BOUNDARY MAKING IN PUBLIC-PRIVATE-PARTNERSHIPS (PPP): A HISTORICAL ACCOUNT OF THE BRITISH RAILWAY INDUSTRY

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Since its emergence in 1980s, public private partnerships (PPP) have become a predominant approach for delivering social and economic infrastructure in the UK. This has inspired many scholarships into how such arrangements can bring about better performance for all. In much of the extant work, the focus has been on finding more effective ways of configuring the relationships between the public and private parties, often taking assumption that each of these sectors are homogenous entities. In this paper, we raise the question as to whether boundaries between the public sector and private sector are ever so clear cut. We do so by drawing upon an on-going archival study in to British railway industry in the 1960s. We found that the roles played by stakeholders were often messy, and that the labels of what constituted "public" and what constituted "private" were not always clearly defined. Indeed, relationships were often blended between the two spheres. Rather than to focus on finding better ways of bringing the public and private together in delivering PPPs, it is argued that these arrangements between public and private sectors are better studied as fertile context for boundary making and identity formation.

Keywords: archival research, boundary-making, public-private-partnership, railways.

INTRODUCTION

Since the 1980s, the idea of collaboration across sectors has developed considerably to tackle the need to deliver a more responsive social and economic infrastructure such as roads, railways, ports and airports. The constraints of ever-tightening fiscal budgets meant that more private-sector involvement in the provision of public services and infrastructure was gradually gaining more purchase. As Sandford and Milward (2010) argued, the involvement of private-sector partners in delivering public services would offer access to more resources and the sharing of risks that would otherwise be borne by taxpayers. Much work on public-private-partnerships (PPP) have centred on finding ways to increasing efficiency and improve effectiveness, and in what Huxham and Vangen (2005) termed as the collaborative advantage. So, it seemed that the ‘traditional’ approach where the public sector provides for the public interests is slowly becoming replaced by an ethos of the public sector enabling private sector involvement, with promises of greater investment potential and added value (Pongsiri, 2002). A great deal of research effort has unsurprisingly followed this trend to articulate the effective governance of public-private-partnerships, with particular emphases on how collaborations can overcome differences in values, norms and operational strategies between the public and private sectors (see e.g. Ng et al., 2012;...

Reflecting the extant work on PPPs, the point of departure in this article is to question the essential boundaries between the public and private sectors. While much work on PPPs in the engineering project management and construction management research domains centre on the development and transference of techniques and resources across the public-private divide (see e.g. Caldwell et al., 2009; Barlow and Koberle-Gaiser, 2008), scholars in such other disciplines as public administration, political science and organizational studies have raised doubts as to whether the demarcation between the public and private sectors can be so neatly divided (Rainey and Chun, 2007; Dargie, 2000; 1998 and Doyle et al., 2000). In this article, it is argued that neither the public sector nor private sector is homogeneous. Research into PPPs should not take for granted the notion that collaboration happens between these two internally-coherent but culturally-distinctive entities. Rather, as Simon (1998, 1995) observed even within each 'sector' it is possible that diverse sets of management settings and practices could exist.

It is this within-group heterogeneity that is rendered problematic in this article. By drawing on an on-going archival study of the developments of the British railway industry in the 1960s, an attempt is made to show that the role played by each sector was not as clearly delineated as perceived in the general literature. Rather, the emergence of a public-private-partnership was observed to be a result of a web of complex relationships between key parties found in a wide spectrum between the public and private sectors, which were shaped dynamically by social, economic and political forces at that time. Furthermore, there was no coherent entity known as the public or private sector; rather, the process of getting more private-sector involvement in the British railway industry signified a constant process of constructing and reconstructing boundaries in order to reinforce identities within the railway sector. Thus, the main contribution of this article is that research into PPPs should move beyond the narrow focus of finding more efficient and effective ways of configuring collaborations to attend more crucially to the (institutional) conditions and contexts that define/re-define interactions and boundaries within the partnership.

The article is organised as follows. Firstly, a brief overview of research on PPPs is traced with a view to problematise the essential categories of the public and private sectors in the production and performance of such collaborations. Secondly, the methodological basis of this ongoing archival research is described. Finally, some preliminary findings are discussed.

