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The Strategic Narratives of Decline and Revival at London Transport, 1970-90

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Abstract

This article argues that the historical stories of decline and revival in organisations are as important as the phenomenon itself. The complexity and humiliation of decline create strategic narratives which attempt to both clarify and justify events, but at the cost of over-simplification and exaggerating managerial agency. However, detailed business histories can embrace intricacy and account for the intrinsically political nature of managerial decision making. In this case study I propose that external politics drove strategic "storytelling" designed to justify either profit- or utility-maximizing managerial choices as suitable reactions to decline in London's public transport. The article offers a new historical account of the management of decline and revival at London Transport between 1970-90 and explicitly links theories of organizational decline to political perspectives.

JEL Classifications: H7, L2, L9, N7, R4.

Keywords: Decline; Strategy; Narratives; Politics; London Transport.

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Introduction

Sense making in organizations is a long-established field. We know that it is grounded in identity construction, retrospective, and driven more by plausibility than accuracy (Karl Weick 1994). Such is the power of the strategic "stories" that emerge from these processes of rationalization that they can not only govern the course of specific subsequent decisions (Per Hansen 2012), but also become constitutive of new corporate identities and cultures (David Carr 1986; Robert MacIntosh, Donald MacLean, and Craig Robinson 2023).[1] Therefore, tales of organizational decline, failure and revival make an understandably powerful and emotive "story" which can become heavily politically-charged, canonical and mythologized, even if these analyses contain major flaws (Patrick Fridenson 2004; Andrew Wild 2010). This makes them the subject of some academic fascination in business history (Graham Brownlow 2015; Leon Gooberman 2020)[2] and also of normative accounts about how to achieve organizational turnaround and revival, which attract significant attention in practitioner journals (Abraham Carmeli and John Schaubroek 2006; Alden Clausen 1990).[3]

Mythologizing is linked to the need to present an organization's activities as part of a coherent strategy which is also a compelling story to various audiences, binding together all the competing causes and symptoms to make a convincing wider "dynamic" of failure (Argenti 1976). Such narratives may contain a substantial element of fiction (Davis Barry and Michael Elmes 1997).[4] This can add to their allure, but it also creates a requirement for periodic revision that re-evaluates existing evidence, presents fresh data and situates existing narratives in their appropriate wider contexts. Business and management history is well placed to explore these subtleties and ambiguities of organizational storytelling. Fridenson (2004), citing Chris McKenna's (2009) and Jun Otahara's (2000) studies of the Honda company, shows that detailed historical re-appraisals can force a major re-think in the way the story of a firm's decline is understood, a point recently underlined by Kevin Tennent and Simon Mollan (2020) where they point out that stories of success can just as equally be stories of decline within the same industry, depending on perspective.

This article offers a detailed re-appraisal of one such story of organizational decline, systematically separating out the historical evidence from the historical narrative. This approach offers an opening for business history to mediate between the requirements of academia and practitioners, which are often perceived as irreconcilable. Research linking managerial failure to organizational decline generates interest through novelty or upsetting assumptions in the practitioner community, but is often regarded as dull, far-fetched or unreliable in academia.[5] A split can be observed between the more academic literature examining decline in organizations in terms of its definition, causes, and stages which is

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[1] MacIntosh, MacLean and Robinson explicitly theorize and encourage story-telling as part of strategy creation and implementation within organizations in the second edition of their book *Strategic Management*. They refer to the concept as 'Bardic' strategy making, and I reference their work as it is a good example of attempts to bridge the academic-practitioner divide which I discuss later.

[2] For a recent wide-ranging taxonomy see Juha-Atti Lamberg, Jari Ojala, and Mirva Peltonienmi (2018) and Andrew Wild (2010). For older examples see John Argenti (1976), William Lazonick (1983), and John Singleton (1990).

[3] These works are tonally quite academic. However, much practitioner literature makes extensive use of sometimes pungent metaphors in a story-telling style. See Arthur Bedeian and Arthur Armenakis (1998), Edward Lawler and Jay Galbraith (1994), Bill Richardson, Sonny Nwanko, and Susan Richardson (1994), David Robertson and Per Hjuler (2009).

[4] Barry and Elmes (1997) develop David Boje's (1995) work and Tammar Zilber (2007) extends it usefully into a specific case study on the hubris of Israeli tech companies.

[5] See observations on the need to reconcile academic and practitioner perspectives from Jean Bartunek, Sara Rynes, and Duane Ireland (2006), Murray Davis (1971), and more recently from Ted Patterson and Peter Harms (2019) and MacIntosh et al. (2023).

relatively critical and constructivist, and the literature on responses to achieve turnaround is more normative and heavily influenced by practitioner requirements (Arjan Van Rooij 2015).

There is a paradox here, since while critical management studies in academia have tried to avoid close involvement with, or support of, pragmatic managerialism, their accounts of how organizations actually work are often more identifiable to real-life managers than the abstract data-driven analysis offered by their more positivist practitioner-focused counterparts (Chris Grey and Hugh Wilmott 2005). This paradox is an opportunity for the field of business history. History can show that dire situations, however intractable, are always resolved in the passage of time. Correctly understanding how that happened lies in the process of disentangling the historical evidence of decline from the historical narrative of decline. Once the data and the story have been disaggregated, they can then be reconstructed back into a plausible historical account of how managerial choices have been made which can be credible to academia and a useful reflective tool for practitioners.[6] This article offers such an analysis of managerial choices through a cycle of decline and turnaround. It finds that while distinct patterns of managerial response to decline are visible, they are as clearly linked to changes in the wider political environment as they are to data driven evidence. This makes them good stories, but hard to present in neat or linear models (Wild 2010).

Following Tennent's (2020) research agenda for business history, I intend to bring new understandings to past events by acknowledging and incorporating the influence of historical context, chronology, continuity and change in the management of a specific organization rather than relying on the application of universal, but abstract, models. I acknowledge the methodological tension in business history between the rigorous tests of the social sciences and the reticence of the historians' interpretive craft,[7] but borrow from Mairi Maclean, Charles Harvey, and Stewart Clegg (2016) to propose that this can be resolved in part by historically-orientated researchers being more forthcoming about how and where they drew evidence from, and the methods they use to interpret it.

