

# Britain: Postal unions push through attack on pensions

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UK postal workers are currently voting on pension reforms demanded by Royal Mail. Both the Communication Workers Union (CWU) and Unite, which represents postal managers, are balloting their members following the end of the company's consultation period.

Royal Mail's demands amount to legalised robbery. It wants to close the current final salary pension scheme with defined benefits from April 1 and transfer existing and new staff to a scheme linked to "career average" earnings without defined benefits, subject to the vagaries of the stock market. The basic retirement age will be raised from 60 to 65 from 2010. The attack on pensions by Royal Mail is being mirrored in virtually every industrialised country.

The CWU has called on postal workers to vote no to the proposals, but the ballot is purely "consultative" and makes no call for strike action. It will be used to put pressure on the company to make cosmetic changes that can be sold by the union to its membership. CWU Deputy General Secretary Dave Ward has made clear that the union leaders will give Royal Mail what it wants, saying that the CWU "understand and support the need for pension reform...no change on pensions is an option that will cripple the company financially."

Royal Mail operates one of the biggest pension schemes in the country, with more than 450,000 retired and working members. The scheme has operated for many years with a huge deficit and now stands at £5.6 billion—making the company technically insolvent. This is because successive governments, like many private companies, took a "pensions holiday" when the pension fund was in surplus for 12 years from 1988.

The value of the fund then slumped, following the collapse in stock markets. This fact only came to light because international accounting rules required companies to publish additional information.

In 1999, the Labour government announced its intention to liberalise postal services as required by European Union legislation and passed the Postal Services Act 2000. It appointed Allan Leighton as chairman and Adam Crozier as chief executive to carry out a "radical transformation" of Royal Mail, involving a programme of restructuring and cost-cutting and "reform" of the pension scheme.

In 2006, following an announcement that UK postal services

had been "fully liberalised," then-Trade and Industry Secretary Alistair Darling outlined a "Financing Agreement" releasing £850 million in profits held in a reserve fund to prevent the pension fund from collapsing. In addition, he made available a £900 million loan for modernisation of the business and agreed to a "phantom" share scheme involving "partnership units" that could give staff up to £5,300 each by 2012 provided draconian "transformation" targets are met.

Royal Mail continues to insist the pension scheme must be "reformed" because costs have gone up by £193 million a year to £722 million, threatening its ability to compete with its national and international rivals. Profits had fallen by a third to £223 million at the end of last year.

A spokesman for Royal Mail said the company was surprised at the unions' call for a ballot, declaring, "We already have signed written agreements over pension changes, so we expect the unions to honour them." He added that the changes "are in line with those agreed with the CWU last autumn, and are necessary if we are to achieve the best possible pension plan that the company can afford."

Last autumn, postal workers were involved in a bitter dispute over pay and conditions that escalated into a series of wildcat strikes threatening to get out of the bureaucracy's control. The CWU leadership, under General Secretary Billy Hayes, stepped in and abruptly ended the strike without consulting the membership. For days, no one knew why the strike had been ended or what had been agreed with the company.

Eventually, Hayes claimed the union had secured an increase in wages amounting to 6.9 percent over 18 months and that it had "decoupled" the issue of pension rights from the proposed deal. In the event, the true pay figure was just 5.4 percent over two years, with an additional 1.5 percent increase conditional on implementation of "total flexibility" in the workplace. Since then, Royal Mail continues to insist that the agreement included "the union's support for the company's overall proposed pension reform," whilst the unions say that it has been "misrepresented."

The CWU leadership has become deeply discredited over its support for privatisation over the last decade and especially for the decision last autumn to end the industrial action. In the last few months, it has become clear that Royal Mail managers have

used the meagre pay rise to divide postal workers and force them to sign local flexibility agreements. In some offices, postal workers are being told to work four 10-hour shifts or cover for absences without overtime before they receive the 1.5 percent. The Early Shift Allowance has also been replaced with a Mixed Shift Allowance, which means a loss of £10 a week for a postal worker.

