



# PCS ON PRIVATISATION





Andrew Aitchison



## **Introduction by PCS General Secretary Mark Serwotka and President Janice Godrich.**

The threat of privatisation to PCS members is constant and growing. With all the UK's major political parties committed to massive public spending cuts, one method of delivering these will be an escalation of privatisation and outsourcing, despite the many performance failures of past privatisations.

Privatisation is nothing new. It has its roots in free market ideology going back decades, and was first fully implemented in this country under Margaret Thatcher. Mostly it has been an utter disaster, leading to a decline in services and worse terms and conditions for employees of privatised industries.

Since 1997 the Labour government privatised and outsourced more civil service jobs than the Thatcher and Major government combined. In response, PCS has campaigned vigorously against every proposed outsourcing. But now we face an unprecedented onslaught, as a direct result of an economic crisis created by the collapse of the banks and financial institutions, a collapse narrowly averted by a massive public bail out, leading to the current budget deficit of £165 billion.

There are public spending choices that a serious, progressive government could make. Many economists including Nobel Prize winner Paul Krugman and the ex World Bank Chief Economist Joseph E. Stiglitz are clear that cutting public spending in the middle of a recession is the worst thing to do, to say nothing of the social injustice of making the low paid pay for a financial crisis created by City bankers and speculators. Even America and Germany do not envisage the level of cuts in public spending that the UK is planning.

One method of delivering these cuts will be a mass sell-off of public assets and organisations, otherwise known as privatisation. Yet this is a time when private sector and market "solutions" to public service delivery have never been more discredited, and when the dogmas of free-market capitalism are universally derided.

In response to these developments PCS organised a National Privatisation Forum in June 2009, which sought not only to examine and expose the many failures of privatisation, but to build our links with other anti-privatisation campaigners. Part of that initiative was running Regional Privatisation Forums designed to give members and activists who couldn't attend the London event the chance to participate an evolving campaign that seeks to inspire PCS activists at all levels, and to build an unstoppable coalition of unions and citizens who want public services delivered for public need, not private profit.

PCS is at the forefront of such campaigns, including the Public Services not Private Profit campaign which has the support of 14 national unions, several campaigning organisations and a number of MPs.

Building such coalitions is what the Privatisation Forums were all about. Of course PCS defends public services because we defend the interests of our members, we try to protect their pay, their pensions, and other terms and conditions. But we also defend public services because we have a vision of a better society, where services are delivered by people who are decently rewarded, and those services are universal, of high quality, and are delivered for reasons of social well being not because they can make a fast buck for an irresponsible minority.

We hope you enjoy this booklet, and that you will join the growing movement against privatisation and for well funded public services delivered by the public sector.

**Mark Serwotka, General Secretary**

**Janice Godrich, National President**



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## **PCS, Public Services and the Privatisation Forums**

PCS is committed to the public provision of public services and opposed in principle to introducing the profit motive into the delivery of those services. We hold this position not only because the evidence confirms that after transfer to the private sector the terms and conditions of workers transferred are often worse than before, but also because privatisation is economically inefficient and we believe public services and utilities are damaged by private sector methods and values.

PCS fights all forms of privatisation, but in addition to running campaigns against specific threats the NEC felt the union should address the wider politics of privatisation. With that aim the PCS National Privatisation Forum was organised in June 2009, addressed by the General Secretary, John McDonnell MP, and privatisation experts Gregor Gall and David Hall.

This proved a success, and so a series of Regional Privatisation Forums were delivered in late 2009/early 2010 in Leeds, Birmingham, Cardiff, Belfast, Glasgow and Bristol. The aim of these Forums was to a) trace the historical and ideological origins of the privatisation model, b) explain how that model was applied in the UK, with particular reference to the performance failures and financial scandals of PFI, and c) suggest political and ideological strategies to challenge the pro-private sector consensus of the UK's main political parties, by replacing it with a more compelling public sector agenda based on social and economic justice, not private profit.

With this agenda, the general format of the Forums include an introductory speech offering a political overview of privatisation of public services from Vice President John McNally (Leeds, Birmingham, Belfast, and Bristol), President Janice Godrich (Glasgow) and General Secretary Mark Serwotka (Cardiff), followed by a wide-ranging presentation on "*The Hidden History and Scandals of the Great Privatisation Experiment*" by PCS Research Officers John Medhurst and Enrico Tortolano.

This booklet seeks to promote our pro-public message, and provide information for members who could not attend the Forums. It accurately reflects the style and content of the Forums and reproduces the powerful and stimulating content of the presentations. Whilst the booklet reflects PCS's anti-privatisation stance, it is primarily a discussion document designed to be challenging and thought provoking, and we hope it will prompt further debate on the topics it covers.

## PCS Privatisation Forums: Keynote speech by PCS National Vice President John McNally.



Keith Morris

The purpose of the PCS Privatisation Forums is to arm activists with the knowledge to fight privatisation.

Those who advocate privatisation forget history: we must not. The public services were won, in some cases, by generations of trade union and working class struggle in an effort to establish the basis of civilised existence in a society run for profit not people. The private sector either could not or would not, or simply failed to provide effective and efficient public sector provision. This is also true of the charitable sector. The broad mass of people in society, particularly working people, need the public services – generally speaking, the rich don't.

The establishment of public services represent reforms that the profiteers despise and which they want to destroy or exploit for profit, yet the record of the private sector in delivering privatised services is lamentable. The presentations by our Research Officers strip bare the political agendas and the performance failures of privatisation in health, transport, justice and other sectors.

The profiteers and the government have created what they shamelessly described as a “public services industry”, currently estimated at £79 bn per annum. Big business have used the so-called Third Sector, i.e., the charitable and voluntary sectors as a Trojan horse, their words not mine, in order to gain access to government contracts.

No area is safe. Even education, where millionaire businessmen can secure contracts to run schools that poison young people's minds with their ludicrous creationist “beliefs”. In Yarl's Wood, a privatised detention centre, women and children are being subjected to brutal abuse on a daily basis as they await deportation from Britain.

The reconfiguration or “reform”, as it is misnamed, of public service is about preparing for eventual privatisation. Face-to-face contact is discouraged: it is old-fashioned apparently. Consultants have sold to ministers and senior civil servants the idea that call centres, telephony and electronic communication can deliver it all.

Of course there is a place for these new methods and technologies, but they can never be a replacement or substitute for the public service ethos of well-trained committed staff dealing with and resolving the complex problems of real people. Poorly paid and trained staff working from a “one-size-fits-all” script simply cannot deliver an effective service to those who require them.

The proliferation of call centres in recent years has been based on an attempt to establish regimented, factory-style conditions, a remorseless target driven environment, preferably with a transient workforce that is young, inexperienced, non-unionised and compliant. The strategic aim is to establish as few discrete units as possible to “deliver” the service at the lowest possible cost in order to hand over for privatisation so that profits can be maximised.

PCS has been at the forefront of defending call centres workers rights and protecting services. We have set up call centre forums and in most departmental groups, in HMRC and DWP for example, call centre campaign work is at the very top of the union

agenda. At national level we are engaging with the Cabinet Office in order to achieve a national framework on call centres, something that is vital to protecting members' interests and preventing privatisation.

The critical issue of climate change is inextricably related to privatisation. Climate change is in part the result of the unfettered free market that operates on the basis that accumulating profits is more important than preventing pollution. The "commitment" of governments and big business to fighting climate change, is in the main, a cosmetic, ineffectual and cynical response wholly inadequate to the scale of the problem. The reality is this – climate change can only be tackled on the basis of a global strategy underpinned by and contingent on democratic, accountable public ownership.

The attitude of the Labour government in this respect was exposed by the closure of Vestas on the Isle of Wight. They talk big on climate change but allowed the only factory in Britain producing wind turbines to close when they should have nationalised the enterprise and expanded its operation.