Thus, the primary evidence in this article originates from the Transport for London corporate archive (TfLA) and the UK National Archives (TNA). These records allow the limited use of simple financial ratios to make judgments about financial sustainability and outputs. Additional material comes from the qualitative content of the annual reports, personal correspondence between members of the board, and the reports of two external consultancy firms (Deloitte, Haskins and Sells and the PA International Consulting Group) which I use to assess and understand managerial behavior.[8]

These internal records are supported by extensive material from the British Newspaper Archive to examine wider media reporting of events. Opinions from the period lack perspective, but they do give a clear picture of the influence of public and political opinion on managerial responses and choices at the time. As such, these media sources offer an external layer of triangulation of interpretation to complement the internal sources. The final layer of analysis comes from the secondary sources, identified by studying the relevant journal articles and books and following their citations. They offer not only valuable supplementary

[6] Avner Offer makes this argument in a slightly different context in his book *The Challenge of Affluence* (2006) to compare the roles and status of historians and economists. However, I think it is relevant and of interest to business historians who to some extent combine those roles.

[7] See the debates between Michael Rowlinson and John Hassard (2013), Abe De Jong, David Higgins, and Hugo Van Driel (2015) and Stephanie Decker, Behlul Üsdiken, Lars Engwall and Michael Rowlinson (2018) on the direction of business history.

[8] These TfLA sources include the LT146 series (Annual Reports and Accounts) and the LT101 and LT1859 series (The 1980 PA International Report and Managerial Responses) which contain external and internal investigations into managerial efficiency as well as extensive details and minutes of the internal disputes on the London Transport board, and between the board and the Greater London Council.

interpretations of the evidence over different time periods but also allow arguments and evidence to be situated within reliable analytical frameworks.

All case studies of single organizations suffer to a greater or lesser extent from a lack of generalizability. In addition, many suffer from a survivor bias (Brownlow 2015). These are mitigated here as follows. Firstly, the data covers a twenty-year period, reducing the significance of singular events. Secondly, the "problem" of survivorship is a double-edged sword. Public corporations like London Transport are eternal survivors, endlessly reinvented, and that endurance guarantees on-going public relevance and political interest. Finally, what idiographic accounts such as this article lose in terms of generalizability they gain in terms of fidelity and contextual integrity (Joseph Bryant 2000). This article privileges thick, detailed description (Phillip Scranton 1997; Scranton and Fridenson 2013) over relatively simple, generalizable models.

Historical Background

London Transport was unified by statute in 1933 as a single quasi-autonomous non-governmental organization with a strong emphasis in its founding statute towards the independence of its governing board and financial self-sufficiency (Fowler 2019). It controlled all public transport facilities within an approximate 30-mile radius of the center of London. In 1933 this meant running trams, trolleybuses, buses and underground railways, though by the time period considered here, trams and trolleybuses had been discontinued. The surface rail mainline rail network and taxis were not included.

The government nationalized London Transport in 1948, but concern over falling passenger numbers and financial viability during the 1950s led the government to make it semi-independent again from 1963. However, abolishing the British Transport Commission and instituting a more direct relationship between the Ministry of Transport and London Transport did not reverse steadily falling custom or improve financial sustainability as had been intended.[9]

In 1965 the government created a "new" Greater London Council (GLC) to replace the previous London County Council (LCC), awarding it control over a wider area than formerly which better reflected the growth of the capital since the inception of the LCC in 1889. Wide-ranging, centralized municipal control over all of London's public services had long been an objective of reformers who saw this as the best way to ensure efficiency and democratic accountability in service provision in a major city (William Robson 1939; Tony Travers 2015). This change in London's local government, plus London Transport's continued loss of custom and money, and combined with the aims of the government's 1968 legislation creating Passenger Transport Executives in urban areas all pointed in the same policy direction for the future of London's transport. In 1970 the government replaced the semi-independent London Transport Board with a newly-created London Transport Executive (LTE) under the control of the GLC. The LTE's span of activity was reduced considerably to a 10-mile radius from central London, and its accumulated debts were cleared by the government with a view to ensuring financial self-sufficiency. These far-reaching changes were intended to arrest the decline in London Transport's fortunes (Desmond Croome and Alan Jackson 1993) and they were not controversial in party-political terms. Reforms to modernize local government and extend its role in directly providing public services were accepted across political parties during this era (David Edgerton 2019; Travers 2004; Travers 2015).

However, this reform not only failed to halt the decline in usage but also generated a new degree of proximity between the day-to-day operations of London's transport and political

[9] See the introductions to LT146-29 and 30 (TfLA): London Transport's Annual Reports for 1962 and 1963 respectively.

influence exerted by the GLC. As discussed below, the selection of London Transport's chairmen and many other key policies became overtly connected to political influence and affiliations, most notably the desire by alternating GLC leaders to appoint their own preferred candidates as chairman of the LTE.[10] Furthermore, the decade of the 1970s witnessed the gradual collapse of the "post-war consensus" which had governed both national government and municipal politics in London.[11] The result was that after 1970 the relationship between politics and transport strategy qualitatively changed, becoming both more intrusive and antagonistic. Consequently, from the early 1970s there was an increasing salience of strategic, partisan "stories" designed to justify new mutually exclusive transport policies, a policy arena which had hitherto been broadly agreed upon.

The extant narrative of decline in the 1970s legitimized demands from different ends of the political spectrum that London Transport's management should abandon consensus and concentrate its strategy on maximizing either utility or profit.[12] "Profit maximization" favored meeting effective demand through construing passengers as consumers, whereas "utility maximization" was concerned with passengers as citizens, and therefore wanted to boost overall ridership to encompass the widest spectrum of users, thereby maximizing overall social utility.[13] Table 1 shows the course of this confrontation through the frequent changes of national and municipal government in the period, which meant that utility-maximizing policies were introduced after 1973, hesitantly reversed after 1977, applied again in 1981 and then decisively overturned in favor of profit maximization after 1984.

The current historical narrative holds that London's public transport went into steady and uninterrupted quantitative decline in usage and financial performance after World War Two (Theodore Barker and Anthony Robbins 1976; Croome and Jackson 1993; Christian Wolmar 2002 and 2012). In the public's perception at the time, it became qualitatively seedy, unkempt and dangerous.[14] But although its situation appeared awful, decline was highly unlikely to become irrevocable failure. A vital public service in a major global conurbation would not be allowed simply to disappear.[15] After 1983, the annual reports, media records and some literature indicate a recovery.[16] This is a classic organizational narrative of degeneration and regeneration, used by politicians who sought to justify new policies for London Transport designed to maximize either utility or profit after 1970. I explore the historical detail and the theoretical backgrounds to those accounts below and suggest that they contain significant simplifications and omissions which this article seeks to address.

[10] See Garbutt (1985), chapters four, five and six.

[11] For the particular results of this breakdown in London, see Tony Travers (2004), chapter two.

[12] Paul Mees' book (2010) gives an excellent and all-encompassing discussion of this topic, but Allen Whitt and Glenn Yago (1985) offer a specifically US perspective, while Tennent (2017) explores this concept in a British context.

[13] See TNA, MT198/42: A detailed paper on this topic produced for London Transport "An Outline of Passenger Miles Maximisation" in January 1977.

[14] See a selection of articles from national and local newspapers from the decade: *Daily Mail* (1974; 1975a); *Daily Mirror* (1976a; 1977); *Daily Telegraph* (1974b); *The Times* (1976; 1981b).

[15] See Janos Kornai, Eric Maskin and Gerard Roland's (2003) points on the operation of the soft budget constraint on major public services.

[16] Statistical evidence of recovery can be found in the London Transport annual reports available at the TfLA, LT146 Annual Report and Accounts series. In the media, a variety of positive news stories appeared from the mid-1980s onwards: *Daily Telegraph* (1987a; 1987b); *The Times* (1987a; 1987b).

Table 1
The Political Environment: National Governments, London Municipal Government and Chairmen of London Transport

Year	National Government	The Greater London Council	Chairmen
1970	Conservative	Conservative	Richard Way
1971	Conservative	Conservative	Richard Way
1972	Conservative	Conservative	Richard Way
1973	Conservative	Labour	Richard Way
1974	Labour	Labour	Richard Way
1975	Labour	Labour	Kenneth Robinson
1976	Labour	Labour	Kenneth Robinson
1977	Labour	Conservative	Kenneth Robinson
1978	Labour	Conservative	Ralph Bennett
1979	Conservative	Conservative	Ralph Bennett
1980	Conservative	Conservative	Ralph Bennett
1981	Conservative	Labour	Peter Masefield
1982	Conservative	Labour	Peter Masefield
1983	Conservative	Labour	Keith Bright
1984	Conservative	Labour	Keith Bright
1985	Conservative	Labour	Keith Bright
1986	Conservative	GLC abolished	Keith Bright
1987	Conservative	-	Keith Bright
1988	Conservative	-	Neil Shields
1989	Conservative	-	Neil Shields
1990	Conservative	-	Wilfred Newton

Source: Author.

Literature

British "Declinism" and London Transport

The narratives of London Transport's decline and revival were not generated in isolation. They were part of much wider national political discussion which was framed by the assumption that the secular decline of the wider British economy in the period was symptomatic of profound wider political, social and cultural malaise (Jim Tomlinson 2009). Tomlinson identifies how decline became a useful leitmotif for a series of politicians proposing radical new policies, starting as early as Joseph Chamberlain's Tariff Reform campaign. But "declinism" is also highly visible in Harold Wilson's 1964 and 1966 "White Heat of Technology" election campaigns, and in the "New Right" critiques of Britain's economy and society in the 1970s which provided much of the intellectual bedrock for Margaret Thatcher's government policy in the 1980s (Edgerton 2019). In this wider schema of national deterioration, London's transport provided a useful, if minor, exemplar; albeit it was also conveniently proximate to the centre of national political power and an iconic national institution.[17]

[17] This proximity to power had palpable outcomes. Prime Minister Edward Heath was once delayed in traffic in Parliament Square and immediately telephoned the chairman of the GLC to complain angrily about London Transport's shortcomings (John Campbell 2013). In wider political

In the 1970s "declinism" served national left and right-wing politics well by offering a simple narrative which rejected the previous consensus. Britain had been too conservative, too lazy, too gentlemanly, and too pre-occupied with either social goods or short-term, speculative finance (William Rubinstein 1993; Martin Wiener 1981). Much of this assumptive framework also informed how London Transport was viewed at the time and subsequently by external commentators. Their solutions were a radical departure from previous practice, which in transport terms meant new profit- or utility-maximizing policies driven by external political agendas.[18] Therefore, London Transport's internal managerial responses to its decline have been regarded as conservative, complacent and short-termist by academic literature on the subject (Barker 1976; Croome and Jackson 1993). This conclusion has been accentuated by more politically-minded tracts from senior administrators and politicians of the period which also critique it as a serious failure.[19] Horace Cutler and Leslie Chapman both produced books which have important, first-hand detail about relevant events. They criticize inertia and strongly advocate profit-maximizing policies (Leslie Chapman 1982; Horace Cutler 1982). As a result of these broadly congruent academic and practitioner verdicts about the need for change, more recent works also conclude that London Transport management were complacent and defensive (Wolmar 2002, 2012; Stephen Halliday 2001). Overall, the strategic narrative blaming the management for declining usage and financial failure at London Transport until the early 1980s prevails.

As an alternative viewpoint there is a single account which depicts London Transport management as the relatively innocent victims of wily and unreliable politicians by Paul Garbutt (1985). As Garbutt was a senior administrator at London Transport, he offers the same degree of relevant first-hand knowledge combined with some pro-London Transport bias. These diverging narratives are the legacies of a political and organizational need to tell different strategic stories about London Transport.[20]

Organizational Decline and Turnaround

An organization is in decline when its performance worsens over consecutive periods, and it experiences distress in continuing operations (Kim Cameron, David Whetten, and Kim Myung 1987).[21] This distress is characterized as falls in output, investment, research and development spending, productivity, profits and numbers of firms in the wider industry (Lamberg et al. 2018). This is separated from "normal" fluctuations in the business cycle by appealing to longevity and consistency in trends, though specifying the duration of these movements remains contested (Laurie Pant 1991). Pant also offers two schools of thought within which to contextualize turnaround. The maximizing case states that turnaround has been achieved when the organization is growing at a greater rate than the wider industry for

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terms, both Leslie Chapman and Horace Cutler's accounts of their work with London Transport in the late 1970's and early 1980's contextualize their critique within wider criticisms of social, economic and political decay in the capital and elsewhere. Cutler was the chairman of the GLC between 1977-81, and Chapman, a former civil servant, was hired by Cutler to act as a "Watch Dog" member of the LTE's Board between 1978-1982.

