves for the interchange of electric current. The whole country became parcelled out into small electric allotments each railed off by rights and privileges which could not be overthrown in favour of broader schemes."[1] There existed some six hundred bodies generating electricity for public supply purposes, aside from large numbers of private generating stations. Local authority undertakings, which had increased steadily and which for the most part served small areas, numbered 327 by 1916, and electric lighting and power companies numbered 230. The existence in Greater London by 1920 of 130 municipal and company (including railway and tramway) generating stations was symptomatic of the situation in the country as a whole.

Towards the close of the War four Committees issued Reports dealing with the reorganisation of electricity supply and all of these pointed to substantially the same conclusion. The most important of these Committees, the Williamson Committee on Electric Power Supply, reported[2] that the prevailing situation was "incompatible with anything that can now be accepted as a technically sound system," and based its recommendations on the conviction that "concentration of larger generating units in larger and fewer power stations is urgently required." The legislation which it proceeded to suggest was of a far-reaching nature, aimed at placing the production side of electricity supply on a basis of national consolidation under national public supervision. A body of "Electricity Commissioners," responsible to the

[1] H. Quigley, *Electrical Power and National Progress*, 1925, p. 142. The author has been chief economist and public relations officer of the C.E.B. since 1931.

[2] Cd. 9062/1918.

President of the Board of Trade and through him to Parliament, was to constitute the central regulatory authority with "very full powers" to plan, co-ordinate and control. It was to divide the country into a number of large electricity supply districts, in each of which generating stations for public purposes and main transmission systems were to pass into public ownership, vested in a District Electricity Board. Operation of these stations was to be carried on, at the discretion of the Electricity Commissioners, either by the existing undertakers or by the new Boards; the existing system of distribution was, in the main, to be left undisturbed.

So wholesale a scheme of reorganisation did not, however, recommend itself to Parliament. A Bill substantially incorporating the Williamson Committee's proposals was introduced in 1919 and passed by the House of Commons. But the interests opposed to progress along these lines mustered force in the House of Lords,[1] and the Electricity (Supply) Act, 1919,[2] which emerged was shorn of the vital compulsory powers needed to convert consolidation of the industry under national supervision from a paper-scheme into a reality. For the next seven years the industry was on the basis of a half-hearted and voluntary regionalism. The Act established the Electricity Commission, but endowed it with no positive powers to co-ordinate the whole industry. It was to divide the country into suitable electricity districts in which unified control over generation and main transmission might be vested in Joint Electricity Authorities in cases where the various undertakers and interests in the district should agree to form such an authority.

Although the Electricity Commission enjoyed what one commentator has called only "a shadow of real power" prior to 1926, it is convenient at this stage to outline its organisation and original functions. The Act of 1919

[1] Vide esp. 38 *H.L. Deb.*, 5s., 97–111, 449–70, December 16, 19, 1919.
[2] 9 & 10 Geo. V, ch. 100.

transferred all the powers and duties over electricity supply previously exercised by the Board of Trade to the recently-created Minister of Transport, who was to entrust the administration of them to a body of not more than five Commissioners, appointed by himself (with the concurrence of the Board of Trade), and responsible solely to himself. Three of the Commissioners were to be full-time officials, and three were to be chosen for "practical, commercial and scientific knowledge and wide business experience, including that of electrical supply," and provision was made against any of them being financially interested in the industry. The term of office of two of the Commissioners was to be fixed by the Minister at the time of appointment, and the others were to hold office during His Majesty's pleasure. The fund out of which the Commission's expenses would be defrayed was to be declared a public fund, subject to audit by the Comptroller and Auditor-General, and levied on the industry. The Commission, which was instituted by the Minister of Transport shortly after an Order in Council of January 22, 1920, had transferred to him the relevant powers,[1] does not possess any of the special independence characteristic of the type of Public Corporation with which this study is concerned. It was described to the writer by one of its members as "a semi-Government Department," and may be more fully defined as a semi-permanent body of officials and experts appointed *ad hoc* to conduct on the Minister of Transport's behalf a particular section of the business of his Department.

With respect to functions, as distinct from status, the line of demarcation between the Electricity Commission and the Central Electricity Board is not so readily apparent. Any student of the latter body must constantly keep in mind the

[1] Vide Minister of Transport's first *Annual Report* to Parliament of proceedings under the Electricity (Supply) Acts. *H. of C.'s Paper*, No. 132, 1920.

fact that its authority and operations are conditioned by the co-existence of the Electricity Commission as a complementary, and in some respects superior, body sharing with it the business of controlling and supervising the electricity supply industry. The division of functions between, and mutual relationship of, these two organisations must engage further attention in this study. For the present, it is sufficient to say that the Electricity Commission broadly represents the planning and judicial, and the Board the executive, arm of national electricity regulation.

Under the Act of 1919 the principal functions of the Commission were to collect information and statistics and arrive at a provisional determination of national electricity districts. Such districts, as already explained, could only become effective centres of unified ownership and operation with the consent of the undertakers in the area concerned. The Commissioners could exercise control only through powers of veto on the extension of generating and transmission plant and of fixing maximum prices, and through certain semi-judicial powers, such as the holding of inquiries into applications for the extension of existing areas of supply. Apart from planning the areas for the Joint Authorities, and approving the actions which any such authorities as might be formed should take, the Commissioners' remaining function of importance was that, previously exercised mainly by the Minister of Health, of sanctioning borrowing for electricity purposes by local authorities.

It was not due to lack of energy on the part of the Electricity Commission in collecting detailed information and drawing up schemes of co-ordination that six years later only seven of the fifteen electricity districts provisionally determined had been finally determined, and only one Joint Electricity Authority created.[1] Of the continued strength of

[1] By the end of 1935 there were two fully active and three partially developed Joint Electricity Authorities in existence.

the system of local self-sufficiency, and the slight progress made towards co-ordination under voluntary methods, full records can be found in the *Annual Reports* of the Commission,[1] the first two volumes of a national statistical survey published by the Commission in 1925 and 1926,[2] which constituted the first such survey undertaken for eighteen years, and the Report of the Weir Committee on the Supply of Electrical Energy. By 1925 there were in existence 438 generating stations owned by 572 authorised undertakers with supply powers,[3] in addition to 103 stations owned by railway companies, tramway authorities and certain non-statutory undertakers. Such regional co-operation as these practised normally took the form of boards with little more than advisory functions. Experts were agreed that only about one-half of the nation's generating stations justified their existence from the point of view of efficiency and price to the consumer. Great Britain still consumed from authorised undertakings only some 110 units of electricity per annum per head of the population, as compared with 230 units consumed in Belgium and 900 in Canada, derived less than 30 per cent of the power which it used in industry from electricity, as compared with 60 per cent in the United States, and was described by a reliable authority as having "reached only one-fifth of the electrical development of the United States and kept this ratio unchanged during the last four years." It was with justice that various sections of the Press described the situation of the industry as "stagnation," and that the *Manchester Guardian* reiterated the view that

[1] Issued as Stationery Office publications since 1921.

[2] *Electricity Supply, 1920–1923* and *1924–1925*, Stationery Office publications.

[3] An authorised undertaker is defined (Sec. 25 of the Electric Lighting Act, 1909) as "any local authority, company, or person, authorised to supply electricity to whom the Electric Lighting Acts apply." The C.E.B. is constituted an authorised undertaker by Sec. 20 of the 1926 Act.

efficient use of electricity demanded organisation of a kind with which the staple nineteenth-century form of power, coal, had been able to dispense, since "it serves its masters on harder terms: it demands a wide reach and a wide grasp."[1]

Examination of the circumstances from the middle of 1925 to December 1926, which formed the immediate origins of the Electricity (Supply) Act affords clear warning to the student with an inclination to think that the C.E.B. came into being as the result of some carefully thought-out plan of public participation or was the neat practical fulfilment of any theory. The Act followed the traditional British method of reform, in which logically coherent theories play a secondary part to practical requirements, including the requirements of practical politics. The positive forces behind its passage included (i) the circumstance (or from one point of view the accident) that undertakings had not chosen to make fuller use of the opportunities for consolidation extended to them by the Act of 1919; (ii) the detailed information made available by the Electricity Commission and the Weir Committee with respect to the backward and unco-ordinated state of the industry considered as a national unit and contrasted with conditions in certain foreign countries; (iii) the trade depression of the period, which produced sensational consequences in the Coal and General Strikes of 1926, and (iv) the natural desire of the Government under these distressed conditions to obtain the credit for a major piece of economic reconstruction.

Information acquired by the Electricity Commission formed the basis of the practical recommendations put forward in the Report of the Weir Committee,[2] which became known late in 1925 (although publication of the Report was delayed for some time) and constituted the foundation of the Government Bill introduced in the House

[1] June 26, 1925.

[2] Stationery Office publication, 1926.

of Commons in March, 1926. It should be mentioned that in the interval since 1919 Government action with respect to the electricity supply industry had been confined to an Act of 1922, which somewhat modified the Act of 1919 without affecting its voluntary basis, and certain proposals by the first and short-lived Labour Government with respect to standardisation of frequency and the erection of main transmission lines in undeveloped areas. The Weir Committee based its recommendations on the view that failure to take full legislative action on the lines suggested by the Williamson Committee had seriously retarded progress towards a cheaper and more efficient national supply of electricity, and that the existing powers of the Commissioners were "inadequate to produce effective results." Its views differed, however, from those of the Williamson Committee in two important respects. It enlarged the area of unified control from the regional to the national one and proposed, instead of a number of area authorities, the creation of a "Central Electricity Board" as the co-ordinating body; and it restricted its proposals to the two processes of generation and main transmission, leaving aside distribution as "essentially a local matter, and a suitable function for decentralisation." The key to its scheme lay in the "complete interconnection of generating stations."[1] The first function of the new Board would be to construct, in conformity with a technical plan approved by the Commissioners, a national system of main transmission lines (the "gridiron") interconnecting certain "selected" generating stations and linked up with existing regional transmission systems. The power of the Board to select the stations to be attached to its system would have the effect of "rationalising" all generation by authorised undertakers and bringing it under the Board's control; and all energy generated by these would be sold to the Board and repurchased, so far as needed, by its producers.

[1] Vide especially §§ 35–53.

Ownership and operation of selected generating stations was to remain in the hands of existing private or municipal undertakers; only "as a last resort" was the Board to go into business of producing energy on its own account. The capital of the Board was to be raised by means of stock sold to the public, which might be guaranteed as to principal and interest by the Treasury. This skeleton of the Committee's recommendations, which is all that need concern us here, was in substance the scheme adopted and in operation to-day. It will be seen that the economic status of the Central Electricity Board, with its control over the manner and product of generation and ownership and operation of the means of long-distance transmission, can fairly be described as that of a middleman or broker. Definition of its political and administrative status is less easily arrived at, but Mr. Lloyd George's characterisation of it in the House of Commons as "nationalisation in a rubber sheet, so that those who handle it should not be shocked"[1] may be taken as a starting-point.

While these main proposals of the Weir Report were accepted by the Government and ultimately became law, the passage of the Electricity Supply Bill was far from being so easy as Mr. Lloyd George's flippancy might suggest. In fact the struggle over it was one of the most bitter in the post-War history of Parliament up to that time, and was conducted on the basis less of principle than of the claims of conflicting vested interests. There is much evidence for the view that the Bill would have failed of passage entirely had it not both represented the principle of 'minimum interference,' and received a large measure of support from the Labour Members of Parliament.[2] The fight of the

[1] 193 *H.C. Deb.*, 5s., 1905, March 30, 1926.

[2] Expressed by G. H., *The Socialisation of the Electrical Supply Industry*, 1934, p. 20. Mr. Attlee's leadership of the Labour group in Committee is especially relevant to the second part of this claim.

'interests'—holding companies, Power Companies, municipal and commercial supply undertakings, manufacturers of various kinds of electrical machinery and equipment, gas companies, coal companies, and a variety of forms of business less directly concerned—in the Press and in Parliament over the Bill falls within the subject-matter, but not within the necessarily limited proportions, of the present study. Examination into it will disclose a rich store of material for the type of study, hitherto more developed in the United States than in this country, upon what are known to American political scientists as "pressure politics" and "the invisible government." Propaganda actively carried on by the interested parties filled many columns of the national Press throughout the latter half of 1925 and 1926[1]; although it is fair to say that a large proportion of the leading national journals expressed support of the main items of the Government scheme.

The most interesting features, for the student of administration, of the Parliamentary passage of the Bill were the variety and discrepancy of the views put forward by Members with respect to the nature and degree of the "nationalisation" which the Central Electricity Board was generally described as representing, and the confusion, which was perhaps inevitable, shown between the economic or technical and the administrative issues at stake.[2] The Labour Opposition advocated complete nationalisation on conventional lines of the whole electricity supply industry, and criticised the Bill for going so far as to leave existing undertakers with what Mr. William Graham described as "naked ownership" and going no further; while a group of Conservatives rested their case for strongly opposing the

[1] Vide especially *Daily Telegraph*, June 22–27; *Glasgow Herald*, June 22–26; *Observer*, July 5, November 22, 1925; *Financial Times*, January 18–25, March 12–31; *Times*, March 29; *Observer*, April 11, 18, 25; *Manchester Guardian*, October 23, November 18, 1926.

[2] Vide 193 *H.C. Deb.* 5s., 1683–1807, 1871–1955, March 29, 30, 1926.

Bill on the view that it was "socialistic." To this flow of mutually-destructive arguments were added springs of individualist opposition sometimes arising from strange foundations, such as championship of municipal socialism. Criticism of the proposed Board and of its relationship to the Electricity Commission was, largely on account of vagueness and lack of clear definition in the Bill, no less conflicting. There was a good deal of expression, from both sides of the House, of the fears that the Board was going to be too "irresponsible" to Parliament and, partly because it was to be entrusted with the duty of drawing up technical schemes for the approval of the Electricity Commission, liable to become the puppet of the Commission.

When the Bill, after passing its Second Reading in the Commons by a large majority, was sent to a Standing Committee of some eighty Members it was rigorously contested clause by clause, with the result that it emerged with some important amendments. The chief of these were: (i) provision for a special form of arbitration on all questions of compensation, although the Electricity Commission was to remain the final authority on technical questions; (ii) reversal of the arrangement by which the Board was to submit the technical schemes for the approval of the Commission, so that the Commission would prepare and submit the schemes to the Board; (iii) restrictions on the persons to be eligible for appointment to the Board, and (iv) guarantees giving additional protection to undertakers who would be affected by the Board's establishment and operations and a more favourable position to local authorities. The Report stage of the Bill[1] and its passage through the House of Lords,[2] although giving opportunity for further extended

[1] 199 *H.C. Deb.* 5s., 918–1045, 1097–1222, 1299–1406, November 9, 10, 11, 1926.

[2] Especially 65 *H.L. Deb.*, 5s., 732–84, 787–840, 1198–1282, November 23, 24, December 7, 1926.

debate, did not occasion any changes of importance, and the Bill received the Royal Assent on December 15, 1926.

Functions

The Electricity (Supply) Act of 1926 lays down the functions to be performed by the Central Electricity Board in a specific and detailed manner. Such a feature, as students of administration need hardly be reminded, is theoretically of much importance as a means of, among other things, restricting the Corporation to the performance of certain well-defined duties, and also providing it with a defence before certain kinds of outside criticism. The Act is at the same time, as has already been remarked, exceedingly complex, and earned the application by Lord Haldane during the debates in the Lords of the description given by another ex-Lord Chancellor of another Bill as "difficult to read, impossible to understand and disgusting to touch."[1] This complexity arises mainly from the fact that its subject-matter is what is sometimes called an 'advanced technology,' with a terminology of its own. An expert on the industry, setting out not long ago to describe the changes introduced into the business of electricity supply by the creation of the C.E.B. in simple language to a Scottish Philosophical Society, stated that "the national power scheme . . . is merely the administrative solution of what is essentially a technical problem." This important truth must be kept constantly in mind in any consideration of the functions and operation of the Board, and may, doubtless, be held to a large degree responsible both for the efficiency of operation and for the comparative absence of unfavourable public criticism which have characterised the history of this

[1] Quoted by W. S. Kennedy, *The New Electricity Act*, 1927, p. 5, which, together with W. G. Bond, *A Classified Synopsis of the Electricity Act, 1926*, 1928, may be recommended as a useful popular exposition of the Act.

particular Public Corporation up-to-date. The present study will describe the functions of the Central Electricity Board as these are set out in the relevant statutes before dealing with the performance of these functions, or the Board's past operations. It makes no pretence to do more with respect to the Board's functions and the technical manner in which these have been performed during the past nine years than offer brief outlines.

The Act of 1926 defines the general duty of the Board as that of "supplying electricity to authorised undertakers in accordance with the provisions of this Act," and makes it clear at the outset that this duty does not include generation of electricity by the Board save in exceptional circumstances. For purposes of description the principal functions of the Board may be divided here into (1) Construction, and (2) Trading and Development. The initial task of construction is the selection, on grounds of efficiency and low operating costs, of a limited number of generating stations to serve as the basis of a national power system. This selection is to be made in accordance with area schemes of a comprehensive nature, dealing also with the other phases of construction shortly to be mentioned, prepared and submitted to the Board by the Electricity Commissioners. The Board is to publish these schemes, give an opportunity to the interested parties to register objections to them, and, if it thinks fit, hold public inquiries upon them. It is then charged with the duty of adopting the schemes and carrying them into effect. What seems, to an independent critic, to be generous protection to existing undertakers is further reinforced by one of the many clauses in the Act providing for arbitration, which allows an appeal to be lodged against a scheme and complaints to be brought before an arbitrator at any time within a month after the scheme's adoption.

The next stage is for the Board to arrange with the owners of the "Selected Stations" that their operations shall

be such as to ensure the best results from the scheme in their Area, considered as a part of a national system of generation. This involves both extensions and alterations to existing Stations, and the erection of new ones. The owners of Stations can resort to arbitration if they consider that the extensions or alterations proposed by the Board impose an undue financial burden upon them. In the case of refusal on their part to carry out proposed extensions or alterations (i.e. to operate under the general direction of the Board) the Minister of Transport may make an order authorising the acquisition of the Station in question by any undertaker approved by the Board, or as a last resort by the Board itself, but such an order does not become effective until it has been laid for thirty days without protest being made before both Houses of Parliament. If the Board should acquire a generating station by this means, it may only operate it itself after it has satisfied the Electricity Commissioners that it has been unable to arrange with any suitable agent to do so. Similar restrictions are laid upon the Board with respect to new generating stations, which it may itself neither construct nor operate until it has shown the Commissioners that no other body with which satisfactory arrangements can be made to do so can be found.

Once the arrangements with respect to the extension and alteration of Selected Stations have been made, how is the function of generation to be divided between the private undertakers and the new public authority? The Stations are obliged to operate under the general direction of the Board, and "with due regard to economy and efficiency," and to sell to the Board all the electricity which they generate. The Board regulates the total amount, rates and times of their output; and their total product is to be sold to the Board at a "cost of production" price to be ascertained in accordance with rules set out in the Second Schedule to the Act. Having sold their supply to the Board

the Stations are entitled to buy back from the Board what they require for the purposes of their own undertakings, up to the amount which they have themselves supplied. The price which they are to pay for this repurchase is the cost of production (i.e. what they have received from the Board), adjusted according to the load and power factors, plus a proper proportion of the Board's expenses in providing and maintaining the Grid, or alternatively—if this is cheaper —a sum based on the general tariff or tariffs established by the Board for the energy which it supplies. A most important limitation on the price to be charged for energy by the Board to owners of Selected Stations is contained in section 13 of the Act, which provides that if these owners can prove to the satisfaction of the Electricity Commissioners that the cost to them of taking a supply in any year from the Board on the terms just mentioned is greater than the cost which they would have incurred, had the Board not been established, in generating a similar quantity of electricity for themselves, the Board's charges for the year shall be reduced to the level of their own estimated costs.

Arrangements with regard to the sale and resale of energy are intimately allied to the Board's duty, described by the Weir Committee as the key to its proposals, of effecting "interconnection" between the Selected Stations in an Area and also between those Stations and the systems of other authorised undertakers. This involves the chief function of physical construction to be undertaken by the Board and the most widely-known feature of its operations—the erection of a national system of main transmission lines, or "Grid." This system of lines and cables, with the necessary subsidiary lines and transforming and switching apparatus, is the only physical part of the national power scheme which will normally be the property of the Board. In order to make the interconnection which it provides effective, the Board is given the duty of directing and managing the

standardisation of frequency which the Electricity Commissioners have the power to require Selected Stations and other authorised undertakers to effect, and the cost of which is not to be part of the Board's expenditure on the Grid but to form a levy on the supply industry as a whole.

These duties of a constructive nature constitute the groundwork of the national power plan. Once they have been carried out, the Central Electricity Board commences fully to perform the functions described above as "Trading and Development." It assumes its principal rôle of a bulk supplier, drawing on the national pool of power concentrated in the Grid to supply current either directly or indirectly to all authorised undertakers who request it to do so, as well as to sell it back to the Selected Stations in the manner just indicated. To supply all authorised undertakers who request a supply is a definite obligation on the Board, modified by clauses protecting the interests of undertakers under certain circumstances and relieving the Board, if the Commissioners approve, under others. The price to be charged by the Board for the energy which it sells to authorised undertakers is to be in accordance with a general tariff established by the Board and so fixed that "over a term of years to be approved by the Electricity Commissioners the receipts on income account shall be sufficient to cover the expenditure on income account, including interest and sinking fund charges, with such margin as the Electricity Commissioners may allow."[1] Certain rules are laid down in the Act for the framing of this tariff, which need not be a flat rate for the whole country but may vary for the different Areas of the system.

It was to be anticipated that so soon as the Board entered upon full trading operations in any Area, and began the function of developing its undertaking, certain generating stations which had not been among the Selected Stations

[1] Section 11 of the Act, with which vide also sections 7, 12, 13.

would become economically redundant. The Act allows a non-Selected generating station to be closed down only if the Board can prove to the satisfaction of the Electricity Commissioners that it can supply such a station from the Grid over a period of seven years at a cost which is below the prevailing cost of generation at that station; and this procedure is somewhat heavily weighted against the Board by a clause which excludes the charges on the capital expenditure of the station from being taken into account when the comparison of costs is made. However, this limitation is not such a check upon the development of the Board's undertaking as it might appear to be, and mention of it requires some anticipation of the discussion of the manner in which the Board has functioned within the framework of powers and duties extended to it by the Act. The Act lays down that the original Area schemes may provide for temporary arrangements to be entered into between the Board and the owners of generating stations for the giving and taking of supplies of energy during the period in which the works specified in the schemes are being carried out. The Board found that such arrangements were of value as a means of introducing the advantages of co-ordinated generation at the earliest date and also of restricting what, from its point of view, was the undue extension of plant at certain generating stations; and it established trading arrangements with a number of stations which were not for various reasons suitable to be chosen as Selected Stations and yet which were unlikely to be economically redundant for some time to come. These relationships between the Board and what may be called the 'border line' generating stations were extended beyond the era of construction, and were the main subject of the only piece of legislation hitherto introduced to amend the Act of 1926. The Electricity (Supply) Act, 1935,[1] gave legislative sanction to the

[1] 25 Geo. V, ch. 3.

continuance of these temporary agreements between the Board and non-Selected stations and the creation of new ones, including agreements which would provide for the ultimate closing down of stations, and to these agreements being based, subject to the Electricity Commissioners being satisfied that this would not involve the Board in financial loss, on charges other than those provided for in the Board's general tariff; its second chief operative clause extended power to the Board to supply electricity for haulage or traction purposes directly to any railway company.

Before entering into fuller consideration of the financial powers and status of the Board some further remarks may be made on the division of functions between the Board and the Electricity Commission. It should be obvious from what has already been said that the duties of the Electricity Commission have been considerably extended by the Act of 1926. To a student of the Act who is neither an electrical engineer nor a lawyer it would seem that the expert arm of the Commission intervenes to approve or modify the actions of the Board at every vital point. However, the allocation by the Act of 1926 of different and definite functions to the two bodies establishes the Board as an institution with a distinct sphere of rights and duties and realm of independence of its own, and it was with this in view that the position of the Commission with regard to the Board was described at an earlier stage of this essay as that of "a complementary, and in some respects superior, body." It has been stated that the Electricity Commission's chief functions may be classed as (*a*) planning and (*b*) judicial functions. The most important of the planning functions are the delimitation of the country into areas and the preparation and submission to the Board of the original schemes, and the continuous provision of statistics and technical information for the use of the Board and others. Functions which may be broadly spoken of as judicial, and many of which have already been

mentioned, bulk more largely in the relationship between the Commission and the Board, and include approval of the Board's directions for extensions and alterations to Selected Stations, of proposals on the part of the Board to operate an existing generating station or to construct or operate a new one on its own account, and of exceptions to the obligation of the Board to supply energy to all authorised undertakers who request it to do so; decision with respect to the closing down of a non-Selected station; powers of an extensive nature, to be noticed shortly, over the Board's borrowing operations and general financial arrangements; and authorisation of action by the Board in a number of minor matters such as the breaking up of roads or railways to convey any surplus electricity which it purchases. The Board is under an obligation to furnish to the Electricity Commissioners "at such times and in such form and manner as the Commissioners may direct such statistics and returns as they may require." A number of functions of a more precisely judicial character may, under the generous provision made by the Act of 1926 for arbitration, be exercised by an arbitrator, who is to be a barrister or advocate qualified for judicial office and selected by the Minister of Transport from panels prepared by the chief judicial officers of England and Scotland.

Economic and Financial Status

In what sense can the term "public" be employed to convey an accurate description of the Central Electricity Board, entrusted as it is with these compulsory powers to co-ordinate the generation and main transmission of electricity on a national basis and yet so removed from what have hitherto been regarded, and conveyed by the term "nationalisation," as the normal methods of public ownership and control that it bears many of the marks of a private undertaking? If the use of this epithet is proper, it would

seem logical (granting the presuppositions of democratic theory) to suppose that members of the public should have an adequate conception of the nature and manner of administration of the property in which they possess a controlling interest. It must already be sufficiently apparent that this study is primarily concerned with the public in its aspect of the general body of *citizens* rather than of *consumers*. Does the application of the terms "public" and "socialistic"[1] to the Central Electricity Board imply that the institution is owned, either in whole or in part, by the general body of citizens? Or does this attribution of public status refer less to a relation of ownership than to one of control?

An attempt to answer these questions involves fuller consideration of the financial powers and status of the Board.[2] The manner in which the Board buys and sells electric current, in relation both to the Selected Stations and to other authorised undertakers, has already been described. Sale is made to Selected Stations at the cost of production at those Stations, with certain adjustments provided for in the Act, and to non-Selected stations and other undertakings on the basis of the Grid Tariffs. Both these methods of sale are, however, conditional upon the undertakings not being prejudiced in their operations by the existence of the Grid. The Board is precluded from making a profit on the sale of current, although the Grid Tariffs are to be framed for a budgetary period in such a way as may be anticipated to leave a margin of income over expenditure.

The Board is granted power to borrow for the following purposes: (*a*) the construction or acquisition of main transmission lines and generating stations; (*b*) any other payment or any permanent work it is authorised to do, the cost of

[1] e.g. Sir Herbert Samuel's "an admirable piece of socialistic legislation," in the House of Commons, July 26, 1933.

[2] Vide sections 26–30 of the Act.

which should, in the opinion of the Electricity Commissioners, be spread over a term of years; (*c*) the payment of interest on capital during the period when this remains unremunerative; (*d*) the provision of working capital, and any other purpose for which the Act gives specific authorisation to borrow. All the Board's borrowing operations require the consent of the Commissioners, and are subject to regulations as to repayment and reborrowing made by the Minister of Transport and approved by the Treasury. All sums borrowed must be repaid within such period, not to exceed sixty years, as the Commissioners may determine. The maximum amount which the Board may borrow is fixed by the Act at £33½ millions, though this may be exceeded by Special Orders made by the Commissioners and confirmed by the Minister of Transport. The Act includes provision for the Board to charge interest on its loans to capital account during the period, which is to be approved by the Commissioners after consultation with the Treasury and must not exceed five years, in which capital expenditure remains unremunerative. The Board's loans are to be raised by the issue of "Central Electricity Stock" to the public.

The Act contains the important feature of Treasury power to guarantee, up to the extent of £33½ millions, the Board's loans. This is, however, a permissive power only. Presumably the guarantee has to be obtained by the Board at the time of making a particular loan, and is not intended to be retrospective in effect.

Since the members of the general public who buy Central Electricity Stock acquire no voice in the appointment of the managers of the undertaking, no voting rights, and no control over further issues of stock, they cannot in any sense be described as the owners of the Central Electricity Board, but occupy the position, analogous to that of the holders of municipal loans, of creditors. The only manner in which the ordinary members of the public could incur direct

responsibility for the Board's finances would be in their capacity as taxpayers, in the unlikely event that the Board, having obtained a guarantee from the Treasury and failed to meet its obligations had to call upon the Treasury to do so. The Central Electricity Board is not, therefore, like a limited liability company, a form of property which is ultimately owned as well as controlled by the majority of its stockholders; yet as a body corporate it enjoys, unlike the Post Office and other old-established Public Departments, independent legal ownership of the property and assets which it creates and administers. But its property and assets are held under a statutory grant which is in effect a trusteeship for the general public, and are also subject to a considerable degree of supervision by two Public Departments.

The Board would seem to enjoy a strictly limited measure of what the Bridgeman Committee on the Post Office described as "self-contained finance." Its activities in raising capital are subject to the complete control of the Minister of Transport and the Treasury; and its revenue from the sale of electrical energy is closely regulated in the manner already described. Its measure of financial independence lies in its freedom to spend its capital in the manner which it thinks fit. Provisions in the Act which secure a degree of indirect public control over this expenditure place the Board under the obligation to publish an annual statement of accounts, in a form prescribed by the Minister of Transport and audited by auditors appointed by the Minister, at a price not exceeding one shilling.

The attribution of "public" status to the Central Electricity Board refers, therefore, to a relationship between the Board and the general public both of ownership and of control. The Board holds its property under a form of public trusteeship, and is granted compulsory powers and monopoly privileges with respect to a certain sphere of the business of electricity supply in order to carry out a public purpose. No

attempt will be made here to attempt the task of defining the nature of the Board's monopoly, but it must be noticed that this is strictly circumscribed. Although, through its power to select and regulate the operations of generating stations and its ownership and operation of main transmission lines, the Board exercises effective control over the *functions* of generation and transmission, it does not, on account of the limitations placed on the application of Grid Tariffs, by any means exercise such control over the *price* at which current is sold. And, as purely a wholesaler or broker of electricity, it enjoys no control over distribution, or the retail promotion and marketing of the product in which it deals.

On the problem, of much importance when measures of socialisation are under review, of compensation to displaced proprietors, the experiment which the Central Electricity Board represents can shed little illumination.[1] It has been seen that the owners of the generating stations selected by the Board are protected against incurring higher costs through the introduction of the Grid system, that the generating stations not selected can be compulsorily closed down only if it is shown that their cost of production "substantially exceeds" the cost to them of taking a supply from the Grid, and that it is only in exceptional circumstances and under full safeguards to existing owners that the Board can supplant or compete with existing undertakers as a producer of electrical energy. A clause in the Act of 1926 provides for compensation being paid to officers and servants of undertakings who may be adversely affected through the establishment and operations of the Board.

Appointment and Composition of the Board

Before considering the manner in which the Central Electricity Board has exercised the powers and performed

[1] A good deal was, however, made of this question in the debates on the Act of 1935, by those who opposed the grant to the Board of power to deal directly with the railway companies.

the functions assigned to it, the method by which the persons responsible to Parliament and the public for the exercise of these powers and performance of these functions are chosen, and the type of persons these are supposed to be, must be considered. Readers may usefully be reminded of the leading significance of the questions whether appointment to the Board of a semi-independent Public Corporation should be 'political' or otherwise, and whether the Boards should be in some manner 'representative' in their composition.

The Act of 1926 provided that the Minister of Transport should appoint a Central Electricity Board of a chairman and seven other members "after consultation with such representatives . . . of the following interests as [he] thinks fit, that is to say, local government, electricity, commerce, industry, transport, agriculture, and labour." This arrangement, which in fact leaves the choice to the discretion of the Minister, has been widely commended as a method which avoids the obvious difficulties of a system of direct representation and yet ensures the selection of capable and experienced men. Members of the Board are expressly forbidden to sit in Parliament, and may not, if they are whole-time members, hold securities in undertakings which supply electricity or manufacture or sell equipment for generation or transmission. The term of appointment to the Board is fixed at not less than five, nor more than ten, years, but there is nothing in the Act to prevent re-appointment. Individual terms of office within these limits, the question of whole or part-time appointment (except in the case of the chairman), and the amounts of salary to be paid, are left to the decision of the Minister.

The Minister of Transport is in a position, therefore, to create a body with a character of semi-permanence, and the Central Electricity Board has in practice shown such a character. After more than nine years of existence five of

the eight original members of the Board still serve upon it, and only three new members have been appointed. At the end of 1934 Sir Archibald Page, who had been General Manager of the Corporation since its inception, was appointed to succeed to the chairmanship of the Board held by Sir Andrew Duncan during the same period. In addition to the gain derived from this feature of continuity, the composition of the Board has by most people been regarded as well suited to the complex technical functions to be performed without being too 'expert' in character to involve the risk of neglect of the wider public issues which these functions raise.[1] One-half of the members of the present Board followed, in their previous careers, some branch of the profession of electrical engineering; the other four had pursued (in addition, in some instances, to varied administrative experiences) the vocations of barrister, working miner and trade union secretary, railway manager, and banker. The members of the Board enjoy an average age which, in comparison with that of the members of the Board of Governors of the B.B.C. during the first decade of that institution's history, is distinctly low.

No member of the Board except the Chairman is a full-time official. The salaries of its members were announced by the first Minister of Transport responsible, in answer to a question in Parliament, to be £7,000 per annum for the Chairman and £750 per annum for the other members. The Board holds a regular monthly meeting, but has, especially during the early years of its existence, sat in constant session for considerable periods. It has formed a few small sub-committees to deal with special phases of the Corporation's work, which are assisted in their deliberations by leading members of the permanent staff, more especially

[1] Some support has, however, been forthcoming for the view, expressed by the *Economist* at the time of the appointment of the original Board, that the electricity supply industry is too heavily represented.

the heads of the Secretarial, Legal, Accounts, Engineering, and Commercial Departments. The Board discusses broad questions of policy and finance, sanctions all expenditure and constitutes the final source of authority within the organisation upon all matters. Obviously, since all its members with the exception of the Chairman are part-time officials, it does not penetrate the daily functioning and internal administration of the Corporation in the manner in which, for example, the Post Office Board, composed of permanent heads of Departments, penetrates the functioning and administration of the Post Office. No reflection is implied by the writer on the Board's adequacy as a piece of machinery to serve the purposes in view, nor upon its efficiency as an association of actual persons, in repeating the picturesque description of its position offered to him by a member of the Post Office Board, by way of suggesting a comparison with the position of that official's own body, as that of "sitting up aloft."

Operation

Since the Central Electricity Board has now been in existence for more than nine years fair opportunity has been provided for estimating the degree of success with which it has performed the initial, constructive, functions assigned to it.[1] The weight of opinion expressed by engineering experts and economists credits the Board with having carried out these functions with a high measure of technical competence, expeditiousness and economic success. The Board early established definite objectives and adopted decided policies for carrying these out, and has acted on its programme with initiative and speed. While preserving

[1] The chief source of information on the Board's operations is its *Annual Reports*, published by Whitehead Morris, Parliament Street, S.W.1, at prices ranging from 1s. to 5s. The annual *Statement of Accounts* is published separately by the same firm.

an attitude of independence, it has dealt with entrenched interests in the industry by methods of persuasion rather than of compulsion, with the result that its preliminary work has been accomplished with little friction, small resort to the extensive provisions of the Act of 1926 with respect to arbitration and, prior to 1934, no request for amendment of this Act.

To what extent has this satisfactory record been due to the character of the industry with which this Corporation is concerned? The distinction between old and long-entrenched and new and flexibly-organised industries is an important one where any scheme of transfer from private to public ownership and operation is under consideration. It has already been noticed that the history in this country of the electricity supply industry and of its regulation dates back more than fifty years, and that the conditions under which the industry grew to adolescence fostered an entrenched parochialism and put formidable obstacles in the way of progress towards a nationally co-ordinated supply system. But the Central Electricity Board, the first genuine step towards such a system, has drawn enormous advantage from the fact that the industry has only just reached adolescence, that it is a 'new' one in the sense that it is capable of extensive further development in Great Britain for new strata of the population and new industrial and domestic uses.[1] The Board has been able to add to the prestige of its public status the psychological and material appeal of being 'progressive,' and to enlist in its support such varied enthusiasms as those of the engineer, interested in technical efficiency and scientific development, of industrialists and politicians, inclined to regard electrical expansion (especially during a period of trade depression) as a means to the improvement of their own business affairs or a key to the

[1] In the period 1929–1936 electrical output in Great Britain increased by 95 per cent, while world output increased by about 35 per cent.

revival of the competitive position of British industry, and of vast numbers of the general public, to whom the prospect of more extensive supplies of electricity has spelt economy, labour-saving, or greater comfort and convenience of living.

The major part of the Board's existence up-to-date has been occupied with the construction phase of its activities —the selection of generating stations, the construction of the Grid and the introduction of standard frequency. Although construction and trading have overlapped, the functions just mentioned dominated the first six and three-quarter years of operation, or the period up to the close of 1933, when the work of construction was completed in its essential features and the era of general trading opened.

The Area schemes, prepared on the Board's behalf by the Electricity Commissioners and subject to the various stages of publication and inquiry already described, were examined and adopted with rapidity. The Board early established the policy of resisting the objections of existing interests in densely populated districts to inclusion in large new Areas. In several instances it introduced, after the stage of public inquiry, substantial modifications into the schemes as submitted by the Commissioners. And in an attempt to avoid, so far as possible, the processes of appeal and arbitration and to proceed with the interests concerned by the method of agreement, it held series of personal conferences between its members and representatives of the undertakers in the proposed new Areas. Five Area schemes were submitted by the Commissioners to the Board and four were adopted in the period from March, 1927, to December 31, 1928. The first scheme, that for Central Scotland, was adopted in June, 1927, and the ninth and last, that for South Scotland, in July, 1931. Two of these nine Areas, East England and South-East England, being operated as one after general trading commenced, the Board now conducts its operations in eight Areas which cover nearly the whole of Great

Britain.[1] The only part of the country not directly included in the reorganisation programme is the North Scotland Area which, though territorially large, accounted in 1931 for only 1·8 per cent of the population and 2·5 per cent of the electrical output of Great Britain. The preparation of a scheme for this Area is not at present in contemplation. There existed at the end of 1936 in the Board's eight Areas 137 Selected Stations with a total installed capacity of some 7,206,000 kilowatts; some 554,000 kilowatts of new generating plant were brought into service in these Stations during the year. The Board has not so far found any occasion to attempt to take over a Station from its existing owner.

The construction of the Grid and the interconnection of Selected Stations were carried on concurrently with the process of examining and adopting schemes. Since the ultimate objective of the reorganisation plan entrusted to the Board was the elimination of isolated or inefficient stations, and since technical developments from 1919 onwards had been continuously adding to the number of stations and the multiplication of plant, including heavy allowances of spare plant, speed was a factor of vital importance in the Board's construction programme. For this reason the Board took pains to avoid the method of invoking compulsory powers to acquire wayleaves and proceeded by means of negotiation and co-operation with the authorities, public and private, whose consent was required or whose interest was affected. In addition, so soon as sufficient of the Grid was completed in an Area and occasion offered itself, the Board made temporary arrangements with generating stations with a view to restricting the unnecessary extension of plant and introducing some of the advantages of co-ordinated generation at the earliest possible date.

Work on construction of the Grid was begun in December,

[1] Maps contained in the earlier of the Board's *Reports* indicate the exact boundaries of the Areas.

1927, and was completed in all esssentials, about a year ahead of expectations, when the final tower was erected at Breamore, on the borders of the New Forest, just under six years later, on September 5, 1933. The Grid, which will be subject to periodical reinforcements and extensions, to-day consists of some 4,125 miles of steel-cored aluminium transmission lines, about 3,000 miles of which are primary lines operating at 132,000 volts and the remainder secondary lines operating at 66,000 and 33,000 volts. These lines are carried by more than 26,000 towers, varying in height from the 487 feet of the Thames Crossing Tower to 70 feet, the latticed steel-work of which, so often seen standing starkly against the sky in remote parts of the countryside, is the chief reminder to most members of the public of the existence and operations of the Central Electricity Board.[1] Some 290 transforming and switching stations, known as "Grid points," connect the transmission lines to the network of generating stations and distributors. The actual control of the system in each Area is carried out by engineers on shift duty in the Board's Control Rooms at the Area headquarters. In these Control Rooms, which are described in the Board's *Sixth Annual Report* and appear to represent an advanced technical achievement, the control engineers are in direct telephonic communication, by some 6,000 miles of private circuits rented from the Post Office, with the engineers on the control boards of all the Grid Sub-Stations and Selected Stations in their respective Areas.

The erection of the Grid, which was accomplished at very nearly the original estimated cost, was a technical achievement of a high order, and also gave considerable technical impetus to the electricity supply industry as a whole.[2]

[1] The constructional features and design of the Grid are described in detail in the Board's *First Annual Report.*

[2] G.H., op. cit., p. 32, considers that "in general, technical progress has undoubtedly been immensely more rapid than would ever have been possible under independent private enterprise."

The process, it is important to note, was vitally affected by the status of the Central Electricity Board as a Public Corporation. In the first place, the fact that during most of the period of construction Great Britain was suffering from serious trade depression and unemployment allowed the huge expenditure involved to gain additional justification before Parliament and the public as a stimulus to depressed industries and an aid to labour. Secondly, the Board presumably felt itself under a special obligation to favour British firms in its placing of contracts, and all its contracts connected with the work of Grid construction were placed in the domestic market. Thirdly, the Board was in a position to take special consideration of the aesthetic and public convenience aspects of the Grid's construction, or the much-debated 'amenities' question, which aroused as much Parliamentary and public discussion as any other single feature of the work.

Although its construction could only be carried out regionally and by stages, the Grid was from the first envisaged by the Board as a unit and careful consideration was given to the problems of general design, public convenience, and safety, as well as to those of technical efficiency, which were involved. Sir Reginald Blomfield was appointed consulting landscape architect to the Board in 1928. While in the earlier years of Grid construction a good deal of criticism and protest was voiced by members and sections of the public who for some reason opposed the use of overhead transmission lines, or who could not reconcile the 'simplicity and utilitarian bareness' of the Grid structures with their own notions of beauty,[1] unfavourable comment gradually gave way before general satisfaction.

The task of introducing a national standard frequency of 50 cycles, which is carried out by the undertakers in

[1] Mostly in connection with two regions, the Lake District and the New Forest.

accordance with programmes arranged with the Board and in collaboration with the Board's engineers, is not an easy one and has proved to be both slower of achievement and more costly than was anticipated by the Weir Committee. The slowness must in part be attributed to the fact that, the cost of conversion not being part of the Board's expenditure on the Grid but forming a levy on the supply industry as a whole, opposition has been offered to the policy in certain Areas. Progress over this part of the programme has, however, been more rapid recently; by the end of 1935 the change to standard frequency had been effected in respect of about two-thirds of the installed capacity of generating plant concerned and it is likely to be effected completely within about two more years. The conversion already carried out has had important results in securing improvement in the electrical equipment and lay-out of factories and increased business for the industry.

The Board had substantially concluded its construction activities and entered upon the phase of general trading at the beginning of 1934. In two Areas, Central Scotland and Mid-East England, general trading had commenced on January 1, 1933. Fifteen months later the Board had started general trading in five of the eight Areas, and by the beginning of 1936 in six of them. In the remaining two Areas, North-East England, where the standardisation of frequency is not yet sufficiently advanced to permit of the introduction of the Grid Tariff, and South Scotland, where hydro-electric works are in course of construction, the Board has not advanced beyond the stage of preliminary trading. The Grid Tariffs adopted, with the approval of the Electricity Commissioners, for each of these six Areas have been based on careful economic surveys and on estimates associated with forecasts of growth of load over a series of years, and are so framed that revenue receipts shall be sufficient to cover revenue expenditure, including interest but with some

suspension of sinking fund charges, over a period of ten years. Thus, although in the earlier years of the budgetary period the outgoings may be more than the incomings, surpluses in the later years are expected by the Board to be sufficient to recoup initial deficiencies and leave a small margin. "The demand for electricity in Great Britain," the Board stated in its first year of general trading, "is potentially so great that this policy of budgeting for losses in the early years of the first Tariff period can safely be adopted." The Tariffs for the six Areas are similar in form, as well as in the period of their contract.[1] Particulars as to their form and content are set out in the Board's *Annual Reports* of the past four years.

The maximum amount which the Board has so far been empowered to borrow under the 1926 Act and subsequent Special Orders is £60,000,000; the amount for which consent has been obtained from the Electricity Commissioners is £52,500,000, and borrowing powers had been exercised up to the end of 1936 to the extent of £50,672,500. The Board has not, it is important to note, hitherto applied to the Treasury for a guarantee in respect of any of its loans —a fact of obvious bearing upon the general question of the maintenance by the Board of its independence. Altogether the Board had issued a nominal total of £53,500,000 of Central Electricity Stock, of which £52,793,003 was outstanding, by December 31, 1936. In February, 1936, an issue of £3,500,000 Central Electricity 3¼ per cent Stock was made at par, and was described by the Board as, so far as could be foreseen, the last issue which would be made for some years to come. About two-thirds of the Board's capital expenditure, or some £36 millions, have been allocated to "general purposes"—i.e. the construction of the Grid and expenses incidental thereto—and one-third, or some

[1] With the exception of the Tariff for the Central England Area, for which the period is 9¾ years.

£17½ millions, to standardisation of frequency. With respect to this last sum the Board is merely the agent for collection and disbursement to undertakers directed to effect standardisation, and recovers the service charges from the Electricity Commissioners when these fall due.

Impartial study of the Board's financial career requires mention of the fact that a certain amount of criticism, probably emanating from a limited number of sources, has been made in Parliament[1] and the Press concerning the nature of the financial advice upon which the institution has acted in the past. The period of most active work on the construction of the Grid coincided with an era of trade recession, when money was still relatively dear. The Board raised £36,000,000 between May, 1929, and June, 1932, when the average yield on 2½ per cent Consols was 4·46 per cent; and it has been calculated that some 72 per cent of its requirements up to the end of 1935 were financed at an average interest rate of 4·93 per cent and only 28 per cent of these at an average interest rate of 3·63 per cent. The Board was also encouraged to raise £10,000,000 of 4½ per cent Stock at 96 in June, 1932, less than a month before a War Loan conversion offer on an approximately 3½ per cent basis was announced. While the relationship in which these last two transactions should stand to one another may easily be, and has been, distorted, their close concurrence caused scepticism to be felt in some quarters about the wisdom of the Board's financial policies.

