

British government steps up plans to sell off Royal Mail

Zach Reed
5 August 2013

Last month, Business Secretary Vince Cable announced the UK coalition government's intention to privatise Royal Mail by floating it on the London Stock Exchange as early as this autumn.

The results of a ballot in June of 112,000 postal workers, on a 74 percent turnout, produced a 96 percent vote in opposition to the privatisation of Royal Mail.

Last week, 500 Communication Workers Union (CWU) representatives voted unanimously to hold a ballot if the company refuses to agree to protect jobs and services. CWU deputy general secretary Dave Ward said there would be a national day of action, which could include a 24-hour strike or postal workers refusing to deliver mail for rival companies such as TNT.

Royal Mail, which delivers to all 29 million households in Britain, six days a week at a uniform price under the Universal Service Obligation (USO), is the last of the large state-owned industries left out of the wave of privatisations begun 30 years ago under former Conservative prime minister Margaret Thatcher. It is currently the second largest employer after the National Health Service, employing about 150,000 workers.

In his speech Cable, a leading Liberal Democrat and senior figure in the Conservative/Liberal Democrat government, claimed that Royal Mail had “no alternative” but to privatise in order to gain access to private investment and survive in the face of competition. In a shame-faced lie he added that this was necessary to secure the future of the USO.

Far from securing the USO, privatisation will mark its death as private interests will seek to maximise profits. Gary Davies, professor of strategy at Manchester Business School, wrote, “Whatever form privatisation takes, the universal service will not

wash—five years from now Royal Mail will only want to deliver three times a week... They could get rid of the Saturday delivery very easily.”

It is not difficult to penetrate the real intentions behind privatisation. After the 2008 economic crisis, governments across Europe and the world have been throwing money at the banks to the tune of trillions. Via “quantitative easing”, massive amounts of money are being made available to banks and finance houses through central bank purchases of bonds at ultra-cheap rates.

To fund this, governments have carried out ruthless austerity cuts under the orders of the very same banks and interests that sparked the economic crisis. As exemplified in Greece, this has been accompanied with the selling off, at rock bottom prices, of what remains of state assets.

To facilitate the privatisation of Royal Mail, the government has transferred its £38 billion pension liabilities onto its books, invested heavily in new infrastructure and allowed the price of stamps to rise 30-39 percent in 2012, which helped the company record a massive £403 million operating profit in 2013.

The expected £3 billion flotation—it could be as low as £2 billion—represents a real cherry-picking opportunity in a market estimated at £75 billion and expected to grow as a result of the boom in Internet shopping.

The greatest lie of all is Cable's claim that the workforce has nothing to fear from privatisation. In an attempt to placate its opposition, Cable announced that workers will receive 10 percent of the shares worth up to £2,000 each.

However, this is a case of what is given in the one hand will be taken from the other.

Postal workers must refuse to be bought off. The

experience of past privatisations of state-owned utilities demonstrates that shares prove to be nothing when what follows privatisation is a dramatic loss of conditions, pay and jobs for the existing generation of workers and those following. Deutsche Post (DHL), the former German state-owned postal service, privatised in 2000, has made huge profits achieved entirely at the cost of hundreds of thousands of jobs and the growth of a plethora of smaller private delivery firms that employ workers on wages at or below minimum wage and on appalling conditions.

One of the few truths Cable did utter was his comment that the coalition government is “following in the footsteps of the last [Labour Party] government that recognised that certain things had to happen” to Royal Mail. Although the Labour Party feigns opposition to Royal Mail’s privatisation, it says it will not renationalise it.

It was under Labour that the steps towards privatisation were begun in earnest. Private companies were allowed to cherry-pick the most profitable parts of Royal Mail and use its postal delivery network to subsidise their own profits. Mail centres across the country were closed, pay and conditions attacked, full-time secure jobs increasingly replaced with part-time casual workers and pensions eroded, all under the mantra of “modernisation”, which the unions wholeheartedly signed up to. During Labour’s time in office from 1997 to 2010 it oversaw the elimination of 50,000 jobs.

The ability of both governments to prepare for privatisation would not be possible without the complicity of the CWU. In every struggle by postal workers the CWU has played the role of saboteur, seeking to isolate and suppress every action. In the last mass struggle in 2009 the CWU inflicted a major defeat on postal workers, ending the strike on the eve of its escalation and signing a rotten sell-out agreement called Business Transformation 2010 and Beyond, which led to further closures and job losses and paved the way for privatisation.

Following the vote by workers in opposition to privatisation, Billy Hayes, the general secretary of the CWU, pleaded with the government and management to keep negotiating, stating, “Workers have embraced modernization, and helped increase profits by 60 percent”. The CWU’s ill-defined threats of action if no

agreement can be found are solely aimed at ensuring the bureaucracy can continue collecting union dues, maintain its privileges after privatisation and act as the industrial policeman in Royal Mail.

Genuine opposition to privatisation and the defence of postal workers’ livelihoods can only be taken forward through a break from the unions and the Labour Party in an independent political and industrial offensive. Action committees must be formed by postal workers to reach out to all workers throughout Britain and Europe, who also face the destruction of livelihoods and services, through the social devastation being unleashed.

The problem is not a lack of funds or resources, but the monopoly of wealth by the super-rich. This monopoly can only be broken by a mass movement of the working class to bring down the coalition government and replace it with a workers’ government based on socialist policies.

Such a government would carry through a radical redistribution of wealth in favour of working people, which would include the nationalisation of all utilities under democratic control and a massive public works scheme to improve services.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact