

Making a Hybrid out of a Crisis: Historical Contingency and the Institutional Logics of London's Public Transport Monopoly

Introduction

This paper seeks to extend historical enquiry into hybridity and evaluate the reasons for creating a monopoly public service provider through a historical case study blending both economic and political sources of evidence. We think that this approach allows a mode of historical explanation which permits a dialogue with, yet circumvents, the pure abstraction of new economic history and encourages a multi-modal methodology (Tennent, 2020).

Therefore, while we offer six tables of statistical information, we use this quantitative data to support our wider qualitative evaluation rather than presenting it as the totality of our analysis. Instead, we situate the creation of a new hybrid organisation as a political reaction to a specific crisis arising out of a combination of market failure and democratic deficit. Here, we build on Bratzel's (1999) study of public transport in European cities where he observes that crises and social conflicts are essential ingredients in re-casting transport policy, and we pursue the pre-war origins of Mees' recent (2010) proposal that public transport benefits from provision by arms-length organisations. We also note that resistance to changes in institutional logic as an organisational response hinders isomorphism and accentuates idiosyncrasy and the role of historical contingency (Marquis & Lounsbury, 2007).

This paper begins by critiquing the existing explanation for unifying London Transport as being overly dependent on economic data and therefore over emphasises efficiency-based arguments. By comparing the performance of London Transport prior to and after amalgamation, we show that purely economic justifications for this outcome are not entirely credible even in their own terms. Therefore, we supplement this quantitative data by using evidence from Parliamentary debates, newspapers, annual company reports and London Transport's own senior managers in the period to construct an explanation that addresses the subjective, political aspects of amalgamation. Our next line of reasoning relates to the role of historical contingency in shaping the type of response to crisis. Here, we emphasise

the inter-war period as the frame for our investigation to encompass the statutory creation of London Transport as a 'hybrid' public service monopoly in 1933 and allow sufficient time either side of that event to make valid comparisons. Just as importantly, we argue this period also covers the major defining moment in the process of unifying London Transport, the so called 'pirate bus' crisis in 1924. In common with some other jurisdictions, this arose from the unregulated proliferation of private buses which caused danger, congestion, a fall in revenues and transport workers' wages and a strike (Barker & Robbins, 1976; Cudahy, 1995; Heras, 1994; Croome & Jackson, 1993; Mom, 1995). We propose that the London 'pirate buses' were especially influential because they exposed both a market failure and a democratic deficit simultaneously. This contingency focussed a previously fissiparous discussion about what was positively required from transport by reversing the question and providing politicians and the public with a very clear example of what was definitely not wanted. Moreover, events in London inevitably unfolded in full view of the national press, the executive and the legislature, as well as taking place in a capital city whose scale dwarfed other regional cities and still had, in the inter-war period, pretensions to symbolising the orderliness expected of the centre of Empire. All these factors generated renewed urgency in politics to create a new body to regulate London's transport which incorporated a new balance of institutional logics, supposedly tilted away from the market and towards the state (Gordon, 1938; Morrison, 1933; 1960).

Our third strand of questioning relates to politics. We note that in contrast to recent interest in hybrid organisations from the early 1980s onwards, our study assesses hybridity as a supposed move away from the private sector rather than towards it. Using this novel approach, we examine to what degree state and market logics blended, replaced or assimilated into each other (Thornton et al. 2012). We argue that despite an ostensible commitment to civic service, the balance of these logics within the new institution remained skewed towards the market, excluding public transport from democratic control (Chandler, 2007; Fowler, 2019). This uneven balance was concealed behind political rhetoric that propagated unification as being synonymous with rationality and efficiency, which appealed

to politicians in a turbulent period because it transcended the political left and right (Fowler, 2019; Hey, 2010; Mulley 2008). In conclusion, this study shows that this form of quasi-municipal capitalism has a long antecedence. In Britain, hybrid organisations removed the state from the direct provision public services decades before the (re)introduction of New Public Management in the 1980s (Hood, 1991). We would welcome future research regarding how this re-emergence was facilitated by the endurance of market institutional logics concealed within public services outwardly associated with state logic, as can be observed in this study.

Background

Before 1933 transport in London was provided by well over a hundred different organisations ranging through large scale private companies, local authorities and small independent operators (Barker & Robbins, 1976). London's transportation was particularly fragmented because of the existence of both a London County Council and a set of London Borough Councils which resulted in significant overlaps and conflicts in transport provision at a municipal level. Some Boroughs operated rival tramways, while others banned them altogether. Matters were further complicated by the existence of a unique body, the Corporation of the City London, which held significant political influence and veto powers over the use of the streets in the 'Square Mile' of London's commercial centre (Robson, 1939). Finally, municipal transport was restricted legally to the operation of trams, and therefore all buses and trains were privately operated (Turner & Tennent, 2019).

In this highly complex picture Yuzawa (2015) shows that only three transport organisations were of any city-wide significance: The Underground Electric Railway Company of London (UERL)¹ which accounted for 66% of gross transport revenues, The Metropolitan Railway

¹ The UERL was a private company that had gradually acquired control of the majority of mass transit provision in London from 1907 onwards. Despite the title 'Underground Electric Railway Company' the UERL operated trams and buses as well as underground electric trains.

(MR)² which accounted for 7% and the London County Council (LCC)³, which operated the largest tramway network, accounted for another 18%. We use these organisations as well as London based suburban railway companies as the pre-unification comparators throughout this study.

