

French postal service to be privatised

Olivier Laurent
24 September 2008

President Nicolas Sarkozy announced September 17 the creation of a commission comprised mostly of political and trade union representatives to discuss the privatisation of the French postal service. It is to produce a report November 30.

According to the July 7 edition of French financial paper *Les Echos*, the most likely scenario will a floatation on the market of 20 percent of postal service capital. The total capital is estimated at €10 billion.

La Poste, a state-owned company, runs the basic mail delivery service and is also a major player in the express and parcel deliveries markets due to its large network. It employs 300,000 workers, 54 percent of whom have civil service status.

It is also an important bank and is used by many small savers. With the loosening of European Union financial regulations in recent years it has also expanded into credit and insurance activities and invested in overseas activities in the UK, Turkey, South Africa, Spain and elsewhere.

It was also the state phone company until EU regulations gradually imposed the complete liberalisation of telecom activities from 1980 to 1997.

It remains a profitable company, with an operating profit of €943 million in 2007, up 16 percent from 2006. Fifteen percent of these profits go to the state, while the remainder is reinvested.

On September 5, the company announced it was “considering the possibility of changing its status,” i.e., adopting the public limited company (corporation) status that is the standard for private companies and a prerequisite for the selling of shares by the state.

The move has been presented as preparation for the full liberalisation of the postal market in the EU, scheduled for 2011. Another reason for the change is that banking and postal activities will have to be split because EU regulations on dominant positions otherwise would be infringed. So the new “postal

bank” will be a juridical fiction to which *La Poste* will rent its offices and the services of its employees—and at the market price for such services. The cost for this will be paid by the working class in the form of lower wages and higher prices for credit.

The postal bank will hold €40 billion of savings placed on various books that were designed specifically for small savers. The new status will largely eliminate the state’s guarantees in case of bankruptcy, creating a risk for savers.

What awaits French people can be observed in countries that have already gone further in the liberalisation process. German Post has transferred 25,000 jobs to low-wage subcontractors, and another 30,000 to 40,000 jobs went from full-time to part-time. When the UK’s Royal Mail workers agreed to an “efficiency agreement” in 2003, it was the green light for the slashing of 33,000 full-time and 25,000 temporary jobs. The general level of services has deteriorated, as the companies turned to the more profitable professionally oriented markets, such as mass mailings.

For years *La Poste* has been utilizing the general trend of liberalisations to increase profits. Fully 40 percent of its workforce is hired on common contracts that can be broken more easily than the public contracts standard in previous decades. The use of temporary contracts for vacation periods is rising as well and workers now have to meet sales objectives, not only for banking activity but for envelopes and stamps as well.

Despite provisions granted by the EU in 1996 that a number of obligations can be imposed by the state to guarantee “quality basic service,” customers have witnessed shorter opening times of postal offices and many closures in rural areas. With the splitting of banking and postal activities there is a risk that, in some rural towns and villages, offices will be closed simply because the postal bank refuses to rent them, leaving

the postal service on its own. Until now, 5,000 closures have been prevented by turning post offices into offices financed by local councils or by subcontracting to local shopkeepers.

The new steps toward full privatisation will only worsen the situation. The objectives were made clear in a French senate report drawn up in 2003. Aggressively titled “*La Poste*: the last chance,” the report was inspired by foreign examples, citing that 97 percent of post offices were franchised in the UK, “for small offices as well as for big ones,” and calling the closing of a quarter of all German offices “a rationalisation and suppression of some underused offices.” It also called for an alignment of the banking services with those of the private banks, including an “automatic adjustment of interest rates.”

Five unions representing postal workers called a “day of action” September 23 to protest the privatisation of the public postal service. There can be no confidence placed in organisations with a long history of collaboration in the privatisation of social services and utilities. The one-day protest was designed to provide an escape valve to dissipate the growing anger of the working class at the government’s destruction of its living standards and rights.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact