

Britain: Royal Mail plans worker buyout

Keith Lee
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The Royal Mail, according to an article in the *Times* of May 28, is currently discussing the idea of selling a substantial part of its postal business to its employees. The move is seen as a partial privatisation from inside the business in order to head off a full privatisation being pushed by the government appointed postal regulator, Postcomm.

An adviser to the Royal Mail has been involved in discussions with major banks. Alongside private cash from banks, workers would be able to buy shares to the value of 51 percent of the government-owned company.

The *Times* names Richard Gillingwater as a key adviser, an experienced banker who now works for the government as a civil servant. Gillingwater is head of the Shareholder Executive that liaises with a number of government departments and finally reports to the Cabinet Secretary.

The Shareholder Executive was created “to maximise returns on operations owned by the Government or in which it has an interest, such as Royal Mail, British Nuclear Fuels, British Energy, the National Air traffic System and the Royal Mint.”

The fact that a partial privatisation solution of the post office is being discussed at such high levels of government is due to the sensitive political nature of a privatisation before a general election.

The Labour government has been preparing for privatisation for some time. It set up Postcomm, the Postal Services Commission, to regulate the postal market. This has increased pressure on Royal Mail to open up its national monopoly, demanding that 30 percent of a market worth £1.5 billion is opened to competition.

Postcomm has targeted the most profitable end of the market. It consists of large business users mailing out 4,000 items or more. Banks, government departments and mail order firms send out 2.5 billion to 5 billion items of mail a year.

Postcomm, in a second phase, has released a further 30 percent of the market from April 2004, so that rival postal operators are now allowed to handle bulk mailing of 500-1,000 items.

By 2006, all restrictions on market entry will be done away with entirely, enabling people to send and receive letters using firms other than Royal Mail for the first time in more than 300 years.

Postcomm’s chairman John Corbett said, “Complete liberalisation could be brought forward by one or even two years depending on how successful the first stages proved. Licenses will be for seven years and then indefinite.”

Royal Mail recently signed an historic deal with UK Mail, which ended its 300-year-old monopoly and allowed UK Mail to use the Royal Mail’s infrastructure to deliver bulk mail.

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In the last six months Royal Mail has scrapped the second delivery system and launched the single delivery service at the cost of an estimated 30,000 jobs.

While the *Times* headline portrays the “worker buyout” as a plan to beat privatisation it is nothing of the sort. Workers who buy shares will have no say in how “their” company will be run, as the shares are non-voting shares. They will only be lending credence to what is privatisation by another name. Real control of the business will be with management and big capital investors in the form of the banks. Even a partial privatisation would result in a massive increase in the destruction of jobs and working conditions.

The task of selling the worker buyout is falling to the Communications Workers Union (CWU), which functions as an appendage of Royal Mail management. The CWU has worked overtime to suppress growing opposition to privatisation. It has collaborated with Royal Mail to implement its restructuring process, so

much so that in 2001 strikes in the industry were at a ten-year low.

While the union has put no formal response, it has claimed to be taken by surprise over the moves towards partial privatisation. But according to the *Times*, the Chairman of Royal Mail, Allan Leighton, has held talks with the CWU over the buyout proposal.

CWU Deputy General Secretary Dave Ward has complained of a lack of collaboration. He said, “We need to map out together a vision for the industry we can all sign up to and agree to work towards.... We cannot continue to have an industry directed by four competing factions, with a fifth—CWU —representing the workforce with most to lose.”

Put in clearer language, the CWU is asking for a role in managing the proposed privatised venture, in return for which it will do its utmost to prevent any opposition from its members to attacks on working conditions by what will inevitably be portrayed as the workers’ “own company”.



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