In 1933 all the companies in the London transport area⁴ were amalgamated by statute into the London Passenger Transport Board (LPTB). Though it was created by government, the Board remained in private ownership, symbolically retaining the chief executives of the former UERL, Lord Ashfield⁵ and Frank Pick⁶ as the new chairman and vice-chairman. This 'hybrid' mix of state and market principles, practices and symbols occurred in other major cities. This outcome had close parallels to the Corporacion de Transportes de la Ciudad de Buenos Aires in Argentina (Heras, 1994), as well as some commonalities with the French Régie Autonome des Transports Parisiens (Garbutt, 1997) and the New York City Transit Authority (Cudahy, 1995). Domestically, the Board also had some resemblances to the contemporaneous British Broadcasting Corporation and the Central Electricity Board in the UK (Millward & Singleton, 1995). The statutory goals of the new unified organisation were set out in the 1933 London Passenger Transport Act. Sections 3(1) and 3(4) obliged London Transport to offer both an improving service to the public and ensure that fares covered all costs. These requirements offer good examples of the conflicting state and market logics that are the hallmark of hybrid organisations. We now discuss them in more detail.

Literature

² The Metropolitan Railway was in most respects a normal railway company except that roughly a quarter of its network mileage ran underground through central London. It connected the prosperous north-western suburbs to financial centre of the City of London.

³ The London County Council ran the most extensive and widely used tram network in the city, but operated no other modes of transport.

⁴ A region that stretched for roughly 30 miles in all directions from central London.

⁵ Albert Stanley (Lord Ashfield from 1920) grew up in America and became the assistant general manager of the public service corporation of New Jersey before he was recruited to the UERL as general manager in 1907. He became director of the UERL in 1910 and then chairman of the LPTB in 1933 until his death in 1948.

⁶ Frank Pick worked for the North Eastern Railway before moving to the UERL as an assistant to the managing director in 1906. He became commercial manager of the UERL in 1912, and vice chairman of the LPTB in 1933 until his resignation in 1940.

Hybrid organisations and institutional logics

Hybrid organisations combine the functions and characteristics of private, public and charitable bodies. Their multi-faceted and abstruse nature has ensured that plentiful research has been carried out into describing and categorising them, though their combination of multiple organisational forms and origins make wide ranging generalisations difficult (Alcock, 2016; Billis, 2010; Brandsen et al. 2005; Docherty, 2014). Thus, hybrids like London Transport represent complex, incongruent and composite rationalities. These can be explored via institutional logics within different institutional orders: family, religion, state, market, profession and corporation (Thornton et al. 2012). Here we concern ourselves primarily with state and market logics. Each presents unique organising principles, practises and symbols which influence actors' decisions through dominant norms, values and behavioural expectations which enforce legitimacy, authority and identity (Skelcher & Smith, 2015; Thornton et al. 2012).

The existence of these complex bodies is justified predominantly in two ways. One explanation offers mimetic isomorphism (Di Maggio & Powell, 1983), concluding that hybrids emerge simply because there are other hybrids (Van Thiel, 2004). This explains an accelerating trend in hybrid creation since the 1980's but does not offer much clarity about their antecedents. Other studies use economic data to make comparative analyses of public service performance before and after the creation of a new hybrid organisation as the service deliverer (Haigh et al. 2015). It follows that the reasons for their creation and existence can be objectively related to the reality of improved services or benefits stemming out of transaction cost advantages (Nee, 1992). However, conclusive advantages to customers and citizens have been hard to find in practice (Jilke et al. 2016; Overman & Van Thiel, 2015; Van der Walle, 2008).

To overcome some of these explanatory problems, this paper follows other research looking more intensively at the historical circumstances and politics of Hybrid organisations (Friedland & Alford, 1991; Gillett & Tennent, 2018; Radford, 2013). It traces their influence through the balance of institutional logics evident before and after the unification of London

Transport as a hybrid organisation. We start with Stinchcombe's (1965) proposition that distinct 'spurts' of rapid organisational transition which occur when the wider political consensus is disturbed. Disruptive historical contingencies such as democratic deficits and market failures act as accelerators and influencers of the timing and nature of changes in organisational form (Minkoff, 2002; Ruef, 2000; Sneiberg et al. 2008; Wadhvani, 2011). In this study we emphasise the importance of both democratic deficits and market failures in the creation of hybrid organisations, but we draw what we see as an important distinction between hybrid organisations created as social enterprises and hybrids created as semi-independent government agencies. The former integrate the wider public into the process of organisational decision making (Battaliana & Lee, 2014), and the latter limit or reduce popular influence in service provision (Van Thiel, 2004). Through this analysis, we characterise London Transport as a Quasi-Autonomous Non-Governmental Organisation (QUANGO) i.e. an arms-length government agency whose purpose is to provide a social good normally associated with public institutions but without direct government responsibility or public involvement (Brandsen & Karre, 2011; Jay, 2013; Smith, 2010).