We now face an unprecedented assault on jobs and services. We, as taxpayers, have just handed over £1.3 trillion to the banks in ordinary to bail them out from the mess they and the government created. They now expect us to pay more through cuts in jobs and services and privatisation.

PCS campaigns hard to oppose privatisation. We employ, of necessity, a twin strategy. Firstly, we resolutely oppose all privatisation; there is no such thing as a "good" privatisation. Secondly, while opposing every privatisation we need to also negotiate the best possible terms and conditions for our members going into the private sector. There is nothing contradictory in such an approach. We do both because we need to do both.

Our privatisation forums are important because their aim is to analyse, expose, arm, build and prepare. They are about building alliances, with other unions and within the TUC, with service-user organisations but most of all, within our communities.

We have just witnessed industrial action over the plans in the Royal Mail to attack conditions, plans driven by the goal of eventual privatisation. Peter Mandelson – the man who once said that Labour had been "wrong to oppose Tory privatisation" claiming "we are all Thatcherites now" – backed management in their attempts to defeat the CWU's campaign to defend their members interests and the interests of the wider public too.

In our own backyard we see various privatisation initiatives but also pernicious marketisation strategies. In the Royal Mint in Wales the intention is to set up a "government owned company" separating out terms and conditions like pensions as a prelude to privatisation. They always say there are no plans to privatise, they are always lying.

In Land Registry they plan to close almost half of all offices, cut 1500 staff, and we must suspect privatisation is their ultimate aim. PCS has put a solid case in its Alternative Vision for the Land Registry that it should stay public. It is also the case that the skills of staff will be required when the housing market recovers.

We desperately need a political voice. We fight industrially but to do so without fighting on the political front is doing so with one hand tied behind our back. In our free market system there is choice in everything except what is really important – political representation.



Big battles lie ahead. Privatisation and the unregulated free market are discredited and there is a real need for an alternative. PCS can be part of building that alternative. More than that, we should not be shy about advocating fighting for the type of society that puts people before profit based on planning, democracy and accountability – not the anarchy and chaos of the market.

**We deserve better but we must be prepared to fight for it!**



# PRIVATISATION: A BRIEF HISTORY

## What are the origins of Privatisation?

The great achievements that led to the rise of Great Britain as the world's first industrial power – the railways, the canals, the cotton industry and the postal system were developed or facilitated by government. Essential services, poorly served by the working of the profit motive, were gradually taken under public regulation or control. It was not by chance that the late-Victorian reformers and their 20th-century socialist and liberal successors turned to the state to address the shortcomings of the market. What could not be expected to happen “naturally” – since it was the natural workings of the market that created the “social question” in the first place – would have to be planned, administered and enforced by government.

The roots of privatisations also go back to the early 20th century and ruling class fears that universal suffrage in western societies would mean the erosion of their power and wealth. As trade unions and mass labour parties looked like achieving the power to place control of natural resources and the “commanding heights” of the economy under democratic control, the business elite mobilised on several fronts to protect themselves.

They responded in two ways – organisationally and ideologically. Organisationally, employers' associations such as Aims of Industry combined to counter the rise of democratic socialism. The goal of Aims of Industry was to “defend private interest against democratic reform with the explicit aim of countering the emerging pressure for nationalisation of industry”. These days, powerful and influential bodies such as the Bilderburg Group and the Trilateral Commission bring together business and political leaders to develop long-term strategic plans to protect corporate power, destroy trade union influence, liberalise markets, privatise public services and to remove social protections created by national governments and labour movements.

Ideologically, in response to President Roosevelt's New Deal and the Attlee government's nationalisation programme after the Second World War, right-wing academics such as Frederick Von Hayek and Milton Friedman set up influential think tanks such as the Mont Pelerin Society to promote a fundamentalist version of free market ideology in academia, political parties and the media.

Under the influence of these think tanks, in 1973 General Pinochet, with help from the CIA, violently overthrew the democratically elected socialist government of Salvador Allende in Chile.

