

Reviews **Rush** ★★★★★ **Elvis Costello** ★★★★★ **Manic Street Preachers** ★★★★★

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Strikes ahead as ministers sell Royal Mail

Postal chaos fears as privatisation 'not even Thatcher dared do' gets green light

Rupert Neate

Royal Mail staff are set to disrupt postal services in a rolling programme of strikes after ministers unveiled plans for a £3bn privatisation of the postal service within six weeks.

As the government yesterday embarked on a state sell-off, confirming the sale of at least half of Britain's 497-year-old postal service, the Communications Workers Union warned it was planning a series of strikes that could paralyse deliveries nationwide.

Billy Hayes, deputy general secretary of the Communication Workers Union (CWU), said Royal Mail's 150,000 workers would not stand by and watch "people in the City and the board make a killing from a privatisation that threatens frontline workers' pay and conditions". He added: "This isn't about what's best for the Royal Mail, it's about vested interests of government ministers' mates in the City." Hayes also warned that strike action "now looks more likely than ever".

Bankers, lawyers, accountants and PR firms are set to collect up to £20m in fees from advising on the sale.

Hayes said 96% of Royal Mail staff opposed the sell-off, which "not even Thatcher dared do", even though 10% of the shares, worth up to £2,000 each, have been set aside as free awards for Royal Mail workers in one of the biggest employee share schemes. Staff would also share a further £13.3m - about £90 each - in dividend payments in the first year, and more in following years.

Margaret Thatcher, who privatised British Gas, British Airways, British Telecom and dozens of other state-owned institutions in the 1980s, refused to countenance a sale of Royal Mail, saying she was "not prepared to have the Queen's head privatised". Lord Heseltine and Lord Mandelson both subsequently tried but failed to sell the company, in the face of intense opposition from MPs. The sale was approved by parliament in the 2011 Postal Services Act.

Postal staff yesterday booed and jeered Royal Mail's chief executive, Moya Greene, as she pleaded with them to pull back from the first nationwide strike since 2009. They will be balloted for strike action within the next couple of weeks, and a series of rolling strikes could begin before the end of October.

A union source said strikes would be planned to cause maximum disruption, with drivers, sorting office workers and delivery staff taking action on consecutive days causing a week of nationwide chaos. The source said strikes - which would be officially over pay and conditions as they cannot legally strike over privatisation - were all but certain, and pointed out that previous strike ballots were backed by more than 90% of members.

Michael Fallon, the business minister in charge of the sale, warned the union that strike action would not derail the sale. He said Royal Mail must be sold so that it can borrow private money and not compete against schools and hospitals for public funds. Fallon attacked the union for pressing ahead with plans for strike action when staff have been offered a 8.6% pay rise over three years. "Teachers and nurses are only getting 1%," he said.

The union dismissed the pay offer as "misleading and unacceptable" sweetener designed to win over support for the privatisation.

Greene told union representatives at a heated meeting in Birmingham yesterday that a strike "makes no sense" and could mean the Royal Mail loses business: "It is because our customers trust us and value the service we provide, that there should not be a strike at this crucial time. If businesses can't rely on us, they will look elsewhere to protect their own business."

The company warned potential investors that it expects the union to take industrial action next month but said it has "contingency plans in place and will also consider its legal options". In its official "intention to float" document filed with

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Ocean colour scene Balloonist's bid



Jonathan Trappe attempting to become the first person to cross the Atlantic in a cluster balloon system, using 370 helium balloons Photograph: Paul Cyr/Barcroft

Ex-MI6 chief plays down damage from NSA leaks

Richard Norton-Taylor
Dominic Rushe San Francisco

A former senior British secret intelligence officer yesterday played down any potential damage done by the leaks to the Guardian of the spying activities of GCHQ and America's National Security Agency, apparently contradicting claims made by UK security chiefs.

The leaks, by former NSA contractor Edward Snowden were "very embarrassing, uncomfortable, and unfortunate", Nigel Inkster, former deputy chief of MI6, said.

While Inkster said it was too early to draw any definite conclusions about the impact of the leaks, he added: "I sense that those most interested in the activities of the NSA and GCHQ have not been told very much they didn't know already or could have inferred."

Al-Qaida leaders in the tribal areas of Pakistan had been "in the dark" for some time - in the sense that they had not used any form of electronic media that would "illuminate" their whereabouts, Inkster said. He was referring to countermeasures they had taken to avoid detection by western intelligence agencies.

Other "serious actors" were equally aware of the risks to their security from NSA and GCHQ eavesdroppers, he said.

As for the impact of the revelations about the capabilities of the NSA and GCHQ on allies, Inkster said the reality was that any government with a national communications system also had a national signal intelligence capability.

"The tears that have been shed internationally have been of the crocodile variety," he said in an apparent reference to US allies, notably Germany, which have expressed concern about the activities of the NSA and GCHQ and the extent of their ability to intercept communications.

Inkster was speaking at a press conference to launch the annual Strategic Survey published by the International Institute for Strategic Studies. He left MI6 after the invasion of Iraq and subsequently criticised how Britain "got dragged into a war". He is currently director of transnational threats and political risk at the institute.

He added that "the degree and scope" of surveillance and eavesdropping by the NSA and GCHQ was a surprising. "I must say that in the space of five years, the technical ability of what the NSA and GCHQ

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Five years on from Lehman: 'We had almost no control'

In the first part of a series on the defining moment of the financial crisis, **Larry Elliott** and **Jill Treanor** look back with those who faced the looming disaster

Alistair Darling's phone rang. It was 7 October 2008 and the chancellor of the exchequer was in Luxembourg, struggling to concentrate on the finer points of insurance regulation. The caller was Sir Tom McKillop, chairman of Royal Bank of Scotland, and his message was brief: "We are haemorrhaging cash. What are you going to do about it?"

The chancellor knew that Britain's biggest bank was in trouble even before McKillop came on the line, yet even the normally phlegmatic Darling was surprised at the size and immediacy

of the crisis. "I asked how long he could last, expecting him to say that we had 24 hours," Darling recalled in an interview with the Guardian to mark the fifth anniversary this weekend of the bankruptcy of Lehman Brothers - the event that provoked the global financial crash and, along with other seismic shocks, pushed RBS to the brink.

Instead, McKillop said RBS's cash would last for only two or three hours. Unless there was immediate help, the bank would have to cease trading by the end of the day.

Darling could see the irony of the situation. "Here was the chairman of one of the world's biggest banks, who had shown disdain for politicians,

asking us what we were going to do about it." Stifling any urge to delight in McKillop's predicament, the chancellor said the government would shortly announce details of a rescue plan for UK banks caught up in the backwash from the collapse of Lehman, little more than three weeks earlier.

For Darling, this was the stuff of nightmares. It wasn't simply that cash machines would stop working and cheques would no longer be cashed, although that was perceived by the Treasury and the Bank of England as a clear risk. It was the

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In better-off districts relief outweighs despair. When a US attack felt imminent, they stayed at home. Now the cafes are full again

Jonathan Steele reports from Damascus, page 30 »

