

Telecommunications

**the case
for Public
Ownership**



*CWU banners on the TUC
'For a Future that Works'
demonstration,
20 October 2012*

This pamphlet has been written and produced by the Communication Workers Union Greater London Combined Branch as a contribution to the debate on the future of the UK telecommunications industry. We are interested in feedback from readers. Please do contact us with your comments and/or for more copies of this pamphlet.

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// Telecommunications

Executive Summary

- **The telecommunications industry is a natural monopoly. The current regulatory model of liberalisation and competition is wasteful and unnecessary.**
- **The regulation of telecoms firms since privatisation has led to an investment 'famine' and the occasional 'feast' that severely limits the development of telecoms infrastructure for the benefit of all customers.**
- **The rigged competitive model that has been the basis for regulation in the sector since privatisation is in fact a façade behind which mega profits are made by the major firms dividing up the market between them whilst customers and workers lose out.**
- **Since privatisation in 1984 union membership density in telecoms has declined, and so has the job security, terms and conditions and access to training of workers in the industry. These trends are detrimental to an efficient telecoms service.**
- **Rational planning, organisation and democratic control of the postal and telecoms industries under public ownership can facilitate effective investment in universal access to superfast broadband and promote social inclusion.**
- **Public ownership would allow the criteria for policy decisions on telecoms development to be the public good, rather than by the dictates of a market system based on short term profits whether from transient 'content' fashions or 'quick fix' technological solutions.**
- **Public ownership of telecoms can provide environmental improvements, stimulate industrial growth and increase investment in wider economic regeneration and growth in the UK along egalitarian lines – in the interests of the many and not the private gain of the few.**
- **If the CWU, along with other affiliated unions, campaigned for public ownership of telecommunications and post to become Labour Party policy and be included as a commitment in the manifesto for the next election it would be a vote winner.**



Introduction

This pamphlet makes the case for public ownership and control of the UK's telecom infrastructure. We believe this is the only guaranteed way of securing the investment and rational planning needed for future economic prosperity, and to ensure that the fruits of this prosperity go to the many and not the few.

In the first section we highlight the urgent need for substantial investment in a 'network of the future'.

In the second section we expose the current system of telecom 'regulation' and show that it hides rigged and fake competition which in reality protects and subsidises a cartel of private monopolies.

In the third section we address the scandalous waste and inefficiency and cynical exploitation of consumers that result from the lack of democratic control and public ownership.

And in the last section we consider how giving the users of and workers in the telecommunications industry real democratic control over the sector would unleash creativity and ensure that the benefits of technology are reaped by the majority of our people.

The issues we discuss in this pamphlet are not confined to the telecommunications sector. We consider some parallels in the current situation in Royal Mail and also detail some of the general myths of private sector efficiency. The pattern of wasteful duplication in some areas and insufficient development in others is an inherent feature of capitalism both in the UK and worldwide.

We believe that a publicly owned and accountable telecoms industry should make sense even to supporters of capitalism and the market. The sector is a natural monopoly and the superior performance of state run businesses in other countries demonstrates this. The likes of Adam Smith would look on in disbelief at the way the current UK government protects the ruthless pirate operations of the giant private telecom monopolies. However, we make the case for public ownership and democratic control as trade unionists who see a much bigger picture and who believe that a more rational and just economic order is possible.

A publicly owned and controlled telecoms sector could be an engine room for creating jobs and improving the living standards and prospects of the majority of our people. But this will only happen if the government itself and the commanding heights of the economy are in the hands of the majority, rather than the representatives of financial speculators, tax avoiders and asset-strippers.

Glossary

Broadband – usually simply a reference to use of a modem to enable the transmission of data over the telecoms network much greater than possible by ordinary ‘dial-up’.

Bandwidth – the rate of transmitting data measured at bits per second.

Superfast broadband – speed of about 38 to 76 mbps (megabits per second), enabling fast transmission of video etc.

Local Loop – the link connecting the customer to the telecoms provider’s network. Traditionally this is the line from a socket in a house or office to the local telephone exchange.

Local Loop Unbundling – allowing various telecom companies to use the cables from the telephone exchange to the customer.

Cabinet – a cross connection point usually in a box on the street, where the cable from the local exchange can be connected to one of a number of local cables serving different street/buildings.

4G spectrum – the latest batch of radio frequencies to be made available for mobile phone companies, it will allow them to offer ultrafast broadband (over 100mbps) to smartphones and laptops.

Fibre optic – a cable replacing copper as the method of transmission, it uses pulse of light over glass fibres. It has a much higher capacity for data, while being smaller and not prone to interference.

USO – Universal Service Obligation. Some Telecoms companies are, by virtue of being original incumbents, obliged by law to provide basic telephone connection and/or service to everyone in the UK at reasonable cost.

New wave technologies – anything requiring the transmission of large amounts of data.

1. We Need to Build a Network of the Future

The Government needs to act to ensure we have genuinely superfast broadband coverage that sustains the needs of the UK and unlocks the potential for growth and development. Future economic prosperity depends on it. Right now we are a long way from that:

- The 'digital divide' means a staggering 8.12 million UK adults have never used the Internet and are excluded from the benefits of broadband.
- In 2010 the UK was ranked 14th in the world in terms of broadband and telecoms infrastructure, primarily because other countries are investing much more in fibre to the home networks.
- There is a divide not just in terms of access, but also network bandwidth (capacity to carry full range of services). Those living in remote geographical locations and many on lower incomes are being disadvantaged by being unable to access superfast broadband services.
- The UK ranked a lowly 16th in Europe for connection speeds and did not even figure in the top 100 cities worldwide – which is led by the Asia-Pacific region.
- The UK even lag behind war ravaged and devastated Rwanda! Academic analysis of the Government's broadband plans found them to be insufficiently funded, leaving the UK economy disadvantaged in comparison to Europe and the rest of the world.
- Over half of all UK households are passed by superfast broadband yet only half a million customers had signed up to BT's superfast infinity service as of March 2012.
- Only 2% of residential and SME (Small and Medium sized Enterprises) UK broadband connections have a headline speed of 30mbps or higher last year although this was an increase of 5 times more than the previous year.
- Up until June 2012 only 0.1 per cent of British households were signed up to faster 100Mbps broadband packages.

The current Government has a half hearted approach with vague plans and insufficient funding. It aims for a 2Mbps speed and for 90% UK coverage by 2015. This cannot be described as either superfast or universal coverage and is far short of what is necessary for future development.

The Government has committed a mere £530 million of public money to broadband development and even smaller amounts for the development of rural and small city networks.

Superfast broadband technology has enormous potential as a vehicle for public good, social inclusion and economic prosperity. It can facilitate improved communications in all areas of life including: business, education, health and even enhance our democracy. It can facilitate the free exchange of information and knowledge essential for economic and social development.