The main conclusions which emerge for the writer from study of the Central Electricity Board's past operations and present prospects are: (1) that the construction of the Grid system was carried out with considerable efficiency and, taking into consideration the protection afforded by the Act of 1926 to existing interests and the importance from the point of view of the Board of the factor of speed, a fair

[1] e.g. 295 *H.C. Deb.* 5s., 1050–9, November 29, 1934.

measure of economy, and has already produced substantial 'rationalisation' and savings in cost for the industry considered as a whole, and (2) that the trading operations of the Board show satisfactory results for the short period during which they have been taking place, but are subject to a somewhat severe handicap.[1] It was fortunate from several points of view that the inauguration of the Grid scheme coincided with the big expansion of national demand for electricity supply. In 1927–28 the number of units generated by all authorised undertakers, railway and tramway authorities, and certain non-statutory undertakings in Great Britain was some 9,928 millions; by 1935–36 the figure had risen to 18,415 millions, which constituted an increase of 15·9 per cent on the output of 1934–35. The initial effect of the construction and operation of the Grid has been to enable individual generating stations to meet the steady annual increase in demand, and to earn revenue, with plant which it had formerly been necessary to hold in reserve. Once the load demanded of a station has absorbed this released plant, the smaller aggregate capacity now required and the possibility of installing larger and more economical units of plant enables the station to provide for further load at lower capital cost. The new generating plant installed during 1929–35 was undoubtedly far less than would have been required under conditions of independent ownership to meet the 70 per cent increase in national output which took place over that period. The Board calculates that the saving in capital expenditure for this purpose during 1935, when the increase in new generating plant put into commission in Selected Stations represented about 4 per cent of total installed capacity whereas the output of

[1] For one of the most thorough inquiries into the economic working of the Grid system vide M. G. de Chazeau, "Electricity Supply in Great Britain," *Journal of Land and Public Utility Economics* (Madison, Wisc.), August, November, 1934.

authorised undertakings increased by 13·6 per cent, was about £2·4 millions, and that such saving during the whole period of its career amounts to the large sum of £14 millions. It also estimates that from 1937 onwards the increase in the capacity of Selected Stations will be roughly commensurate with the anticipated increase in national electricity demand. The second major economy introduced by the Grid system has arisen through the concentration of production in the most economical generating stations; during 1936 sixteen of the most economical stations in the six Areas in which the Board was conducting general trading operations supplied more than 50 per cent of the total units generated for the Board in those Areas. Thirdly, the system has been followed by a saving in fuel consumption, which for stations operating under the Board's control amounted in 1936, according to the Board's calculations, to about 14 per cent over the average consumption of these stations when operating under independent conditions four years earlier. Fourthly, there can be small doubt that the standardisation of frequency already accomplished and before long to be completed represents a solid investment, both from the standpoint of operations and from that of the manufacture of apparatus. Further positive achievements to be credited to the Grid system are the varied indirect benefits accruing to undertakers from collective operation, the general availability to undertakers of the technical and other experience acquired by the Board in its large-scale operations, and the continuous educational work carried on by the Board's officers to assist the owners of Selected Stations to observe that clause of the Act which requires that they shall operate their undertakings "with due regard to economy and efficiency."

During the few years of general trading operations the consumption of electricity in all the Areas in which such trading has been in progress has exceeded the estimates made by the Board in framing its budget, and these

operations have produced financial results of an encouraging nature. The Board's working profit, from operations in those Areas in which full trading had been introduced, was £6,570 in 1933, £95,903 in 1934, and £1,087,287 in 1935. The 1935 figure represented $3\frac{1}{8}$ per cent on the two-thirds of the Board's total capital (bearing a nominal rate of $4\frac{1}{8}$ per cent) on which interest has eventually to be paid from earnings, and it was hardly expected that so large a proportion of the Board's interest charge would be met from earnings at this early date. With the present expansion of demand there is good reason to believe that this upward trend of earnings will continue, and that the Board should be able to withstand any possible future depression.[1] It is, however, necessary to bear in mind that the Board's trading operations are conducted under what the future may show to be severe limitations. The situation created by section 14 of the Act of 1926 would seem to have been largely overcome by the temporary arrangements made by the Board and regularised by the amending Act of 1935; the Board had made such arrangements with 25 undertakers prior to the passage of the Act, and has made arrangements with 6 further undertakers since. The more important limitation is that contained in section 13 of the Act. Up to the present many owners of Selected Stations have taken advantage of the overriding protection afforded to them by this section; this has necessitated detailed calculations and prolonged discussion, though it appears that the Board and the owners have usually managed eventually to reach agreement about the section 13 cost level and that resort to the Electricity Commissioners has been infrequent. But it seems to the writer that optimistic estimates about the Board's future

[1] As this study went to press publication of the Board's financial results for 1936 showed further progress achieved, with a profit of £1,689,487 for the year, and total interest payments of £2,197,243.

financial success must be tempered by recollection of the vital significance of the limitation contained in section 13 to the general economic functioning of the scheme, and that further time and experience are needed before it can be said that this limitation has shown itself to be a satisfactory compromise between the claims of the private undertakers of the industry and of the public control of generation and main transmission entrusted to the Board and has not proved a serious obstacle to the economic success of the latter.

What contribution have the formation and operations of the Central Electricity Board made towards the two objectives which lie at the root of national planning and co-ordination of the electricity supply industry—the reduction in price and greater availability of energy to all classes of ultimate consumers? The answer is that the economies and co-ordination of services in generation introduced by the publicly-owned Grid system form a contribution towards lower retail costs and extended services to the ultimate consumer which is potentially considerable, but which cannot be fully realised except by the introduction of corresponding economies and rationalisation of services on the part of the secton of the industry responsible for distribution. Under existing conditions authorised distributors—i.e. those engaged in secondary transmission, distribution, and promotion—obtain energy in bulk at a low price common to an entire Area, but there is no guarantee that the benefits which this situation confers will be passed on in the form of reduced prices and extended services and facilities to the public. Over the country as a whole the average cost of generating electricity for public supply, or the wholesale cost of the industry, has fallen during the decade 1924–25 to 1933–34 by 46 per cent; but during the same period the average cost of distribution, which now accounts for more than half the total average cost, has remained almost constant. Future reductions in cost can be brought about to only a limited extent by further

economies in generation, and must mainly depend upon greater sales of electricity causing a fuller and more generally efficient use of the capital invested in distribution undertakings. Figures have already been given to demonstrate the big increase of national consumption of electricity which has been taking place since 1927 and which is at present continuing. Growing sales of electricity have also been spread over a steadily mounting number of consumers. In 1921 the total number of consumers, including bulk consumers, in Great Britain connected to public supply systems was probably under 2 millions. In 1927–28, the first year for which official statistics of consumers were available, the total was 2·6 millions; in the past few years it has been growing at an annual rate of half a million and by the end of 1934–35 had reached 6·9 millions. But the considerable progress in making electricity supply more generally available which these figures indicate does not mean that there is not much remaining to be done in this respect. The *Annual Report* of the Electricity Commissioners for 1935–36 showed that at the end of 1934 there were still nearly 6 million premises in Great Britain, about 87 per cent of which were domestic premises, which were not connected to public supply systems. Great Britain is still far from being in the forefront as regards the use of electricity for industrial purposes, and the field for further electrical consumption, both industrial and domestic, remains very large.

That improvement in the existing methods and organisation of electricity distribution is a matter of urgent necessity if the country's potential electrical development is to be fully and economically realised has been beyond dispute for some time past. Brief attention must be paid here to the chief suggestions for such improvement, both because the Central Electricity Board is vitally, if not formally, interested in better distribution services, and because certain of the suggestions embrace proposals for extension of the Board's

present functions. In July, 1935 the National Government appointed a Committee of three persons, under the chairmanship of Sir Harry McGowan, to review the methods and organisation of electricity distribution and suggest means by which these could be improved. The McGowan Committee issued its Report in June, 1936,[1] and stated in the forefront of it that "the problems arising in connection with distribution are entirely different in character from, and far more complex than, those arising in connection with generation," and that the factor of "commercial enterprise" was pre-eminent so far as the section of the industry engaged in distribution was concerned. The Committee found that there existed in Great Britain on March 31, 1934, no less than 635 separate authorised undertakers (some 60 per cent of whom were local authorities and some 40 per cent companies or persons), and that the 627 of these (exclusive of the C.E.B.) which were engaged in the supply of electricity at that time were operating 643 undertakings.[2] It drew attention to the lack of uniformity among these undertakings with respect to size, systems of supply and voltages, tariffs, and facilities; the existence of duplicate and competitive powers of supply in many areas; the "far from satisfactory" position of supply in rural areas, and the uneven and irregular manner in which individual undertakings had shared in and promoted the increases in national consumption of recent years. The Committee suggested that any scheme for the improvement of distribution must in principle involve adoption of one of the following two courses: (1) immediate and complete reorganisation on a regional basis under public control, by the setting up of regional boards which would buy out all the existing undertakings, or (2) the retention and utilisation, where possible, of the larger and more efficient of the

[1] Stationery Office publication, 1936.

[2] The London and Home Counties District contained 82 authorised undertakings.

existing undertakings, both public authorities and companies, and the absorption by these of the smaller and less efficient concerns. The Committee recommended that the second, or more conservative, of these alternatives should be adopted as the basis of reorganisation, and that the essential objects of amalgamation on these lines should include (*a*) a substantial reduction in the existing number of undertakings by the substitution of larger and more economic units, (*b*) the prevention of the splitting up of comprehensive undertakings as the result of the exercise of rights of purchase by individual local authorities, and (*c*) the elimination of duplicate powers in a single area. After remarking that past experience had demonstrated that any attempt to carry through consolidation of the kind which it was proposing on a voluntary basis would be bound to fail, the McGowan Committee emphasised "the necessity that legislation should confer definite and adequate compulsory powers" to enable this reorganisation to be properly effected. It decided that these powers should be vested in the Electricity Commissioners. The Commissioners should delimit the country into a number of areas and select specially qualified persons to conduct local investigations and prepare schemes of reorganisation in each of them. They should then be empowered to approve schemes with or without modification, and these would become operative in cases where (*a*) they were agreed by all the undertakers concerned and (*b*) the individual output of any undertakings proposed to be acquired compulsorily under them did not exceed 10 million units in the year 1935–36. The Committee proposed that once the schemes of amalgamation had come into operation the Electricity Commissioners should not be given compulsory powers to require further amalgamations but should, however, be given continuing control in the form of executive powers to require undertakers to submit and carry out approved schemes of extensions, and to offer certain facilities

to the public of a kind now offered voluntarily by the progressive undertakers. Other suggestions of the Committee for addition to, or the strengthening of, the existing powers of the Electricity Commissioners included—reinforcement of the powers in regard to the exercise of purchase rights by local authorities, extended financial control over Power Companies and Distribution Companies, power to require the amalgamation of subsidiary companies controlled by Holding Companies, and more frequent publication of statistical returns.

Enough has been said to indicate that the scheme for reorganisation of electricity distribution put forward by the McGowan Committee provides for a larger measure of public control over this section of the industry but not (although it contains the suggestion that the area schemes of reorganisation "should make provision for the possibility of ultimate public ownership of all undertakings") for the transfer of existing private interests to public ownership, nor for enlargement of the status or functions of the Central Electricity Board. The main arguments which the Committee brought forward to rebut the proposal that distribution undertakings should be transferred to public ownership were that the industry as a whole had been showing remarkable progress in the past decade, that such a step would cause serious dislocation of the industry, that compensation of the acquired undertakings would be a complex matter and might hamper future development through imposing an undue burden of capital charges on the new authorities, and, by implication rather than direct assertion, that the "commercial enterprise" which is a factor of such importance in distribution would be better fostered by preserving existing ownerships in a consolidated form. It is safe to prophesy that the National Government, which will presumably declare its intentions in the matter during the Session of 1936–37, will deal with the reform of electricity

distribution on the lines suggested by the McGowan Committee. Even if the economic arguments and political philosophy likely to influence its action were such as to favour reorganisation of a more drastic character, the private interests concerned in the industry would, judging by the conflict over the Electricity Bill of 1926, be able to muster formidable opposition to such action. A further point which will weigh against a more drastic scheme of reorganisation is the fact that the Central Electricity Board could hardly be expected to look with favour on any action with respect to distribution which might have an adverse effect upon its revenues during their existing budgetary periods.

A programme for the transference of all existing private interests in the electricity supply industry to public ownership and the operation of the whole industry under full public control—or what Mr. Herbert Morrison has recently described in the House of Commons as "making a clean job of the whole thing on a national basis"—has been put forward by the British Labour Party.[1] This proposes that all authorised undertakings, the National Grid, railway and traction generation, certain non-statutory undertakings, and, under certain circumstances, private generating plant (which, it is estimated, still accounts for well over one-quarter of the total electrical energy generated in Great Britain) should be transferred to national ownership. The Electricity Commission and the Central Electricity Board would be abolished, and the management and operation of the unified public electricity undertaking be entrusted to a National Electricity Board which would be similar in structure and status—i.e. in the manner of its appointment, the degree of freedom in commercial matters entrusted to it, and the methods by which it was publicly controlled—to the Central Electricity Board. The authors of this programme state that "the effective direction of technical and

[1] *Reorganisation of the Electricity Supply Industry*, 1932.

public policy must be on a national basis" and appear to consider a high degree of centralisation of management both practicable and desirable, although they envisage the necessity for the devolution of certain functions and responsibilities to Regional Boards. A fuller statement of the case for socialisation of the entire industry can be found in the study by G.H. already quoted, which suggests that the Central Electricity Board with its function extended to embrace the retail side of the industry should be retained as the central controlling body and that the Electricity Commission should be retained for the performance of wholly judicial functions. It may be noted that these proposals for socialisation of the whole electricity supply industry rest in part on the view that the distinction commonly made (and emphasised by the McGowan Committee) between the economic and commercial problems of generation and those of distribution is overdrawn, as well as on the belief that the "commercial enterprise" required for the retail side of the business can be effectively secured under conditions of public and centralised management.

Students who may consider the proposals for socialisation of the whole industry as an over-simplification of existing issues now have the opportunity to learn more of the complexities of the present system of distribution from a detailed Report on *The Supply of Electricity in Great Britain* produced by the body known as P E P (Political and Economic Planning),[1] which describes itself as "an independent non-party group." The conclusions and proposals of this survey are for the most part supplementary to, rather than in conflict with, those of the McGowan Report. P E P considers that the McGowan Committee over-stressed the relationship between the size of supply undertakings and efficiency, as well as the economic inevitability of amalgamations, and proposes the creation by the Government of a Committee

[1] Published by P E P, 1936.

of Investigation to ascertain relative individual efficiencies and, where it finds amalgamation desirable, suggest the forms of ownership and control appropriate to the case. The large potentialities of the industry lead P E P to its second main proposal, that a new central authority, an Electrical Development Authority, with a constitution and status similar to those of the Central Electricity Board, should be established to undertake research and development, give financial and other assistance to the extension of supply to outlying areas, and deal with publicity, statistics, and problems of design. This new Authority would therefore be occupied with some of the functions assigned by the McGowan Committee to the Electricity Commission. In the view of P E P the Electricity Commission should be mainly restricted to regulatory and judicial functions, though given increased powers for a number of purposes, including the execution of the recommendations of the Committee of Investigation.

Whichever of these different proposals with respect to distribution, or whatever combination of them, may be translated into law during the years immediately ahead, it seems likely that the type of organisation with which this study is concerned, and of which the Central Electricity Board represents a successful working example, will play a useful part. It is not within the purposes of the present study to enter into the arena of discussion on the relationships, actual and proposed, between electricity supply and gas and other national forms of fuel and power. But it is clear that the semi-independent type of Public Corporation is likewise capable of making a valuable contribution to any scheme for co-ordinating the service of the different forms of fuel and energy.

The Responsible Minister

Any adequate answer to the question whether the Minister of Transport is the appropriate Minister to exercise a certain

measure of responsibility to Parliament for the Central Electricity Board must rest on some view of the proper method of organisation for British Public Departments considered as a whole, and of the allied question of Departmental representation in the Cabinet. Without attempting to enter the realms of controversy on these topics, it may be remarked that the existence of "much overlapping and consequent obscurity and confusion in the functions of the Departments of executive Government" is as evident to-day as when the Haldane Report drew attention to it, and that the method, whatever may be said in its defence, of grafting a new function on to a Department already charged with duties of an assorted and probably onerous character still obtains. The degree to which the distribution of functions among Departments can become orderly and logical must depend to a large extent upon the nature of the new functions of regulation or outright production which the State may assume, and the rate at which it assumes them. It was clearly an advance when the regulation of electricity supply was transferred from the Board of Trade (which remains, however, the authority for the regulation of gas) to the Minister of Transport. Yet it may well be doubted whether electricity supply is properly a 'transport subject,' or one which has a natural affinity with problems of highways, bridges and railways. A suggested change worthy of consideration is that its supervision should be entrusted to a Department of Power, with a Minister to represent it in Parliament, which might absorb the existing Department of Mines and also undertake the supervision of gas supply.

It has already been pointed out that one of the chief characteristics, in theory, of the semi-independent Public Corporation is freedom from direct and continuous control by a Minister, in the exercise of his responsibility to Parliament, over daily policy and management of the kind exercised by the Postmaster General over the Post Office or the

Secretary of State for War over the War Office. The Minister under whose authority the Corporation falls recognises responsibility only for the broad lines of its policy. The Board, or the human expression of the legal Corporation, is a body of men theoretically expert, responsible, and public-spirited enough to carry out the specific duties which Parliament has assigned to it with the minimum of interference from outside agencies as to precise ways and means.

The degree of formal responsibility to be exercised by the Minister of Transport for the Central Electricity Board is laid down in the Act of 1926, and has been indicated in the discussion of the functions of the Board earlier in this essay. The actual manner in which the five Ministers, belonging to three political Parties, who have held office during the existence of the Board have interpreted their responsibility has naturally depended to some extent on the personalities and interests of these five individuals. The only generalisation which it is possible to make is that all of them have, on the whole, allowed the Board the 'free hand' in the application of policy and management which it was the purpose of the Act to confer upon it. The character of semi-permanence assumed by the Board, the few changes which it has been found necessary to make in its personnel since 1927, has, of course, strengthened its position *vis-à-vis* a fairly rapidly-changing succession of Ministers of Transport. Some of the Ministers have been more active in pushing the interests of the Board, for example over the difficult question of way-leaves, than others, a feature which is probably inevitable in view of the many and varied claims upon the attention of a Minister of Transport.

The manner in which relations are maintained between the Ministry of Transport and the Board are normally quite informal, the chief points of contact being the Secretary to the Minister of Transport, one of the highest officials in the permanent Civil Service, on the one hand, and the Secretary

and Solicitor to the Board on the other. In certain matters, such as arbitration proceedings, the auditing and approval of the Board's accounts, and the issue of instructions by the Minister, communication between the Department and the Corporation is, of course, of a strictly formal nature. The occasion when the Minister is most directly engaged in assuming and interpreting his measure of responsibility for the policy and actions of the Board is when he is called upon to answer Questions relating to these in Parliament. It is indicative of the limited kind of responsibility which he assumes that the Minister usually answers Parliamentary Questions in the manner "I am informed by the Board that . . ." When notice of a Question has been given, the Minister sends it to the Board for the material necessary for a reply, and on receipt of this he frames his answer, which is unlikely in practice to differ more than slightly from the statement supplied by the Board.

Sufficient attention has already been paid to the authority exercised over the Board in certain matters by the Electricity Commission, which has been called by one of its members a "semi-Government Department." It must be remarked that the Act of 1926 is specific about the cases in which the Board has to seek powers or approval from the Commission. Where there is any doubt about this, or a matter of concern to both bodies arises upon which the source of authority is not clearly specified, the Board deals directly with the Minister of Transport, who is the final administrative authority over both institutions. The other Government Department with which the Central Electricity Board has relations defined by statute is the Treasury. Outside the important questions relating to the raising and repayment of capital, the relations between the Board and the Treasury are slight. Although the Board has never yet made use of the power to obtain a Treasury guarantee of its loans, it has established the practice of consulting the

Treasury when about to raise new capital in order not to prejudice its claim for obtaining a guarantee on some future loan. A further matter over which the Board has communication with the Treasury is the provision of information as to the manner in which it has spent the sums advanced to it out of the Unemployment Assistance Fund. Although the Board banks with the Bank of England, the notion sometimes held that this circumstance provides it with a relationship of an indirect kind with the Treasury would hardly, in view of the lack of co-ordination shown in the past between the Board's financial policy and national financial policy, appear to be well-grounded. It is worth stating that the Board is under no obligation to bank with the Bank of England, but decided to do so purely on its own initiative.

It is of some interest to refer to the relationship between the C.E.B., as a Public Corporation of this new type, and the old-established Public Departments. The Board's trading operations are, of course, confidential and nothing said here is intended to refer to these. But there are naturally matters upon which the Board seeks information from Government Departments, and generally-speaking it is treated by such Departments on a footing of equality with themselves. It is readily given information by them, with the usual guarantee about publication, which is, when necessary, paid for. If the information desired raises some legal difficulty, such as possible application of the Official Secrets Acts, the Board approaches the Department concerned through a formal application backed by the Minister of Transport. The Board reciprocates by supplying information on matters not confidential between itself and the undertakers to Public Departments for their own use. But when it does so the guarantee about publication prevents the Department from using this information as the basis of an answer to a Parliamentary Question, unless it can gain permission to do so from the Minister of Transport.

The Rôle of Parliament

It is of the essence of this type of Public Corporation that it enjoys freedom from Parliamentary criticism and control over detailed operation, financing and internal management. Having created such a body, Parliament's function is to approve or disapprove the main outlines of its policy only; having conferred on it a status of semi-independence, Parliament cannot 'have it both ways' and proceed to oversee the daily conduct of its functions. Such, at any rate, is the theory; on the degree to which it can be realised successfully in practice depends, more than on any other single factor, the political future of this method of organising a public service. Study of the Parliamentary debates on the Bill of 1926 reveals a fairly widespread fear lest the proposed Board should prove too "irresponsible" of Westminster. And ever since the experiment of delegating authority to the Poor Law Commission of 1834, Parliament has shown a readiness to recall the measure of independence which it has bestowed on an important public service so soon as any considerable agitation has been raised, within its own walls or in the country, against the institution so favoured. A case of this occurred as recently as the early months of 1935, when the storm of protest aroused by the application of the regulations issued by the Unemployment Assistance Board caused the quick resumption of responsibility by Parliament and the introduction of a standstill order. The issue has primarily depended in the past upon the degree of so-called 'political interest' aroused by the activities of the body to which authority has been delegated. The Central Electricity Board does not arouse much interest of this kind, particularly in comparison with such a body as the B.B.C., though should its functions and responsibility ever come to be extended this might well be no longer the case.

The opportunities offered to Parliament for criticism and

discussion of the Central Electricity Board's condition and activities are limited. Since these ultimately depend on the nature of Ministerial responsibility for the Corporation, which is in many respects nebulous, it is not easy to define them with precision. But they may be stated with a fair approach to accuracy to be as follows: (1) The Vote on the Ministry of Transport's Estimates, when the Minister is under no obligation to include reference to the Board in presenting the Vote for his Department but may in practice do so, or the topic of the Board may be introduced by a Private Member and receive discussion along with the other services for which the Minister is responsible[1]; (2) Questions, which has been described earlier as the occasion when the Minister is most openly engaged in assuming his measure of responsibility for the policy and actions of the Board. The type of Parliamentary Questions about the Board which may be asked, or will be answered, is a matter evolved largely by practice. The rules which govern the framing of Parliamentary Questions in general are, it may be pointed out, based on a considerable number of Speakers' Rulings given on individual cases and collected and applied as precedents so as to form a small body of case law. A Question on a detail of the Board's operations—for example, the salary which it pays to one of its principal officers, or the terms of a contract which it has made with an outside party —will probably either not be accepted by the Clerks at the Table or will be ruled out of order by the Speaker. Those Questions, which may include some such Questions of detail, which are asked will normally be answered by the Minister on behalf of the Board and by use of the phrase "I am informed by the Board that . . ." While in practice the Board or the Minister will probably adopt an accommodating attitude towards Parliamentary requests for information, it is clear that what Lowell described as the purpose

[1] e.g. in 1931, vide 255 *H.C. Deb.*, 5 s., 1749 seq., 1765–66, July 23, 1931.

of the Parliamentary Question, "to turn a searchlight upon every corner of the public service," does not apply to the semi-independent Public Corporation; (3) The rare chances of debate on a Private Member's Motion, or, subject to the Speaker's Ruling, on a Motion for the Adjournment. Fulfilment of the statutory obligation to lay the Board's *Annual Report* before Parliament does not provide an opportunity for debate on the Corporation. And the clause in the Act of 1926 which compels the Treasury to lay an annual statement of any guarantees it may have given to the Board's loans before Parliament would, if it became operative, provide for criticism of the Treasury only, and not for a general discussion of the Board's financial policy.

A fairly steady volume of Questions has been asked about the condition and operations of the Board in the House of Commons since 1927. The Questions most frequently asked in the period 1927–33 concerned: representation before the Board during the examination into and preparation of the Area schemes; the progress of schemes adopted and the manner in which these were affecting particular localities; the Board's letting of contracts for the construction of the Grid; 'amenities'; the Board's loan issues, and matters connected with the electrification of railways. A fair number of the Questions asked the Minister of Transport would not answer, as subjects upon which he "had no information" or upon which a decision "lay within the discretion of the Board," the most usual criterion adopted being that of whether or not the information sought was of the kind which would be included in the Board's *Annual Reports*. These unanswered Questions included those which sought to discover —whom the Minister had consulted in appointing the members of the Board; how many meetings the Board was accustomed to hold; when the Board proposed to raise a fresh loan; how much the Board was paying Sir Reginald Blomfield for his services; the holdings of members of the

Board in electricity supply undertakings, and the character of special agreements between the Board and undertakers.

Prior to the beginning of 1934 there were very few discussions in Parliament about the Board's operations, and none of these were of much significance. The year 1934 witnessed the commencement by the Board of general trading in a majority of the Areas, a growth of discussion about its activities in the national Press, and an Electricity (Supply) Bill which was debated in both Houses of Parliament during the first half of the year, only to become a 'slaughtered innocent' at the end of the 1933–34 Session and be reintroduced in the new Session and finally passed through its Third Reading in the Commons on December 20, 1934. This Bill, the first piece of legislation to be introduced to amend the Act of 1926, provided for additions to the powers of the Board of a fairly extensive character. Its principal clause, which has been noticed in the discussion of the functions of the Board, was designed to give sanction to the practice whereby the Board, with the approval of the Commissioners, entered into temporary arrangements with the owners of generating stations of insufficient importance to be chosen by it as Selected Stations and yet too efficient or useful to be classed as economically redundant. Its second chief operative clause gave the Board the power, denied to it by the Act of 1926, to supply electricity for haulage or traction purposes directly to any railway company. The debates on this Bill bore witness to the efficiency of the Board's operations in that the Board's hostile critics found, for the most part, a scarcity of destructive arguments relating to these operations and fell back on attacking the extension of the principle of interference with private interests involved in endowing the institution with added powers.[1] An exception to this was the attack launched by one Member upon the Board's financing

[1] Vide especially 295 *H.C. Deb.*, 5s., 1021–1136, November 29, 1934.

operations,[1] a piece of criticism which was given some airing in the Press.

An interesting feature of these debates was the preponderant amount of attention paid to the clause giving the Board power to deal directly with the railway companies, in the discussions upon which Conservative railway directors showed themselves to be solid supporters of the Board. After a closely scrutinised passage and the addition in Committee of a number of clauses safeguarding existing interests the Bill received the Royal Assent on February 12, 1935. During 1935 little discussion of the Board took place in Parliament, although another case of criticism of the Corporation's financing operations occurred.[2]

On the whole, and particularly up to the beginning of 1934, Parliament has shown, within the framework of its limited opportunities, little disposition to criticise or control the Central Electricity Board, and has thus given practical application to the theoretical relationship referred to at the beginning of this section. For this position of affairs the following, amongst other, conditions have doubtless been responsible—the limited degree of 'political interest' in the Board's existence and operations, the complexity and technical character of most of the Board's functions, and the appeal to national interest and prestige in the work of constructing the Grid and the success with which this initial function was carried out. Furthermore, although the Board has, of course, both friends and antagonists among the representatives of different interests in Parliament, it has not, like the other two Corporations to be considered, a body of consumers among members of the general public to raise issues and stir individual Members of Parliament into activity.

The Board and the Management

In passing on to the questions of the extent to which the

[1] 295 *H.C. Deb.*, 5s., 1050–59.

[2] 304 *H.C. Deb.*, 5s., 1181–90, July 17, 1935.

members of the Central Electricity Board delegate powers and duties to their officers and servants, and of the nature of the Corporation's internal administrative organisation, one is entering a sphere which is, formally speaking, the concern of nobody outside the Corporation. The members of the Board enjoy complete freedom to choose their officers and servants according to any principles they may favour, to entrust these employees with any duties they may think fit, and to organise the administration of their business in the manner they think most conducive to its efficient conduct.

Any consideration of the internal organisation and staffing arrangements of the C.E.B. must keep before it the facts that this particular Corporation has a highly specialised function to perform, and requires only a relatively small number of persons to perform it. Some attention has already been paid to the composition of the existing Board. The Chairman of the Board, who is an expert giving, unlike any of the other seven members, the whole of his time to his duties is also, in effect, the Corporation's General Manager. He is assisted in the work of supervising and controlling all the activities of the Corporation by a permanent General Manager, an office which was held by the present Chairman, Sir Archibald Page, from 1927 until 1934, and has since been occupied by Mr. Harold Hobson, who had previously been the Corporation's Commercial Manager.

The administration of the undertaking is carried on through the following five Departments: the Secretary and Solicitor's Department; the Chief Engineer's Department (technical matters); the Commercial Manager's Department (negotiations with supply undertakings, tariffs, etc.); the Chief Accountant's Department, and the Economic Research and Public Relations Department. The Secretary and Solicitor performs, in addition to the functions which his title implies, important duties of liaison between the Board and its officers and the Board and outside authorities or

persons, and he is also in charge of questions of establishment. Each head of the first four Departments mentioned has a deputy. It is worth remarking that the average age of the Board's principal officers is, like that of the members of the Board, a low one.

Staff

For reasons just indicated the Central Electricity Board has no problems relating to establishment of a scale or complexity comparable to those of the staff problems with which both the B.B.C. and the London Passenger Transport Board have to deal. Of the relatively small number of persons, some 1,300, which it employs, a small proportion consists of qualified experts in some branch of electricity supply, electrical engineering, or accountancy, and the bulk consists of technical and clerical workers of more modest standing and manual workers. The Board is, in fact, probably a good illustration of the depressing tendency of scientific industrialism to provide positions which call for creative ability and the exercise of responsibility to fewer and fewer people and jobs which are routine and impersonal to more and more; whether this tendency is sufficiently compensated for by the power and rewards attached to the highest positions is a question which the writer does not feel called upon to enter into here. The total number of administrative, technical and clerical workers employed by the Board is somewhat over 700; rather under 200 of these are employed in the Board's Head Office at 1, Charing Cross, London, and the remainder in the eight District Offices, the headquarters of the Board's Areas. The Board has about 600 manual workers on its payroll, a fair proportion of whom are fitters, wiremen, and other skilled workers, who are employed on the maintenance of the Grid lines and the operation and maintenance of the plant in transforming and switching stations. The construction of the Grid was, of course, let out under contract.

When the Central Electricity Board was first established some of its administrative officers were recruited from the Ministry of Transport, and the bulk of its higher technical officers were acquired from the supply undertakings of the country. The Board's total requirements for personnel are limited, and its requirements for persons to fill the higher positions in its organisation are normally special. A stage has now been reached when many of these positions are filled by promotion from below. Recruitment, when it is necessary to draw on outside resources, is carried out, not by advertisement and open competition, but by the method of selection, or what one expert on these matters has called "private search and inquiry," on the part of the senior officers of the Corporation, usually from the ranks of persons in the service of supply undertakings. There are no classes or grades in the Board's establishment, at least in the upper reaches of it, so that jobs are individual jobs. The salaries paid to the Board's officers and servants are not published, but they are, it is fair to say, based on a commercial rather than a Civil Service standard, or are normally higher than the salaries received by persons of corresponding seniority and experience in the permanent Civil Service. As an offset, from the point of view of the individual employee, to this advantage are the facts that the Board cannot offer the certainty of an automatic line of promotion, or even of automatic increases in salary, nor the same degree of security and protection as the Civil Servant enjoys. The Board has, in fact, adopted the policy of giving as much security to its employees as possible, and the 'turnover' of its high officials during the past nine years has been small. It provides its own superannuation scheme, which is on a contributory basis.

It is evident that, in accordance with the freedom in these matters extended to it by its organic law, the staffing arrangements and conditions of the C.E.B. approximate much more closely to those of a reputable private commercial

undertaking than to those of an old-established Public Department. The question of whether it is desirable that a semi-independent Public Corporation should enjoy this degree of freedom with respect to the recruitment and conditions of work of its staff will receive fuller attention when the more spectacular and complicated case of the B.B.C. staffing arrangements is under consideration. In the present writer's opinion, the facts that the Central Electricity Board employs a comparatively small number of persons, and that much of its work is of a highly specialised nature, do not lessen either the desirability or the practicability of a slight curtailment of its existing independence in this sphere. Now that the Corporation has passed beyond the experimental phase of its career and reached a certain maturity, improvement would, in his view, be effected (*a*) if recruitment for all the vacancies in the administrative and higher technical and clerical positions in the Board's organisation was carried out by advertisement and open competition, and (*b*) if certain categories of the staff and scales of salaries, not so detailed as to suggest undue accountability in these matters to Parliament and the public but sufficient to give some indication to the outside world of the Board's practices, were published. Both these improvements could be introduced by voluntary action on the part of the Board and, while not seriously affecting the institution's initiative and freedom to secure and reward able employees, would, in the writer's view, bring its practices, however enlightened and free from favouritism these may now be, more into line with its *public* status.

Area

The title of "Area" is employed in this study to cover the allied topics of the decentralisation of functions and the devolution of responsibility by the principal officials at headquarters to regional or local officials practised by the

Corporation under review. In the nature of the case the Central Electricity Board does not provide much material for consideration under these topics or much illumination upon the general problems which they raise. The technical and economic character of the C.E.B.'s function seems to make a high degree of centralisation imperative and to allow little scope for devolution of general responsibility to regional officers. The Board employs a District Manager in each of its eight Areas, whose chief function is the technical one of operating and maintaining the Grid system in his Area; and in normal circumstances it communicates through its District Offices with the 600 or so supply undertakings who constitute its sources of supply and its customers. But the Head Office in London deals with all questions of finance, tariffs, electrical development, and economic research and public relations.

Should the Board's functions ever come to be extended to embrace ownership or control of national electricity distribution, the present system of centralisation would, of course, be totally inadequate, and considerable problems of decentralisation and devolution of responsibility would arise. Speculation as to how these problems might be met is not one of the purposes of the present study, but it may be suggested that the nation-wide organisation of a system of electricity distribution under public ownership and control would present interesting analogies with the national organisation, recently the subject of experiments in decentralisation, of the Post Office services.

Advisory Bodies

The Act of 1926 gives the Board power to establish Consultative Technical Committees, composed of engineers in the service of the supply undertakings with which it has dealings, "to give advice and assistance on such matters as may be referred to the committee by the Board." In the

earlier years of the Board's operations the practice was employed of maintaining close contact with the electricity supply industry by the method of personal conferences. In 1932, when all the Area schemes had been adopted and the construction of the Grid was approaching completion, the Board decided to create formal advisory committees of the character provided for in the Act to serve as permanent channels of communication between itself and the industry. It established a National Consultative Technical Committee, representative of the supply interests of the country as a whole, which it expressed its determination to "consult on all matters of broad policy and general importance arising from the administration of the Act as well as matters affecting the stimulation and expansion of electrical development generally,"[1] and also District Consultative Technical Committees in each of its Areas. The meetings between these Committees and members or officers of the Board have been fairly frequent. The engineers who compose the Committees do not do so as representatives of the particular supply undertakings which employ them, but solely as persons of experience and knowledge of the conditions of the industry in their respective Areas. The meetings between the Committees and representatives of the Board have no agenda and pass no resolutions, and their minutes constitute a set of notes providing a symposium of the views of those attending them rather than a formal record. The questions most discussed are the Board's operation programmes, the application of the Grid Tariffs in the different Areas, and plant extensions and proposed alterations to generating stations. The Board is under no compulsion, and does not commit itself, with respect to adoption of the views and proposals put forward by these Committees. But it has on a number of occasions stated its belief that these Consultative Committees, with their informal methods of doing business, constitute

[1] *Fifth Annual Report*, p. 5.

a most valuable method of maintaining communication between itself and the supply undertakings of the country.

Six hundred and more of such supply undertakings, ranging in size and importance from Power Companies, of which there were 27 in Great Britain at the end of 1935, generating electricity on a large scale to small concerns distributing electricity in a limited local area, form the consumers of the product in which the Board deals. With the ultimate consumers of this product, the industrial users of electrical energy and the members of the general public, the C.E.B. has no direct dealings. But it is occupied with research into the requirements and interests of these ultimate consumers, and includes within its organisation a Public Relations section which assists outside bodies and persons to appreciate the benefits already accruing from the operation of the Grid system and the advantages to be gained by further electrical development.

Public Relations

The Board has maintained this specific Public Relations section, combined with the section concerned with statistics and economic research, since 1931. Since the Board's 'public front' is composed of supply undertakings and not of members of the general public, it is not called upon to indulge in much of what was called earlier in this study "defensive publicity." Complaints about its activities normally derive from supply undertakings who claim that they have derived no benefit from the operation of the Grid system, or protest against the cost of standardisation of frequency, or the application of the Grid Tariff for their Area. Public criticism of the Board arises only on rare occasions and with reference to a limited number of topics such as (in the earlier years) the 'amenities' question, a breakdown of the Grid system, or the nature of the Board's financing operations.

But the Board has displayed initiative in not resting content with defending itself before the general public on the comparatively rare occasions when this is necessary but embarking on certain publicity activities of a more positive nature, designed to educate the public in the advantages offered by past and future electrical development. Such educational publicity is largely of an indirect kind. Although not, like the Electricity Commission, precluded by its constitution from indulging in direct publicity activities, the C.E.B. has considered that the delicate and confidential nature of the agreements which it is engaged in negotiating make it advisable that it should refrain from entering into public controversy except on the rarest occasions. Apart from the occasional issues of an official statement relating to an issue of stock, some feature of a Grid tariff, or a breakdown, the Board's only participation in direct publicity activities, so far as the writer can discover, is the publication of its *Annual Reports* and *Statements of Accounts*. The former set forth the activities of the year in a manner which indicates that brevity is regarded by those responsible as the highest virtue; and the writer fails to see why, even if the Board's negotiations with undertakers are confidential and delicate, the Board could not make a greater effort to use its *Annual Reports* as a medium for interesting and informing the general public which it exists to serve.

Direct publicity work of all kinds for electricity supply undertakings is carried on by an organisation called the British Electrical Development Association, which is supported by subscriptions voluntarily paid by municipal and company undertakings. The C.E.B. also contributes to the funds of this Association, and maintains contact with it by means of the fact that members of the Association's executive committee are included in the membership of the Board's National Consultative Committee.

What has been called the indirect publicity work carried

on by the Board itself is based on the fact that the Electricity Commission is the source of all statistics of a national and official character relating to the industry. The Economic Research and Public Relations Department of the Board collates and interprets these statistics, and the experiences derived from the Board's own operations, and makes the information so gained available for wider use. Among the topics which it investigates are technical developments of many kinds within the industry, financial and accounting questions related to electricity supply, consumers' demands, the improvement of domestic electrification, experiments in rural and farm electrification, and the relation of electrical development to the needs of national schemes of housing and education and to problems of architecture and design. Such work of relating the experiences and requirements of its own industry to schemes or issues of wider public significance is one which, in the opinion of the writer, a Public Corporation of this character is peculiarly fitted to perform, and the performance of which by the Central Electricity Board is greatly to its credit.

The information at the command of this Department of the organisation is made use of in a number of ways. Its statistics and specialised information are available for use in the industry. Photography, a form of expression for which the Board's operations offer interesting opportunities, has provided material for the circulation of lantern slides to the public and exhibitions in schools. One interesting use made of the Board's photographic resources was the supply of illustrations for the lectures on electricity delivered by Professor Bragg to children at the Royal Institution during the Christmas holidays. The Board has also made use, in conjunction with the G.P.O. Film Unit, of the documentary film. Some three years ago two films were produced with the co-operation of the Board on behalf of the Electrical Development Association. One of these, called "Power," showed the

construction of the Grid and the part taken by the more important national industries in supplying material for it; and the other, called "Electricity: From Grid to Consumer," illustrated the whole process of electrical generation, transmission and distribution. These films, included in the G.P.O. Film Unit library, circulate to numbers of schools and technical institutions. The Development Association has more recently provided technical and financial assistance for the production of a series of six educational films showing different phases of national industrial development, and collectively entitled "The Face of Britain." The operations of the C.E.B. have only once been described on the wireless. The Board, on the initiative of the B.B.C., supplied the material for a full-length broadcast, given on December 20, 1934, illustrative of the construction and operation of the Grid.

How far has the Central Electricity Board succeeded in attaining the second of those objectives defined by Mr. Morrison as the chief aims sought for in the creation of a Public Corporation of this type—"public accountability"? It is imperative that a Corporation of this character, being granted freedom from normal Ministerial and Parliamentary control so that it may manage its public business more effectively, should acquire and maintain the greatest possible degree of sensitiveness to public opinion and demand. Mr. Morrison pays the C.E.B. the tribute of calling it "a public institution with a real sense of public accountability," and the facts leave little doubt that this tribute is deserved. Although the Board, in strong contrast to the two other Corporations to be considered, has almost no direct dealings with the general public, and criticism, constructive or destructive, of its operations, and the stimulus to effort which outside criticism arouses, have hitherto emanated almost exclusively from its fellow authorised undertakers, it does not appear to have sought to prevent or evade

criticism, and has taken active steps to interest and educate the public in its activities. Members of the general public have been slow to appreciate the not over-simple functions and status of a body with which they come into little direct contact, and public and Press criticism of the Central Electricity Board has so far been infrequent and confined to a small range of topics. Since the commencement of general trading by the Board in 1934, however, such notice has grown in volume and variety, one example of this being the fuller attention devoted by the non-technical Press to the Board's *Annual Reports*. This tendency towards greater public awareness of the character and functions of the C.E.B. is likely to continue as the influence of the Board's operations becomes greater, and the degree of success with which these operations are contributing to what the Weir Committee declared to be the central purposes of the national power scheme—"the reduction in price and the greatest availability of electrical energy to the consumer"—becomes more readily apparent.

III—BRITISH BROADCASTING CORPORATION

Origins

THE BRITISH BROADCASTING CORPORATION exists to perform a function so unique in character that it may well be doubted whether its political and administrative features can usefully be compared with those of other existing or hypothetical semi-independent Public Corporations. Broadcasting supplies, not an economic need, but a new, and as yet no more than slightly developed, manner of communicating all that human beings have learnt to convey to one another by the use of speech and sound; and as this study is being made it is preparing to communicate something of the sensations accorded to human beings through the use of sight. It serves, not mankind's material welfare, but its intelligence—the entire realm of ideas, tastes, feelings and opinions which comprise man's mental activity. And it makes possible communication on a scale far beyond that provided by any previous scientific invention, and with millions of persons who through poverty, illiteracy, or the barriers of time and space have remained immune from the influence of the written word.

As an agency for the communication of ideas a broadcasting service differs in two fundamental respects from the other services dealt with in this study. Its operations are essentially political, in the widest and classical sense of that term. It is concerned not, like the supply of energy for light and heat, or of transport, with a single social need and sphere of action, but with the whole range of intellectual interests of the individuals associated together in the community which it serves. Which among these interests it may select for emphasis, and whether, as in Russia or Germany, it seeks to turn them all to the purposes of a dominant political philosophy or, as in several European countries, to divide them into 'political' and 'non-political' categories

and exclude the former, affect profoundly the quality, but not the nature, of its operations. Secondly, the character and performance of a broadcasting service can never be assessed in accordance with any exact or agreed standards of measurement. Whatever the political form of the society in which it operates, the success or failure of its achievements is decided by a multitude of individual preferences and judgements; and its product is so intangible, and so incalculable in its effects, that an attempt to arrive through some synthesis of these individual judgements at anything more precise than a broad and general estimate of its performance is but an interesting form of guesswork. The writer is not aware of any study which has attempted a scientific measurement of the results achieved by any of the chief Totalitarian States in the use of its broadcasting service for the purpose of inoculating the political creed of its rulers; and if any such attempt has been made, it would be interesting to know what criteria were adopted in making the felicific calculus, or arriving at an estimate of the pains and pleasures derived by listeners from what was being provided. At the same time, he is too frequently aware of domestic criticism of the British service, often emanating from rather cultivated people, whose brains may perhaps have gone to their heads, which has only the flimsiest connection with anything which may be supposed to be the taste or wishes of the bulk of British listeners.

But in spite of these features, which differentiate a broadcasting service so sharply from the other two services described in this study, examination of the British broadcasting service in combination with the Central Electricity Board and the London Passenger Transport Board can serve a purpose. For after nearly ten years of operation, the British Broadcasting Corporation has, through the inescapably popular nature of its function, attracted much attention to the semi-independent type of Public Corporation both in

this country and abroad; and its position and experience have provided useful, if sometimes unusual or exaggerated, illustrations of the status and problems of this form of public ownership and control.

The first regular programmes of wireless telephony to be broadcast for public consumption were sent out from a station in Pittsburgh, U.S.A., in 1921, twenty years after the first successful exchange of wireless signals across the Atlantic had occurred. In 1920 a beginning had been made in Great Britain with the broadcast for two half-hourly periods daily of speech and music transmissions from the Marconi station at Chelmsford; but it was not until November 14, 1922, that regular broadcasting in Great Britain was inaugurated by a daily transmission of programmes from the London station ("2LO") of the British Broadcasting Company. This Company was formally incorporated a month after that event. It received a Licence[1] from the Postmaster General of the Bonar Law Government, Mr. F. W. Kellaway, extending to it the permission to establish and operate in Great Britain eight broadcasting stations, from each of which a programme "to the reasonable satisfaction of the Postmaster General" was to be transmitted daily, for a period of twenty-six months, from November 1, 1922, until January 1, 1925. The arrangement with this Company was not intended to be more than an experimental means of starting a service which from every aspect, and especially that of demand, was a highly speculative one. And it was undoubtedly influenced by the experience of the broadcasting boom in the United States, which had led to a condition bordering on chaos in that country as the result of competition for and in the air between a large number of independently-owned stations, as well as to the production of large surpluses of apparatus which British producers feared might be dumped upon the British market.

[1] Issued on January 18, 1923. Cmd. 1822/1923.

BRITISH BROADCASTING CORPORATION

The British Broadcasting Company was an association of British manufacturers of wireless apparatus which, in return for its willingness to undertake the financial risk of inaugurating a national broadcasting service, was granted a monopoly both in the provision of the service and in the supply of receiving apparatus to the British market. Any such manufacturer was eligible for membership upon acquiring one or more £1 shares and subscribing to an agreement approved by the Postmaster General; though the bulk of the capital was, in fact, guaranteed by six large manufacturing concerns, which nominated six of the Company's eight directors as well as its independent chairman. The agreement bound members to sell only apparatus of an approved type manufactured in Great Britain and bearing the Company's mark, and also to pay the Company royalties on all apparatus which they sold. The Company's dividends were limited to 7½ per cent per annum; and it was prohibited from broadcasting paid or advertising matter without special consent. The Postmaster General undertook to issue receiving licences, which all owners of receiving sets would be legally bound to obtain, at a fee of 10s. per annum, one half of which would be paid over to the Company. Such licences would only be issued for apparatus bearing the standard British Broadcasting Company mark.

This arrangement, although its licensing provisions soon underwent modification, was destined to continue in force for over four years and to provide the means for rapid development of the broadcasting service. It is significant that, although constituting no more than an experimental method of inaugurating a service the future of which was from all points of view highly conjectural, it contained three features which have remained permanent elements in the British treatment of its broadcasting service. It reaffirmed with respect to broadcasting the control already assumed by the State over the use of the ether for the reception and

transmission of wireless signals of all kinds, and the compulsion upon private persons or companies who wished to transmit or receive such signals to do so under licence; it looked upon monopolistic or unified operation of the broadcasting service as essential; and it regarded a levy from the consumer of the service in the form of a listener's receiving licence, rather than an imposition on the general taxpayer or payment by commercial interests for matter broadcast, as the most desirable basis for financing. The first of these features was implicit in the manner in which the Company was constituted, but did not comprehend more than a small measure of effective public control. "Listeners were almost entirely in the hands of the Company, for which they provided the funds. . . . the Company itself might be said to have been in the hands of the wireless trade," writes Sir John Reith[1] who was appointed General Manager of the Company in December, 1922, and joined its Board as Managing Director in the following October. Action on the part of the Postmaster General, once the terms of the Company's Licence had been fixed, was called for only in the event of a breach of the Licence or in the case that the Company's programmes were not proving to his "reasonable satisfaction." The third feature was complicated at the outset by the attempt to combine the listener's receiving licence with securing to members of the Company a monopoly (which was primarily a measure of protection against foreign manufacturers) in the supply of apparatus to the British market. This so soon led to difficulties of application that in April, 1923, after less than six months of the Company's operations, a Committee was appointed by the Postmaster General with wide terms of reference for inquiry into the question of broadcasting.

The Report of the Sykes Committee on Broadcasting[2]

[1] "Business Management of the Public Services," *Public Administration*, VIII. 1, p. 17.

[2] Cmd. 1951/1923.

makes interesting reading as an historical document by reason of the comprehensive survey which it offers of the problems and prospects of broadcasting as these presented themselves in the summer of 1923. But its chief significance lies in the fact that it settled several of the main principles upon which the future system of broadcasting in Great Britain was to be established. It gave new authority to, and extended, two of the three cardinal features just mentioned which formed part of the existing experimental system. The idea of a State prerogative with respect to wireless communication the Committee enlarged into the view, placed in the forefront of its Report, that broadcasting should be subject to a strong and definite measure of public control. "It may be," the Committee prophesied, "that broadcasting holds social and political possibilities as great as any technical attainment of our generation," and it went on to affirm that "the control of such a potential power over public opinion and the life of the nation ought to remain with the State." The concrete suggestions which it put forward as to the form in which this paramount interest of the State should find expression were that "ultimate control" should reside in a Minister ("presumably the Postmaster General") responsible to Parliament, and be secured, as at present, by the system of licensing wireless stations; and that the Minister should be assisted by a Standing Committee or "Broadcasting Board" of thirteen unpaid members, three to be nominated by the Minister and the rest to represent various interests, which would render him continuous advice on all phases of the activity of broadcasting. The Committee, after considering and rejecting (with one dissentient) the idea of State operation of the broadcasting service, left the question of what operating authorities might reinforce or replace the British Broadcasting Company to be decided by the Postmaster General and the suggested Board. In so far as it expressed

views on this question, its emphasis on the desirability of securing widespread use of broadcasting facilities led it to put forward the case for the establishment of numerous small and subsidiary stations operated by a variety of authorities, and so to depart from the principle of monopolistic or unified operation. The Committee gave much consideration to alternative methods of meeting the cost of broadcasting—provision out of public funds, receiving licence fees, customs and excise duties on apparatus, the licensing of manufacturers and dealers in apparatus, and the broadcasting of advertisements and paid matter—and came to the conclusions that no part of it should fall on the taxpayer, and that the system of receiving licence fees represented the most equitable and generally desirable method of obtaining the bulk of the revenue required. It included, however, a restricted form of advertising and the broadcasting of commercial information as legitimate supplementary sources of revenue.[1] And it made the important recommendation that, should the number of licences issued to the public show a satisfactory growth, the present 50 per cent of the sum collected from fees by the Postmaster General which was passed on to the operating authority might be increased up to 75 per cent, and be made subject to a sliding scale under which the proportion paid to the operating authority would subsequently decrease as the number of licences in force grew still larger.

The immediate reason for the appointment of the Sykes Committee had been the speedy breakdown in practice of the system for securing to the manufacturers who composed the Company a monopoly in the British market for apparatus through the marking of receiving sets and a selected number of their parts. The ease with which it became possible to

[1] Only some 170,000 licences had been issued when the Committee published its Report. By the end of 1923 the number had risen to over 500,000.

construct home-made sets from a growing number of imported, or non-Company domestic, ready-made parts quickly led to a state of affairs in which large numbers of listeners were taking out "experimenters' licences," intended for genuine experimenters and free of the restrictions as to B.B.C. marking, or no licences at all. The Sykes Committee came to the conclusion that the whole system of marking apparatus and of payment by members of the Company of royalties upon it was impracticable and undesirable, and included its abolition and the substitution of a single unconditional receiving licence among its major recommendations.

When the Postmaster General presented the Committee's Report to Parliament in August, 1923, the Licence granted to the Company had been in force for less than half its term, and its provisions could not be modified without the Company's consent. In order to induce the Company to agree to an immediate revision of its Licence which would incorporate the recommendations just described, the Committee suggested offering it "concessions" in the shape of granting it 75 per cent of the sum collected from licence fees, to take effect from the start of its operations, and an extension of its Licence for a period of two years beyond the date on which it was due to expire. The Company was not, however, willing to submit to such a wholesale revision of the existing arrangements as the Committee had proposed. After negotiation, it entered into a Supplementary Agreement late in 1923 with the Postmaster General of the day, Sir Laming Worthington-Evans, which prolonged the existing system in a modified form. This Agreement provided for a 15s. 0d. 'constructor's licence' during an interim period for persons who did not possess B.B.C. marked sets. In the middle of 1924 the Company agreed to the adoption of a uniform 10s. 0d. licence, out of which it would receive 7s. 6d., subject to a sliding scale of the kind previously mentioned, the abandonment of the system of B.B.C. marking and pay-

ment of royalties in favour of this single unconditional receiving licence, and the extension for a further two years, i.e. until December 31, 1926, of its Licence.

By the time the B.B.C. had completed the third year of its operations and consideration of the changes to be made when its Licence should expire fell due, extensive development of broadcasting, in both its technical and programme aspects, had taken place. The number of receiving licences issued to the public, which exceeded one million by the end of 1924, had risen to more than one and a half million. "Listening-in" had passed out of the stage of being a hobby for amateur scientists and had become a source of entertainment and information for a considerable section of the nation, whose payment of licence fees now provided a large source of revenue for the service. The Company had added a ninth principal broadcasting station to the eight stipulated in its Licence, as well as eleven lower-powered relay stations in other populous cities; and had started experiments with long-wave broadcasting by the erection of a high-power transmitting station (5XX) at Daventry.[1] Its introduction and development of "simultaneous" and "outside" broadcasting, and improvement in its relations with existing vested interests in the supply of information and entertainment, had progressively increased the variety and scope of its programmes, which had also expanded in quantity from the original daily average of four and a half hours to an average of ten hours on weekdays from most stations and had begun to include a limited service of alternative programmes. The enterprise which, by general acknowledgement, the Company, assisted by the enthusiasm of a section of the general public, had shown in developing the service helped to prepare the way for a change of system.

[1] With the opening of the Daventry station in July, 1925, 80 per cent of the population had been "covered"—i.e. provided with the opportunity of easy reception on a simple set.

For in proportion as broadcasting grew out of the embryonic stage into sturdy infancy, both the practical difficulties and the theoretical objections involved in entrusting its operation to a private company representative of the wireless trade became more apparent. When a second Departmental Committee was appointed in August, 1925, to consider the form to be taken by the future constitution the view was becoming widespread that introduction of a more definite measure of public control and a more impartial form of operation should no longer be delayed.

The Report of the Crawford Committee[1] endorsed most of the conclusions of the previous inquiry but made one substantial new contribution, which formed the core of its recommendations. Continued monopolistic operation of the broadcasting service was, in the Committee's view, essential, and the future operating authority should take the form of a "public corporation" acting as "a Trustee for the national interest in Broadcasting," which would combine a measure of the responsibility intended to be exercised by the controlling Board suggested by the Sykes Committee with a measure of the independence enjoyed by the existing private company. A "British Broadcasting Commission" of five to seven paid members, nominated by the Crown and "having no other interests to promote than those of the public service," should receive a Licence of not less than ten years' duration from the Postmaster General to operate the broadcasting service on an income derived from licence fees collected by him from listeners. "Public" in the source of its authority, the safeguarding and mode of collection of its revenue, the manner of appointment, character, and aims of its members, such a Commission would yet enjoy a degree of independence with respect both to policy and management more characteristic of private enterprise. Although Parliament would exercise ultimate control over

[1] Cmd. 2599/1926.

it through the statute under which it was created and the terms of the Licence issued to it by the Postmaster General, who would act as its spokesman in Parliament on the broad aspects of its policy, the Commission "should not be subject to the continuing Ministerial guidance and direction which apply to Government Offices," and should in general be granted "the maximum of freedom which Parliament is prepared to concede." What this proposal, which was shortly afterwards adopted and has provided the basis of British broadcasting operations ever since, amounted to was an experiment, never previously tried in relation to any service with the same degree of 'political' interest as broadcasting, in the transfer of responsibility from the normal organs of the State to a body of public-spirited and commercially experienced citizens.

The other recommendations of the Crawford Committee were brief, and showed a disinclination to do more than lay down the broadest outlines of the policy which such a Commission should pursue. The most important of them concerned finance, in dealing with which the Committee expressed its confidence that the 10s. licence fee would provide an ample source of revenue for the service, but did not follow its predecessor either in suggesting what percentage of the licence fee the Postmaster General might suitably pass on to the Commission or in proposing a possible future reduction of the fee to the public. Instead, it took the view that after the Minister had paid the Commission "an income thoroughly adequate" to the needs of the service the surplus should be retained by the State. In conformity with the manner in which it emphasised the need that the personnel of the Commission should be men and women of conspicuous independence and ability who would "devote earnest attention to their duties," the Committee suggested that future programme policy should aim at raising the standards of material and performance in every sphere of broadcasting.

Like its predecessor, it considered that "licencees will desire a moderate amount of controversy," the satisfaction of which desire should be left to the discretion of the Commission. The shareholders of the existing Company should be repaid their subscribed capital, and the entire property and undertaking of the Company as a going concern be vested in the new authority as from January 1, 1927. The Committee strongly urged that, in order to maintain continuity between the existing organisation and the new one, the Commission should be placed under an obligation to take over the staff of the Company.

The Postmaster General of the second Baldwin Government, Sir William Mitchell-Thomson, who had been in office since November, 1924, and shown much interest in the broadcasting service, announced in the House of Commons on July 14, 1926,[1] that the Government had decided to adopt, in substance, the recommendations of the Crawford Committee and proceed to the establishment of a new operating authority of the type which the Committee had suggested by the method of petitioning the Crown for a Royal Charter of Incorporation. The choice of this method was of significance in helping to determine the relationship of the new authority to Parliament. Creation of the new body by statute or by procedure under the Companies Acts would, the Minister stated, probably result either in an undue restriction of its powers or in prejudicing its operations from the start by giving the public the idea that it was "in some way a creature of Parliament and connected with political activity." Procedure by administrative act would signify a greater degree of independence from politics on the part of the institution, which would also be given the name, not of Commission but of "Corporation", so as further "to emphasise the fact that it does not exist as a mere statutory entity." Critics of the Government's action in adopting this

[1] 198 *H.C. Deb.*, 5s., 448–509.

method of procedure as a 'high-handed' manner of avoiding fuller Parliamentary discussion of its proposals have been able to point to the additional facts that the names of the persons to be recommended for appointment to the Board of the Corporation were announced in the House before it had been given an opportunity to discuss the scheme, and that the draft Charter and Licence laid on the Table preparatory to discussion took the air of a *fait accompli*. The only criticism along these lines which is of much relevance is that which emanates from Parliament itself; although the Charter method of procedure aroused at the outset some objection in the Commons, this was later withdrawn by the spokesman of the Labour Opposition, who declared it to be justified if it ensured greater "freedom and elasticity" to the future authority.

General debate on the proposed change of system took place in the Commons on a Post Office Supplementary Estimate on November 15,[1] a few days after the Report stage of the Act creating the C.E.B. had been under consideration. The Postmaster General gave a lengthy explanation of what he called the "novel experiment" represented by the provisions of the Charter and of the manner in which the Government intended to deal with it once it had started on its course.[2] Further reference will be made to this statement when various functions of the B.B.C. come under consideration at later stages of this essay. It must suffice to notice here that the Minister described the Crawford Committee's suggestion that the Corporation should be granted "the maximum of freedom which Parliament is prepared to concede" as the "gist" of the whole scheme, and declared it to be the Government's desire "that the Corporation should in every respect be given the greatest possible latitude in regard to the conduct of their own affairs." General agreement with these principles was shown on all sides of

[1] 199 *H.C. Deb.*, 5s., 1563–1650. [2] Ibid., 1563–83.

the House. In so far as fears were expressed about the central question of control, these almost all took the form, not that the Corporation would be too irresponsible, but that it would be too subservient to the will of the Minister or the Government. With respect to problems of less fundamental importance, there was a good deal of disappointment shown by Members that the Minister had seen fit to ban the broadcasting of controversial matter by the Corporation, a fairly widespread view that the financial provisions of the new scheme were insufficiently generous to the operating authority, and general participation in the tribute paid by the Minister to the enterprise and discrimination of the expiring Company.

The claim made by Sir John Reith in the article referred to above and elsewhere[1] that the Company, in spite of its foundations in the wireless trade, did not subvert the interests of the public to special interests of the wireless trade and "was administered as a public service from first to last" finds the general confirmation in study of Parliamentary discussion during the Company's career which it received from both the Broadcasting Committees. Analysis of pressure groups and the conflict of interests, or the more specialised form of this known as "muckraking," lie outside the scope of this sketch of the origins of the Corporation. But it may be remarked that if broadcasting, as an instrument of opinion, runs unique risks from the pressure of groups and interested parties, its operations are so public in their nature that the exertion of special influence upon them can not normally long remain secret. The interests most affected, or seemingly affected, by broadcasting in its early years were the different sections of the wireless trade, the Press, the theatrical, variety, and concert-giving industries, associations of professional entertainers, and owners of various kinds of copyright. Although the conflict between some of these and

[1] e.g. *B.B.C. Handbook*, 1928, pp. 31–35.

the Broadcasting Company, which will receive further mention, was severe, and caused restriction in the scope of the Company's activities,[1] there is no patent evidence that their influence either deflected the broadcasting service from operation in the public interest or played much part in the considerations which induced the change from the Company form to the Corporation. That this change was not accompanied by the struggle of interests which marked the creation of the C.E.B. was due to two facts. Firstly, that broadcasting was so new and speculative a service. And secondly, that it was so soon recognised to be what may be called a national vested interest the development of which ought not to be hindered by particular and sectional interests. A view which, although in existence in some measure from the inception of the service, gained fresh support from the sensational demonstration of the national importance of broadcasting afforded by the General Strike of May, 1926.

During the four years of its history the Company appears to have acquired a good measure of the standards and outlook of a public service.[2] This, together with the fact that its administrative personnel, including the Managing Director, and organisation were transferred without change to the new authority, made possible a high degree of continuity between its policy and operations and those of the Corporation which replaced it on January 1, 1927.

Functions

The functions and powers of the British Broadcasting Corporation are set forth in the Royal Charter of Incorporation of December 20, 1926, and the Licence and Agreement

[1] Most noticeably in the case of the limitation secured by the Press on the hours of broadcasting news.

[2] No history of the broadcasting service in Great Britain has yet been attempted. Brief accounts of the history of the Company are given in the *B.B.C. Handbook*, 1928, and *Year Book*, 1930.

between the Postmaster General and the Governors designate of the Corporation of January 1, 1927,[1] and these do not differ in any particular, other than the inclusion of dates, from the draft Charter and Licence laid before Parliament. Broadly speaking, the Charter is concerned with establishing the legal existence and character of the B.B.C. and defining the general nature and scope of its duties, and the Licence and Agreement with laying down the technical and financial conditions under which the Postmaster General permits the B.B.C. to conduct the service.

In its style and its terms the Charter embodies the Crawford Committee's conception of the new broadcasting authority—as a public body of dignity, independence, and unusual responsibility. Unlike the statute which created the C.E.B., it is not a specific document, but confers objects and powers on the Corporation drawn up in what the Postmaster General described as "the widest possible terms." Its preamble introduces the Crawford Committee's definition of the new authority as "a public corporation acting as Trustees for the national interest," and emphasises the paramount claims of the public interest and public benefit upon the future exploitation of the service. It nominates the first Board of Governors and establishes the Corporation for a term of ten years "to carry on a Broadcasting Service within Our United Kingdom . . . and for that purpose to acquire from time to time from Our Postmaster General for the time being a Licence or Licences . . . for the erection and operation of stations as a public utility service for the broadcasting to the public of any matter which for the time being may be permitted by any such Licence." Further clauses establish the conditions of the tenure, conduct of business and future appointment of Governors, and nominate the first Director General.

Other powers and duties of the Corporation are set forth

[1] Cmd. 2756/1926.

in wide terms. Provision is made for its acquisition of land, plant, copyrights and Letters Patent, and any other property or privileges which it may consider "necessary or convenient for the purposes of its business or the furtherance of its objects." Among its stated objects are the publication and distribution of any form of printed matter likely to promote any of its aims, and the collection of news and information "in any part of the world and in any manner that may be thought fit" and establishment of, or subscription to, news agencies—provisions which would permit the Corporation (with the compliance of the Postmaster General) to collect its own news and issue a free daily newspaper. Permission is extended to it to establish or support associations or funds for the benefit of its employees, to grant pensions and make insurance payments, and "to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object." The Corporation's financial powers and duties are described in the next section of this study. Obligation is laid upon it to prepare annually and submit to the Postmaster General (though not, apparently, otherwise to publish) a General Report of its proceedings and Statement of Accounts.

The Charter imposes a prohibition upon the Corporation negotiating or making an agreement with a Dominion or Foreign Government without the written consent of the Postmaster General. Additions to, or amendments of, the Charter may be obtained through application by the Corporation for either a Supplemental Charter or an Act of Parliament. The Crown reserves the right to revoke the Charter upon certification by the Postmaster General that the Corporation has failed to observe any of its provisions or any instructions issued to it by him. On the other hand, the Crown may, on the expiration of the ten-year term of the Charter, renew its existence for a further term by Letters Patent.

The Licence and Agreement extends to the Corporation for a period of ten years the Postmaster General's permission to establish wireless telegraph stations for the purpose of sending and receiving messages, such stations being obliged to broadcast programmes daily and at such hours as the Minister may prescribe. It is worth pointing out that neither the Charter nor the Licence expressly confers a monopoly in broadcasting on the B.B.C. and the clauses of the Licence just referred to do not prevent the Postmaster General from granting permission of a similar kind to other bodies. The majority of the clauses of the Licence are concerned with the technical conditions under which the B.B.C.'s stations are to be established and operated—the use of wavelengths, connection with the Post Office telephone system, responsibilities with regard to military signalling and other wireless stations, provision for inspection and supervision by Post Office engineers, and observance of any regulations issued by the Postmaster General under the Telegraph Acts—or with financial arrangements, which will be noticed shortly. But the matter which the Corporation may broadcast, besides being placed under the general supervision of the Minister, is subject to three limitations of importance. No payment shall be received by the Corporation on account of matter broadcast without the consent of the Postmaster General—which is in effect the prohibition of direct advertising, although "sponsored" items coupled with advertising of an indirect kind are expressly permitted. And under two famous 'blanket clauses'[1] the Corporation is laid under the obligation both to broadcast without payment any matter which any Department of the Government may request it to broadcast, and to refrain from broadcasting any matter of which the Postmaster General may signify his written disapproval. Finally, the Licence reserves to the Government the right to take possession of the Corporation's

[1] Clause 4, sub-clauses (2), (3).

stations and use them in any way it sees fit, without compensation except for damage, whenever in the opinion of the Postmaster General "an emergency shall have arisen in which it is expedient for the Public Service that His Majesty's Government shall have control over the transmission of messages by means of the Stations."

The foregoing description of the B.B.C.'s functions relates to the first ten-year period, now drawing towards its close, of the Corporation's history. While this study was being made the action to be taken when the B.B.C.'s Charter and Licence expire at the end of 1936 was under the consideration of the National Government and of Parliament, and provided the occasion for wide public discussion and assessment of the B.B.C. The third Committee of Inquiry into the national broadcasting service was appointed in April, 1935, with Viscount Ullswater, a former Speaker of the House of Commons, as its Chairman, to render advice to the Government on the steps to be taken with regard to the B.B.C.'s future, and this Committee issued its Report in March, 1936.[1] After Parliamentary discussion of the Ullswater Committee's findings and proposals, the Government took the course of announcing in June, through the medium of a White Paper,[2] the action which it was proposing to take, and this announcement was followed by further Parliamentary debate. As the outcome of this review and discussion the National Government decided to preserve the essential characteristics and functions of the B.B.C. as these now exist and to renew the Corporation's Charter for another ten years from January 1, 1937. The provisions of the new Charter and Licence[3] granted to the Corporation differ,

[1] Cmd. 5091/1936. The Evidence before this Committee was not published.

[2] Cmd. 5207/1936.

[3] Cmd. 5329/1936. Published on December 10, the day on which King Edward VIII announced his abdication to Parliament.

with the exception of certain financial clauses, only in minor respects from the provisions of the first Charter and Licence just described. These minor changes, which will come into force at the beginning of 1937, will be noticed in the following sections of this study.

Economic and Financial Status

An attempt to arrive at the accuracy of the term "public" as an epithet is an easier task in the case of the B.B.C. than in that of the Central Electricity Board. The B.B.C. is concerned, not with the operation of a limited sphere of a particular industry, but with monopolistic performance of a function which can hardly be classed, even by a Marxist, as primarily economic. It has no stockholders. It is, of course, like the Central Electricity Board, a body corporate, with independent legal ownership of property and assets. But the real, if indirect, public ownership and control of this type of body, best conveyed, it seems, by the vague term "public trusteeship," receives reinforcement in this case by the introduction of this term in the Corporation's Charter.

The B.B.C. is subject to a peculiar degree of public control with respect to the bulk of its income. The amount which the consumer pays, in the form of a receiving licence fee, for its services is fixed by the Postmaster General; this sum is collected by, and under conditions established by, the Post Office; and a proportion of it, decided upon by previous arrangement between the Minister and the Corporation, is paid over to the B.B.C. No mention is made in the Licence of the sum to be established as the fee for a receiving licence, which could presumably be altered or abolished at the Minister's will; and a clause in the Licence relieves the Minister in especial cases from the obligation to enforce payment of licence fees. The Licence provides that, after taking 12½ per cent of the gross revenue from receiving licence fees (or 1s. 3d. of each 10s. 0d.) to defray costs of

collection and administration, the Postmaster General shall pay to the Corporation the following percentages of the balance—90 per cent in respect of the first million licences issued, 80 per cent in respect of the second million, 70 per cent in respect of the third and 60 per cent in respect of subsequent millions.[1] This arrangement meant that, under what were then considered reasonable forecasts of the growth in the number of receiving licences and without allowing for the Corporation's payment of income tax, the B.B.C. would be receiving in the middle of its term about 62½ per cent of gross receiving licence revenue or 6s. 3d. of each 10s. 0d. It constituted acceptance by the Government of the Crawford Committee's view that once an adequate income had been paid to the operating authority the surplus should be retained by the State, in preference to the Sykes Committee's view that the State should not aim at making a profit out of the broadcasting service. The B.B.C.'s income for each fiscal year was to be based on the number of receiving licences in force at the end of the preceding fiscal year, and to be paid in monthly instalments. Permission was extended to the Corporation to apply any time after the beginning of 1929 for a revision of the above income terms.

The grant of financial powers to the Corporation contained no special provision for capital expenditure other than permission to borrow up to a limit of £500,000. On the Company's expiration the Corporation received its assets without payment; future capital needs were to be met, apart from borrowing within the limit just mentioned, out of the Corporation's share of the income from receiving licences and any independent income it might receive, which in practice meant profits from publications. The Licence placed the Corporation under the obligation to pay a token royalty of £10 per annum in respect of each of its stations.

[1] For the revision of these terms in the new Licence see pp. 144 seq. below.

And the Charter, in addition to granting the power to borrow, laid down the conditions under which sinking and reserve funds were to be established.

The B.B.C.'s degree of "self-contained finance," or the sphere in which it exhibits an independent character from the standpoint of finance, lies in its freedom to spend its income in the manner it thinks most conducive to the success of its business. The distribution of its income among its different objects, the nature of its capital developments, remuneration of artists and speakers, and the salaries and wages paid to its staff, lie within its own discretion. Its accounts are to be audited annually by auditors approved by the Postmaster General, submitted in an annual Statement to the Minister, and laid open to his inspection or that of his nominees at any time. But no rules are prescribed as to the form in which they should be kept or published.

Appointment and Composition of the Board

What type of person is chosen to exercise the great responsibility of carrying out the functions just described? And under what rules of appointment, tenure of office, and devolution of responsibility? The following five persons were nominated in the Charter to be the first members, or "Governors," of the B.B.C. and to hold this office for five years—Lord Clarendon, Lord Gainford, Sir John Gordon Nairne, Bart., Dr. M. J. Rendall and Mrs. Ethel (subsequently Lady) Snowden. Lord Clarendon was specifically designated Chairman, with the duty of inaugurating the Corporation's business, and Lord Gainford, who had been Chairman of the defunct Company, Vice-Chairman. Future vacancies were to be filled by the Crown, for periods not exceeding five years; and provision was made both for the reappointment of a retiring Governor and for adding to the number of Governors. The Board of Governors of the B.B.C. is thus, like the Central Electricity Board, 'political' in the

mode of its appointment and removal, although it differs from the latter body in that appointments to it are made by the Crown, and so on the initiative not of a Departmental Minister but of the Prime Minister.

With respect to the composition and administrative functions of the Board of Governors, the Charter exhibits to the full its character of an unspecific document. It contains no mention of the qualifications desirable for Governors, although the choice of the original Board was understood to imply agreement on the part of the responsible authorities with the Crawford Committee's view that Governors should not be representatives or specialists but "persons of judgement and independence, free of commitments . . . having no other interests to promote than those of the public service." But so far as the Charter is concerned, there is nothing to prevent the appointment to the Board of an M.P., a minor, or a variety artist of eminence such as Mr. George Robey.

The Board, of course, bears sole responsibility to the Government, Parliament, and the public for the operation of the national broadcasting service within the terms of the Charter and Licence. But the Charter leaves to the Board's own discretion the degree and manner in which it may devolve actual duties and responsibilities upon other persons. It refrains from suggesting what proportion of their time the Governors may be expected to give to their duties, and confines itself to nominating the first Director General, Sir John Reith, giving the Board power to "appoint such officers and staff as they may think necessary" and advisory committees, and making a few rules for the organisation of the Board's meetings. Remuneration is fixed at maxima of £3,000 per annum in the case of the Chairman, £1,000 in that of the Vice-Chairman and £700 in that of the remaining Governors.

During the first decade of the Corporation's history

membership of the Board has shown a fair degree of stability. Twelve persons in all have been appointed to the Board (which has never exceeded five in number), three of whom have been women. Four of the twelve have served as Chairman of the Board, though two of these only for short periods. Lord Clarendon resigned from the Board in 1930 and was succeeded as Chairman, after Lord Gainford had been Acting Chairman for an interim period, by Mr. J. H. Whitley. At the end of the first five years of the B.B.C.'s career one Governor, Sir John Gordon Nairne, resigned and was replaced by Mr. H. G. Brown, and the remaining three original Governors were reappointed for a further year, on the conclusion of which, at the end of 1932, they resigned or were retired,[1] and Mr. R. C. Norman, Lord Bridgeman and Mrs. Mary Agnes Hamilton were appointed for the remaining four years of the term of the Charter. Mr. Whitley's death early in 1935 caused the elevation of Lord Bridgeman to the Chairmanship; and Lord Bridgeman's death after some six months of office was followed by the appointment of Mr. Norman as Chairman for the unexpired period of the Charter. The two vacancies caused by these deaths were filled by the appointment as Governors of Mr. H. A. L. Fisher and Caroline Lady Bridgeman, widow of the deceased Chairman.

So far as the mode of appointment to the Board is concerned, there is wide agreement that the political method, in spite of charges of its misuse in practice which will be noticed shortly, represents the best available system. Election is not put forward by more than a few people, who show no signs of having devoted much thought to the question, as an alternative. The addition, sometimes advocated, of an advisory body to assist the Government in its choice would have the drawback of obscuring the Government's

[1] Some protest, it is difficult to see with what justification, was made by one retiring Governor at not being re-appointed.

full responsibility in the matter without offering much compensating advantage. The most favoured alternative mode of appointment, by a body of specially-constituted 'trustees' such as the Appointing Trustees responsible for the selection of members of the London Passenger Transport Board, also appears to the writer, for reasons to be stated when the London Transport Board is discussed, to present more defects than advantages. But with respect to the results hitherto obtained by the political method of appointing the B.B.C.'s Governors, or the composition of the Board in the past, there is far from such general satisfaction. Views on the ideal composition of the B.B.C.'s Board of Governors must rest on some notion of the nature and scope of the functions which the Board ought in practice to perform. Should the Board be something akin to a judicial body, confining its exercise of active responsibility to major questions of policy and finance and to defence of the Corporation on matters of lively public controversy, and remote from the daily functioning and internal management of the institution? Or should it, as a corporate body, play a more active and detailed executive rôle? The discussion of these questions belongs to a later section of this study, when the relationship between the Board and the management is under consideration. But it may be anticipated here by saying that hitherto the Board of the B.B.C. has conformed to the first of the alternatives just mentioned. Yet even if such limitation of active responsibility can be defended as necessary or desirable, there can hardly be dispute about the fact that the major questions of broadcasting policy are of such unique public importance and delicacy as to require that the Governors of the B.B.C. shall be persons who command an unusual degree of public respect and confidence.

Persons who accept high public office can legitimately be criticised as public characters, and it is no reflection on the private capacities of the twelve Governors, past and

present, of the B.B.C. to say that few of them could have been described at the time of their appointment as widely-known and respected public figures. Mr. Whitley, through his long career as a Liberal politician culminating in tenure from 1921–1928 of the Speakership of the House of Commons, his elaboration of the method of industrial conciliation known as the Whitley Council system, and other public services, most fully earned this description. Mr. H. A. L. Fisher, Warden of New College, Oxford, and a former President of the Board of Education, was widely known outside academic circles as an historian and educationalist. Lord Bridgeman had, at the time of his appointment to the Board in 1933, enjoyed a lengthy career as a Conservative politician which included two post-War Cabinet appointments. Both Lady Snowden and Mrs. Hamilton had achieved prominence as active persons in various spheres of public life, writers, and supporters of the Labour Party. The remaining seven appointments, which included persons whose main occupations were those of landed proprietor, banker, solicitor, coalowner, the retired headmaster of a leading public school and an ex-chairman of the L.C.C., conveyed, it is probably fair to say, little but names to the great body of the public.

Of these twelve Governors, all of whom, with the exception of Mr. Whitley, were appointed by Conservative or National Governments, eight had had active careers in politics, which extended in four cases over considerable periods. Three of these eight belonged to the Conservative Party, three to the Liberal Party, and two (both women) to the Labour Party. Criticism that the political method of appointment has been misused (or misguided) is confined to the charge, based on the Governors' predominantly Conservative or Liberal affiliations together with their high average age at the time of appointment, that the Board has been used as a means of rewarding retired politicians for services rendered.

The validity of this criticism lies, in the writer's

opinion, less in its concern with political affiliations than in its emphasis upon the excessive homogeneity of age and type which has hitherto characterised the Board of the B.B.C. A high proportion of Governors have been over sixty at the time of their appointment; and the occupations and social status of Governors have represented a strictly limited range of the universal callings and conditions of the public which broadcasting serves, a public which has now for the purposes of this argument become identical with the nation. Success in one of a few conspicuous professions and ripeness of experience may, for all the writer knows, be the best qualifications for membership of the board of a limited liability company; but the authorities responsible have assumed too readily that they are the best qualifications for a Governorship of the B.B.C. The one substantial criticism made by the Ullswater Committee was directed towards these features when it stated, in the restrained language of official reports, "we think it important that any undue homogeneity of age or opinion [among members of the Board] should be avoided." An unofficial critic has expressed the case more strongly in the statement that the Board is "highly unreflective of the general outlook of the community."[1]

Would the introduction of some system of direct representation improve the composition of the B.B.C.'s Board? Both official opinion since the Sykes Committee and unofficial critics have without hesitation discarded the idea of a directly representative Board, although the fact should not be swept aside that there exist sections of the public which clamour, and are likely to continue to do so, for a Welshman, a working-man, a professional musician, or some other direct representative to be chosen by a geographical or occupational group for service on the Board. While the

[1] W. A. Robson in a recent criticism of the B.B.C., *Pol. Quarterly*, VI. 4. Cf. also the same writer's chapter on the B.B.C. in *Public Enterprise: Experiments in Social Ownership and Control in Great Britain.*

arguments against direct representation appear to be conclusive, this does not mean that members of the directing body of such an institution as the B.B.C. cannot be chosen to represent, in a non-mechanical sense and as units of a group responsible only to the general public, the various broad interests and social strata of the public which the institution serves. It has been seen that the members of the Central Electricity Board, with their comparatively narrow function, are to some extent representatives of this character. The Board of Governors of the B.B.C. has hitherto been insufficiently representative of the wide range of cultural and political interests, age-levels, and social and economic groupings in the community; and it is to be hoped that the Government will take advantage of the changes necessary when the new Charter comes into force to meet public criticism of the Board's composition with bold experiment. But the need, though important, of selecting as Governors men and women who shall more adequately reflect whatever can be understood by "the general outlook of the community" remains secondary, in the writer's view, to the need of securing persons of acknowledged capacity and judgement who inspire a degree of public confidence which the most critical situation with which the B.B.C. or the country might be faced would not shake.[1]

The most suitable number for the membership of the Board is a question to be decided by some compromise between the claims of variety of outlook and business efficiency. The Ullswater Committee recommended an increase of the membership of the Board to seven, but the

[1] It is now apparent that no sweeping changes are to be made. The Government has announced its re-nomination of the present Governors for the remainder of their five-year terms, and its appointment of Captain Sir Ian Fraser, a Conservative M.P., and Mr. J. J. Mallon, Warden of Toynbee Hall and Labour in sympathy, as additional Governors. These two persons are, however, of a reputation and experience likely to be of considerable service to the Corporation.

B.B.C. opposed this proposal with the arguments that the limitation in practice to five had been endorsed by the Prime Minister and Postmaster General in consultation with Mr. Whitley in 1933, and that "collective wisdom does not grow with numbers, and a small Board is generally more efficient than a large one." The Government has, however, decided to follow the Committee's suggestion and increase the number of Governors. The only other alterations in the existing arrangements which the Ullswater Committee recommended were that the salaries of all Governors other than the Chairman should be fixed at £1,000 per annum, that retiring Governors should not be re-nominated, and that the formally-appointed Vice-Chairman should be replaced by a Deputy-Chairman elected by the Governors from among themselves when occasion required. The Committee also took occasion to make the practice normally followed explicit with the statement that "the Chairman will naturally, during his term of office, find his main interest in the business of the Corporation and give a very substantial part, though not necessarily the whole, of his time to it." The new Charter adopts the first of these proposals, so that after January 1st each of the Governors other than the Chairman will receive £1,000 per annum in place of £700, and stipulates that a retiring Governor shall not be reappointed unless the Postmaster General shall advise the Crown that such a step is in the public interest. It also contains a new clause, probably of no more than formal significance, adding to the disqualifications of a Governor the holding of "any office or place of profit in which his interests may in the opinion of Our Postmaster General conflict with the interests of the Corporation."

Operation

How successfully has the B.B.C. performed the function for which it was created—the monopolistic operation of the

nation's broadcasting service? Fortunately for the present writer, the fact that this study is concerned with the B.B.C. as a political and administrative institution relieves him from the necessity to attempt the task of assessing the merit of the Corporation's programmes during the first decade of its history considered as a contribution to art, or to the art of living. The number of active critics who combine sufficient range of knowledge, capacity for unprejudiced judgement, patience and experience as listeners, and understanding of the problems of broadcast technique, to make such a general assessment is still very small. Doubtless, in the course of time, professional criticism of broadcasting will attain to something of the detachment and standards of modern literary or dramatic criticism, and play an active and useful part in providing listeners with balanced opinions on programmes and policies, and the broadcasting authority with well-informed comment. But even when this happens, the product of broadcasting is so diversified and intangible, and the output of even a single broadcasting station so vast, that the well-equipped and unbiased critic will hardly be able to achieve more than a somewhat less incomplete view of the national broadcasting service than the casual discerning listener.

However, in the case of a broadcasting system conducted as a public service in a democratic State there are two criteria for measuring general success which subordinate the inevitable and endless variety of opinions about the quality and quantity in programmes of serious music and light, stage and wireless drama, educational talks and music-hall patter, and religious devotion and party political controversy, to the position of details to be settled in accordance with changing time and circumstance by experts in the arts and sciences and in the technique of broadcasting and specialists in the measurement of public taste. Firstly, does the service satisfy the largest possible number of its consumers—'give

the public what it wants'—not only in the content and fair and efficient presentation of its programmes, but in providing general accessibility to the microphone? Secondly, does it interpret and direct this shapeless and elusive reality, capable only of very partial and intermittent expression, called general public demand in such a manner as to emphasise and promote what are regarded as the best standards of taste, intelligence, and social behaviour by the society which it serves? Like all organs of opinion in a democratic State, a broadcasting service both derives from and creates prevailing public sentiment. The B.B.C., as a public service form of broadcasting, acquiring its funds through equal payments by considerable numbers of the public, has a clear obligation to discover and satisfy, so far as it is possible to do so, the common denominator of public broadcasting demand. It has an equally definite, though less precisely formulated, obligation to interpret and exploit that demand in a fashion which will continuously raise the standards of national broadcasting performance and appreciation.

These two obligations, or aspects of the Corporation's function, are quite compatible in theory, although by no means easy to combine in practice. A large proportion of the criticism of the B.B.C.'s programmes either ignores them both and substitutes the criterion of individual preference, or recognises only one of them, and so serves no useful purpose other than that of giving a feeling of self-satisfaction to the critic and, by a process similar to that of the pea under the mattress, keeping the Corporation aware of its responsibilities. Many cultivated persons who criticise the B.B.C. for over-devotion to light music, the attention paid to sport in its News Bulletins, or the time it devotes to religious exercises, seem totally unaware of the enjoyment derived by thousands of their fellow citizens from listening to saccharine strains in restaurants, watching football matches and greyhound racing and attending chapel.

Another large, and it seems to the writer less blameworthy, section of critics would like the programmes provided for them to be all light music and variety, and look (or listen) with distaste and suspicion at anything which appears to them to be an attempt to improve their taste or lighten the burden of their ignorance.[1] Criticism of the B.B.C.'s performance which is to have much value must take account both of the 'popular' and the 'educational' aspects of the Corporation's function, and be based on some view of the relative weight which should properly be assigned to each of them. It can most usefully take the form of inquiring whether the B.B.C. is, on the one hand, sufficiently sensitive to the broadcasting interests and desires of the millions of its listeners and sufficiently competent to translate these into effective programme material, and, on the other, possessed of the energy and the imagination to create new public broadcasting interests and desires on some level in advance of prevailing demand.

No attempt will be made here to suggest answers to these questions through an exhaustive analysis of past and present programme matter and policies. The continuously changing policies and content of programmes are fully set forth, with comparative charts to satisfy the statistically-minded, in the B.B.C.'s *Annuals*.[2] Study of these yields a mass of data, but no answers of an objective kind to the questions, 'Have programmes substantially satisfied the public?' and 'Has the right balance between the popular and the educational function been discovered and maintained?' What aids exist, outside the individual's experience of the reactions of others to the service, to interpretation of the general sense of the

[1] An attitude expressed by the music-hall jest of the B.B.C. declaring, "We don't give the people what they want, we give them what's good for them."

[2] Issued as *Hand Books* for the first two years and *Year Books* from 1930–34.

community towards the broadcasting programmes provided for its entertainment and edification? The rise in the number of licences issued annually to the public from slightly over 2,000,000 when the Corporation began its operations to the present figure of nearly 8,000,000 represents the most solid type of evidence obtainable of public reaction to what it has been offered. No 'straw-vote,' in the American manner, has ever been taken on the B.B.C.'s operations, but the Corporation now receives about 160,000 letters per annum from domestic listeners on programme matters. During 1936 roughly 80 per cent of the letters expressing comment on programmes have been appreciative; and this statistic, though its value as evidence of satisfaction can easily be over-estimated, serves to indicate a considerable degree of approval. The Ullswater Committee reported "that the work of the B.B.C. has been widely approved may confidently be inferred from the remarkable absence of general criticism in the oral and written evidence which has been submitted to us," and stated that its proposals were "directed towards the further strengthening and securing of the position which the broadcasting service in Great Britain has happily attained in the few years of its history." The reception of this Committee's Report on its publication in March by the Press showed a wide measure of endorsement of these general findings. The House of Commons, on the various occasions during 1936 when it debated the problem of the B.B.C., expressed substantial satisfaction with the general character of the Corporation's programmes. The conclusion of so staunch and practical a democrat as Mr. Herbert Morrison that "as a whole the B.B.C. has done its difficult job well and fairly" may be taken to express the view of the great majority of the B.B.C.'s consumers in the domestic market.

This large measure of public approval of programmes does not, however, exclude the criticism that the B.B.C. has now

reached a stage at which it needs to strengthen its methods of discovering the views and tastes of its vast public, nor disagreement upon the question of whether the balance between the 'popular' and 'educational' functions of the service has in practice been satisfactory. This last question is one into which the element of subjective judgement enters strongly, as much in determining the facts—or deciding what can be classed as 'popular' broadcast matter—as in elaborating the standards. But it is fair to say that there has been strong support in Great Britain for the view that the national broadcasting service should emphasise and promote rising standards of taste and performance, and that the B.B.C. has on the whole fulfilled this part of its obligation. The conclusion reached by a fair and well-informed broadcasting critic, not blind to the B.B.C.'s deficiencies, that "the real achievement of British programmes is that they have set and maintained, on the whole, a high standard without losing contact with the general public"[1] would undoubtedly receive the assent of large numbers of listeners. The B.B.C. has given prominence in its programmes to the supply of religious worship, good music, the broadcast of ceremonies and events of national significance, education in the narrow sense to children and adults, and controversy by authorities on all manner of serious topics. It has given a fair place in controversy to persons of progressive and 'left-wing' opinions; and has shown a readiness to experiment with new methods of raising the standards and interest of programmes, of which the present development of 'feature' and 'actuality' broadcasts and the means taken to introduce more realism into News Bulletins supply examples. These generalisations about the first decade of performance hold good in spite of an occasional lowering of standards, or such a feature as unduly strict, and often illogical, censorship of the spoken word.

[1] Hilda Matheson, "The Record of the B.B.C.," *Pol. Quarterly*, VI. 4.

In recent months a tendency has been noticeable on the part of the B.B.C., doubtless connected with the public stock-taking of its position and performance which has been occurring, to 'lighten' its programmes, or to stress the popular aspect of its function at the expense of what has been called in this study the educational aspect. Public reaction to this has shown clearly that the Corporation, having taught its audiences to expect high standards, cannot lower these with impunity. The vital factor at the stage of development now reached by the service, as it passes from the first decade of its existence into the second, is that the novelty of broadcasting, which has been a tremendous asset to the B.B.C. hitherto, is wearing off. The need for imagination and courage, and for continuous effort to sustain and improve the standards of performance, on the part of those conducting the service has therefore now become not less but greater.

Some rather more detailed attention must be paid to those features of programme operations which are especially political in nature. The term 'political' is used here in a narrow sense, since limitations of space prevent any attempt to examine the contribution made by the B.B.C. to the welfare and betterment of the community through broadcasts to adult discussion groups, to some 5,750 schools in Great Britain, and to women, the unemployed, and other special sections of the nation, or the Corporation's function, expressedly authorised in the new Charter, of providing a separate broadcasting service to the Dominions and Colonies. It is important to remember in connection with what follows that all the Corporation's programme operations are subject to the prohibition, contained in the first of two instructions issued by the Postmaster General to the Corporation at the beginning of its career under the clause of the Licence which permits the Minister to require the Corporation to refrain from broadcasting anything of which he shall signify

his written disapproval, upon its broadcasting expressions of its own opinion upon matters of public policy.

What the B.B.C. describes as its "Special Services" may be defined as matter the broadcast of which, undertaken either voluntarily or at the request of a Public Department, fulfils a special and normally regular service to the community. Time signals, weather forecasts, "S O S" and Police Messages (which together numbered 1,120 during 1936), bulletins for farmers and the fishing industry, and summaries of Stock Exchange transactions, are the most familiar and routine examples of such service. The broadcasts of matter by the B.B.C. at its own expense at the request of a Public Department is provided for in the second of the 'blanket clauses' of the Licence to which attention was drawn in the section describing the Corporation's functions. In the Commons' debate of November 15, 1926, the Postmaster General defined this clause as "a means of getting publicity for important objects which arise suddenly." Hitherto Ministers and Departments have shown restraint in using this power and have, on the whole, confined their requests for the broadcast of items to matter which can fairly be described as information of national importance and urgency. The broadcast of a 'safety-first' appeal to road users, a warning about foot-and-mouth disease, or a description of the precautions to be taken by citizens in case of air raids, are fair samples of such broadcasts by official request. This power has, according to the writer's information, on no occasion hitherto been used to compel the B.B.C. to broadcast matter of which it did not approve. When, as has happened on occasions, the item which a Minister or Department has desired should be broadcast has been considered unsuitable by the officials of the Corporation, the Minister or Department has refrained from pressing the matter.

Matter broadcast by the request of Departments is usually included in the News Bulletins, in the development of which

during recent years co-operation between the B.B.C. and official and semi-official bodies has played an increasingly important part. The B.B.C. acquires the bulk of its news by arrangement with four commercial News Agencies. In 1930 it began the preparation of its own News Bulletins, and a year later negotiated the advance of the time at which news broadcasts should commence to the present hour of 6.0 p.m. Within recent years technical developments have greatly enlarged the facilities and possibilities of broadcast news presentation, and the Corporation has not been slow to take advantage of them. The time allotted to news in the National and London Regional programmes has now been extended to a net total of seventy-five minutes, and a good deal of experiment has been devoted to discovering the best use of this time and of the ample material now available. Bare summaries of events have been supplemented to an increasing extent by explanatory talks, eye-witness accounts and sound records taken on the scene of action; and domestic public figures, foreign statesmen, observers at such places as Geneva and New York, and experts on many subjects have contributed to heightening the realism of news conveyed over the air. For those who prefer bald statement of events such a service has been retained. Generally speaking, the B.B.C.'s News Bulletins, although it cannot be said that they have always succeeded in avoiding imitation of some of the less satisfactory features of Press news presentation, are admirably conducted, both as regards impartiality and interest. Developments of the kind just mentioned have enlarged the independence of the B.B.C. with regard to news supply, and only a rash prophet would predict what effect new technical advances, especially television, which may well receive its first significant application in the sphere of news, will have upon the future scope and character of this part of the broadcasting service. The Ullswater Committee, while declaring its satisfaction with present news

arrangements, followed the previous Committees of Inquiry in upholding in unmistakable terms the freedom of the B.B.C. with respect to future alteration of existing arrangements and development in the sphere of news, and also expressly recommended that television should be exempt from restrictions as to hours.

