

Royal Mail: Con-Demned to history?

fastnews

THE ANNOUNCEMENT by business secretary Vince Cable last week that the Con-Dem coalition intends to sell off Royal Mail (RM) came as no surprise to anyone in my office.

Coventry postal worker

The exact details are still to be revealed but it's believed that a compromise between the Tories and their Liberal poodles will involve the privatisation of the majority of RM (most likely to a state-owned European postal operator, ironically) with the remainder held 'in trust' for the workers.

This portion of shares would provide dividend payments while remaining unable to be sold, at least for a few years. It is also intended to neuter the Communications Workers' Union (CWU) by discouraging workers from opposing a sell-off or from taking industrial action against attacks on pay, pensions and workloads. After all, who would want to hurt the company financially when they're a shareholder!?

Deficit

THE CON-Dem argument for selling RM is that the company needs 'an injection of capital' to allow further modernisation and to reduce the pension deficit of £8.4 billion (down from £10.3 billion last year). This argument falls down on both counts and is shown up to be the ideological claptrap it really is.

First, workers in RM created profits of £321 million in 2009 and £408 million in 2010 during the worst recession in living memory and in the face of (supposedly) falling mail volumes, doing more work for the same wage with less staff.

Second, the pension deficit which successive governments allowed to build up, while siphoning off profits, has reduced over the last 12 months by £1.9 billion and under a plan agreed between RM and the fund's trustees, the deficit will be eliminated over 38 years as a result of increased funding by the business.

There is a third reason now being spouted by RM's new chief execu-



Trade unionists and the wider public must unite to defeat the government's mail plans. photo Paul Mattsson

Privatisation's giant wrecking ball

PRIVATISATION of Royal Mail would have disastrous consequences for the workers and the public. The universal service requirement would surely cease. This is the obligation for RM to deliver to every address in the country, six days a week for a uniform and affordable price.

Deliveries could be reduced to three days a week, with charges made for extra days. Cherry picking of 'profitable' towns/areas would occur, with rural residents losing delivery services altogether as these are seen as unprofitable, having to collect their mail from the nearest office instead, or having to pay for a delivery service, either individually or as a community.

tive, Moya Greene, as to why privatisation is necessary and that is the £1.2 billion loan New Labour made to the company for modernisation. Repayment began this year but I was unable to find any figures as to how much this is. Greene has stated that she is seeking to suspend the repayments, otherwise RM will become insolvent by Christmas.

Greene has been in the job since June, having previously been in charge of Canada Post, where she was extremely unpopular with the workforce. Profits increased in her time there but so did injuries at

work, grievances and strikes.

The Montreal Gazette (27/5/10) was under no illusions as to why she was head-hunted by RM: "Moya Greene is going to the UK to execute something the Canadian government doesn't yet have the political appetite for here - privatising the mail service."

The issue of RM's finances in relation to the loan were commented on by John McFall, then chairman of the Treasury select committee (the Guardian 17/6/09). He questioned (former business secretary) Peter Mandelson and (former RM chief)

Adam Crozier's assertion that privatisation was the only way of ensuring RM's modernisation programme was completed.

They had said that the company needed hundreds of millions but McFall argued that, as this was not billions, then the government could convert some of its loan to equity as sole shareholder, or simply reschedule the loan repayments.

Whatever happens to RM in the future will depend on what action we take now. The CWU needs to make it clear to workers and the public exactly what privatising the postal service would mean - job cuts, wage cuts, increased workload, reduced or withdrawn services and public subsidies for private companies.

As a union we need to raise the consciousness of workers and the public and link the fight to the anti-cuts campaigns and to organise and cooperate with other unions planning action, like the London FBU, RMT and PCS.

Royal Mail has existed for 350 years but if the Con-Dems get their way, it could be lost forever within 350 days.

Fight the jobs cuts massacre

THE BBC reported last week that spending cuts will 'hit the north harder', with Middlesbrough being ranked as the "least resilient" local authority.

Elaine Brunskill,
Newcastle

Local news programmes have also highlighted the plight facing the north. One-in-three north-east jobs are in the public sector (the highest in England). Around 28,000 public sector jobs are under threat in the north-east.

The north-east only became so reliant on public sector jobs because of the decimation of mining, shipbuilding and the steel industry. The report also asserts that a clear north-south divide is evident.

I was phoned by BBC Radio 2,

who wanted to know if I could go on air to argue that workers in the south should be taking more of the brunt of job losses - a blatant attempt to set one group of workers against another.

However, when I outlined the Socialist Party's stance - that it's the bankers, big business and the capitalist system that got us into this economic mess and they're the ones who should pay the price - I was no longer wanted on their show!