“*A superfast network will deliver accelerated economic growth*”

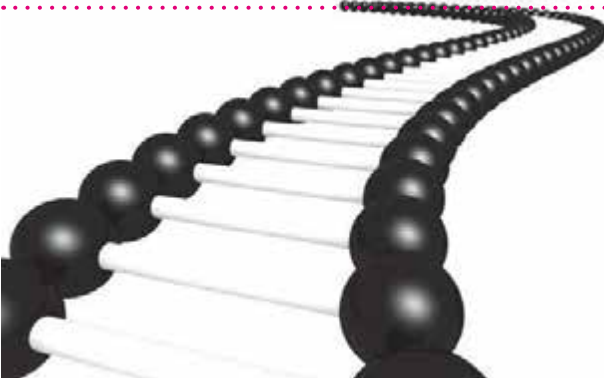
The Internet accounted for 21 per cent of the GDP growth in mature economies over the past 5 years, and broadband has massive potential to contribute to future economic growth. A fully funded ‘fibre to the home’ network would add massively to the efficiency of the UK economy particularly in the electricity, health, energy and transportation sectors. Investment in the infrastructure necessary for superfast broadband accessible for all would boost economic growth and create jobs. It is estimated spending £5 billion on broadband infrastructure in the UK could create or retain about 280,500 jobs.

The UK and many other advanced economies are in the midst of a transition from old copper wires to fibre-optic cables. It has been estimated that between £27 to £29 billion worth of investment is needed in the UK to develop a network based on fibre to the home and achieve universal coverage of the 28 million homes and business premises. This is what it takes to create a proper superfast broadband network of the future. Yet Government policy promotes a make-do and mend mentality in the sector. There is a lack of vision of the potential that all fibre lines of speeds of up to 3000mbps (and 1 gigabit in the not too distant future) could provide.

Underdevelopment

By limiting national targets to ‘fibre to the cabinet’ there is a massive underdevelopment of the last section of the telecoms network (from cabinet to home) severely hampering access to superfast connections and all the services that will result. This was recognised in the highly critical report from the House of Lords select committee in July 2012. The peers expressed the worry that the sector is currently building the wrong kind of network with the taxpayer footing the bill for wasteful technologies.

Substantial investment in technologies could be made only to be superseded very quickly. This was the experience immediately after privatisation and during



the period of the 'telecoms bubble'. Chasing profits means that investment in substandard networks and needless duplication *now* takes priority over planning properly for the long term. The alternative of looking at the big picture would actually save more in the long run and give us a network fit for purpose that will last. The trouble is it requires the kind of large scale long term investment and planning that the private sector aren't capable of or interested in.

The payback for the significant investment in a network for the future based on 'fibre to the home' is there for all to see. But the current structure of the industry does not allow for the major investment needed because none of the private telecoms firms will lay out such an investment without guaranteed returns. What profit chasing private company would? That's where the inherent short-termism of private capitalism gets in the way of economic development. A telecoms network that is fit for the future can only be delivered through the coordinated planning and control that is possible through public ownership. Underlying the lack of vision on a network for the future is the continuing myth of private sector efficiency.

Conference Policy

CWU conference policy calls for UK telecommunications to be placed by Government in public ownership and under democratic control. This was agreed by our Union because we understand that the UK and international private sector is unable to provide for the development of the network infrastructure and introduce the new generation technologies essential for the future economic prosperity of the UK. We need public funding for consistency in investment and rational planning.

The CWU nationally has argued that there is a strong business case for much greater public sector investment in UK broadband infrastructure to boost economic recovery and job creation and a universal service obligation (USO) on broadband services. Both of these demands require political action. Over 40 countries worldwide – including the USA and China – have introduced a universal service/access requirement through a fibre to the home network. So why not the UK?

Austerity or Social Liberation?

The present economic debate between 'austerity' or a more moderate level of public sector cuts is a shallow one. An alliance of economic experts, both at home and abroad expect workers in the UK, Europe and throughout the world to pay the price for their bankrupt economic policies. Despite the experience of the crash of 2008-9 and the resulting recessions those in power have continued to convince democratic Governments to defer to these 'experts'. The workers voice is not heard.

It is insufficient to oppose the present Conservative-Liberal Coalition Government's austerity agenda because they are going 'too far, and too fast'. We should perhaps take heed of the words of a past labour movement leader – 'We know what happens to people who stay in the middle of the road. They get run down.'

Our leadership should adopt a clear position on the principles of market economics – that we are opposed to them. We need a leadership prepared to lead a fight against the attack on our public services, on workers' terms and conditions, and the brutal social policies that accompany these. But to do this we need to make the positive case for public ownership and raise the big questions about what sort of political economy workers need, and what sort of society we should aspire to. We have to consider what are the real *goals* of productive labour.

Advances in technology in developed capitalist countries throughout the 20th century delivered hundreds of millions of people freedom from drudgery, whether in back breaking waged manual grind, in unpaid domestic labour or repetitive clerical tasks. The explosion in the development of, and the convergence of, telecoms internet and media technologies over the last few decades are a continuation of this development. In the future there will be changes that at present we cannot imagine.

New social relations created by the technological changes allow for truly global interconnectivity. The possibility of this massive acceleration of universal connectedness can raise us to a higher level. We are in a new phase of the development of our human nature – an expansion of human wants and the possibility of meeting more human needs.

This is why the wastefulness of this technology for the end of private profit is not just an economic injustice but a denial of our humanity. The economic development under capitalism creates the possibility of the greater flourishing of our collective being, but only if we own and control it.

2. The Myth of Private Sector Efficiency and the Façade of Competition

Fuelling the free market consensus across the major political parties, media commentators and policy makers is the myth that private ownership can deliver efficiencies that cannot be gained under public ownership.

But the reality is that the market is only efficient at generating profits for shareholders. Users get a second rate service and workers are screwed into the ground.

A closer look at the actual pattern of development of UK telecoms services since privatisation reveals that 'free market' ideology has actually been a facade which hides a much more complex reality.

Since the privatisation of UK telecommunications in 1984, the industry has generated mega profits for its shareholders on the back of the unprecedented explosion of demand for communications. Our industry is one of the most profitable in economic history. This has coincided in the UK with the policy of privatisation undertaken by the Thatcher Government, but when telecoms was publicly owned it was also very profitable. Under public ownership the telecoms industry had a record of high levels of investment in technology of the future. In the late 80's and early 90's, following the privatisation and liberalisation, there was sufficient confidence that future profits promised by a boom market would generate massive investment in telecoms, even if much of it was used for wasteful duplication of the old technology networks. Even greater profits were made by those providing targeted services or providing support services to the telecoms industry but investment in a truly national infrastructure was squeezed. Then in the early 2000s the telecoms bubble burst.