After destroying political and trade union opposition, Pinochet set in train an extreme model of privatisation and deregulation, which privatised 500 companies and banks, cut public spending by 72%, outlawed trade unions, and abolished the minimum wage. This programme set the template for future privatisations: a whole raft in the UK under Margaret Thatcher, the “slash and burn” industrial policies in post-Soviet Eastern Europe, and the selling off of vital public utilities such as the water supply in Bolivia and the telecom industry in Mexico.

Having decimated public services and inflicted much damage on the social fabric of the countries in which it was applied, Privatisation has run its course. It is now a failed



performance model driven by a discredited ideology. Trade unions in conjunction with social movements and radical politicians are fighting back. This is most evident in Latin America.

The most inspiring example of anti-privatisation is to be found in Venezuela, under Hugo Chavez's programme of "21st Century Socialism" where privatisation and outsourcing are now illegal under the new constitution. The Chavez's government's programme of "re-nationalising all that was privatised" has seen the renationalisation of many sectors including the national Bank, the oil industry, electricity and telecoms, a policy designed to put the national resources of Venezuela at the service of Venezuelans and not transnational corporations and the money markets.

Even in Europe, there is a growing tide of opposition to privatisation. Germany's Die Linke party is committed to "rigorously halt the ongoing social retrenchment, low pay of public sector workers and lay-off of personnel and put a stop to privatisation". The Greek and Irish Trade Unions have mobilised to push back savage spending cuts and more privatisations.

Latin American trade unionists and social activists have shown that it is possible to defeat the champions of neo-liberalism, and that organisation and mobilisation can move us towards democracy with social and economic justice.

The lesson from Latin American trade unionists is that to counter privatisation and the forces behind it we need to "**Organise, Recruit, and Resist**". Naomi Klein's *The Shock Doctrine* revealed the self-interest and corruption behind the corporate elite's drive to outsource and deregulate. Summarising the efforts of indigenous groups, community activists and trade unions to protect people and services, she ended with the rallying cry:



**INFORMATION  
IS SHOCK RESISTANCE  
ARM YOURSELF.**

## PRIVATISATION IN THE UK

Moving from history and ideology to the specific application of the privatisation model in the UK, PCS's Privatisation Forums laid bare the financial and performance failures of the Private Finance Initiative (PFI).

Why PFI? After the big State Owned Enterprises were sold off by the Tories in the 1980s and 90s, New Labour needed a different method to transfer public services and utilities to the private sector, even though there was little evidence of better private sector performance. In thrall to a “private-good, public-bad” mythology, and (more importantly) eager to direct lucrative public sector work to their friends in business and the City, Labour decided to enlarge the fledging PFI scheme.

PFI has many short-term advantages to government, but many disadvantages to wider society:

- Private contractors pay for the construction cost of building projects in the public sector, and then lease finished projects back to the public sector for periods up to 30 years.
- PFI contracts take the cost of borrowing off the Public Sector balance sheet, and thus improve the government's finances.
- The cost of borrowing is higher in the private sector, so annual costs on PFI are higher than projects funded in the public sector.
- PFI contracts are of approximately 25 years duration, so PFI locks future governments into legally binding on-going spending commitments.
- Despite this, PFI does not transfer risk to the private sector – essential services will not be allowed to fail, as the government will step in.

In the wake of the 2008 financial crash, the anti-privatisation campaigner George Monbiot summed up the systemic flaws of PFI and the likely effect on Britain's finances – *“While the government retains much of the risk, the investors keep the profits, which often run to many times the value of the schemes. The public liability incurred so far by the private finance initiative is £215bn. One day the repayments will destroy Britain's public finances”*.

That day has come. The public deficit is now £165 billion. The major political parties and virtually all commentators consider this requires massive public spending cuts and wage freezes. There are minor differences on when these should begin, but no dissent from the general policy that the working class should pay for the deficit.