[18] For the practical detail of these two policies, contrast the GLC's 1982 Medium Term Plan (TNA, MT198/75/4) with London Regional Transport's 1984 mission statement (TNA, MT198/165).

[19] There is also considerable evidence in the archives that senior civil servants at the Department of Transport regarded London Transport as wasteful and unable to manage itself adequately (TNA, MT198/45; MT198/166; MT198/181).

[20] See Barry and Elmes (1997) but also Christopher Fenton and Ann Langley (2011) and strategy making and organizational narratives.

[21] The effects of the 1970's oil shock generated a volume of literature about managing organizational decline which is interesting because it establishes the context in which London Transport's managers would have been operating in the period. See Charles Levine (1978) and Whetten (1980).

three successive years. More modestly, the satisficing case claims that turnaround has been achieved when the organization returns to where it was before decline. In London Transport's case, whilst some comparable transport providers might be found, I suggest that both politicians and the public viewed it as a unique organization and contrasted it to an earlier, perhaps idealized, incarnation of itself (Garbutt 1985; Wolmar 2012). In summary, I argue that Pant's satisficing criterion is an adequate framework of understanding for decline and revival in this instance. The problems begin with understanding the causes, sequence and appropriate responses to events.

Causes of decline have been extensively studied and categorized. Broadly, there is a debate between environmental and strategic reasons (Joseph Amankwah-Amoah 2016). This corresponds to either a deterministic frame of analysis blaming the external macro-economic environment typically favored by academics, or a voluntaristic framework of analysis blaming the internal actions (or inactions) of managers typically favored by practitioners (Carmeli and Schaubroek 2006). Lamberg et al.'s study (2018) takes a balanced view and attributes decline to factors from both the environmental and the deterministic schools of thought. However, the sheer scale of the span of their evidence means that understanding of the particular is lost in favor of discerning the trends.

To overcome this, case studies of individual organizations attempt to map these general causes into neat models where stages of decline are clearly and sequentially observable (William Weitzel and Ellen Jonsson 1989). These assumptions correspond well to other empirical micro-studies of responses of executive boards as they slide towards oblivion or recovery, and there is extensive research on the behavior of top management teams experiencing decline which corresponds to Weitzel and Jonsson stages model.[22] Moreover, despite the possibilities of revival, decline is more often portrayed as an inevitable precursor to failure (Marius Pretorious 2009). I note the problems with this assertion, particularly relating to public organizations. Socialized industries are much less likely to become financially insolvent because of the operation of political "Soft Budget Constraints" (Kornai et al. 2003). As the provision of public transport in large cities benefits from those constraints, I suggest that it makes more sense to talk about a cycle of decline and turnaround rather than decline resulting in terminal failure.

Decline, and sometimes revival, are thereby frequently tidied up into a compelling linear narrative which intrigues the practitioner community. Consequently, a great deal of the literature consists of attempts to practically rationalize, explain and advise on decline through a series of simple, appealing and relatable metaphors.[23] It is, perhaps, good storytelling, but it is not necessarily accurate or particularly useful. There is little consensus on whether management should respond to decline and achieve turnaround by increasing the rigidity in their processes or by flexibly innovating (Argenti 1976; Zehava Rosenblatt, Katherine Rogers, and Walter Nord 1993). Practitioner literature often urges that in the face of this indistinct advice managers should accept ambiguity and be "comfortable with uncertainty".[24] This does not add much to the quality or clarity of the debate,[25] which as I argued earlier is best resolved by disentangling historical evidence of decline from historical narrative of decline. This shows

[22] See again Carmeli and Schaubroek (2006), but also Franz Lohrke, Arthur Bedeian, and Tim Palmer (2004) as well as Kenneth Schwartz and Khrishnagopal Menon (1985). For a particularly thorough and sequential case study of an Australian insurer's slide to disaster see Kamel Mellahi's work (2005).

[23] See footnote 2 above for a series of examples where a variety of accessible metaphors have been pressed into service to help create a congenial "story" of decline.

[24] This phrase is now ubiquitous, but I found two typical exhortations from past management literature in Hugh Courtney, Jane Kirkland and Patrick Viguerie (1997), and Rita McGrath and Ian MacMillan (2000).

[25] Van Rooij (2015) is particularly critical of the state of practitioner literature on this issue.

the reality of organizational decline to be so lengthy and complex that all stages, choices, behaviors and causes of decline and turnaround are present in varying degrees of prominence at different times, and sometimes repetitively at several points. I argue that the key variable in this case study is the changing political environment in which managers weigh all these factors. Unpicking complexity and sustaining that proposition requires an extensive look at detailed evidence from the period.

The Evidence for Decline and Revival

The extant story of decline and turnaround at London Transport between 1970 and 1990 depends on the use of accurate, but carefully selected, quantitative financial and service outputs. However, these specific outcomes occurred in the wider context of fluctuations in London's economy and population. These factors were beyond the direct control of transport managers, though they nevertheless fostered, or reduced, commuter traffic. Table 2 shows that London's population fell steadily until the late 1980s, and it also shows that against this general background of decline, there were also more specific peaks and troughs in employment related to the economic cycle.

These oscillations between 1970 and 1990 approximately relate to London's experience of economic expansion (1971-73), recession (1974-75), recovery (1976-80), recession (1981-84), boom (1985-89) and the start of yet another recession in 1990 (Edmund Dell 1997). London Transport's managers were aware of the effects of the wider economy, demographics and employment on their business,[26] and these macroeconomic factors need to be considered when we look at the specific transport data. In simple terms, Tables 2 and 3 show falling passenger numbers using public transport and sales revenue until a nadir around 1982 after which there was a recovery. By 1987 passenger journeys and real revenue passed and exceeded 1970s figures. This is the objective foundation of the story of decline and revival that we noted earlier in the literature. However, I argue that these figures should be interpreted cautiously. Table 2 shows that there were long-term demographic trends which could combine with shorter term economic turbulence to influence the overall size of the market for public transport. When viewed in more detail, Tables 2 and 3 show a complex interrelationship between bus and rail passenger journeys, private car usage, sales revenue and government grants that is not quite as simple as "decline and revival". I argue that we should go further than just presenting the data and ask why certain figures within it, such as those relating to subsidy or ridership, have assumed prominence in the literature, and whether the claims made on their behalf can be substantiated properly. To do this, we need to examine and understand the subjective strategic stories surrounding these events and their relationship to politics and transport policy.

