

MT52 Canal Control

THE PARLIAMENTARY SECRETARY. Z.11

THE MINISTER

CONTROL OF CANALS.

In the attached memorandum Mr. Bunn urges that the time has come for the Government to assume direct control of at least some of the non-railway canals.

In April 1938 he had submitted that the C.I.D. should be asked to agree to the Minister taking possession of canals in a very early stage of war. I minuted:-

"he may be right; but I do not myself feel that we have yet a sufficiently complete case upon which to ask the C.I.D. for a final decision".

C.I.D. 184A.cap.28, 1938. Accordingly Mr. Burgin limited his request to the C.I.D. for authority to discuss with the canal interests the possibility of the Government taking some control and the C.I.D. agreed, subject to the understanding "that no financial commitments are undertaken at the present stage". 321 meeting 5.5.38.

On the 28th June 1938 I told a large Conference of representatives of the Canal Association and the National Association of Canal Carriers that the Minister was prepared to consider what they had to say about control.

On the 28th October 1938 in a considered reply the Canal Association asked the Government to take control of the canals, and canal carriers, when, and on the same terms as, it took control of railways, otherwise the railways, with a State subsidy, might continue uneconomic rates and their competition might kill the canals.

We had not then (and indeed have not now) settled terms of compensation for the Railway Companies, but under the arrangements we had (and have) in mind for railway control, the railways should not be competing on the basis of uneconomic rates by reason of a State subsidy. I therefore agreed on 12th December 1938 to leave the question of canal control in abeyance.

I had further meetings with the Industry on 12th June 1939 and 12th September 1939 and discussed with them and representatives of other Government Departments many important questions of canal working in war-time, but kept clear of any question of Government financial guarantee.

The Industry, however, have not abated their desire for such a guarantee, as evidenced (inter alia) by the Question asked on their behalf by Mr. A. P. Herbert on 26th July 1939, and the recent strong representations of Sir Ernest Jardine, who claimed to speak, not only for the Trent, but for all Inland Waterways. He has since informed the Minister that on the Trent he is laying up some of his boats and discharging some personnel. The fact seems to be that the Trent in peace-time exists on overseas traffic brought in from Hull and war conditions have largely closed down Hull's imports. Much as one might wish to give some compensation to the Trent Navigation for this serious loss of income, it could not be done without bringing in its train a host of no less moving claims.

The Railways own about a third of the British Canal mileage and carry about a twelfth of the canal traffic of the country. Whatever may be said of the way in which they administer these canals, the whole of them are under Government control, with a Government guarantee, as a part of the controlled railway undertakings.

It may indeed be argued that logically the Government should also control - and guarantee - the more important non-railway canals. If we seek, through Government control, to get unified management of the railways' undertakings, it may be even more desirable to try to obtain unified management of the non-railway canals, and the carriers on the canals: experienced observers have urged in recent years that our inland waterways would be far more successful if their parochial managements could be merged into larger and more efficient units. I cannot suggest that we are getting in war-time 100% unified management of the railways under the R.E.C., but I am doubtful whether we could get together even in war-time a Canal Control Committee who would in fact succeed in getting any high percentage of unified management of the non-railway canals.

In the circumstances as I still see them, I feel that the Minister might have great difficulty in inducing the Chancellor to assume financial liability for the canals merely in order to safeguard the canals as a potential transport asset. I am impelled therefore to suggest that the Government should not move in the direction of assuming control of the canals, with its financial implications, until we get some clearer evidence that there is need of such Government assistance in order to save the railways from being seriously hampered by having thrust upon them (as happened in 1916) a large volume of traffic which was formerly carried by canals.

10th October 1939.

Z.11, Parliamentary Secretary; 2. Minister

The question whether we should now assume control of the non-railway canals is not free from difficulty, and on the whole I am disposed to agree with the Deputy Secretary that we should not rush in at the present time but await developments for a while.

One reason that weighs with me is that although we have brought under control the railway-owned docks we have left out the non-railway docks: if we adopted a different line with the canals, I think we should be pressed in certain quarters to take over the remaining docks, and this we most certainly do not want to do.

Also, there is the control of road transport to be considered in this connection. Mr. Ernest Bevin, amongst others, is urging that the Minister should assume control over road transport in the same way as he has over the railways. The great difficulties of such a course are obvious, and I am anxious that we should not at the moment do anything which would lend support to this contention. Taking over the non-railway canals - whose transport importance as compared with the road is very small indeed - might well encourage the advocates of the theory that all forms of transport should be brought under the unified control of the Government.