In the privatised UK telecoms marketplace, the ideology of competition encouraged a wasteful investment in the duplication of legacy network technology. In the boom period there was over investment in legacy networks that had two main results. Overcapacity led to drastic price reductions, resulting in loss of market confidence, with share prices falling through the floor. There was a failure to invest sufficiently in new wave technology and billions of pounds were splashed out on third generation mobile licenses in competitive auctions. When the bubble eventually burst, some telecoms companies were saddled with enormous debts and consequently spent much time restructuring in order to avoid insolvency.

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The bursting of the telecoms bubble led to job losses, massive pressure on remaining employees to increase productivity and the future development of services slowed or was abandoned with declining quality of service. Meanwhile fat cat bonuses for executives continued. Now the challenge of developing the Next Generation Access technologies, unlocking the amazing potential of superfast broadband, are exposing once more the failures of the private sector in telecommunications.

The façade of competition

Governments and regulators in the UK have for thirty years promoted a competitive, fragmented telecoms industry as one that provides choice and value. Nothing could be further from the truth. Fragmentation and privatisation have caused stop-start investment, poor economic development and a digital divide.

The joke is that as the regulatory model has developed amid a chorus of 'free market' propaganda, behind it lies a natural monopoly. Beneath the froth of different marketing campaigns, every company to a greater or lesser extent has to use the biggest player, BT. BT's network now sells the majority of its services not to personal or business customers, but to other telecom companies, on a wholesale basis. They then resell these on. There are other networks, national and multi national, but the industry would not work without the big beast of BT.

Where alternative national and international networks were put together in the heady days of the dot com boom they were a disastrous use of resources. The net result in the crash was massive write downs and bankruptcies, though those at the top often seemed to get out unscathed.

BT's local loop is going the same way, but a bit further behind. While a lot of noise was made about getting the rights to connect other companies' local cables to BT exchanges, in practice most are more than happy to just buy batches of BT lines. The latest directive is that BT should allow its ducts to be shared by other companies, but there is no massive demand for this. It is simply a threat to depress the price of wholesale lines.

So BT's local loop still dominates. The latest twist is that BT's engineers are once again fitting and checking equipment instead of stopping at the socket. This 'managed installation' is done on contract to other companies. So the customer pays 'telecomtalk plc' but all the work is actually done by BT! The only viable local loop alternatives are mobile base stations and cable TV lines. Mobile companies are also in the business of sharing their infrastructure. Logically this could all be part of one network.

Cable TV lines were laid in the 1990s when the Tory government of the day asked US companies to invest on a dead cert with promises of unlimited profits from

UK telecoms development: short chronology

Telecoms privatisation took place in 1984. The newly created regulated market consisted of a duopoly – BT and Mercury, alongside total liberalisation of customer equipment. BT engineers work stops at the socket in your home.

Lord Young, a champion of telecommunications privatisation when he was head of the Department of Trade and Industry (DTI) under Thatcher, became the million-pound-plus chairman of C&W, while Lord Tebbit who took over the DTI from Young and pushed through the privatisation legislation, ended up on British Telecom's board.

Later in the 80's and early 1990's the Tory Government opened up investment in Cable TV, on the basis of local 'franchises' incentivising cable companies via the 'asymmetry rule'. This meant that Cable TV firms could sell phone services, but BT couldn't sell TV services. There was a lot of tarmac dug up and paving stones removed in the rush to provide cable services. In the late 90's we had the dotcom boom. There was a massive over investment in networks for business, leading to collapse of various companies in the new millennium and subsequent investment famine.

As a result of the fever of the telecoms bubble executives in the US made billions of dollars selling company stock, often shortly before their profit predictions were proved wrong and the stock price dropped. Many benefited by creating business plans that raised investors' expectations to unrealistic levels and then selling shares before reality set in. At the top of the list was Philip Anschutz of Qwest whose net proceeds were estimated as \$1,453,000,000.

It was during this time that BT was almost at the brink of collapse due to American merger plans (and had they gone ahead this would have been a likely scenario).

After 2000 there was a retrenchment in the industry, alongside the slow development of broadband. Data overtook speech as the main traffic on telecoms networks. Local Loop 'unbundling' expanded with broadband, allowing other licensed operators to use local BT network. Openreach was formed as a 'utility' to cover provision and maintenance of the network between exchange and home but still stayed with BT.

From 2010 Openreach started doing 'managed installs' for other companies, reverting to the pre 1984 position, and provided services beyond the socket.

The current total telecom workforce in the UK has been assessed at approximately 212,000.



Building the network come rain or shine

monopoly regional franchises. Like the Victorian railways, there was first chaos, then eventually integration into a single cable TV company – Virgin Media. The tendency to monopoly could not be halted even by the most frenzied ‘free marketeers’. After the investment disasters of the 1990s, capital fought shy of another blood bath. So billions had been poured into the industry and the result was duplication and waste, and financial disaster. There followed an investment famine.

It was BT which eventually had to provide the answer in the form of an investment programme that would make superfast broadband possible, and eventually government had to let it happen. As long as the various companies in the industry could make their share of the profits, they accepted it. But that investment is still too little, too late. First, uncertainty meant BT was slow to staff up and crank up the programme, and still has a long way to go. Second, the programme is market driven, maintaining the digital divide. Only special funding packages have brought the investment to Cornwall and much of Wales for example, and such programmes will take years to cover the whole of the UK.

The supporters of the mythical free market in telecoms often simply mean they want a piece of the action. As well as the ‘entrepreneurs’ working out ways to make their pile, there is a whole layer of unproductive intermediary bureaucracy involved in activities such as bidding for contracts, running sales accounts and negotiating complex lines in the sand for profit maximising reasons. Like the fat cats of the big companies, this activity simply sucks out cash that should go into a planned and consistent investment plan.

Can We Afford It?

We advocate a publicly-built and publicly-owned fibre core and access network as an alternative to private sector inefficiency in the development of UK telecoms. At current costs this will mean an investment of up to £29 billion. Our argument for this substantial investment is that the economic and social benefits that will result are worth it – but only if we do this under public ownership and democratic control.

The interactive possibilities based on the convergence of technologies will improve communications in all areas of life and facilitate economic growth and regeneration. E-commerce is now a living reality but e-services in health, education and other public goods has the potential to vastly improve the quality of all our lives. E-communication makes environmental improvements possible by the reduction of unnecessary travel and carbon emissions. The free exchange of information and knowledge can help unleash human creative potential here in the UK and across the globe.

As we have explained the history of private investment is one of feast and famine, and the wasteful development of technologies that soon become outmoded. Despite all this, the telecoms industry is highly profitable. Public ownership can ensure the massive profitability of the communications sector is integrated into the public balance sheet, and democratic control can ensure that services are delivered that benefit all citizens.