Having established organisational form, we then employ institutional logics to tease out the detail of how the balance of influences changed before and after unification. Institutional logic has four underlying assumptions which make it useful in discussing hybridity in the manner adopted by this study: Firstly, it disputes the primacy of rational choice. It allows actors partial autonomy and seeks to explain their actions through bounded intentions rather than bounded rationality. Bounded intentions take into account not just cognitive restraints as per the limitations of rationality, but also the parameters to behaviour imposed by individuals' goals and identities. These accentuate the role of political influences. Secondly, it allows for micro analysis at the organisational level. Thirdly, it allows the integration of symbolic and material evidence found in archives. Hybrid organisations fulfil social and economic roles and therefore leave behind both qualitative and factual evidence in the records they generate. We argue that interpreting that evidence requires a framework that accounts for both functions. Fourthly, it accepts historical contingency whilst conceding

that relatively little research has been done in this area (Thornton et al. 2012). In summary, this paper finds theories driven by mimetics or economic data to be incomplete explanations of both the creation and the nature of hybrid organisations. Instead, we privilege a historically contingent and political explanation via institutional logics, charting how a combination of democratic deficit and market failure gave rise to a new balance of state and market logics in a particular organisation.

The unification of transport in London

Almost all historical accounts of the unification London's transport explain the move as a desire for efficiency (Barker & Robbins, 1976; Gordon, 1938; Croome & Jackson, 1993; Lloyd-Wilson, 1939; Morrison, 1933). In doing so they have much in common with more recent attempts to explain hybrids as rational choices by assessing the performance of public services 'before and after' the introduction of a hybrid monopoly. Barker, Gordon, Jackson's and Morrison's monographs and articles all draw heavily on the 1924 'Pirate Bus' crisis to attack the market logic of competitive transport provision as wasteful. Leading officials from the largest pre-unified private organisations are portrayed as the foremost experts in their field and their succession as Chairman and Vice Chairman of the new unified London Transport is seen as the rightful assumption of authority (Barker & Robbins, 1976; Croome & Jackson, 1993; Wolmar, 2004). The literature presents the purpose of consolidation as financial, service and managerial efficiency. Collectively, these prospective benefits were referred to at the time under umbrella term 'co-ordination'. Co-ordination of transport was a promise that encompassed higher dividends, better pay, faster, cheaper and more modern services to be delivered by a professionalised cadre of 'scientific' managers (Hey, 2010).

Some the critics of co-ordination used efficiency in support of their arguments too. Porter (1907) opposed municipal or state monopoly of public services on the grounds of waste and moral hazard. He was concerned about excessive debts accumulated by irresponsible, populist policies enacted by public bodies as a result of appeasing the electorate. Alternatively, Morrison (1933) opposed private monopoly on the grounds of

excess profits, but he was confident that a state monopoly for London Transport would deliver the benefits implied by 'co-ordination' on the same efficiency-based reasoning as given in other literature.

Only Lloyd-Wilson (1939) discusses the creation and operation of the new London Transport monopoly in terms other than efficiency. He situated the origins of the LPTB as a general problem of ownership exacerbated by a particular crisis, citing four factors: The crisis of destructive competition amongst the buses, the resulting strike, the general problem of congestion and the recession of the early 1920s. However, he offers little evidence and most of the work describes rather than critiques the mechanisms and structure of the new organisation.

This leaves two gaps in the literature which this paper investigates. Firstly, the lack of a thorough analysis of London transport providers as businesses before and after amalgamation to substantiate or disprove the efficiency claims. Secondly, the political environment and the nature of organisational forms in transport at that time is under researched and under theorised, leading to an over reliance on economic data for policy choices. Addressing the shortfalls requires longitudinal archival research of the organisations, contemporary media reporting and parliamentary records combined with appropriate secondary literature as an analytical framework.

Methods

Following Yin's (2003) matrix of relevant situations for different situation strategies, our study exists within the intersection of archival analysis, history, and case study. As inferred by our aforementioned research aims, we were mainly concerned with the "How?" and "Why?" of our case in relation to motives and decision-making. This paper seeks to review history and develop theory in the field of hybrid organisations. It applies a series of accountancy based quantitative analyses and Reay & Jones's (2016) pattern matching qualitative analysis to combine the objectivity of organisation studies with historical interpretation (Buchleli & Wadhvani, 2014; Decker et al. 2015; Maclean et al. Decker; 2018). This is compatible with

Gillett and Tennent's (2020) definition of the archive as a distinct collection of materials kept in an archival location, the primary evidence was drawn from archives most closely related to the organisation: The Transport for London corporate archive and the London Metropolitan archive. We supplement this with evidence from the British Newspaper archive and records of British parliamentary business via Hansard. We identified the secondary sources through the study of the relevant journals, their articles and following their citations. They allow triangulation of evidence of the same events between different commentators and different time periods. To produce the case study, we investigated beyond descriptive case history, by observing patterns within the data (Pettigrew 1997), identifying motives for amalgamation and efficiency claims, and interaction with political and public authorities.

In our first line of analysis, we compare London Transport's performance before and after hybridisation. Here, financial data in the primary sources allows the application of a series of management accounting ratios to the financial records of the Metropolitan Railway 1913-31, the Underground Electric Railway Company of London 1913-32 and the London Passenger Transport Board 1934-39 and 1946-47. 1933 is omitted as the amalgamation of the first two businesses into the latter hybrid organisation took place in June that year and the war years between 1939-45 are also omitted as anomalous. The annual reports for the Metropolitan Railway for 1920, 1925, 1929 and 1932 are missing in the archive, but we consider that the remaining records are sufficient to discern the trends.

As we explained, both the specific literature concerning the creation of London Transport as well as much literature about hybrids in general couches its arguments in terms of statistical and economic data. We want to test those claims in their own terms, and we have selected a variety of commonly used accounting formulae and service statistics to make valid, reliable judgements about London Transport's performance before and after hybridisation (Holmes et al. 2005; Parker, 2007; Walsh & Warner, 2015).