12th October, 1939.

Note: I was disposed to be in favour of Govt. Control of Canals, but I am convinced by the Memorandum that the time is not yet. I find, however, that we ought to watch the position viz carrying, and if, as seems quite likely, other canal companies follow the example of the Trent Navigation Co and lay up ships and discharge personnel, the position ought immediately to be [resolved] with a view to Govt control. 14.10.1939

Note by Deputy Secretary: I did not know that other Canal Cos were threatening to follow the lead of the Trent Navigation. Is this so? 16.10.1939

Mr Goodison.

The Parliamentary Secretary will wish to see the Minister's decision of the 16th October at the end of the file.

As regards the Secretary's question whether there are other canal companies threatening to follow the lead of the Trent Navigation, no actual cases have come under my notice though I have received communications from a firm of canal carriers on the Forth and Clyde Canal complaining of lack of business, and also from the Grand Union Canal Company asking whether we can help them to obtain loads for barges which are returning from London to the Midlands empty.

17 October 1939

THE PARLIAMENTARY SECRETARY.

CONTROL OF CANALS.

At the meeting of the Ministry Defence Council on 3rd January, you recalled that the Minister on 16th October last charged you with special responsibility to watch the position of the canals, with a view to re-opening later, if necessary, the question of taking control. The leading article in "Modern

Transport" of 6th January urges that the Government should take control, and the memorandum of the Traders' Co-ordinating Committee includes this among its recommendations.

Any implied analogy with the railways is misleading. Broadly speaking, the railway companies own both permanent way and rolling stock. The canal proprietors may own all or none of the barges operating on their canal; and it is the barge operator, whether canal authority or by-trader, who has to get and to handle the traffic. With some canal authorities the transport aspect seems to have become secondary: their principal concern is their revenue from the sales of water for industrial purposes or from rents of large properties adjoining their systems.

The advocates of "control" are vague as to what they mean by the term and the undertakings which they have in mind. In speaking of control, they appear to think of control primarily as a Government financial guarantee of revenue, and as implying direct Government assistance in the provision of improved terminal arrangements and additional warehouses and barges. Any guarantee of revenue might raise very difficult problems in the case of the carrier who combined barge transport with road motor transport.

However acceptable a guarantee might be to the proprietors, I submit that a guarantee per se will do nothing to remove whatever weaknesses there may be in the canal administration of this country and might merely perpetuate and, indeed, aggravate those weaknesses. The absence of any settlement with the railway companies does not make it easier to discuss in any definite fashion possible terms of financial relations between the Government and the canals.

The impression we all get from discussions with the canal interests is that there is lack of co-operation between the different canal companies and between the canal companies and the carriers on their systems. Starting with a personal bias in favour of the development of the use of the canal in this country, I have not found in my talks with representatives of the industry any clear indication of the lines of a national policy which, by centralised direction, would in fact lead to more efficient operation and greater use of canals. It is only fair to say that the representatives might possibly have been more forthcoming, if I had not deliberately kept them off discussing the possibility of Government control, with its financial implications.

The canal companies fear that loss of traffic to the railways and other war conditions will prevent them from maintaining their services and undertakings. It is not easy to obtain definite evidence of diversion of traffic from the canals to other means of transport, but it may be accepted that some diversion is taking place.

At this stage I fear that the Minister would be merely inviting a rebuff if he went to the Chancellor and asked for any authority to negotiate financial terms with the canal or carrying sections of the industry. Nevertheless, I venture to endorse your view that we ought not merely to stand by and deplore the apparent inability of the industry to put forward constructive proposals. It seems to me therefore that it may be well if I have a frank but informal talk with Colonel Forrester Clayton and Mr. Hobday (representing Canal Carriers and Canal undertakers on the Canal Defence Committee) on the following lines.

The Minister of Transport cannot go to the Chancellor and ask for power to negotiate any sort of financial guarantee to the canals or carriers, unless he can demonstrate clearly that the State is going to get value for money. There are numerous industries which have been cruelly hit by the existence of a state of war and crippling restrictions necessarily imposed by His Majesty's Government. Many of those will, as a result, be in a bad way to recommence business after the war is over. But the Chancellor could not for one moment face the task of attempting to find the funds to keep all these alive during the war. If enemy action or movements of population or of industry put out of commission a particular type or section of industry - transport or otherwise - in a particular part of the country, a Government subvention, however acceptable or desirable on eleemosynary grounds, will not at once bring it back into commission as a productive unit.