It's only a matter of time

A Government which decided to restore telecommunications to public ownership would face different options, one of which would be to replace private shares with bonds. Whatever option was followed the surplus made by the telecoms industry would serve the public good rather than private profit. Such a surplus could be reinvested in the further development of telecoms services, making them cheaper for ordinary customers. It could also generate an income stream which could be used to invest in housing, health, education or even postal services.

It's only a matter of time before a comprehensive network is built – the question is under what political economic principles.

To promote social solidarity and strong public services we must build a network for the future on the basis of public ownership and run it in the interests of the country as a whole. We cannot afford not to.

3. Rational Planning and Democratic Control

If our telecommunications industry is planned, organised and democratically controlled under public ownership universal access to superfast broadband can become an objective of public policy. Experience has shown that this cannot be achieved with private ownership of these industries, as the main focus is then placed on cost cutting in order to maximise profit. Communications industries that are so vital to our economy and are natural monopolies should be run in the interests of the public.

There are two significant problems with a largely market led private investment strategy in broadband. The first is that the profits to be gained by providing services with immediate commercial viability will always triumph over the longer strategic view. The vision of the social good will always be trumped by the availability of easy profits. Broadband has enormous potential to deliver social good as well as economic prosperity, with the development and availability of content in the education and health fields being essential.

Yet the scramble by BT for the rights to show football and the dominance of Sky sports packages are examples of this. The question must be asked whether this popular and profitable demand should lead development. Is the point of technological development simply to boost Rupert Murdoch's profits? What content is included in packages and how it is marketed and to whom is determined by unaccountable corporations, but it should be under public control.

We need democratic control of telecommunications development

The second problem is that price competition is no substitute for the lack of democratic control over the development of telecoms. Price competition cannot perform the role that collective consultation with citizens does, in fact it is notoriously problematic in telecommunications. The consumer is expected to exercise their freedom through choosing the cheapest service that meets their needs. But the merits of competing services are so hard to compare with one another. Do you really understand how they work out your mobile contract? How do you truly compare the different packages on offer? There has been a problem with the lack of transparent and easily understandable market information for consumers to make informed choices on competing services since privatisation. As everyone knows it is a rip off.

Labour and the politics of competition

When a Labour Government was elected in 1997, many CWU members had high hopes that the "network of the future" that the Union had promoted throughout the 90's would be developed. But the Labour Government not only failed to live

The customer rip off

The average household spend on telecoms services is now over £65. We should treat with great scepticism the claim that competition in the sector has made things cheaper. There is indeed a greatly differentiated market, but many business customers get the best whilst millions of consumers across the country wait to catch up.

There is no universality in the services available or their quality.

Despite the choice of companies to choose from and packages to sign up to, many do not provide adequate customer service. Often this is for organisational reasons – some companies just do not have the staff or the infrastructure to provide the level of service that people want.

OFCOM statistics show that Talk Talk which currently provides up to a fifth of all broadband services in the UK wins the accolade for the worst customer services in the sector, with complaints four times that of its rivals. Everywhere and Everything and 3 are currently fighting it out for this accolade amongst mobile operators.

Whose interest? Big business or customers?

Before privatisation it was accepted that the services provided to the ordinary customer would be subsidised by the revenue from the lucrative services provided to big business.

With the coming of a liberalised market, where profitable big business accounts were frantically chased by a plethora of telecoms operators, the policy of subsidising the ordinary consumer has disappeared into the ether.

It is not fanciful to suggest that if there had been a policy of subsidy for the ordinary customer and less wasteful duplication and piecemeal investment in the years since privatisation we could be looking at an average household spend of significantly less than £65. And that money would have bought more consistent, regularly upgraded and quality services.

Short term profitability

Consumer choice is limited to what technologies have actually been developed in what areas and by whom. Under the present system that will be determined by short term profitability.

up to this aspiration, it created the regulatory system that makes this impossible to achieve. The asymmetry rule prevented BT carrying TV pictures as well as telecoms over its network and therefore gave the company no incentive to invest in optic fibre cable in its local loop access network. Other than BT, no other telecoms company has the finance, infrastructure or motivation to invest comprehensively to deliver this fibre network. The so-called “deal”, or “understanding”, between the CWU and the Labour Party in 1995, to install the Information Superhighway, never materialised.

Instead the Labour Government’s regulation of telecoms, based on the Ofcom competitive model, fully accepted the principles of liberalisation. There may have been name changes from the DTI to the Department of Business Enterprise & Regulation and now the Department for Business Innovation but the philosophy did not change – a narrow economic model of competition meant no proper strategic direction, an increase in cheap labour and lower standards of customer service. This is the price of ‘healthy competition’ and lower prices. There is no real alternative to long term investment, strategic planning and democratic control. We should learn from past mistakes.

Another argument often deployed against public ownership of telecoms by those promoting competition is that “European laws won’t allow it”. This is a misnomer. Article 222 of the Treaty of Rome states quite clearly that member states have autonomy regards rules on property ownership, allowing public ownership of telecoms if a member state so chooses.

Rational planning not regulation

The regulatory model that has governed the development of our telecoms industry since privatisation has stifled development and led to wasteful investment and duplication. This has led to the bizarre situation where the ‘cutting edge’ discussion is not about what is the best technology to deliver the network of the future, but rather what technology fits in with a competitive model!

Local loop unbundling has been a regulatory failure. Meanwhile, BT – the only firm able to provide significant services in the local loop – has delivered fibre to the cabinet within reach of 10 million homes. A fragmented monopoly is already being installed.

The concept of unbundling begun in earnest after 2004 after strong arming by the regulator proved to be a farce. Instead of learning from this the best brains in the industry are discussing how to divide the spoils between the major telecoms firms based on incredible economic models. More time energy and remuneration will be spent on bid writing, financial modelling etc and very little on meeting customer needs.

4G 'auction' – what does it mean?

The auction of new airwave spectrum, known as 4G, has been trailed as having the potential to multiply bandwidth five times over. The auction has finally begun in January 2013, behind schedule after much legal wrangling. All the main mobile operators (O2, EE and Vodafone) are expected to get a share but some has been earmarked for a 4th buyer which may or may not be 3, the fourth operator.



The bosses of all the main companies argue that the £3–£4 bn the auction will raise is restricting investment, but others would say it's time these fat cats paid their taxes, especially after Vodafone cut a 'deal' with the Revenue to save them billions. The downside is that this is a one off 'tax', whereas under public ownership all the long term profits could contribute to the public purse.

The mobile communications sector has not been immune from the problems of regulation not least because it has to be integrated with other telecoms services. While at the users end there is no sign of a physical network, in practice the service still needs a core transmission network that links up mobile handsets. At present all the mobile firms rely on services provided by BT.

Natural Monopoly

Telecoms is an essential public service and a natural monopoly. This is borne out in telecoms by the natural re-integration of rival operators in both the core and local loop networks over the last decade. The creation of Openreach in BT by the regulator, to provide network services to other Communications Providers, also bears testament to this. There is no logical or economic rationale except an ideological belief in competition in separating out the provision and repair of networks and customer services, or in separating fixed line or mobile networks.