**RESEARCH ON PPP: QUESTIONING HOMOGENEITY OR HETEROGENEITY IN PARTNERSHIPS**

Public-private-partnerships (PPPs) have been subject to considerable academic debate, discussion and investigation. Proponents of PPPs tend to make the case for adopting such collaboration on the basis of delivering more efficient practices in the provision of public services and infrastructure. Tsamboulas et al. (2013), for example, argued that private sector involvement would create flexibility and enhance the value of transport infrastructure provision and operations. Barlow and Koberle-Gaiser (2008) studied hospital projects to conclude that PPPs can be a vehicle for stimulating innovation. Indeed, the dominant discourse in research on PPPs tended to be framed along the lines of the lack in public sector expertise, which can be resolved by bringing in the entrepreneurial spirit and efficient practices from the private sector.
Of course, there are also dissenting voices. Hellowell and Pollock (2010), for instance, questioned whether PPPs could really satisfy the public interest. Shaoul (2011), building upon extensive reviews of policy development, argued that the partnerships were likely to shift political authority and decision-making power from the hands of accountable public officials to the hands of businesses in the increasingly financialised world we live in today. Indeed, there is a chasm between scholars who view private-sector involvement in the provision of public services as a good thing and those who remain doubtful.

Nevertheless, there is considerable research that focuses much attention on how partnerships between the public and private sectors could be governed more effectively. These manifest in studies on relationship and stakeholders management (see e.g. Smyth and Edkins, 2007; Clifton and Duffield, 2006 and EI-Gohary et al., 2006), financial structuring of partnerships (see e.g. Cohen and Kamga, 2012; Gross and Garvin, 2011; Macario, 2010 and Akintoye et al., 2003) and allocation of risks (see e.g. Jin and Doloj, 2008 and Abednego and Ogunlana, 2006). These studies tend to implicitly assume that the public and private sectors must carry different roles, values and practices in what each sector does (Jones and Noble, 2008). Put another way, in much of the research on PPPs, scholars have tended to be concerned with the configurations of structure and relationships between the public and private sectors, taking for granted the boundaries between the two as static and clearly-defined. Thus, it would seem that we, the research and practice communities, know for definite what constitutes the public and private sectors.

Boundaries are certainly of interest to those who research PPPs. Studies on boundary spanning, for example, has quite some following. Stadtler and Probst (2012) studied how organisations can broker more effective relationships in public-private-partnership projects (see also Jones and Noble, 2008). Yet, there is a growing body of literature that have begun to cast doubts on the distinction in the labels of the 'public' and 'private' sectors. Mahoney et al. (2009) pointed out that public and private sector labels represent a false dichotomy, and that the interests of the two sectors are often interdependent and entangled. Lofstrom (2009), in an investigation of inter-organizational collaboration projects, found that boundaries between parties might not as distinct as scholars perceive. Rather, there is a certain degree of messiness in performing the realities of such partnerships.

The blurring of the lines that separate the public and private sectors is, of course, not a new finding. Sullivan and Skecher (2002), Pollock (2005) and Flyn (2009) have all highlighted this moot point. Others like Simon (1995; 1998) have also suggested the possibility of both sectors being more similar than different. Rainey and Chun (2007) also questioned if each sector is really that internally-coherent, and suggested that one could potentially find more heterogeneity within-group than homogeneity.

Surprisingly, what constitutes 'public' and 'private' is rarely reflected on in the research on PPPs found in the construction management research domains. There is often a taken-for-granted belief that PPPs are merely a configuration of stakeholders from a clearly-bounded group of public-sector and private-sector interests. In this article, the boundaries between what constitutes 'public' and 'private' are left open. It is argued that while the focus on finding more efficient and effective configurations of bringing the public and private sectors in such partnerships has generated productive lines of inquiry, there is a need for deeper understanding of just what these boundaries between the public and private mean. Furthermore, it is argued that these boundaries
are not states left undisturbed for the researcher to discover; there is ongoing constructing, reconstructing (and even destroying of) boundaries between the public and private sector that could yield so much research potential. One particular area that is relatively under-explored in research on PPPs is the role of 'identity work' (see Brown and Phua, 2011). It is, thus, this identity work in continuously forming and reforming boundaries (Sundramurthy and Kreiner, 2008 and Habbershon et al., 2003) that is of concern in this article.