The second of the two instructions issued by the Postmaster General under the 'refrain clause' of the Licence at the start of the Corporation's career prohibited the broadcast by the B.B.C. of "matter on topics of political, religious or industrial controversy." After little more than a year this policy of caution was abandoned, and in announcing in the House of Commons on March 5, 1928, the Government's decision to withdraw the prohibition, the Prime Minister, Mr. Baldwin, said that the Government had informed the B.B.C. that it would be expected to use its new powers "strictly in accordance with the spirit of the Crawford Committee's Report, and that it is their responsibility to see that this is done."[1] The B.B.C. has therefore for more than eight years performed a function with respect to the spoken word analogous, with the exception of the prohibition upon the Corporation's broadcasting editorial opinion upon matters of public policy, to that of a modern newspaper, with its power to select from, interpret and influence the whole range of current interests and controversy. No attempt can be made here to examine the B.B.C.'s performance in the large, and by no means easily defined, sphere of controversial broadcasting, and notice must be restricted to those forms of controversy which are more readily recognisable as political in the narrow sense. Study of the B.B.C.'s *Annuals* of the past few years will indicate the growing amount of programme time allotted in recent years to controversial matter, and the increased variety of subjects dealt with controversially over the microphone. The only generalisations upon

[1] 214 *H.C. Deb.*, 5s., 812.

this topic which the writer feels capable of making are that the B.B.C. has shown real initiative in extending the scope and variety of controversial broadcast programmes, and has on the whole given fair opportunity to persons of all shades of opinion to express themselves. It is not intended to suggest that it has never been over-cautious and partial, but that its general standards of inventiveness and impartiality have been high. On a general reckoning up of the past few years' performance those sections of the nation which believe that all things in Church and State, Art and Commerce, are ordered for good, and that change is equivalent to decay, would certainly have more cause to feel aggrieved than those which believe in reform, experiment and innovation. It is inevitable that a broadcasting service which endeavours to deal with controversy in a live and interesting fashion should have a net bias towards unorthodoxy for, as Mr. John Buchan pointed out in a debate in the Commons on this topic in 1933, "the people who have strong views [on such subjects as art, economics and religion] and who can expound them in an interesting way are usually of a radical and dynamic type." The only alternatives would appear to be a cautiousness and conservatism in dealing with controversial broadcasting, which would probably defeat its object by driving the bulk of listeners to seek exhilaration from other sources, or an assimilation of the standards of broadcast controversy with those of sections of the popular Press, with sensation served up in the guise of information and intellectual honesty sacrificed to popularity. The B.B.C. seems to the writer to have earned the gratitude of its public for having so far avoided any real approach to either of these deplorable alternatives.

It is natural that the subject of controversial broadcasting should have attracted more lively attention from Parliament than any other aspect of programme operations. Since the days of the Company, during which requests by Members

that the proceedings of the Commons should be broadcast were not infrequent, Parliament has shown a steady desire that the B.B.C. should make increased use of political and other controversial matter in its programmes. So far, however, as the major occasion of political broadcasting, at the time of a General Election, is concerned, Party leaders have not found it easy to arrive at agreement about what constitutes equitable division of time on the air. On these occasions the Party Whips are responsible for determining the division of time between Parties or Groups and choosing the speakers, and the B.B.C. confines its responsibility to the provision of what it regards as suitable time and hours. Before the General Election of 1929, the first to occur after the ban on controversy had been lifted, difficulties arose from the fact that the Conservative demand for 'equality' with the combined Opposition was unacceptable to Labour and the Liberals. A compromise was reached for the occasion, the Government demand for 'equality' being acceded to before the Dissolution, when four of the eight talks given were by Conservatives, two by Labour Members and two by Liberals, but abandoned for the period betweeen the Dissolution and the Election, when six talks were evenly shared between the three Parties. Formation of the National Government in the latter half of 1931 further complicated the question of equitable division of time. At the General Election of 1931 which, as readers will recall, took place two months after the formation of the first National Government under Mr. Ramsay MacDonald, seven speeches were made by supporters of the Government (two by Conservatives, two by National Labour Members and two by National Liberals, as well as one, treated by some people without much plausibility as a distinct matter, before the Dissolution by Mr. MacDonald), three by Opposition Labour and one by an Opposition Liberal. This ratio of seven to four, together with some minor incidents connected with the Election,

gave to the Labour Party what seems to the writer justifiable cause for complaint, which it has been persistent in expressing. During the 'full-dress' debate on the B.B.C. in the Commons on February 22, 1933,[1] the whole question of controversial broadcasts received a considerable airing, and the Labour Opposition moved an amendment for the appointment of a Select Committee to inquire into controversial, and more especially political, broadcasting. The existence during the past five years of three Parties supporting National Governments and two major Parties in Opposition has not favoured settlement of the problem of allocating time, and has made it virtually impossible for a solution to be found which will give satisfaction on all sides. At the General Election of 1935, however, the principle of the Government's right to 'equality' with the combined Opposition was not insisted upon, and the arrangement reached between the Party leaders and conveyed to the B.B.C. whereby supporters of the Government were allotted five speeches, Opposition Labour Members four, and Opposition Liberals three was generally regarded as satisfactory. The Ullswater Committee had no suggestions to make for alteration of the procedure followed in arranging broadcasts at General Elections other than that, in default of agreement between the Parties, the Speaker might be asked to act as arbitrator, and that the practice, adopted in 1935, of discontinuing political broadcasts at least three days before the Poll should be maintained.

Party political broadcasts at times other than General Elections have not been very frequent. Mr. Attlee, replying, as Postmaster General in the later stages of the second Labour Government, in the Commons on March 19, 1931, to complaints that political broadcasting was too restricted, defended the B.B.C. for "steering a very careful course," and as "doing a very difficult task with very great success."

[1] 274 *H.C. Deb.*, 5s., 1811–70.

Since the inception of political broadcasting the B.B.C. has followed the practice of close co-operation and consultation with the authorised spokesmen of the Parties. Late in 1932 it established a small committee of Members of both Houses to assist it in an advisory capacity on the matter of political broadcasts. This body seems to have been almost stillborn, mainly owing to the fact that the Labour Party gave it little support because its members were appointed by the B.B.C. instead of by either the Parties or the House, although it lingered on in life until early in 1936. It is believed that the B.B.C. itself wishes advantage to be taken of the current review of its position for settlement of the present unsatisfactory state of this matter by a decision that the advisory committee on political broadcasting shall be nominated by the Speaker of the House of Commons at the request of the B.B.C. and by the invitation of the Parties. It is, however, improbable that the Speaker will be willing to take the risk of involving himself in controversy by acting as an intermediary of this kind. The blame for the present somewhat absurd situation seems to the writer to rest clearly with the Party leaders and not with the B.B.C. The rank and file of Parliament have constantly expressed a wish for more frequent political broadcasts, and the onus would seem to be on the Party leaders to make up their minds whether the members of the necessary consultative body shall be chosen by the B.B.C.—which would be most in accordance with the general aim of keeping the service as independent as possible of political control—or by themselves.

The Ullswater Committee concluded that the B.B.C.'s efforts to hold the scales even between Parties had "on the whole been successful," though Mr. Attlee registered as a reservation his view that there had been "a serious failure" to do this during the 'crisis' in the latter part of 1931. The Committee regarded it as inevitable, doubtless referring mainly to the practice of broadcasting such public festivities

as the Lord Mayor's and Royal Academy banquets at which leading members of the Government make pronouncements of policy, that the Government of the day should enjoy some advantage in the air over its opponents, but rightly suggested that this should be weighed against the tendency, noticed above, for controversial broadcasts as a whole to favour change and innovation. The B.B.C. has more than once put on record the fact, which there is no reason to doubt, that any action which it takes with respect to political broadcasting arouses dissatisfaction in some quarter. There would seem to be no escape for the B.B.C. from the rôle of Saint Sebastian in this matter, though it is vital to the system as the vast bulk of the nation desires that it should work that the shafts should not be aimed without good reason and that the B.B.C. should not allow them to weaken its resolve and independence of spirit. One improvement to be noticed in the sphere of political broadcasting since 1934 is the adoption of the practice of permitting the Chancellor of the Exchequer's broadcast of a factual exposition of his Budget, to be followed by an openly political series of three Budget talks by a representative of the Government and of each of the chief Opposition Parties. The most urgent question in this sphere, after that of establishing more satisfactory liaison between the B.B.C. and the principal Parties, is the difficult one of securing adequate representation to minority political views of all kinds. It is to be hoped that before the term of the B.B.C.'s new Charter has run much of its course both of these questions will be nearer solution. The relationship between the B.B.C. and Parliament will receive more attention at a later stage of this study, but mention must be made here of the Ullswater Committee's statement that the diminishing attention paid to the activities of Parliament in the popular Press and elsewhere makes it "all the more necessary that broadcasting should look towards Parliament as the focal point of political thought." The B.B.C. has for

some years past been anticipating this advice, and has demonstrated its awareness of the place held by Parliament in the national life through full attention to Parliament's proceedings in News Bulletins, and through such an experiment as that of sending a representative to report debates in the House of Commons. This experiment has not hitherto worked very satisfactorily and has been abandoned, at least for the time being, though it is only fair to mention that the B.B.C.'s efforts to obtain all the necessary Parliamentary facilities for its reporter did not meet with great encouragement. The early enthusiasm of certain sections of Parliament for the more daring experiment of broadcasting the proceedings of the Commons seems to have evaporated, and was dismissed by the Ullswater Committee as "impracticable"; the experience of New Zealand, the only Parliament in the Empire, so far as the writer is aware, in which this experiment has been tried, seems to have added substance to the view that direct Parliamentary broadcasts may serve as well to depress as to impress the listening citizens. Whether or not the first of these experiments is revived, or the second embarked upon, the future development of political broadcasting in accordance with the democratic tradition of this country, and the relationship between Parliament, as the institutional centre of that tradition, and the B.B.C., endowed since the introduction of controversial broadcasting with enormous potential influence over the thought and life of the community, cannot fail to be highly significant. Those who speculate upon these topics, whether in a spirit of hope or of despair, do well to bear in mind that, according to the experts, what counts more than any other factor in political or any form of controversial broadcasting is the 'microphone effectiveness' of the individual at the transmitting end.

Attention, in however summary a form, to the operations of the B.B.C. cannot altogether omit mention of the engineer-

ing development and achievements of the past ten years, without which none of the programme activities just described would have been possible. The technical side of the B.B.C.'s operations, and the 600 or so members of the Corporation's salaried staff and some 400 others who are responsible for its daily working and development, have received less than their due share (e.g. in the Ullswater Report) of public appreciation. The fact that their efficiency is so much taken for granted by the public represents, perhaps, the highest tribute that could be paid to them; and those in a position to pass judgement on the technical issues seem agreed that the combination of reliability and enterprise sought for in a public service is fully present in this department of the B.B.C.'s work. The system of 20 low-power main and relay stations in populous centres combined with a high-power station at Daventry mentioned earlier in this study as being in force by the end of 1925 was shortly afterwards revised, as the result (*a*) of the reduction, when the first international allocation of wave-lengths took place in 1926, to 11 of the number of wave-lengths available to the B.B.C., and (*b*) of the desire to supply two contrasted programmes to as large a proportion of the population as possible, which was being rendered capable of fulfilment by the development of high-power technique. It was decided to remodel the system of distribution on the basis of a number of high-power medium wave stations serving large regions, each of which would be equipped with two transmitters so as to make alternative programmes available in its area. The first of these, the Midland Regional station, which was regarded in the beginning as experimental, was erected at Daventry in 1927, and has been followed by similar stations to serve the London, Northern England, Scottish, Western England and South Wales, and Northern Ireland Regions. Insufficiency of wave-lengths has led to the necessity for synchronisation of several transmitters on one wave, which imposes certain

restrictions on the service area as well as on the provision of alternative programmes. In September, 1934, the long-wave National programme transmitter at Daventry was replaced by a transmitter of six times its power at Droitwich in Worcestershire. Late in 1935 a separate Welsh Region independent of Western England was organised, though it has not yet proved possible to overcome the technical difficulties involved in providing a second station and independent transmission for these two Regions.[1] In addition to the six high-power Regional stations, low-power transmitters have been established at Aberdeen, Bournemouth, Plymouth, Penmon, and Newcastle. Work is now proceeding on the replacement of the last of these by a high-power transmitter, the construction of two additional transmitters to serve the South Coast and South-West of England, and the provision of a new high-power station for Northern Scotland. It may be remarked that the B.B.C., like the Central Electricity Board, illustrates the possibility open to a public service with monopoly powers to subsidise one area, the service to which may not be financially justified by the receipts from consumers residing in it, with resources obtained from other areas.

Operation of the transmitting stations in Great Britain has now, with the stage of development reached by the Empire Service, come to extend over nearly twenty-four hours of the day. The aggregate programme transmission time for the Home Service during 1936 was 71,123 hours, with a breakdown percentage of 0·031, and that for the Empire Service was 16,577 hours. Besides the erection, daily operation, and maintenance of transmitting stations, and attention to the problem of making the best use of available wave-lengths, the Engineering Division of the B.B.C. performs many other functions, mainly of research, which are

[1] The provision of a separate Welsh Regional station in July, 1937, has now been promised.

fully described in the Corporation's *Year Books* and *Annuals*. It is continuously occupied with experimental work on such matters as the design of aerials, improvement in methods of synchronising transmitters and of interlinking stations, the extension of international relays, studio design and acoustics, and systems of recording programmes. It has become increasingly concerned with the problem of "interference," upon the prevention of which it works in a research and advisory capacity in co-operation with the Post Office authorities, who are now receiving complaints on this matter at the rate of some 40,000 a year.[1] And it receives and answers large numbers of letters from the general public on technical questions, and publishes technical pamphlets.

Experimental work on short-wave broadcasting to the Empire began in 1927 and reached the end of its first phase when the Empire Service started to broadcast regular daily programmes from Daventry in December, 1932. During 1936, the fourth year of Empire broadcasting, the service had grown to six transmissions covering a daily average of seventeen hours out of the twenty-four, and work was begun on large-scale extensions, including the provision of new transmitters of considerably higher power, to the Daventry Empire Station. The operation and development of the Empire Service is expressly authorised in the new Charter. To the bewildering (to the layman) series of technical duties and problems involved in the development of sound broadcasting for domestic and Empire consumption have more recently been added those concerned with television. From the latter part of 1929 until the autumn of 1935 the B.B.C. transmitted by the Baird process a restricted and experimental service of low-definition television programmes. As

[1] The major recommendation of a Committee appointed by the Institution of Electrical Engineers to investigate and report on this subject is that power should be given to the Electricity Commission to issue regulations to suppress interference with wireless reception.

the result of the recommendations of the Selsdon Committee on Television, published in January, 1935,[1] the B.B.C. has been entrusted with the duty of providing, with the assistance of a Television Advisory Committee presided over by Lord Selsdon, a regular public service of high-definition television programmes and this service is expressly authorised in the second Charter. The inauguration of the service took place at the London Television Station at Alexandra Palace in North London on November 2, 1936. In its early stages the service is to make use of two systems, the Baird and the Marconi-E.M.I., in alternate weeks, and is to be confined to two hourly periods of transmission each weekday. The B.B.C. is not making great claims for the service, nor prophesying its rapid extension, but initial results seem to have been encouraging, particularly as regards the range of reception.

To turn attention to the financial provision for the B.B.C.'s operations is to enter a sphere in which practical experience and the development of the service have called for revision in the B.B.C.'s favour of the arrangements made in 1926. During the first decade of operations the listener's receiving licence fee has remained at 10s. od., and the only alteration in the arrangements described at an earlier stage of this study has been the reduction, by a Supplemental Agreement between the Postmaster General and the Corporation of June 11, 1931, of the Post Office charge for administration and collection of licensing fees from 12½ per cent to 10 per cent. For the eight calendar years 1927–1934 the gross revenue from 10s. od. licence fees paid by the public was £16,761,000, and of this sum about 11 per cent was allocated to the Post Office, 36½ per cent—as income tax, special contributions, and surplus of the licence revenue—to the National Exchequer, and only 52½ per cent, or £8,788,000, to the Corporation. In 1935, when annual gross revenue

[1] Cmd. 4793/1935.

from licence fees amounted to some £3,680,000, the B.B.C. received £2,038,000, and, after payment of income tax, had a net revenue from licences of £1,918,000, equivalent to 5s. 2d. out of each 10s. 0d. licence fee, for the purposes of the service. The Corporation has been able to supplement its share of licence revenue by a considerable annual income, exceeding £420,000 net in 1935, from its publications, and especially from the *Radio Times*. But the steady rise in the number of licence holders has swollen the 'surplus' which the Crawford Committee recommended should be retained by the Exchequer to a figure (in excess of £1,200,000 in 1935) larger than was foreseen, or presumably intended. In addition to its proportion of licence revenue, the Exchequer had received from the B.B.C. up to the end of 1935 a total of £688,000 in payment of income tax, and of £637,000 as 'goodwill offerings' paid by the Corporation as the result of requests made to it following upon the recommendations of the May Committee on National Expenditure of 1931.

The Corporation complained regularly in its *Annual Reports*[1] about its limited share of gross licence revenue, and the Ullswater Committee concluded that this complaint was justified, stating its belief that "the B.B.C. would in the past have been able to provide more varied programmes and a more rapid extension of service if its income had been larger," and that "a substantially higher proportion of the sums paid by listeners should be allotted to the Corporation for the service." The Committee's proposals for improving the B.B.C.'s position have to a large extent been accepted by the Government. After the beginning of 1937 the percentage of gross licence revenue to be allocated to the Post Office is to be fixed for periods of two years and reviewed periodically; and the new Licence establishes 9 per cent as the figure for 1937 and 1938. The Committee's

[1] These include the Annual Statement of Accounts, and are published for each calendar year as Command Papers at a price of 3d.–6d.

proposals that the share of the remaining net licence revenue to be allocated to the B.B.C. for purposes other than television should in future be "not less than 75 per cent;" that payment should be made to the B.B.C. in respect of the number of licences actually issued month by month; and that, although "the final surplus, after all needs have been met, may equitably be assigned to the State," the balance remaining after the allocation of 75 per cent "should be regarded as available for the purposes of broadcasting so far as it may be required" are, with qualification with respect to the first, to be carried into practice. The new Licence, after establishing 75 per cent of net licence revenue as the normal assignment to the B.B.C., enables the Treasury to increase this proportion if, after representations on the matter have been made by the B.B.C. to the Postmaster General, the Treasury shall satisfy itself that the Corporation's income is insufficient for the adequate conduct of its services, including television and the Empire Service. Alteration of financial arrangements in the B.B.C.'s favour is to start from the beginning of 1936, since the new Licence includes the provision that the Exchequer's share of receiving licence revenue for 1936 shall be fixed, exclusive of sums payable by the B.B.C. as income tax, at the sum of £1,050,000.

Argument upon the questions of whether it is fair to the consumer of sound broadcasting that television should be 'thrown in' with the ordinary 10s. od. licence or whether a special licence should be created for those who 'view' as well as listen; whether all funds paid by the public as licence fees should as a matter of equity be retained by the broadcasting service or whether subsidisation by the service of other State needs is in principle admissible; and whether it is proper or dangerous that a public institution such as the B.B.C. should derive so much revenue from the sale of advertising space, can hardly be entered into with profit until

more precise knowledge of the probable costs of the television service for some period of time ahead is available. In 1936, the B.B.C.'s share of licence income rose to £2,509,000, which produced a net revenue from licences of £2,364,000, equivalent to 5s. 8d. out of each 10s. od. licence fee, but total revenue expenditure was £2,579,000. Of this total the item described in its accounts as "Programmes"—which includes fees to performers, the salaries of Programme staff, maintenance of permanent orchestras, and payment of Copyright Fees and News Royalties—amounted to some £1,339,000, or more than one-half. Engineering expenses, the second largest item, totalled £490,000, and Premises' Maintenance, Overhead Charges and Administration £323,000. These sums include the relevant parts of the total revenue expenditure for the year of £111,500 on television, and also the expenses of the Empire Service, which are defrayed entirely by the B.B.C. The B.B.C. has no share capital or other capital resources, and must provide for capital expenditure out of surplus income. Such expenditure, inclusive of £175,000 worth of assets taken over by the Corporation without expense to itself from the Company, had amounted to £3,393,000 up to the end of 1936, and had been met by direct appropriation, one temporary loan now repaid, and, during the past few years, the temporary use of funds set aside as provision for depreciation. The Corporation's balance sheet at December 31, 1936, showed the total of Capital Account falling short of Fixed Assets by some £1,043,000, the replacement of which constitutes an additional charge on future revenue. It may be pointed out that the sums appropriated by the Corporation from revenue for capital expenditure, as well as the reserve made for income tax itself, are subject to income tax. The Ullswater Committee did not suggest any alteration in the arrangements by which the Corporation meets its capital requirements other than the proposal, since embodied in the

new Licence, that the limit of the Corporation's borrowing powers should be raised from £500,000 to £1,000,000. The Committee's suggestion, the reflection of criticism about the wisdom of certain items of the B.B.C.'s capital expenditure in the past, that capital expenditure contemplated by the Corporation should be announced to Parliament and the public at the time of the presentation of the annual Broadcasting Estimate did not appear to the Government to be a necessary or desirable innovation.

The B.B.C.'s share of licence income for 1937 is estimated at about £2,870,000, which is some £470,000 more than the sum which would have fallen to the Corporation had the original arrangements for the allocation of gross licence income been continued. How far the new arrangements will provide a permanent settlement for the coming decade, or what effect they may eventually have upon receiving licence fees, cannot yet be forecast. But it seems certain both that capital expenditure upon sound broadcasting will remain high for some years to come, and that the television service will entail a rapidly mounting expenditure, both capital and revenue, in the years immediately ahead.

The question of the form of the B.B.C.'s published accounts raises issues beyond mere consideration of the Corporation's financial operations and competence. It has been noticed that the Charter does not make the form of these accounts subject to the approval of any external authority, although it reserves to the Postmaster General or his nominees the right to investigate the Corporation's accounts and financial engagements at any time. The B.B.C. has until recently shown only nine heads of expenditure, with unitemised totals attached, in its published accounts, and such apparent unwillingness to take the public into its confidence has been regarded by a number of critics as unjustified exaggeration by the Corporation of its constitutional independence in matters of expenditure, and as a suitable breach in the ram-

parts of Broadcasting House towards which to summon the general assault of the sworn foes of autocracy and autarchy. The Ullswater Committee suggested that a somewhat fuller itemisation of annual expenditure would "satisfy all legitimate public interest in the financial working of this public institution" without endangering the B.B.C.'s independence with respect to matters of internal management. The B.B.C. carried this suggestion into practice in its *Annual Report* for 1935, and the Government has decided that this development is all that is required. Discussion about whether the slightly fuller form now adopted by the B.B.C. is sufficient resolves itself into a conflict of opinion as to whether the 'governmental' or the 'commercial' form of accounts is the appropriate form for use by the B.B.C. A critic who makes such a statement as that "it is surely the most reasonable of all demands to require that the B.B.C. should in the future be compelled to present its accounts in as full a form as that used by the Post Office"[1] is in essence arguing for the conversion of the B.B.C. into a regular and fully-controlled Public Department on the orthodox pattern. Other critics who advocate some modification of the 'governmental' form as appropriate for the use of the B.B.C. appear to do so only from the vague notion that an additional public check upon the Corporation cannot fail to produce some advantage. It seems to the writer more profitable to regard the proposal of fuller publicity for the B.B.C.'s expenditures from the standpoint of the improvement which this might be expected to introduce into specific matters, such as staff administration, and further discussion of it will be reserved for later sections of this study.

In concluding this sketch of the B.B.C.'s operations brief reference must be made to one or two matters which may well become conspicuous during the second decade of per-

[1] R. Postgate, in an inflamed piece of criticism, *What to do with the B.B.C.*, 1935, p. 19.

formance. The power contained in the first Licence with respect to the introduction of 'sponsored' items into programmes has in practice been sparingly used by the B.B.C. The Ullswater Committee was divided upon the question of this power, six members being in favour of its continuance, with any increase in its use to be limited to the initial stages of television, and three in favour of its total abolition. The Government has taken the view of the minority, so that after the beginning of 1937 advertising of every kind will be excluded from B.B.C. programmes. There are, however, persons who believe that the high costs of television will eventually necessitate some return to the use of 'sponsored' broadcast matter, as well as a few (mostly business men) who think that, irrespective of the question of finance, advertising in Great Britain, either from stations specially set apart for the purpose or in general programmes, is finally 'bound to come.' The rapidity of the technical development of broadcasting, of which television is but one instance, is still such that it is dangerous to assume that the principles of a particular broadcasting system, even the now well-seasoned one of British aversion to advertisement over the air, will acquire the character of permanence. The principle of monopolistic operation of the British system, though confirmed by the experience of the first decade and by the findings of the Ullswater Committee, is not without its detractors, nor necessarily immune from the forces of technical change. Interesting questions are already arising with respect to the future of monopolistic broadcast operation divorced from monopoly of reception. The B.B.C. has the monopoly of broadcast domestic production, but not the monopoly of broadcast domestic supply. A comparatively unimportant, and somewhat ironical, illustration of this fact is provided by the existence of what can perhaps be described as a broadcast re-import—the regular provision of advertising programmes by English manufacturers and sales' organisa-

tions for English audiences from Continental stations on Sundays. This way of evading the national ban on advertising has been assisted to some extent by the fact that the B.B.C.'s policy towards Sunday broadcasting has shown more than a trace of Sabbatarianism. Discussion of these related topics during the year has resulted in promises that the Post Office and the Foreign Office will continue to take any steps in their power to prevent the transmission of advertisements in English from foreign stations, and that the B.B.C. will proceed to 'lighten' one of its alternative Sunday programmes. The latter promise is already being fulfilled, though not, of course, to the equal satisfaction of all parties. In the writer's opinion the 'brighter B.B.C. Sundays' agitation is one of the matters which best illustrates the incapacity of many 'intellectual' critics of the Corporation to justify their claim to possess intelligence by thinking in terms of anything but their own preferences. Sabbatarianism is, in fact, as the most superficial study of the action of local authorities with respect to the Sunday opening of cinemas is sufficient to indicate, by no means a dead force in Britain. The B.B.C.'s Sunday admixture, as now presented, of religious worship, Shakespeare, and music and talks mainly of a serious variety, probably comes as near to the proper fulfilment of its twin functions, the 'popular' and the 'educational,' as any of its programme activities.

A more serious example of rivalry to the B.B.C. in the sphere of domestic supply is provided by the operations of the privately-owned "relay exchanges," which are able to select at their will from B.B.C. programmes and to use these selections with material obtained from foreign sources to relay to the loud-speakers of subscribers over a local wire network one or two programmes at a weekly charge of about two shillings. Though the first of them were licensed by the Post Office as early as 1927, these exchanges have only recently become numerous; by the middle of 1936

there were over 350 of them in existence, mainly in poor and congested industrial districts, representing an investment of some £1,500,000, and serving about 250,000 subscribers. They are liable to termination of licence and expropriation at the end of 1936, and the Ullswater Committee took advantage of this fact to recommend, both on general and on technical grounds, that the Post Office should take over their ownership and operation and that the B.B.C. should become responsible for their programmes. The debate in the Commons on April 29, 1936, proved the existence both of strong opposition to this recommendation in certain quarters, and of general approval of it, and of the view expressed in the debate by Major J. J. Astor, a member of the Ullswater Committee, that it would be illogical and inconsistent to allow a rival authority to the B.B.C. with an independent policy for broadcasting to develop, on the part of most sections of the House. However, the Government has decided to extend for a further three years the system of licensing these privately-owned and independent exchanges, under the conditions that all extensions of existing licences and new licences shall compel the exchanges which supply two alternative programmes to relay at least one B.B.C. programme during B.B.C. hours, and that the exchanges shall have no assurance that their licences shall be renewed after the end of 1939, or right to compensation for commitments beyond that date. The merits of this decision, or postponement of a decision, can be studied in the Commons' debate of July 6, which followed upon the publication of the Government's proposals, and which contained much further discussion on the topic of relay exchanges. The preponderant opinion expressed on this occasion was that the uncertain future of this type of broadcast reception, which the Government had put forward as its chief reason for postponing change, strengthened rather than weakened the case for conversion of the exchanges to public ownership and B.B.C.

programme control before they had become further entrenched.

It is too early to speculate about the changes which may be introduced into the character and scope of the B.B.C.'s monopoly of broadcast operation through television. The B.B.C. has been entrusted with the conduct of "a broadcast television service," but other applications of this infant art, such as the transmission for commercial purposes of visual images from point to point, remain within the sole competence and control of the Postmaster General. What future relationship does this allow for between the B.B.C. and the Cinema, which appears to have close technical connections of several kinds with television and which is the preserve of powerful private interests? No attempt will be made here to look into this matter, other than to call attention to the fact that the new Charter appears to give the same kind of prospective freedom of action to the B.B.C. with regard to the Cinema as the first Charter gave to it with regard to the Press, since it includes a clause empowering the Corporation "to produce, manufacture, purchase or otherwise acquire for the purposes of the Corporation films, film material and apparatus" to be employed in connection with the broadcasting service. Hardly less interesting, and no more definite at the present time, is the question of the future relationship between the B.B.C. and the business of manufacturing and selling receiving apparatus. The average price of receiving sets in this country has been high, and the Ullswater Committee recommended, specifically for the purposes of school use and tentatively for the purposes of general use, that the Corporation might co-operate with the wireless trade in the production of a standard receiving set or sets. Three members of the Committee wished the B.B.C. itself, either independently or in conjunction with the Post Office, to undertake the manufacture and supply of receiving sets. The Government has not dealt with this recommendation,

except by omission, and the topic has been quite overshadowed during the Parliamentary debates of the year by the issue of the relay exchanges.

The Responsible Minister

The Report of the Ullswater Committee has made, as a by-product of its main purpose, a useful contribution towards illuminating the nature of the problems raised by semi-independent Public Corporations in general, which includes the drawing of a proper distinction between Parliamentary and Ministerial control. This type of public body is designed to possess a special freedom *both* from continuous control by Parliament and from what the Crawford Committee called "the continuing Ministerial guidance and direction which apply to Government Offices." Parliament is supposed to refrain from constant criticism and interference with the Corporation, and the Responsible Minister from exercising control over it of any but an 'ultimate' kind. According to the theory of Parliamentary sovereignty the first of these conditions precedes and automatically produces the second—the sovereign legislature, having created a body with a certain degree of autonomy, shows a restraint towards it which permits the Minister in charge of it to exercise lighthanded and spasmodic control. But the theory obscures the reality that standards of control over this kind of body may in practice be established at least as much by the executive as by the legislature; and also tends to screen the possibility that, although hitherto it has been Parliament rather than the Minister concerned which has shown a tendency to overstep the vaguely-defined boundaries of legitimate control over such examples of this type of institution as exist, the reverse situation might arise in the future. Recognition of the fact that Parliamentary and Ministerial control are separate, though intimately allied, functions is especially necessary in the case of the B.B.C.,

which is not technically a 'creature of Parliament' and which offers temptations of an obvious kind to undue Ministerial or Governmental interference.

The formal nature of Ministerial control over the B.B.C. has already been indicated in the sketch of the powers and functions conferred on the Corporation by its Charter and Licence. It will be recalled that the Prime Minister, and not the Postmaster General, exercises the fundamental duty of recommending the appointment of the B.B.C.'s Governors to the Crown. The Postmaster General derives his responsibility with respect to the broadcasting service from the technical control over wireless communications, formally recognised as applicable to broadcasting by the B.B.C.'s Charter, vested in him by the Wireless Telegraphy Acts of 1904 and 1925. His Licence to the Corporation provides for technical control of broadcasting operations of a comprehensive kind. The Minister controls the number of stations, the allocation of wave-lengths, and the hours of broadcasting, and decides upon the efficiency of the stations; he can close down stations on the ground of their interference with other forms of wireless communication, and can at any time issue new regulations under the Telegraphy Acts which the B.B.C. must observe. The degree of his financial control over the Corporation, through his power to determine the amount of, and function of collecting, receiving licence fees, has already been noticed. Agreements between the B.B.C. and Dominion and Foreign Governments are specifically made his concern. The short but comprehensive clauses of the Licence which establish the Postmaster General's right to require the B.B.C. both to broadcast any matter (a right which he shares with all other Ministers in charge of Departments) and also to refrain from broadcasting any matter have also been remarked upon. Finally, the Minister is responsible for deciding when a state of emergency sufficient to justify the Government taking partial or entire control of

the B.B.C.'s stations may have arisen, and can revoke his Licence to the Corporation, or recommend the annulment of the Charter to the Crown, in case of any non-fulfilment by the B.B.C. of its obligations.

Such a summary of the formal provisions for Ministerial control over the B.B.C. displays the fact that, in the phrase of one commentator, "potential controls are considerable and fundamental," but quite fails to convey the nature of the control exercised in practice. This can only be discovered, outside the inner councils of Broadcasting House and the Post Office, in the record of Parliamentary discussions of the B.B.C., and particularly in the definitions given by successive Postmasters General of their relationship to the B.B.C. in answer to Parliamentary Questions. The first Minister responsible, Sir William Mitchell-Thomson, defined the attitude which he intended to adopt towards the Corporation in the Commons on November 15, 1926, as follows: "while the Postmaster General must, of course, always remain with the ultimate responsibility, the conduct, the general control, the day-to-day administration of the service should be entrusted to the Corporation." And Mr. Lees-Smith, the Postmaster General during the early stages of the second Labour Government, stated on December 10, 1929, that "the Postmaster General is responsible for questions of general policy . . . but is not responsible for questions of details and particulars as to the service." In other words, the principle was established at the inception of the service that the wide written powers of control entrusted to the Minister should be construed in the spirit of the Crawford Committee's proposals.

The manner in which this principle has operated in practice, or the subjects which successive Ministers have included among the vague "questions of general policy" for which Ministerial responsibility has been admitted, appears, in part, in the Parliamentary record. There has, in the first

place, been a fairly wide range of topics of a technical and financial kind upon which no doubt has existed—for example, the B.B.C.'s use of wave-lengths, its erection of new stations, experiments in connection with Empire broadcasting, Post Office work in connection with interference, the enforcement of licensing regulations, and arrangements made between the Post Office and the B.B.C. with regard to the Corporation's revenue. But even in these matters the tendency has been to draw the line of Ministerial powers rigidly rather than loosely. A Parliamentary Question about the technical efficiency of the broadcasting service in a part of Scotland has been disallowed by the Speaker, not without some protest; and it is indicative of the absence of undue financial control over the Corporation that, according to a reply by the Postmaster General in the Commons early in 1934, the right of the Minister to examine the B.B.C.'s accounts had only once been exercised up to that date, on the occasion in 1930 of the Corporation's application for a revision of its income terms. Secondly, there has been a large class of topics, similar to those mentioned earlier in this study in discussion of Ministerial control of the Central Electricity Board, which have been recognised without much dispute as matters of "day-to-day administration" or "questions of detail." But in between these two classes of topics lies the large and decisive ground of the matter which is broadcast—the Corporation's treatment of religion, its selection of broadcast news, balance of serious music with light, its talks, attitude towards education, and all the other calculations, decisions, and preferences which go to make up what is called its general programme policy. Has the Minister's responsibility for general questions of policy been construed as liability for all or any of this? It has been noticed that, apart from the ban on direct advertising, the Postmaster General is granted potential control over general programme policy by 'the demand' and 'the refrain' clauses

of the Licence. The first Postmaster General responsible plainly set forth, on the occasion of his exposition of his functions already several times alluded to, the use he intended to make of what he called "the overriding discretion" conferred upon him by 'the refrain clause.' This, he said, would be confined to his two instructions prohibiting the broadcast of (*a*) editorial opinion, and (*b*) controversial matter; and he added, as an expression of his view that Ministerial control of the B.B.C. was subject to ample checks, that any subsequent variation of these two instructions would "instantly become a matter of public comment and controversy, not only in this House but outside."

Something has already been said in this study both of the use in practice of 'the demand clause' and of the results which have followed the withdrawal early in 1928 of the Minister's instruction prohibiting the broadcast of controversial matter. With respect to the former, it has been stated that Ministers and Departments have, on the whole, shown restraint in using their powers and confined their requests to matter which can fairly be described as information of national importance; and that the B.B.C., according to the writer's information, has on no occasion been compelled to broadcast matter of which its officials did not approve. The Ullswater Committee made, however, a suggestion of some importance on this topic, namely that the B.B.C. should be given the discretionary power to announce specific 'by request' broadcast matter as such. This suggestion has been accepted by the Government, so that 'the demand clause' (clause 4, (2)) of the new Licence provides that "the Corporation when sending such matter may at its discretion announce that it is sent at the request of a named Department." It may be pointed out that the B.B.C., although obliged to accede to a Minister's request for the broadcast of matter, is quite free to choose the hour at which this shall

occur. Mention of 'the demand clause' raises the point, of minor importance, that the Home Secretary, Foreign Secretary and one or two other Ministers have answered Questions in Parliament relating to their use of this power, and so technically admitted sharing some degree of responsibility for the B.B.C.'s actions with the Postmaster General. The Prime Minister has made announcements or answered Questions with respect to the B.B.C. on a few occasions, and the Chancellor of the Exchequer at least once. Perhaps no more important, though by reason of its unorthodox appearance more interesting, is the fact that on two occasions peers, who were at the time Chairman and Acting Chairman respectively of the B.B.C.'s Board of Governors, have acted as spokesmen of the Corporation's policy in the House of Lords.

The removal in March, 1928, of the ban on the broadcast of controversial matter naturally increased the importance and delicacy of the question of Ministerial responsibility for the B.B.C. In announcing the decision to withdraw this ban Mr. Baldwin said that the Government had told the B.B.C. that it would be expected to use its new powers "strictly in accordance with the spirit of the Crawford Committee's Report, and that it is their responsibility to see that this is done." Successive Postmasters General have repeatedly asserted in the House of Commons that the general character of programmes, which includes policy with respect to party political broadcasts and broadcasts of other controversial and non-controversial matter as well as individual broadcasts, falls within the "day-to-day administration" of the Corporation, for which responsibility rests not with themselves but with the B.B.C.'s Governors; and the Postmaster General of the day, Sir Kingsley Wood, reaffirmed in the debate of February 22, 1933, that Ministerial use of 'the refrain clause' had been confined to the two original instructions. Such a position of abstention by the

Minister and the Government from control over the Corporation's programme seems on the whole to have been honestly maintained. This does not mean that there do not appear to have been occasions on which the Corporation has been subject to pressure; but these, apart from the events in the latter part of 1931, the complaints with respect to which have already been noticed, have been either too infrequent or too slight, to be made the subject of specific public charge and substantiation. So far as the Postmasters General who have held office during the B.B.C.'s career are concerned, abstention from interference has usually been carried to the length of avoidance of too much knowledge about the Corporation's operations. The B.B.C. does, of course, enjoy and make use of the privilege of informally and on its own initiative consulting a Minister or Department upon a question which seems to it closely to involve the interests of the State. Obviously, the advice tendered by a Minister on such an occasion might merge from counsel into control; and incidents have sometimes been alluded to in Parliament in terms which have suggested that a Department, for example the Foreign Office, and not the Governors of the Corporation, was responsible for the exclusion of a talk or other broadcast item. The safeguards against improper Ministerial or Governmental influence on these occasions, or through the close relationship which must almost inevitably exist between certain sections of the Government of the day and certain of the Corporation's Governors or highest officials, lie, firstly, in a strong and independent-minded body of Governors enjoying the confidence of the public, and, secondly, in the fact that the exercise of such influence with respect to any subject of importance can hardly fail to come quickly to Parliamentary and public notice.

The system of Ministerial control over the B.B.C. in force during the first decade has, therefore, been a combination of considerable potential, or written, control with small

actual control or interference. Since the B.B.C. has now attained a degree of maturity, and controversial broadcasting of all kinds is becoming increasingly important, is it desirable that this system should be modified, either by reducing the formal control or by augmenting the actual control? The first part of this question seems to the writer purely academic. It is difficult to see how, in the case of an instrument of opinion like broadcasting, the State can avoid reserving to itself considerable powers of control, which in the case of a national crisis become absolute. Objections to the Postmaster General's large formal powers, and especially that of deciding when a state of affairs exists which makes it expedient for the Government to undertake partial or full operation of the service, and such a suggestion as that of the Ullswater Committee that two stages of emergency might be formally recognised, seem to the writer to constitute theorising about realities which are little affected by the presence or absence of written provisions. The alteration of 'the demand clause' just noticed formally ensures, what presumably could not have been avoided in any case, that the assumption by the Government of responsibility for the operation of the service in a time of crisis will be accompanied by declaration over the microphone that such a step has been taken. In the new Licence 'the refrain clause' (Clause 4, (3)) has been partially amended in a similar fashion, by the provision that any written notice from the Postmaster General requiring the B.B.C. to refrain from broadcasting any matter "may specify whether or not the Corporation may at its discretion announce that the notice has been given." But the only real safeguards, in the writer's view, against the Government's undertaking direct operation of the service on an unwarranted plea of national emergency, or misusing such operation in the event of Great Britain being involved in war, lie, in addition to those safeguards which have just been mentioned as security against undue

Ministerial control under normal circumstances, in the knowledge by the Party in power that it would be taking a step which could not fail to have most serious consequences and ultimately to recoil upon itself, and in what is sometimes called 'the British sense of fair play' or the strength of the democratic spirit in Britain.

Has the actual limited control of the Executive over the B.B.C. proved satisfactory to Parliament and the public? The Ullswater Committee endorsed the essential features of the working relationships between the Minister, Parliament and the B.B.C., and the statement by one of its members, Major J. J. Astor, in the Commons' debate of April 29, 1936,[1] that "the evidence put before us certainly showed conclusively that the present constitution of the B.B.C. is well suited to its purpose" was greeted with general approval. The Committee's only suggested alteration, in addition to those already noticed, with respect to Ministerial control was that a second Minister should be appointed to share responsibility with the Postmaster General for the B.B.C.'s activities. Its suggestion that the time had arrived when "responsibility for the cultural side of broadcasting should be transferred to a Cabinet Minister in the House of Commons, preferably a senior member of the Government, and free from heavy responsibilities" was aimed only at clarification, and not at alteration of the essential characteristics, of the existing system of Ministerial control. The original choice of the Postmaster General as the Minister to whom to entrust a measure of responsibility for the B.B.C. appears to the writer an illustration of the haphazard method, alluded to earlier, by which a new function is grafted on to a Public Department already charged with miscellaneous and heavy duties. It is true that in the early years of the service technical matters loomed large, and there was perhaps a good deal of logical justification for the selection

[1] 311 *H.C. Deb.*, 5s., 955–1040.

of the Post Office as the Department to which to attach it. But the service had not been long converted to the public form before its cultural and educational activities began, in fulfilment of the prophecies of the Sykes Committee, to assume considerable actual and potential significance. Eleven Postmasters General have held office during the fourteen years of operation of the broadcasting service, five of these during the period of the Company and six during the life of the Corporation, but only two of the eleven, both during the period of the Company, have been in the Cabinet. The view put forward by the Ullswater Committee was strongly supported both by considerable sections of Parliament and by the B.B.C. itself, but has not found favour with the Government. Further consideration of this topic is, however, better postponed until the main features of Parliament's activity with respect to the B.B.C. have been sketched.

The Rôle of Parliament

The B.B.C., with the extreme measure of political interest inherent in its activities, offers a good test of the capacity of Parliament to refrain from constant criticism and interference with a semi-independent Public Corporation. It has been seen that it was removed a degree further away from direct Parliamentary control than the Central Electricity Board as the result of the Charter method of its creation.

Opportunities for Parliamentary discussion of the B.B.C. are, like those for such discussion of the Central Electricity Board, limited. They consist of: (1) the Vote on the Post Office Estimates, in which is included the amount of licence revenue allocated to the Corporation for the year, when the broadcasting service may be discussed in conjunction with the numerous other services for which the Postmaster General is responsible; (2) Questions; (3) the annual opportunity for considering broadcasting among a miscellaneous collection of topics under the Expiring Laws Con-

tinuance Bill, which includes provision for the renewal of the Wireless Telegraphy Acts, and (4) the occasional chances for debate on a Private Member's Motion or on a Motion for the Adjournment. Within the framework of these limited opportunities Parliament has shown a general tendency, similar to that noticed in the case of the Central Electricity Board, of restraint and readiness to allow the Corporation considerable freedom from interference during the formative, experimental, years, developing into greater activity and interest as the institution has grown out of its experimental phase and reached a certain measure of maturity. It is not, of course, easy, on the basis of the Parliamentary record alone, to determine how much of the restraint shown in the earlier years was due to self-abnegation or comparative lack of interest on the part of Parliament, and how much to restriction on the opportunities for discussion. It would be distortion of the situation that has hitherto prevailed to neglect to emphasise that the extent of Ministerial responsibility for the B.B.C. and the corresponding facilities open to Parliament to acquire information about and discuss the Corporation, however clear-cut and precise these may have appeared to the Postmaster General of the day or to constitutional lawyers, have not proved so in practice either for those Members anxious to discuss the service or even for those responsible for regulating the procedure of the House. The Speaker on one occasion went the length of stating, "I understand there is no Minister who has responsibility for the British Broadcasting Corporation" and appealed for assistance on the point to the Postmaster General, Mr. Lees-Smith, who supplied the definition of his responsibility quoted in the preceding section of this study; and the Deputy-Chairman has interrupted discussion of political broadcasting during the Post Office Estimates with the statement, which was not borne out by previous practice and which aroused protest, that

"we cannot debate the action of the B.B.C. on the Post Office Estimates." Whatever degree of responsibility may be theoretically deduced from 'the refrain clause' of the Licence, the narrow definition of their responsibility adopted by Postmasters General in practice has almost excluded Parliamentary Questions about either the general character or individual items of the B.B.C.'s programmes. Such Questions of this nature as have succeeded in passing the Clerks at the Table, or have been interjected during discussion, have been answered by the Minister's promising to pass on the request for information or complaint to the B.B.C. or, more rarely, giving a brief account of the Corporation's policy on the matter at issue. Yet in spite of this situation with regard to Questions, and the growth of irritation towards it, Parliament did not until recent years show much inclination to make use of such limited opportunities as it possessed for criticism and discussion of the Corporation. After the debate, noticed in the sketch of the B.B.C.'s origins, of November 15, 1926, no further full discussion of the Corporation took place in the House of Commons until early in 1933. The House of Lords, however, on two occasions, in 1929 and 1931, indulged in short debates on the B.B.C.'s policies and programmes.[1]

The 'full-dress' debate on a Private Member's Motion of February 22, 1933, showed both nearly unanimous approval of the essential features of the B.B.C.'s constitution and the main aspects of its performance, and growing Parliamentary interest in the directly political and other controversial elements in programmes accompanied by a feeling in most quarters of the House that the former had not yet been put upon a satisfactory basis. Some discussion of the problem of political broadcasting has already been entered into, and it is only necessary to repeat here that the main components of this problem seem still to be, first, an eagerness for ex-

[1] 72; 80 *H.L. Deb.*, 5s., 833–43; 447–82.

tended political broadcasting on the part of most sections of Parliament and, secondly, a lack of full understanding between the Party leaders and the B.B.C. about the means by which this may be brought about. The Ullswater Committee, whose nine members formed an active and experienced body, was appointed in April, 1935, and Parliament's increasing attention to the broadcasting service was reflected in a certain impatience at the delay in publication of the Committee's findings. These findings, when they appeared, revealed that the Committee had concluded that steps should be taken to bring the B.B.C. into closer relationship to Parliament. In addition to its proposal about the Responsible Minister, the Committee suggested that the Broadcasting Estimates should in future be presented separately from the Post Office Estimates and defended by the new Minister, that the presentation of the Corporation's *Annual Report and Accounts* to Parliament should be made an additional occasion for Parliamentary discussion, and that the presentation of the separate Estimates should include a statement of the major items of capital expenditure contemplated by the Corporation in the ensuing year. Referring to its proposals for more Parliamentary discussion of the B.B.C. the Committee stated "we do not wish to suggest that the extent of Parliamentary criticism and control over details should be enlarged, but we think it advantageous that the occasions for discussion on broad matters of policy should be regular and adequate." The Committee's suggestion, when dealing with the question of the B.B.C.'s payment of fees to musicians and others, that failure to settle disagreement in any other way might be followed by the establishment of an arbitration tribunal by Parliament was not, presumably, intended to increase the scope for Parliamentary interference with the Corporation.