[26] See particularly London Transport's annual reports from 1974-77 (TfLA, LT146 series).

Table 2

The Macroeconomic Environment and Public and Private Transport Usage, 1970-90

Year	London's Population, Workforce and Unemployment Claimants				Commuters Entering Central London between 0700-1000 on Weekdays				
	Population	Workforce	Unemployment Claimant Count		By Public Transport	By Private Vehicle	Total	By Public Transport	By Private Vehicle
	(000s)	(000s)	(000s)	(%)	(000s)	(000s)	(000s)	(%)	(%)
1970	7,510	-	-	-	1,002	172	1,174	85	15
1971	7,440	-	-	-	989	175	1,164	85	15
1972	7,360	-	-	-	967	185	1,152	84	16
1973	7,280	-	-	-	949	189	1,138	83	17
1974	7,200	-	-	-	936	184	1,120	84	16
1975	7,120	4,406	58	1	894	185	1,079	83	17
1976	7,050	4,333	116	3	868	187	1,055	82	18
1977	6,970	4,234	136	3	864	192	1,056	82	18
1978	6,890	4,163	132	3	867	200	1,067	81	19
1979	6,820	4,278	114	3	878	195	1,073	82	18
1980	6,750	4,253	104	2	838	211	1,049	80	20
1981	6,810	4,379	184	4	870	199	1,069	81	19
1982	6,770	4,392	262	6	788	233	1,021	77	23
1983	6,750	4,376	302	7	816	213	1,029	79	21
1984	6,750	4,467	339	8	850	206	1,056	80	20
1985	6,770	4,519	366	8	875	212	1,087	80	20
1986	6,770	4,513	382	8	916	187	1,103	83	17
1987	6,770	4,539	381	8	950	181	1,131	84	16
1988	6,730	4,563	313	7	980	177	1,157	85	15
1989	6,775	4,523	242	5	959	183	1,142	84	16
1990	6,800	4,462	199	4	916	178	1,094	84	16

Sources: Office for National Statistics Mid-Year Population Estimates Table MYE2 and NOMIS Official Labour Market Statistics www.nomisweb.co.uk. TfLA LT146 series and Author.

Table 3
Core Activities. London Transport Usage, Revenue and Staffing, 1970-90

Year	Journeys			Total Revenue Including Grants	Revenue from Grants	Staff	Journeys per Staff Member	Revenue per Journey
	Total	By Bus	By Underground Railway					
	Billions	Billions	Billions	Millions £	%	000s	000s	£
1970	2.2	1.5	0.7	120.5	0	60	37	0.05
1971	2.1	1.5	0.6	122.5	0	59	36	0.06
1972	2.2	1.5	0.7	130.9	0	57	39	0.06
1973	2.0	1.4	0.6	137.1	0	55	36	0.07
1974	2.1	1.5	0.6	129.8	10	56	38	0.06
1975	2.1	1.5	0.6	156.4	22	60	35	0.07
1976	2.0	1.5	0.5	156.8	41	60	33	0.08
1977	1.9	1.4	0.5	141.4	35	60	32	0.07
1978	1.9	1.3	0.6	143.0	29	60	32	0.08
1979	1.8	1.2	0.6	138.1	26	60	30	0.08
1980	1.8	1.2	0.6	140.3	27	60	30	0.08
1981	1.6	1.1	0.5	123.8	26	60	27	0.08
1982	1.5	1.0	0.5	143.8	26	58	26	0.10
1983	1.7	1.1	0.6	148.6	31	57	30	0.09
1984	1.9	1.2	0.7	158.2	36	56	34	0.08
1985	1.9	1.2	0.7	156.2	38	52	37	0.08
1986	2.0	1.2	0.8	148.2	29	47	43	0.07
1987	2.1	1.3	0.8	139.2	26	41	51	0.07
1988	2.0	1.2	0.8	141.1	21	41	49	0.07
1989	1.8	1.0	0.8	142.5	20	42	43	0.08
1990	1.7	0.9	0.8	149.5	23	44	39	0.09

Source: TfLA LT146 Series and Author.
Note: All monetary figures are in constant 1970 RPI values (https://www.measuringworth.com/calculators/ukcompare/)

The Political Narratives of Decline and Revival

To explain the motivations behind the narrative of decline, we need to return to the utility- versus profit-maximizing debates that had surrounded the debate about public provision transport for decades.[27] Utility maximizers wanted to see the largest number of passengers possible. From this perspective the benefits of public transport go beyond just the individual user, and therefore both the investment and operational costs of public transportation should primarily fall on taxpayers rather than passengers at point of access (Oded Cats, Triin Reimal, and Yusak Susilo 2014; Pal Pedersen 2003). This rationale lay behind the policy of fare freezes and increasing staffing at London Transport at a time of high inflation in 1974-75 and the fare cut of 32 percent in 1981.[28] By contrast, profit maximizers argued that the passenger should pay the cost of the ride, and that transport provision should meet the pattern of demand. They were concerned about wasteful or inefficient practices that may arise if spending was not carefully audited (Curler 1982; Pucher et al. 1983). This reasoning is visible in the bus service re-organization and fare policies of 1977-81, the removal of London's transport from GLC control in 1984, and its reorganization in preparation for competitive tendering after 1985.[29]

We also need to look more closely at the composition of the revenue that kept London Transport solvent. During 1970-72 London Transport was able to operate without recourse to a public grant. It achieved this by controlling wages, allowing the workforce to dwindle and some modest fare increases.[30] This self-sufficient result ensured harmonious relations the Conservative Party who controlled the GLC at the time, though this outcome was at the cost of growing staff shortage and dissatisfaction.[31]