**RESEARCH METHOD**

The study reported here is based on an archival case study research (see Ventresca and Mohr, 2005) of the British Railway Industry in the 1960s. The motive of this study was to explore the institutional conditions and contexts that defined and re-defined interactions and boundaries between the public and private sectors, paying particular attention to the historical events that happened, which were shaped by the social, economic and political dynamics of the time. A collection of archival data (see Table 1 below) was amassed to piece together a narrative of the actors (i.e. who were involved?), events (i.e. what took place and how did it happen?), and emerging rationale (i.e. why did it happen in the way it did?) entailed in the growing privatisation of the British Railway Industry. As far as possible, the data collection was sufficiently open to allow the research team to track individuals, organizations, and institutions involved as they left a trace (in both intentions and actions) in the archives (Frisch et al., 2012 and Berg and Lune, 2012). The study focused on the British railway industry in the 1960s as this was the period where some of the earliest reforms to increase private-sector involvement in the provision of public transportation infrastructure could be traced (arguably with a lasting legacy that can be felt even today with debates on High-Speed 2).

**Table 1: Sources of archival data and their purpose**

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<tr>
<th>Sources of archival data</th>
<th>What purpose did these sources serve?</th>
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<tr>
<td>1. Inquiry reports (e.g. the Beeching report 1963; Joint Steering Group Committe 1967; Serpell report 1974 and Ridley report 1977)</td>
<td>Provided an account of the affairs of the British Railway Industry at the time, and enabled the research team to trace how the reform(s) of the sector took place and under what changing political, economic and social conditions</td>
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<td>2. Cabinet Office papers/minutes of meetings in public office and Prime Miniser Office Correspondence (PREM)</td>
<td>Enabled the research team to piece together the political narrative so as to facilitate an interpretation of the forces at play that influenced and shaped the mind-set of policy-makers, and the roles played by key social actors in the British Railway Industry at the time</td>
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<tr>
<td>3. Print-media such as local and national news papers, and broadsheets such as the Financial Times, The Economist etc.</td>
<td>Enabled the research team to get a snapshot of social conditions at the time, especially the response to the reforms of the British Railway Industry</td>
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For the purpose of this article, the archival data was analysed with a view to see if the 'boundary' - that is, the periphery between, or the shared spaces where the concepts of 'here' and 'there' are confounded in action (see Star, 2010) - between the public and private sectors could be clearly detected. We looked specifically for instances where boundaries between the public and private sectors were built, bridged and blurred.

**BOUNDARIES BUILT BETWEEN THE PUBLIC AND PRIVATE SECTORS: BEECHING AND THE RESHAPING THE BRITISH RAILWAY INDUSTRY**

Transport infrastructure such as the railway system is highly complex, often involving a range of institutional actors (e.g. policy-makers in central government, local
government, railway employees, commuters, communities, and the unions). Given the multiple parties and their interests, there are often tensions and contestations of power (Marsden and Docherty, 2013 and Oliver-Trigalo and Brone, 2011). These conflicts can certainly be witnessed during the early 1960s when the seed of forming partnerships with the private sector in the delivery of what was ostensibly a public service had begun to be sown. The problem was staged in the Transport Policy of 1960, which had arisen from a speech made by Harold Macmillan, the Prime Minister at that time in the House of Commons on 10th March 1960

"[...] First the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodeled to meet current needs, and the modernization plan must be adapted to this new shape"

According to the Ministry of Transport (1966; July, Cmnd. 3057), the modernisation, which continued for decades since, was

"[...] key to solve Britain's transport problem [which] lies in planning designed to reconcile our many-sided needs, national and local and regional, economic and social"

The rhetoric that was formed was that British Railway, a service and infrastructure provided by the public sector, was lacking, and what needed to happen was an injection of private-sector enterprise and expertise. This is clearly characterised by the well-known Beeching Report of 1963, entitled 'Reshaping British Railway', a government blueprint to run and organize the industry using private-sector principles and practices. Consequently, a third of the railway lines were closed. It is argued that Beeching's influence, as will be seen later in his enrolment of senior figures from private enterprise, represented a pivotal political moment in which the post-war logic of growing national industries was undermined, thereby providing a foundation for successive waves of pervasive privatisation.