This Con-Dem government is living in cuckoo land if they think workers are going to roll over and accept a public sector massacre. And New Labour councillors will not be forgiven if they try to hide behind the excuse that there is no alternative but to accept cuts. There is an alternative - we fight back!

IN MIDDLESBROUGH over one-third of jobs are in the public sector following the loss of heavy industries. A big call centre has recently closed with hundreds of jobs lost. On the positive side, the mothballed Corus steel plant has recently been bought but it is unclear how many redundant workers will be re-employed.

In the NHS, despite government promises to 'ring fence' funding, efficiency savings have to be made on yearly basis. Cuts in local government services are also on the agenda with little prospect of a fightback from councillors.

The setting up of a local union-led public services alliance is to be welcomed and a rally will take place in Middlesbrough on 29 September.

John Malcolm, healthworker,
Middlesbrough

General strike in France

IN AN enthusiastic response to the call by the major French trade union organisations, three million workers took to the streets of France on 7 September for a day of massive strikes and demonstrations in protest against the Sarkozy government's attack on the country's pension system.

The rejection of president Sarkozy's pension 'reform' is only part of the wider reasons which brought people massively onto the streets. "People are sick of seeing the rich allowed to get away with everything while we are expected to give up the rights we have won over many years," said a car industry middle manager. Workers throughout Europe will be taking action against their respective governments' austerity budgets on 29 September, including a general strike in Spain. For full reports on the action in France and Europe see www.socialistworld.net

Osborne targets the needy

ALEAKED letter from chancellor George Osborne to work and pensions minister Iain Duncan Smith reveals that the coalition government intends to slash spending by £2.5 billion on disabled people or those too ill to work.

The letter - circulated to both David Cameron and Nick Clegg - shatters the big lie of the Con-Dem government that the pain of reducing the budget deficit will not fall on the most vulnerable and needy.

This assault on welfare also reveals the savagery of cuts expected to be meted out in chancellor George Osborne's comprehensive spending review next month.

It is widely anticipated that Os-

borne will slash public spending across all government departments by up to 40%, causing huge job losses and cutting welfare benefits to the bone.

These draconian cuts come at the same time that the bonus culture amongst top directors has returned to its pre-financial crash levels. A survey by Deloitte found that average bonuses for directors in FTSE 100 firms amounted to 100% of their salaries, rising to 140% in the top 30 companies.

So having bailed out the fat cats with public money the government will now claw back billions from those people with the lowest incomes.

BP's non mea culpa

OIL GIANT BP's internal report into the fatal Deepwater Horizon oil rig explosion appears to be a blatant attempt to spread the blame for the disaster in order to avoid hefty fines under US law. If the US authorities concur with BP's report then the profitable oil company would be able to restrict its liabilities under the US Clean Water Act to £3.5 billion rather than being fined £13.5 billion, based on an estimated oil spill of 4.9 million barrels.

A favourable ruling for BP would also allow it to claim back millions of dollars from rig owner Transocean and contractor Halliburton, as well as partners Anadarko and Mitsui who have refused to contribute to BP's £5.2 billion clean up costs.

But while the feuding between different players in the Gulf of Mexico disaster continues, one thing 'big oil' agrees on is that the US government moratorium on deepwater drilling off America's coastline is immediately lifted. Driven by the lure of greater profits, big oil is continuing its highly risky deepwater operations in the pristine waters of the arctic and also in the North Sea off Britain's coast where there is no moratorium.

Control freak

SRI LANKA'S president Mahinda Rajapakse now enjoys dictatorial powers following the national parliament's rubber stamping of the 18th amendment to the 1978 constitution last Wednesday. This change scraps a two-term limit on the presidency and gives sweeping new powers to the president. In particular the law allows Rajapakse to appoint officials to key posts in the judiciary, police and election commission. Since Rajapakse's armed forces crushed the separatist Tamil Tigers' insurgency in May 2009 (killing an estimated 10,000 civilians in the final stages of the conflict), his clique has tightened its grip on power, unleashing sectarian forces to intimidate the media and opposition politicians, and further marginalising Sri Lanka's Tamil minority.

Private failure

USING PRIVATE companies to 'incentivise' people claiming incapacity benefit back into work has been an expensive flop. The parliamentary public accounts committee spending watchdog said that private contractors on the £760 million Pathways to Work programme have "universally failed by considerable margins to meet their contractual targets". Despite 'cherry-picking' claimants, private companies only managed to achieve a third of their targets, easily outperformed by the Department for Work and Pensions' own Jobcentre Plus offices.

Doom and gloom

THE PROSPECT of a 'double-dip' recession hitting the UK economy grew after the Organisation for Economic Cooperation and Development predicted a further slowdown in growth to just 0.4% in the last quarter of 2010. This gloomy assessment coincides with the UK economy's largest ever trade deficit in the three months to July, despite the lower pound which should favour exports.