This amity changed in 1973. Western economies experienced the inflationary effects of the oil price rises which had a direct effect on car usage. The era of ambitious road-building programmes came to an end and there was renewed interest in public transport (Simon Gunn 2011). In London municipal elections that year the Labour Party gained 23 seats and a majority on the GLC. The issues of staff shortage, low pay and discontent at London Transport gained traction in politics. The chairman of London Transport wanted to appreciably raise fares to increase pay and meet rising costs,[32] but the GLC disagreed. Rapidly raising fares was not congruent with a utility-maximizing view of public transport.[33] The outcome was that the Chairman resigned and the GLC replaced him with the former Labour Party MP, Kenneth Robinson.[34]

This political partisanship in the appointment of the chairman of London Transport reinforced a course of managerial decision making governed by municipal politics. Under the

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[27] Tennent offers a good explanation of the political confrontation in his 2017 article which is similar to that in John Dodgson and Neville Topham's (1985) study. Both Tennent and Dodgson are in favor of utility-maximization, but their analysis is also substantiated by John Pucher, Anders Markstedt and Ira Hirschman (1983), who argue from the profit-maximizing perspective.

[28] This is clearly articulated in the GLC's 1982 Medium Term Transport Plan where it stated: "It is the Council's policy to make the fullest possible use of London's extensive transport system. This requires a two-pronged approach to public transport of expanding services where there is a need … and reducing fares to make public transport attractive to all Londoners" (TNA, MT198/75/4).

[29] See the chairman of the GLC's transport committee's 1977 report: "London Transport: A New Look" (London Metropolitan Archive, GLC/DG/PRE/132/002) and LRT's Privatisation Policy (TNA, MT198/180).

[30] Annual Reports from 1971, 1972, and 1973: TfLA, LT146-37, 38 and 39.

[31] Ibid., and *The Times* (1973; 1974a).

[32] *The Times* (1972a).

[33] *The Times* (1972b) and *Daily Telegraph* (1973c).

[34] *The Times* (1974b). See also the TfLA, LT42 series (biographies and press cuttings on chairmen's appointments) for popular perceptions of these events and LT72-13 for the specifics of Sir Richard Way's resignation.

new chairman, London Transport staff numbers rose by 10 percent together with a freeze in fares at a time of high inflation. Table 3 shows that public grants from the GLC, not fares, now kept London transport viable in the face of declining usage. It also shows that these grants grew from nothing in 1972 to £129 million 1975.

Since London Transport had been completely re-organized only five years previously with the express intention of achieving independent financial sustainability, this was a bitterly disappointing outcome to the Conservative Party and the business community (Chapman 1979 and 1982). It is not difficult to link the strategic narrative blaming the management of London Transport as too being weak and supine to a political fear of an unending spiral in the cost of public grants to London Transport and its consequences for local taxpayers.[35] These fears were legitimized as rates (local property taxes) rose from 5.1 to 17 pence in the pound between 1973-75. Property taxes and transport subsidy were salient issues in London's municipal elections, especially at a time of growing public fears about safety and dilapidation on public transport generally.[36]

In the 1977 GLC election the Conservatives emphasized a narrative about the extent of public transport subsidy and waste under Labour. Their leader, Horace Cutler, declared that London Transport was an albatross around the neck of London's ratepayers.[37] Subsequently they gained 30 seats from Labour and a clear majority. Cutler sacked Sir Kenneth Robinson, stating that he did not want ex-Labour politicians running public services which he intended to cut.[38] To reinforce his authority, Cutler appointed not only a new chairman of London Transport but also a controversial former civil servant Leslie Chapman as a non-executive member of the board and unofficial watchdog. From this point managerial behavior on the Board of London Transport and at the GLC degenerated into the panicky and counter-productive patterns outlined by Weitzl and Jonsson (1989).

Chapman was temperamentally impatient and somewhat ostentatious.[39] His internal report in 1979 to his colleagues on the Board of London Transport entitled "London Transport's failure to carry out its functions satisfactorily" bore these hallmarks.[40] In it he catalogued the waste and poor managerial structures and qualities that were holding London Transport back, but additionally he made a number of accusations about the executive privileges enjoyed by the board such as chauffeurs, liquid lunches and luxurious facilities. The chairman of London Transport,[41] presciently observed that it the report was really a story which had been written for a wider audience. The media predictably highlighted the sections devoted to chauffeurs, champagne and good living.[42] The chairman reacted by commissioning Deloitte, Haskins and Sells to systematically assess Chapman's claims of executive extravagance. Their report refuted most of them,[43] but the strategic story was compelling. Chapman's sensationalized, if partly fictional, account of sloth and indulgence became a powerful influence on the perceptions of London Transport in the postwar years as a leitmotif around which the strategic

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[35] *Daily Telegraph* (1973a; 1974a)

[36] These issues consumed a large portion of public attention, accentuated by the Moorgate disaster in 1975. See a selection of press from the period: *Daily Mail* (1975b; 1975c; 1975d); *Daily Mirror* (1976b); *Daily Telegraph* (1973b; 1974c); *The Times* (1975).

[37] *Daily Telegraph* (1977a; 1977b).

[38] *The Times* (1977; 1978); *Daily Telegraph* (1977c).

[39] Chapman enjoyed publicity, posing with an axe outside his cottage for the *Daily Telegraph* (1980b).

[40] Chapman's letter to his colleagues on the Board and his subsequent investigations are extraordinary documents, remarkable for undermining their own arguments with their sarcastic tone and focus on trivial but salacious "lifestyle" management issues. TfLA, LT101-119, July 1980.

[41] Ralph Bennett, formerly the vice-chairman of London Transport.

[42] *Daily Mail* (1979); *Daily Telegraph* (1979); *The Times* (1979).

[43] Deloitte, Haskins and Sells Report into Leslie Chapman's accusations, March 1980 (TfLA, LT1859-2).

story of London Transport's decline could be continually recalled and referenced (Barry and Elmes 1997; David Bubna-Litic 1995; Chris Carter, Michael Heller, Alan McKinlay, and Michael Rowlinson 2019; Hansen 2012; and Zilber 2007).

Nevertheless, Chapman was correct in some of his strategic appreciations of weak management. His managerial observations were vindicated by another much more thorough report into London Transport's management and performance by the PA International Consulting Group in 1980. They found that executive authority had been weakened by the constant changes of chairman, board members were too focused on the needs of the organization rather than customers or marketing, there was no overarching strategy to guide them, decisions were expressed in terms of general intentions without specific responsibilities being allocated and the board and management generally were ignorant of their market and their competition.[44] Following this report and a botched attempt at supressing it, Cutler sacked Ralph Bennett promptly. He persuaded Sir Peter Masefield[45] to take the appointment, though Masefield stressed that he would only accept the appointment temporarily. Notably he insisted on the express prior agreement of both the Conservative and Labour parties, an indication of just how defensive management had become in the face of political partisanship. One of his first actions was to sack Chapman after he had appeared on television to publicly criticize his colleagues without prior discussion or notification.[46]

The turmoil allows a number of observations to be drawn. London Transport had clearly reached Weitzel and Jonsson's crisis stage of decline with the board and other key actors exhibiting many of the deceptive and quasi-hysterical behaviors also documented at a micro level by Cameron et al. (1987), Jeffrey Ford (1980), Mellahi (2005), and Schwartz and Menon (1985). What is challenging for these linear theories of decline is that while the specific phases can be observed clearly, the organization's progression through them is not sequential. The possibility that an organization in decline may face the same circumstances more than once and yet repeat the same set of policy choices is not considered in the models. This might appear irrational. But this is the value of business history. It reminds us of what organizations actually do, as opposed to what they theoretically do. The archives indicate that almost exactly the same strategy at London Transport as previously seen in 1973-75 was tried again in 1981-82.

In the 1981 London municipal elections the Conservatives lost control of the GLC to Labour. Labour proposed a radical, utility-maximizing approach to transport policy and in line with their manifesto commitments they quickly reduced fares on London Transport by 32 percent in late 1981.[47] Subsequently, a case for judicial review of that decision was brought by Conservative councillors in a relatively wealthy outlying borough not directly served by underground railways. The basis of their claim was that ratepayers in their borough were sponsoring services from which they did not benefit. After several contradictory judgements and appeals, the House of Lords judicially imposed a rise in fares of 96 percent. London Transport appealed that this was too much, and in 1982 yet another judicial decision cut them again by 25 percent. These contrary decisions severely disrupted London Transport's finances, staff outputs and passenger journeys (Tables 2 and 3). Direct judicial activism lent

[44] See the summary in the PA International Consulting Report on the Organisation of London Transport, April 1980 (TfLA, LT1895-5). See also comment in the media from *The Times* (1980); *Daily Telegraph* (1980a).

[45] Then the chairman of British Caledonian Airways, formerly chairman of the British Airports Authority.

[46] Masefield taped Chapman's interview on ITN and then played it to the Board with Chapman present. There was an altercation which was deleted from the official record, and Chapman left the room—an illustration of just how dysfunctional relationships at the Board had become. See records of the Chapman interviews at TfLA, LT1859-119.

[47] *Daily Telegraph* (1981); *The Times* (1981c).

weight to the idea that London Transport management were not sufficiently competent to decide their own fares policy.

Overall, the events of 1981-82 replicated those of 1973-75 but with greater intensity. Twice there were politically-inspired policy choices in response to decline which consisted of maximizing utility through fare cuts and then meeting the operating shortfall through public grants. Managerially, the atmosphere became ever more confrontational as politics impinged directly on top appointments, strategy and then finally on the relative minutiae of policy making. The key to understanding this confrontation lies in the political reactions to the changing composition of the London Transport's revenue and how it relates to the utility- versus profit-maximizing analysis of the purpose of transport policy. Table 3 shows the level of subsidy fluctuating in almost direct correlation with the political pendulum observable in Table 1.

At this point, it is worth briefly outlining the increasingly political composition of the Board, and the GLC's influence upon it. At its founding in 1970, the Board consisted of six full-time members, including the chairman, and two part-time members. The GLC could put forward its own nominees and exercised a veto over the chairman. However, while the degree of expertise required for the full-time positions heavily constricted the choice of appointment, the requirements for the part-time members were more open to interpretation. To balance this, the wording of the statute expected that the GLC would follow the full-time members advice in the part-timers' selection process. Over time, the archives show that the number and the incumbency of the full-time members remained quite stable, though as we have seen the position of chairman was much more volatile, a finding confirmed by the conclusions of Deloitte, Haskins and Sells' report in 1980.[48] At the same time, the number of part-time members gradually grew and became more overtly political, as the Chapman episode presaged. By 1983 the full-time members and the chairman were in direct conflict with the GLC over their preferred part-time appointments. The GLC prevailed in the dispute, fleetingly. The issue became a major public and political controversy which played a significant role in focusing the government's intention to separate the management of transport from the GLC shortly afterwards.[49]

In 1984 the UK government removed London Transport from the control of the GLC and placed it under its own control. This change ushered in a raft of new policies orientated towards profit-maximization, and all of the GLC's recent appointments to the Board were replaced. Some change in this direction had begun previously with Masefield's brief appointment as chairman between 1980-82. He accepted the recommendations of the 1980 PA International Consulting Group report and began to reassert the independent initiative of London Transport, telling his colleagues that they must resist "creeping municipalisation".[50] Masefield's appointment coincided with the arrival in the UK of New Public Management (NPM) as a prescription for the management of public services in the wider authorizing environment. London Transport absorbed its orthodoxies. The bus services were first decentralized, and then elements franchised out (Richard Common, Norman Flynn, and Elizabeth Mellon 1992). Observing the conventions of NPM, the 1982 annual report was the first to have a formalized statement of specific internal corporate strategies and targets. These emphasized the reform of internal structures and thorough auditing of organizational activities through a cost-benefit analysis. This meant that the services provided should match demand and the organization should concentrate on doing its core activities more efficiently.

Beginning in 1982 the target reduction for costs was at least 1 percent per annum. These targets escalated, rising to 2 percent in 1983, 2½ in 1984 and 4 percent in 1987. It is true that

[48] The Organisation of London Transport: Report to the Chairman by the consultants PA International, April 1980 (TfLA, LT1859-5).

[49] See *Daily Telegraph* (1983; 1984), *The Times* (1981a), and *The Financial Times* (1983).