The publication of the Ullswater Committee's Report was followed by full discussion of the Committee's findings and

proposals in the Commons on April 29, 1936, publication by the Government of its views and intentions in the form of a White Paper in June, and a second and longer discussion in the Commons on July 6.[1] It should be noted that the National Government's action in allotting nearly two full 'days' of Parliamentary time for discussion of the B.B.C.'s future, and in submitting its intentions to Parliament in the form of a White Paper, constituted, by contrast with the action taken in 1926, a decided increase in the attention paid to Parliament's views on the service. In the April debate the Commons offered a noticeable welcome to those features of the Ullswater Report which aimed to bring the B.B.C. into closer relationship with itself, and one of the final speakers stated that the discussion had shown "a strong opinion in the House in favour of some Minister being responsible to Parliament to answer questions concerning the Corporation." The Government, however, decided not to introduce any change with respect to the Responsible Minister, and to adopt only that one of the Ullswater Committee's proposals just mentioned which suggested separate Broadcasting Estimates. Although the issue with respect to the Responsible Minister is closed for the time being, the disappointment expressed in Parliament with the Government's decision on this point suggests that it may well be re-opened during the B.B.C.'s second decade, and the subject is of such importance as to merit further attention. The main reason put forward by the Government for its decision was its belief that a Minister "free from heavy Departmental responsibilities" appointed to be responsible for the broad questions of policy and culture would in practice "find himself more and more obliged to exercise actual control" over the Corporation and imperil, however unwillingly, by his activities the present system of independent management. Although a certain amount of

[1] 314 *H.C. Deb.*, 5s., 865–990.

sympathy was expressed with this view both inside and outside Parliament, the weight of opinion within Parliament and the judgement of the B.B.C. itself were that the Government's fears on this score were exaggerated. The B.B.C., which in its own admission "is rightly jealous of its wide measure of independence,"[1] was strongly in favour of the proposed change, and of the Lord President of the Council as the office to which the transferred responsibility should be attached, chiefly from the view that a senior Minister in the Cabinet without Departmental duties and with more time to attend to the broadcasting service had become necessary for the adequate presentation of the Corporation's responsible and delicate operations before the Government. Parliament's desire for the change was based on somewhat different grounds, namely its anxiety for the presence in the Commons of someone in a better position to answer for the policies and practices of the Corporation. Inclusion of the Postmaster General in the Cabinet would partially meet the B.B.C.'s point of view on this issue. There is, however, good basis in logic for the Government's view that transference of responsibility for non-technical matters to a Minister wholly free from Departmental duties would ultimately mean more control of the B.B.C. by the Minister, or (what the Government did not express) more control of the Minister by the B.B.C. The choice of the President of the Board of Education, with a place in the Cabinet, to present the non-technical aspects of the B.B.C.'s operations to the Government and Parliament might prove a satisfactory and workable compromise. But this alone would not meet the demand of Parliament for more adequate means of communication between the Corporation and itself.

This demand is at the present time in part the natural outcome of the growth of Parliamentary interest in and attention towards the broadcasting service during the past

[1] *The Listener*, April 15, 1936, p. 708.

few years, and in part the result of less desirable circumstances. The B.B.C. cannot be acquitted of over-sensitiveness to Parliamentary and other outside criticism about certain matters, such as staff administration, which lie within the sphere of its special independence, and the adoption of a rigid attitude of insistence on its freedom in these matters. Its attitude of aloofness, and apparent unwillingness to admit the right of Parliament to criticise its internal management, has naturally not recommended itself to the representatives of the people assembled at Westminster, and an atmosphere of mutual suspicion between the two institutions, clearly expressed on the Parliamentary side in the debates of last year, has been allowed to grow up. To meet Parliament's desire for fuller communication with the B.B.C. by making a Minister more 'answerable for,' i.e. more responsible for, the Corporation would cut at the vital, and in the writer's opinion most valuable, feature of the existing system. The suggestion sometimes made that, on the analogy of the practice existing in the case of the Forestry and Ecclesiastical Commissions, a member of the Corporation should have a seat in Parliament would alleviate the situation with respect to Questions, but would have the drawbacks, seemingly decisive in the case of the B.B.C., of identifying one of the Governors with current political controversies and dividing responsibility for the Corporation between a Minister and a Private Member.[1] The existing system seems to the writer quite capable of being modified in practice to meet reasonable Parliamentary demands for discussion and information. The annual debate which will take place henceforward on the Broadcasting Estimates will provide Parliament with a regular opportunity for

[1] Captain Ian Fraser has decided to resign his seat on his appointment as a Governor. The Commons' debate of December 17, the last of the series in the present phase of discussion, seems to the writer to have substantiated the argument of this section.

expressing its views on the service. The situation with respect to Questions could be improved by a fuller use of the Postmaster General or the President of the Board of Education as a channel of information, that is by simply liberalising the current practice whereby, in spite of the Minister's limited responsibility, Questions are accepted at the Table and answered on behalf of the Corporation. But more important, in the writer's view, than either of these modifications of machinery, and more decisive of the future settlement of the matter, will be the attitude adopted towards Parliament by the B.B.C. This might go beyond careful attention to Parliamentary comment and suggestions with respect to its management and, without any sacrifice of independence, include the voluntary publication of more detailed information on this topic. The early years of the B.B.C.'s second decade cannot fail to be of importance in this matter of the relationship between the Corporation and Parliament, and will, it is to be hoped, see the existing suspicions dissolved without any loss of the B.B.C.'s genuine independence.

The Board and the Management

The questions of the delegation of powers and duties by the B.B.C.'s Board of Governors to the Management, and the internal organisation of the Corporation, lie, like all the topics dealt with in the remaining sections of this study, within the sphere of the Corporation's special independence. The Board is accountable to nobody for the manner in which it devolves its functions, appoints its staff, and organises its establishment, except in so far as its behaviour in these matters falls within its general accountability to Parliament and the public for efficient conduct of the service entrusted to it. Freedom with respect to them, often conveyed by the phrase "commercial management," is theoretically one of the major advantages which the Public

Corporation on this model has to offer, and has been bestowed in generous measure on the B.B.C. by the silences of the Charter. It would seem to be important to the success of the experiment which this type of institution represents that such freedom, and the degree of privacy which is inseparable from it, should not be seriously curtailed. Formal rules for the devolution of a Board's functions and the appointment and treatment of its officers and servants would limit initiative, flexibility, and commercial efficiency. The B.B.C., however, presents in this sphere, perhaps more than in any other, features which it is difficult to compare with those of a Public Corporation engaged in the supply of electricity or public transport. Its functions are not commercial, it has unusually delicate responsibilities, and its personnel is unavoidably subject to a peculiar degree of limelight.

It is clear that the practice of the B.B.C. in these matters hitherto has been influenced to a considerable extent by the continuity which existed between itself and the original Broadcasting Company. It was pointed out with fair accuracy by a writer in a survey of the first ten years of British broadcasting that "in the B.B.C. management has had two advantages—that of continuity of purpose and practical continuity of constitution, and that of continuity of direction in the person of the Chief Executive."[1] The Chairman of the Company became Vice-Chairman of the Corporation, Sir John Reith was nominated in the Charter as the Corporation's first Director General, and all the members of the Company's senior executive staff were transferred to the new public authority. Such a situation obviously lent itself to adoption of the view that the practical functions which the Governors of the new body were called upon to fulfil were not essentially different from those performed by the defunct Board of Directors. And, as the result of the imma-

[1] *Year Book*, 1933, p. 14.

turity and experimental nature of the service, the general character of appointments to the Board, and the long experience and strong personality of the first Director General, this view has determined the practice of the Corporation during its first decade of existence. The nature of the Corporation's own descriptions of its organisation have been illuminating in this matter. These have tended to push the Board of Governors on to the peaks of ultimate responsibility, where the atmosphere is too rarefied for constant and vigorous action; and neither the Corporation's *Annual Reports* nor its *Annuals* have normally in the past even alluded to changes in the membership of the Board.

The Chairman of the B.B.C. is not, like the Chairmen of the Central Electricity and London Transport Boards, a full-time administrator, and there is nothing in the Charter beyond whatever may be inferred from an annual salary of £3,000 (which, incidentally, is larger than the salary of the Postmaster General) to indicate the amount of time which he is expected to give to his duties to the Corporation. The practice in the past has been for the Chairman to visit his office in Broadcasting House on three or four mornings a week, and to keep in close touch otherwise with the Director General. The activity of the other Governors has been virtually limited to attendance at the fortnightly meetings of the Board, which usually last a few hours, and at which the Director General, and occasionally one or other of the Controllers, are present. "The Governors," in the account of the Ullswater Report, "have a joint responsibility, not divided for purposes of departmental supervision; they decide, after discussion with the Director General, upon major matters of policy and finance, but leave the execution of that policy and the general administration of the service in all its branches to the executive officers." Initiative in matters of policy seems to have emanated in the

past more often from the higher officials of the Corporation than from the Governors; and it appears that penetration by the Governors of the internal functioning of the Corporation has been slight.

Does this division of functions represent the ideal system for the B.B.C., now that the institution has definitely passed out of the pioneering stage? The Ullswater Committee answered this question, with slight reservations, in the affirmative. Paper constitutions convey little until they are interpreted in practice by human personalities, and the fabrication of a theoretically ideal distribution of functions between the Governors of the B.B.C. and its officials has a strictly limited value. Nevertheless, attention to the possible alternatives serves the purpose of clarifying ideas and suggesting principles for future action. There are some who advocate a highly-paid, whole-time, Board of Governors for the B.B.C. Would the advantages of this not be outweighed by the diffusion among five or seven persons of detailed responsibility, and by an increase in the difficulties and risks attached to the choice of Governors? On the other hand, is the activity shown by the Board hitherto, and scarcely distinguishable from that of the board of an average joint-stock company, adequate for a service with the public responsibilities of the B.B.C.? Is it desirable to find a succession of strong Directors General, and leave it to chance that these will be able to work harmoniously with the Chairman of the day? In the view of the writer the present system needs alteration, not in its written provisions, but in its emphasis. A Board modified in the way suggested in an earlier section of this study, more heterogeneous, youthful, and widely-known than has been the case in the past, should play a more active part in initiating policy, determining the appointment and duties of the higher officials, and penetrating certain crucial aspects, such as the condition of the lower grades of staff and such a function as

censorship of the spoken word, of the daily working of the institution. There would appear to be no practical disadvantage in one or two of the Governors making themselves especially responsible to their colleagues for supervision of some of these features. But the important thing, in the writer's view, is that the corporate body of Governors should assume something more of the rôle hitherto occupied by the Chairman alone, and so place itself in a stronger position both for correction of faults within the Corporation and for interpretation of the Corporation's acts and policies to the Government and the outside world. The decision of the Government to increase the salaries of members of the Board other than the Chairman, and remarks made on this subject by the Postmaster General in the debate of last July, would seem to indicate that some such development of the practical functions of the Board may be expected to occur in the future.

The internal organisation of the B.B.C. has necessarily undergone a good deal of change, as new services have developed and new experiments in administration have been called for. In the Corporation's earlier years the Director General devolved authority on a Controller, who acted as his Deputy, and five Assistant Controllers in charge of the Departments of Engineering, Administration, Finance, Information and Publications, and Programmes. The last of these Departments underwent continuous expansion, and in 1932 a sphere of its activities was formed into a separate Department of Talks; and in the same year an independent Empire Department was established. In the autumn of 1935 a rearrangement of the higher administrative offices took place as part of an important reorganisation, initiated in 1933, of the general administrative system of which, in the account of the B.B.C., "the central feature is the separation, from top to bottom of the hierarchy, of the functions broadly called 'creative' from those of an administrative and executive

character."[1] The former Controller, Vice-Admiral Carpendale, assumed the office of Deputy Director General, and four Controllers were placed in charge of the four Divisions of Engineering, Administration, Programmes, and Public Relations. The Programmes Division, the largest in numbers except for the Engineering Division, and the one in which most of the staff problems distinctive to the B.B.C. originate, has been chiefly concerned with the reorganisation just alluded to. Its Departments, which include Music, Drama, Outside Broadcasts, Talks, News, the Foreign Department, and the Empire Department, have been almost entirely confined to 'creative' duties—i.e. the planning of programmes, choice of artists and material, and conduct or supervision of the actual broadcasts. The multifarious administrative and financial work connected with programmes, as well as the general administrative supervision of individual Programme Departments, have been entrusted to the Division of Administration, so that the entire staff of the Programmes Division, outside the Controller and Heads of Departments, may now be placed in the category of artists or creators. Whether this will prove a permanent solution, and perhaps eventually lead to many of the Programmes staff being employed on a basis of part-time labour, only further time and experiment can tell. A small Programmes Committee and a larger Programmes Board meet every week to plan programmes. The Empire Service, although now included in the Programmes Division, is in most respects a self-sufficient unit, and the same thing is true of the Television Service. The present Division of Administration, besides bearing the responsibilities with respect to programmes just mentioned, performs the functions for the Corporation as a whole which its name implies, and includes the Finance Department and a small Legal Department. The Public

[1] *Annual*, 1936, p. 25. The present administrative system is briefly described on pp. 65–69.

Relations Division was created in 1935 as an enlargement of the Department of Information and Publications; its functions, which will receive more attention later, include in addition to the routine work of publicity the vital work of ascertaining the tastes and opinions of the listening public, and the publication of the B.B.C.'s widely-circulated commercial and other literature. This picture of the functional organisation of the Head Office of the B.B.C. is only affected in detail by the addition of machinery for the maintenance and control of the B.B.C.'s six Regional Offices in provincial centres. So far as Engineering, Administration, and Public Relations are concerned the service has hitherto been highly centralised, the activities and autonomy of the Regional Offices having been almost entirely confined to programme matters. A new office, the Director of Regional Relations, was created recently "to promote and co-ordinate the development of the Corporation's Regional policy."

This outline of the B.B.C.'s administrative system has reserved to the end mention of one vital organ, the Control Board, which since the beginning of the Corporation's career has met weekly to co-ordinate the work of the different Departments and to initiate and formulate policy, and which now consists of the Director General, his Deputy, and the four Controllers, and is often attended by the Chairman of the Board of Governors. Since the reorganisation of the higher administrative offices late in 1935 more emphasis has been laid than was formerly the case upon supervision by the Control Board of internal management, and since the Spring of 1936 the Board has taken to meeting twice weekly. The importance of this body as the directing internal council of the institution, overseeing all phases of its activity, providing information and making proposals to the Governors, and translating the Governors' decisions into detailed policies, is obviously great. If, as suggested above, the scope of the Governors' active participation in

the Corporation's affairs should be enlarged, the present initiative and discretion of the Control Board would presumably suffer some limitation, but there is no reason why the two bodies should not work harmoniously together under these altered circumstances. The certainty that the B.B.C.'s internal organisation will continue to change and develop makes more detailed examination of the existing structure somewhat fruitless. It is, for example, possible that the future will suggest the need for a complete reorganisation on the basis of the different needs of the three services of Home and Empire sound broadcasting and Television.

Staff

The B.B.C. has provided valuable, if rather spectacular, illustration of the problems raised by the grant of virtually complete freedom to the semi-independent Public Corporation, in the interests of creative inventiveness, enterprise, and flexibility, in the choice and treatment of its staff. The Board of Governors is under no restrictions, except for a minor one with respect to the employment of non-British subjects, at all in these matters, and under no formal obligation to publish its methods of dealing with them. Does the history of the B.B.C.'s first decade suggest that this freedom has proved so satisfactory in practice that it should be permitted to continue without modification? Or has it now become desirable that systematization and formulation of certain rules and standards, either by Parliament or by the B.B.C. itself without the element of formal compulsion, should take place?

Careful selection of the high priest of the hierarchy, the Director General, is clearly a matter of the first importance. The nomination of Sir John Reith as the first Director General in the original Charter amounted to appointment by the Government, and although the new Charter (which mentions neither the Governors nor the Director General

by name) provides, like the first, that the Governors are responsible for the appointment of future Directors General, it is hard to believe that the Government of the day will not show, by quite legitimate means, an interest in the appointment to so important an office. The suggestions made above with respect to the division of functions between the Board and the Management include no adherence to the view that the Director General of the B.B.C. need not be a person of outstanding executive ability and strong character. The fact that the service has now reached a degree of maturity and stability has not lessened the need for a Chief Executive of unusual qualities; and it would be a serious error if, in an effort to avoid persons too highly-coloured politically or considered undesirable on other grounds, a man of second-rate ability were chosen to succeed the first Director General. Further time and experiment are needed to prove whether persons of the requisite disinterestedness and ability will be forthcoming to fill this and similar public offices, and so fulfil the prophecy of Lord Allen of Hurtwood that "the dominant class in the society of the immediate future is likely to be composed of leaders who would rather run public corporations like the B.B.C. and the Central Electricity Board than exploit the far corners of the earth in order to become millionaires."[1]

The actual practices of the B.B.C. with regard to the choice and treatment of its officers and servants have in the past suffered a two-fold obscurity—on the one hand from the rigid interpretation by the B.B.C. of its privilege of privacy in these matters, and on the other from the large volume of gossip and rumour which has made them its object. It has hitherto neither been easy to ascertain the facts from the Corporation itself, nor to separate the wheat of informed outside criticism from the chaff of interested pleading and spicy hearsay. But the main features of current

[1] *Britain's Political Future*, 1934, p. 69.

staff practices have now been recorded by the Ullswater Committee, and also made the subject of much recent attention by Parliament.

The full-time employees of the B.B.C. now number over 2,700, of whom about 1,100 are salaried staff and 1,600 clerical and other staff earning weekly wages. About 700 of the salaried staff and 1,200 of the others, or some 1,900 officers and servants in all, are employed in London. The auxiliary staff of persons employed irregularly for a number of purposes, and the host of persons who contribute for a fee to programmes, are irrelevant to the present discussion. Classification by the B.B.C. of its salaried staff is in broad categories only. Of the total of 1,100 about 620 are in the Engineering Division, 300 are Programmes staff, 90 Administrative staff, and 90 Public Relations and Publications staff. Recruitment of the salaried staff, which takes place for the purposes both of the Head Office and of the Regional Offices in London, has hitherto been carried out through (*a*) public advertisement, and (*b*) recommendation or application by a variety of persons and bodies. The first of these methods was not much used until recent years, but was stated by the B.B.C. at the time of the issue of the Ullswater Report to have been applied to "at least 50 per cent of staff vacancies" during the two preceding years. The B.B.C. also stated on that occasion that in almost every case appointments were made by the machinery of appointments boards, which sometimes included external assessors. Two independent critics, by no means predetermined in the Corporation's favour, Professor Ernest Barker and Mr. D. B. Mair, a former Civil Service Commissioner, examined the system of recruitment then in force at the B.B.C.'s request in 1934, and found that it was conducted with integrity and lack of favouritism and needed alteration only "on points of comparative detail." The officials selected have been provided with individual contracts governing their future

promotion and salary adjustments—i.e. they have been treated as individuals, their careers documented in series of secret reports, and, in the absence of any Board of review or system of staff representation, their bargaining power if a difference of opinion has arisen has been a purely individual one. These conditions, characteristic of private enterprise, have been accompanied in the higher grades, where lack of security of tenure and opportunities for promotion are most felt, by salaries comparable to those paid by private enterprise, or often (so far as it is possible to discover) considerably larger than the salaries of persons of corresponding age, seniority, and ability in the Civil Service. There appears to have been a good deal of shuffling of the offices and positions of the salaried staff, especially of those portions of it which deal with Talks and allied matters, though how far this has been unavoidable it is impossible for an impartial outsider to say. The remuneration of the lower grades of staff was found by the Ullswater Committee to be "adequate," and other conditions, such as the contributory pension scheme and holidays, appear to have been generous. The staff as a whole has enjoyed both the advantages and the drawbacks of a system of centralised paternalism. A minor, but revealing, illustration of this is afforded by the fact that it has not been customary for the B.B.C. to grant "extra duty" (the word "overtime" is avoided) pay in or above the clerical grades; the individual is expected 'to do the job,' and if his or her fulfilment of duty has meant continuously long hours reward has usually been forthcoming in the shape of a long week-end, an extension of the annual holiday, or a bonus. An aspect of the system which has received more public attention is that of supervision of the private lives of employees, for the B.B.C. authorities appear to have taken a comprehensive view, which has included a general restriction on participation in political activities, of what in their employees' "personal conduct affects or may affect

the performance of their duties as servants of the Corporation." It is only fair, however, to set on the other side of the account the fact that some members of the B.B.C.'s staff, and especially of the Programmes staff, have found opportunity, of a sort quite unknown to Civil Servants, to combine well-paid public service with furtherance of personal publicity and interests. The policy of staff anonymity which characterised the Corporation's earlier years appears, at least with respect to some sections of employees, to have been progressively discarded. Interchange of officers between the Head Office and the Regional Offices has hitherto taken place only as particular circumstances require, and not in accordance with any policy or plan.

Is it desirable that the existing freedom and privacy of the B.B.C. with regard to staff matters should henceforward be curtailed, and the individualistic basis of the current system modified? The Ullswater Committee, the Government, and not least the voice of considerable sections of Parliament, have answered this question in an affirmative fashion, and the B.B.C., after a stubborn defence of its practices, has agreed to introduce changes. The primary blame for the undignified duel on this topic which has recently been taking place rests clearly, in the writer's view, with the B.B.C. The central error of the Corporation has been to believe that a system of centralised paternalism, however necessary or adequate this may have been to the pioneering stages of the institution, is either practicable or desirable for the mature institution, with its greatly enlarged responsibilities and its staff of nearly three thousand persons. The Corporation's second error has been to meet criticism of its staff practices by affirmations that this criticism has been misplaced and these practices in little need of improvement, coupled with emphasis on its constitutional independence in these matters—an error which became a major tactical blunder when presented to Parliament and the

public in the "statement" of March 17 on the Ullswater Committee's proposals. What, to the writer, has been the most curious feature of the Corporation's behaviour in this matter is its underrating of the volume and importance of public gossip and criticism, its persistence in the attitude that 'the broadcast's the thing' and, in the face of so much evidence to the contrary, its staff problems a matter of small or no concern to outsiders. It is hardly surprising that sections of Parliament should have taken umbrage at the B.B.C.'s behaviour, and that over-sensitiveness to criticism and what has appeared as complacency on the part of the Corporation should have been rewarded with some bitter attacks.

With respect to recruitment, the Ullswater Committee decided that the time had arrived for systematisation by the public advertisement of vacancies in all administrative and executive positions, and the appointment to all positions except those of minor staff on the recommendation of a Selection Board comprising officials of the B.B.C. together with one of the Civil Service Commissioners or their representative and possibly an additional independent member. The B.B.C. has given the Government assurances that its present methods will be extended to comply with these proposals. Even if the Corporation's record in the past has been spotless, and its doors freely open to talent, it is surely better, given the exceptionally public nature of its business, that appointments should be removed from the danger of patronage and prejudice, and from public suspicion, by such methods as those now to be generally adopted. It is also important to ensure that the Corporation's officers of the highest ranks should be persons of unquestioned ability and independence as well as of loyalty and capacity for faithful service.[1] With respect to pay, promotion, and other condi-

[1] On October 1, 1936, the B.B.C. instituted a Staff Reserve for new recruits and others, and appointed a Director of Staff Training.

tions of service, the immediate outcome of the current review and discussion has been the receipt by the Government of assurances from the B.B.C. that the Corporation will provide all necessary facilities for representative staff organisations, and will refrain, with the necessary qualifications in the case of the Programmes staff, from unnecessary control over the private lives of its employees. The manner in which representative staff organisations may be created is still being investigated by the Corporation, which has strengthened its machinery for dealing with such a problem by the establishment of a new office of Director of Staff Administration. Although numbers of the Corporation's wages staff are members of their respective Trade Unions, the heterogeneity of occupation and type of the Corporation's establishment is such as presumably to preclude the intervention of external Trade Unions as a general solution. It will be interesting to observe what form or forms of internal staff association are finally evolved. As such association, if effective, will modify the individualistic basis of the B.B.C.'s past system of staff management, so additional steps limiting the B.B.C.'s past freedom and privacy in staff matters appear to the writer to have become necessary. A recent investigator, well acquainted with Civil Service rules and traditions, has criticised the B.B.C. for what he terms its "abnormal secrecy" on staff matters and pointedly remarked that "if no standards of personnel administration have been imposed on it, it ought at least to declare what standards it has invented."[1] The B.B.C. has perhaps been slow to acknowledge, not only the volume and general importance of public discussion of this topic, but also the growth of an intelligent desire to know what practices the B.B.C. as a representative of the semi-independent type of Public Corporation has evolved which are superior to Civil Service practices and

[1] H. Finer, "The Personnel of the Semi-Public Services," *Political Quarterly*, VII. 2.

may profitably be imitated. Members of Parliament have been demanding that the B.B.C. should introduce greater security of tenure for its higher administrative staff, and more systematic promotion and increments of salary than are understood to have existed in the past. In spite of the fact that the Government has decided against compelling it to publish more details of its current expenditure, the Corporation might now well introduce a voluntary modification in this sphere and meet the criticisms of Parliament by the publication, in broad outline only and not in such detail as to suggest undue accountability or arouse envy in other quarters, of the main categories of its staff and its salary scales. Public discussion of the general outlines of the B.B.C.'s staff arrangements has now become legitimate as well as potentially valuable; and, since the B.B.C.'s financial position is likely to be the subject of further review during the forthcoming decade, it may be suggested that the public, among its other interests in the topic, has the right to expect that the service shall be conducted without avoidable expense and that, in spite of the importance of safeguarding the Corporation's freedom to purchase certain of its officers in the competitive market, the salaries paid for its performance shall not offer too striking a contrast to those paid to Civil Servants. The future of the B.B.C.'s staff arrangements and of their public control is closely connected with further evidence as to how far it is practicable or desirable fully to develop and stabilise the present tendency to create two parallel staffs within the institution, the one confined to administrative and the other to creative functions. While some outside critics, such as Mr. Robson, favour a clear separation and the placing of the administrative staff "more or less on an equality with corresponding grades in the Civil Service," others, such as Miss Hilda Matheson, a former officer of the Corporation, draw attention to the difficulties of rigid separation and the constant practical need for

compromise over any such alignment[1]; and it would seem a pity to hinder the B.B.C.'s freedom to experiment in this matter at the present time. There is small risk in prophesying that the question of the B.B.C.'s choice and treatment of its employees will remain a 'live' one for Parliament and the outside public for some time to come. The B.B.C. appears to the writer to have arrived at a position in which fresh experiment, and publication of the results, are capable of making a real contribution both to its own reputation and to the framing of principles applicable to other Public Corporations.[2]

Area

The question of what degree of centralisation of functions is desirable for the broadcasting service in Great Britain and Northern Ireland presents three main aspects, (*a*) the technical aim of providing the best service to the maximum number of listeners, (*b*) the cultural aim of giving effective broadcast expression to the widest possible range of tastes and interests, and (*c*) the creation of the administrative system which will best achieve these two objectives. It is natural that a public service broadcasting system with monopoly powers should place chief emphasis on the first of these objectives, and the B.B.C. has, in fact, done so. In the early days of the British service the inadequacy of national "coverage" and other technical limitations meant that a good deal of autonomy was enjoyed by the numerous local stations. The overcoming of these limitations and the adoption, described by the B.B.C. as "the gradual nationalisation of the network," of the system of a National station

[1] *Broadcasting*, 1933, pp. 56–58.

[2] The contents of the Report of the Board of Inquiry into statements made during the case of "Lambert *v.* Levita" (Cmd. 5337/1936) and discussion of these in Parliament on December 17 seem to the writer to have substantiated his arguments.

to cover the whole country and six Regional stations to supply an alternative programme in their respective areas, resulted in increased centralisation. The Corporation wrote in its *Year Book*, 1933, that "It may be said that, from the point of view of organisation, the solution will lie in a greater degree of executive management by the centre, balanced by increased influence of the regions in that centre."

The B.B.C. has not been seriously criticised in responsible quarters for putting what has just been called the technical aim in the forefront, nor has its judgement as to how this aim may best be secured been questioned. But it has, especially in recent years, been subject to growing criticism on the scores that it has given insufficient prominence in its programmes to provincial or local tastes and interests, and devolved insufficient responsibility on its Regional officials. With regard to the latter question, it appears that the administrative system has, in the past, been highly centralised, but has been becoming less so. The Regional Directors, who are assisted by a Chief Executive Officer in charge of administrative matters and a Programme Director in charge of creative ones, were until 1932 directly responsible to the Director General, but have since become responsible to the four Controllers of Divisions. Technical questions are entirely controlled by the Engineering Division at headquarters, and administrative and financial matters are mainly controlled at the centre, although with respect to these there has been more of a tendency recently to invite co-operation from the Regional officials. The "gradual enlargement of the responsibilities" of the Regional Directors which the Ullswater Committee noted with approval, and suggested should continue, has been mainly concerned with the matter with which the Regions are almost exclusively occupied, namely programmes. It appears that in the planning, composition, and presentation of programmes Regional officials now have greater opportunity for putting

their views before the Head Office and following their own inclinations than they used to enjoy. The B.B.C. claims that the recent creation of a Director of Regional Relations has already had important effects in assisting this development, and improving the status of Regional officials in relation to their superiors at headquarters. The Ullswater Committee devoted serious attention to the question of the proportion of time devoted in the B.B.C.'s Regional programmes to material of local origin, and showed that in a representative Region during a typical week in 1935, programme time, exclusive of that devoted to certain features such as general news which most people would agree should be provided at the centre, was composed as to 42 per cent of material originating within the Region, 33 per cent of material originating in other Regions, and 25 per cent of material deriving from London. It decided that the increase lately shown in the proportion of items not emanating from London was satisfactory and should be maintained. In the autumn of 1936 the Corporation's Director of Regional Relations reported to the Governors his view that Regional interests and enthusiasms should have increased consideration, and the Regions be given fuller opportunity to develop their native resources.

This double movement towards increasing the responsibilities of Regional officials and increasing the amount of time devoted in Regional programmes to local material should, if maintained, satisfy most of the critics who feel that the B.B.C. has been over-centralised with respect to its programme arrangements and too "Metropolitan" in its choice of programme material. There are, however, certain critics who return to the point of view looked upon with favour in the pioneer days by the Sykes Committee, and renounce the principle of monopolistic operation out of preference for the idea of a number of autonomous

Regional broadcasting authorities. This amounts, in view of the technical limitations which still exist, to the view that the technical aim of providing the best service to the maximum number of listeners should be secondary to the aim of giving free broadcast expression to various cultural units. The technical side of broadcasting develops so rapidly that it is possible that before long many existing limitations with respect to sound broadcasting in the British Isles will be removed, and listeners in all parts of the country be able to receive on simple sets programmes transmitted from most other Regions. But even supposing this to occur in the near future, it is difficult to believe that autonomous Regional authorities would not still, apart from the economic factor, be at a technical disadvantage compared with Regional establishments under a unified system. Sacrifice in this respect may, however, be upheld as justified by the cultural advantages to be gained. In the case of Wales and Scotland, where the argument for autonomy is most strongly urged, the proposal may be justified on the political ground of satisfying nationalist aspirations. The B.B.C. has now established Wales as a separate Region with a largely Welsh-speaking staff, and has stated that "Wales would have been a separate Region many years ago had it been technically possible"; but the Ullswater Committee disposed of the suggestion that a separate Welsh Broadcasting Corporation should be created as "contrary to the interests of Wales."

It is by no means certain that, even in the case of Wales and Scotland, autonomy would confer advantages of a cultural kind which could not be equally well obtained by continued liberalisation of the present unified system. There is no method of measuring with exactness what proportion of items with a local flavour and interest and what of items with a national range of appeal listeners in any given area may desire, nor indeed of establishing any rigid distinction between the two. It may well be desirable that the develop-

ment, now occurring, of the Regional stations' opportunities to make fuller use of local artists and material and to exploit local interests more thoroughly should be extended to include the broadcast of local news, local politics, and topics of national political controversy arranged on the basis of the allegiances of the local electorate. And it is certain that the B.B.C. is in a position to supply, both from its now well-developed sound broadcasting system and from the future distribution of the television service, important illustrations of the exercise of competition, or as some prefer to call it emulation, between the constituent units of a monopoly system. But the development of the federal principle will not remove the desirability of strong authority at the centre. So far as programme matters are concerned, not only general news, national political controversy, and special services, but also, if the general aim of a high standard of excellence is to be followed, many non-controversial items such as opera, must continue to be broadcast from the centre. In addition, the central authority must perform the important function of maintaining standards of impartiality and balance in the performance of the national service considered as a unit.

Advisory Bodies

Broadly speaking, advisory councils or committees are established to perform, either separately or in combination, one of two different functions, (*a*) the rendering of advice on the technical operation of an institution or on some aspect of it, and (*b*) the representation before the institution of the views and needs of the general body or of special classes of its consumers. Since the B.B.C.'s operations consist in the supply of entertainment and enlightenment to the public at large, the advisory bodies which it has created normally combine these two functions in some measure. The Corporation's Television Committee and Spoken English Committee

are, in their very different spheres, virtually confined to the first function. But the others combine in varying proportions assistance to the B.B.C. in its choice of matter suitable for broadcasting with advice upon what the public desires, or ought to desire, to hear.

Brief mention, out of all proportion to the importance and interest of its work, must be made here of a body which is not advisory but executive, the Central Council for School Broadcasting, which has a Scottish Sub-Council. During the first six years of broadcasting to schools the B.B.C. was assisted by an Advisory Committee which approved, rather than initiated or developed, policy. In 1929 this was replaced by a Council composed of representative and nominated members giving voluntary service which assumed responsibility for the direction of programmes. The activities and independent organisation of this body have steadily grown, and the Ullswater Committee recommended that its independence, with that of its Scottish Sub-Council and a proposed Welsh Sub-Council, and direct responsibility for the material broadcast to schools should be formally recognised, with the B.B.C. continuing to execute the programmes and to bear "within reasonable limits" the cost of school broadcasting. The Television Advisory Committee, appointed by the Postmaster General for an experimental period, has already been noticed, but short reference must be made to the Spoken English Committee which, like all the remaining advisory committees, is appointed by the Corporation. Consisting of somewhat over twenty persons, most of whom have rendered distinguished service in some form to the English language, and including a small sub-committee of linguistic scholars, this body meets three or four times each year to arbitrate upon broadcast pronunciation. The large and apparently growing influence of broadcasting upon the language renders this Committee's function peculiarly important; and the Committee's period-

ical publication of its decisions attracts much public interest. Four specialised Committees, on Religion, Appeals, Music, and Adult Education, each with sub-committees or counterparts in the Regions, have been created to advise the B.B.C. on the composition of programmes and public taste and appreciation in their respective subjects. The first of these, composed of representatives of all the chief Christian denominations in the British Isles, is the most active, and, in view of the delicacy of the problem of 'putting religion on the air' and the success with which the B.B.C. appears to have handled it, probably the most useful and successful. The Appeals Committee and its Regional counterparts, whose sphere of usefulness may be described as adjunct to that of the Religious Committees, are formed from experts in the work of hospitals and of societies for the promotion of a variety of good causes, and have also performed valuable service. The other specialised Committees deal with larger spheres of programme activity. The Central Music Advisory Committee, composed of seven persons who have achieved national recognition or high administrative positions in the musical profession, and three Regional Music Committees doubtless perform useful functions although, if reference to them in the B.B.C.'s accounts of its musical policies and achievements is a reliable measure, they are not very active. From 1929 to 1934, as the outcome of the recommendations of the Committee of Inquiry on Adult Education presided over by Sir Henry Hadow,[1] the B.B.C.'s activities in the rather nebulous sphere of adult education were supervised by an active Council with a position and functions similar to those of the Council for School Broadcasting. This body was replaced in 1934 by a more remote Adult Education Central Advisory Committee with seven Area Councils.

[1] A Joint Committee of the Institute of Adult Education and the B.B.C. which published its important Report as *New Ventures in Broadcasting*, 1928.

Recently the B.B.C. has undertaken fresh and promising reorganisation in this sphere, by the formation of a group listening organisation under a Central Co-ordinating Committee for Group Listening, for which the secretary of the Council for School Broadcasting will act as secretary and chief executive officer, and to which the Corporation intends to make an annual grant of money. Finally, the B.B.C. created early in 1935 a General Advisory Council, composed of thirty persons, described by one critic as "the most heavily occupied people in England," under the chairmanship of the Archbishop of York to perform the double function of advising the B.B.C. on matters of policy and "interpreting the policy and practice of the Corporation to the various sections of the community with which its members may be specially associated."

This telescopic account of the B.B.C.'s advisory councils and committees does not represent undue distortion since, in spite of the excellent work done by some of these bodies, it cannot be said that the advisory committee system has yet assumed much significance for the Corporation's operations considered as a whole. The existing Committees will expire at the end of the term of the first Charter, and the Ullswater Committee has proposed their continuance and multiplication. It has suggested the creation of a General Advisory Council, appointed by the Corporation, for each Region, and the increased use in each Region as well as at Headquarters of specialised Committees "widely representative and appointed by the Corporation after consultation with the General Council of the Region;" and it has laid especial emphasis on the need to secure representation on these Committees for the views of all kinds and classes of listeners as well as of experts in each category of broadcast subject. The Government has recorded its receipt of an assurance that the B.B.C. "concurs in principle" with these

proposals, but has not introduced any formal compulsion on the Corporation to give effect to them.

The B.B.C. has now arrived at a stage of development at which the creation of a network of general and specialist advisory committees has become practicable and merits its serious consideration. But those who advocate the multiplication of machinery of this nature do well to make clear to themselves in advance the precise advantages which may be expected to follow from such action. The argument for comprehensive extension of the B.B.C.'s advisory committee system is grounded upon emphasis on the second, or public relations', function of such committees, and is valid in proportion to the strength or weakness of other means employed by the Corporation for promoting contact with the public and measuring public taste. The writer, without wishing to support the view that the means now employed by the B.B.C. for these purposes are adequate and do not require development, shares the doubts publicly expressed by the Corporation about the advantages to be gained from the immediate introduction of a comprehensive and uniform system of advisory committees. The best solution of this matter, in his view, would be the gradual addition, at the discretion of the B.B.C., of new advisory bodies, with more heterogenous membership and a more decidedly representative purpose than most of those now in existence, in cases where they can clearly perform such a purpose better than other machinery in existence and where the local enthusiasm and energy to make them valuable channels of communication is evident. The question of the General Advisory Council, which has now been in existence for nearly two years, is on a different footing and does not call for a temporizing policy. It appears to be true that this body, which has only met three or four times each year and has formed no sub-committees, has hitherto been little more than an endorsing committee and has been

expected to emphasise the second of the two functions for which it was created, the explanation of the B.B.C. to its constituencies, rather than the first, the explanation of its constituencies to the B.B.C. Such a situation seems to the writer to call clearly for reform. A central or national Advisory Council composed, not of distinguished or successful and fully occupied persons, but of persons of the most assorted types, social environments, and interests (selected, perhaps, from the casts of "In Town To-Night") with the single common qualification of interest in and willingness to give serious study to the service, might be capable of performing a real function in representing consumers' views to the B.B.C. authorities. The B.B.C. can, of course, answer any suggestions of this nature by pointing out that it already has communication in some form with almost every type of listener. But the transformation of the present General Advisory Council in the way suggested would at the worst be an interesting experiment in the formal amalgamation of many kinds of outlook and social loyalty for a significant national purpose, and at the best a real contribution to the B.B.C.'s methods of measuring its own successes and failures. Whether a reformed General Advisory Council should be given the 'sanction' of regular publication of its views on the service, or even that of access to the Postmaster General, depends on the individual's view of the sufficiency of Parliamentary and other public means of criticising the Corporation. Under present circumstances the ideal system, in the writer's opinion, would be that of a reformed Council with activity and independence enough to make its views carry weight with the B.B.C.'s Governors and highest officers without recourse to any further appeal.

Public Relations

The B.B.C. has no occasion to seek what Bismarck called "the escape into publicity." Some portion of the daily routine

of its broadcasts reaches the ears of about 30,000,000 persons in the British Isles alone, and its policies and performance, personalities, and domestic arrangements are a source of perpetual public interest and comment. It is true that the amount of serious criticism and well-informed interest in its affairs and operations is still, in view of the fact that a national broadcasting service has been in existence for fourteen years, remarkably limited. But neither this deficiency, nor the public apathy about its activities that may exist at given times and places, alters the fact that the broadcasting service arouses more continuous public attention than any other single public service, short of a socialised Press or Cinema, can expect to do. Any view of the B.B.C. as an institution which neglects to take into full account the public limelight, sometimes hardly more than a glow but always capable of assuming the dimensions of floodlighting, which plays upon it lacks reality. Full study of the B.B.C.'s public relations would attempt inquiry into many aspects of its behaviour under this limelight—the features of its programme operations which it seeks to emphasise, its attitude towards public inquisitiveness about its management, its policy with respect to the anonymity of its staff, and the manner in which it turns to account the national prestige and influence with which the public service form has endowed it. Something has already been indicated in this study, and the events of 1936 have furnished ample illustration, of the general importance of the question of the B.B.C.'s practice in encouraging or seeking cover from the public limelight, of its definition, that is to say, of its obligations in the matter of taking the public into its confidence. The degree of autonomy conferred on a semi-independent Public Corporation necessarily carries with it the right to some measure of privacy. Although this measure is ultimately delimited by Parliament, no system of formal rules can ever closely define it, and its day-to-day definition

in practice by the Corporation is a matter of much importance. The ideal at which the B.B.C. should aim in this matter appears to the writer to be the maintenance of acute awareness of public desires and criticisms, and readiness to satisfy all legitimate public curiosity about the service, combined with a spirited independence and ability to resist pressure and criticism which it considers insufficiently disinterested or misdirected.

No more than an incomplete and foreshortened account of the B.B.C.'s public relations can be attempted here. Since the outset of its career the Corporation has maintained a formal Department for dealing with such relations. The reorganisation of this Department in the autumn of 1935 into a Division in charge of the former Public Relations Officer to the Post Office and Head of the Empire Marketing Board represented recognition by the B.B.C. of the need for strengthening the machinery concerned with this side of its work. Naturally, the Governors, Director General and Controllers, and staff of many Departments, particularly in the Programmes Division, outside the Public Relations Division have relationships of the most varied kind with public and private institutions, groups and individuals. Relations with the Government, the Post Office and other Public Departments, Members of Parliament, and Imperial and Foreign Governments are normally the direct concern of the Governors and the Director General and his Deputy. Connection with Imperial and Foreign broadcasting services, the interchange of programmes between which and the Corporation has been continuously increasing, is maintained through the Empire and Foreign Departments. The B.B.C. has on a number of occasions lent its officials in an advisory capacity to Dominion and Colonial broadcasting services, and has also been furnishing a growing number of persons for permanent posts in these services. Its relationships with foreign broadcasting services have been strengthened in the

past by the fact that Vice-Admiral Carpendale was President of the Union Internationale de Radiodiffusion from the birth of that body in 1925 until 1935.

Brief notice must be paid to the B.B.C.'s relationship with certain domestic interests whose operations are intimately connected with the broadcasting service. Liaison is maintained between the Corporation and the wireless trade through the Radio Manufacturers' Association. Among the B.B.C.'s relationships with the various sections of the entertainment industry, those with some branches of the musical profession are probably the most complex and difficult to adjust. The B.B.C. has built up a number of permanent orchestras of its own and arrived at a status of patronage over large spheres of British musical performance. Such a condition of affairs inevitably causes some hardship to musical interests, for the alleviation of which the Ullswater Committee found itself unable to offer any solution other than the continued encouragement of good music and of rising standards of public musical taste, and sympathetic handling of difficulties, on the part of the Corporation. Relationships between the B.B.C. and dramatic and vaudeville organisations have not invariably been smooth, but have improved with the progress of time and the development of forms of drama and vaudeville specialised to broadcasting. In its *Year Book*, 1930, the B.B.C. wrote of the attitude of its most powerful semi-rival interest, the Press, towards broadcasting that "it cannot be described as ever having been cordial." In subsequent years the Corporation has drawn attention to improvement in the attitude of the Press towards its operations and to the steady increase in the amount of space, especially in the London Press, devoted to broadcasting matters. The inauguration in the autumn of 1935 of regular monthly Press conferences at Broadcasting House marked the growth of co-operation between the two interests. But although, with improving relations, the Press

now offers to the public fuller information on B.B.C. programmes and more balanced judgement of the B.B.C.'s intentions, it would be an exaggeration to say that, considered as a whole, it has yet made much more than a beginning in the supply of the serious and informed criticism which might serve as an aid to the B.B.C.'s appraisal of public taste and a corrective of the B.B.C.'s faults. The Press considered as a vested interest can hardly be expected to view with equanimity the news and publishing functions of the B.B.C., or the possibility of the development by the Corporation of its wide powers in these matters beyond what the Ullswater Committee called "the reasonable limits" now in force. It has been noticed that all three Committees of Inquiry into the service have upheld in clear terms what may be called the principle of 'the open door' with respect to the future development by the B.B.C. of its news and publishing activities. Speculation as to the future effects of broadcasting on the interests and influence of the Press is a fascinating occupation, which cannot be indulged in here; it would seem, at least, that the Press has less to fear from development by the B.B.C. of its news and publishing services than from any change in the direction of a system of sponsored broadcasting not controlled by itself. The relationships which the introduction of television will create between the B.B.C. and the powerful interest of the Cinema may well bear many resemblances to those which have existed during the first decade of public service broadcasting between the B.B.C. and the Press.

In considering the B.B.C.'s dealings with the general public a distinction must be drawn between the Corporation's functions of explaining its operations and the general features of its policies, and that of attempting to discover public listening taste and demand. Performance of the first of these for official purposes is represented by the publication of the Corporation's *Annual Reports* to the Postmaster

General, which have hitherto rivalled the *Annual Reports* of the Central Electricity Board in conciseness and apparent desire to offer no more than the inescapable minimum of facts. It seems a pity that both Members of Parliament, for whom these *Reports* are officially intended, and the large number of potential readers among the general public, should not be provided with a fuller and more interesting account of the Corporation's annual growth and operations. This deficiency has been partially atoned for by the Corporation's popular *Annuals*, which supply a great deal of information on programme policies and achievements and on technical matters, and have recently been aiming to provide a more integrated picture of the B.B.C.'s activities as a whole. Current operations and policies are put before the public in the B.B.C.'s three weekly journals and its supplementary publications. The *Radio Times*, which attained an average net weekly sale in 1936 of nearly 2,700,000 copies, and has been noticed as an important source of revenue to the Corporation, contains the weekly programmes in some detail and is also made the vehicle for periodical announcements of policy. It has made a special feature of supplying a 'background' to programmes in the form of articles, illustrations and diagrams, and descriptions of artists and speakers; and its correspondence columns provide an important means of ascertaining and airing listeners' views and tastes. It may be mentioned that it has been subjected to some criticism with respect to its rather strict views upon the advertising matter suitable for its columns. *World Radio*, with an average weekly circulation of 102,000, contains the programmes of foreign stations all over the world, as well as editorial comment and other matter on technical developments; formerly it included the programmes of the Empire Service, but these are now issued separately in pamphlet form. The *Listener*, with an average sale of 51,000, has taken an important place

among the now restricted number of enlightened English weekly journals. Established at the beginning of 1929, its chief purpose has been the preservation in permanent form of the best of the spoken output of the broadcasting service. Though refraining, in accordance with the B.B.C.'s general obligation, from the expression of editorial opinion on politics and matters of major public controversy, it has commented from a progressive standpoint on subjects of general interest to the community. The lead which it has given on such subjects, the use made of its correspondence columns to carry forward discussion of ideas expressed in broadcast talks, and its provision of features such as a 'background service' to musical programmes, entitle it to claim an important share in strengthening the cultural aspect of the B.B.C.'s operations. What the Corporation calls its "Supplementary Publications" covers the issue of booklets and pamphlets on a large variety of topics related to the service, which do not in general compete with outside publications or produce a profit. Conspicuous among these are the School Pamphlets and Talks Pamphlets, often most elaborate in their composition and illustration, designed to assist the preparation for and reception of talks by teachers, children, discussion groups and others. The time and care spent upon these special publications, and the high standards of their typography and illustration, reflect great credit on the B.B.C.

