



# The Observer

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## Reasons to be cheerful in the G8 gloom

WHEN THEY met two years ago at Gleneagles, leaders of the G8 pledged \$50bn in development aid for Africa. They promised treatment to all Africans suffering from HIV/Aids by the end of the decade. Last week, at their summit in Germany, the leaders said they would get treatment to 5 million people with the disease, around half the total number of victims. They restated the 2005 aid pledge, a tacit acknowledgment that they had failed to honour their original commitment. It is easy to be sceptical. Poverty was not made history at Gleneagles.

But that doesn't mean this year's meeting was failure. It was certainly not a 'farce', as Bob Geldof quickly labelled it. Mr Geldof is admirably tenacious as an anti-poverty campaigner. But his stadium-strutting hyperbole has limits. By denigrating what modest achievements were made, he reinforces the view that the G8 is only pretend-

ing to care about Africa, or climate change. That simply isn't true. Leaders of the industrialised world might only have grasped the importance of acting on those issues once they saw that it served their long-term interests, but that is still progress. They could easily have used their meeting to refine the trade arrangements between already rich countries based on strategies for prising open markets in poorer ones. They could have agreed that aid to developing nations should be conditional on the sale of state assets to foreign investors at knock-down prices. That, after all, is what they did through the IMF and World Bank for much of the 1990s.

Seen from that perspective, it is remarkable how global aid issues have crossed over, in a few years, from protesters' placards on one side of the security cordon to the formal agenda of politicians on the other side. The Gleneagles meeting might have raised hopes

that were unrealistic, but it changed the culture of G8 summitry for the better. Tony Blair deserves some credit for that.

Credit is due also to German Chancellor Angela Merkel for forging something like consensus on climate change last week. At the start of the summit, George W Bush was hostile to Ms Merkel's ambitious targets for cutting carbon emissions and opposed to any future deal on the environment that would be run under UN auspices. Now, in principle at least, he has signed up for both. The hard work on global emissions cuts has yet to come. There is, for example, no clever deal in sight that will persuade developing countries, chiefly India, Brazil and China, to take a greener route as they try to catch up with the industrialised world. But a significant barrier – Mr Bush's phobia of anything that looked like the Kyoto protocol – has been removed.

A different barrier to co-operation in the

G8 stayed up: mutual suspicion between Russia and the West, especially over US plans for a European missile defence shield. But that problem was never going to be solved last week for historical reasons. The G7, as it was originally conceived, was a talking shop for leaders with economic power. Russia was only invited to join (making it G8) as compensation for its diminished status after the Cold War, making Russian insecurity, and reliance on its nuclear arsenal for leverage, a permanent fault line in the group. The G8 is not the right forum for strategic missile talks.

Seen from the perspective of Gleneagles, and the high hopes of the anti-poverty campaign, last week's summit was a disappointment. But it is worth pausing for historical perspective, remembering how the world's economic power brokers used to do business. That longer view gives real grounds for optimism.

## Only imagination will save the Post Office

ROYAL MAIL has problems by the sack load. Last week postal workers voted overwhelmingly in favour of strike action in protest over pay and the threat of job cuts. If the strike goes ahead, Royal Mail will lose business customers to the private sector and might have to compensate those whose mail gets delayed. That would render more urgent the need to cut costs and modernise sorting systems, plans for which triggered the strike threat in the first place.

The postal workers have a solid grievance. Their pay offer is well below inflation and thousands of their colleagues have already been laid off. Meanwhile, their bosses are among the highest paid employees of the state. But this is not some throw-back to the Seventies, with a militant union holding a state behemoth to ransom. Royal Mail is in difficulty not because it is unreformed, but

because it is half-reformed, forced by government to act like a private company, but with costly public obligations.

In 2006 the postal market was opened to competition. In preparation for that moment, Royal Mail had to start behaving less like a job creation scheme and more like a business. It turned £1.1bn of losses in 2002 into profits of £335m in 2005. But it struggles to make money in parts of its business – the ones the public most cares about: the Post Office network and the delivery of domestic mail, especially in remote parts of the country. The Post Office survives only with cash infusions from the Department of Trade and Industry.

The government is committed to liberalisation and in a free postal market it will be ever harder to justify subsidising the dominant player. But privatising Royal Mail, the logical next step in liberalisation, could be politically

ruinous. Even the Tories, when they were scraping the barrel of state assets to sell off in the mid-Nineties, balked at the idea. They knew that privatisation would kill the traditional Post Office.

Britain is in the middle of a communications boom. With its respected brand and national network it is certain that a bit of imagination could turn the Post Office into a thriving business, developing its role as a trusted point of contact between citizen and the state for the 21st century.

But imagination is in short supply. Royal Mail management sees modernisation purely in terms of corporate belt-tightening and the union seems to be rejecting any notion of modernisation at all. A strike this summer looks inevitable. That will be only the first delivery of trouble for the government from a Post Office gradually sinking into crisis.

## Ciao, Tony

IT IS A question of chilling simplicity: is there a future for Tony? And no, this is not an issue about our departing Prime Minister. A far more pressing concern for millions of people today is the fate of TV's psychologically tortured New York mobster, Tony Soprano.

This evening, the final episode of the critically acclaimed drama *The Sopranos* will be screened across the United States. Then the nation (and Britain shortly afterwards) will find out at last if Tony is to be whacked, or will turn FBI informer or will struggle on as head mobster in New Jersey. Whatever the outcome, series creator David Chase has decreed this is to be the final curtain. And, that, of course, is bad news for all of us who have become addicted to the show's gripping, bleak, macabre drama. But then as Tony has often pointed out when dispatching a hapless rival: 'That's life. End of story.'