

European Union clears final hurdle to postal privatisation

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The European Union has cleared the final hurdle to full competition in the 88 billion euro postal market by 2011. The agreement amongst Europe's postal carriers will allow any private operator to carry mail under 50 grams. Only three countries—Sweden, Finland and the United Kingdom—have been fully liberalised.

One of the major sticking points over the 2011 deadline was the Universal Service Obligation (USO). Big business has fought long and hard for the abolition of the so-called “reserved area,” whereby operators retained a national monopoly on letters weighing less than 50 grams in Europe. National monopolies in this reserved area previously provided for all EU citizens to be entitled to have their mail collected and delivered at least once a day, five days a week. Private operators will now be able to enter this lucrative market, 85 percent of which is business mail, creaming off the most profitable areas without having to comply with the USO. This will make the task of meeting the USO ever more costly to national carriers and must inevitably result in its abandonment.

The struggle by European big business to privatise the major national carriers began in earnest in 1997 when the EU passed its directive, amended in 2003, that demanded each member state open its national postal service to competition. This privatisation process is the major factor in the huge attacks that are being carried out on postal workers in Europe.

The two countries that have served as a privatisation template have been Sweden and Germany.

Sweden was the first industrialised country to end its national postal monopoly in 1983—a full two years before the country joined the EU. Posten AB was completely restructured in order to compete with its main rival, Citymail. Since the 1990s, massive job losses have taken place, slashing the workforce from 72,000 to 38,000. The introduction of part-time workers has also increased to almost one third.

Germany's path to privatisation also began in the early 1980s, when the express parcel business market was opened up to competitors. Bundespost then separated into three businesses, similar to a development in the UK.

However, the first significant privatisation inroad in Germany's post came with the 1997 directive calling for the liberalisation of Europe's postal networks. In 2003, cross-

border mail was opened to competition. The German market was worth 23 billion euros by 2006, with 75 percent of this market open for competition. Between 1992 and 2006, Deutsche Post AG reduced its staff from 306,151 to 150,548.

Continental deregulation has seen the Labour government and Royal Mail intensify efforts to fully privatise the UK's network. Postal workers in Britain are currently involved in a bitter battle to defend pay and conditions against plans to impose “total flexibility,” with the loss of more than 40,000 jobs and substantial cuts in pensions.

In 1986, the Post Office was split into four separate businesses—one of which, Royal Mail, was further restructured in 1992, reducing 64 postal districts to nine divisions, with significant job losses.

In 1999, the Labour government's trade secretary, Peter Mandelson, put forward a new commercial structure, which involved “the most radical set of reforms since the modern Post Office was created in 1969.”

The Labour government opened up UK postal services to full competition on January 1, 2006—three years ahead of the deadline demanded by the 1997 EU directive. The Labour government has pressed forward the privatisation of postal services with even greater determination than the Conservative government it replaced.

Like many other national operators, Belgium's De Post had a state monopoly, organised as a company under central government control. In 1991, it was given autonomy. This move set the scene for it to be made into a limited company in 2000. In 2005, shareholders were allowed, with the Belgium state still retaining more than 50 percent of the shares. Since then, De Post has followed the EU timetable of liberalisation.

The Belgian post office (La Poste/De Post) has been undergoing a major internal restructuring since 2000. The company early on recognised that it had to carry out a massive reduction in costs and manpower. To do this, management introduced the *Géoroute* software in 2002. This Canadian programme aimed to rationalise the distribution of mail by optimising delivery rounds, requiring a smaller workforce. It provoked a large number of strikes during 2003, 2004 and 2006, against a significant increase in the workload and the loss of 2,500 jobs.

Towards the end of 2005, La Poste/De Post carried out the second stage of its technology upgrade, *Géoroute 2*. Another 1,000 jobs were cut. Belgium recently abstained on the new EU agreement.