One postal worker from Stockton on Tees, writing in the [royalmailchat.co.uk](http://royalmailchat.co.uk) blog, describes how the local union rep recently went to sign such an agreement, which had been subject to weeks of discussion, and so release the pay rise. The worker explained how the deal “involved 6am starts, 30 minutes flexible time (hour and a half either side of 6am). When the rep went in to sign it up she was told that we would have to start at 6.30 am. This was not agreeable and the goalposts had been moved again. She was told we would not get anything unless it was signed.”

The CWU bureaucracy is facing growing calls for strike action over pensions but it is anxious to prevent a political struggle developing against the Labour government.

Once again, the Socialist Workers Party—Britain’s largest left-radical group—is providing a left cover. Hayes, who has been a regular speaker on SWP platforms including the party’s annual “Marxism” conference, has been invited back to this year’s conference as though last year’s dispute had not happened.

In a recent *Socialist Worker* article, “Let’s fight the pensions pickpockets,” Gareth Eales, deputy branch secretary of the CWU Northamptonshire Amal branch, explained, “We all want harmony after last year’s dispute. But if we have to lock horns with the employer again, we must all answer the call. I never thought I’d wish for this, but we need to get Royal Mail managers on board in this fight too—after all it’s their pension scheme too. Although expecting some of those snakes to have a backbone is somewhat wishful thinking. It is vital that we bring the Royal Mail managers’ CMA union into this fight, and utilise the apparent fruitful relationship between our general secretary, Billy Hayes, and the joint general secretaries of the Unite union of which the CMA is part. The government is Royal Mail’s sole shareholder and it must be forced to intervene on this issue.”

Eales adds, “Given the position the government took during last year’s strike; let’s not expect too many favours. However, there are still some good Labour MPs who provide support for the CWU. A solid political campaign is required with Billy Hayes leading from the front.”

Eales’s call for a campaign led by Hayes and a handful of Labour MPs is supported by CWU national president and SWP member Jane Loftus, who also calls for the government to intervene to “sort out” the question of pensions funding. Last autumn, Loftus voted against the pay and modernisation deal, but remained silent for months after as the dispute dragged on. Despite her privileged access to the machinations of the union tops, Loftus did nothing to alert postal workers to the sell-out

that was being prepared and, despite voting down the deal, made no call on postal workers to do the same. To date, the SWP has made no accounting of Loftus’s silence.

The SWP’s call for Labour to intervene is particularly ominous since it was the government that initiated the reforms and has made abundantly clear its determination to push on with them.

On March 13, Downing Street replied to an e-petition promoted by the SWP, which called on Prime Minister Gordon Brown to dismiss Leighton and Crozier. The reply said the government “fully supports the Board of Royal Mail as it takes forward its plans to modernise the company so that it can compete in a fully liberalised market” and repeated its intention to press ahead with a new review of the postal sector, citing increased competition from e-mails and text messaging and the full liberalisation of the European postal market by 2010.

On the day the review was first announced, December 17, 2007, Secretary of State for Business, Enterprise and Regulatory Reform John Hutton expressed his full support for Leighton and reappointed him as chairman, saying he “will help provide the continuity needed for Royal Mail to make progress on its modernisation plans and to contribute to the review of developments in the postal services market announced today, and I am grateful to him for agreeing to extend his term of appointment.”

If postal workers are to defend the pension scheme and advance their struggle against the ongoing privatisation of the post office and job losses, it is necessary to carry out a political rebellion against the CWU leadership and its left apologists such as the SWP. Postal workers must recognise that they are involved in a direct political struggle against the Labour government, for which trade union action alone is not enough.

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 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 and accepts their assertions that attacks on jobs, working conditions and pensions are necessary in order to beat international competition.

The right to a decent standard of living in retirement requires the development of a political movement of the international working class aimed at abolishing the capitalist system and reorganising society based on human need, not private profit.



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