At the time, and it is still the belief in some quarters, the problem lay with recalcitrant trade union members who were seen as a threat to the efficient and effective provision of this public service. Beeching, a former engineer from ICI, took the view that more private-sector involvement could turn around what was perceived by those who led the inquiry as a wasteful and inefficient railway industry. Thus, the scene was set with the public-sector pitched against the private-sector, the boundary between the two was clearly built to ensure the construction of the 'public-bad-private-good' political rhetoric.

BOUNDARIES BRIDGED BETWEEN THE PUBLIC AND PRIVATE SECTORS: POST-BEECHING RESPONSES

The view that the public sector was always lacking and that the private sector held the key to better performance was not always held even among private-sector actors. Businesses, for instance, could see how the reforms instigated by Beeching could lead to detrimental results for local, regional and even the national economy. Letters were sent in by members of the public and businesses to the local and national press to voice concerns over the privatisation of railway provision. Anger and resentment appeared to characterise the mood of mid-1960s. In one of the letters published in the Times newspaper in November 1964, the Managing Director of a logistics company wrote:
“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations so that each container was to be kept in constant use – in theory sound, but in practice unworkable for the daily fluctuation in trade. (Letter by Robert Fisher, Managing Director of Robert Fisher (Packing and Shipping) Times: 3 November 1964).”

Thus, the ethos of rationalisation, so often associated with the private sector was considered to be impractical in this instance. The letter by Robert Fisher subsequently led to an internal response by Eric Merrill, Public Relations Manager at British Rail, who wrote to his superiors, underlining the gravity of the post-Beeching situation with an emphatic message ‘This is not a PR problem’. Merrill wrote:

“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future […] As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr. Fisher’s letter is a symptom of this. This is not a PR problem (Letter from Eric Merrill, public relations manager to the British Railways Board – 6 November 1964).”

Here, we see the boundaries between the public-sector and private-sector bridged in response to the unfolding drama of cutting the railway infrastructure as the Beeching recommendations were implemented. Private-sector businesses raised doubts over claims of financial benefits that were promised by the Beeching cuts to services.

"[...] Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. [...] These closures would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Ireland by the short Stranraer to Larne route” (MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post-publication of the Beeching Plan, Department for Transport:2 April 1963)

Thus, it can be seen from these responses that what started out as a framing of difference between the ways of working in the public sector and private sector gradually turned to a growing consensus that the reduction of railway infrastructure was potentially bad for business too.

**BOUNDARIES BLURRING: THE STORY OF THE EMBARGOED INQUIRY**

Bridging between the public and private sectors was evident in the membership of the various committees which led the inquiries that instituted reforms of the British Railway Industry. It was already stated that Beeching was formerly an engineer in ICI. In the Joint Steering Group Committee of the late 1960s, the involvement of private-sector actors was clearly present in public-sector affairs; the committee was made up of such characters as J.P. Berkin (formerly Shell Petroleum Company Limited) and J.G. Cuckney (formerly Standard Industrial Group Ltd) (see Railway Policy Review, Joint Steering Group, July, 1967). Thus, we see boundaries between the public and private sectors blurring as the public sector starts to forge deeper partnerships with the private sector in reshaping the British Railway.
While boundaries blurred between the public and private sectors, inconsistencies within the public sector were also noted. For example, the government's framing of the trade unions as the enemy to rationalisation was also found not to be uniform across the public sector. It was discovered, for instance, that the British Railway Board took a much more conciliatory position where trade unions were concerned. In 'A New Talk with Unions (The Times, London, England, Thursday, Jan, 07, 1965), it was reported that "cooperation of the railway unions" was vital and that the Board was prepared to "[conduct] research into the human factors involved." In another interesting exchange during the parliamentary proceedings on industrial disputes in the railways, the Chancellor of the Exchequer asked, "But can we be tougher than Beeching?", which led to the emphatic response, "No: must let him play the hand: and to our political advantage to buy support for [Beeching] plan without bitterness of strike (recorded, 9 May 1963, 10am)."