(Insert Table I about here)

In addition, we used qualitative records to help us examine the role of politics and the evolution of institutional logics. We followed Eisenhardt's (1989) claim that linking to existing theory enhances the internal validity and level of theory building from case research. Considering public and quasi-public management theory, because our case shared cosmetic similarity to that described in the public–private partnership literature (e.g. Skelcher 2005). Consistent with Gillett and Tennent's (2018) study of relationships between public authorities and private business, we identified 'hybridity' and 'institutional logics' as two applicable concepts, which were also compatible with one another to enhance the explanatory power of our research.

The qualitative evidence covers company reports describing, explaining or justifying the financial results. There is a large business correspondence between the key actors, minutes of their meetings and memoirs published after the events and a large volume of evidence in newspapers and in parliamentary records of debates at the time. Through this we can assess changes in logics at London Transport by using elements of Reay & Jones's (2016) pattern matching method to qualitatively capture institutional logics we compared our data against an 'ideal' type of institutional order shown in the diagram below (Thornton, 2004). This is especially so where quantitative data gives unexpected or apparently incongruous results which benefit from historical interpretation of the events and figures in the discussion of the results. Lastly, we interpret our archival evidence through a typology of change in institutional logics to discern what new blend of logic was inherent in the newly created London Transport. Thornton et al. (2012) offer the following taxonomy which we use to frame our interpretation of the primary evidence:

(Insert Tables II and III about here)

The case study approach to research contains two significant weaknesses relating to generalisability. Firstly, that the data itself is drawn too narrowly to reliably infer trends within the context of the study. Here we argue that as the primary data is drawn from a 30-year

period, anomalies can be identified and contextualised. The second weakness is that the London Transport was just one example of a hybrid organisation in particular circumstances. We acknowledge this criticism but argue for several mitigatory factors. Firstly, that London was a city of global importance, especially in the period we discuss, and its sheer scale and influence ensures its enduring significance. Secondly, we argue that conceding some applicability for fidelity is an acceptable trade-off. What singular accounts give up in terms of generalisability they gain in terms of fidelity and contextual accuracy (Bryant, 2000). The case does however demonstrate the generalizability of the principles of hybridity and institutional logics to be equally applicable to the first half of the 20th Century, thus broadening the evidence base for their temporal scope. This is important because extant literature focuses either mainly on the 21st century context but with some longitudinal element (e.g. Pache and Santos, 2013) or is based upon cases situated within the latter half of the 20th Century (e.g. Battilana and Dorado, 2010; Gillett and Tennent 2017; 2018; 2020; Thornton and Ocasio, 1999).

Findings and Discussion

The economic data

As our first analytical theme we asked whether the move to unified 'hybrid' transport provider could indeed be justified on economic grounds. In the period, the American 'efficiency craze' prior to the First World War suggested that amalgamation could dramatically improve allocative efficiency and commensurate financial performance. It was strongly associated with rationalising transport organisations (Miranti, 1989; Oakes & Miranti, 1996; Paish, 1902). These improvements in financial viability and service outputs resulting from unification and co-ordination were also anticipated in Britain (Lowes-Dickinson, 1924). Sir George Gibb's re-organisation of the North Eastern Railway owed much to his observation of American methods, and he became the managing director of the UERL in 1906. His protégé, Frank Pick, cemented the implementation of detailed statistical accounting and the general manager, Albert Stanley, drew on his experience of re-organisjng the Public Service

Corporation of New Jersey to continue the agglomeration of transport provision under UERL auspices after Gibb's departure in 1910 (LT1172; LT612-002; LTM Box B6 ASH, Morrison, 1933). Following, though not overtly acknowledging, these American leads the 1933 London Passenger Transport Act made it a duty of the Board to: 'Properly co-ordinate [a] system of passenger transport... avoiding the provision of unnecessary and wasteful competitive services... to provide most efficiently and conveniently for the needs [of passengers]'. All these prevalent financial and operational expectations form the background to the discussion of the data in Tables 4-9.

(Insert Table IV about here)

Table Four shows that the UERL could return an average of 5-6% on their investors' capital, slightly better than the Metropolitan Railway's 4%.⁷ This was in line with reasonable expectations of the period and better than competitors such as the Big Four Railways (Weston, 1908; Crompton, 1985; Davies, 2014). However, the LPTB achieved a slightly better 6-8% return from its capital and assets.

(Insert Tables V and VI about here)

Tables Five and Six show that the short-term liquidity of the Metropolitan Railway and the LPTB was good for organisations with such large long term sunk costs. The Metropolitan Railway's final annual report in 1933 shows that the company had made £23.3 million of capital expenditure (LT897-6) and by 1938 the LPTB had spent £131.3 million (LT1011-005) on the network. However, Warner & Walsh (2015) explain that: 'an interesting aspect of the depreciation effect is that certain types of companies can suffer serious trading losses

⁷ We acknowledge that there is some complexity here in making direct comparisons. For example, the Metropolitan line had a small freight and property revenue stream which the UERL did not, although the UERL did make money from advertising. However, all these revenue streams were minute in comparison to both company's main revenue from passengers.

without suffering from cash shortages, e.g. transportation or utility companies. So long as losses are less than the depreciation charged in the accounts, their operations are cash positive'. Indeed, when the Second World War causes depreciation to rise rapidly the LPTB's position deteriorates drastically. Nevertheless, the overall picture is that none of the organisations in question were seriously affected by liquidity problems in the inter-war period.

