

Uber and TfL are not as different as they seem.

TfL's decision to ban Uber may have come as a surprise to trendy Londonists, and Hoxton's artisanal cupcake bakers, but to economic historians, the drama highlights the extraordinary policy continuity of what we used to call "London Transport".

Politically, the Uber ban is a powerful reminder of Labour's return to its traditions as the party of trades unions and public sector vested interests. Sadiq Khan and Jeremy Corbyn have both sought to exploit Uber's reputation as a buccaneering and somewhat distasteful example of American venture capitalism, intent on world domination and monopoly, but many people will have forgotten that TfL's own roots are in just such a company.

The organisation that we now call "Transport for London" is the direct successor to the UERL - the Underground Electric Railways of London - set up by American capitalists in 1900 to construct the deep level tube lines. When these investments failed to deliver the expected financial bonanza, new management was installed, led by Albert Stanley, the British-born general manager of the Public Service Company of New Jersey (which shared many of the same backers as UERL).

UERL's capital was restructured, and the company embarked on a path of aggressive expansion - buying out the District Railway in 1901, taking control of the three private tram companies, swallowing the Central London Railway and acquiring London's largest bus company (the General) in 1912.

When London General itself faced disruptive bus competition from new entrants in the early 1920s, it branded the entrepreneurs as "pirates", bought many of them out via a secretive intermediary, and lobbied aggressively for new regulations to limit their operations. (The "pirates" had been guilty of providing much needed additional capacity, lower fares and better vehicles than the UERL's General, but they were discredited for their cavalier attitude to safety and the crime of "cherry picking" profitable routes and journeys. *Plus ça change*).

Throughout the 1920s, the UERL pursued a merger with its remaining rivals - the Metropolitan Railway and the municipally-owned London County Council Tramways. LCC in turn sought public ownership of UERL. What appeared to be a compromise was reached by Ashfield and the LCC's Herbert Morrison (grandfather of New Labour super villain, Peter Mandelson). 1933 saw the creation of London Transport - a statutory monopoly, funded by passenger fares, financed by subsidised debt, but not quite under public ownership. Crucially the new London Transport was run by UERL's Management - CEO Frank Pick and Albert Stanley - by then elevated to the peerage as Lord Ashfield - as chairman. Like many business mergers it was, in fact, a takeover, and LT's constituents were ruthlessly absorbed into what was clearly the UERL writ-large.

Almost everything we love (and dislike) about "London Transport" has its origins in the culture and management practices of UERL - the red buses, the roundel logo, the Johnston lettering, but also that sense of superiority and economic entitlement that led to its post war decline. This is evident not only in its famous inflexibility, but also its susceptibility to trade union power, and its commitment to operating practices that may have made sense in the distant past, but which become a kind of religious dogma. As an LT mandarin once explained "you've got to remember, we invented the Not Invented Here Syndrome".

Since 1933 London Transport has evolved through various iterations - nationalised in 1948, returned to municipal control in 1970, nationalised again in 1984. It narrowly escaped full Thatcherisation, and survived to be Blairised in 1998 as Transport for London, but its culture and practices, its attitudes, and habits of mind, would be instantly recognisable to Ashfield and Pick (as evident from any visit to the London Transport Museum, which now competes with Lenin's Mausoleum as a shrine to the father figure myth).

Under New Labour, TfL gained sovereignty over all the modes of transport it had coveted since the 1920s, taking control of highways, boats, much of the mainline commuter rail network and even cycling. Moreover, unlike the 1930s, when LT was required to live off farebox revenue as penance for its monopoly privileges, the New Improved TfL was showered with operating and capital subsidies. The ghosts of Ashfield and Pick must have looked down from their Holden-designed, Art Deco clouds, and smiled. Paradise had finally been achieved.

What is therefore remarkable about this 120-year-old organisation is the continuity of its policies and outlook. At every stage of its history, the "Combine" (to give it its 1920s shorthand) has sought to eliminate innovation and, failing that, acquire any "disrupters". Once the 1920s pirate buses had been bought out, a new wave of long distance coach services sprung up across the Home Counties. UERL responded aggressively, setting up Green Line in 1930 to see them off (and buy them out). When the organisation

attained its goal of statutory monopoly in 1933, the remaining private bus companies, as well as the municipal tramways were absorbed, right down to one bus operations in leafy Hertfordshire villages.

In the 80s and 90s LRT (as it then was) saw off first a proposal for Hong Kong-style jitneys, and then the similar operation started by my old boss, the late Harry Blundred. Bus tendering up-ended many of the old certainties, but by the 1990s LT management had realised that contracting gave the mandarins at 55 Broadway an even more rigid grip than in-house operation ever had, and command and control was reasserted.

Uber's rapid growth, and its evolution from a benign "taxi app" to something closer to a flexible bus service, represents arguably the biggest incursion to the LT monopoly since the late 1920s. The calamitous decline in London bus ridership is now a matter of public record. Uber probably plays a (small) part in this. But the probable development of more bus-like ride-sharing, and the inevitable emergence of driverless vehicles, would have been a mortal threat to TfL's bus empire. Moreover the entire ethos of Uber, with its decentralised structure, "wisdom of crowds" route planning, market fares, and self-regulation represents an assault to TfL's most cherished values.

One important recent change is that TfL is now London's taxi regulator, and therefore potentially judge and jury at its own trial.

So rather than wondering why TfL has sought to stamp Uber out, a more interesting question is to ask, "why did they ever let them in?"

Two theories stand out (and they are not mutually exclusive). The first is that TfL simply underestimated the scale of the potential threat. What seemed like a market solution to "last mile" journeys, and a means of chivying up the dodgy mini cab trade, has turned into something much more sinister.

The second is political. The Boris-run TfL at least paid lip service to the ideals of private enterprise and consumer choice, and there were close personal links between the Cameron government and Uber HQ in California. For the 2017 Labour Party, even more than TfL, Uber represents everything Corbynite politics is against - the gig economy, unregulated innovation and private enterprise, in place of stable public sector monopoly.

It is possible that Khan has miscalculated. Some parts of Labour's metropolitan constituency are Uber fans, and a twitter storm is brewing. Another segment are Uber's drivers. They may find this practical example of Corbynite economics not to their liking. It should be possible to address most of TfL's professed concerns by incremental regulation, and a compromise is surely possible.

But this pragmatic view risks underestimating TfL's survival instinct. It would be unwise for Uber's management in faraway San Francisco to ignore either the patience or intelligence of the TfL machine, which will be able to marshal enormous political, financial and regulatory resources. If Uber thrives, TfL will lose its monopoly, and the London bus network, will be opened to market forces for the first time since 1933.

In the game of aggressive, American-funded urban public transport, Uber would be wise to remember that TfL and its predecessors have been playing hardball for 120 years. They share the same roots, and the same instinct for monopoly and expansion.