Britain: Shell tanker drivers' strike foreshadows summer of discontent

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Last weekend's strike by 641 Shell oil tanker drivers foreshadows a summer of discontent over low pay rises and soaring food and fuel bills.

Unconfirmed reports suggest they have been offered a 14 percent pay rise, undermining the government's 2 percent target but little more than the original offer of 7.3 percent this year and 6 percent next, which the drivers rejected before last weekend's strike.

Unite trade union leaders have called off another four-day strike due to start this Friday and an overtime ban and are recommending drivers accept the deal. They have refused to make the deal public, confining themselves to a joint statement with the two contractors employing the drivers, Hoyer UK and Suckling Transport, saying they were "pleased to confirm that they have successfully concluded pay talks."

The government became extremely nervous at the speed with which many areas of the country ran out of fuel last weekend, the solidarity for the strikers shown by drivers from other companies and the support given by the public. The same nervousness goes for union leaders who, witnessing the chaotic effects of the strike and its spread to other workers in a way reminiscent of the secondary action banned by the Conservatives in the 1980s and upheld by Labour, moved quickly to close it down.

Despite the strike only involving drivers delivering to Shell petrol stations—about 10 percent of the UK's total—it quickly began to bite as they picketed oil refineries and distribution depots. By Monday, nearly 700 petrol stations out of the 8,700 in the UK had run out of diesel and unleaded petrol.

From the first hours of the strike, tanker drivers from BP and other companies refused to cross picket lines.

Striking workers picketed three oil depots in Scotland—at Grangemouth oil refinery, Aberdeen and Inverness—waving banners saying, "Shell, gallons of greed" and "Shell drivers over a barrel." Only 3 tankers left the Grangemouth depot in the first seven hours of the four-day dispute, instead of the usual 40 vehicles an hour, and 6 turned away.

On Monday, drivers from other companies walked out to join the strikers at Grangemouth after 11 workers from Scottish Fuels—a spin-off from BP—were reportedly suspended for refusing to cross the picket line and "refusing to accept management instructions."

Faced with the possibility of the dispute escalating, Scottish Fuels backed down and reinstated the workers. Trade union leaders sought to bury the incident, claiming it had all been a "misunderstanding" and was now over.

Grangemouth, which is one of the most vital oil distribution centres, delivering one third of the UK's supply, was the scene of a strike by workers at another BP spin-off company, Ineos, in April, protesting cuts to the company's pension scheme.

Around 15 BP drivers, who had arrived with a police escort for the nightshift at the Stanlow refinery in Cheshire, then refused to work, joined striking drivers. Some independent drivers also drove away after talking to pickets.

In Plymouth, drivers from every fuel company at the local distribution depot joined the strike, leading to nearly all the petrol stations in the counties of Devon and Cornwall running out of fuel. The local Business Council chairman, Tim Jones, told the BBC, "The impact of this right across the board is absolutely horrifying.

"The frustration and anger among the business community is growing by the hour.

"Fuel prices are already high, there is a credit crunch and this is the last straw. Businesses are on their knees."

The government relaxed competition law to allow fuel companies to compare stocks and target areas where fuel was short and also prepared emergency powers to ration petrol. It instructed the police to break up any picket lines that tried to prevent tankers from leaving or entering refineries or fuel depots and put the Army on standby to drive fuel tankers.

Chancellor Alistair Darling claimed on Wednesday that large pay rises for public- and private-sector workers would fuel rising prices and said, "That would be a disaster, not just for the country but for each and every one of us."

"If you get yourself into a position where every penny extra you get through pay rises is eaten up through price rises, through inflation, then we will get into precisely the problems Britain had in the Seventies, the Eighties, and even the early Nineties, when inflation was at very high levels," he said. "We have got to be vigilant in relation to all pay—public and private sector pay alike—because if we get ourselves into that spiral it will take years to get out of it."

Darling spoke out after inflation hit a 10-year high of 3.3 per cent, and forecasts suggest it could hit 4 percent or higher within the next few months. For only the second time since the Bank of England was made independent, the level of inflation has risen more than 1 percentage point above the target—forcing its chairman Mervyn King to write to the Chancellor explaining how he plans to control the problem. King says that inflation will stay "markedly" above the 2 percent target for the foreseeable future suggesting interest rate cuts are off the agenda. At the last meeting of the Bank, interest rates were kept at the same level, but some board members wanted them to rise.

Workers made to pay for slump

Darling's insistence on below-inflation pay awards is part of a continued effort to place the burden of the coming economic slump on the backs of working people. For a worker on the average salary of £23,750 and receiving the current average 3.2 percent pay rise, it means take-home pay rising by £500 a year—about half the £1,000 extra that the average family has to find just to pay for their annual food and drink alone and before they pay for soaring fuel, housing and transport costs.

According to figures published by the Office of National Statistics this week, the cost of food and drink has risen nearly 8 percent this year, the highest increase since 1990. Essential foods, such as bread and butter, have leapt by nearly 20 percent. The price of gas and electricity has soared and could go up another 50 percent over the coming year, and other utility suppliers such as water companies are planning to announce double-digit price rises soon. Average household heating and fuel bills will rise by more than £400.

