

The current disruptions on the railways, the cost of care for the elderly and a host of other issues affecting labour-intensive services can all be traced to a single cause: that the principal sources of public revenue should come from the taxation of labour, goods and services rather than the taxation of the rental value of land, which is what we have consistently advocated.

Until the end of the 1950s the railways were one of the biggest employers in the country. The fleet of 20,000 steam locomotives needed a lot of people to drive them, stoke them and look after them. An ordinary passenger or goods train had a crew of three, plus other staff such as those working in the restaurant car, and sleeping car attendants. There were shunters, porters and other platform staff in large numbers, and all of those were backed up by ticket office clerks and all the accountancy staff who were there to back them up.

The process of substituting labour with capital on the railways began in the 1950s. Diesel locomotives, costing five times an equivalent steam locomotive, made it possible to get rid of large numbers of maintenance staff, and, eventually, the man who stoked the fire. Platform staff remained for many years – mostly to make sure that all the passengers were safely aboard and all the doors were shut before the train started. On the trains, in addition to the driver was a guard, whose work was shared with the platform staff to ensure that it was safe for a train to set off from the station. On passenger trains, the guard's job was also to oversee general good order and check that passengers were travelling with valid tickets. On freight trains the guard had a general responsibility for safety, and to operate the brakes.

Freight trains lost their guards long ago, when new freight vehicles were introduced with the brakes under the control of the driver, and thus freight trains have a crew of just one. Passenger trains, however, have kept their guards, even though, over the past thirty years, new trains have been fitted with power-operated sliding doors under the control of either the driver or the guard, who now goes by a title such as “customer service assistant”.

This is the source of the current dispute, but more of that in a moment. Sliding door trains have led, so far, only to cuts in platform staff, who have been replaced by CCTV, with screens placed where drivers can see what is happening on the platform. There has also been the beginning of a move to abolish drivers, with the trains being driven automatically. On London's Victoria Line, the person who sits at the front of the train in what appears to be the driver's cab is not driving it, whilst on the Docklands Light Railway (DLR), there is no driver's cab at all. This leaves the one member of the train crew free to do things like checking tickets and attending to the general safety and security of the passengers – he does the job of the traditional guard.

Which brings us back to the Southern dispute, which is apparently over the trivial point about who should open and close the doors. It is theoretically more efficient if this is the driver's responsibility. He can open the doors as soon as the train has stopped, and set off again as soon as the doors are closed. Getting rid of the second member of the train crew should also make the service more reliable as trains will not need to be cancelled due to the lack of a guard.

The driver is not, however, always well placed to see if it is safe to shut the doors, especially if the platform is convex and the driver cannot see along the train, and then there is the general issue of security and good order on the train. We do not, however, have a view on the safety aspects of this change. Neither, we suspect, is the the trades unions' real concern about safety. They see this change as the first step towards getting rid of thousands of jobs. Thus, the core of the dispute is about cutting the operators' wage bill.

We are not in favour of keeping people in work to do jobs which do not need to be done, whether it is farming sheep on marginal land or digging out coal from mines which are difficult to work. But what distorts the decision is the taxation of labour through taxes such as income tax and national insurance contributions. In recent years, this has driven, amongst many other things, the replacement of supermarket checkout staff by self-service scanners, and street sweepers by monstrous, noisy and ineffective motorised vacuum cleaners.

People still resist the notion that the *incidence* of taxes nominally falling on employees is on the employer and forms part of the employer's labour costs. Effectively, these taxes operate as payroll taxes, and, amongst other things, they tip the balance between employment and replacing the employee by capital when, in the absence of the tax, it would be economic. In other words, they introduce a distortion which destroys jobs which would otherwise be viable and worth doing. Whilst this situation is not good for business, for employer or their employees, the sad thing is that neither party to these disputes seems ready to look deeper and consider the source of this pressure which gets in the way of everyone's prosperity.