The foregoing paragraphs have indicated a number of the channels through which the officials of the B.B.C. combine the functions of explaining the Corporation's policies and intentions to the public and of ascertaining the tastes and demands of listeners upon the service. And it has already been mentioned that the B.B.C. now receives letters from listeners on programme matters at the rate of about 160,000 a year. Are these channels of communication still sufficient for ascertaining the interests and demands of a broadcast

public which, so far as licensees alone are concerned, has grown in the past seven years from 3,000,000 persons to nearly 8,000,000 persons? Or are new and concrete steps along such lines as the analysis from various angles of the composition of this vast listening public, the creation of closer permanent contact with some of the organisations and groupings into which this public forms itself, and the development of more intimate relations between the B.B.C. official who creates the programmes and the ordinary man and woman who listens to them, now required? The desirability of active development of the B.B.C.'s public relations by experiments such as these seems to the writer to be unquestionable. If a broadcasting service is to remain vital it must be ready to experiment continuously with new ideas in close reference to the lives and backgrounds of the ordinary people who listen; and the fact that the novelty of sound broadcasting for British listeners is now wearing off makes such experiment all the more necessary in the immediate future. The B.B.C.'s recent attempts to establish closer liaison with special sections of the listening community, examination of the problem of making provision for detailed listener research, and formation of a new group listening organisation indicate that it is alive to this necessity.

Such developments cannot, of course, hope to succeed without the active co-operation, singly and in groups, of members of the listening public. Voluntary organisations of listeners for other than technical purposes have not hitherto attracted much support, and it appears likely that these will only flourish if the initiative with regard to them comes from the B.B.C. itself. If the Corporation is prepared, as it has shown itself to be in the past, to take risks in experimenting with the service and to hear its critics with attention, listeners must be ready to offer responsible criticism and to take the meat of their own broadcasting preferences with a dose of the poison of other peoples' fare. The share of the

listener as citizen goes beyond critical attention, and what it has now become fashionable to call "selective listening," to programmes and assistance to the Corporation in the measurement of his own and other peoples' tastes, and embraces the positive duty to weigh the advantages and limitations of the system of public service broadcasting which the B.B.C. represents and, if he decides that this better accords with the nation's needs and temperament than some other system, to form considered opinions about the way in which it may be supported and improved.

IV—LONDON PASSENGER TRANSPORT BOARD

Origins

THE LONDON PASSENGER TRANSPORT BOARD, which came into being as the result of the London Passenger Transport Act, 1933,[1] and began to operate the passenger transport services of London on July 1st of that year, is considerably less mature than either of the two Public Corporations already discussed. But although it has been little over three years in existence and is still engaged upon the task of co-ordinating and consolidating the diverse public and private transport undertakings which it absorbed, a description of its structure and early operations may serve both to elicit some of the problems which its existence brings forward and to provide some comparisons with the machinery and functioning of the Central Electricity Board and the B.B.C. In spite of its immaturity, the Transport Board has been made the subject of two studies which devote a good deal of attention to the topics under examination here, Mr. Morrison's *Socialisation and Transport* and M. Noël Monod's *Transports Publics à Londres*,[2] to both of which the writer is much indebted.

The function of the London Passenger Transport Board consists in the supply of a co-ordinated service of public passenger transport within an area, known as the London Passenger Transport Area, of some 2,000 square miles inhabited by about 9,500,000 persons. The Board, which has a nominal capital of about £112,000,000, enjoys a monopoly —within limits and subject to qualifications to be discussed later—in the provision of what, to a greater degree than electricity supply, is a vital economic service. This service, London passenger transport, dates back in its modern form for about a hundred years, since recent improvements in the methods and equipment of mechanical traction have but

[1] 23 Geo. V, ch. 14. [2] Paris, 1936.

added new features to a function which is intimately bound up with the growth of population, housing and street developments, and introduction of fresh organs of local government, which have been taking place in London since the opening of the railway age in the 'thirties of last century. Public passenger transport is also a service which has for long been recognised as a public utility, or a form of activity the supervision or control of which by the State is especially necessary and desirable; and those undertaking it in London had, for many years before the London Transport Board was thought of, been subject to extensive regulation by a variety of official agencies.

Of the four means of transport employed by the L.P.T.B.[1] —railways, buses and coaches, trams, and trolleybuses— the history of the use in London of the first two dates back for a century, that of the third for nearly seventy years, while the fourth is a recent innovation. In the case of each of them the general story, which can only be given in very summary form here, is, to quote Mr. Morrison, "one of small and disconnected beginnings, leading up to an increasing degree of consolidation and larger and larger units of operation" with, it may be added, the organs, central and local, of the State exercising control under a multiplicity of forms while at the same time adopting the general aim, at least until the post-War period, of preserving competition rather than promoting co-ordination both between these different forms of transport and between the different undertakings within each form.

The opening of the first steam railway to serve London, the London and Greenwich, in 1836 was followed by rapid, though largely unco-ordinated, development of the nation's railway services. Two features of this early development which have an important bearing on the problems facing the L.P.T.B. to-day were the decision to place the London

[1] The short title which the Board itself uses is "London Transport."

termini of the Main Line Railways outside the central area of the Metropolis, and the failure to foresee and provide adequately for the future suburban traffic of some of the principal systems. In the latter half of the nineteenth century amalgamation of railway companies proceeded steadily, with the result that by the end of the century the Main Line Railway termini in London had been reduced to eleven in number. Abandonment of the principle of competition as the basis of operations of the chief form of mechanical transport in favour of the principle of consolidation was not, however, fully admitted until the period following the War. The Railways Act of 1921, passed two years after the creation of the Ministry of Transport, merged the railways of the country into the four existing amalgamated railway companies—the London, Midland and Scottish, London and North Eastern, Great Western, and Southern. This Act also strengthened the machinery for the regulation of railway rates by establishing the Railway Rates Tribunal.

The first section of a London railway to run for considerable distances underground, the Bishop's Road to Farringdon Street section of the Metropolitan,[1] was opened in 1863, as a partial response to the suggestions of a Select Committee, appointed eight years earlier by the House of Commons to inquire into the communications of the Metropolis, that the main line termini should be linked together and better suburban travel facilities provided. This railway owned and operated the northern portion of the familiar "Inner Circle" route, the southern portion of which was, until 1933, owned and operated by a second company, the Metropolitan District. The completion of the Inner Circle in 1884 coincided with the beginning of the development, made possible by electricity, of an extensive system of underground railways

[1] N. Monod, op. cit., gives a detailed history of most of the important undertakings in the underground railway, bus, and tramway forms of London transport.

for London by the authorisation of the first deep-level "tube" railway, the City and South London. The opening of the first section, from King William Street to Stockwell, of this railway in 1890 was followed by the creation of a number of other tube undertakings, most of which began their existence as separate and independent concerns. Consolidation of the network of London's underground railways into one system was the work of a holding company, the Underground Electric Railways Company of London Ltd., established in 1902 with the object of electrifying the lines of the Metropolitan District Railway, over which it acquired control in that year. By 1913 this Company had merged all the underground railways of London, with the exception of the Metropolitan and two smaller railways, into a unified system. Although the growth of this means of transport in London had been rapid, the total route mileage of the Underground Group of railways and the Metropolitan by 1933 was only 132, as compared with 900 route miles operated in the London area by the four Amalgamated Railway Companies.

The first omnibus line to offer a regular transport service to the London public preceded the steam railway by some years, being opened in 1829.[1] By 1855, when the London General Omnibus Company was founded in Paris, some 800 omnibuses, mostly owned by small proprietors, were running regularly in the Metropolitan area. The L.G.O.C., reconstituted as an English company in 1858, soon established a position of predominance, buying up or making working arrangements with the majority of its competitors. In the last quarter of the nineteenth, and early part of the twentieth, centuries it had only one serious competitor; and it reached the peak of its operations as a proprietor of horse omnibuses

[1] D. N. Chester, *Public Control of Road Passenger Transport*, 1936, presents a full account of the development and control of national road passenger services.

in 1905, when it achieved an average of over 1,400 vehicles running each day and carried a total of some 216,000,000 passengers. By that time the revolution in road transport caused by the internal combustion engine was already under way, London's first motor omnibus service having started operations in 1897. The first consequence of this revolution in the sphere of London public passenger transport was the rise of powerful rivals to the L.G.O.C., followed by a period of intense competition which reached its climax in 1908. This finally gave way to amalgamation and agreements. The L.G.O.C. passed under the control of the Underground Company in 1912, and by the outbreak of the War had itself absorbed, or established working arrangements with, nearly all its competitors. The rapid increase in the number of London's omnibuses which had been taking place in the years immediately preceding the War was renewed a few years after hostilities terminated under circumstances which reintroduced a state of vigorous competition. The appearance of a new phenomenon, the so-called "independent" omnibus, threatened the position gained by the L.G.O.C. and caused a rivalry which reached its height in 1923 and 1924.

A strike of tramway men, in which the omnibus workers joined, in 1924 provided the occasion for Parliamentary action to give support to the principle of consolidation in this sphere of London transport. The London Traffic Act, 1924, created the London and Home Counties Traffic Advisory Committee, and gave to the Minister of Transport power, after consulting this Committee, either to restrict the number of omnibuses operating in the streets of the Metropolis or to limit the total number of journeys which such omnibuses might make. The stabilisation of the position brought about by this Act enabled the London General Omnibus Company to resume its policy of absorption, with the result that the 556 out of a total of some 5,000 London

omnibuses owned by 197 independent proprietors at the end of 1925 was reduced to about 200 buses owned by 54 such proprietors by the end of 1930. The most recent innovation in this sphere of London transport is the motor coach, which is distinguished from the omnibus by the greater length of its route and the greater distance between the points at which it stops. In 1933 the largest motor coach concern operating in the Metropolitan area was Green Line Coaches, Ltd., which was controlled by the L.G.O.C. This and other companies associated with the L.G.O.C. together owned some 400 motor coaches, while about 20 separate concerns, owning some 200 coaches, were conducting services which operated within the Metropolitan area.

While the railway services, surface and underground, and the omnibus services of London were developed under a system of private ownership, London's tramway services were from their inception owned and operated to a large extent by local organs of the State. Permission to operate a street tramway in London was first granted in 1869, and Parliamentary sanction was extended to local authorities to own and exploit tramways by the Tramways Act, 1870. For a variety of reasons progress was halting and uncoordinated until the London County Council, established in 1889, embarked upon a policy of owning and exploiting as many as possible of the tramway services in its area. The Council gradually bought up undertakings, added many new miles of route, and early in the twentieth century electrified the whole of the tramway system under its ownership. By 1932 it was by far the largest owner of the tramway services shortly to be transferred to the Transport Board, possessing some 167 miles of lines out of a total of 328 miles in the Metropolitan area. At the same date eight local authorities outside the County area owned and operated tramway services, and one or two more owned systems which were operated by other local authorities or by private

companies; most of these undertakings had entered into through running agreements with the L.C.C. About 95 miles of tramway lines were in the hands of three private undertakings, all of which had come under the control of the Underground Company in the years prior to the War. The trolleybus was first put into service by one of these undertakings in 1931, and this adaptation of the tramcar was operating on 18 miles of the total tramways route by 1932.

Before tracing the legislative action which culminated in the passage of the Act of 1933 the general picture of Greater London's transport undertakings on the eve of the passage of that Act must be briefly summarised. The railway services of the Metropolis were being conducted by 9 concerns—the 4 amalgamated Main Line Railway Companies, 4 Companies in the Underground Group, and the Metropolitan Company; the omnibus services were being conducted by 61 concerns—the L.G.O.C. and 5 Companies associated with it, and 55 independent undertakings, and the motor coach services by about 21 concerns; and the tramway services were being operated by 16 concerns—13 municipal undertakings and 3 private undertakings associated with the Underground Company. The number of passengers transported by these different services in 1932 was estimated at 4,051,500,000. While the consolidation of each of these services, regarded as an independent and competitive form of transporting the London public, had been carried far, co-ordination between them and common direction of the facilities which they provided had not gone beyond the control secured over important groups of operating concerns in each of them by the Underground Company. In 1915 Parliament had sanctioned the creation of a Common Fund for the undertakings controlled by this Company which had enabled these to be operated as one unit, and so to effect large economies and to introduce, especially in the case of the tube undertakings, extensions and new facilities which would not

otherwise have been financially practicable. By 1930, the year preceding the depression, the share of the undertakings controlled by the Underground Company in the carriage of passengers in the Greater London area had risen to 63 per cent, and the aggregate capital of these undertakings to £77 millions. But outside the range of this Company's widespread interests, no systematisation, apart from the elements of stabilisation introduced with respect to the omnibus services by the Act of 1924 and with respect to the tramway services by the existence of through running agreements, nor means of co-ordinating the different services, existed. Among the effects of this situation, in a Metropolis which had grown rapidly both in physical extent and in population since the War, and in which passenger journeys per head of the population had increased three and one-half times since the beginning of the century, were overlapping of passenger transport services and facilities, failure to use each mode of transport for the purpose for which it was best adapted, poor return on the capital invested in most of the transport undertakings, and the inability of many of the undertakings to extend their plant or create the new facilities of interconnection and speed which conditions demanded.

That legislative action to supplant competition by co-ordination was so long delayed was not due to lack of suggestion by expert bodies that such action should be taken. A long series of official inquiries, extending from that of the Select Committee of the House of Lords on Metropolitan Railway Communication of 1863 to those of the Advisory Committee established by the London Traffic Act of 1924, had reached the conclusion that co-ordination was necessary. The reports of all these inquiries were substantially agreed in urging that all the transport agencies of the Metropolis should be placed under the control of one authority, endowed with powers to co-ordinate and regulate their services in the public interest, and that this authority should not be any

the existing organ of central or local government but a small and competent body especially created for the purpose. The Report of the Royal Commission on London Traffic of 1905[1] had recommended that "railways and tramways dealing with urban and suburban traffic should be operated in large systems, under suitable regulations to protect the interests of the public," and that a Traffic Board, appointed on grounds of ability by the central government and "possessed of special knowledge and experience and giving continuous attention to all questions affecting locomotion and transport in London," should be established. Similar proposals formed the core of the conclusions of the Kennedy Jones Committee on London Traffic of 1920, and, where these concerned transport, of the Royal Commission on London Government of 1923. The chief feature of the London Traffic Act of 1924 was the creation of a large permanent advisory body with the duties of advising the Minister of Transport on the exercise of his duties and powers with respect to London Transport and conducting inquiries into the travel facilities of different areas of the Metropolis. In 1926 this Committee was authorised "to discuss with the companies and municipalities engaged in the operation of transport undertakings in the London area whether any further co-operation or combined action was possible or desirable." As the outcome of such discussion it issued the following year a "Scheme for the Co-ordination of Passenger Transport Facilities in the London Traffic Area," more familiarly known as the *Blue Report*,[2] which contained the most concrete and detailed proposals for co-ordination yet put forward and introduced the era of activity which culminated in the passage of the Act of 1933.

The Advisory Committee's Scheme recognised the urgency of the problem and recommended the consolidation of all London's passenger transport services, with the exception of the

[1] Cd. 2597/1905.

[2] Stationery Office publication, October 1927.

suburban services of the Main Line Railways, accompanied by the grant of such additional powers to the Minister of Transport as might be necessary to protect the interests of the public with respect to the level of fares and the adequacy of services and to secure the maximum development of available transport resources. This consolidation was to take the form of the creation, for a minimum period of forty-two years, of a Common Fund and a Common Management, but to leave existing ownerships undisturbed. In view of the position attained by the Underground Company and its subsidiaries, or, as these were frequently called, the London Traffic Combine, the Scheme was in effect a proposal for the creation of a monopoly which would be predominantly private in character. The agitation of the next five years centred upon the question as to whether consolidation, which experts and responsible politicians alike were agreed was an urgent necessity, should be carried out on a basis of preserving private ownerships or should be accompanied by conversion of these into public property.

This agitation, terminating after many vicissitudes in the passage of the Act of 1933, was accompanied by a much more definite and complex conflict of 'interests' than had been the case in the agitations preceding the creation of the C.E.B. and the B.B.C. London passenger transport was a service of considerable maturity compared with electricity supply or broadcasting, and had become the highly-capitalised, and in certain cases highly profitable, interest of a network of governmental and private proprietors. And since, unlike the 'brokerage' of electricity or the supply of broadcast programmes, it constituted a complete and fundamental economic service, the proposal to transfer it to public ownership raised the issue of Capitalism *versus* Socialism in a decided form, and led the Labour Minister to describe the Bill of 1931 which enshrined this proposal as "the greatest Socialist transport scheme which has ever been before the

country." The main interests concerned in the agitation have already been enumerated. Of the two largest, one, the London Traffic Combine, was a private undertaking, and the other, the London County Council, in which the Municipal Reform, or Conservative, Party held the majority throughout the period in question, a public authority. The variety of local authorities owning tramway undertakings, the Amalgamated Railway Companies in their capacity of suppliers of suburban services, the Metropolitan Railway Company, the independent omnibus proprietors and motor coach proprietors, and the motor and tramcar manufacturers, were the other chief interests concerned. In the history of the proposals to consolidate these interests which followed upon the publication of the *Blue Report*, and of the long negotiations between them, two individuals played a conspicuous part. Mr. Herbert Morrison, who was in 1928 Secretary to the London Labour Party and leader of the Labour Party in the L.C.C., had devoted considerable attention since the War to the problem of London transport, which included the practical experiences of representing the Labour Party's interests before the Railway Rates Tribunal and serving on the Highways Committee of the L.C.C. The part which he played in fighting for the principle of public ownership, and, as Minister of Transport in the second Labour Government, in introducing the London Passenger Transport Bill and carrying it through most of its stages has been described at some length in *Socialisation and Transport*, a document of peculiar interest to the political scientist since it presents both an account of the passage of a major piece of legislation from the point of view of the leading actor in the process, and a considered view of the principles upon which Public Corporations of the type of the Transport Board should be based. The other individual who played a leading part in the activity and negotiations of 1928–33 was Lord Ashfield, formerly Mr. Albert H. Stanley, the

Chairman and Managing Director of the London Traffic Combine. After receiving his education in the United States and becoming General Manager of several electric railways in America, Lord Ashfield had returned to England in 1907 as General Manager of the Metropolitan District and other London tube railways. In 1912 he became Managing Director of the Underground Group of Companies and in 1919, after a brief spell in politics during the War period as a Conservative Member and President of the Board of Trade, Chairman and Managing Director of the Combine.

Following the publication of its *Report* the Traffic Advisory Committee attempted to secure the approval in principle of the second Baldwin Government to the Scheme which that document embodied. But the Government, which had been in office since 1924, and had been responsible both for the Electricity (Supply) Act of 1926 and the Charter of the B.B.C., was only willing to consent to the introduction of a Government Bill provided this should be so non-controversial as to take up little of the time of a Parliament whose life was nearing its end. Attempts to induce the interests concerned, and especially the Labour Party of the L.C.C., to take a non-controversial view of a Bill framed on the lines suggested by the *Blue Report* soon proved abortive, and the Government abandoned the idea of sponsoring a Bill. As an alternative, resort was made to Private Bill legislation which aimed at securing co-ordination between the two chief undertakings in London transport.

The London County Council (Co-ordination of Passenger Traffic) and London Electric Railway Companies (Co-ordination of Passenger Traffic) Bills, introduced into Parliament in January, 1929, were Enabling Bills which sought to confer power on the L.C.C. and the Traffic Combine to conclude agreements with each other providing for the Common Management of their undertakings, the allocation and apportionment of their traffic, and the

creation and application of a Common Fund; the two parties were also to be given power to make agreements of a similar nature with any other undertaking in the Metropolitan Traffic Area. Prior to the introduction of these Bills, which were supported by the majority Party of the L.C.C., the Traffic Combine, and the greater part of the London Press, into Parliament the London Labour Party and the Labour Party of the L.C.C. had started a strenuous fight to defeat them. The first of these two bodies passed a resolution at its Annual Conference in December, 1928, strongly attacking the Bills, and the second made a vigorous fight to obstruct the approval of the Bills by the County Council. During the Second Reading debates on the Bills of February 19 and 26, 1929,[1] the Labour Opposition condemned them as "the handing over of public assets to the London Traffic Combine" and a "counter-offensive" on the part of Conservatives against the principle of public ownership, but, with the support of the Government, the Bills secured their Second Reading by a comfortable majority. At the hearing of the measures before a Select Committee on Private Bills, which occupied a month, the Labour Borough Councils of London petitioned jointly against them, and the Bills did not pass their Third Reading in the Commons until May 2, eight days before the prorogation of Parliament. The unwillingness or inability of the Conservative Government to deal with the problem of London transport by means of a Government measure and the resort to Private Bill procedure thereupon ended in the failure which sometimes attends compromise. The General Election of May, 1929, resulted in the return of over 280 Labour Members to Parliament and the formation of the second minority Labour Government, in which Mr. Morrison became Minister of Transport, and was later (March, 1931) included in the Cabinet. Parliamentary procedure required that the

[1] 225 *H.C. Deb.*, 5s., 1032–90, 1863–1934.

Traffic Co-ordination Bills should come before the new House of Commons for an additional Third Reading. When they did so, on July 17,[1] Mr. Morrison stated on behalf of the Government that "we cannot submit to a permanent private monopoly in London traffic" and advised the House to reject the Bills, which it proceeded to do.

When advising the rejection of these Bills Mr. Morrison admitted the obligation on the new Government to put forward alternative proposals. The nature of these proposals was outlined by him in a statement in the Commons in December in which he described the aim of the Government as "the substitution of a single and simple form of public ownership for the complicated network of separate interests, private and municipal, which now add so greatly to the difficulties of the situation" which would be of such a kind as "effectively to provide for the principle of commercial management." Preparation of the Bill was, however, delayed for some months owing to the preoccupation of the Ministry of Transport with the Road Traffic Act, 1930.[2] This important measure established for road passenger transport, described by Mr. Chester as "one of the most stringently controlled of all industries in this country," what was virtually a new system of control, the main features of which were the division of Great Britain into thirteen Traffic Areas, the transfer of the administration of the licensing system from local authorities to Traffic Commissioners appointed by the Minister of Transport, and the creation of new types of licence for public service vehicles. The chief effects of this Act upon the road services in London's transport system were stricter supervision and the replacement of the former licensing authorities by a full-time Traffic Commissioner for the Metropolitan Area.

Conversion of the Government's general aims into the

[1] 230 *H.C. Deb.*, 5s., 526–86. [2] 20 & 21 Geo. V, ch. 43.

detailed provisions of a London Passenger Transport Bill and the beginning of conferences between the Ministry of Transport and the interests involved were undertaken in the latter part of 1930. Mr. Morrison's remarks on his task of 'educating' various sections of his Party to approval of the particular type of socialisation represented by the Bill[1] are of more than passing interest to the student of the origins and nature of recent Public Corporations. No more than the C.E.B. and the B.B.C., created by a Conservative Government, did the Transport Board, substantially if not technically created by a Labour Government, owe its existence to any commonly-accepted theory of the ideal form for a publicly-owned undertaking. The Labour Party, as Mr. Morrison explains, "had never worked out its socialisation proposals in Government Bills," and when the socialisation of London transport became a practical issue proponents of 'nationalisation' as understood in orthodox Socialist theory, municipalisation, joint committee management, and workers' control pressed the claims of their theories to be applied in the creation of the new body. Although Mr. Morrison successfully persuaded the majority of his colleagues to accept the 'public board' type of institution which he advocated, the absence of any general view, either in the ranks of the Labour Party or elsewhere, that the C.E.B. and B.B.C. had created precedents which it was desirable to copy is evident in the debate on the Second Reading of the Bill in the Commons, which took place on March 23, 1931.[2] Mr. Morrison, after defending the attitude of the Labour Party towards the discarded Bills and describing the object of the new measure as the "single consolidated ownership" of London's transport system by the public, reviewed the possible forms which the management of the projected concern might take. Giving reasons for his rejection as impracticable of management by the L.C.C., a Joint

[1] Op. cit., pp. 113–15.

[2] 250 *H.C. Deb.*, 5s., 47–174.

Municipal Authority, or a Department of State, he described his choice of management by a "business board" of five persons, appointed on grounds of practical experience and ability by the Minister of Transport after consultation with the Treasury, as due to (i) "modern Socialist thought and my own municipal experience," (ii) the advocacy of this type of institution in the Liberal Party's volume *Britain's Industrial Future*, and (iii) the precedent of the C.E.B., with the working of which he, as Minister of Transport, had been favourably impressed. The Conservative Opposition based its attack upon the Bill on the fact that it sought to transfer property from private to public ownership, and claimed that the proposed Transport Board was different in principle from the C.E.B., which had involved neither expropriation of undertakings nor the taking away of control from any producing concern. Certain sections of it also shared with members of both the other Parties a strong dislike of the system of management contemplated, based mainly on the fear that it would place excessive power in the hands of the Minister of Transport and introduce political considerations into the administration of the undertaking. As in the Parliamentary discussion of the Central Electricity Board in 1926, Members of very different political views joined in attacking the proposed body as liable to prove a "close and unapproachable corporation," too much under the control of the Minister or too irresponsible to Parliament. However, the Bill, supported by the majority of the Liberal Party, secured its Second Reading by 271 votes to 224.

Since the Bill was hybrid in nature, or contained some of the characteristics both of a Public Bill and of a Private Bill, its chief Committee stage had to be taken before a Select Committee, with procedure by way of petition and appearance through counsel. In order to save time the two Select Committee stages were combined and a Joint Select Committee of Lords and Commons was appointed, com-

posed of ten members, five of whom were Conservatives, two Liberals and three members of the Labour Party. Before the proceedings of this Committee,[1] which commenced on April 28, had been carried very far the Ministry of Transport had negotiated settlements with the Traffic Combine,[2] the Amalgamated Railway Companies, most of the local authorities concerned, and the majority of the motor coach proprietors, and a partial settlement with the L.C.C. But in spite of this large measure of agreement achieved by negotiation the hearings before the Committee, described by the leading counsel for the promoters as "probably the longest, one of the most difficult, and one of the most complicated inquiries that a Committee of Parliament has ever undertaken," occupied thirty-five days, extending until July 30th, and, together with other preliminaries on the Bill, cost the Government a sum, chargeable to the embryonic Board, of over £40,000. The Bill left the Committee, however, with only minor alterations and with its principal features, including that of Ministerial appointment of the Board, undisturbed.

But the Bill was destined to suffer the fate which had overtaken the previous attempt to deal with the problem, of the fall from power of its backers. Scarcely more than three weeks after it had emerged from the Committee the Labour Government was replaced by the first National Government; and in the General Election of October, 1931, the National Government was returned to power with the support of an overwhelming number of Conservative Members. Although the Prime Minister, Mr. Ramsay MacDonald, made reference in the Debate on the Address to the new Government's intention to proceed with the London Transport Bill, the measure was subjected to further

[1] Stationery Office publication, 1931, vol. I, *Proceedings*, vol. II. *Minutes of Evidence.*

[2] For a full account of the nature of this, vide *The Times*, May 2, 1931.

vigorous attacks from those who disliked its socialistic features[1] and from those interests which had not settled with its former promoters, and its fate was in doubt for nearly a year. But the advanced stage which the Bill had reached, the large amount of public money spent upon it, the settlements arrived at with the Traffic Combine and other major interests, and the urgency of meeting a situation in London's transport arrangements which, according to *The Times*, was "threatening to become quite unmanageable" with some real measure of co-ordination induced the Government to proceed with the Labour solution of the problem. In July, 1932, Mr. Pybus, the new Minister of Transport, issued a White Paper[2] setting forth amendments to the Bill which, he claimed, would meet the main objections of its critics, as well as stating the terms of an agreement reached with the Metropolitan Railway Company. These amendments were the substitution of an electoral college for the Minister of Transport as the authority to appoint the members of the Board, and the transfer from the Minister to the Railway Rates Tribunal of the power to require the Board to provide new or improved services or facilities. A debate on whether or not the Bill was to be kept in being took place on October 27,[3] and resulted in a favourable verdict. A month later the Bill was considered clause by clause during nearly five Parliamentary days in Committee of the Whole House, when the questions of the method of appointment and composition of the Board once more figured prominently in the discussion; and on February 14, 1933, after five hours of further debate, it received its Third Reading in the Commons. The Second Reading in the House of Lords on March 1 and 2[4] provided opportunity

[1] e.g. the Unionist memorial to Mr. Baldwin against the Bill, *The Times*, December 16, 1931.

[2] Cmd. 4133/1932.

[3] 269 *H.C. Deb.*, 5s., 1255–1314.

[4] 86 *H.L. Deb.*, 5s., 898–1031.

for further Conservative opposition to the Bill and for Lord Ashfield to make his maiden speech in the House in its defence, and was carried without a division. The Commons agreed quickly to the Lords' amendments, and the Bill received the Royal Assent on April 13, 1933.

During the final stages of the Bill in the Commons the Minister of Transport remarked that "few bills have had so much history." The story, presented in very summary form here, of the efforts required, following the long study devoted to the question and the large measure of agreement achieved by experts, to translate a scheme for the co-ordination of London's transport system under public ownership into law warrants the generalisation that, under present conditions of political belief and Parliamentary procedure, the conversion of a major industry or service from private or partly-private ownership to public ownership under the form of management with which this study is concerned is a process which arouses great disagreement and involves large expenditures of public time and money.

Functions

The London Passenger Transport Act, 1933, is, like the statute which created the C.E.B., a specific document. It establishes the London Passenger Board as a new public authority, provides for the transfer to it of existing transport undertakings, grants it a monopoly in the provision of road passenger transport in a certain area and defines its functions and powers in a detailed manner. The general duty and obligation of the Board is described in the third section of the Act as "so to exercise their powers under this Act as to secure the provision of an adequate and properly co-ordinated system of passenger transport for the London Passenger Transport Area, and for that purpose, while avoiding the provision of unnecessary and wasteful competitive services, to take from time to time such steps as they

consider necessary for extending and improving the facilities for passenger transport in that area in such manner as to provide most efficiently and conveniently for the needs thereof." The undertakings transferred to the Board by the Act, or subsequently acquired by it, are to be administered as one undertaking. And the same section of the Act imposes upon the Board the particular duty to conduct its undertaking in such a manner, and fix such fares and charges in accordance with the provisions of the Act, as to ensure that its revenues shall be sufficient to defray all the charges which the Act requires to be defrayed from this source.

The London Passenger Transport Area created by the Act covers 1,986 square miles and contains a population estimated to be over 9,500,000. It embraces the whole of the county of Middlesex and parts of seven other counties, with Beaconsfield on its western boundary, Luton and Baldock just outside its northern boundary, Brentwood and Gravesend on its eastern boundary, and Horsham and East Grinstead on its southern boundary. The whole of this Area, as well as certain territory outside it, is placed by the Act under the supervision of the Metropolitan Traffic Commissioner. A district within it of 1,550 square miles, or rather more than three-quarters of it, is described as the "Special Area," and in this the Board enjoys monopoly powers over road services and exemption from the need to procure a road service licence. In the remainder of the Area, which is known as the "Outer Area" and consists chiefly of fringes on the northern and southern boundaries of the Special Area, the Board may operate public service vehicles in accordance with the provisions of the Road Traffic Act, 1930, including the provisions with respect to road service licences. The Board may also operate road services of a limited nature outside the London Passenger Transport Area on certain routes specified in the Act or in accordance

with certain working agreements which it is permitted to make with outside operators.

The initial function of the Board is to take over the existing transport undertakings in its Area, which are enumerated in the Second Schedule to the Act. The Act specifies in detail the forms of property of the different undertakings which are to be transferred to the new authority, and states that on the day on which this section of the law becomes operative the Board shall exercise and enforce all the rights and privileges and, with certain exceptions, be subject to all the liabilities and obligations, of the undertakings which it has absorbed. In the case of the undertakings, including those of the L.C.C. and three other local authorities, with which settlements had been reached the Act specifies the classes and amounts of Transport Stock which are to be paid by the Board as consideration for the transfer. The other local authorities involved, with two exceptions, are to receive as payment for the transfer of their undertakings the assumption by the Board of a liability to pay to them from time to time sums sufficient to enable them to discharge their loan obligations in respect of these undertakings outstanding at the date of transfer. For the purpose of determining the consideration for the transfer of the undertakings with which settlements had not been reached, as well as arbitrating upon other questions and disputes which might arise out of the transfer of properties to the Board, the Act establishes a London Passenger Transport Arbitration Tribunal. Consisting of three commissioners, appointed by the Lord Chancellor, of whom one, the president, is to be a person of legal experience, a second a person of business experience, and a third a person of financial experience, this Tribunal is to hold office until all the questions referred to it under the provisions of the Act have been disposed of. It is to constitute a court of record, and be entitled to hold inquiries, of which public

notice must be given. It may state an award in the form of a special case for the Court of Appeal; and an award or order which it makes "shall be binding and conclusive for all purposes, and shall have the like effect as if it were an order of the High Court." Its expenses are chargeable to the Board. Those undertakings with which settlements had not been reached prior to the passing of the Act are in most cases entitled to choose whether the consideration to be paid to them shall take the form of cash, or Transport Stock, or both. They are empowered to enter into agreements with the Board, but such agreements are not to become effective until they have been confirmed by the Arbitration Tribunal, which may modify them.. If an undertaking and the Board notify the Tribunal that they have been unable to reach an agreement, or if no agreement between them has been submitted to the Tribunal within a defined period after the passage of the Act, either party may, and if the time limit has expired the Board must, submit a scheme to the Tribunal for its consideration. The Act lays down the rules to be observed by the Tribunal in determining the consideration to be paid by the Board to the undertakings, which include the provision that the Tribunal shall "in no case make any allowance on account of the compulsory nature of the transfer."

The Board, as previously stated, is granted monopoly powers with respect to omnibus and motor coach services within its Special Area, which constitutes about 78 per cent of the London Passenger Transport Area, and any outsider who violates this monopoly becomes guilty of an offence under the Road Traffic Act of 1930. The Board may, however, under section 16 of the Transport Act, give written consent to the operation of a bus or coach service in its Special Area by an outside undertaking, and any such undertaking operating a bus or coach service part of the route of which lies within the Special Area may apply to the

Board, within a fixed period after the Board has begun to operate, for such consent. The Act also provides for working agreements with respect to through running, fares and other matters to be made between the Board and local authorities or other bodies supplying passenger services in administrative districts partially within or adjacent to the Transport Area. The Board's monopoly of road services in its Special Area is expressly confined to passenger services, permission being given to it to carry on its vehicles, in addition to human beings and their personal luggage not exceeding twenty-eight pounds and dogs in their charge, "small parcels not exceeding fifty-six pounds in weight" (which within the Metropolitan Police District and the City must be accompanied by a passenger), while a prohibition is laid upon the carriage of "goods or animals." The Board receives power under the Act to abandon, either wholly or in part, any tramway undertaking which has been transferred to it; and it is placed under limitations, in cases where a tramway undertaking which it has absorbed has been accustomed to receive its energy from a supply undertaking owned by a local authority, with respect to the substitution of this source of supply by another. The Act lays down that the Board may not engage, either directly or indirectly, in the manufacture of rolling stock or vehicles, with the exception of a limited number of omnibus bodies, otherwise than for the purposes of experiment or research; and it prohibits the Board from carrying on a garage business, other than that already existing at Morden, selling fuel and equipment, or hiring vehicles otherwise than for the requirements of its own undertaking. The Board is provided with the opportunity to operate motor boats or other forms of passenger vessel as well as motor buses, since it inherits the powers granted by Parliament to the L.C.C. early in the present century to supply passenger services on the River Thames. But it is placed under no obligation to do more than consider

whether passenger transport on the Thames would constitute financially or otherwise a justifiable addition to its road and rail services.

The question of the Board's fares and charges and the machinery established for public supervision of them will be dealt with in the next section of this study. The present summary of the main functions which the Board is created to perform must include consideration of the means provided by the Act for securing co-ordination between the Board's services and the suburban services of the four Amalgamated Railway Companies. The relationship to be established between the Board and the Railway Companies was one of the most complicated questions which faced the promoters of the Transport Act. The Labour authors of the Act, as Mr. Morrison explains, soon discarded on grounds of impracticability the idea of transferring the suburban lines of the Railway Companies to the Board; these lines, with their stations, buildings and administration, were too closely bound up with the main line railway systems. However, the predominant purposes of the Act were the co-ordination of all London's passenger transport services and the elimination of duplication and waste, and these purposes could not be properly achieved without provision for close co-operation between the Board and the Railway Companies. The machinery chosen for such co-operation was a Standing Joint Committee composed of eight persons, of whom the Board would appoint four and the Railway Companies one each. This Committee is entitled by the Act to make rules regulating its own procedure and to elect a chairman annually from among its members. The first duty laid upon it is to consider and report upon to each of the five bodies which it represents any proposals which may be referred to it by any of these bodies for co-operation in the provision or working of passenger services or facilities, including proposals for through bookings and working, leasing or

working of lines, running powers, the inter-availability of tickets and apportionment of receipts, as well as proposals affecting any other matter of interest to two or more of the bodies which it represents. The second duty which the Act lays upon the Committee is the preparation and submission to the Board and the Railway Companies within a specified time of a Pooling Scheme, framed in accordance with provisions set out in a Schedule to the Act, for the pooling of the whole of the passenger receipts of the Board with the passenger receipts, as defined in the Act, of the Railway Companies attributable to journeys between any two stations within, and in certain cases outside, the London Passenger Transport Area. If such a Scheme, the financial basis of which will receive some attention later, is submitted to the five parties concerned and adopted by all of them within three months of its submission it shall go to the Arbitration Tribunal for confirmation; if no such Scheme is submitted or adopted within the prescribed time-limits it becomes the duty of the Arbitration Tribunal to prepare and settle one. Any question arising between the parties after the Scheme has come into force regarding a change in the services or facilities covered by it is to be submitted to and determined by the Joint Committee, and failing determination by the Committee may be referred to the Railway Rates Tribunal. The Act compels the four Railway Companies to furnish the Minister of Transport with certain statistics relating to their suburban passenger services, and also makes some special provisions with respect to the fares and public supervision of these services.

The powers granted to authorities, such as the Railway Rates Tribunal, by the Act to control or supervise the functions of the Board, and the clauses of the Act which relate to the wages and conditions of service of the Board's staff, will be noticed later.

Economic and Financial Status

Before discussing the character of the London Transport Board, created to perform the functions just summarised, as an institution, attention must be paid to the Board's financial powers and status.

The establishment of this Corporation, unlike that of either of the two Corporations already discussed, raised the problems involved in paying compensation on a large scale to a variety of dispossessed proprietors. The issue of whether compensation should be paid at all, or whether the capitalist undertakings should simply be confiscated, was never, in view of the preference shown by the great majority of the Labour Party and by public opinion as this Party interpreted it for the policy of compensation and of Mr. Morrison's personal convictions on this subject, more than an academic one, and the practical problems facing the promoters of the Transport Bill were those of the nature of the principles upon which compensation should be based and the forms which it should take. The formula for the first of these at which Mr. Morrison and his advisers finally arrived was that of "net maintainable revenue" and was embodied in a clause, reproduced by Mr. Morrison in his description of the proceedings,[1] which, however, failed to prove acceptable to the Joint Select Committee. The Committee substituted for it a clause simply directing the Arbitration Tribunal to "have regard to all the circumstances of the case, and, subject to the provisions of this section, determine the value of such undertaking or part of an undertaking, and award a consideration which in their opinion is equivalent to such value." This clause, which appears to M. Monod's detached gaze as one of the many samples in the Transport Act of the legislative expression of "a people which is above all anxious not to bind itself and which prefers compromise to the declaration of a policy

[1] Op. cit., pp. 256–58.

determined in advance," offered no real guiding principles and left the evaluation chiefly dependent upon the personal views of the members of the Arbitration Tribunal. A section of the Labour clause which sought to prevent the advantages conferred on undertakings by the protection from competition afforded them by the Traffic Acts of 1924 and 1930 from being taken into account in the evaluation suffered the fate of the other Labour suggestions, although, as previously stated, the law directed the Tribunal not to make allowance for losses caused to undertakings by the compulsory nature of the transfer.

Of the three forms of compensation—cash, redeemable State-guaranteed bonds, and redeemable stock without voting rights in the new Corporation—open to it, the Act gave preference to the third, although it also made some provision for the first. The Act gave the Board power to "create stock to be called London Transport Stock" for the purpose of enabling it (*a*) to pay for the transfer to it of undertakings, (*b*) to raise money for capital purposes, and (*c*) to procure funds for the redemption of stock previously issued by it. The motives for which, under the preceding section of the Act, it is permitted to borrow money under the second of these headings are—payments for the transfer of undertakings which have to be made in cash, the discharge of certain liabilities taken over by the Board from undertakings transferred to it, the provision of working capital, the provision of money for meeting expenditure on permanent works, the payment to the Minister of Transport of the costs of the Act, the redemption of Transport Stock, and any other purpose properly chargeable to capital. The maximum amount which the Board is entitled to borrow for capital purposes, exclusive of sums borrowed to make payments for the transfer of undertakings which must be made in cash, to discharge certain liabilities incurred by the acquisition of undertakings under sections 16 and 17 or to

redeem Transport Stock, is equal to the addition of the balance of sums which the London Electric, Metropolitan District, and Central London Railways were empowered to borrow under Acts of 1930 and 1931 (or £2,686,650) and the sum of £10,000,000. The London Passenger Transport Acts of 1935 and 1936 have raised this total of £12,686,650 to £42,686,650.

The classes of Transport Stock provided for in the Act, each of which is made the subject of special regulation, are five in number. The first four of these—"A" Stock, "T.F.A." (Trade Facilities Act) Stock, "L.A." (Local Authorities') Stock, and "B" Stock—are fixed interest-bearing securities which call for no special attention, apart from notice of the important feature that all of them are redeemable within a period not exceeding ninety years. The fifth, London Transport "C" Stock, is a security with a rate of interest which is variable within certain narrow limits. The Act stipulates that an interest rate, to be known as the "standard rate," shall be paid on this Stock of 5 per cent during the first two years of the Board's operations and of 5½ per cent during each subsequent year. The payment of this rate is an obligation on the Board, failure to fulfil which over a specified period of time involves penalties. The standard rate having been fixed at these levels, the Act provides that if there is any disposable surplus in the Board's annual revenue one-half of this shall be employed to augment the interest on the "C" Stock up to a maximum rate of 6 per cent, and one-half shall be paid into the reserve fund, from which sums can be applied to the payment of interest on the "C" Stock in years in which the Board's revenues are insufficient to provide the standard rate. The Act allows the Board to redeem its "C" Stock at par on December 31, 1955, or thereafter. The "C" Stock so provided for is a modified equity stock with a maximum rate of interest and a recognised, but neither fixed nor guaranteed, mini-

mum rate of interest, and its holders have no cumulative claim upon the Corporation's future earnings or resources.[1] It was intended mainly as compensation for the owners of ordinary or equity shares in those of the transferred undertakings which were under private ownership. Neither the holders of "C" Stock, nor those of any other classes of Transport Stock, enjoy the right of any control, other than the application for the appointment of a receiver under certain circumstances, over the management of the Corporation. The Board's Stock is to be issued, transferred, dealt with and redeemed in accordance with regulations made by the Minister of Transport, with the approval of the Treasury. The law stipulates that these regulations shall not require nor authorise the Board to make any annual provision for the repayment of loans or redemption of its Stock before ten years has elapsed from the date at which the loan was made or the Stock issued, and provides remedies for the stockholders in case the Corporation should get into financial difficulties. Instead of providing a State guarantee, the Act authorises the holders of not less than 5 per cent of "A," "L.A.," or "B" Stock to apply to the High Court for the appointment of a receiver in the event of the Board's defaulting in its interest payments on any of these Stocks for a period of not less than three months, and the holders of a similar amount of "C" Stock to take similar action in the case of the Board's failing to pay them the standard rate of interest during three consecutive years after the financial year beginning on July 1, 1935. Opportunity is given for the holding of separate meetings of each class of stockholders for the purpose of informing the Court whether or not such holders wish to support an application for a receiver.

[1] The relatively small amount of "T.F.A." Stock remains guaranteed by the Treasury. Also the interest on two special classes of stock, the Central London Assented Stock and the Metropolitan Assented Stock, is guaranteed, that of the first by the Board under section 88 of the Act, and that of the second by the Railway Companies under section 89.

Local authorities which have received Transport Stock in payment for the transfer of their undertakings to the Board are entitled, after the lapse of ten years from the date of issue of the Stock, to sell or dispose of it, provided that the proceeds of such sale are applied as follows, (*a*) in the case of the L.C.C. to inclusion in the Council's Consolidated Loans Fund, (*b*) in the case of other local authorities to any purpose to which capital receipts are authorised to be applied by an Act or order relating to the transferred undertaking, to the repayment of any loan raised or redemption of any stock issued for the purposes of such an undertaking, or to any other purpose which the authority, with the Minister of Health's approval, may determine. The interest received by local authorities on the Stock which they hold shall, in the case of the L.C.C., be carried to the credit of the County Fund and be allocated to general or special County purposes as the Council may decide, and in the case of the others be applied in aid of the fund or rate from which the expenses of the authority with respect to the transferred undertaking were payable prior to the transfer.

Such, in outline, are the methods by which it is provided that the L.P.T.B. shall compensate the owners of the undertakings which it absorbs and raise its capital. As already stated, the classes and amounts of Transport Stock to be paid to those undertakings—the Underground Group of Companies, the Metropolitan Railway Company, and the L.C.C. and three other local authorities which were to receive Stock—with which settlements had been arrived at prior to the coming into force of the Act are enumerated in full in a Schedule to the Act. The undertakings with which settlements had not been reached, and the amount of compensation of which depended upon the decisions of the Arbitration Tribunal, were the large Tilling Group of omnibus and coach undertakings, fifty-five small and so-called "Independent" omnibus and coach undertakings, and

the Lewis omnibus undertaking. The manner of the dissolution, the cost of which falls on the Board, of the transferred companies of the Underground Group and of the Metropolitan Railway Company is specified in detail in the Act.

Before considering the application which the Act permits the Board to make of its revenues, some account must be given of the regulations governing the source of those revenues, the fares and charges made by the Board to those of the 9,500,000 residents in its Area and the millions of others from elsewhere who consume its services. That section of the Act, quoted earlier, which defines the general duty of the Board includes a particular obligation on the Board "to conduct their undertaking in such manner, and to fix such fares and charges in accordance with the provisions of this Act, as to secure that their revenues shall be sufficient to defray all charges which are by this Act required to be defrayed out of the revenues of the Board."[1] This clause is of great importance as the expression of the intention of those responsible for the law that the Transport Board should be financially self-sufficient and independent of other public resources. The Act stipulates that the statutory provisions relating to the charging powers of the undertakings transferred to the Board in force before the date of transfer shall continue to apply "as if the Board were named in those provisions instead of the undertakers." On the question of the manner in which road fares are to be established the Act is brief, simply giving the Board power, within its Special Area, to "demand and take for the carriage of passengers . . . such charges and fares as they think fit."[2] Within three months after it has begun its operations, or within such further period not exceeding two

[1] Section 3 (4).

[2] No charge is to be made for the carriage of personal luggage up to the twenty-eight pounds limit, and the charge for the carriage of a dog must not exceed the fare payable by the passenger with whom it travels.

months as the Minister of Transport may determine, the Board is obliged to deposit with the Minister a detailed list of the fares charged on its undertaking on the day on which the change from the old system to the new one took place. And thereafter before making any alterations in its fares the Board must give public notice of its intention to do this in a manner prescribed by regulations to be made by the Minister of Transport.