It is frequently suggested that the canals suffer because of the parochial outlook of those responsible for the component parts of a system. Is this agreed? The Severn has often been quoted in certain quarters as a typical instance. Would it materially improve matters if there were a Controller with

over-riding powers over (i) the waterway authorities and (ii) the carrying companies between Sharpness, Wolverhampton and Birmingham?

i.e. River Severn Commissioners; Gloucester and Birmingham Navigation Company (owning the Sharpness Docks and the Worcester and Birmingham Canal); Staffs. and Worcester Canal Company; Birmingham Canal Navigations, and Severn and Canal Carrying Company, Limited; Fellows Morton and Clayton; Thomas Clayton, Limited, and Other leading Carriers.

Is there any other system, of independent links, which would be a better experimenting ground?

The Minister has power under the Defence Regulations to put in a manager to over-ride all the existing Boards. If it be accepted as a sound financial proposition to put in such a manager, it should be fair to assume that the result would be to better, and not to worsen, the position of the proprietors.

But what precisely should be his functions? Will he in fact merely revise the scales of tolls (including through rates) at levels which should attract more traffic, or is he to have also a similar power with regard to the carriage charges, of the canal authority itself (if it be a carrying canal) and of the independent by-traders? Alternatively, should he be a freight broker, canvassing vigorously for traffic to be canal borne, making the best bargains that he can with the owners of the goods on the one hand and on the other hand with the carriers and the canal authorities? Or is he to be a mere dispenser of Government grants to bolster up transport assets which might otherwise have vanished before we return to peace conditions?

Over the last decade or more a number of Committees of Inquiry have recommended that Government grants should be made available for canal development. Grants were in fact offered under the Home Development Act of 1929 but only one canal undertaking (the Grand Union) was able to qualify for grant by itself arranging a substantial part of the finance of the scheme. Under present circumstances, would any canal undertaking, even with (say) an 85% grant, be likely to undertake improvements capable of rapid execution? Even if the answer to this question were in the affirmative, and the Government were prepared to allocate a substantial sum (whether £250,000 or £1,000,000) for the purpose, would this involve the setting up of a canal control or would it not suffice for the grant applications to be handled by a canal section of the Ministry, with the assistance of a small advisory committee?

A discussion on these lines might be cold comfort for the canal representatives, but it might stimulate more critical and constructive thought.

12th January 1940.

Note: I am all in favour of anything which will intimate from the canal companies exactly what it is they require from the Government to promote their efficiency. I should be therefore in favour of the opening of informed and unprejudiced discussions on the basis you suggest.

I should also like to have a short memorandum on the working of the Canal Control in the last war, on the face of it it would seem to me that if Govt control of the canals was necessary in the last war, in view of the petrol rationing and the more acute danger of air attacks, it is clearly necessary now.

R.B.

THE SECRETARY.

THE PARLIAMENTARY SECRETARY.

THE MINISTER.

CANALS.

I had a long talk on the 18th January with Mr. Hobday and Col. Forrester Clayton, the Presidents respectively of the Canal Association and the Canal Carriers' Association. They are both members of the Canal (Defence) Advisory Committee. Mr. Hobday represents the Lee Conservancy, which has about the third largest traffic of any canal undertaking in the country; Col. Forrester Clayton is the Chairman of the largest canal carriers, Messrs. Fellows, Morton and Clayton. He is also

Chairman of certain other canal carrying firms and is a Director of the Grand Union Canal, which has a traffic of about the same size as the Lee Conservancy.

I had previously given them an indication of the questions that I wanted to discuss with them, broadly on the lines of my minute to the Parliamentary Secretary of the 12th January, which indicates in some measure the reply which I should feel bound to give to you to the pleadings of the leading article in "Modern Transport" of the 6th January, and the letter from the Canal Joint Committee of the 15th December, which is printed, in the January number of the "Dock and Harbour Authority". I understand that the last named letter, largely drafted by Col. Rayner of the Trent Navigation, had been approved by Mr. Hobday and Col. Clayton.

Quite shortly the prayer which they made is simply "do something to give us more traffic or else give us a substantial dole". I told them that the Grand Union Canal had already been to see me on Friday, the 12th January, as a preliminary to asking for financial assistance, and that I had pointed out to the Directors of the Grand Union some of the difficulties which they would have to overcome if they were to put up a convincing case for a Government subsidy.