Under the control of the Stalinists, Poczta Polska was a state monopoly, with the government controlling 99.1 percent. While the Polish national carrier has not been formally privatised, it has been forced to compete with an increasing number of private operators, including TNT and DHL. From 1994 to 2005, the number of private operators in Poland increased from 15 to 113.

The globalisation of trade and industry has undermined nationally based postal monopolies and forced them to compete at home and abroad against their international rivals. The enormous growth of e-mail has seen letter services internationally drive to cut costs and create new markets for parcel deliveries via Internet shopping. Half of the population in Europe now has Internet connection and access to e-mail.

The nationally based postal networks were bound up with an earlier stage in the development of capitalism. As a paper at a recent Uni Postal Global Union Conference in Athens explained, “Whilst in its early days the regular postal service was used mainly by patrician and merchant families to send information (and move people in the post coach) between states, during the 19th century postal services developed into a country wide and close-knit network for the dispatch of written documents and goods.

“With the development of notions of the modern state based on social cohesion the provision of efficient utilities such as water supply, mains electricity, roads and postal services as well as general public access to these networks came to be seen as a central task of government. In order for these services to be run economically by carrying sufficient items and also to allow for cross-funding between profitable and unprofitable parts of the service, these state enterprises were shielded from private competition. Equipped with exclusive rights these monopolies were obliged as part of their condition of supply to provide their service throughout the country to all citizens at a uniformly low cost. This link between an obligation to provide a universal service as part of the duty of the state and the exclusion of competition was long accepted as uneconomic necessity by the body politic and society at large for utilities and particularly for postal services.”

Government and big business are no longer prepared to accept such “uneconomic necessity.” To slash public spending—in the form of subsidies—and to enable formerly national services to compete in an international market, the postal networks across Europe are to be “liberalised.”

The end result will not be a harmonious, European-wide telecommunications industry. The European bourgeoisie is incapable of carrying forward such a progressive and necessary development. Rather, the EU’s plans clear the way for fratricidal competition within the postal industry. In February

of this year, the European Commission launched an inquiry into the UK government’s funding of Royal Mail through non-commercial loans, after complaints reportedly received from the company’s main European rivals, Deutsche Post and TNT.

The cost of privatisation will be borne by postal workers—in the loss of their jobs and attacks on wages and working conditions—and the population at large.

According to Jon Pedersen of UNI-Europa (representing unions across Europe), “Ten years of postal liberalisation in Europe have so far meant fewer postal outlets, fewer mail boxes and longer distances to access the post. For workers in the postal sector it has meant fewer jobs, precarious employment and downward competition on wages-wage dumping. All this has been contrary to EU promises.”

As a result of privatisation in Sweden, 25 percent of post offices have closed and, as mentioned above, thousands of postal jobs slashed. In Italy, jobs have fallen from 220,000 to 150,000, while at Deutsche Post, jobs have been halved. In Holland, TNT Post, the former Dutch monopoly mail operator, said it is cutting 7,000 jobs and freezing pay. In New Zealand, the same process saw 43 percent of jobs disappear.

Pedersen’s complaint notwithstanding, the unions across Europe have enabled the EU and the respective national governments and corporations to implement their plans. In every country, the various union leaders are imposing the attacks on postal workers jobs and conditions demanded by the employers. The betrayals of strikes such as the current one in the UK are not merely the result of bad leaders. The degeneration of the old workers’ organisations is the product of their nationalist and reformist programme and organisation.

When production was predominantly organised within national borders, it was possible to extract certain concessions from the employers through strikes and protests, without challenging the essential framework of the profit system. Today, the union bureaucracy has abandoned such a struggle in direct response to the ability of the major corporations to organise globally.

Postal workers in Europe and internationally share a common interest—the defence of their jobs, wages and conditions against the constant drive for higher share values and a greater market share. This is bound up with the reorganising of society on entirely new economic foundations, in which social need is the central principle. That is why the critical question facing postal workers is the construction of a new and genuinely socialist party, which seeks to unite workers across the continent independently of the old labour and trade union bureaucracies.



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