At the same time, the number of people without jobs is currently 1.64 million and rising sharply. It is widely predicted to keep going up for the next 18 months.

These sorts of price rises have fuelled anger amongst the population as a whole and growing militancy amongst workers, especially as the government declared that pay rises had to be kept to 2 percent a year for years to come. There have already been strikes by postal workers, teachers and civil servants in protest of pay levels. Next week, the public sector union, Unison, will announce the result of a ballot on industrial action by 600,000 council workers who have already rejected an offer of just below 2.5 per cent. The union's general secretary, Dave Prentis, warned that a dispute with public sector workers could bring the government down at the next election—raising the nightmare scenario haunting Labour politicians of a repeat of the 1978-1979 Winter of Discontent that led to the collapse of the last Labour government.

Darling tried to downplay the drivers' pay rise, insisting that it was a one-off award due to the "peculiar" nature of the oil industry—a line repeated by Business Secretary John Hutton.

In fact, there is nothing peculiar about the conditions facing workers in the oil industry. What has happened to the oil tanker drivers—including contracting out to slash existing wage rates—is something every worker or professional person will recognise and most will have experienced. It was a major reason why attempts to whip up hostility against the drivers remained largely unsuccessful. As Gary from Lincolnshire wrote to the right-wing *Daily Mail* "...it's not a disgraceful pay rise. Open your eyes to reality. What these tanker drivers have received is what all of us should get. It's only fair and reasonable. If you believe the CPI inflation rate of 3.1 percent then you have been totally duped by the government. Wake up Britain we ALL deserve 14 percent and don't let them fool you."

Twenty years ago, tanker drivers were amongst the best-paid sections of the working class and enjoyed relatively good conditions and pension benefits. Under the impact of globalisation, all this has changed. Figures released by Unite showed that the drivers have suffered a drastic decline in their wages and conditions since the 1990s, when Shell outsourced their tankering operations. At the time, trade unions at the company and at countless other companies and public services across the UK sold the concept of outsourcing to their members, saying that under employment protection (TUPE) rules, they would keep the same pay and conditions. The fact that new starters could be employed at different rates was downplayed or ignored.

According to Unite, in 1992, a driver typically earned approximately £32,000 (US$62,400) per year for a 37-hour week. Today, 16 years later, that same driver, employed by contractors Hoyer UK and Suckling would be earning the same £32,000-per-year basic wage for working a 48-hour working week—considerably closer to the industry average of £25,000.

As the strike started, Unite General Secretary Tony Woodley blustered, "This should have been solved six months ago. Shell outsourced my members' jobs years ago to cut costs and have been very successful at the workers' expense.

"Despite what management is saying, our members are on a basic wage of £31,800 and if they had remained working for Shell that would now be £46,000. What we are asking for is a basic wage of £36,000."

Woodley argued for a pay rise by citing yet another attack on drivers' conditions his union failed to fight—pensions. "It would cost just £1 million to solve this dispute—money they have already saved from the workers' pension scheme alone," he said.

Unite Assistant General Secretary Len McCluskey chimed in, stating that Shell "is one of the most profitable companies on earth and it now needs to provide the financial flexibility to avert this dispute. It is no use Shell bosses, who have themselves enjoyed 15 percent plus pay increases in the last year, sitting on their hands.... Shell tanker drivers are earning exactly the same today as they were fifteen years ago while working for a company that makes £1.3 billion every month, profits our members' hard work helps deliver. So Unite is saying to Shell bosses, stop hiding behind your sub-contractor and help us sort out a solution."

Shell is quite unmoved by the pathetic appeals from Woodley and McCluskey. On July 1, the company is outsourcing its IT infrastructure and the transfer of 3,200 jobs, mostly based at its Aberdeen HQ, to AT&T, EDS and T-Systems. The trade union Amicus is threatening legal action over staff redundancy terms, which Shell amended in June last year, slashing payments from £200,000 to £50,000 (US$98,700). Regional Amicus officer Graham Tran complained that "loyal" employees were being "dumped" and pleaded, "We just want Shell to look after its loyal employees."

Shell says it will press ahead with plans to make pre-tax cost savings of about US$500 million per year through reorganising its structure, cutting costs and outsourcing jobs in the hope it will surpass the record £14 billion in profits it made last year.

As many industry analysts point out, as oil prices soar, companies are "increasingly examining their supply chain networks in order to make them more efficient and sustainable." According to Unilever customer logistics director (Europe) Martin Whitcombe, manufacturing or logistics networks take a minimum of three to five years to restructure, "so it is important that firms make changes now."

"Oil prices are now $127-$130 a barrel. At $150 a barrel, we start thinking about our (supply chain) network; at $200 a barrel, we really start thinking about our network," he said.

According to economists Jeff Rubin and Benjamin Tal, this year's explosion in transportation costs has offset all the trade liberalisation efforts of the past three decades. They say that the cost of transportation in 2000 when oil was US$20 a barrel was the equivalent of a 3 percent tax, but with oil at US$150 a barrel, it is equivalent to an 11 percent tariff.