

SHIPPING'S NEW EMPLOYMENT POLICY

This paper was presented at the International Maritime Policy Conference in London,
14th and 15th May 2003

Capt. L. J. Kovats
Maritime Industry Research Institute
London
U.K.

As commercial and industrial activities go, shipping have always been global in the sense of having served the trading needs of communities to the geographical and technological limits of those communities wherever and whatever historical age those communities existed. The economic and social tribulations of humans' political peregrinations made the present culmination to global institutions inevitable. The historical fact that shipping as an industrial activity beat the rest of the world's industries to it is due to the donkey work of seamen as much as to capitalist accumulation, although capitalism, as Lord Mansfield, the Chief Justice of England, said of slavery in 1772, "is so odious...that nothing can be suffered to support it, but positive law", i.e. bureaucratic and military oppression; there are no moral, ethical or spiritual tenets to recommend it. The moral difficulty of capitalism is not with free markets, but its debasement of human beings as producers and the dismissal of many moral and ethical values from its modus operandi when expropriating surplus human labour. Whether maritime workers will ever have the political power to dispense with capitalism is doubtful, but the shipping industry can espouse, as a free market institution, moral and ethical values consistent with universal human rights and economic democracy in its own modus operandi.

Freight was not the mother of wages, nor of profits, until shipowning became fashionable per se among the rich in the past two-three hundred years. Until then carriage by sea was a part time occupation of fishermen, coastal farmers, pirates, smugglers and merchant adventurers, usually in monopolistic company with kings and governments. Like manufacturing and production generally, shipping was a late comer as a capitalist activity because only trading, short or long distance, made the profits. When local or regional merchant could no longer cope with the volume of goods needing transportation did carriage by sea became economically viable. The opportunity was accordingly exploited by many who had the funds, own or borrowed, to buy and equip ships. Shipbuilding, more often than not as a state enterprise, also came into its own, cutting down forests all over the world in the process. As today, finance, speculative or earned, for ships was no problem. European imperial ambitions, beginning with plantations and silver mines in the Americas, and the productive potential of the industrial revolution established the shipping industry as we know it today.

Like the sword that hang over Damocles at a banquet, shipping lives or dies by the availability of cargoes to be transported on board ships, and the only question is who is to do the carrying. Bankers and shipowners do not go to sea; ships' captains and seamen do. The abracadabra of economists, learned or otherwise, cannot ignore the fact the human

labour is the alpha and omega of supply and demand of material possessions each individual desires to have. That people are an economic given does not mean that the social side of humans can be dispensed with. However, that is what happens in the shipping industry today. There is no moral or ethical excuse for shipping's policy makers, only an explanation grounded on the history of commercial shipping.

Shipping always had systems, financial, legal, of employing maritime workers and socio-economic institutional structures. Should such organisational status quo continue in a global environment where capital is loosing out to political goals scored by the demands of ecology, social justice and human rights? A planned economy is anathema to capitalist and conservative politicians only when it could benefit the poor but not otherwise; as they know it too well, law and order and business efficiency cannot exist without planning. The international shipping industry has to do its own planning to survive as a socially responsible and economically viable corporate entity in a volatile global environment. Planning requires assumptions; by altering the assumptions the debate moves on to fresh theories, ideas and to formulation of proposals for change. The assumption that shipowners, as a separate category or class of persons, are essential for transporting goods by sea could be the first to be challenged.

Someone has to take responsibility for investing in, designing, building and operating ships, but it does not have to be the shipowner in the traditional sense. The current concept of ownership of property fixes the accompanying rights and obligations firmly on natural or legal persons. Co-operatives of seamen and shore based members, carrying on the business as managers, operators and crews in direct contractual relationship with the owners of shipping property, would supply a more humane and cost effective method of carrying sea borne cargoes than the present arrangements. Whether traditional shipowners of the old school, or those of modern outlook, will have places in the new scheme of things, should depend only, in all conscience, on the work done by them as individual contributors to the tasks at hand. The assumption that profits due to them is the reward for taking risks with their money (the ownership and management prerogatives of 'inspection and direction' of Adam Smith) is a hoary old capitalist chestnut long discredited in modern finance. Being a shipowner in name only is not sufficient reason for collecting rewards over and above the rate for the job performed by one person in any business.

Shipowners always managed find crews for their ships, because the world's poor always exceeded in numbers those who had the choice of selecting occupations. Ship board pay and employment conditions reflected the economic norms obtaining ashore in the societies seamen came from. No sailor ever got rich by labouring on board ship. At times pay and ship board condition were atrocious and seamen were cruelly treated. Desertion and piracy were the men's answer in many instances. In more tolerant times staying away from sea borne occupations is the simplest method of not working on ships. In consequence, humane and socially acceptable manpower solutions have, up to now, eluded the shipping industry. According to the International Commission on Shipping's report of March 2001: "For thousands of today's international seafarers life at sea is modern slavery and their workplace is a slave ship..."

