

THE FUTURE OF PUBLIC SERVICES UNDER LABOUR

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With a foreword by
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Biographical Details

Mark Serwotka is the general secretary of the British union, the Public and Commercial Services Union (PCS). The PCS is one of Britain's fastest growing unions with nearly 320,000 members representing civil and public servants and members in the private sector employed on government contracts. Mark took office on 1 June 2002. Starting work at 16 in the Department of Health and Social Security (DHSS) as a clerical officer, Mark served in the benefits service for 21 years, including seven years as a part-time worker to enable him to look after his children while his partner worked full-time as she was the higher wage earner. He was elected to the post of general secretary in December 2000 and is almost unique amongst his peers in other unions, having come straight from the shop floor. His election was marred by controversy when his predecessor, the more 'new' Labour-leaning Barry Reamsbottom, stayed in office after the expiry of his five-year term of office. The dispute was taken to the High Court where Mark won. During his two decades as a civil servant, he held a wide range of lay elected union positions, including being responsible for employment tribunal cases. Standing as a socialist candidate and a rank and file branch secretary from the DSS Sheffield branch of PCS, he was the unexpected victor in the election, defeating his opponent, a full time official of the union, by a margin of nearly 7,000 votes. In 2005, he was re-elected unopposed for a second term. He is seen to be one of the consistent members of the so-called 'awkward squad' of union leaders. On his appointment, he agreed to accept only an average worker's wage. When told that this was not permitted by the rules of the union, he took his full wage, but donated a large proportion of it to the union's campaign fund. This amounts to c£1,000 per month. Born in South Wales in 1963, Mark is married to Ruth and has two children Rhys and Imogen.

Foreword

Professor Gregor Gall, Professor of Industrial Relations and Director of the Centre for Research in Employment Studies, University of Hertfordshire.

Just as I was delighted to welcome Mark to give the annual CRES lecture, I am also delighted to write this brief foreword to the text of Mark's lecture. I am sure the publication of his lecture will be of great use and interest to a number of people – students, academics, policy-makers, commentators and the like.

Mark is a passionate believer in the worth of public services – publicly-owned, publicly delivered and publicly controlled and accountable – as part of a decent, civilised society for this generation and future generations. He has long argued that only decent terms and conditions will motivate public servants to be able to provide quality services and that only well funded public services will allow civil servants to do their jobs properly – that is, provide the quality of services that the public rightly expects and deserves. For these reasons, Mark has been a dogged critic of 'new' Labour. He has argued that the change from Tony Blair to Gordon Brown as PM in Britain marked only a change in the 'singer' not the 'song' of continued neo-liberalism.

Mark is an important voice in the British union movement as well as an important voice amongst the radical left in Britain. The significance of Mark as a union leader, the type of approach Mark takes and the union he is leader of has a number of facets. As his biographical details make clear, Mark can be said to be a new or different breed of union leader – a generation or so younger than most of his counterparts, having come straight from the 'shopfloor' without ever having been a full-time union officer or a lay full-time facility officer. Unencumbered by 'new' Labour politics and affiliation to the Labour Party by personal or union institutional ties, Mark, along with other new left union leaders like Bob Crow of the RMT and Matt Wrack of the FBU, has pioneered an approach which not just puts the interests of his members before any loyalty to any party or government but also critiques the neo-liberalism now so dominant in all major political parties in Britain. Moreover, he has sought to marry the two together in a form of active, robust trade unionism. And this approach would seem to be working. He has, thus, maintained his membership of the so-called 'awkward squad' of union leaders and not transferred to the 'obsequious squad' as many of the original members of the 'awkward squad' have since done.

PCS is a growing union, having by 2006, 313,000 members and experiencing a 21% increase in membership since Mark assumed office as general secretary. The PCS is now the fifth biggest of the TUC's affiliates and one of the fastest growing unions. Although

speculative, it is more than likely that this results from two factors – one the combative and independent minded approach the union has taken, and the other the resources put into ‘union organising’. The former concerns the willingness to fight wholeheartedly for the defence of his union members’ interests through words and deeds. The latter concerns the reinvigoration of the lay structures and processes of the union in the many workplaces in which it operates. When both come together, as they arguably do very well in the case of the PCS union, this can make a potent combination.

Now, of course, it cannot be suggested that Mark takes responsibility for all these developments and attributes for he is part of a democratic and participative union. But that said, this should not detract from his leadership qualities of boldness, strategic vision and tactical deftness.

What is also of significance with Mark is that he has made the case for what the public services should look like and how they should operate – his criticism of the current malaise is therefore matched by setting out the stall of an alternative. And towards this end, he has played the major part in trying to facilitate broad, robust and active alliances across the union movement and between unions and users of public services in order to progress on these fronts. His starting point has always been that he cannot have the temerity to ask others to take up the cudgel unless his own union has done so itself. Here, the PCS union under his leadership has been at the forefront of resistance to ‘new’ Labour.

And it is for these reasons that I and many others enjoyed and were stimulated by the case Mark made on that cold November night. I hope in warmer surrounds, you will also be stimulated by it too.

THE FUTURE OF PUBLIC SERVICES UNDER LABOUR

Mark Serwotka, General Secretary, Public and Commercial Services (PCS) Union

(This is the text of the public lecture that Mark gave at the second annual Centre for Research in Employment Studies (CRES) at the University of Hertfordshire on Thursday 15 November 2007.)

Introduction

When Labour was returned to power in 1997, there was widespread hope that after eighteen years of Tory cuts and privatisation, Labour would begin the long overdue process of reversing the tide of marketisation that had resulted in fragmented, under-funded and poor quality public services. Those who worked in the public sector, and those who rely most on the support they provide, were among Labour's most enthusiastic supporters. Although Blair promised little in the run up to the 1997 election, many thought he was being cautious in order to gain power. Once in Downing Street, it was widely believed, the real work of reversing the marketisation of our public services would begin. Ten years on we have a Labour government in crisis. The Conservatives, once thought by many to have been consigned to opposition for at least a generation, are gaining in the polls. Brown has replaced Blair – but to little evident effect or result in terms of government direction. After dithering about the timing of the next general election in late 2007, he is increasingly viewed as weak and indecisive.

On public services, there has been no change in policies from those he was responsible for when he was Chancellor. The recent Comprehensive Spending Review announced cuts of £30 billion across Whitehall departmental budgets. Around the same time, management at the Ministry of Defence announced it was planning to cut 1,000 jobs at its London HQ. These announcements came on top of a so-called 'efficiency programme' that has seen 30,000 jobs lost from the Department of Work and Pensions (DWP). Over 500 job centres and benefit offices have gone. There are plans to cut a further 25,000 jobs from Her Majesty's Revenue and Customs (HMRC) by 2011. Up to 200 local tax offices may shut.

It should come as no surprise that key sources of political support that Labour took for granted in the general elections of 1997, 2001 and 2005 are beginning to weaken and drift away. A poll earlier this year found that among voters who work in the public sector, support for Labour has fallen by ten per cent. Some in the public sector are so angry, frustrated and disillusioned by what ten years of Labour has been like that support is shifting away from Labour: toward the SNP in Scotland – and even the Tories

in parts of Britain. What clearer demonstration could there be of the failure of Labour in relation to public services and public servants, that some are even considering supporting the party that pioneered cuts and privatisation in the 1980s? How did we get here and what can trade unions, such as PCS, do? That is what I want to spend the next part of my lecture tonight discussing.

Neo-liberalism and Public Services

Perhaps the most surprising aspect of the past ten years to many of Labour's supporters in 1997 has been the extent to which the government has embraced and extolled the virtues of neo-liberalism. This was first signalled by Gordon Brown when he effectively privatised the Bank of England a few days after the 1997 general election. Interest rates would no longer be a matter for ministers – but instead be for an appointed committee of economists, business leaders and one or two token ex-trade union leaders to decide. The result has been a loss of democratic control and accountability in a key area of economic policy, and the prioritisation of low-inflation over investment, jobs and tackling poverty pay. The one million jobs lost from the manufacturing sector since 1997 are testimony to the success of this policy.