Public ownership – the bigger picture

This pamphlet is about putting the case for common ownership back on the agenda of the trade unions and the Labour Party. It is about bringing back some sense of direction and a goal to our day to day battles and putting the movement back into the labour movement.

We've taken the example of the telecoms sector because that is the sector we know. But the case against capitalism and for common ownership can be made on a much wider basis both nationally and internationally.

The workers movement has had the most impact when we've dared to set broad social goals that challenge the rule of capital and put human need above private profit. After all the first mass trade unions were built around the idea of the 8 hour day: of shortening the working week to give workers some rest and time for themselves and their families – and it was won against the violent opposition of capital and its political representatives, who claimed it would lead to economic ruin.

The highest achievements so far of the modern mass trade union movement has been the creation of state education and health systems that have provided at least some limited gains and protection for workers. And it is exactly these gains that are the main target of the current 'austerity' drive which is capital's response to its own global crisis.

It is that global crisis that has exposed all the modern myths about the rationality of the market and the efficiency of capitalism and revealed the rotten core of the current system.

Alternative

There is an alternative to mass unemployment, falling living standards and the destruction of the public services: a government of the majority committed to common ownership and economic democracy.

But to prepare the way for that the trade union and labour movement needs to engage in the battle of ideas and win majority support for the idea that there is an alternative to capitalism.

Capitalism stands condemned on a number of grounds:

- The grotesque inequalities it generates – in which bank executives who serve absolutely no social purpose are paid hundreds of times more than fire fighters or nurses who save people's lives.
- The criminal waste of resources – be it in the senseless duplication and poor planning we've exposed in this pamphlet, or on the scale of impending global ecological catastrophe.

- The way it blights every aspect of life – from making people work all hours when they are young and raising kids, to throwing them on the scrapheap when they are old.
- The way it treats human beings as expendable units of labour whose health and safety is to be sacrificed to the god of profit.
- The way it limits people's aspirations and horizons through an education system geared to the needs of business rather than the creation of rounded human beings who see knowledge and understanding as a goal in itself.
- The way it has emptied modern democracy of much of its content. Political parties often appear to compete, not for the support of the electorate, but for the grace and favour of huge corporations.
- The way it subverts the wonderful cooperation which underpins the global economy and turns it into a mechanism for filling the bank accounts of a tiny parasitic elite.

Those who defend capitalism do so on the basis that it is the most efficient economic system that humanity can devise. But there is efficiency and efficiency. We have to be clear exactly what capitalism is good at.

Capitalism is a very efficient system when it comes to maximising profits for shareholders, but not when it comes to the most rational and efficient use of resources and human creativity. In fact, the efficiency of capitalism comes at enormous cost to the bulk of humanity. For instance, right now we are in the midst of capitalism making itself more efficient by reducing the living standards and attacking the working conditions of workers across the globe. The result is a generation of young workers in the advanced countries who for the first time in more than a century face the prospects of worse living standards than their parents enjoyed. Yet for the executives of the major corporations times have never been better.

While the living standards of workers are driven down and we have massive cuts in public spending and benefits, capital increasingly comes to the state with a begging bowl looking for support – and compliant politicians provide it. The billions of pounds in bailouts to the banks after the credit crunch are the most notorious example of this, but the telecoms giants are far from reluctant to milk the state for guaranteed profits. We do still have a welfare state – but it is a welfare state for capitalism.

The irony in this situation is that modern capitalism with its huge monopolies has already laid the basis for a more rational system with the enormous inter-connectedness of the global economy. All that is needed is to replace the tyranny of private capital with a democracy of the producers and consumers.

In large sectors of the economy the only contribution capital now makes to the productive process is to disorganise it by introducing pointless duplication, waste and built-in obsolescence – not to mention the dislocation caused by the cycle of boom and slump. The 19th century factory owner who was also factory manager is in many ways a thing of the past. In most large companies management are heavily dependent on the workers themselves for ideas about how to most efficiently organise production. Things like ‘quality circles’ give the employer a mechanism for harnessing the common sense and creativity of the workers against themselves – in order to provide more efficient means of exploiting themselves. They are two sides of the same coin. HR management provides a new role for bureaucracy in exploitation by subjecting workers to supposedly objective standards on things like attendance and sickness. But the real purpose of these policies is to provide a tool for supervisory layers to spread fear and insecurity amongst the workforce. The bullying, screaming, foul-mouthed supervisor and the be-suited human resource manager are not opposites.

The alternative to the current system of workplace management is explained elsewhere in this pamphlet. The key principles of a socialist trade union approach are workers control and economic democracy underpinned by a system of common ownership.

We don’t simply mean a system of state ownership. The Irish socialist and trade unionist James Connolly nailed the problem with identifying state ownership and socialism many years ago: if state ownership equals socialism, then the jails, the police and the army must be socialist institutions!

No. The public ownership we seek has nothing in common with the old model of nationalised industries which shared many of the worst features of capitalist monopolies. What we want is a system that is run by and for the workers and consumers themselves.

To get to the position where that is a practical alternative involves changing and renovating the trade union and labour movement at every level. And a big part of that involves giving the movement the confidence to believe that an alternative is possible and to be able and willing to fight for it. In challenging the prerogatives of global capital we are taking on the most powerful ruling class that has ever stalked the earth. But if we don’t set ourselves that goal then the alternative future for the trade union movement is grim. It is one of fighting for crumbs while the employers force through a ruthless ‘race to the bottom’. A future in which workers in one country or region seek to outbid each other in abandoning hard won terms and conditions in order to keep the privilege of being exploited by global capital. A future in which the trade unionism itself will find it very difficult to survive.

4. Profits for Fat Cats = Less for Workers and Customers

We should acknowledge how the current system of regulation – in reality rigged competition – works in the interests of those who own the telecoms companies but not in the interests of customers or employees. We must learn from the experience of the decline in labour market standards, and the cut backs in training and the deterioration of quality in customer service. We must forge a political alliance in the interests of customers and workers in the industry.

Let's look at the example of BT, which has nearly 50% of market share of fixed lines and nearly 30% of broadband connections. After this summer's BT results 1000 BT managers shared £90 million stock windfall. Chief Executive Ian Livingstone alone collected shares worth £4.5 million. This is just the latest swathe of profits in our industry to go directly into the pockets of senior executives. The story for workers in the industry is different. Since privatisations staff operating costs have halved, there has been a net loss of 120,000 jobs. But the profitability per employee has risen since 1984 until it stands at £27,202 today. The acceleration in the rate of profit per employee was 20.9% in 2011-12, the greatest increase since privatisation.