(Insert Table VII about here)

Table Seven shows that the market valued the UERL's ordinary shares as junk. Since public transport systems need continual large investments for building infrastructure and renewing rolling stock, London's main pre-amalgamation transport provider was therefore in long term difficulty. Note that their suburban and mainline competitors suffered similar dramatic declines. By contrast, the MR's shares retained their value, showing that not all the constituent elements of the LPTB had failed the market test. This result strengthened the MR's negotiating position and ensured that statutory returns to LPTB bondholders were higher than might reasonably be expected of a socialised industry (Barker, 1976; Croome, 1993), an example of the enduring influence of market logics on the formation of the LPTB. After unification, the bonds issued by the LPTB to support its activities compare well with similar bond issues by city corporations that engaged with municipal trading, such as the provision of major tramway and bus systems. Unlike the Corporations, the LPTB was not able to offer the guarantee of a tax base via ratepayers to secure it preferentially low interest rates on its loans (Shaw, 1904). Nevertheless, the market clearly had confidence in the LPTB as a viable organisation comparable in value to municipal corporations. We argue that this was based on an assumption that it was 'too big to fail', and the conservative establishment credentials of its Board and the appointing trustees. These factors were combined with their statutory immunity from the vicissitudes of democratic politics. Taken

together they were collectively sufficient to guarantee direct government backed loans (Davies, 1937, Finer, 1941).

(Insert Table VIII about here)

Moving to service comparisons, Table Eight presents evidence that neither the Metropolitan Railway nor the UERL were getting noticeably better or worse at efficiently moving passengers. After amalgamation, the period of control by the Board itself shows some slight deterioration on the railways and a plateau as regards trams, trolleys and buses. Morrison and others had hoped for distinct efficiencies arising out of co-ordination (Morrison, 1933). Table Eight shows that they were to some extent disappointed. Nevertheless, operational co-ordination did occur in some other areas such as the standardisation of wages and rolling stock. Since these meant that the highest standards of the pre-amalgamation companies were then applied universally across the whole of the newly unified board (Barker & Robbins, 1976; Clegg, 1950; Croome & Jackson, 1993), Morrison can claim to have been vindicated as regards the benefits of co-ordination for employees and to some extent passengers. The downside was that, as with other amalgamated transport companies, the costs of these co-ordinating moves undermined the market-based logic hopes for financial savings via rationalisation (Bonavia, 1981). We argue that, like efficiency, co-ordination was primarily a useful rhetorical device to obscure division. Where it did practically occur, there appears to have some slant towards state logics in its outcomes.

(Insert Table IX about here)

Regarding fares, Table Nine shows that between 1925 and 1933 the real cost of travelling a mile rose by 17% and thereafter it fell 9% by 1939. During the Second World War the LPTB raised fares by 50% in 1940 and then by 33% in 1947. However, wartime incomes also increased by 64%, keeping the cost of travel comparatively stable. Overall, we find that the

real cost of travelling rose pre-amalgamation. By contrast it remained stable or fell during the period of provision by a hybrid monopoly.

In summary the quantitative data presents amalgamation in a qualified, complex, but broadly positive light. Over the long-term, unification ensured support from the market to sell debt. It also provided passengers a gradually cheaper service. Practical co-ordination was limited but where did occur it improved standards, albeit with commensurate costs. These were all gains, but we argue that overall these indices of efficiency and performance remained too similar and were realised too slowly for them to satisfactorily justify the dramatic change to hybrid monopoly provision.

Historical contingency

In our second theme, we argued for the importance of fortuity and historical context in understanding the nature of hybrid organisations. At Appendix One we borrow Gillett & Tennent's (2020) model of evolving project organisation to show diagrammatically how these events coincided. As it shows, there was considerable simultaneous turbulence in politics, transport provision and industrial relations in the early 1920s.

Existing literature and archival record points to an enormous growth in the number of private buses in London at this time. Giving evidence to Parliament, Frank Pick estimated that new private buses arrived on London's streets at the rate of 20 a week, competing aggressively and unscrupulously for custom (Barker & Robbins, 1976; Gordon, 1938; Croome & Jackson, 1993). Their tactics led to the term 'pirate buses', practically identical to the Dutch phrase 'wild buses' which appeared concurrently to describe the same phenomenon of unregulated small provider chaos in Holland (Mom, 2015). The term also echoed the 'railway mania' of destructive transport competition in Britain during the 1840s (Morrison, 1933; Lloyd-Wilson, 1939). Concerned articles appeared in the newspapers (LT346-01; "Strike Prevention", 1924), senior figures in the existing companies spoke out ("Pirates and Common Sense", 1923; "The Pirate Bus", 1923; Lord Ashfield Cross-Examined", 1924) and questions were raised in Parliament (Gordon, 1938, Jackson, 1962;

Barker, 1974). By late 1923 existing market logic consensus regarding fares, rational service provision, congestion, safety and fair wages had lost credibility. Unrestrained competition had led to market failure. Then on the 21st March 1924 the situation deteriorated further when tram and bus workers struck.

The dispute arose out of a proposed reduction in wages for tramway workers on the London and Suburban Traction Company,⁸ caused by loss of traffic to buses. The Transport and General Workers' Union (TGWU) met the cut by a counter claim for a rise which management rejected, and the strike began (Clegg, 1950). The underground railway workers promised to join them, threatening a complete shutdown of transport provision (Eady, 2016). As the crisis escalated it was clear that the London County Council, the only democratic institution that represented the London public's interest in the provision of public transport, was wedded to market control and had little interest or leverage in events.⁹ A market failure and a democratic deficit coincided.

We argue that this was the decisive moment in the drive to unification. In response to the crises caused by the pirate buses central government took rapid and drastic action. Just four days after the start of the strike the London Traffic Act received its first reading (Hansard, 16th and 24th June 1924). The Act dramatically restricted the number of streets that new companies could use. Thereafter number of buses run by small operators peaked at 550 in 1925 and then declined rapidly as the existing companies bought them out (Barker & Robbins, 1976). This transition from disorderly competition to regulated provision is also observable in the same period in Buenos Aires (Heras, 1994) and Santiago (Figueroa, 2013) as well as being replicated more recently in Bogota (Bocarejo et al., 2013).

⁸ [The holding company through which all of the UERL's trams were operated.](#)

⁹ Since 1907 the LCC had been controlled by the Municipal Reform Party. The Party was a Conservative affiliated Party whose natural constituency was ratepayers and small businesses. It opposed the use of property rates to fund the provision of public services such as tramways. For more detail see Offer, A (1981) *Property and Politics*, Masterman, C. (1909) *The Condition of England* and Turner & Tennent, (2019) 'Progressive strategies of municipal trading: The policies of the London County Council Tramways c. 1891–1914.'

This rapid and effective response needs to be contrasted with decades long debate that had already occurred between advocates and market and state logic in the provision of public transport (Morrison, 1933). The arguments had already been debated in parliament (Hansard, 17th March 1919) and clashes on this topic between rival lobbyists had also occurred during the Kennedy-Jones investigation into the governance of London transport in 1920 (Morrison, 1933; MT33/200; MT33/246). However, the Kennedy-Jones proposals for a unified body to run London transport were stymied over disagreement about the practicalities of unifying London's disparate local authorities. The proposal ran out of parliamentary time (Hansard, 15th November 1920).

The 1924 crisis ended the deadlock. Not only did it bring about a rapid escalation in the intensity of lobbying, it also re-configured the balance between the lobbyists in terms of the evidence that they were able to deploy and the terms in which they were able to present it (Stigler, 1971). The Kennedy-Jones proposals for a unified, state backed transport provider had been fought out in a relatively private manner between the lobbyists and had attracted little attention outside parliament. The turmoil caused by pirate buses meant that lobbying schemes now took place in the public eye and with a sense of urgency that had not been present previously ("Absolute Chaos", 1923; "Complete Stoppage of Trams and Buses", 1924; Hansard, 25th February 1924). The urgency and proximity of the crises to central government created a consensus combining interests from left and right of the political spectrum in favour of unification. Existing transport business interests allied with large trade unions such as the TGWU to press for unified control to protect profits and wages. Opposition came from the Liberal Party and parts of the Labour Party who favoured municipal management (Hansard, 16th June 1924). Their resistance failed because it was undermined on key issues. Their preferred public controlling body, the LCC, was run by the Municipal Reform Party whose primary objective was to relinquish rather than aggregate control. Secondly, the majority of the Labour Party preferred to act in accordance with the wishes of the TGWU in controlling competition and creating a consolidated transport provider (Donoghue, 1973; Hansard, 25th February, 1924).

The 1924 Act was therefore followed by a succession on Bills from 1927 onwards to create a hybrid monopoly provider exhibiting both state and market logics in its governing principles and practices (Hansard, 23rd April 1928; 19th February and 1st May 1929). Several changes of government caused delays until 1933. However, with minor cosmetic changes to the original 1927 proposals, they were adopted in that year (Donoghue, 1973; Hansard, 6th October 1931). The creation of a unified London Transport organisation was the product of a dominant consensus that spanned both left and right. The ability to apparently resolve contradictory institutional logics in a complimentary way was and is one of the great attractions of a 'hybrid' solution to a crisis (Busco et al, 2017). The question remained what balance of logics the new unified organisation represented.

Institutional logics

In this section we discuss another 'before and after' comparison between the principal transport providers that existed prior to amalgamation and the subsequent single unified organisation. We look at the evidence of key principles, practices, symbols and assess if they exist in the forms described in Thornton et al's table of ideal institutional logic types and characteristics. We then ask what form of change occurred, and how and why it manifested itself in that way.

Prior to the creation of a single hybrid provider, the three key organisations that provided the overwhelming majority of London's transport prior to unification were the Metropolitan Railway, The Underground Electric Railway Company of London and the London County Council. The first two were private companies, the latter a municipally controlled organisation. However, by 1933 both of the private companies were already to some degree constrained and supported by the state. During the First World War the Metropolitan Railway had been brought under state control. Though the UERL was not, it had ceased issuing private share capital and instead raised its investment income through state backed bonds (Barker & Robbins, 1976; Fowler, 2019). The market logic of shareholder activism was diminished, but not entirely extirpated. In terms of revenue, the fares that

railway companies could charge had been controlled by central government in some respects since the late 19th century. After 1921 companies had to apply to the railway rates tribunal if they wished to alter their fares. The tribunal viewed railways as a common social carrier, duty bound to carry all traffic (Gourvish, 1980). In Thornton et al's (2012) schema, this development led the metaphor of transaction towards redistribution, and the basis of strategy shifted from away from pure profit. We can see that two of the three major component parts of the new unified London Transport had already acquired some distinctly state-like logics to their activities and intentions, though this was much more true of the UERL than the Metropolitan Railway.