Once in power, the policy reversals came thick and fast:

- When in opposition the Shadow Home Secretary, Jack Straw, denounced private sector prisons as 'immoral'. When in office he commissioned the building of more private prisons and renewed their contracts.
- Before the 1997 election, Shadow Labour Ministers had denounced Tory proposals to sell-off Air Traffic Control as 'privatising our skies.' Within a year of being in power the new Labour government announced just such a privatisation.
- Having criticised bad employers in the 1980s for mass sackings of workers without consultation, in 2004 Gordon Brown announced, without consultation or prior warning, that he intended to force 100,000 civil servants out of their jobs.
- After criticising privatisation and outsourcing in central government as a waste of taxpayers money, Labour has now privatised and outsourced more work from central government to the private sector than the previous eighteen years of Tory government.
- After arguing that spending should be focused on improving front-line services, billions of taxpayers' money is now being spent by central government departments on hiring private consultants – many of whom perform exactly the same work as civil servants, but at ten times the cost.

- Having criticised the Tories for attempting to dismantle the welfare state, Labour has announced its intention to involve the private and voluntary sectors in the delivery of some employment services – when there is no evidence that they can or will do a better job.
- After arguing that cuts in the number of civil and public servants by the Thatcher and Major governments would inevitably damage service quality, we have seen tens of thousands of jobs being cut across the civil service. The result has been: millions of unanswered telephone calls, unopened post, delays in processing benefit payments. In recent years we have seen Citizens Advice Bureaux and local benefit offices handing out food vouchers and food parcels to people who cannot afford to eat because their benefits have not arrived on time.

It is difficult to escape the conclusion that this is a government driven by a dogmatic determination to involve the private sector in public services at almost any cost. Those who work in and use public services are confronting a government that has fully accepted the core principles of neo-liberal public policy:

- That the private sector is more efficient than the public sector
- That competition will reduce costs while increasing output and quality
- That the state should retreat from directly providing services and instead limit itself to contracting the private sector to deliver them
- That competition and privatisation will undermine ‘producer power’: in other words, undermine effective trade unionism in the public sector

The problem, for neo-liberal theory and this government, is that private sector companies are only interested in public services to the extent that they will generate profit from them. Services provided by central government do not lend themselves easily to making profits – partly because many of them must be supplied to all citizens at little or no direct cost.

Therefore, every government for the past thirty years has spent huge amounts of time, energy and money trying to artificially create ‘markets’ for public services – in everything from health, education and employment services to prisons, defence research and government IT projects. Because many of the users of these services do not or cannot pay directly for them, the government has to entice the private sector to become involved in delivering them by offering long-term contracts that guarantee high rates of profit they would not get from normal commercial trading. Any penalties for poor service are so conditional on other factors that few private companies actually end-up paying them.

For example, the IT contractor, EDS, reached a settlement with HMRC for poor performance which involved making payments on condition that it secured further business from government. Where else, other than the public sector, could a private company get away with such an arrangement?

In Belfast, a school built under a PFI contract lasting 25 years will soon shut because of low pupil numbers. However, because the education authority has signed a contract lasting 25 years, it will continue to pay up to £400,000 per year to a contractor to operate a school that will not actually exist.

These examples, while shocking, 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 for people than any other system. It is this dogma that all those who want democratically accountable and publicly owned services must challenge. Private companies cannot deliver cost-effective high-quality government services to non-paying customers for the simple reason that they are not primarily in business to do so. Attempts to make companies behave in such a way necessarily involve huge additional costs to the taxpayer to compensate the company for the additional resources and risks involved in serving people whose demand for services is not expressed in, or limited by, their willingness and ability to pay. In the meantime, companies will exploit every possible contractual loophole to extract more money from the public purse in order to maximise their profits. Any attempt to design contracts that anticipate every eventuality, and which potentially impose significant costs, penalties and risks on contractors, will be a powerful disincentive for companies to bid.

Waste and inefficiency are therefore inevitable by-products of private sector involvement in the delivery of government services. They necessarily arise from the contradiction involved in trying to get profit-seeking companies involved in delivering what are essentially unprofitable services.

It is a contradiction that can be resolved by excluding and removing the private sector from the public sector. The alternative is that it will be resolved by the increased marketisation of public services, the introduction of more and higher charges, greater differentiation in service quality, and so on. Unless we succeed in defending publicly-owned services, billions of our money which could be spent on developing better quality and more locally accessible services designed to respond to complex and unprofitable social needs will continue to be a source of profit for private corporations and a source of commission for teams of private consultants.

What is to be done?

So what should we do? There are two parts to answering this question. One is straightforward. The other is less so. Firstly, all those involved in defending public

services from neo-liberal policies must make the positive case for services remaining within the public sector. This does not mean simply defending the status quo. It means reclaiming the term 'modernisation'. In the hands of Labour, 'modernisation' has been code for cuts and privatisation. We need to make the argument that 'real modernisation' involves higher levels of investment in services that are designed to meet real social needs – not performance targets or profit rates. For example, a modern employment service should be one defined not by how few people it can employ, nor how many people it can remove from state benefits. Its primary concern should be helping people to obtain secure and rewarding employment that enables them and their families to live at a standard well above the poverty line. If such employment is not available, then claimants should not be penalised or bullied into accepting work on poverty rates of pay. Claimants, not the state or a private employment agency, are best suited to judge which form of available employment is most suited to their circumstances. A modern tax service should be one that is able to offer expert advice and face-to-face support at local level to all those who need help to complete forms, claim credits and sort out their tax affairs. Making the case for higher levels of investment raises the related issue of how to pay for it. The importance of developing a more progressive system of taxation has almost disappeared from mainstream political discussion. In a context where the average pay of the top company directors has risen from £2m to £3m per year, and where billions are being paid in bonuses to dealers and consultants in the City of London, we must make the case for getting those who have benefited most from neoliberal policies to pay their fair share.

If we do not, then any campaign for more resources will be met with the argument from government that more for you means less for someone else. They will seek to sow divisions between public servants and service users, between those who are members of trade unions and those who are not, between those who work in the public sector and those in the private sector, and so on. Developing a coherent case for the radical redistribution of wealth is not just about moving toward a more equal society, it is also about creating the basis for greater unity between those opposed to neoliberal policies. Ignoring or downplaying policies to redistribute wealth will only serve to undermine that potential unity. More generally, the case for public provision is one based on arguments for:

- Social need instead of private profit.
- Public accountability instead of commercial confidentiality.
- Long term planning instead of short-term gain.

In many respects these are hardly new or original arguments. They have been at the core of much thinking in the labour movement for over a century. They do, however, appear to be alien to the present Labour government. They therefore need re-stating and fighting for. This much is straightforward. The second part of the answer to the question 'How should we do all this?' is less so.

While many trade unions and trade unionists will subscribe to the general principles that should underpin our public services, there is less consensus on how we can make progress toward seeing them implemented. As students of industrial relations you will know that trade unions in Britain today, as they have always been, are divided not simply by who we represent but also by politics and strategy. Unlike PCS, many of the biggest unions with members in the public sector are affiliated to the Labour Party. Many therefore place considerable emphasis on exerting influence via internal Labour Party channels. They may see some forms of industrial action as counter-productive in a context where they are attempting to cultivate influence with Ministers and senior government officials. Unlike PCS, not all the other public sector unions place as much priority on organising and involving our members in industrial and political campaigning. There are disagreements and differences of emphasis in relation to how public services can be best defended and modernised. This is a source of some division and weakness in the face of government attacks.

I would like to finish by briefly outlining how PCS has sought to defend the public services that employ our members by reference to our present national dispute. Some contrasts with other unions may become clear. Since 2004, when Gordon Brown announced that he intended to reduce the number of civil servants by 100,000, we have been campaigning against job cuts and their impact on services. During the course of last year it became clear that PCS members in some departments, such as DTI and DEFRA, may be issued with compulsory redundancy notices. Our policy was that any such move was unacceptable and would be met with united national action by all PCS members. Rather than wait for potentially hundreds of compulsory redundancies to be announced, we decided to mobilise members as part of a broader industrial and political campaign to obtain assurances from the government that no PCS member would be forced out of their job. In addition, we want a national pay system across the civil service, pay increases that at least keep pace with the real cost of living, and no more privatisation or outsourcing without agreement. Since January this year we have been in formal dispute with the government. Our campaigning since then has involved a number of actions:

