

Britain's postal workers ballot for national strike

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Postal workers are balloting for a national strike for the first time since 1996. The ballot over a pay demand comes at a time of growing anger amongst postal workers at the prospect of large chunks of the business being privatised and the resulting job losses that flow from that.

Consignia, the company formed from the former Royal Mail, is undergoing a massive restructuring plan to save some £1.2 billion by April 2003. Overall it wants to trim £8 billion in preparation for privatisation. Consignia has announced 30,000 job cuts over the next 18 months, but this is just the tip of the iceberg. The initial losses would mostly be in its front-line letter sorting and delivery staff, but other areas of the Post Office are being put up for sale.

In the last year alone 10,000 jobs were lost in the postal service, the highest yearly amount through restructuring.

Recently Consignia has put its 40,000 strong vehicle fleet up for sale. The vehicle division consists of 30,000 trucks and vans and 10,000 Parcelforce vehicles. Consignia is looking at ways of ending manual delivery of letters. A pilot scheme is already under way which includes scanning business mail electronically in sorting offices and sending the contents to home or business computers or setting up pick up points for personal mail at railway stations.

Also for sale are workshops and depots which employ 1,700 staff. Consignia has offered no guarantees that job losses will be avoided when these departments are handed over to private companies.

The business service division, which includes its personnel section, public relations, and occupational health services is to be outsourced in a £1 billion privatisation sale and Consignia's Information Technology divisions are also to go. Managing director of the business service division, Gerry Smith, said he would expect a "small" number of job losses.

A recent decision by the Labour government to pay social security benefits directly into bank accounts has lost the Post Office over 30 percent of its business, threatening the jobs of thousands of counter staff. Five hundred post offices were closed last year but the company has denied recent reports

that over half the country's 17,500 offices are to close.

The restructuring carried out by Consignia has provoked a number of unofficial strikes up and down the country. Strikes in the postal service this year have accounted for nearly two thirds of industrial action in Britain. Consignia's response has been to call for an independent review of industrial relations between the Royal Mail/Consignia and the Communication Workers Union (CWU).

The CWU may have been forced to call a ballot over pay, but the review, chaired by Lord Sawyer, former general secretary of the Labour Party, Nicholas Underhill QC and Ian Borkett from the Trades Union Congress (TUC) has again demonstrated that the union is far from being the advocate of industrial militancy. Rather the union bureaucracy is doing its best to work with management to discipline its members and prevent any struggle against restructuring.

The CWU responded to the review by agreeing to clampdown on unofficial strikes. Both parties agreed, "Unofficial action can never be justified. It is undemocratic, contrary to the CWU's rules and immensely damaging for the business. There is an agreed framework for solving problems: it must be used. Unofficial picket lines are against union rules. Union representatives will not get involved in any way with unofficial action. They will not encourage it. If it happens they will not participate. Branch officials must make it clear that the union does not support the action. Officials or representatives who encourage or take part in it are liable to be disciplined by the union."

The restructuring programme is being stepped-up due to the pressure being exerted from the European Union to reduce the monopoly held by national postal carriers and open up markets to competition. The first stage of this liberalisation programme is to be completed by 2003 and the next stage in 2007. In Europe so far over 45,000 jobs have been lost in the German post, 4,000 full time jobs in Sweden with 28 percent of post offices closed, while in Finland 23 percent of postal workers have lost their jobs and two thirds of offices have been closed.

National postal carriers are viewed as a barrier to the free-flow of goods and services throughout Europe that must be eliminated or merged if the EU is to compete successfully against its major US rivals.

In an amending directive to the proposal to liberalise the postal services, the EU emphasises, “The postal sector is at the crossroads of three markets, which are vital to the European economy: communications, advertising and transportation. These markets are largely open to competition and experiencing rapid development, driven by market demands and technological change.

“Overall in the EU, postal services are estimated to handle 135 billion items per year, generating a turnover of about EUR 80 billion or about 1.4 percent of GDP. About two thirds of this turnover is generated by mail services, including the reservable area. The remainder is generated by parcels and express services, which are already in the competitive area.

“If the EU’s postal service are inefficient, goods and services will not flow optimally throughout the union—damaging economic growth and jobs. The benefits of electronic commerce will also not be fully realised if the EU’s postal services, at the heart of business-to-business and home delivery in Europe, are not top class. There are therefore strong consumer and business interests in ensuring that a wide range of high quality postal services are available. Moreover, the postal market does not exist in isolation but interfaces and competes with other forms of communication, making it doubly important that it keep pace with modernisation and technological advances.”

The use of computer technology is revolutionising the way the postal services operate. The business and private use of emails is seriously undermining the need for traditional letter services. Email now accounts for 90 percent of all personal correspondence. In many respects Consignia is lagging far behind these developments. Hence its need to carryout an extensive restructuring and privatisation programme.

The Postal Services Commission (PostComm), set up by the government to regulate the postal market, has told Consignia to allow its potential rivals fair access to its network infrastructure. In a move designed to end Consignia’s monopoly over the delivery of letters bearing less than £1 postage, the state-run service now faces competition in its core letters business for the first time in 350 years. This move is widely seen as the start of the backdoor privatisation of the Post Office. PostComm issued its first licence to Consignia, but has forbidden the company from using its present monopoly position to beat off the opposition. PostComm’s chairman, Graham Corbett, said the license was “the first step in PostComm’s task to set a framework for a healthy and competitive postal service

across the UK.” PostComm is now in talks with leading postal firms across Europe and has granted its first license to a competitor. Hays Commercial Services has been given a year-long license to deliver 8am documents in parts of London, Edinburgh and Manchester, the first time the Post Office has faced competition since 1654.

The deregulation of letter delivery is only the latest measure in the break up of the state-run postal services that has been underway for two decades. In 1981, the British Telecommunications Act split the Post Office Corporation, established in 1969, into two nationalised industries, the Post Office (postal services and National Giro bank) and British Telecom (telecommunications).

The last Conservative government subsequently privatised BT, but the Post Office remained problematic and it required a number of steps before wholesale privatisation could take place. In 1986, the Post Office was split up to form four separate businesses: Letters, Parcels, Counters and Girobank, each with its own dedicated staff. This was designed to prevent united action by the workforce and proved successful, given that the unions recognised the division and reorganised themselves accordingly.

In 1990, Royal Mail Parcels became Parcelforce, an independent division of Royal Mail. Two years later the whole of Royal Mail was restructured to reduce 64 postal districts down to nine divisions, with significant job losses. Royal Mail became a significant player in the field of global communications in the mid 1990s, when it began offering services to businesses in the US and Canada. In 1996, Royal Mail US Incorporated was launched. Finally in 2001, the Post Office Group was transformed into Consignia plc.



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