The recently announced sell off of Virgin Media to Liberty Global will deliver several thousand workers an extra payment through share schemes, but this is nothing compared to the £42 million payment to Neil Berkett the CEO of Virgin Media and the £200 million plus that Richard Branson will receive from the takeover.

Union membership decline

In BT direct labour in catering, cleaning, security, building services, facilities management, repair services, directories, training, and IT services were all contracted out, but interestingly in the more recent period some of this work has been taken back 'in house' to ensure consistency of service. Nevertheless a two-tier flexible workforce has been introduced, with an increasing use of contractors, agency staff, short term contract staff as well as workers 'offshore'. In many other Telecoms firms there is an even more extensive use of contractors and sub contractors. All of this makes it harder, though still possible, to organise and build union membership

Since privatisation, unionisation of the telecommunications industry has massively declined from 90% to less than 50% now. Despite the CWU prioritising union recruitment across the sector the increase in membership in the unrecognised firms has proceeded at a snail's pace.



The decline in union density in the sector has resulted (unsurprisingly) in worse job security, pay, training, pensions, sick leave and other benefits. The explicit anti-union stance of many of the telecoms firms created after privatisation has affected labour market standards throughout the sector, with lower pay and greater casualisation in non-unionised companies.

Employers in firms where there is currently no union recognition agreement show fierce resistance to attempts at union organising often using tactics imported from US Union Busters. The fact that so much of the industry is not yet unionised has a drastic effect on all workers. Non union employers are able to keep down pay and conditions and as a result workers in unionised areas see their terms and conditions eroded as employers compete for profits.

Anti-union employers have exploited the liberalised telecoms labour market to ramp-up competition between workers, so that terms and conditions in union recognised companies who have had to compete in the same market are forced down. Driving down terms, conditions and costs has aided the massive returns to shareholders paid from increased profitability.

Union Busting

The recent decision (late 2012) by Virgin Media to derecognise the CWU is just par for the course in the UK Telecoms. Most companies are prepared to spend a fortune and use every trick available to stop the CWU getting bargaining rights.

Virgin claimed to have a 'ballot'. With the union frozen out, money piled into a hard sell, and many involved who had not been in the bargaining unit before, they still only managed a small majority. A legal ballot would have had to be run independently with each side having a say. Virgin got away with it because the union's original recognition was in only part of the company and was not done via the legal process.

The Virgin Media De-Recognition Story

In the media Richard Branson is portrayed as a 'caring' capitalist, one of the good guys. This persona is helpful for courting public support whilst expanding his empire. The experience of the recent Virgin Media 'de-recognition' ballot shows a very different side to him.

For many years the CWU had recognition for field engineers who worked for Telewest. BECTU had a similar recognition deal for engineers who worked in NTL. When these two firms merged to form Virgin Media attempts to expand the Union agreements to cover other parts of the workforce though were met with fierce resistance by the company.

In November 2012 out of the blue Virgin Media managers informed the CWU and BECTU that the recognition agreements were over. Virgin Media then hastily convened road shows for staff to persuade them to vote against union recognition. The staff within scope of the ballot included swathes who had not previously been covered by the Union agreement.

During the ballot period existing CWU reps at Virgin Media were subject to intimidation. Staff who didn't vote were in the frame too – they were phoned at home and urged to cast their vote.

Many staff understood that the attack on Union recognition was a prelude to driving down terms and conditions, which are currently much better than those of contractors doing the same work, and are fearful for the future. The announcement in February 2013, just two months after the ballot that a US cable giant Liberty Global is buying Virgin Media for £10 billion has just added to this.

Anti-Union

Liberty Global has pay-TV operations around the world and is the largest cable operator in most of its 11 European markets, including Ireland. It has an anti-Union reputation in the US and this has undoubtedly been a factor in all that has gone on over the recent period. Liberty Global are in direct competition with Rupert Murdoch's BskyB in several countries, and now in the UK too.

In the months during and after the ballot, there was a sharp increase in CWU membership amongst engineers. Now both Virgin Media Access Division and their contractors, and sub contractors, of which there are many, are the focus of CWU campaigns for recognition.

In cases where the union has gone to the legal body, the Central Arbitration Committee, employers have worked hard to resist. T Mobile, COLT Telecom, MCI Worldcom, and Cable and Wireless have been especially successful, using spin doctors, lawyers and well paid HR managers.

Cable and Wireless showed the way by employing an army of lawyers to run legal challenges, including an injunction which successfully froze the whole process for 6 months. This gave the company time to organise.

The astonishing thing is not the hostility itself, but the extraordinary lengths the companies will go to, and the money they will spend. It is reminiscent of the fortunes employers will spend on lawyers at Employment Tribunals, when they could actually spend less just settling the claim.

A degenerated workplace culture

Many telecoms engineers effectively work from home – often not seeing any of their colleagues apart from occasional team meetings. This is a gift to telecoms employers who are obsessed with targets and league tables and want to ‘divide and rule’. Standards of work are maintained not by proper training or the opportunity for promotion but by a harsh regime of discipline and dismissals.

Many telecoms sales and service staff work in telecoms call centres where they are subject to some of the worst contemporary management practices. Not for nothing are call centres described as the factories of the 21st century. The extensive use of agency, contractor and sub contractor labour fragments the workforce, with staff working next to each other, but paid different rates and with different employers.

The churn between some firms who provide specialised telecoms and IT services often leads to a downgrading of terms and conditions, and TUPE doesn’t offer comprehensive protection.

T. has worked on the same IT contract for the same local authority for over 8 years. During this time he has been an employee of no less than 4 different firms – whilst performing exactly the same role. Though TUPE has applied to his terms and conditions he has been denied access to annual pay awards and other financial incentives because he refuses to give up his legal entitlement. When he took a grievance out against his employer his TUPEd rights were removed on spurious grounds.

But it is not only in pay and conditions that we see the real deterioration of the workplace for telecoms employees. It is in the day to day experience of bad management, and things only look set to get worse. Instead of new technology allowing workers in the telecoms industry to do their job more effectively, it has

resulted in increasing pressure and stress at work.

Technology has not been used positively to give a more rounded analysis of working practices, but instead is used to monitor performance in increasingly big brother ways.

New management techniques also add to the stress with the much discredited 'performance management' programmes, often no more than a byword for bullying.

Performance management or institutional bullying?

Performance management systems are the driving force behind a wave of workplace fear in a number of UK companies and organisations, both in the private and public sector. Telecoms employers have enthusiastically embraced these systems and where they are entrenched, sackings result.

M was a longstanding employee whose manager had put him on 'the process'. Despite doing everything he was asked and doing as well as his peers, this was deemed 'insufficient improvement'. He was dismissed.

Systems of coaching and support to help us all do our best at work are one thing but performance management is most often used as a punitive tool, and is open to abuse by some managers who operate it in a vindictive and negative way. It then becomes an ugly machine, a conveyor belt which once started heads only for the exit. The human cost is in the health of workers and untold suffering to their families and loved ones.