Although the legacy of Beeching (1963) remains well-known in terms of how it reshaped the landscape of the British Railway Industry, we soon discovered that this was not the only inquiry that took place at that time. Indeed, there were several reviews commissioned, some of which remained unpublished. One report, by the Guillebaud Committee charged with reviewing pay for railway workers (appointed in 1958), is worth noting for this showed fractures within the public sector. Claude Guillebaud was a Cambridge economist, who was previously appointed to chair a review of the cost of running the National Health Service (Ministry of Health, 1956). This earlier review took three years to complete from Guillebaud’s appointment in 1953. The review concluded, much to the frustration of the Government at the time, that cost-cutting was not an inevitable option since the projections suggest that the Health Service was managing its costs effectively. So, it was somewhat surprising to find Guillebaud re-appointed to chair a review on pay in the British Railway Industry in 1958.

On closer scrutiny, however, we discovered how Guillebaud was not appointed by the Government to undertake a review of pay in the British Railway Industry. Rather, it was the British Transport Commission together with the Trade Unions who provided the terms of reference for Guillebaud’s appointment."

4. The Guillebaud Committee were not appointed by the Government, but jointly by the [British Transport Commission] and the Unions at the end of 1958. (p. 2 from a Memorandum by the Minister of Transport, A. E. Marples, dated 11 September 1962)."

It must be noted that the relationship between the British Transport Commission and central government was, at that time, somewhat fractured. The commission was resisting attempts made by government to centralise control within the treasury. In the earlier review of the health service, Guillebaud's findings did not align well with the government's intent, and so it was not surprising to see the firm statement by the Minister of Transport distancing themselves from the appointment of the Guillebaud Committee (the report was subsequently embargoed).

Interestingly, the Guillebaud report was well received by the trade unions, as shown in the somewhat favourable reception by the General Secretary of the National Union of Railwaymen:

"Mr. S. Greene, general secretary of the [National Union of Railwaymen], said after the meeting that his executive would be continuing their examination of the
[Guillebaud] report, which seemed to provide the basis for a reasonably satisfactory wage structure and conditions of service (The Times, 11 March 1960).”

CONCLUSIONS AND IMPLICATIONS

In this article, an attempt was made to problematise the notion of 'boundary' between the public and private sectors, using an archival case study of the British Railway Industry in the 1960s. This was a pivotal moment in the context of post-war developments of infrastructure in Britain, signalling the start of greater private-sector involvement in the provision of public services. Through excerpts from the often-messy archival data, it has been argued that public-private-partnerships are not simply about bringing the public and private sectors together. Rather, there is quite a lot of heterogeneity found within each of these 'sectors' and that boundaries are continuously built, bridged and blended or blurred.

What implications are there for construction management researchers who study such partnerships? While much research is predominately framed to view partnerships as a configuration of the two homogenous and homologous entities, where the public-sector is often lacking the private-sector's ability to be enterprising and efficient, the call is made to question the nature of 'boundaries' more deeply. Thus, rather than to focus solely on finding new or better ways of configuring and structuring relationships, we should also ask the question as to what it is we are trying to bring together. As our archival research demonstrates, the demarcations between what is 'public' and 'private' are not often clear-cut. Indeed, an awful lot of work goes on in constructing these 'boundaries', as powerful actors make their manoeuvres to build, bridge and blur boundaries for political (and at times, economic) advantage. Our brief historical sketch shows how the public and private sectors continuously engage in building consensus and struggling through contestations to preserve or increase their political and economic stake in the railway.

The contribution of this article is two-fold. Firstly, the assumption that PPPs bring about complementarities of different values, norms and practices between the public and private sectors is questioned. The archival analysis illustrates how the two sectors can be similar and not always different from each other. This invites the question as to what 'public' and what 'private' we are trying to form in partnership. Secondly, the dynamics of boundary-making - of building, bridging and blurring - are described. This, it is argued, adds a crucial dimension for reflecting in developing deeper understandings of the intervening contexts and conditions that shape the performing (and not just the performance) of partnerships between the public and private sectors.

REFERENCES