Yet this deficit does **not include** over £200 billion of PFI debt repayment. Thus, even where the government(s) speak of “ring fenced” budgets in health and education, this will still mean savage cuts in those areas as massive and mandatory PFI repayments are hidden within that ring-fence. The media seldom reports this as it does not conform to their propaganda about feather-bedded public servants needing to tighten their belts, and raises awkward questions about private sector provision of public services.

## How did this happen?

The failures of the PFI model are so many and varied it would take several books to fully explain them. In fact it has, the best being *Captive State* (Monbiot), and *In Government We Trust* (Funnell, Jupe and Andrew). All reliable surveys (e.g the 2006 EU/Watertime survey) confirm that public provision of water supply is far more efficient than private, with private companies failing to properly maintain the pipe network because they prioritise shareholder returns. Similarly, the record of privately run prisons (re-offending rates, internal discipline etc) is worse than that of state run institutions.

Allyson Pollock and Christian Woolmer have dissected and condemned the failure of PFI in the NHS and on the rail network. PFI has left NHS Trusts with massive debt commitments for inadequate buildings and fewer available beds. The definitive examination of rail privatisation (Christian Woolmer, *On the Wrong Track*, 2005) concluded that privatising the railways was “one of the great political and economic crimes of the century”. That crime was manifested in several ways – cost cutting, poor maintenance that resulted in failure to maintain the track network, and as a consequence a series of train accidents at Southall, Ladbroke Grove, Hatfield, and Potters Bar.

The most up to date analysis of the UK’s great privatisation experiment (“*In Government We Trust: Market Failure and the Delusions of Privatisation*, 2009”) concluded “*The failures also demonstrate how far privatisation, as an ideology, has permeated the state in Britain, especially when a Labour government not only refused to countenance re-nationalisation of the railways but in fact extended privatisation as part of its Third Way to include the London Underground*”.

### PRIVATISATION AS A UK EXPORT INDUSTRY

- In 2003 The Department for International Development (DFID) gave £7.6 million of “aid” money to the right-wing think tank the Adam Smith Institute to promote privatisation in developing countries. This was more than the total of UK aid to Somalia.
- DFID also helped fund the American consultants McKinsey’s “Vision 2020” – a mass privatisation programme for India, explicitly based on Pinochet’s economic policies in Chile.
- Because of funding input, DFID demanded that the Vision 2020 Implementation Secretariat be staffed by secondees from the ASI

### Labour Government (1997–): Privatisation within the Civil Service

The 1997–2008 Labour governments privatised more civil service jobs than the governments of Thatcher and Major combined. Labour’s programme, announced in 2004, of 100,000 job cuts in the civil service led to increased outsourcing in order to plug the gaps left in service delivery.

Initially this was delivered through a massive programme of outsourcing government department’s facilities, IT and security functions, through which experienced staff



were TUPE transferred to private firms. Much of this went on under the radar, usually only registering with the media when, for example, a national institution like the British Museum had so few security guards that it had to close important galleries to visitors.

The privatisation of the Ministry of Defence's Defence Evaluation and Research Agency (DERA) is perhaps the most glaring example of dubious privatisation. Although DERA was performing well, in 2003 the government decided to privatise part of it, and a Private–Public partnership called "QinetiQ" was created, after which the 10 senior civil servants responsible for taking the company into the private sector saw their total personal investment of £540,000 transformed into £107 million. Graham Love, the company's CEO, saw his £110,000 investment turn into £21 million. Mark Serwotka, PCS General Secretary, called this "obscene", but the UK Minister for Defence Procurement described it as "*a model for future privatisations*".

Now even "core" public services are being privatised. When Gordon Brown wished to review the delivery of welfare benefits to the long-term unemployed he turned to ex-merchant banker David Freud, a man with absolutely no experience or expertise in the welfare system. After a whirlwind "review" which conceded that DWP's Job Centre Plus did an excellent job, Freud concluded that delivery of these benefits should be outsourced to private and "third" sector firms.

Freud was chosen because it was understood he would recommend privatisation. His report openly acknowledged the vast money-making opportunity that contracting out the provision of welfare and employment services to the long-term unemployed would provide to the private sector, and concluded "*Based on the analysis in this report, I have no doubt that this will be an annual multi billion pound market*".

The Labour Government's Welfare Reform Bill put Freud's plans into effect. Since then, DWP documents leaked to the Observer in 2009 revealed that private firms performed far worse than JCP in delivering the Pathways to Work scheme, and failed to reach targets that JCP had achieved. At the same time David Freud moved from being Gordon Brown's Welfare Reform Advisor to become David Cameron's Welfare Reform Advisor, a logical move as there is nothing to choose between the two on welfare reform policy.

Despite the many failings of the private sector to deliver better quality public services, the 2009 Operational Efficiency Programme (OEP) detailed the areas within the civil service in which this programme will expand. This was not surprising given that one of the OEP's authors was Gerry Grimstone, Margaret Thatcher's privatisation "guru" during the 80s and the man responsible for the sell-off British Telecom and British Water. Grimstone is also Chair of Candover plc, a private equity company with major investments in the outsourcing of public services.

The areas either proposed for privatisation (or prepared for eventual privatisation through working to market mechanisms) are the Royal Mint, the Land Registry, the Met Office, the Ordnance Survey, the Defence Storage and Distribution Agency, the Defence Vetting Agency (which does security vetting for the MoD!), and the UK Hydrographic Office. Others will follow.

As for the PFI scheme itself, in the wake of the 2008 banking crisis and financial crash it is less sustainable than ever, and we face the ludicrous situation in which taxpayer money is used by the government to subsidise the operation of many of the UK's largest PFI schemes.

The Treasury, through the Infrastructure Finance Unit, now lends directly to PFI projects and to government owned banks such as RBS. These banks then lend the money to PFI consortia on generous terms, which build the project and charge the taxpayer for the next 25 years for the service the taxpayer has already paid for through its loans!

George Monbiot (Guardian 07/04/09) summed this policy up with reference to the PFI scheme for expansion of the M25. The government may now have to bail out this scheme. To ensure the PFI consortium remains solvent during the construction phase of the contract the government will have to lend it £400m of taxpayers' money.

**"THIS PRIVATE FINANCE INITIATIVE DOESN'T REQUIRE MUCH PRIVATE FINANCE, OR INITIATIVE".  
GEORGE MONBIOT, 2009.**



## What does the future hold?

Given the ideological compass of the UK's main political parties, it is unlikely that the proven performance failures of privatisation will mean a re-thinking of the policy. On the contrary for political elites there are obvious advantages to this model, amongst which are the use of outsourcing and privatisation to deliver public expenditure cuts, and the consequent undermining of the only organised force that could oppose them – public sector trade unions.

Hence in July 2008 the London Fire Authority awarded a £12 million contract to AssetCo to provide private frontline Fire-fighters, these private fire-fighters to be seconded to the LFA via AssetCo from the private security firm Reliance. For once, the viciously anti-union London Standard got the story right – their headline ran “£12 million for 700 reserve strike-busting fire-fighters”. Expect to hear more from Reliance come the next Fire Service strike.

As for Conservative Party proposals to introduce “co-operatives” and some form of local control in to public services, these are as plausible as they sound. The Conservatives’ sudden conversion to workers’ control has to be read as part of the continued drive on the part of all major parties to privatise public services. After they are ostensibly mutualised, social enterprises will be subjected to competitive tendering, internal markets and divisive incentive structures. The economies of scale and low cost finance available to large public sector organisations will also be lost. The big idea here is to open up Jobcentres, schools and NHS trusts to marketisation.



Jess Hurd/reportdigital.co.uk

**"THESE EXAMPLES ARE NOT THE RESULT OF ACCIDENTAL ERRORS OF JUDGEMENT. THEY RESULT FROM A POLITICAL AND ECONOMIC LOGIC WHICH ARGUES THAT IN ALMOST EVERY SPHERE OF OUR LIVES, THE MARKET AND THE PROFIT MOTIVE WILL PERFORM BETTER THAN ANY OTHER SYSTEM. IT IS THIS DOGMA THAT ALL WHO WANT DEMOCRATICALLY ACCOUNTABLE AND PUBLICLY OWNED SERVICES MUST CHALLENGE".  
MARK SERWOTKA, 2007.**

The question for trade unions is – how do we challenge this dogma? Certainly not through deferring to political parties that support privatisation. PCS believes it is time for a fresher and bolder approach.

Our case is both powerful and popular. It is that **all** public services – the postal network, the NHS, the national rail network, the water utilities, health services etc – should be delivered for reasons of social need instead of social profit. That they operate to transparent rules of public accountability instead of under cover of



commercial confidentiality. And that they are free and able to develop long-term strategies on social infrastructure like an integrated and sustainable public transport network, co-ordinated regional redevelopment and employment programmes, and environmental planning.



Jess Hurd/reportdigital.co.uk

There is a compelling logic to public ownership, one that countries less subservient than the UK to free market dogma are now accepting. In response to the failures of privatisation Sweden recently put a moratorium on all current planned privatisations, France re-nationalised the Paris water company, Germany re-nationalised the minting of its currency, Estonia re-nationalised its Rail network, New Zealand re-nationalised its Rail and Air network, and Malaysia re-nationalised its national water supply.

This should not be surprising. After all, we have been here before. In the 1920s an irresponsible banking and corporate elite brought the capitalist system to the brink of collapse. In response to the Great Crash, the USA elected a radical, reforming President, Franklin Delano Roosevelt, who introduced national economic planning, imposed firm regulation of speculators and stock exchanges, and gave trade unions partial freedoms to organise in the defence of workers and local communities.

Unlike FDR, the UK's major political parties are still wedded to a crude free market ideology, and all agree that it will not be the banks and the financiers who will pay for the economic crash and public deficit – it will be ordinary working people, through wage freezes and cuts in public services. Because of this, trade unions need to mobilise as never before to ensure that public services are protected, and that privatisation is replaced with a better, healthier and socialist model of public provision.

**"THE MEASURE OF THE RESTORATION LIES IN THE EXTENT TO WHICH WE APPLY SOCIAL VALUES MORE NOBLE THAN MERE MONETARY PROFIT. THE JOY AND MORAL STIMULATION OF WORK MUST NO LONGER BE FORGOTTEN IN THE MAD CHASE OF EVANESCENT PROFITS"**  
**INAUGURAL SPEECH - FRANKLIN DELANO ROOSEVELT, 1933**

## PCS, privatisation and the media

As a campaigning union PCS works hard to get its anti-privatisation message across in a media routinely hostile to trade unions and the public sector. We all recognise the reporting of the right-wing 'Tory press' and broadcast media (The *Daily Mail*, The *Sun*, The *Daily Express*, The *Times*, The *Telegraph*, Sky News etc) is biased and distorted, but media such as the *Guardian*, the *Independent*, and the BBC, often regarded as more progressive, do not always provide an objective analysis either.

The modern idea of objective reporting is little more than a century old. There was little concern that newspapers were partisan so long as the public was free to choose from a wide range of opinions. Newspapers dependent on advertisers for 75% of their revenues, such as the *Guardian* and *Independent*, would not have been regarded as independent by previous generations of radicals, trade unionists and socialists. Balance was instead provided by a thriving working class-based press. Early last century, however, the industrialisation of the press, and the associated high cost of newspaper production, meant that wealthy private industrialists backed by advertisers achieved dominance in the mass media. Unable to compete on price and outreach, the previously flourishing working class press was brushed to the margins.

One of the aims of the PCS Regional Forums was to encourage members to challenge media managers, editors and journalists who set news agendas that reflect establishment and elite interests. We hope to raise awareness of the underlying systemic failings of the corporate media to report the world around us honestly, fairly and accurately.