[50] Minutes of LT Board Meetings, Autumn 1980 (TfLA, LT1859-01).

reports in previous decades had urged staff in general terms to make economies, but the fact that the goals from 1982 onwards were codified, targeted and numeric made their communication far more specific. From this point too, London Transport's annual reports began to be expressed increasingly in quantifiable metrics and the section devoted to the annual accounts grew from a third to two-thirds of the entire report.[51]

Having set the foundations for managerial change, Masefield retired. His successor, Dr Keith Bright, continued them. The media initially mocked his experience as a former director at Huntley and Palmer foodstuffs and United Biscuits,[52] but his background was symbolic of the new strategic narrative at London Transport. Choosing a chairman from a completely unrelated area of the private sector was a departure from precedent. It showed a clear central government determination to recruit not just from outside transport but from outside public administration, reinforcing the profit-maximizing narrative. In line with this, in 1984 London Transport's property holdings were reassessed for the first time since 1970. They had increased in value by £1.7 billion. This asset re-valuation was indicative of long-term ambitions to divest London Transport of parts of its real estate, deemed to be surplus in the annual reports from 1985 onwards.[53] Subsequently, sales of property made small, but useful, additions to revenue.[54] There is no direct connection in the accounts from these receipts to specific expenditures or investments, but the period in general sees a considerable fall in grant subsidy (Table 3). This was the product of a very different type of managerial decision making inspired by a profit-maximizing political vision of the priorities for London Transport. The new body, London Regional Transport (LRT), published a full strategy review in 1985 aimed at improving productivity, accountability and identifying costs.[55] Thereafter LRT cut employee numbers drastically, resulting in an appreciable rise in journeys per staff member. The picture regarding revenue (including grants) per journey is more complex, but a sustained uplift in spite of a falling grant is visible from the mid- to late 1980s (Table 3). The volume and rapidity of staff redundancy offered yet another indication of a management firmly committed to a cost-minimizing approach to service provision. Most importantly, from a political perspective by 1987 London Transport's government subsidy was the lowest in real terms since 1974 (Table 3). This was gratifying to the contemporary government which was committed to controlling public expenditure and Bright received a knighthood whilst still in post as chairman as a token of recognition of his efforts.

These managerial and policy changes were co-incident with sustained growth in passenger numbers and fares, as well as some reduction in cars entering central London from 1982 onwards (Tables 2 and 3). Overall, the evidence of a change in political and managerial approaches from a utility-maximizing to a profit-maximizing strategy at London Transport after 1982 runs in parallel with evidence of a long-term turnaround in London Transport's core activities from this point. The question remains for future research to what extent those outcomes were contingent or coincidental.

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[51] See TfLA, LT146-51, 52, 53 and 54, London Transport's Annual Reports and Accounts from 1984 to 1988.

[52] "London's Transport Chief Salted the Crisps" according to the *Daily Telegraph*. From a selection of press cuttings: TfLA, LT375-110.

[53] TfLA, LT146-52: London Transport Annual Report and Accounts 1985-86.

[54] TfLA, LT146-53: London Transport Annual Report and Accounts 1986-87.

[55] See TNA, MT198/165: London Regional Transport, Finance, Structure, Policy. Letter from the Chairman to the Minister of Transport, January 1985 and TfLA, LT82-17 Sir Keith Bright's 1985 plan and statement of strategy.

Conclusion

This article de-mythologizes London Transport's past. It does so by separating the historical narratives and the historical evidence about an important series of stories that have caricatured, but not explicated, the issues in play during a period of significant turbulence for the organization between 1970 and 1990. This study has sifted the data and story lines to understand how political agendas in transport really work, offering value to practitioners as reflectors on their own organizations' pasts.

London Transport exhibited an observable cycle of decline and turnaround in the two decades between 1970 and 1990, but it was not linear or easily sequenced. As an enduring public body, characterizing London Transport's deteriorating position as an inexorable prelude to failure makes little sense. Decline at London Transport had several stages which blended into each other and did not proceed in an orderly way along timelines. Passenger numbers fell and then recovered, the number of cars entering central London daily rose and then fell, fares and subsidy fluctuated as component parts of revenue. However, this raw information was less important than the manner in which it was used. Interpreting this evidence created conflicting narratives and the resulting confrontation was highly visible, impacting passengers and politics.

These untidy cycles of events contrast with the orderly managerial stories attached to them and are best explained via politics. To do that, this article contextualises the transport policy debate within a utility-maximizing versus profit-maximizing framework of analysis. This approach acknowledges the primacy of determinist environmental factors in organizational strategy making, in this case the ideological complexion of the authorizing environment. Accepting the primacy of politics also accentuates the importance of studying the creation of strategic narratives and sense making storytelling about organizations.

I argue that from 1970-90 London Transport's chairmen and managers were not supine or lazy, but they were constrained by what was feasible within the political environments within which they operated. Initially they reacted to decline by cutting fares and raising staff numbers to maximize usage. These were policies approved of by left-wing politics. But this dismayed profit-maximizers associated with right-wing politicians. Repeated fluctuations in municipal political control and even the entry of judiciary into the debate indicate how bitterly these strategies were contested. After 1984 the political climate changed decisively to the right. New policies were possible, and as well as being proposed on their own merits they could be legitimized by presenting what had occurred before as a failure. Moreover, the duration and the intensity of the political battle over control of London Transport meant that the narrative of decline about the losing side had to be specially emphasized in order to ensure there was no resurgence as there had been in 1981. These events do not represent an inevitable or linear progression along a narrative of decline. In significant ways the events of 1974-75, 1981-82 and 1984-85 were the same dilemmas recycled, as political factions went in and out of office.

As per Argenti (1976), further research on decline and turnaround should shun simple dichotomies, checklists and sequential timelines. Instead, observing the quotidian rhythms of an organization through micro study of the archives offers more significant insight. Having established these patterns, researchers should look for the disruptors to those relationships which may signal critical junctures and magnify latent conflicts within the organization. Wild (2010) is right to say that managers have choices, but I have argued that they are bounded not just by rationality but by the politics of the strategic narratives and stories underpinning the organization. Revealing these offers the chance to create a history of a business that is both practical and accurate.

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Author has no conflicting financial or other interests to declare in respect of this article.

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