The assumption that seamen will always be employees will also be challenged: the contract culture of the shipping industry will enable co-operatives of seafarers and managers to own and sell their collective product which is to crew, operate and manage ships subject to contractual rights and obligations. The two aspects of that challenge are: the equal, or at least fair and proportional, sharing of rewards and assets produced by seamen, and the motivating ethos of individual maritime workers. Earning morally just rewards, and partaking in property ownership, can be accomplished through associations of co-operatives of seamen and ship managers. By integrating seafarers' co-operatives into its manpower structure, the shipping industry will gain social respectability and business competence.

Living as we do in an ownership driven society, yet the vast majority of our fellow human beings have no material possessions to speak of. The third assumption to be challenged is that people will always remain poor and second class citizens of a materially prosperous world has particular relevance to seamen from developing countries. Seafaring has no appeal to young men and women where land based jobs are available and personal career prospects are fairly secure. The poor are defenceless in their poverty and are inevitably exploited to take jobs at sea with varying success of the expectations fulfilled. An individual seaman's insecure and dependent existence is multiplied and magnified on board ship, producing a socially uninviting environment in which to live and work. Abandoned by their own country's governments, the laws of the state which registered their ship, imposed upon by their employer and having only intermittent access to effective trade union representation, seamen and their families can find the way to survive with dignity and respect in the globalised economy through co-operative associations. Seafarers' co-operatives are part of the changing paradigm of shipping which will satisfy the industry and its workers

How seafarers' co-operatives fit into the global sea transport system? A working man's job is not treated as a 'business' unless done by a self-employed plumber, carpenter or computer programmer who carries on with his/her trade as a business. Yet, working for a wage or salary is a 'business' with its own plan, budget and performance targets even if the last mentioned is set by someone else. A group of people who work as a collective can also be treated as 'businessmen' and such association may be called a partnership, a company or a co-operative. Seamen and managers on board ships and ashore are a collection of workers who, if they organise themselves for the purpose, can carry on working as 'businessmen' in their own financial and social interests.

A group of seamen and managers who crew, operate and manage ships may do so as a co-operative without loss of efficiency, personal dignity or profit to the shipowner. Owning the job will be like passing the sun which happens when the sun is directly overhead of one standing on the deck of a ship and no shadow is cast in any direction; economic viability, work efficiency and social goals are in perfect harmony.

A co-operative of 50 -250 seamen, when joined by family members, will constitute a business minded organisation with the main object of securing income by working on ships or ashore in transport related occupations. The income will support each breadwinner's family in addition to fund social welfare activities in the community, the chief beneficiaries of which will be the families of seamen. In addition to working on ships, engaging in industrial and commercial businesses, in and around harbours and coastal areas, co-

operatives can take advantage of many transport and logistic opportunities in the developing world.

No centrally directed orders would be necessary to steer the shipping industry towards a career based professional maritime workforce, because the institutional presence of seafarers' co-operatives would guarantee, ipso facto, professionalism and occupational permanency of seamen. Each shipowner can fashion agreements with seafarers' co-operatives of his choice subject to law abiding requirements of management and operation procedures relating to the vessels. The agreement is made with the co-operative, not the individual seaman.

Crewing, operations and management are three strings whose several lengths will determine the complexity of the contractual arrangements in the new maritime work environment and are the jobs seafarers can 'own' by means of co-operatives as the 'contractual core' of shipping companies, merging with the 'flexible labour force' (in the shamrock-organisation of a business) and leaving only the 'professional core' to be filled by others who might not be members of a seafarers' co-operative. That 'contractual core' can be engaged on several levels:

- Hired as the crew of a vessel at wage rates and other terms agreed between the co-operative and the shipowner. (Similar agreement might be made with a responsible, and financially safe, manning or managing agent.)
- Managing and operating one or more ships, following the usual course of events, in a socially responsible ways of engaging and handling seamen who themselves might not be members of any co-operative.

The contract culture of the shipping industry is sufficiently mature to negotiate and accommodate seafarers' co-operatives within its management and operational structures. The co-operative will be the organisation which controls and/or responsible for the management of the ship and is expected to comply with the code of management standards' of reputable ship managers' associations in addition to applying human value based management principles.

Some co-operatives might have limitations on their contractual ability to provide the full range of management services. Some might not have members with the required seagoing or shore management qualifications, others might only have members with managerial and operational qualifications. Both types of co-operatives are viable performers of the agreed obligations undertaken by them; both can 'buy in' the required personnel on a wage or salary contracted to themselves should that be necessary.

The internal affairs of the co-operative are kept separate from its contractual obligations to owners of the ship, to cargo owners or to charterers. As a business organisation, a seafarer's co-operative will have to balance its books and remain financially solvent to service the contracts entered into. It can insure against relevant risks by policies available on the market, control its own managers and officials by constitutional and secondary rules or personal contracts, where appropriate. Annual returns and audits are compulsory administrative procedures for co-operatives under the relevant legislation of most countries and provisions relating to investor owned companies are also often used to monitor the orderly operations of co-operatives.