The third individually significant segment of London's transport system were the trams operated by the LCC. As their council minutes and reports show, this organisation conceived of itself as a public service provider with social as well as financial objectives and was subject to the strictures of democratic oversight rather than shareholders' meetings (LMA927 to 959 series; Turner & Tennent, 2019). In terms of state logics, its policies towards its employees were openly redistributive, it sought the community good through control of its fares, especially for economically marginalised groups such as workmen, and it derived its legitimacy through regular democratic participation in both elections and its committee structure (Finer, 1941).

Finally, we also consider the ninety-two smaller undertakings that were amalgamated in 1933. Of these fourteen were Borough Council tramway systems, similar to the LCC but of a much smaller size. By contrast, fifty-five were small bus companies employing fewer than thirty people (LT1011-01 and LT1011-02 LPTB Annual Reports; Barker & Robbins, 1976). We conclude that in 1933 London Transport absorbed a full spectrum of state and market logics. These were implicit in the range of organisations as small as just five people operating in conditions approximating perfect competition and responding to consumer demand, through to a huge municipality intent on socialising the costs of its service and accountable to its citizens through the ballot box.

It is therefore understandable that London Transport's founding statute contains significant ambiguity in its principles. As Robson (1937) comments: 'These boards [like the LPTB] grew up in typically British fashion. They were not based on any clearly defined principle; they evolved in a haphazard and empirical manner.' Therefore, at section 3(1) London Transport was supposed to: 'Secure the provision of an adequate and properly co-ordinated system of passenger transport... [and] extend and improve the facilities', while at section 3(4) it was also supposed to: 'Conduct [the] undertaking in such manner, and to fix such fares and charges as to secure that their revenues shall be sufficient to defray all charges.' This wording indicates a balance between profit and community good as the basis for the organisation's strategy and suggests an equal blending of state and market logics in the typology of change in field-level institutional logic.

However, we now argue that the remainder of the statute and the actual practices of the organisation show a distinct tilt towards market logic. We suggest that change in London's transport logics was more developmental than transformational. Hybridisation allowed the assimilation of some of the outward dimensions of state logic, but only at the level of the principles of the organisation and not conclusively. At the level of practices and symbols, the market order remained dominant. There was little or no progress at all towards democratic participation and passengers remained consumers rather than citizens. The statute unified London Transport as an organisation emphasising the insularity of the Board of Directors from democratic control. Section 1(1) and (4) shows that they were selected to serve for up to seven years by a group of five trustees. The majority of the trustees were not subject to public scrutiny.

Two of them were drawn from financial professions, one from a legal background and two from local government. Furthermore, in terms of actual practice the Board's composition and expertise was additionally weighted towards the market. By far the most influential figures on the Board were the chairman and vice-chairman who were both drawn from the privately owned UERL. Collectively they served for 21 years. Alongside the chairman, the only other members who served for the entire 14-year duration of the Board's existence

were a director of the Bank of England and the secretary of the TGWU. The three remaining posts shuttled between a succession nine senior local government figures who were democratically accountable, but three of whom served for no more than a year (LT-1011 series). In practice, the Chairman and Vice-chairman were the only members with industry experience and therefore found it easy to control debate (Finer, 1941; LT-1172-13), nor were the public representatives eager to press their claims.

At section 30(1) the act allowed local authorities the power petition London Transport about services and fares. In theory, a committee met up to four times a year to discuss points raised via public bodies but by 1939 it had met on just three occasions, drawing critical comments from MPs (Fowler, 2019). Instead, London Transport interacted with the public through carefully monitoring the press and its postbag. Archives show that a selection of news items was prepared weekly for the Vice chairman. Responding to one particular aspect of service provision in 1937-38, the vice-chairman wrote direct personal replies to critical letters, all of which appeared as a rolling correspondence in *The Times* newspaper (Croome & Jackson, 1993). During the 1937 bus strike the number of individual letters supporting, criticising and remaining neutral on the issue were counted on a daily basis and reported directly to the chairman. Remarkably, he found the time to make a number of personal replies, which, in a deferential society, gratified their recipients (LT-493-051-002) and helped to foster Lord Ashfield's reputation for having 'the common touch' (LT42-023). Actual policy changes were rare, though small technical adjustments, such as to individual fares, did occur (Croome & Jackson, 1993). The archives show us that there was no effective way for passengers to affect wider policy at London Transport through civic structures, yet if they expressed a view in the form of a customer complaint it at least merited a response, and occasionally action. We take this as being indicative of market orientated organisation willing to engage with users as consumers but not as citizens.