Thus the first measure of protection afforded to the public against unfair charges is the compulsion laid on the Board to publish proposed changes. The second measure lies in the power to revise all the Board's passenger fares vested in the Railway Rates Tribunal. This Tribunal, created by the Railways Act of 1921 to form a court for the revision of railway fares and charges, consists of three permanent members, nominated by the Crown on the advice of the Lord Chancellor, the President of the Board of Trade and the Minister of Transport, and two panels of additional members, nominated in various ways for a term of three years, the one representative of the consumers of railway services and the other of the railway interests. The Transport Act of 1933 provides for the appointment by the Minister of Transport of two further members, neither of whom need be a member of either of these panels, one of whom, concerning whose appointment the Minister shall consult with the Traffic Advisory Committee, shall be a person experienced in matters relating to the local government of London and the other a person of financial experience. The Railway Rates Tribunal is empowered, on the application either of a local authority or of the Board, to reduce or increase the fares charged by the Board "whether generally or in respect of any particular hours, in the case of any passenger service provided by the Board, or modify any conditions applicable to such fares.". It must, however, in making an order to the Board to revise its fares, from which there is no appeal,

take account of the need for the establishment and maintenance of a general basis for fares throughout the London Passenger Transport Area. A second power of the Tribunal, not strictly financial but closely related to the power just described, is that of ordering the Board to make, or refrain from making, changes in its services or facilities. Section 30 of the Act contains the important provision that a local authority may apply to the Tribunal with respect to the withdrawal or reduction, actual or proposed, of any of the Board's services or facilities, or the need for the provision by the Board of new or improved services or facilities. On receiving such an application the Tribunal may, "if and so far as they think proper," order the Board to restore, or prohibit it from withdrawing, the services or facilities in question, or require it to provide new or improved services or facilities. The Board is entitled to request the Tribunal to amend or revoke an order of this nature, which request the Tribunal, after hearing any local authority affected who desires to be heard, may either grant or reject. These powers of the Tribunal with respect to the Board's fares and facilities are also made applicable to the suburban passenger services of the four Amalgamated Railway Companies. But their exercise is made subject to the important qualification that the Tribunal shall bear in mind the desirability of the creation and maintenance by the Board of an adequate reserve fund and of the Board's fulfilment of the obligation to be financially self-sufficient mentioned in the last paragraph, as well as refrain from taking any action likely to affect the financial position of the Railway Companies adversely. Furthermore, an order of the Tribunal relating to services or facilities must not be of a character which, the consent of the Board or the Railway Company concerned not having been obtained, would necessitate the raising of additional capital or the application to Parliament by the party involved for additional powers.

The application which the Board is permitted to make of its revenues must next be summarised. The Board is empowered to borrow temporarily up to a limit of £3,000,000; and the Act defines the purposes for which the Board shall establish a general reserve fund, an insurance fund, a "C" Stock Interest Fund, and a Tramway Debt Liquidation Fund from which shall be paid sums due to local authorities in respect of transferred undertakings. The total revenues of the Corporation in any year are to be applied in the following manner and order[1]:

(*a*) Working and establishment expenses, including expenditure on maintenance and renewal of the undertaking and the remuneration of the members, officers and servants of the Board and payment of pensions and compensation to these.

(*b*) Interest on any temporary loan raised by the Board.

(*c*) The amount to be transferred to the Tramway Debt Liquidation Fund and the amount of any sums due to local authorities by way of annual payments in respect of interest on loans raised by them for the purposes of transferred undertakings.

(*d*) Interest on the "A," "T.F.A.," "L.A.," and "B" Stocks, and any arrears of interest on these in the order specified.

(*e*) Any sum becoming payable by virtue of a guarantee given by the Board under section 88 of the Act, which relates to the dissolution of the Underground Group of Companies.

(*f*) Interest for that year on the "C" Stock at the standard rate, and (*g*) Any sum which the Act requires to be transferred to any sinking or redemption fund in connection with the four fixed interest-bearing classes of Transport Stock.

The balance, if any, arising in respect of each of the first two financial years shall be transferred to the general

[1] Section 46.

reserve fund. Any balance arising in subsequent years shall, subject to the repayment to the reserve fund of any sum taken from that fund and applied for the purpose of paying interest on the "C" Stock at the standard rate, be applied up to one-half to the payment of additional interest for that year on the "C" Stock at a rate not exceeding one-half of 1 per cent and the remainder transferred to the reserve fund. The machinery of co-operation between the Board and the Main Line Railway Companies has been noticed in the description given of the functions of the Board. The bases of the Pooling Scheme which it is the duty of the Standing Joint Committee to prepare, and which is to apply to all the receipts of the Board and to the passenger receipts of the Railway Companies attributable to the conveyance of passengers between any two stations on the suburban lines, are described in detail in the Tenth Schedule to the Act. The adjusted net passenger receipts of the five parties to the Scheme during a previous "standard year" are to be expressed as "standard proportions" and the net receipts actually pooled are to be divided in those proportions. The Act lays down the grounds upon which these proportions can be revised.

The Board is obliged to make an annual report of its operations to the Minister of Transport, at the date and in the manner which he may prescribe, and containing such detailed information about the Board's proceedings and policies "as may properly be given without detriment to the interests" of the Board or the four Railway Companies. This report is to be laid before Parliament, and sold to the public at a reasonable charge. The Board is also required to furnish the Minister with such financial and statistical returns as may be agreed upon between him and itself, or, failing such agreement, be determined by the Railway Rates Tribunal. Its accounts are to be audited by auditors appointed annually by itself after consultation with and

securing the approval of the Minister; and it is to prepare, submit to the Minister, and publish in the manner which the Minister may prescribe an annual statement of accounts.

It is obvious that the London Transport Board, although strictly speaking supplying a regional service, deserves to be regarded as a national economic institution of the first order. Considered merely from the aspect of size, it is imposing to the point of bewilderment. By far the largest urban transport undertaking in existence, with a nominal capital of about £112,000,000, operating every mechanical form of public passenger transport except the taxi-cab and the aeroplane in an Area of nearly 2,000 square miles which contains something like one-quarter of the population of England and Wales, it employs directly some 79,000 persons, owns over 12,000 passenger vehicles, and supplies about 700 million units of electric current in a year. The density of the population combined with the intensity of passenger traffic in its Area give the Board's operating figures an almost astronomical character. In the year 1935–36 the Board transported a total number of 3,648 millions of passengers; and the parties to the Pooling Scheme transported together 4,215 millions of passengers, representing travel at the rate of 440 journeys per annum per head of the 9½ million persons living in the Area and bringing in total passenger receipts of over £40·6 millions. When these figures of passenger journeys and receipts are seen in their proper light as the pale statistical reflection of a service vital to the life and labour of the colossal social and economic entity known as London, the significance of the Transport Board's function can begin to be appreciated.

Unification of London's transport undertakings in the condition which they had reached by the end of the third decade of this century could only, as the leading counsel for the promoters of the Bill told the Joint Select Committee, mean monopoly, and it has been seen that the central issue

in the struggle over the Bill was whether this monopoly should be conducted under conditions of private or of public ownership. The precise nature of the London Transport Board's monopoly may be left to persons more conversant than the writer with the theory of monopoly to determine. With respect to road services in its Special Area the Board enjoys a complete monopoly of the ownership and operation of all mechanical public passenger transport undertakings, except taxi-cabs, with the insignificant qualification that the Metropolitan Traffic Commissioner can allow the operation of independent undertakings on certain special occasions.[1] Its rail services, surface and underground, are conducted under what may be called an effective monopoly enjoyed concurrently with a similar monopoly possessed by the Main Line Railway Companies with respect to their suburban services.

What form does the public ownership of this giant monopolistic undertaking assume? Students of the relationship between political ideas and political action cannot fail to derive interest from the controversy which took place in Parliament and the Press in 1931 and 1932 over the 'socialisation' embodied in the Transport Bill. *The Times*, which had earlier pointed out that Mr. Morrison's light-hearted description of his Bill at one stage as "socialistic" had nearly killed it, sought the support of its readers for the measure as amended and reintroduced by the National Government by stating that it contained none of the features of socialism and that the Board would be "privately, not publicly, owned."[2] This statement can only have referred to the fact that the measure respected the forms of private ownership, or the 'capitalist' structure of capital derived from securities freely bought and sold in the open market and earning dividends for their owners. As the result of the Act the securities of privately-owned undertakings were simply

[1] Section 61 (6).

[2] December 13, 1932.

(though compulsorily) exchanged for the securities of the Transport Board; and the willingness of private investors to accept this exchange appears to M. Monod as another illustration of the Englishman's possession of "a great practical sense of the necessity of compromise based on confidence." That economies were likely to be introduced by the consolidated undertaking was the material lure which persuaded stockholders to accept the change of system. But those who exchanged their stock for Transport Stock did not, any more than the purchasers of Central Electricity Stock, obtain the right of any voice in the appointment of the managers of the new undertaking, nor the right to vote or to control further issues of Stock, nor even the right to receive (as stockholders) an annual report and statement of accounts from the Corporation. The sole rights granted to the holders of any class of Transport Stock were those of receiving their interest payments and, in case these were not forthcoming, of applying in accordance with certain conditions for a receivership.

An old form, therefore, was retained, in part at least, to clothe an innovation, a practice not uncommon in English constitutional development. Ownership of the consolidated transport undertaking was vested legally in the Corporation but actually in the general public, to whom the Corporation stands in the position of a steward or trustee. The description of the Corporation as "a public authority" in the opening clause of the Act indicates, politically if not legally, that it constitutes a body created to administer public property under public control.[1] The definition of the Corporation's general duty and objectives, the manner in which its directing body is appointed, and the type of person chosen to fill this

[1] A legal decision was, however, based on this description in the Ilford County Court on April 15, 1935, when the protection in suits for damages afforded by the Public Authorities Protection Act, 1893, was extended to the Corporation. Similar protection had previously been given to the Wheat Commission.

office, all emphasise the conceptions of public purpose and public responsibility. Some of the machinery devised or adapted to exercise public control or provide potential public checks over the Corporation has already been described, and further examples of it will be noticed later. In the sphere of finance an obligation on the Board to be self-supporting and independent of other public resources is joined to public control of an extensive nature. Once the Corporation has absorbed the former transport undertakings, agreed with the Railway Companies upon a Pooling Scheme, and settled down to its normal operating career, public control over its finances is exercised primarily through the powers of the Minister of Transport to regulate, with Treasury approval, the issues of its Stock, to call for returns, and to approve its form of accounts and choice of auditors, and through the power of the Railway Rates Tribunal to revise, on receiving application to do so, and after taking the Corporation's general financial circumstances into full account, its fares and charges.

Appointment and Composition of the Board

The manner in which the London Transport Board should be appointed and the kind of persons of which it should be composed were both subjects of considerable discussion and difference of opinion during the agitation, inside and outside Parliament, which occupied the period between Mr. Morrison's declaration of the type of Bill which he intended to introduce at the end of 1929 and the eventual passage of the Transport Act at the beginning of 1933. The Labour Bill provided for a Board appointed by the Minister of Transport after consultation with the Treasury and composed of persons of business ability but not representative of any sections or interests; and the arguments in support of the case that these two features guarantee greater public accountability on the part of a Public Corporation of the

size and complexity of the L.P.T.B. than any alternative arrangements has been set forward at some length by Mr. Morrison in his evidence before the Joint Select Committee[1] and in his book.

The Act rejected the first of these two features of the original Bill and introduced a modification into the second of them. Considerable Conservative opposition was shown to the idea of a 'politically' appointed Board, and the substitution for this method of the method of appointment by an electoral college was the chief amendment introduced into the Bill by the National Government. This college, described as "the Appointing Trustees," consists of the holders of certain high offices, namely the Chairman of the London County Council, a representative of the Traffic Advisory Committee (to be chosen by that Committee from amongst those of its members appointed by local authorities), the Chairman of the Committee of London Clearing Bankers, the President of the Law Society, the President of the Institute of Chartered Accountants in England and Wales, and, subsequent to the appointment of the original members of the Board, the Chairman of the Board or some other member chosen by the Board for the purpose. Meetings of the Trustees are summoned by the Minister of Transport, questions at these meetings are decided by a majority of votes, and three Trustees constitute a quorum. The Trustees may consult whomever they may think fit in making appointments to the Board. This duty constitutes the Trustees' sole function, other than those of rendering advice to the Minister upon the question of removing any member of the Board from office for inability or misbehaviour and upon that of the amount of the salaries to be paid to members of the Board.

The Board is to consist of a chairman and six other members who shall be "persons who have had wide experience,

[1] *Minutes of Evidence*, pp. 399–403.

and have shown capacity, in transport, industrial, commercial or financial matters or in the conduct of public affairs," and a directly representative element is introduced through the provision that two members shall be "persons who have had not less than six years' experience in local government within the London Passenger Transport Area." Members of the House of Commons are specifically disqualified from appointment. Appointment is to be for terms of from three to seven years, as the Appointing Trustees may determine, re-appointment is made possible, and removal is made the function of the Minister of Transport, in consultation with the Trustees. The salaries of the members of the Board are to be fixed by the Minister after consultation with the Trustees and with the consent of the Treasury; and provision is made against members being financially interested in companies or contracts involved in the Board's operations. The Act does not indicate how many members of the Board shall be whole-time members, nor what the division of functions between the chairman and other members shall be; and, aside from providing that its quorum shall be three, it leaves the Board free to regulate its own procedure.

The Minister of Transport, Mr. Oliver Stanley, announced in the Commons on May 18, 1933 in answer to a Question that the Trustees had appointed the following persons to serve as members of the Transport Board—Lord Ashfield and Mr. Frank Pick, for a term of seven years, Mr. John Cliff and Mr. P. Ashley Cooper, for a term of five years, and Sir John Gilbert, Sir Edward Holland and Brig.-General Sir Henry Maybury, for a term of three years. In answer to a subsequent Question on May 22 the Minister gave some account of the terms and conditions of these appointments. Lord Ashfield's annual salary had been fixed at £12,500, that of Mr. Pick, who was to be the only whole-time member of the Board with the exception of the Chairman, at £10,000, and those of the other members at

£750. He stated that the arrangements made with regard to the Chairman and the single whole-time member were not regarded by those responsible for making them, that is the Appointing Trustees, the Treasury and himself, as constituting precedents. It has been seen that the Act leaves these authorities free to provide for a good deal of flexibility with respect to the salaries offered to members of the Board and the time to be devoted by them to their duties.

A short account has already been given of the career of Lord Ashfield. Mr. Pick, who was appointed by the Board to be its Vice-Chairman and chief executive officer, has, like the Chairman, had life-long experience of transport undertakings. Starting his career in the service of the old North Eastern Railway, he came to London in 1906 to hold a position in one of the companies of the Underground Group and in 1921 became a Managing Director of the Traffic Combine. It is worth remarking, by way of comparison with the situation which has hitherto obtained with respect to the Governors of the B.B.C., that neither of these gentlemen, who together constitute the most active executive force on the Board, had attained the age of sixty at the time of his appointment. Mr. John Cliff, who was selected by the Board to undertake special duties in connection with staff matters, was at the time of his appointment Assistant General Secretary of the Transport and General Workers' Union and a trade union representative on the Traffic Advisory Committee. Sir John Gilbert and Sir Edward Holland were the two members appointed by reason of their experience in local government in the Board's Area, the former having been for many years an alderman of the L.C.C. as well as having served as Chairman of the Council and Chairman of its Education Committee, and the latter having been alderman and Chairman of the Surrey County Council and a member of the Traffic Advisory Committee. Sir Henry Maybury was an engineer, military and civil,

by profession, had been Director-General of Roads to the Minister of Transport and Chairman of the Traffic Advisory Committee since its creation. Mr. Ashley Cooper was a banker and company director. During the short period of the Board's existence there has been only one change in its membership. Sir John Gilbert died at the end of 1934, and Mr. Charles Latham, an alderman of the L.C.C. and member of the Advisory Committee, was appointed in January, 1935, for a term of three years, in his place. Sir Edward Holland and Sir Henry Maybury were reappointed in May, 1936, for a second term of three years.

It is worth considering carefully whether the mode in which the Transport Board is appointed and the manner in which it is composed represent the best arrangements for a large and complex Public Corporation on this model and ought to be copied in the case of other large industrial undertakings which may in the future be converted into public concerns. The Transport Board, with its function that of monopolistic operation of a huge undertaking which touches many interests, sprawls over the jurisdictions of numbers of local authorities, and employs large forces of clerical and manual workers, provides a much more important case for debate on the merits and demerits of 'political' appointment and representative membership than either the C.E.B., with its function the highly expert one of broker of electricity, or the B.B.C., with its unique function of supplying education and entertainment over the air. The present study aims at description of three examples, considered by the writer to be the most important ones, of the semi-independent Public Corporation and at attracting attention to the main problems of a political and administrative nature which they raise. Since it makes no pretence at construction of a theory of the characteristics which these institutions should ideally (i.e. in accordance with the writer's personal political philosophy) possess, no proper analysis of the con-

troversies about political appointment and representative membership and reasoned conclusions upon them can be offered here; the issues at stake can merely be pointed out, and the writer's preferences indicated. Is this arrangement of an electoral college, which is certainly another of the examples of compromise presented by the Transport Act, also another example of English practical sense in adapting political institutions to the best requirements of the business in hand? Mr. Pick has expressed his belief that it is so,[1] and there are many disposed to agree with him. But the arguments in favour of this arrangement rest almost exclusively on fear that its principal alternative, Ministerial appointment, will lead to the selection, for reasons of political patronage or convenience, of persons of an unsuitable kind or mediocre quality, or will provide an opportunity for undue Ministerial control, accompanied perhaps by graft and corruption, over the undertaking. In the present writer's view this fear, which does little credit to English Ministers, is not justified either by evidence that the standards of honesty in English public life are deteriorating or by nearly ten years' experience of appointment to the Central Electricity Board and the B.B.C. But assuming that this view is wrong, is there any reason to believe that men who have reached eminence in some profession or occupation semi-removed from the sphere of the business concerned will be more competent to select the directors of the business or less immune from undesirable outside pressures and personal temptation than a man who has reached eminence in politics? If there is not, which seems to the writer to be self-evident, there is no justification for taking the dangerous step of removing responsibility on this vital matter from the

[1] In "The London Passenger Transport Board," a public lecture delivered at the London School of Economics in February, 1934, and published in *The Transport World* of March 3, which is an admirable survey of the Board's status and problems.

Minister, obliged to answer for his action in Parliament and to justify it on a personal basis against criticism in the Press and elsewhere, and conferring it upon a number of persons very few of whom will probably be known even as names to the great body of the public, who are accountable to nobody except, in a vague manner, to this public, and who, if criticism is levelled at them, are in a position to take refuge under a collective responsibility and an obscure collective title. In the particular case of the London Transport Board the manner in which this device of an electoral college has been used is not above criticism. The office-holders who are to act as Appointing Trustees are almost without exception men who may be presumed to be conservative in instincts and in political affiliations; the body has, to use a colloquialism, a strong "City" flavour. This may be justified as a means of inspiring confidence in certain financial and business quarters. But can it be justified as capable of inspiring equal confidence among the 79,000 officers and servants of the public undertaking? The existing college of Trustees is as much open to the charge of undue homogeneity of type and experience as the Board of Governors of the B.B.C. has been in the past.

The arguments for and against the management of such an undertaking as the Transport Board by a body of representatives, whether of business interests, economic classes or public bodies, have received considerable discussion in print and cannot be analysed here. The writer agrees with Mr. Morrison's view that for an undertaking of the size and complexity of the L.P.T.B. efficiency and public accountability are likely to be secured in the highest degree when the executive body is representative of nobody but the general public.

Operation

The London Passenger Transport Board started to operate the passenger transport services of London on July 1, 1933.

Since it is now only in the fourth year of its existence, it is too early to begin to form any balanced estimate of the success with which it has performed the functions assigned to it. A purpose can, however, be served by summarising the main aspects of its performance up-to-date.[1]

The task presented to the Board may be divided into (i) the co-ordination and consolidation of all the diverse undertakings transferred to, or acquired by, it into one comprehensive and efficient organisation, and (ii) the development of this organisation by use of the machinery and in accordance with the purposes prescribed in the Act. The Board took over the majority of the undertakings the transfer to it of which was provided for specifically in the Act on July 1, 1933, and had taken over about 90 per cent of these undertakings by the end of 1933. In respect of nearly all of those concerns—i.e. the Tillings Group, the 55 Independent omnibus undertakings, and the Lewis undertaking—the consideration to be paid to which had not been settled when the Board began to function, schemes setting out the amount and nature of the consideration proposed were submitted either by the concerns themselves, or in a few cases by the Board, to the Arbitration Tribunal during the early months of the Board's career. A small group of independent omnibus undertakings was not, owing to the inability of the proprietors to agree upon the extent of the transfer, absorbed by the Board until after it had entered upon the second year of its operations. In addition to the undertakings transferred to it, the Board during its first two years of operations acquired, under sections 3 and 16 of the Act, a number of small omnibus and coach concerns or parts of such, and also arranged, under sections 3 and 17, for the partial transfer to itself of a number of provincial operating companies.

[1] The Board's *Annual Reports*, which include its Statements of Accounts, for the first two years of operation were published by the Board itself at the end of October, 1935, at a price of 1s. each.

The first of these two transactions was bound up with the Board's decisions as to the nature and the number of the operating consents which it would grant to omnibus or coach undertakings to continue, or inaugurate, services of a limited character in its Area. By the end of the third year of the Board's career consents providing for the working of 1,346 services, mainly in connection with sight-seeing tours and sporting fixtures, by 246 operators were in force.

The authority for determining the consideration to be paid to the Tillings Group and the other undertakings just mentioned, as well as deciding other matters in dispute arising from the transfer to and acquisition of undertakings by the Board, the London Passenger Transport Arbitration Tribunal, was appointed on September 25, 1933. The Tribunal does not, in view of the nature of the earnings of many of the undertakings whose claims for compensation it had to consider, appear to have been unduly generous to the dispossessed proprietors or to have given the Board reason for anything but satisfaction with the general nature of its awards. Sir William McLintock, who was an adviser to the Government on the financial aspects of the transfer of property contemplated in the Transport Bill, stated in evidence before the Joint Select Committee on the Bill, that the profits of certain of the independent London omnibus proprietors during the years 1928–1930 ranged between 25·85 per cent and 64·72 per cent per annum on the capital employed. The amount paid by the Board as consideration for the transfer of the Tillings, Independent, and Lewis undertakings, as well as for the acquisition of certain small undertakings under sections 16 and 17 the consideration to be paid to which was also determined by the Arbitration Tribunal, was £3,941,713. Sums paid to other undertakings acquired under sections 3, 16 and 17 which were settled by agreement without recourse to the Tribunal brought the total amount paid by the Board up to June 30, 1936, in

respect of bus and coach undertakings the consideration for which had not been finally settled by the Act to £4,731,126. The main defect revealed in practice by this part of the process of compensation was the amount of time which it consumed. The earlier hearings before the Arbitration Tribunal were most protracted, and the Tribunal issued only five awards with respect to compensation during the first year of the Board's operations. Once principles were established by the earlier cases progress became somewhat faster, and the Tribunal issued twelve awards during the second year of the Board's operations, and completed its task during the third year, issuing its final award on June 25, 1936, after which it was dissolved. The legal and other costs incurred by the Board in respect of the proceedings before the Tribunal amounted to nearly £145,000. A second part of the process of compensation entrusted to an independent authority, the determination of claims by officers and servants of the transferred undertakings by a Standing Arbitrator, still continues, and will receive some attention when staff questions are under consideration.

The means of effecting co-ordination between the Board's services and the suburban passenger services of the four Main Line Railway Companies, the Standing Joint Select Committee, was established in the first month of the Board's operations. The four members appointed by the Board were Lord Ashfield, Mr. Pick, Mr. Ashley Cooper and Sir Henry Maybury, and the four appointed by the Railway Companies were Sir James Milne, Sir Josiah Stamp, Sir Ralph Wedgwood and Sir Herbert Walker; Lord Ashfield was chosen by the Committee to be its Chairman, and Sir Josiah Stamp to be its Deputy Chairman. This Committee has dealt with large numbers of proposals submitted to it by the five parties which it represents, and is a permanently active body, with four sub-committees, and with a secretariat in the Railway Clearing House. During the Board's

first year, 1933–34, it initiated a comprehensive review of the passenger requirements of the whole of the London Transport Area, which included especially thorough study of the requirements of London's eastern and north-eastern sectors. This review provided the basis of information for the large promotion scheme concerning which an Agreement was concluded between the Board and two of the Railway Companies and the Treasury in the summer of 1935.

Other features of the large task of co-ordination and consolidation may be briefly touched upon. In the sphere of operating arrangements the chief efforts so far made by the Board to bring about greater co-ordination have been (*a*) with respect to its railway services, the bringing of the standards and practices of the former Metropolitan Railway into conformity with those obtaining on the railways previously included in the Underground Group, and (*b*) with respect to its road services, the review of the traffic requirements of the whole Area previously mentioned, the concentration of responsibility for all road services in the hands of a General Manager of Road Transport, adjustment of the 'bus and tram services and the increase of certain of these in the central portion of the Area, the construction out of a mass of unrelated services of a regular and co-ordinated system of 'bus services in the country districts of the Area, the adoption of co-ordination schemes for the coach services in certain portions of the Area, and the renumbering of certain 'bus routes and experiment with fixed stopping places for 'buses. Steps taken by the Board to co-ordinate fares and facilities have included—the unification, as opportunity has offered itself, of the charges on the several forms of transport which it operates, the reduction of certain ordinary fares which were above the general scale of fares when the Board took over operations, the introduction of uniformity into cheap day tickets, extension of the issue of

6d. evening tickets to cover all tram and trolleybus routes, the revision of certain season ticket rates, and the issue of season tickets on all coach routes on a uniform basis. The Board had a considerable problem to face arising out of the miscellaneous character of the rolling stock of which it found itself the possessor when it started operations. After some consideration it decided that this problem could only be solved satisfactorily by entry upon an extensive replacement programme. Within six months of the beginning of its career it had concluded, under powers specially conferred by the Act, an agreement with the Associated Equipment Company for the supply of 'bus chassis and spare parts for a period of ten years. During 1934–35 the maintenance and overhaul of 'buses operating in the central districts and of 'buses and coaches operating in the country districts were co-ordinated and placed under the control of a reorganised department at the Board's Chiswick Works, and steps were taken to centralise the work of maintaining and overhauling the trams. In the same year a programme for the reconstruction of existing garages and the erection of new ones was drawn up and put into operation. A final feature of the task of co-ordination which may be mentioned was the necessity facing the Board at the outset of its career to mould a heterogeneous collection of over 70,000 employees into a single staff, and to formulate principles for the structure and functioning of its administrative organisation. By the end of its second year of operations it had succeeded in removing many of the anomalies arising out of the diverse conditions of service and rates of pay of the staff engaged in five forms of transport transferred to it, as well as in stabilising the structure of its internal administrative organisation. These steps, undertaken or contemplated, in the process of consolidating about 180 separate private and public undertakings into a single co-ordinated system under public control constitute no more than the foundations of such a system.

Probably another five years, and perhaps longer, must elapse before the transitional process of converting the structure and operation of London's passenger transport undertakings as these existed prior to July 1, 1933, into a fully co-ordinated system can be completed.

The title of "development" is a convenient one under which to notice both the progress of the Transport Board's normal activities during the short period within which these have been taking place, and the measures designed or actually entered into for the development of the undertaking. The amount of London Transport Stock issued by the Board up to June 30, 1936, was £111,933,867. The total consideration paid or payable by the Board for the undertakings transferred to or acquired by it up to the same date was £113,358,204, of which £111,251,852 has been charged to capital expenditure. Other capital expenditure incurred by the Board amounted to about £1,500,000 during each of the first two years of operation and to about £3,725,000 during the third year, bringing the aggregate capital expenditure up to £118,088,715. The estimated further capital expenditure authorised by the Board at the end of its third financial year was £4,620,000, a big increase over the sum outstanding at the end of the previous year. The Board's borrowing powers have been increased by £10,000,000 under the terms of the London Passenger Transport Act of 1935 and by a further £20,000,000 under the terms of the Transport Act of 1936. Both these increases are related to the programme of new works to be carried out under the Treasury Agreement; they may be exercised by the creation of Transport Stock of such classes as the Board may determine, but not more than one-third of the amount outstanding at any time may be "A" Stock and not less than one-third must be "C" Stock, unless the Minister of Transport and the Treasury consent to other arrangements. The Act of 1936 allows the Board to exercise its power to raise temporary

loans up to a maximum of £3,000,000 by borrowing from the Finance Corporation set up in 1935, and to be noticed shortly.

The preparation of the Pooling Scheme between the Board and the Main Line Railway Companies proved to be a matter of great complexity, and application was made by the parties to the Minister of Transport for an extension of the period of twelve months envisaged by the Act for its completion. The Scheme was adopted by the parties early in 1935 and confirmed by the Arbitration Tribunal in June of that year. It selected 1932 as the year on which to base its 'standard year' account, and fixed 'standard proportions' according to which the parties should participate in the pooled receipts, which were shortly afterwards revised by the Joint Committee in respect of 1934–35 in favour of the Board. The standard proportions so revised and in force at present are as follows: the Board, 62·10364 per cent; the Great Western Railway, 1·33194 per cent; the L.M.S. Railway, 5·08014 per cent; the London and North Eastern Railway, 5·99922 per cent, and the Southern Railway, 25·48506 per cent.

The total number of passenger journeys originating upon the Board's system during the third year of operations, 1935–36, was about 3,648 millions, which represented an increase of some 66 millions on the total of the previous year; of this astronomical figure the Board's 'buses and coaches accounted for 58 per cent, its trams for 27 per cent, its railways for 13 per cent, and its trolleybuses for 2 per cent.[1] The total number of passengers dealt with in the Pooling Scheme amounted to nearly 4,215 millions, which represented travel at the rate of 440 annual journeys per head of the population of more than 9½ millions in the Area. The aggregate passenger receipts from the carriage of these pas-

[1] During the Silver Jubilee celebrations in 1935 the Board's services carried 153 millions of passengers in a fortnight, and 14¼ millions, a record for a single day's traffic, on Saturday, May 4.

sengers was about £40·6 millions, of which the Board's share was £29·5 millions; with the addition of certain miscellaneous receipts to this last figure the Board's total traffic receipts for the year amounted to £29·7 millions.

This sum represents an increase of only 2·44 per cent over the total traffic receipts for 1934–35, and reflects a slowing down of the rate of expansion of traffic on the Board's undertaking. While the passenger journeys originating on the systems of the Railway Companies have increased by about 20 millions during each of the past two years, those originating on the Board's system increased by 186 millions in 1934–35, when the Board was still engaged in the process of acquiring undertakings, but by only 66 millions in 1935–36. The Board's working expenses, excluding provision for renewal, for the third year amounted to £23·5 millions, an increase of almost exactly £1 million over the working expenses of the second year. A big proportion of this increase was due to enlarged expenditure upon salaries and wages, an item which constituted 68 per cent of total working expenses. The Board incurred large additional expenditure on labour during the second year of its operations, through increases in the number of its staff, the implementing of certain agreements for the restoration of percentage cuts in salaries and wages which had operated since 1932 and for the consolidation of rates of pay, and a general increase in the wage rates of its employees operating trams and trolley-buses, which was not fully reflected in its accounts for that year. And it estimates that the full cost of these changes will involve a further charge beyond that shown in its accounts for the third year of about £155,000 per annum. Taxation of all sorts, other than income tax, amounted in 1935–36 to over £2·6 millions, which constituted an increase of nearly £125,000 over the total of the previous year, and 11 per cent of total working expenses. The Board devotes a section of its *Third Annual Report* to the charge that taxation on this

scale is a growing burden with respect to which there is no assurance of stability and "is, in all the circumstances, unreasonable and excessive," and so raises the issue of the justice of requiring a Public Corporation which supplies a direct need to vast numbers of the public, and which is laid under an obligation to be independent of outside public resources, to make contributions through taxation to public funds on the scale which the operations of the Transport Board now involve. During the second year of the Board's history the growth of working expenses was offset to some extent by economies in the maintenance and operation of 'buses and coaches, and the operating ratio, or the percentage which working expenses bore to total traffic receipts, was reduced from the 79 per cent of 1933–34 to 78 per cent. But during the third year of operations the working expenses per car mile for 'buses, coaches and trams rose above the 1934–35 levels, and in spite of lower costs upon the railways and trolleybuses the operating ratio returned to 79 per cent. The sum charged by way of provision for renewal during the year was £2·3 millions, making a total charge under this head for the first three years of £6·8 millions, only £437,000 of which has been employed.

Receipts from sources other than traffic, mainly advertising and rents, during 1935–36 amounted to £1,563,214, and the Board's net revenue available for appropriation was £5,174,039, an increase of nearly £48,000 on the 1934–35 figure. After the prior charges required by the Act and enumerated earlier in this study had been made, a sum of £1,058,591, or about £43,000 more than in 1934–35, remained for the service of the "C" Stock. This enabled the Board, which had paid total interest on its "C" Stock of 3½ per cent in 1933–34 and of 4 per cent in 1934–35, to make a second annual payment of 4 per cent. The Board does not become subject to penalties for failure to pay the standard rate of interest on its "C" Stock until it has failed to do this

for three consecutive years inclusive of and subsequent to 1935–36, that is to say until after the close of the financial year 1937–38 at the earliest.

In turning to the topic of the development of the Board's undertaking mention may be made of one suggested extension of its undertaking and facilities which has not been looked upon by the Board with favour. The Board has decided not to exercise, for the time being, the permissive powers granted to it to provide, either directly or indirectly, passenger services on the River Thames. This decision was subsequently supported by a Report issued by the Traffic Advisory Committee, after it had held a public inquiry into the matter, in November, 1934, which stated that the Committee was not satisfied that there was an essential need for a regular passenger service on the Thames, nor that such a service would either tend to relieve existing land transport facilities or would attract sufficient traffic to be self-supporting. It is worth noting that the Committee also concluded that, should a regular river passenger service become a practical economic proposition, it should be directly operated by the Board itself. Since the outset of its career the Transport Board has undertaken, and in some cases completed, a number of major schemes of new works which include the extension of the Piccadilly tube line, the reconstruction of a number of tube stations and the building of several new ones, the construction of subways and escalators, the provision of new or enlarged 'bus and coach garages, and work on the abatement of noise on the tube railways. These independent schemes have, however, been overshadowed by the extensive programme of new works in the Board's Area with respect to which the Board and the Great Western and London and North Eastern Railway Companies concluded an Agreement with the Treasury on June 20, 1935, providing for the support of the Government's credit.[1] The main pro-

[1] Cmd. 4929/1935.

visions of this Agreement are that the programme of works shall be completed within five years from September 30, 1935, and that the Treasury shall guarantee the principal and interest of loans not exceeding £40 millions to be raised by a Finance Company and the proceeds of which are to be borrowed by the three "transport undertakers" in agreed proportions. The undertakers are to pay interest on sums borrowed from this Company and also to pay their appropriate share of the Company's expenses; sums which remain temporarily unborrowed are to be invested by the Company, and the undertakers are to pay the Company such sums as, when added to the interest mentioned above and to the receipts from investments, will provide the interest payable by the Company to its shareholders. This arrangement, since it provides for Government support of a public undertaking by means of a nominally private company, is an interesting and somewhat curious one. The Company was incorporated on July 10, 1935, under the title of the London Electric Transport Finance Corporation, Limited, and seven days later made an offer to the public of £32,000,000 2½ per cent Guaranteed Debenture Stock 1950–55 at an issue price of £97 per cent, which was oversubscribed. Details of the works to be executed under the Agreement, which relate mainly to the northern and north-eastern sectors of London and include the building of about 12 miles of new tube railways, the electrification of over 50 miles of suburban railways, and the substitution of trolleybuses for trams on about 148 miles of route, can be found in the Board's *Second Annual Report.* By the end of the Parliamentary session of 1935–36 the Board had obtained the powers to carry out nearly the whole of its share of this programme and had commenced work on a portion of it. Described by Mr. Morrison soon after its publication as "the first big fruits of the London Passenger Transport Act," this big scheme of development will both improve the travelling facilities in sections of

London where such improvement has long been overdue and offer the general travelling public of Greater London the advantages of a physical linking up of the railways of the Board and those suburban services of the Main Line Railway Companies which have hitherto been most poorly connected to the underground and tube systems of the central districts.

Since this programme contains provision for extensive electrification, it may be pointed out that the connection, existing or contemplated, between the Transport Board and the Central Electricity Board is very slight. The Transport Board at present generates an overwhelming proportion of its electricity supply at its own power stations at Lots Road, Neasden, and Greenwich, and its only connection with the Grid system is the indirect one arising from the fact that it derives a small proportion of its supply from authorised undertakers in the London area who draw upon Grid resources. The Transport Board has included extensive provision for the improvement and enlargement of its electricity supply system in the programme of development just described, although it has no present intention of building new generating stations. The reason given for this independent action by Mr. Pick, in evidence before a Select Committee on a Private Bill, that "we can make electricity cheaper than we can get an offer from the Grid to supply it," and the costs which the Board would incur in converting a large part of its plant to standard frequency, are no doubt excellent commercial justification for it. But the co-existence of two such Public Corporations with monopolistic powers in the supply of related public services suggests the opportunity for an interdependence of operations which may be justified by various arguments not of a commercial character, such as greater invulnerability from air attack, although the Transport Board can hardly be expected to give much consideration to such arguments while its undertaking is still in the pioneer stage. The small proportion of the Board's electricity

supply now drawn from outside undertakers will, in spite of the projected improvements in the Board's own supply resources, increase considerably as the programme of electrification begins to be realised.

As a final item in the development of the Board's undertaking already planned may be mentioned the recent decision of the Board to go beyond the scheme for the substitution of trams by trolleybuses contained in the programme agreed upon with the Treasury and carry out such substitution in the whole of its Area. The 18 miles of trolleybus route in operation on July 1, 1933, had been increased by the Board to 61 miles by July 1, 1936, when a further 105 miles were in process of conversion. The Board has now satisfied itself that the cost of operating trolleybus vehicles and the indirect advantages of substituting these vehicles for trams are such as to justify their universal introduction. The remaining 130 miles of route, out of a total of about 330 miles, affected by this recent decision lie chiefly in the southern and south-central districts of London.

Although it is too early to frame balanced conclusions about the success, either in the limited financial sense or in the widest sense, with which the Transport Board has performed the duties assigned to it, the completion of the Board's first three years of operations provides the opportunity for making certain generalisations. To the holder of London Transport "C" Stock results up-to-date do not offer grounds for great optimism. The Board's working expenses during the past year increased by approximately £1,000,000, and the further charges to accrue for wage adjustments, the rising prices of fuel and stores, and the growth of taxation do not suggest the prospect of an early reversal of this upward trend of costs. A steady rise in the Board's receipts has been offset by a higher operating ratio, and there is at least a presumption that this tendency will continue. At the same time the rate of expansion of the traffic on the Board's

undertaking has begun to slow down. The Board becomes liable to a receivership if it fails to pay the standard rate of 5½ per cent on its "C" Stock before the close of the year 1937–38, and it would appear at present as if this contingency can only be avoided by reduction of the provision for renewal. However, it must be remembered that the sum required to pay the standard rate of interest on the "C" Stock amounts to only a small proportion of the Board's traffic receipts, and is, in fact, only slightly larger than the Board's income from advertising, rents and other miscellaneous sources. The future of the Board as a field for investment can hardly be predicted until operating factors and the Board's renewal requirements and policies become more readily ascertainable.

It is clear, therefore, that the Transport Board is still in a critical stage of its existence so far as general financial results are concerned, and that the mastery of the adverse factors in its operating equation will require no ordinary degree of skill and judgement on the part of those responsible for the direction of the undertaking. But it must not be forgotten that the Board's duty to pay a standard rate of interest on its "C" Stock is definitely secondary to its duty to supply "an adequate and properly co-ordinated system of passenger transport" to the general public in its Area and to take such action as will "provide most efficiently and conveniently for the needs" of such a system. The London Transport Board, through the nature of its function, affords a sharper illustration than either of the Corporations already discussed of the two essential purposes of the semi-independent Public Corporation, conveyed by the phrase 'commercial management for public ends.' Mr. Pick, the Vice-Chairman of the Board, has published an interesting address[1] which lays emphasis upon the influences

[1] "Some reflections on the administration of a public utility undertaking," *Public Administration*, April, 1935.

retarding or stifling the commercial development of a public transport undertaking—the constant accretion to capital expenditure, the steady decline in the general level of transport charges coupled with the steady public demand for more or better services, the progressive rise in wage levels brought about by a continuous series of negotiations with numbers of trade unions, and the restriction on the undertaking's freedom to place its contracts where it pleases and to reward ability and discourage inefficiency in its administrative and other staff. But Mr. Pick would be the first to admit, and has done so in another published address, that these checks upon the commercial development of a public undertaking must be weighed against the public interests and. public purpose which such an undertaking exists to serve, and that the form of public undertaking represented by the Transport Board joins to its public purpose a substantial degree of freedom to deal with problems on commercial lines

Measured by the standard of this purpose, the credit balance already standing to the account of the London Transport Board appears to the writer to be not inconsiderable. The two greatest assets of the new undertaking are, first, that it reprcsents the public interest in place of a variety of selfish, even if sometimes enlightened, interests, and, secondly, that it brings a single purpose and point of view to bear upon the service it conducts in place of a number of sectional points of view. The Act of 1933 has for the first time enabled all forms of passenger transport within a given region to be dealt with by a single authority as a single service. The co-ordination of facilities and fares already introduced by the Board has, though much still remains to be done in this sphere, greatly improved the general character of the service offered to the London travelling public. Consideration of all forms of transport as a single service has placed the study of traffic problems in the Area on a

scientific footing, and such study is the essential prerequisite of planned development. The Board has shown energy in preparing and undertaking schemes of new works and extensions to its services, and its creation has been quickly followed by a large development programme supported by Government credit.

The complementary questions of the nature of the public control exercised over the Transport Board and of the sphere of the Board's freedom to organise and manage its business at its own discretion receive attention in the remaining sections of this study. One or two questions, the solution of which lies with the future, may be mentioned as interesting illustrations of the relationship between the public interest represented by a large monopolistic public undertaking and other vital public interests; the capacity of such an undertaking, once established, to focus and present fresh issues in terms of the public good versus private and sectional interests; and the potential accretion of power by the undertaking in the legitimate causes of public benefit and convenience. The Transport Board is vitally concerned with the growth of population, due both to migration from the provinces and to emigration from the County of London, in the outer zone of Greater London. The housing policies of national and local authorities in its Area, as factors which promote or retard this swelling of London's suburbia, and such a proposal as that recently made in the third Report of the Commissioner for the Special Areas for Governmental discouragement of further industrial expansion in Greater London, bear, therefore, an intimate relation to the Board's present policies and future plans. Arising largely out of this rapid spread, encouraged by speculative building, of the traditional taste of London business people and office workers for residence in some sort of villadom on the fringes of the Metropolis, the Board is faced with a problem of considerable proportions with respect to the 'peak traffics' on its

railway services. The Board has presented facts to show that, even with its enormous combined resources and the co-ordination of these which it has been able to introduce, no effective solution of this problem of peak traffics can be hoped for under present travelling conditions by action on its own part which would not be prohibitively expensive.[1] And it suggests that a solution might be found through action on the part of its consumers to widen the peak hours of travel. The situation demonstrated by the Board, if it is incontrovertible and incapable of solution in any other way, suggests a social obligation on employers to take steps of a voluntary kind to 'stagger' the hours of opening and closing their doors. Another question of present concern to the Board, and susceptible of enlargement in the future into a broad public issue, arises out of the existing regulations which exclude the Board's motor coach services from the thoroughfares of the central districts of London and limit the stopping places of these services. The Board claims that, while prior to the introduction of these restrictions in the autumn of 1933 coach services in the Area were approaching the point at which they would become self-supporting, the coach services are now involving it in a serious loss, and it has stated its view that "the time is now opportune for such relaxation of the restrictions as will permit of a more effective use of the coach services," and its intention to seek relief in this respect. If, as appears to be the case, the restrictions on the Board's motor coaches have merely served to stimulate the use of private cars on the streets in question and so failed in their purpose of relieving the problem of congestion, it might become necessary, for reasons quite distinct from the financial issue at stake for the Board, to seek a solution to this problem through granting a monopoly of certain streets at

[1] The highest number of passengers carried in one direction in the heaviest half-hour of traffic during the day at the point of maximum load is now 13,500, on the District line.

certain hours to the public vehicles. This is but one instance of the growing competition for space on London's inadequate thoroughfares betweeen the Board's public carriers and private vehicles. The numbers of private cars licensed in London and the five Home Counties has increased by about 170 per cent during the past decade to a figure approaching half a million; and the Board has produced an estimate that "a public service vehicle provides at least ten times the average traffic service of a private car." It will be interesting to observe in the future whether the conception of public purpose on which the Board's undertaking is based will be strong enough to permit of radical interference with the operations of such a symbol of modern property rights and independence as the private motor car.

The Responsible Minister

There can hardly be argument on the question whether the Minister of Transport is the appropriate Departmental Minister to whom to entrust a measure of responsibility to Parliament for the operations of the London Passenger Transport Board. It has, however, been seen that serious doubt existed in the minds of some Members of Parliament, and of others interested, upon the subject of the extent of the powers which should be granted to the Minister in relation to the Board. The fear of undue Ministerial control over the Board held by a certain section of opinion induced the National Government to bring forward amendments to the Labour Bill depriving the Minister of Transport of responsibility for appointing the Board, as well as of the power to order the Board, on the application of a local authority and after referring the matter to the Traffic Advisory Committee, to make or refrain from making changes in its services or facilities. The writer has already given his reasons for thinking that the first of these amendments was a mistaken removal of responsibility and a danger-

ous precedent to establish; the transference of the power with respect to services and facilities was, in his view, a logical and proper extension of the principle of freeing the Minister so far as possible from responsibility for all matters of normal operation.

Mr. Pick has stated in one of his addresses already referred to that "the Minister of Transport has almost faded from the Act" and that "the Board is not responsible to the Minister of Transport," and these remarks reflect the fact that Ministerial powers of control over the Transport Board are more exiguous than Ministerial powers of control over the Central Electricity Board and the B.B.C. These powers are specified in the Act of 1933 and, though most of them have been noticed in the description of the functions of the Board, the more important of them may be enumerated here. They include the responsibility, after consultation with the Appointing Trustees and with the consent of the Treasury, for fixing the salaries of the members of the Board, and, after consultation with the Trustees, for removing the members of the Board for reasons of inability or misbehaviour; the power to make regulations, with the approval of the Treasury, concerning the Board's borrowing operations and issues and redemption of Transport Stock, as well as to prescribe the form, contents, and manner of publication of the Board's annual statement of accounts and to approve the Board's choice of auditors; the power to make regulations governing the public notification by the Board of alterations in fares; the power to make regulations for controlling or regulating traffic in the London Traffic Area; the power to require the Metropolitan Traffic Commissioner to attach certain conditions to his approval of routes; the power to make regulations, after referring the matter to the Traffic Advisory Committee, restricting the numbers of passenger vehicles using certain streets; and the judicial power of hearing appeals from the decisions of the Metropolitan

Traffic Commissioner upon the approval of routes. The London Passenger Transport Acts since the Act of 1933 have conferred certain additional powers on the Minister, such as those of approving types of trolley vehicles and turning points on trolley vehicle routes.

The Metropolitan Traffic Commissioner, who is appointed by the Minister of Transport, is the licensing authority for the Metropolitan Traffic Area, which embraces the whole of the London Passenger Transport Area. He approves the routes, after consultation with the Police Commissioners of the City of London and the Metropolis, of the road services of the Board in its Special Area, and may attach to such approval conditions with respect to the type, stopping places, and terminal points of the vehicles using those routes. Either the person applying for approval of a route or the Police Commissioners may appeal from his decisions to the Minister of Transport. In its operation of road services outside its Special Area the Board is subject to the provisions of the Road Traffic Act of 1930 and to the grant under that Act of road service licences by a number of Traffic Commissioners, who in making this grant must take account of the general duty imposed on the Board of providing a properly co-ordinated system of passenger transport for its Area considered as a unit. The Traffic Commissioners, although appointed by the Minister of Transport, are to a large degree autonomous officials, since the general directions which the Road Traffic Act of 1930 provides shall be given to them by the Minister of Transport are of an advisory rather than a mandatory character.