Seafarers' co-operatives with steady revenues from a solid and secure contract base can assume responsibility for their members' maritime education and training (MET). Spreading the cost among its members, and using its own corporate funds, to share the burden will reduce the financial outlay individual learners have to make to gain certificates of competency.

Flexibility of MET aimed at specialised ships and cargoes, such as chemical parcel carriers, refrigerated vessel, crude oil tankers, container ships will be achieved at less cost through seafarers' co-operatives to owners of such ships or cargoes who need look no further for a qualified and competent crew or managers than a seafarers' co-operative which made its members qualified for that particular task.

For the first time in history, maritime workers will not be casual labourers, but career based professional seamen of all ranks who possess high qualifications, motivated at work while fully participating in the shipping industry's progress towards corporate responsibility with maritime skills which will contribute to the economic vitality of their own locality and region.

As autonomous and independent associations with their own objects and purpose, co-operatives do not follow trade union instructions and seldom take part in trade union activities or get involved in labour politics except within the context of a society-wide movement of their neighbours or countrymen. As a rule, trade union policies and influence are absent from the internal affairs of co-operatives, although wage rates and other employment conditions usually conform to local union negotiated standards.

From the seamen's point of view, co-operatives are the only organisations with a realistic promise of social and economic salvation. As self-help organisations, seafarers' co-operatives will give seamen self-respect and motivation, mutual support and sharing the financial burden of MET, freedom from dependence on local agents' good will or blackmail, teamwork and efficiency at work on board ship, financial and social security for them and their families. Seamen members of such an association will never walk alone spiritually or financially. Maintaining contact with family and remaining part of their community without mental interruption, while at sea, will give seamen the strength to face separation from friends and families. Work on board ship will be tolerable, and even enjoyable, experience with all that implies for motivation.

A new employment policy will have arrived to stay as long as maritime workers are needed to transport the world's goods. Seamen can find a secure and dignified place in the global order of things provided always shipowners, cargo owners, charterers and others who benefit from seamen's labour espouse human values as their own businesses' managerial and operational guiding light. In partnership with seafarers' co-operatives, shipping companies can construct a cost effective and efficient MET system for the world's maritime workforce. The shipping industry's manpower contradictions will have been resolved and supply of qualified seamen, ship managers, marine lawyers and insurance experts, ship surveyors, harbour masters and other professional needed to keep shipping profitable, will be assured for many years ahead.

The new employment policy based on seafarers' co-operatives can be shipping's first step to ecological fame as safe navigators of ships which do not sink or collide to pollute

beaches and oceans. The corporate social responsibility which will follow is to be based on the decent work standards adopted by the International Labour Organisation's current program of consolidating the numerous conventions and recommendations relating to seamen now on file. Whilst the industry's manpower problems are being solved, many technical, legal and administrative issues will also have to be dealt with to establish fair competition for cargoes by driving sub-standard ships, their owners and controllers from national and international shipping. The marine incompetence of the industry's status quo invites incomprehension and professional scorn from mariners who cannot understand how two modern vessels with the most up to date navigational equipment on the bridge could collide in a well marked sea lane. The social injustice meted out to seamen on many ships causes no less concern among all right thinking mariners.

There is lot to be done and the shipping industry cannot find sensible solutions without the contribution from academics and researchers whose hearts and minds are with the industry's workers. This is not to minimise the inputs of financial planning and proper book keeping, but these two disciplines need few theories to balance income and expenditure. The issues confronting managers of ships and fleets can be resolved by adopting co-operative management principles and practices which are not that much different from the human centred, human value based proposals found in the relevant business literature.

The most fruitful and exciting academic research in maritime transport policy would be to structure, in theory to begin with, the direct relationship between cargo owners and seafarers' co-operatives. Contracts of affreightment and the carriage of own cargoes are familiar concepts and can be further developed by making seafarers' co-operatives the principal contractors to perform the carrier's obligations. Provisions of capital to build the ships and to work them would have ownership and legal implications, of course; if cargo owners want their cargo moved by sea, they will find the finance to build and operate ships – as they always did in the past when there were no dedicated shipowners around to do so.

The structure and principles of a global social security fund for maritime workers could also be investigated by researchers. National governments' involvement could be dispensed with, as at present in many developing countries by virtue of necessity, while the shipping industry itself owns and administers the scheme. Who would participate? Seafarers' co-operatives and shipowners, certainly, trade unions and marine insurers, possibly. The answers and permutations are many.

Academic institutions are well placed to investigate and to give voice in their journals to these ideas and always bearing in mind that without people nothing can be done. It is only a matter of political time before economic democracy in the shipping industry will become a realistic expectation on the part of the world's maritime workforce.