S was a model BT employee of 20 years standing, recommended as management material. But when moved to a new job he was marked as underperforming by the new management. His requests to move to another job were blocked despite being supported by Occupational Health Services. The management clearly wanted only one outcome.

His confidence was systematically destroyed and eventually he was dismissed. A Tribunal said it was a 'human tragedy' but would not overrule the employer as it had followed due process. The stress of several years has made its mark and S has now had heart surgery following a collapse.

Sometimes despite the odds stacked against them employees, supported by their union representatives, can win at an Employment Tribunal. However there is no right to reinstatement to your job and many individuals are so traumatised by their treatment they find it hard to return to productive work. The current Government has decided to further load the dice in the employers favour, both

Workplace control

Experience shows that decent working conditions and good customer service do not often sit comfortably with the profit motive. The issues we are raising in this pamphlet imply some form of 'workers control' over their workplace.

A more cooperative approach, based upon securing mutual improvements for the industry, its workforce and its service users would have to be developed. Greater involvement of consumers and workers in how their telecoms services can be improved could be popular, whilst also facilitating enhanced customer satisfaction, rewards to the workforce and efficiency in the workplace.

Public ownership would replace profit as the primary motivating factor with a mixture of enthusiasm, personal responsibility and mutual supervision.

Clearly any model of 'industrial democracy' must build on existing collective bargaining structures and include worker representatives that are delegated by, and accountable to, union members that elect them. If there is to be better cooperation in the workplace it will need to be based on democratic structures and genuine involvement of workers in all aspects of planning and the operation of the industry, not discredited "partnership".

Workplace control in telecoms would also bring real benefits to the health of its workforce. Downsizing the workforce and arbitrary performance targets is often short-sighted, leading to ill and stressed-out workers and a worse service to the customer.

Health

Workers health can suffer when they experience things like job insecurity and poor work-life-balance that they have little or no control over. And stress related illnesses at work can result from workers experiencing high job demands accompanied by low personal self-control over their work.

Giving workers more control over their working environment can empower them to contribute towards the identification and avoidance of these negative workplace health impacts. And this can also benefit their employer and customers, with higher productivity, less sick-leave and better customer service.



CWU Solent branch members protesting against workplace bullying, March 2009

in terms of their cutbacks in our rights at work, and the introduction of fees of hundreds of pounds for access to Employment Tribunals.

Workplace Stress

Workplace stress in the telecoms industry is an escalating problem resulting from productivity pressures including systems like performance management. But often high performing workers also feel stressed and their home life is affected. And workers who are experiencing personal issues or who have developed disabilities are the ones put under most pressure. Management statements on 'wellbeing' and equality ring hollow.

G. was a field engineer who found himself moved to planning. He was told he was not doing well and 'the process' started. He became ill with depression and has now been sacked. His friends are seriously worried for his future.

There is a constant pressure on resourcing. Instead of employing enough people to do the job properly employers try to get by with minimal staffing covering peaks of work through overtime and off day working for permanent employees and the use of agency and contractors.

With such a resourcing model work-life balance is a chimera, and the idea that the predominant attendance patterns and hours in the sector allow for a 'family friendly' life is a joke. OpenReach, a BT Group business, which prides itself on progressive equality policies, has introduced blanket compulsory overtime lasting for a period of several months two times in the last year. Employees with caring responsibilities begged for discretionary treatment but it was rarely granted.

The financial press is always using spurious statistics to prove that one telecommunications company or other is lagging behind the other in the level of profit it can squeeze from your workforce. City attitudes influence higher and middle levels of management and they pass on this mentality down the operational management chain.

Little will change while management bonuses are set up to reward bullish behaviour, and arrogance is encouraged. At present workers with disabilities are



"It's a supportive framework – to help you stretch yourself"

in the front line of those affected by such a narrow and repressive workplace culture.

There are increased levels of sick leave caused by stress and resulting mental ill-health at work. The "job strain" model of measuring the level of stress at work predicts that high work demands and low control at work results in the highest level of job strain or stress at work. Gary Heather, a former BT employee and CWU Executive member, who is currently researching the rising incidence of stress and mental ill-health at work, believes that it is crucial that the enhancement of workers control is examined as a possible way of alleviating these health problems.

Managing Changing Capabilities?

In management speak the title given to any particular project is often the opposite of what is described. BT's process for dealing with employees who become disabled is called 'Managing Changing Capabilities' (MCC). The reality is more like this.

C. had a foot operation which resulted in nerve damage. This meant that he had to undergo physiotherapy and have technical adjustments made as his role included driving. He was moved off his current role as a field engineer by his manager and put on the MCC process. Over the next few years he was moved from duty to duty, adapting well to each new circumstance – but there was a problem, no line of business in the company was prepared to find funds from their respective budgets for a permanent role.

Even though he was covered by the Equality Act 2010, and had attended Occupational Health appointments three times, C. was denied a return to assigned duties with adjustments and his employment terminated. He has submitted an appeal and is awaiting a hearing. It has been a stressful time and the individual has sought counselling to cope. He feels he has not been given a chance to demonstrate his ability to work safely and well.

Conclusion – there is an alternative

There is an alternative which can harness the truly amazing development of technology in our industry for the benefit of workers and customers. There is an alternative to the failed market model of regulation. Rational planning, organisation and democratic control of telecoms services within the UK can deliver positive change.

Paying the price

Telecommunications was the first and much vaunted privatisation of the Thatcher era yet the evidence of how this economic model has failed to deliver has been there from the beginning. Telecommunications is a natural monopoly. Without an acknowledgement of this by Government the customer loses out – economies of scale are lost due to needless duplication and underdevelopment – and we all pay the price.

Competition has proved wasteful in terms of mis-spent investment on network duplication and over capacity, while necessary investment in the superfast broadband network of the future has been neglected. The major investment necessary to develop effectively the future telecoms technologies will not be undertaken by the private sector. Investment in new technology must be utilised to serve the public good of the many, not wasted to deliver private profit to the few.

Labour Party

The political case for public ownership and democratic control of the telecommunications industry is there to be made. The Labour Party should commit itself to a massive acceleration of public investment to deliver superfast broadband with universal access. We believe this case, if made by the Labour Party, would have a resonance with the public.

We believe that since the financial collapse of 2008 there are stronger arguments to be made for the public ownership of not only communications but also of utilities such as the water and energy industries. And we support the case for public ownership of the rail industry and of the banking sector advanced by other Unions. Now is the time for the labour movement and its allies to grasp the initiative. If the Labour Party were to argue this case it would find it a vote winner that would change the terms of political debate.



The Victorians, who knew a bit about capitalism red in tooth and claw, rapidly came to two conclusions when they decided to establish a national postal service for the first time.