Like the Grand Union Directors, Mr. Hobday and Col. Clayton told me that it was utterly useless to consider anything in the way of a Government loan for capital improvements of their undertakings. Apart from the practical difficulty of getting work done under war conditions, the financial position of all the undertakings put out of court any question of assuming further liabilities for service of loans.

Nor do they want any form of control. They represented that the undertakings were quite capable of looking after their own affairs far better than any Government nominee brought in from outside. The Canal Control Committee of the last war admittedly controlled virtually nothing but the dispensing of Government alms to the canals.

During the period 1st May 1917 to 31st August 1920 it handed out a total sum of over £3 millions. Of this less than £200,000 went to the carrying companies, the remainder to the canal companies, and of the payments to the latter £2,300,000 was described as "Compensation for loss of revenue" and £600,000 for arrears of maintenance and replacement of stores - all on the analogy, rather doubtful even at that time, of the compensation paid to the railways.

As to the carrying companies the dice seemed to be loaded against the Government; any carrying company owning ten or more barges could come under "control" if it wished. Col. Clayton told me that Fellows, Morton and Clayton, the largest canal carriers in the country, preferred to remain independent.

The canal representatives recognised that, whereas in 1914 canals were the second most important transport medium in this country, they are today a poor third. Nevertheless they feel, as do indeed a very large number of other persons, that it would be unfortunate if postwar England found even more lengths of canals derelict. I was, however, struck by the suggestion of Mr. Hobday, which was new to me, that in the future we ought not to look to the canals being used for longer hauls than, say, 30 miles. {Note: The River Lee is 28 miles long, and not a canal carrier}

I am afraid that the canal world still lacks unanimity of view, save on the one point that they would like to touch the Chancellor's purse. Mr. George Cadbury, a protagonist of the canal, has in earlier years at least stressed to me the lack of co-operation between the relatively small units which go to make up any canal through route. Mr. Hobday and Col. Clayton, on the other hand, assured me that in practice today it was always possible to obtain through rates for toll and for carriage. Col. Clayton, who said that he had himself sold to Mr. Cadbury some of the canal interests which the latter now controls, suggests that Mr. Cadbury's espousal of the canal cause was directly due to the fact that as a cocoa and chocolate manufacturer he was using canals like a "C" carrier on the roads for the purposes of his own business by way of competition with the railway companies' charges.

The canal representatives asked what steps the Government was going to take to increase the general level of railway rates. I obviously could give them no information at the moment on this point, but my impression is that the level of increase of railway rates which we are at present

contemplating will not be so high as to have much effect in the direction of diverting traffic from rail to canal. The canal representatives recognised that the Regional Transport Commissioners had been helpful (and they particularly instanced Mr. Gleeson Robinson) in getting some traffic shifted from road to canal by reluctance to issue supplementary petrol rations. They pointed out, however, that the Regional Transport Commissioners could do nothing at all to influence the far more important trafficks which today were being carried over congested railway systems and were altogether appropriate for handling on the canals. When, however, we came to discuss the possibility of moving coal from the South Yorkshire coalfields to London by canal, they both agreed that the difference in gauges of the canals would necessitate trans-shipment of the coal which, apart from the rather circuitous route, would entail a rate which would not be a practical economic proposition.

"Modern Transport" had recognised that "the Ministry is using its persuasive influence with traders" to encourage canal life, but was probably not fully aware of all the steps taken to that end with the Ministry of Food, the Ministry of Supply, and the Mines Department.

At the end of the discussion I told the canal representatives that they could be assured that the Government, from the Prime Minister and the Minister of Transport downwards, had a strong sentiment of sympathy with the canals, that they recognised their difficulties and would be glad to find some means of helping to overcome them. At the same time everyone realised that there were many commercial interests of the most diverse character which had been gravely hit by war conditions. With all the sympathy in the world it was frankly impossible for the Chancellor of the Exchequer, in the middle of a war which was costing unprecedented amounts day by day, to start doling out subsidies to this interest and to that. If the Minister was to have any hope of unloosening the Chancellor's purse strings, he must be in a position to put forward an overwhelmingly convincing case, showing that any subsidy would secure an identifiable, direct and commensurable contribution to the national effort to win the war.

