

# UK's Royal Mail faces privatisation

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26 September 2013

The Conservative-Liberal Democrat government in Britain announced this month that it is pressing ahead with the privatisation of Royal Mail.

Business Secretary Vince Cable said the government would be disposing of a majority of its shares in an Initial Public Offering (IPO) on the London Stock Exchange “in the coming weeks.” The move came after Royal Mail secured £1.4 billion in debt facilities from a syndicate of banks to support it after privatisation.

Recent estimates have valued the IPO at up to £2.9 billion, with 10 percent of the shares—estimated at £300 million—reserved for about 150,000 of Royal Mail's 165,000 staff.

The 10 percent share offer was stipulated as part of the Postal Services Act in 2011, which cleared the way for privatisation. By offering them as free shares, the government hoped to break opposition to privatisation among postal workers, especially after a majority of Communication Workers Union (CWU) members voted against it. But most postal workers rightly regard the so-called “free shares” as not worth the attacks on pay, conditions and jobs that will follow privatisation.

The BBC reported that the government has plans to pay a dividend to the new owners to the tune of £133 million next July. Part of the motivation for this is to imply that the business is worth £3 billion.

On the day of Cable's announcement *Sky News* reported that contingency plans are being drawn up in the case of a failure of the IPO.

The private equity firm, CVC Capital Partners, which had initially expressed interest four years ago in buying Royal Mail, signalled its willingness to make a bid again as a “Plan B” in case the IPO fails. The private equity firm recently sold a part of its stake in the Belgian postal service.

Evidence of a contingency plan underscores the government's determination to privatise the service, not for the fraudulent claims of investment and

improvement, but as an asset-stripping opportunity for finance capital.

Various news outlets have presented the timing of the government's announcement as an act of defiance in the face of postal workers' anger. But the government has been able to rely on the fact that the CWU has done nothing to oppose privatisation and defend jobs and conditions. It is not despite the CWU that privatisation is going ahead, but because of it.

The CWU has stated that it cannot legally take action over privatisation. Insofar as the CWU has any strategy outside verbal denunciations, it has been limited to sending postcards to Members of Parliament and the CWU supported “Save our Royal Mail” campaign.

Far from defending postal workers, the CWU campaign is consumer-orientated and primarily seeks pledges from ministers, irrespective of privatisation, to guarantee good service, under the Universal Service Obligation, six days a week to all parts of the country. It emphasises the link between Royal Mail and the monarchy, and seeks to whip up nationalism by raising the threat of foreign firms buying out Royal Mail.

More broadly, the CWU hopes to use the issue to build support for a Labour government—seeking assurances that Labour will renationalise Royal Mail if it forms the next government. Illustrating the fraud being perpetrated, Labour's Shadow Business Secretary Chuka Umunna called any such pledge “completely irresponsible” and “like writing a blank cheque.”

As for the CWU's ballot for industrial action, this concerns the post-privatisation conditions for postal workers. As stated by Dave Ward, CWU deputy general secretary, it is intended to “focus the minds of Royal Mail” and reach a “groundbreaking agreement” on terms and conditions where workers will receive legally binding protection in the event of a sale. The CWU has also said that it is looking for a new

industrial relations framework, a euphemism for the CWU bureaucracy's efforts to ensure itself a continued privileged position in a privatised Royal Mail.

There is nothing to indicate that the CWU will put up any serious fight. It had taken months for the CWU to finally announce any ballot for industrial action after having made vague threats since a rotten pay deal was publicly rejected in July. The government's final announcement came no more than a week after the CWU finally confirmed that it would hold a vote.

The CWU is proposing a series of consecutive strikes by different sections of postal workers—a common tactic of the trade unions to ensure defeat by preventing a unified struggle. Originally it was stated that ballot papers would be issued on September 20, with action to follow as soon as October 10. This has since been moved to September 27 for action no earlier than October 23, when the government may be floating Royal Mail.

Royal Mail issued a statement to postal workers saying that privatisation will have “no bearing on the number of people employed in the business.” Regardless of who owns Royal Mail “we'll need to be smaller and more efficient,” it stated. This is to be achieved under the “existing Job Security Resourcing and Managing Change agreement with CWU” that will remain in place, the statement said.

It is through this agreement that 50,000 jobs have already been lost through “voluntary” and compulsory redundancies, all with CWU approval. Given the CWU's professed commitment to the success of the business, the plans to downsize will be something it is fully aware of. Yet impending job losses find no mention in CWU statements, making its claim to be defending job security post-privatisation completely hollow.

The union's claim to be negotiating “fairer workloads” also does not stand up to scrutiny. On the pretext of defending jobs by raising revenue and attracting more business for Royal Mail, a recent statement by the CWU agrees to removing the cap on the number of door-to-door items that can be delivered each week, from six to seven. This follows from the CWU agreeing to a previous rise from three to six items.

No confidence can be placed in the CWU to defend anything other than its own standing as a police force

on behalf of management. The record shows the CWU is an organisation that has been responsible for defeat after defeat of the struggles of postal workers, while signing agreements that shred conditions and impose massive job losses.

Postal workers must draw the necessary lessons and adopt a new perspective. A conscious break from the trade unions is necessary. Action committees must be formed to take the initiative for a genuine mobilisation against privatisation and attacks on conditions and jobs out of the treacherous hands of the CWU. Such action committees must reach out to other workers in Britain and across Europe who all face attacks, to build a unified political struggle on a socialist programme against all the attacks on jobs and living standards being imposed by governments of austerity.



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