Firstly, that it had to be a service and could never be run as just an ordinary business for profit. Secondly, that such a service had to be publicly owned and controlled by the Government as it was a strategic necessity for a developed economy.

Consensus

That consensus remained virtually unchallenged for nearly 150 years until the Tories in the shape of Michael Heseltine launched the first attempt to privatise Royal Mail in the mid-1990's. In an almost unique event among the otherwise endless string of defeats suffered by the trade union movement in their opposition to previous large-scale privatisation, that attempt failed thanks to both the energetic campaign of the then CWU and the weakness of a Government near the end of its time. As did two further attempts by the incoming Labour Government, committed in this case at least to blindly following the economic doctrine of their predecessors.

Labour Government

But if the Labour Government failed in their privatisation attempts, arguably they succeeded in doing something much worse. In 1997 the EU passed a Directive that lowered the monopoly on handling mail to 350gr and allowed for the licensing of private companies

to operate outside of this limit. It also laid down a fairly leisurely timetable for moving to greater liberalisation. In passing the Postal Services Act 2000, Labour went way beyond that. The 2000 Act kept the 350gr level and imposed a £1 cost limit below which Royal Mail still had the monopoly on delivering mail, although these were both greatly reduced by subsequent Acts. What it did, though, was open up the market in processing mail prior to delivery to anyone who fancied their chances. In doing this, it went way beyond the requirements of the 1997 Directive. And, unlike anywhere else in Europe, it also exposed a company starved of investment for decades to the full blast of competition.

Postcomm

To make sure the message really got delivered, it established a regulatory body, Postcomm, with powers to grant licences and impose price caps on Royal Mail, whose explicit role was to encourage competition. Postcomm carried out its remit with a rare zeal. Under threat that if they didn't agree a price it would be imposed on them, RM were forced to charge a price to competitors for delivering the mail they processed at a level which both allowed them to make a handsome, easy profit and to undercut RM's own prices to customers. Unsurprisingly, companies such as TNT, DHL and Business Post piled in and RM promptly lost around 40% of the mail it had previously handled. As it's the processing part of the operation that generates the profits, the effects on RM's balance sheet of



this cherry picking was obvious. But worse than that, the price at which the company charged for delivering the competitors' mail, called downstream access, meant that every item was delivered at a loss.

Life under Liberalisation

Despite the boast typical of the then managing director Adam Crozier that the business could handle this, Royal Mail could do no such thing. From a company that for two decades had been generating handsome profits, virtually all handed back to the Government, RM's finances crashed. They reacted in time-honoured knee-jerk fashion by cutting the service and attempting to attack the Union and the terms and conditions of the members.

The two-delivery service, the backbone of the system, was scrapped and the second delivery effectively became the only one. Whereas before the public could rely on getting their mail at breakfast time, now lunch or even tea time was the rule. Collections were cut in many places to one a day and in some rural areas to not even that. Members' workload was increased to beyond what was reasonably possible and a regime of bullying introduced to

try and make it work. In most places it didn't, leading to a further deterioration in services and, ultimately, to the national disputes of 2007 and 2009.

That the Coalition Government should have succeeded in getting their privatisation Bill through last year came as no surprise. The poor state of Royal Mail's finances, brought about by liberalisation, the huge pension deficit of between £8-10 billion and the replacement of traditional stamped mail by digital alternatives, all of which was outside the control of both the company and the workforce, meant they could portray it as a financial basket case. The decline in the services provided meant that the public no longer held RM in such high esteem as even 10 years before, although polls showed that they still valued what they got and didn't support privatisation. The Union did mount a further campaign but an element of war weariness on our part and the fact that the rest of the labour movement was looking elsewhere, towards the NHS and public service pensions, meant it fell largely on deaf ears.

The stated aim of the Government is to conclude a sell-off by the middle to end of next year. Putting the house on the market, however, is not the same as selling it and this timetable could still be blown off course by adverse economic conditions. But you would have to assume that it would happen sometime before 2015, even though at the moment they have no real idea how. So is that the end of the matter? Almost certainly not.





What does the future hold?

Privatisation has its own dynamic. If the aim of a private company is first and foremost to deliver profits to the shareholders, then why would it carry out unprofitable activities? Much of the postal operation is not profitable, so post-privatisation you would expect one or both of two things to happen. The company would rapidly be broken up into its profitable and non-profitable parts with the former probably being sold on again. The non-profitable bits, that is those that provide the genuine service, will either be severely reduced whilst at the same time made considerably more expensive or scrapped altogether. The alternative to that is the railways approach where in addition to large price rises £billions of subsidies are poured in to keep the service going. The shareholders still make their millions and the public end up paying twice. On top of all that, whatever approach is taken expect a ferocious attack on the terms and conditions of the workforce and on the Union itself.

Under privatisation there is no reason for Royal Mail to exist in any form remotely resembling what it is today. Even in the poor state it is in, today will be seen as tomorrow's good old days. But does that have to be the only outcome? As the economic policies of both the last Government and the present Coalition Government become increasingly discredited, greater numbers will become open to alternatives.

Alternatives

Is it impossible to imagine a Royal Mail not in continuous decline? A company that, instead of desperately clinging on to its past, embraces future technology based on both what it does now and the possibilities continually being opened up in the field of communications? A company providing a modern communication service to the public as opposed to a business? A company that provides stable employment and decent terms and condition to its workforce?

Desirable

Who would argue that this is not desirable? Yet it's obvious to all who wish to see that it is impossible under any form of privatisation. It could only happen if Royal Mail remains in public ownership or, if privatised, is put back into public hands. And to be really effective, the same would have to apply to BT and the two brought back together again. If there was any logic in splitting them up in the past, it has long since vanished. Is this likely to happen? Certainly not if all we do is wring our hands in despair.



CWU GLC branch banner on the TUC March 20 October 2012, 'For a Future that Works'

Alan Tate:

"This pamphlet makes a positive contribution to the discussion about the development of telecoms services in the UK. We also hope it will play a positive role in the ongoing debate regarding the future direction of Labour Party policy."

Alan Tate CWU London Regional Political Officer

Gregor Gall:

"The madness of the market has been more than amply demonstrated in the telecommunications industry in Britain. The pursuit of profit has led to poor levels of customer service and poorer levels of employment standards for those that deliver that service on a day-to-day basis. Duplication and instability are the result of rivalry amongst an oligopoly of providers. Public ownership is the rational answer so that a proper service can be provided in a vital sector of the economy."

Gregor Gall, Professor of Industrial Relations, University of Bradford

Andrew Fisher:

"This pamphlet is about the telecommunications industry, but its conclusions could apply equally to gas, water, electricity, public transport – and are a warning at a time of encroaching privatisation in the NHS and in our schools."

Andrew Fisher, coordinator of LEAP, the left economics forum