I do not myself feel that the case so far submitted by the canal interests really enables me to draft for the Minister's signature an appeal which would be so convincing as to move the Chancellor of the Exchequer. I hoped that my cold douche of criticism, instead of stunning them, would so stimulate their circulation that they would be able to put forward specific proposals which the Minister could with confidence lay before the Chancellor.

The Joint Committee of the Canals and Carriers is having a meeting next week. Arrangements are in hand for summoning a meeting of the Canal (Defence) Advisory Committee as soon possible, and the Canal representatives will no doubt use this meeting to make such further representations.

20th January 1940.

1. Parliamentary Secretary.

2. Minister.

Canals.

It is very difficult to see what steps can usefully be taken to help to restore and to increase the traffic on the canals. There is common agreement that this is a most desirable end and that all possible steps should be taken to relieve the railways and the roads of internal traffic which can suitably go by water. In his minute of the 20th January the Deputy Secretary sets out very clearly the difficulties of the situation and I am in agreement with him that merely to dole out money to the canals as was done in the last war would be an unjustifiable waste of public funds. In any case, we could not approach the Chancellor until we have a reasonable case to put forward, which we certainly have not at the present moment.

Unlike the railways, the canal companies do not operate the traffic on their undertakings and therefore the case for war-time "control" does not exist in the case of the canals as it does in that of the railways. If we attempted to control the canal carriers - and in effect subsidise them so as to enable them to compete with other forms of transport, it is obvious that we should very quickly be

in serious difficulties, as the Deputy Secretary pointed out in his minute of 12th January to the Parliamentary Secretary.

At the same time, I believe that quite a useful amount of work can be done in encouraging the diversion of traffic to the canals. I am glad to note that the Regional Transport Commissioners have in some instances been able to help in this matter and I think that their attention generally should be drawn to the importance of encouraging canal traffic wherever possible. Steps are also being taken to secure the largest possible use of the canals in connection with the transport of coal to the London area. The difficulty is, of course, generally the difference in rates, and the Deputy Secretary is right when he says that any probable increase of railway charges is not likely to go very far towards bridging the gap which exists between railway charges and canal charges. Nevertheless, a reasonable increase in railway charges, such as I envisage, should be of some help in stimulating canal traffic.

I hope, however, that the frank talk which the Deputy Secretary has had with these representatives of the canals will be fruitful and stimulating and that some feasible proposals may emerge from the deliberations of the Joint Committee of the Canals and Carriers and of the Canal (Defence) Advisory Committee.

This does not sound very constructive but I am sure that we shall be making a great mistake if we allow ourselves to be rushed into some policy of "control" or financial aid before we are able to see just where it is likely to lead us. We don't want to repeat the mistakes of the last war.

21st January, 1940.

Note: If you agree that I would recommend the taking of some more positive action with regard to the Traffic Commissioners, I suggest that they should be asked to what extent they are directing traffic to the canals and what obstacles are in the way of further diversion.

In my view we must now have sight of the possibility in the near future of serious damage by air raid to our normal channels of transport. We cannot afford any extensive dismissal of canal personnel or dispersal of barges. R.B.

THE SECRETARY.

(Copy to Parliamentary Secretary and Sir Alfred Robinson).

I think the arguments put forward by Sir Alfred Robinson in his minute of January 20th against taking control of the canal system are quite unanswerable; and I hope very much that the frank talk which he had with Mr. Hobday and Colonel Forrester Clayton will have the effect which you hope.

I must admit, however, that I feel a good deal of anxiety on the subject of canals and if, as the Parliamentary Secretary suggests in his minute and as we know is very possible if not probable, the railways may be quite unable to cope with the increasing volume of goods traffics we have a great responsibility in this Ministry for seeing that the canals have not by that time gone out of business.

I hope, therefore, that the Canal Defence Advisory Committee may be summoned as soon as possible and the situation frankly discussed with them.

I intend to ask the Parliamentary Secretary if he will in consultation with Sir Alfred Robinson give his particular personal attention to this question. We must, in my view, make the maximum use of the canals in view of the present and prospective limitations on both rail and road transport.

27th January, 1940.

THE PARLIAMENTARY SECRETARY: Copy to the Secretary, Mr Bunn, Mr O'Neill

A meeting of the Canal (Defence) Advisory Committee has already been fixed for Wednesday, the 31st January, at 3-30pm and I hope that you will find it possible to attend his meeting for at least part of the time in order that you may have an opportunity of meeting with the members.

27th January 1940