**"MEDIA LANGUAGE HAS SYSTEMATICALLY APPROPRIATED POSITIVE CONCEPTS, EMPTYING THEM OF THEIR DICTIONARY MEANING AND REFILLING THEM.' 'REFORM' NOW MEANS REGRESSION OR DESTRUCTION. SELLING OFF PUBLIC ENTERPRISES ¶ SUCH AS THE RAILWAY SYSTEM ¶ IS 'BREAKING UP MONOPOLIES'. 'DEREGULATION' MEANS A SHIFT FROM PUBLIC PROTECTION TO PRIVATE POWER. THIS INSIDIOUS CORRUPTION OF LANGUAGE ENCOURAGES PEOPLE TO ACCEPT THAT GLOBAL CAPITALISM IS AS HEALTHY AND INEVITABLE AS THE NEED TO CONSUME OXYGEN".**  
**JOHN PILGER**

## Trade Unions and the media

Trade Unions and the public sector do not enjoy good media coverage. This makes it much easier to dismiss our arguments against the outsourcing and privatisation of public services.

The media's subservience to power is demonstrated through the manner in which it selects headline stories, frames the order of discussion, and chooses (or excludes) specific interviewees. Viewers of Sky, CNN and most other channels receive the latest data from the Stock Markets with their breakfast – the FTSE 100's statistics will scroll past on ticker tape, but there are no continuous updates of employment figures, or a ticker tape keeping viewers up to date on industrial accidents, or the daily devastation of the rain forest.

The media's response to the 2008 financial crash and the credit crunch is a case in point. The very people who caused the disaster – bankers, stockbrokers and hedge-fund managers – were wheeled into studios to explain it. Trade Unionists, and those who had long predicted that financial deregulation would produce this result, were excluded. This media consensus made it much easier to forge a political consensus whereby, token noises aside, City bankers are left unmolested to reap huge bonuses from taxpayer funded banks whilst ordinary people relying on public services will suffer for many years to come.



Andy Forman

Trade Unions and other oppositional voices must challenge the view that our media present us with a more or less honest version of the world. Whilst it is happy to excoriate the failings of individual politicians, the corporate mass media seldom attempt truly investigative journalism, and in essence acts as a propaganda system for elite interests. For clear evidence, compare all newspaper and TV News reporting of the current political process in Venezuela, or the resistance of the Irish and Greek trade unions to the assault of their national ruling elites, and try to discern any substantive difference.

There are ways to challenge this. Clearly we must exploit such opening in the mass media as do exist, but given that media's inherent hostility to organised labour our message also needs to be advanced through new initiatives, utilising the internet, anti-corporate videos, political blogs, community activists and alliances with pro-public services campaigning groups to assist and supplement mass industrial and political campaigns.

These strategies will become ever more vital and necessary in the years ahead, as the UK's public services come under increasing attack through historically unprecedented spending cuts and an inevitable extension of privatisation.



### **Privatisation = Inequality**

- 1997: UK's richest 1000 had a combined wealth of £98 billion
- 2007: UK's richest 1000 worth £300 billion
- In 2007/08 Joseph Rowntree Foundation reveal 13.5 million people living below the 60% of median earnings low-income threshold
- Compared with other EU countries, the UK has a higher proportion of people on low incomes. Out of 27 EU countries only four have a higher proportion on low incomes than the UK
- Wealth of the world's 500 richest people exceeds that of 416 million poorest people
- 793 top earners are worth £2.6 trillion – the entire sum of developing countries foreign debt
- The remuneration of the CEO's of largest 500 companies is more than 430 times that of the average worker – 10 times more than in 1980
- 80% of wealth belongs to the top 10%
- In last 30 years middle incomes grew by 56%, top 10% by 100% and manual jobs saw virtually no increase

For more information on the PCS Privatisation Forums and the issues discussed here, please contact PCS Research and Policy Officers John Medhurst ([johnme@pcs.org.uk](mailto:johnme@pcs.org.uk)) and Enrico Tortolano ([enrico@pcs.org.uk](mailto:enrico@pcs.org.uk)).



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