National strike action

We have held two highly successful national strikes involving 200,000 PCS members on 31 January and 1 May. In our recent national consultative ballot, a large majority voted for a further one-day strike before the end of this year if real progress on achieving our campaign demands is not made. The main purpose of these strikes has been to raise the profile of our campaign and to place pressure on the government to begin meaningful discussions about how we can bring the dispute to an acceptable conclusion. It should be added that one reason why support for these strikes has been so strong is because for the past 5 years we have dedicated significant time and resources to our national organising strategy: developing and training new and established layers of activists; encouraging them to campaign locally on the issues that affect them most; encouraging higher levels of participation.

Make Your Vote Count

During and since the May elections we have been lobbying candidates in every significant local government and parliamentary by-election about our campaign. We have been organising hustings, asking candidates their views on job cuts and privatisation, and distributing their replies to our members. Thousands of party candidates in every major political party have been left in no doubt that their views will influence how our members vote.

Group-level action

Our groups in areas such as MoD, HMRC and the Identity and Passport Service, have been involved in a mix of strike and non-strike action on issues such as pay, office closures, and deskilling. In our national consultative ballot members voted to endorse proposals to develop and implement group-level action plans with the aim of escalating the degree of industrial disruption we can cause to the employer.

Joint action with other unions on pay

The government has upped the ante on pay this year by seeking to impose a pay policy that will see real cuts in living standards for millions of workers across the public sector. Our strategy has been to attempt to take coordinated action against this policy by involving as many other public sector unions as possible. During the summer, and at the TUC Congress in September, we have been meeting with other General Secretaries and senior union officers to make the argument that breaking the government's pay limit will be much easier if we combine and coordinate our campaigning and industrial action. For a mix of industrial and political reasons this has not proven possible this year. But there remains considerable scope for such unity next year.

So where does the PCS stand now? At the beginning of November, the government, after years of refusing to negotiate with us about our demands, has suddenly decided to talk. Those talks are in their early stages and will continue until Xmas. This is a significant development. The talks offer a basis for achieving some of our demands – particularly on the issue of compulsory redundancies. The question is: why has there been this change of mind? There are a number of factors involved: a change of Ministers at the Cabinet Office and in some other key departments; the sudden political weakness of the government after dithering about whether to call a General Election; the growing realisation by some in government that more civil service job cuts will have a significant impact in key marginal constituencies. All of these factors have played a part.

But the key reason has been the continued willingness and determination of our members to campaign and take action. By anticipating government attacks and mobilising our members we have generated industrial and political pressure that has caused the government to pause and rethink its strategy. Without our industrial and political campaigning, and without the large majority in our national consultative ballot for further strike action, it is unthinkable that the government would have suddenly

decided to begin real negotiations. We have some way to go to get what we want – particularly on pay. But there are positive lessons here about how we can defend public services:

- Discretely exerting influence through party political channels has a role to play in some circumstances. But without a complementary industrial strategy it is unlikely in the present neoliberal climate to win real gains. We have a government that has continued to marginalise trade unions and maintain them in the legal shackles established by the Thatcher governments' of the 1980s. The present leadership of the Labour Party has abandoned all Labour's past critical views of the market. Under these circumstances it is naïve to believe that private discussions and exhortations alone will result in substantive changes in policy.
- Organising and mobilising union members is not something to be done at the last minute after years of doing nothing. Mobilisation and involvement of members in effective campaigning needs sustained effort – so that when attacks do take place the union is better able to respond. If you ignore your members and treat them as passive spectators the risk is that when you ask them to vote for action few will do so.
- On key issues such as pay, unity and action involving all the public sector unions is vital. We had an opportunity to make a real difference on public sector pay this year. For various reasons that has not happened. The public sector unions need to reflect on where that lack of unity and lack of action has got us in 2007 and discuss now what we need to do in 2008.

Conclusion

In conclusion, there is a positive future for those who work in and use public services. But it is one that we will have to fight for. It will not be handed to us by neo-liberalism and its supporters. Some unions, such as PCS, have played a part in beginning that process. I am proud that we have done so.