The emasculation of local government and passengers as a result of *de jure* and *de facto* market logics left London Transport's bondholders and Trade Union power as two other potential restraints on the Board's autonomy. Sections 39 (1) and (14) of the Act show

that London Transport could autonomously raise capital by bond issues and that should it fail to satisfy the requirements of the bondholders they were empowered to call in receivers. These mechanisms were aligned to market norms of shareholder activism and measures of the organisation's status in the market as expressed through share price and financial analysts' forecasts. Here, clear principles and symbols of market logic were tempered in practice. London Transport did raise significant volumes capital by floating bond issues, but only with state guarantees. London Transport cast itself as a commercial organisation responding to the need for profits and the opinions of industry analysts, but it could not ignore its relationship with central government. However, the relationship with the state was only sporadic. This was a market logic legacy, we argue, of the traditional antipathy to continual subventions to public services from ratepayers (Porter, 1907). Therefore, the Board approached the state only twice, once in 1935 for the approval of large investment programme and once again in 1939 to request an increase in fares. The money raised was strictly on the basis of a capital investment programme rather than underwriting daily operational costs, and there was no continuous annual subsidy.

By contrast, London Transport had frequent contact with the major Trade Unions (LT-493-080). Note that one of three members of the Board to hold their seat continuously was the Trade Union member, and that the 1933 Act gives a clear mechanism by which employee negotiations could be conducted at Sections 68 and 69. Unlike the local authority and passenger mechanisms, it operated regularly (Clegg, 1950, Eady, 2016). The close integration of Trade Unions into the fabric of London Transport's structures and decision-making processes would seem to make an argument for the influence of state related institutional logic related to the integration of communities and interest groups into organisational practices outside the narrow sense of market transactions. However, we argue that this misunderstands the nature of British Trade Unionism. Although Trade Unions often invoked statist symbols like nationalisation, they always resisted integration into the state and successfully fought to retain free collective bargaining as independent organisations (Egerton, 2018; Greaves, 2005; Marquand, 2008; Middlemas, 1979; Millward

& Singleton, 1995). Thus John Cliff, the TGWU London Transport Board Member, should be understood as a representative of labour as an interest group in the context of competitive marketplace. This tendency for Trade Unions to see themselves as organisations which bargained for the best deal for their members borrowed heavily from market logics. The sense of employment as an openly negotiable and individualised transaction was reinforced in London Transport by professional demarcation and the threat of small breakaway Unions offering better terms for their members than parent organisations, such as the National Passenger Workers Union, and the continual refusal of many road transport staff to join a Union at all (LT-493-047).

Therefore, we propose that London Transport was a carefully constructed balance of institutional logics. Outwardly, it assimilated some features of state logic as principles enshrined in statute, but these were more than balanced by clear obligations to market logics, sometimes concomitantly. In the realm of practice, and in some important symbolic ways such as the choice of the Chairman, market logic was cleaved to. This construction gave a nominal commitment to state logic at a time considerable social and industrial unrest whilst preserving the essential features of the market (Murray, 2010).

Conclusions

We explain the creation of a unified, hybrid, provider of London's transport via a particular crisis of market competition and democratic accountability which the national government, municipal government and London's transport providers were obliged to respond to in 1924. Furthermore, we argue that the political volatility of this period explicates the need to obscure both the true nature of the confrontation between state and market logics and the hidden endurance of market logic in an outwardly public organisation. The LPTB retained many capitalist characteristics and was the first Board to be created that was modelled on the capitalist public company with financial autonomy with no democratic responsibility (Davies, 1937). Hence the prominence of 'efficiency' as a mutually acceptable, though unproven, rhetoric around which adherents of both the state and the market could coalesce.

We cast doubt on arguments based on economic data as sufficient justification for hybridity and in doing so, make a historical contribution through its use of archival material to challenge extant historical narratives in standard texts (Tennent, 2020).

Looking forward, we suggest that while this is a relatively specialised paper dealing with a single organisation, there may be a much more expansive area for future research agenda in the development of hybrid municipal bodies combining elements of municipal capitalism and municipal socialism (Tennent et al. 2020). Much research in hybridity assumes that hybrid organisations emerged in the 1980s. The minor theoretical contribution of this paper is to show they appeared far earlier. Expanding on this agenda in the context of the UK, we tentatively argue for a long hibernation of market logics in public services which ended in the early 1980s when they were able to re-emerge, re-invigorated and with the benefit of long, hidden antecedence. If, as Mees (2010) suggests, the future of transport provision is best given to 'Hybrid' organisations, then future research should continue to improve wider understanding of hybridisation by drawing connections between the creation of hybrid organisations and the specific disturbances to historical consensuses over ownership and control surrounding their formation. In Britain, and potentially throughout the 'Anglosphere', exploring the origins of the contested shift towards redistribution via state or municipal action can offer a more extensive understanding of municipal trading and the source of the conflicted expectations that nationalised industries should offer both a social service and yet also 'pay their way' in later decades.

Declaration of Interests Statement

There are no conflicts of interest for the authors arising out of this article.

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Appendix One

Contingent Historical Events 1913-34.

Date	London Transport's Organisational Form	Governments	Industrial Relations in Transport	London Transport Acts, Reports and Bills
1913		Liberal		
1914				
1915		Lib/Con Coalition		
1916				
1917				
1918		Con/Lib Coalition		
1919			Strike	Kennedy-Jones Report Rejected
1920				
1921	Multiple Private and Municipal Providers			Ullswater Report Rejected
1922		Conservative		
1923		Labour	Strike	
1924		Conservative		London Traffic Act Passed
1925				
1926			Strike	
1927				London Passenger Bill Proposed
1928				
1929		Labour		London Passenger Bill Rejected
1930				London Passenger Bill Revised
1931		Conservative Coalition		
1932				London Passenger Bill - Minor Revisions
1933	Transition Year			London Passenger Transport Act Passed
1934	Single Hybrid Provider			