For the past twelve years the Minister of Transport has been assisted in his administration of Metropolitan traffic affairs by the London and Home Counties Traffic Advisory Committee, which exists primarily for the purpose of rendering advice to him on any matter relating to traffic in the London Traffic Area, a third administrative district for

Metropolitan traffic purposes, created by the London Traffic Act of 1924, which is somewhat smaller than the London Passenger Transport Area, falling short of it in the north, north-west and south though extending beyond it in the east and west. But having been clothed by the Act of 1933 with the duty to make representations to the London Transport Board upon any topic related to the Board's services and facilities in the London Traffic Area, and including in its enlarged membership four appointees of the Minister of Transport and four appointees of the Board and the Main Line Railway Companies, this Committee has become an important means of keeping the Minister informed about the activities and affairs of the Board. It has been noticed that the Act of 1933 requires the Minister to refer to it for advice and report the specific matter of any restriction which he may contemplate introducing on the number of passenger vehicles using certain streets.

It has been seen that nearly all the statutory duties of the Minister of Transport in relation to the Board can be described as of a minor character, endowing the Minister with powers of control only on certain specific and largely technical matters which for the most part are familiar elements in the elaborate system of regulation of public transport services. It is clear that the London Transport Board enjoys a larger degree of autonomy, subject to the will of Parliament, and looser connection with the Departmental Minister concerned, than either of the two Corporations already discussed. Ministerial control of a public service is the active expression of responsibility to Parliament, and, conversely, a Minister is responsible to Parliament for a public service only in so far as he is granted powers of control over it. Since the London Passenger Transport Act of 1933 does not extend general powers of control to the Minister of the kind extended by the B.B.C. Charter to the Postmaster General, through the obligation laid upon the B.B.C. by that docu-

ment to acquire a Licence from the Postmaster General and operate within its terms, it appears that the Minister of Transport is not responsible for the nebulous 'broad issues' of the Board's policy. The Board, with its independent statutory powers and independent sources of revenue, is intended to function as a business concern with the minimum of avoidable intervention from the Minister. However, the writer cannot but feelt hat Mr. Pick's remark, quoted above, and perhaps unfairly extracted from a virile and otherwise admirable exposition of the Board's position and problems, exaggerates the institution's independence. The Minister has definite powers of control with respect to the personnel of the Board's directing body, the Board's borrowing and accounting operations, and the Board's provision of information about itself. The first of these implies ultimate responsibility to Parliament for the efficiency of the institution's direction and management. The last of them, which includes in addition to the powers already noticed the provision that the Minister shall be furnished by the Board with such financial and statistical returns as may be agreed upon between himself and the Board or, failing agreement, as may be determined by the Railway Rates Tribunal, implies responsibility to Parliament for the Board's provision of adequate information about its finances and services both to Parliament and to the public. The core of the relationship between the Minister and the Board lies in the fact that the Minister is the source of information about the Board for Parliament; "somebody," writes Mr. Morrison, "must be answerable in Parliament, if not actually for the Board, as in the case of direct Government administration, then at any rate *about* the Board and its work." It has been seen that in the case of the two Corporations already discussed answers by the Minister to Parliamentary Questions are not in practice strictly confined to matters for which the Minister is responsible and are frequently made in the form

"I am informed by the Board that . . ." Under normal circumstances the Minister obtains material for answers to Parliamentary Questions and for his part in Parliamentary discussion of the Board from the Board itself and bases his remarks on this. It seems somewhat of an exaggeration to say, as someone closely concerned with the matter whose authority cannot be overlooked has said to the writer, that the Minister "in no way represents the Board," since in presenting the case of the Board before Parliament the Minister cannot always be a mouthpiece or adopt a neutral attitude towards the policy or facts he is presenting. And his performance of this function would appear to give him the opportunity, in cases where the Board's actions or policy were exciting considerable Parliamentary or public discussion, to exert a certain quite legitimate influence over the Board and, should the Board persist in a course which he thought plainly contrary to public sentiment, to apply the sanction of refusing to give his support to the Board's case when presenting it in Parliament.

It is most unlikely that in practice, and with a Transport Board composed of able and responsible persons enjoying the confidence of the public, this system of Ministerial control will work anything but smoothly. It appears to the writer to be, with the qualification on the matter of appointment, a model which might well be followed in the case of other intricate commercial services, such as electricity distribution or the production and marketing of coal, entering into direct relationship with large numbers of consumers among the general public, being converted to public ownership and control.

Formal business between the Ministry of Transport and the Board is normally conducted, on the side of the Board, through the offices of the Board's Secretary and Treasurer, Parliamentary Officer, and Public Relations Officer. The subject of the inter-relationship and methods of co-operation

between public institutions responsible for related services seems to the writer an important one, though he has not been able to devote time to pursuing it. So far as he has been able to discover, intercourse between the London Transport Board and other Public Departments is carried on under conditions of reciprocity similar to those which were noticed as existing in the case of the Central Electricity Board.

The Rôle of Parliament

Parliamentary activity upon the legislative proposals which preceded and culminated in the London Passenger Transport Act of 1933 has been noticed at some length in the sketch of the origins of the Board. Parliament's opportunities for criticism or discussion of the Transport Board are similar, with one important addition, to those which exist in the case of the Central Electricity Board. They are as follows: (1) the Vote on the Ministry of Transport's Estimates when, in spite of the fact that the Transport Board's revenues are independent of Supply, the Board may, in practice, receive some attention; (2) Questions; (3) the rare chances of raising the topic of the Board in the Debate on the Address, on a Motion for the Adjournment, or on a Private Member's Motion, and (4) the occasions provided by the Board's regular promotion of Private Bills.

Parliamentary Questions on the Transport Board's activities have not, during the short period of the Board's existence, been at all numerous. They have in most instances been answered by the Minister of Transport by use of the formula "I am informed by the Board that . . . ," and have been chiefly concerned with the following subjects—the progress of the Arbitration Tribunal over the award of compensation, the Board's letting of contracts and capital expenditures, the services existing or contemplated in specific districts, the numbers and condition of the Board's employees,

and the facilities offered by the Board for cheap travel for 'scholars.' It may be added that the Minister has shown readiness to answer Questions, by use of the formula just mentioned, on the Board's fares and charges.

Although the London Transport Board enjoys a greater degree of autonomy than either the Central Electricity Board or the B.B.C., it yet possesses a relationship to Parliament unknown to either of those bodies arising from the fact that in order to exercise the general powers conferred on it by section 3 of the Transport Act through a particular scheme of development or new works it must seek compulsory powers by the promotion of Private Bill legislation. The Board's organisation includes a Parliamentary Officer whose principal duty is the promotion of Private Bills. During the Session of 1933–34 the Board promoted two such Bills in Parliament, one relating to interim financial arrangements and the other to a programme of new works. Since the Treasury Agreement was concluded in the summer of 1935 the Board has promoted and passed through Parliament three further Bills implementing the financial provisions of the Agreement and securing to it the power to carry out its share of the development scheme; and it will probably be necessary for the Board to promote a Bill in Parliament each year for some time to come. The Second Reading stage of the Board's Private Bills, which appear normally to be General Powers Bills, provides Members of Parliament with the opportunity to discuss, subject to rulings from the Chair, almost any feature of the Board's operations and services. It may be pointed out that the Minister of Transport does not 'back' the Board's Bills, though he generally expresses his views on the subject matter under discussion during the course of debate.

Hitherto the Transport Board has hardly been discussed at all on the Vote on the Ministry of Transport's Estimates and, apart from Private Bill proceedings, has not been made

the subject of any 'full-dress' debate in Parliament. On the Second Reading stage of a recent Private Bill[1] the complaint of a Member that "there is no machinery in existence whereby a Member of this House can approach the London Passenger Transport Board" found some support, and gave rise to the suggestion that the Parliamentary time expended by Members bringing forward the grievances of particular districts during the Second Reading discussion of a Bill should be saved by the creation of some machinery for bringing Members into direct touch with the Board or its representatives. This suggestion has been acted upon, and a system devised whereby the large body of Members returned by constituencies in the London Passenger Transport Area may obtain direct access to the Board through the Public Relations Office of the institution. It is too early to estimate how far this innovation has been successful in establishing easy intercourse between Members of Parliament and the Board and eliminating hostile Parliamentary criticism, or to assess the general disposition of Parliament towards the Board. But up to the present, due, doubtless, both to the facts that the Board has been in the experimental phase of its career and has conducted the preliminary work of co-ordination with a high measure of success, and to the energy and promise for the future evinced by the Treasury Agreement of 1935, Parliament has shown little disposition to criticise or interfere with the Board.

The Board and the Management

The Transport Act of 1933, it has already been noticed, allows the authorities responsible for appointments and salaries, i.e. the Appointing Trustees, the Minister of Transport and the Treasury, a good deal of freedom with respect to the type of Board which they may create to administer London's co-ordinated passenger transport services. The Act

[1] 309 *H.C. Deb.*, 5s., 1517–23.

fixes the number of the Board at seven, defines the qualifications of five of the members in very general terms and of two more precisely, and stipulates that the term of membership shall be from three to seven years, with the possibility of reappointment. Within these limits the authorities just mentioned may select persons of varied qualifications and experience for different terms of office and degrees of duty with the Board who may receive varying rates of remuneration. The Act lays down no rules about the manner in which the Board shall regulate its procedure or organise the administration of its business, beyond providing for a chairman and a secretary and for the quorum of the Board to be three, and granting the Board power to appoint such officers and servants as it may think fit.

The personnel of the original Board, in which only one change has so far taken place, has already been described; and it has been seen that the Board is very similar, as a functional body, to the Central Electricity Board. The Chairman and Vice-Chairman of the Transport Board are, like the Chairman of the C.E.B., in effect Managing Directors of the Corporation, and the other five members are part-time directors engaged only with the broad questions of policy and finance discussed and determined at the Board's fortnightly meetings. The Vice-Chairman of the Transport Board is also the Corporation's Chief Executive Officer, and as such penetrates the functioning of the institution in a thorough manner. The work of the different Departments of the institution and all questions of principle or policy are considered at frequent committee meetings of the Board's officers, which are so arranged that the Vice-Chairman can review directly with these officers the activities and requirements of all aspects of the undertaking. All officers likely to be concerned in any decision taken at such committee meetings are present and are invited to take part in the discussion. Matters arising from these meetings which require

to be referred to the Board for confirmation or decision, and such other matters as the Chairman or Vice-Chairman may decide upon, are reviewed at meetings presided over by the Chairman before they are submitted to the Board.

The offices of the Board at 55, Broadway, Westminster, designed by Charles Holden as the building of the Underground Company, and the subject of considerable popular discussion when they were opened in 1927 on account of the sculptured figures representing "Night" and "Day" by Epstein on their outside walls, invite comparisons in atmosphere with the offices of Broadcasting House.[1] Strictly utilitarian in their lay-out and furnishing they convey an impression, not of high purpose mingled with mystery, but of strenuous commercial activity carried on with a large degree of efficiency. The various Departments of the institution are arranged on the nine floors of the building in accordance with a uniform scheme, each floor having a large wing in which from twenty to two hundred of the lower grade clerks of the Department which occupies it are engaged, with the offices of the immediate supervisors of these employees grouped close by. One such wing contains the central typewriting pool of the establishment in which more than one hundred typists are engaged.

The internal organisation of the establishment has been subject to a good deal of experiment since July 1, 1933, but has now become fairly stable. It is based on the following thirteen Departments, described by the titles of the officers in charge of them, who report directly to the Vice-Chairman: (1) Secretary and Treasurer, who is also the Board's Solicitor; (2) Comptroller and Accountant; (3) General Manager (Railways), to whom an Operating Manager and

[1] The prior existence of a "Transport House," built by the Transport and General Workers' Union, and the seat of the Labour Party headquarters, excludes any temptation to attach this title to the Board's offices.

a Chief Mechanical Engineer for the Railways report; (4) General Manager (Road Transport), to whom the Operating Managers for the Central 'Buses and the Trams and Trolleybuses and the General Manager of the Country 'Buses and Coaches report; (5) Chief Inspecting Officer, who is responsible for the inspection of all operations; (6) Chief Engineer, an official who is really a civil engineer, being responsible for the maintenance and construction of buildings and railway track; (7) Chief Engineer ('Buses and Coaches), who maintains close liaison with the fourth Department; (8) Chief Engineer (Trams and Trolleybuses), to whom the same remark applies; (9) Chief Electrical Engineer, who is responsible for the Board's electricity supply system; (10) Commercial Manager, an official who deals with questions of fares and charges, and also supervises the Board's considerable private hire and special service business; (11) Public Relations Officer, Publicity Officer and two Commercial Advertising Officers, officials whose related functions are carried on in autonomous offices of one administrative Department; (12) Chief Stores Superintendent, who is responsible for the purchase and distribution of all stores, and (13) Chief Staff Officer. In addition to these Departments, the Board's establishment includes four extra-Departmental officials, the Parliamentary Officer, the Claims Agent, the Estate Agent, and the Medical Officer, all of whom report direct to the Vice-Chairman.

Staff

As an employer of nearly 79,000 persons, the bulk of whom are wages staff engaged in old-established types of employment, the Transport Board has to deal with problems relating to staff on a scale unknown to the Central Electricity Board or the B.B.C. Its free handling of these problems is, however, strictly limited, on theo ne hand by the large number of provisions with respect to staff contained in sec-

tions 67 to 80 of the Act of 1933, and on the other by the existence of well-organised trade unions of workers in the various sections of the transport industry.

The Board was obliged to take into its employment all the officers and servants of the undertakings absorbed by it who had been in the employment of those undertakings on March 12, 1931. And section 73 (3) of the Act contains the important provision that "no existing officer or servant so transferred shall, without his consent, be by reason of such transfer in any worse position in respect to the conditions of his service as a whole as compared with the conditions of service formerly obtaining with respect to him." Other sections of the Act provide in detail for the manner in which officers and servants are to be transferred, and the conditions and manner in which they are to be compensated. The authority for determining questions of compensation, as well as settling other matters of dispute which may arise out of this large transfer of personnel, is to be a Standing Arbitrator, appointed by the Lord Chancellor and whose fees, except in certain cases, are to be paid by the Board.

The number of employees transferred to the Board on July 1, 1933, was 70,500. Persons formerly in the employ of undertakings controlled by the Underground Company formed a big proportion of this total, a fact which contributed largely to the smoothness with which the general transfer of authority was conducted and assisted the work of staff reorganisation. But even so, the task with which the Board was faced in absorbing this varied personnel and standardising, subject to the limitation just quoted, its diverse conditions of service and rates of pay was a formidable one. Although by the end of the second year of its operations the Board had succeeded in clearing up much of the confusion and removing many of the anomalies in its establishment, a good deal of diversity in the conditions of service and rates of pay of its employees, due in part to the provisions of

section 73 and in part to the divergent circumstances of employment in the different sections of its undertaking, continues to exist. During 1933–34 some 200 claims for compensation were brought before the Board by officers and servants claiming direct pecuniary loss or a worsening of their general conditions of employment, and very few of these had been finally determined by the Standing Arbitrator by the end of the year. During the second year of operations a further 302 such claims, and during the third year a further 146 claims, were received, the great majority of which it was found possible to settle without recourse to arbitration on a basis of settlement formulated by the Board after analysis of the awards already made by the Arbitrator. The total compensation paid by the Board in respect of the 1,118 cases settled or agreed during the three years amounted to over £122,000 in lump sum payments and rather more than £5,000 in annual payments.

The number of the Board's employees, which increased by nearly 5,000 during 1933–34 and by some 2,000 and 1,500 respectively during the two subsequent years, is now nearly 79,000, which is larger by some thousands than the total number of persons employed by the L.C.C. Of this total about 5,000 are administrative and clerical staff, 4,000 supervisory staff, and 70,000 manual workers. Roughly 37,000 persons are employed in connection with the Central 'Buses, 20,000 in connection with Trams and Trolleybuses, 14,000 in connection with the Railways, 6,000 in connection with the Country 'Buses and Coaches, and 2,000 on what are described as Common Services. About two-thirds of the increase in staff of the past two years has taken place among those employed in connection with the Central 'Buses.

The pay and conditions of the bulk of the Board's wages and supervisory staff employed in connection with the Board's railways, as well as of members of the Board's

clerical and administrative staff earning an annual salary up to £360 who were not formerly members of the L.C.C. Staff Association, are covered by the National Agreements provided for in the Railways Act of 1921. The Transport Act establishes the machinery by which disputes concerning the pay and conditions of these sections of the staff are to be settled. Those which cannot be settled directly by agreement between the Board and the trade unions concerned are to be referred to a Negotiating Committee composed of six representatives of the Board appointed by the Board and six representatives of the employees, two of whom are to be appointed by each of the three trade unions mainly concerned with the Board's railway operations, namely the National Union of Railwaymen (with a membership of some 320,000), the Associated Society of Locomotive Engineers and Firemen (which has a membership of about 48,000), and the Railway Clerks' Association (with a membership of some 58,000). If the question in dispute is not settled by this Committee it is to be referred to a Wages Board consisting of an independent chairman nominated by the Minister of Transport, six representatives of the Board and six representatives of the employees appointed in the same manner as that just described, and four other persons, two of whom are to be appointed by outside employers' and two by outside labour organisations. Provision is made for the constitution of either of these two bodies to be revised by a committee representative of the Board and of the trade unions. The Act also lays down that the Board shall establish one or more Staff Councils, consisting of officers of the Board and representatives of the employees elected by the employees, for these sections of its staff.

The pay and conditions of service of the considerable sections of the Board's wages and supervisory staff employed in connection with the Board's 'bus, coach, tram, and trolley-bus services or employed under shop conditions, and the

machinery for handling disputes which may arise about these, are covered by agreements drawn up between the Board and the trade unions involved, of which the Transport and General Workers' Union (with a membership of about 384,000) is far the most important. The Board has also established Staff Councils with representatives elected by the employees for nearly all groups of workers engaged in the lines of employment just mentioned which are not already covered by negotiating machinery based on trade union representation. Disputes about pay and conditions of service may, of course, lead to serious interruption of the Board's services and inconvenience to the travelling public. During the brief history of the Board's operations up-to-date several labour stoppages, mostly of limited extent and duration, have occurred each year in connection with the 'bus, coach and tram services. While some of these stoppages may have been due to the failure of the negotiating machinery to function with the requisite speed and efficiency, all of them have constituted a contravention of existing agreements and have taken place without notice to the Board, in violation of the procedure established for settling disputes, and without the support of the trade unions concerned. It appears to be true that most of them have originated among an irreconcilable fringe of the Board's employees. The methods adopted by a Public Corporation on the model of the Transport Board for handling large numbers of manual workers engaged in the operation of vital public services are obviously of much interest and significance, and the writer does not claim to have been able to make more than a cursory examination of them. They form, not unnaturally, one of the subjects upon which the keynote of the official attitude to the investigator is reticence. But such data as already exists and is accessible appears to show that, with the exception of the stoppages just alluded to, matters affecting all grades of the Board's staff have been dealt with

regularly and with fairness to both parties by the machinery of direct negotiation between the Board and the trade unions, Staff Councils, and the formal Negotiating Committee and Wages Board. In relation to the question of recruiting wages staff it is interesting to notice that, in order to assist the Minister of Labour in providing employment for youths from the Distressed Areas of the country, the Board arranged in 1935 to recruit from these sources 10 per cent annually of all appointments to vacancies for which such youths would be eligible.

Recruitment of clerical and administrative staff has not hitherto been large, and has normally taken place at the ages of 16 to 18. The Board has not as yet engaged in the practice of recruiting young university graduates, but it is considering the possibility of doing so as a means of providing a 'leaven' of junior clerks with a training different from that of most of its present junior clerical servants. The Board employs about 1,000 (unmarried) women, and the writer's investigations pointed to the conclusion that it is unlikely to provide much scope in the near future for a so-called 'higher career' for women, though as to the reasons why women should not be trained to become experts in transport matters he confesses complete ignorance. Where promotion is concerned, the policy and practice of the Board is definitely that of 'the career open to talent.' The Board has hitherto only gone outside its own walls when certain exceptional services, such as publicity services, were required, and the opportunity for advancement which it offers to all grades of its staff is one of its marked characteristics as a field of occupation. A scheme was originally undertaken whereby picked junior clerks were given a three years' course of special training in the different Departments, but this has now been abandoned, at least for the time being, in favour of the more conventional practice of keeping special watch upon promising young employees.

Promotion is carried out by arrangement between the Board's Establishment Officers and the Department Head involved, with the latter normally having the last word. New evidence has been given quite recently of the opportunity for advancement offered to the talented by the widening of the Board's organisation to include a larger number of officers of junior rank. A fair number of those holding the highest executive position in the organisation have, it is worth remarking, risen from the lower ranks. Two questions of especial significance in this sphere of staff matters remain to be decided in the future. How far will the Transport Board succeed in maintaining the opportunity for the talented to rise, and emphasis on merit rather than on seniority as the basis of promotion, as its establishment grows more compact and mature? And how successful will it prove in discovering among the ranks of its own officers persons of sufficient imagination and wide competence to succeed to the handful of positions at the apex of its organisation?

The Act lays down that superannuation, pension and other benefit funds established by undertakings transferred to the Board shall be continued by the Board, and practically the whole of the Board's staff is now covered by superannuation funds or non-contributory pensions or grants. The Board's organisation is too large for paternalism of the intimate kind hitherto favoured by the authorities of the B.B.C. to be practicable, but welfare activities are widespread and generous. These include a Benevolent Fund, with a membership, which includes the Chairman as well as some of the Board's humblest servants, of 60,000; various Sports Associations for different sections of the staff, to the support of which the Board contributes in the form of assistance with the cost of the acquisition and maintenance of grounds; and a staff magazine called the "Pennyfare" with a circulation of 40,000, to the expenses of which the Board

contributes. Hardly to be classed as a welfare activity, but of some interest, is the provision made by the Board for rewarding members of its staff who make suggestions and discoveries for technical or other improvements. If these suggestions are of a minor character they are rewarded by payment of a sum of £1 to £5, or possibly more; if they can be classed as inventions worthy of patenting they are dealt with according to a detailed and complex scheme for inventions, involving considerations such as whether the discovery was made in the Board's time and with the use of the Board's equipment, which cannot be described here. A second miscellaneous topic to which brief reference may be made is that of the extent to which the Board's staff is at present affected by so-called 'technological unemployment,' or the displacement of men by machinery. With the expansion of the Board's services and responsibilities which has been taking place during the past three years, and the inevitable amount of 'attrition' among its personnel, there has as yet been no problem, outside the minor instances of a few workshops, of displacement of men by machinery. Continued expansion, of which the recently announced decision to substitute trolleybuses for trams throughout the Board's Area is one item, will doubtless relieve the Board of any serious problem of this nature for some time to come. A final disconnected topic worth alluding to is what a Member of the House of Commons described in the debate of April, 1936, on the B.B.C. as "the great freedom" allowed by the Transport Board "to its employees, even those occupying high positions, to take part in politics." Obviously the Transport Board is in a much less delicate position with respect to indulgence in political controversy than the B.B.C., but it is worth remarking that it has adopted a liberal attitude upon this question. A decision as to whether an individual member of the Board's staff may become a candidate for political office is arrived at on the merits of the particular

case, with the compatibility of holding the office with the individual's duties in the Board's organisation as the criterion. But a good deal of latitude exists. The Chairman and Vice-Chairman of the Board have contributed letters to the Press on such controversial matters as London housing and sanctions against Italy, and the ranks of London 'bus-drivers and of other sections of the Board's staff contain a number of mayors of borough councils and other local government officials.

Area

So far as questions of decentralisation of functions and devolution of responsibility to regional officials are concerned, the Transport Board can, at least during the early stages of its history when co-ordination and consolidation of services formerly carried out by a large variety of scattered undertakings are the leading objectives of its policy of organisation, offer no more scope for inquiry and suggestion than the Central Electricity Board. The Board's area of operations is a regional one. And although this region consists of a densely-populated Metropolis and its satellite towns and residential and business districts, the Board's chief aims at the present time are to impose a central point of view upon the undertakings in its Area and to deal with the problem of operating these as a single problem. The detailed management of its undertakings is decentralised by means of a number of Divisional Offices in charge of District Supervisors. But in only one case, the control of Country 'Bus and Coach services from the Board's office at Reigate, has anything which can be described as devolution of general responsibility to a regional official taken place. The proper degree of centralisation for the management of this vast undertaking, and the measure to which responsibility might be devolved upon officials in different sections of the Board's Area, are questions which cannot profitably be discussed

until the stage of co-ordination and consolidation has been completed. Full means now exist, as will be seen, by which the Board can be kept aware of the needs and views of its consumers in the different sections and jurisdictions of the London Passenger Transport Area.

Advisory Bodies

A body of considerable importance to the scheme of entrusting London's passenger transport services to a Public Corporation is the London and Home Counties Traffic Advisory Committee. Created by the London Traffic Act of 1924, and noticed earlier in this study as the author of the *Blue Report* and in other connections, this Committee was reconstituted and given extended powers by the Act of 1933. The manner in which it is now composed is described in Schedule 12 of the Act and cannot be given in full here. The majority of its forty members, few of whom are traffic experts, are appointed, for a term of three years, by County Councils and other local authorities in the London Traffic Area, two of its members are appointed by the Board and two by the Main Line Railway Companies, and others are appointed by the Home Secretary, the Police authorities of the Area, the Minister of Transport after consultation with various transport interests, and the Minister of Labour after consultation with bodies representative of labour interests. The Chairman of the Committee is elected by the members from amongst those members appointed by local authorities.

The main duties of the Committee are defined in section 59 of the Act of 1933 as (*a*) to consider, report to and advise the Minister of Transport on any matters relating to traffic within the London Traffic Area, and (*b*) to make representations to the Board with respect to any matter connected with the services or facilities provided by the Board in this Area. The Committee thus has important functions of

initiation, as well as of consultation, to perform. The powers granted to the Committee by the Act of 1924 to hold public inquiries are extended by a grant of power to compel the attendance of witnesses and the production of documents at such inquiries. It has already been noticed that a representative of the Advisory Committee, selected from among those members appointed by local authorities, is included in the body of Appointing Trustees; and that a clause in the Act of 1933 obliges the Minister of Transport to refer to the Committee any regulations which he may intend to make restricting the use of passenger vehicles on certain streets.

The Act provides for joint meetings of the Traffic Advisory Committee and the Board, or of representatives of each, to be held; and for at least three such meetings to be held annually, unless the Committee and the Board agree that this is not necessary. In practice, few such joint meetings have been found necessary, since the Advisory Committee is in constant session and includes two appointees of the Board among its members. The Committee constitutes an active forum of discussion and suggestion on a wide range of matters relating to passenger traffic within the Area, of which the Charing Cross Bridge scheme, the question of passengers standing in 'buses, the proposal for fixed stopping-places for 'buses, accidents, and the maximum speed of tramcars may be quoted as examples; it does not, however, deal with questions of fares and charges. It transacts most of its business through a number of sub-committees, upon one of which, dealing with Passenger Transport Facilities, the two members, hitherto Mr. Pick and Sir Henry Maybury, appointed by the Transport Board serve. The Committee's proceedings are confidential, and the Minister of Transport is under no obligation to divulge the information and advice which it has rendered to him; but it publishes its *Annual Reports*[1] to the Minister as well as its findings on

[1] Stationery Office publications.

some special matters. It will be seen that the Traffic Advisory Committee, created by statute and composed of all the major interests affected by the Board's operations, is a body very unlike the General Advisory Council to the B.B.C. It is in a strong position both to put before the Transport Board the views and needs of the varied interests and geographical sections of the London Transport Area, and to ensure that the Board and the Main Line Railway Companies pay attention to these views and needs.

With one exception, to be noticed shortly, no other formal advisory bodies to the Transport Board have been established, and in view of the active existence of the organisation just described there would not seem to be need of any. The local authorities in the Board's Area, who may be supposed to be in the best position to put forward the views and claims of the average consumer of the Board's services in their respective districts, are, as has been shown, intimately connected with the whole institutional structure, through representation among the Appointing Trustees, on the Board itself, on the Traffic Advisory Committee, and in an indirect fashion on the Railway Rates Tribunal, as well as through the power to make applications about the Board's fares and facilities to the Railway Rates Tribunal.

Public Relations

The London Transport Board's operations directly or indirectly affect the fortunes and convenience of many economic interests and special associations of the public as well as of millions of ordinary citizens. The Advisory Committee just described is the chief formal means devised by the framers of the Act for keeping the Board in touch with the views and needs of these interests, associations and citizens. Within the Board's own organisation the complementary functions of maintaining the Board's awareness of public views and public requirements and informing sec-

tions or members of the public of the Board's opinions and activities are carried on by the three separate Offices of Public Relations, Publicity, and Commercial Advertising.

The separation of functions between these three Offices is an interesting, and for a large public concern probably a novel, one. The Public Relations Office, which was not constituted until early in 1935, confines its attention to what can best be described as the mental and psychological aspects of public relations, while the Publicity Office and Commercial Advertising Office are occupied with the visual and commercial aspects of such relations. The first Office uses the instruments of intellectual persuasion, personal contacts, correspondence, and the Press, divorced from any sordid commercial features; the Publicity and Commercial Advertising Offices use the visual appeal of the Board's posters, designs, and symbols and the appeal of paid advertisements in the Press and elsewhere and literature sold to the public.

Before saying something further of the activities of these Offices mention should be made of the fact that the means by which it is officially provided that the Board shall inform the general public of its activities and condition is the annual publication, at a reasonable price, of a report and statement of accounts. The *Annual Reports* so far issued by the Transport Board are, it is worth remarking, a good deal more informative and interesting to an ordinary citizen than the highly-condensed *Annual Reports* issued by the Central Electricity Board and the B.B.C. They have also been used for the commendable purpose of explaining the Board's policies or point of view not only on features of its normal operations but on matters, such as the unsolved problem of peak traffics, which the authorities consider particularly vital or topical.

The Public Relations Office, the officer in charge of which, like the officers in charge of the two other Offices just

mentioned, reports directly to the Vice-Chairman of the Board, deals with a public which may be divided in the following way: (i) Members of Parliament, and especially of the House of Commons, to which no less than 126 Members are returned by constituencies in the London Transport Area; (ii) organs of local government of which, with the inclusion of 247 parish councils, there are 442 in the Area; (iii) unofficial bodies and associations, ranging from large trade unions to local ratepayers' associations and chambers of commerce, and (iv) members of the general public. These individuals and associations are encouraged to approach the Board directly through its Public Relations Office before laying their views or complaints before Parliament or resorting to the Traffic Advisory Committee or the Railway Rates Tribunal. A regular system for hearing the opinions and dealing with the grievances put forward by Members of Parliament has recently been established by the Public Relations Office, and seems to be working successfully; a system of such direct relationships is to be encouraged both because of its obvious advantage to the Board, and because of its potentialities for saving Parliamentary time and enlightening unavoidable or avoidable Parliamentary ignorance. Letters to the Board, whatever their source, are taken seriously by the Public Relations Office and dealt with systematically. Those deriving from the first two groups mentioned above and from large associations are dealt with in co-operation with the Departmental officers whose spheres of action may be involved, and seen by the Chairman and Vice-Chairman. Letters from ordinary members of the public, about 150 of which are received by the Board each day, are classified and tabulated statistically, and a précis of their contents is submitted every four weeks to the Board's Traffic Committee, so that the view or complaint of the humblest user of the Board's services eventually arrives, in some fractional form, before the Board's highest executive

officers. An interesting development with regard to the Board's public relations has been the formation in a few sections of the London Transport Area of voluntary *ad hoc* Transport Committees to formulate and put forward the views of local interests with respect to the operations and facilities of the passenger transport service in their districts. This development has not yet proceeded very far; it is regarded by the Public Relations Office of the Board with some favour, although, since many means by which local views on traffic questions can be brought before the Board are already in existence, the value of voluntary specialised committees of this sort as additional channels of communication is not readily obvious. The Public Relations Office has established close relations with many of the 26 daily papers published in London and of the 240 or so suburban newspapers published in the Board's Area, as well as with numbers of technical journals. The modern Press, with its capabilities of suppression and exaggeration, is in a position to inflict serious psychological damage on a large and vital public undertaking such as the Transport Board. At the same time, the Board is an important source of news, as well as a large purchaser of advertising space. By the use of tact and application of the principle of reciprocity it is possible to establish a working relationship satisfactory to both interests, and this the Public Relations Office of the Board, an institution in a far more enviable position with respect to the Press than the B.B.C., appears to have done.

The Board's Publicity Office is occupied with the posters, designs, symbols, architectural features, colour schemes, guides, and booklets used on the Board's property or produced by the Board itself independently of outside advertising agencies. It is the definite aim, inherited from the Underground Company, which was a pioneer in the use of attractive railway posters, of this department of the institution to 'humanise' the business of travelling on the

Board's system and, through the provision of convenient and attractive posters, signs, architectural designs, maps and literature of the guide-book variety, to provide amenities to the travelling public. The activities of the Publicity Office furnish guidance for the London travelling public not only to the intricacies of the Board's network of railways, 'buses, and tramways but to sporting fixtures, museums, exhibitions, entertainments, and many other features of London life. Some idea of the scale of the work of this Office may be gathered from the fact that it issues during the course of the year over 1,500,000 posters, nearly 10,000,000 maps, over 2,000,000 leaflets on cheap fares and facilities and an equal number of time-tables, and about 300,000 saleable guides to the Board's services. The Office has adopted the praiseworthy practice of employing outside artists of merit almost exclusively for its posters and designs. The general character of its work, as most travellers in London who have not taken it for granted and who have compared the amenities of travelling in this Metropolis with those of travelling in certain other capitals would probably admit, is of a distinguished order, and offers a hopeful contrast to the shabbiness and ugliness which characterised so much of the industrial exploitation of England in the nineteenth century.

It appears that the public interest which the Transport Board represents, and which was emphasised by the writer in framing generalisations about the Board's operations up-to-date in an earlier section of this study, is fully safeguarded both by the machinery of public control over the Board and by the Board's own attitude towards public opinion and demand. No resort has hitherto been found necessary, with respect either to fares or facilities, to the coercive machinery represented by the Railway Rates Tribunal, and it is to be hoped that the practice of settling differences of view on these matters by direct contact and

negotiation between the Board and representatives of its consumers will harden into a tradition. It is no more possible, at this stage of the proceedings, to form balanced conclusions about the Board's public accountability than about the economic success of its operations. While the financial and operating problems with which the Board has had to deal during these early years have been unusually heavy, the attitude of Parliament and the public towards the new Corporation has, it is fair to say, been generally one of goodwill and restraint from interference. The real tests of the Board's capacity to meet public criticism and public demand with respect to its services while managing its vast undertaking on sound commercial lines and on a basis of financial self-sufficiency, to combine responsiveness to the vague conception of public interest with business initiative and independence, lie with the future, and will supply material of great interest for the study of socialisation in practice. Success, it need hardly be said, will depend more upon the men than upon the machinery. But it has appeared to the writer both that the machinery which it has been a purpose of this study to describe is well suited to the special blend of public responsibility and commercial efficiency sought for in the operations of the Board, and also that the men now administering it can be relied upon to promote the aims for which it was established.

V—CONCLUSIONS

THE COMPLETION OF THIS EXAMINATION of a wholesaler of electrical energy, an agency for the communication of ideas and sensations over the air, and a provider of metropolitan passenger transport services does not leave the writer less conscious of the dissimilarity of these three occupations, and of the difficulty of generalising from the practices and experience of these services about the ideal characteristics and significance for the future of the semi-independent Public Corporation. Nevertheless, he believes that each of the services discussed in this book has proved the suitability to its own purposes of this form of public ownership and control. And that their collective experience furnishes certain material for generalisation about the characteristics and future of this type of body, as well as solid reinforcement for the view that it might with advantage be imitated for other national purposes.

The political and administrative problems of a semi-autonomous Public Corporation were expressed at the outset of this study in the form of two questions. Can such an institution, when entrusted with a vital public service, be effectively and permanently removed from direct political control? If the answer to this is in the affirmative, can the institution evolve means of making itself adequately and continuously accountable to the public? It has been remarked several times to the writer by officers of one or other of these Corporations that Parliament, if it feels dissatisfied with the manner in which a body to which it has granted this privilege of semi-independence is behaving, has only to withdraw the privilege. This assertion that the existence and operations of the Corporation are conditioned by the fact of Parliamentary sovereignty is, of course, true, but begs the questions of the degree of efficiency in performance, self-sufficiency, and publicity about its affairs required of

the Corporation if Parliament is to be satisfied with the rôle of ultimate sovereign. Such powers as Parliament possesses of controlling, through acting as a forum in which the Government is continuously criticised and kept aware of the shifting trends and incidence of popular opinion, administrative action find their strength to a growing extent in attention to details. The problem of Parliamentary control of a semi-independent Public Corporation, as the writer understands it, is the problem of how Parliament is to retain confidence in a body the detailed functioning of which has been deliberately removed from its supervision and which, as a corollary of this, lacks the chief security against Parliamentary mistrust and attack—adequate means of defending itself.

The creation of each of the Corporations described in this book was due to the fact that Parliament was confronted with a practical situation in urgent need of amendment, and not to the existence in Parliament of a majority of persons in favour of the abstract principle, or agreed about the forms, of public ownership. While it is true that general Parliamentary support existed for public ownership of the broadcasting service, the Central Electricity and London Transport Boards were responses to conditions of economic wastefulness and inadequate co-ordination of services which could hardly have been overcome otherwise than by extension of the principle of State-regulated monopoly; and that this extension took in each case the form of establishing a semi-autonomous Corporation was due more to accident and the spirit of compromise than to any general Parliamentary faith in, or appreciation of the working nature of, this type of institution. The formation of the London Transport Board gave evidence of considerable divergence of view among those who supported the principle of public ownership about the form which such ownership ought to take; as well as of the large expenditures of Parliamentary time

and public money required under present conditions to transform a large and complex service into full public ownership. And the creation of each of these Corporations was accompanied by a good deal of expression of Parliamentary fear lest the new institution should prove too little amenable to Parliament's authority. The experience so far available shows that Parliament, having established the three institutions in this empirical fashion, has fulfilled the rôle theoretically assigned to it and shown willingness to refrain from undue criticism and control with respect to them. But experience is still too limited to allow of more than a qualified optimism about the future of this decisive aspect of the experiment. Attention has been drawn to the tendency for the restraint which characterised Parliament's attitude towards the C.E.B. and B.B.C. during the constructive period of these bodies' careers to develop into greater activity and watchfulness as the Corporations have grown to maturity; the task of establishing a satisfactory relationship between Parliament and the B.B.C. seems to the writer to have only now reached its crucial phase; and the Transport Board is still too recent a creation to provide material for useful generalisation on this topic.

What are the conditions required if the minimum Parliamentary interference with the normal operations of these Corporations and of their possible counterparts is to be assured—if, that is to say, the experiment of creating such bodies to perform vital services is to succeed and be extended? It may be remarked, firstly, that even minor types of undue Parliamentary control may defeat the fundamental aim of securing initiative and flexibility in the management of the service, and, secondly, that the existence in Parliament of a majority of persons favouring the principle of public ownership would probably increase rather than diminish the urgency of this problem. The primary condition, at least under present circumstances, must normally be satis-

factory economic performance on a basis of financial self-sufficiency—the provision by the Corporation of a reasonably efficient service out of its independent resources. This study has drawn attention to the possible future embarrassment under existing limitations of the Central Electricity Board, the subsidisation of other State needs by funds paid for the broadcasting service, and the views of the Transport Board on the extent of the taxation of its undertaking. But the questions of whether Public Corporations on this model might derive some part of their resources from taxation and be subsidised by, or used to subsidise, other services, and of the type of Parliamentary control which such arrangements would entail, lie, like the question of what services are ripe for conversion to full public ownership and the form of National Planning Committee or Development Council required to decide this matter and co-ordinate the operations of a number of services so converted, outside the scope of this study. Assuming that certain industries and services are selected, for a variety of practical reasons, for transference to this form of indirect public ownership and control, and are expected to 'pay their own way' and to raise new capital by the public issue of non-voting limited-interest-bearing stock,[1] is it essential to their successful functioning under this form that they should be services to which little 'political interest' attaches, or which are mainly 'technical'? This condition, often put forward, seems to the writer unnecessarily to restrict the potential scope and usefulness of these bodies. The fact that State operation of electricity distribution, forms of national transport, or coal-mining, could never be emptied of 'political interest' and might prove fruitful of political issues, especially as regards the quality of the service provided to ultimate consumers and the conditions of wage-earners, seems no good reason for assuming

[1] G. D. H. Cole, *Political Quarterly*, July, 1931, discusses the compatibility with socialism of various means of financing these bodies.

that the experiment of entrusting them to a semi-autonomous authority would be likely to fail. The lesson to be learnt from the downfall of the Poor Law Commission of 1834–47 (in so far as it is accurate to draw parallels from the conditions of a century ago), and from the modern instance of the Unemployment Assistance Board, is not that the functions of these bodies were too 'political' but that they were too unpopular. An Electricity Corporation entrusted with the delicate duty of negotiating local tariffs and services, an Airways Board, or a National Housing Corporation, would not come into being until public opinion had approved the transference of these services to State monopolies, and once having done so it would be its duty to give Parliament and the public grounds for confidence in the service, and to develop the technique of forestalling political agitation, or remaining popular. The further conditions required to ensure Parliamentary confidence would appear to be: (i) explicit statutory definition, so far as this is possible, of the Corporation's powers and duties; (ii) the provision of an annual opportunity for full Parliamentary debate on the Corporation's policies and operations, and generous use of the means of supplying information about these to the Commons. The degree of the Minister's formal responsibility for these bodies is bound to vary with the nature of the function being performed, but in this, as in other spheres of administration, law is intermingled with practice, and even the most exiguous Ministerial responsibility can in practice be combined with a fairly liberal supply of information to Parliament; (iii) the development of informal methods of keeping Members specially concerned or interested in touch with the Corporation's affairs. Mention has been made of the initiative taken by the Transport Board in this direction. Either existing Private Members' Committees, or the Departmental Committees advocated by some persons as a necessary means of bringing Parliament into closer relation-

ship with the administrative system as a whole, could serve for this sort of liaison; (iv) the effective existence of other public bodies, either quasi-judicial or consultative, responsible for some measure of public control of the Corporation, and (v) the proof by the Corporation that it is attentive to Parliament's views on the service.

It is clear that the two questions mentioned at the outset are closely allied—that a semi-autonomous body will normally be in small danger of undue Parliamentary control if it can show itself to be properly accountable to the public. The prime requisite for achieving this condition is the choice of suitable persons to constitute the Board, or directing body of the Corporation. The writer has already stated his reasons for thinking that responsibility for this choice should rest squarely with the Government or a Departmental Minister, and that the persons chosen should be selected on grounds of fitness for the job, to act before the outside world as a corporate body, and not as nominees of particular sections or interests.[1] This does not, however, exclude the desirability of the Minister consulting different interests, and taking pains to secure persons with varied technical and social experience and interests. It is of much importance that the members of the Board should possess, besides technical and financial ability, the power to see the service for which they are responsible in terms of wider national needs (e.g. electricity supply as an item of national fuel and power resources, or broadcasting as an element in national education), and, besides the sense of public service, the capacity to deal with the appropriate independence of spirit with Parliament and other public bodies as well as to judge between conflicting public views of the public interest in the service.

[1] The Trade Union Congress and the Labour Party, after showing division of opinion on the point for some time past, have now adopted the principle of statutory provision for the representation of workers on the Board.

A responsible and efficient Board can safely be considered the best judge of the administrative organisation, degree and methods of decentralisation, and, within limits, system of staff management, suitable to its service. On the important matter of the selection and treatment of administrative and clerical staff the three Corporations of this study are still engaged in experiments, and provide little that can be called settled principle. The conclusions reached by the writer on this topic (the data of which, it is only fair to say, are by no means easily obtainable by the outsider) are, firstly, that each of these institutions—and most conspicuously, in spite of the heterogeneous elements it was compelled to absorb, the London Transport Board—has succeeded to a considerable degree in securing a personnel which combines ability and inventiveness with public spirit; and, secondly, that the freedom and privacy in this sphere which they have hitherto enjoyed, and which their counterparts may expect to possess, should be somewhat curtailed. He believes both that these institutions will find small difficulty in attracting persons (particularly among the younger generations) of enterprise and talent to the types of public employment which they offer, and that it would be unfortunate if conditions of employment within them came to approximate too closely to those of large-scale private concerns. Insurance would be afforded against the latter development if these Corporations adopted, as a voluntary gesture, the practices of (*a*) filling virtually all vacancies in their establishments by open competition, with the assistance in some cases of outside assessors, and (*b*) publishing such details of the grades and salaries of their staffs, and methods of staff consultation, as would enable outsiders to form a better idea of the manner in which they are handling staff problems as well as to make comparisons with other bodies and with the Civil Service. It seems premature to discuss the possibilities and characteristics of an "industrial service"

until existing Corporations, and those which may follow them, have evolved further standards and made these public. The writer admits to the view that, however technical the service, a substantial leaven of persons with the type of training and judgement possessed by the administrative class of the Civil Service will prove desirable. Much interest will attach in the future to evidence as to how far these bodies will prove able to supply persons from within their organisations with the broad experience and imaginative capacity required for service on their Boards, as well as to provide some of the benefits of competition through emulation between departments or between the regional units of a decentralised system. The problem of the status and bargaining powers of wage-earners in the employ of these bodies is one upon which, since the Transport Board is still in its infancy, little practical experience is yet available. But it may be pointed out that if public responsibility plus commercial capacity are accepted as the most desirable qualifications for those in charge of the Corporation, Trade Unions, though having vital functions to perform relating to the negotiation of wages and conditions of labour in the service as a whole and the management of individual units of the service, must accept a subordinate rôle with respect to matters of commercial and general policy.

It is clear that the function of public relations, or those activities of modern large-scale enterprise which go beyond mere inducement to the public to buy a product or service and aim both at scientific study of and attention to the needs and views of consumers and at explanation of the policies and operation of the concern, is of much importance to a public monopoly with a considerable degree of independence. Where such an institution is performing a large-scale economic function it is necessary to formalise these activities and provide for representation of the views of special classes of interests affected by the service by means of a statutory

Advisory Committee, appointed by the Minister or by local authorities, and with powers of access to the Minister and possibly of regular publication of its views on the service. It is, however, important that this Committee should preserve the difficult balance of being effectively critical without assuming functions of control or undermining the initiative and obscuring the responsibility of the Corporation. But such formal provision for public contact and criticism needs to be supplemented by many types of action, formal and informal, on the part of the institution for maintaining liaison with and measuring the needs of the general consuming public; and the manner in which the London Transport Board is recognising and applying this principle well repays study. "The value of the political heads of Departments," wrote a nineteenth-century Chancellor of the Exchequer, "is to tell the permanent officials what the public will not stand." The semi-autonomous body needs to embrace within its organisation persons capable not only of performing this defensive service but also of fashioning the institution's public relations along positive, educational, lines. It may be added that this task is facilitated in Great Britain by the prestige which attaches to public institutions, and by the fact that the Press usually starts with an assumption in favour of public bodies and of the publicity which emanates from them (provided, of course, they do not share the misfortune of "the bashaws of Somerset House" in having a seriously unpopular function to perform), while it still remains to a large extent suspicious of the publicity of private concerns.

The semi-independent Public Corporation is but one of a number of methods by which State participation in the social and economic affairs of the nation is being, and may in the future be, organised. In those three examples of it studied in this book, "capital," in the phrase of one of the members of the London Transport Board, "has lost its

power," and the first object of monopoly has become not price but service. Whether it is desirable in general or in particular that the power of capital should be transferred to the community and the motive of profit replaced by production for use it has been no part of the purpose of this book to argue. But where such a transformation is demanded, the method of reposing power in a body of public servants conducting the service as trustees for the nation which this study has attempted to describe appears to the writer to offer a considerable chance both of producing effective service and at the same time further disproving the French orator's contention that "Were there a people of gods, their government would be democratic. So perfect a government is not for men."

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