Report exposes massive profits in shipping industry as Canadian government and ILWU conspire to impose sellout contract on West Coast dockers

Penny Smith
25 July 2023

Are you a dockworker in British Columbia? ***Contact us here or fill out the form at the end of this article*** *to speak out anonymously on your working conditions and voice your views about how your struggle can be won.*

The 7,400 dockworkers on Canada's West Coast who courageously conducted a 13-day strike earlier this month are being forced to vote on a government-dictated contract this week that meets none of their demands. The strike was launched with workers demanding above-inflation pay increases under conditions in which the global shipping giants who employ them are making bumper profits. They also called for an end to contracting out and job protection against automation.

The International Longshore and Warehouse Union (ILWU) repeatedly caved to a series of government ultimatums to sabotage the strike and compel workers to vote on a sellout agreement drafted by a federal mediator. According to an anonymous report sent to the *World Socialist Web Site*, the agreement offers a mere 18 percent pay increase over four years, or just 4.5 percent per year, which falls well short of inflation over the last several years.

From the outset of the strike, the shipping giants and powerful sections of Canadian big business sought to demonize workers' and pollute public opinion by condemning dockers' wages as the cause of the inflated cost of shipped goods. The employers and corporate-controlled media often cited the top annual pay scale of a longshoreman—$132,000—which was used to paint the employers' concessions demands as a "fair deal" rejected by corrupt and greedy workers. They neglected to mention that only between 1 and 2 percent of dockers earn this amount and only if they work all year round and take on graveyard and night shifts.

However, a report published earlier this month entitled *Fighting For Stable And Fair Longshore Jobs: The Shocking Economic Facts Behind the BC Ports Labour Dispute*, reveals that it is in fact the shipping giants that are gorging themselves on staggering levels of profits.

Based on publicly available financial data, the report, which was commissioned by the ILWU, tabulates five out of the six biggest global shipping lines in the BCMEA. The five companies—Maersk, CMA, CGM, Cosco, Hapag-Lloyd, and Evergreen—together control 70 percent of the world's shipping and made a combined profit of over C$100 billion in 2022 alone, up a whopping 1,500 percent since 2019. Conversely, dockworker income in British Columbia grew less than 10 percent over the same period, a drop in real wages when accounting for inflation.

The largest container line of the six, Mediterranean Shipping Company (MSC), is a private company and not obligated to publish its earnings. Not cited in the report but worthy of mention is research from Sea-Intelligence, which placed MSC's record earnings before interest and taxes at roughly $36 billion in 2022. Moreover, its founder, Gianluigi Aponte, was one of the fastest-growing accumulators of wealth last year who saw his net worth grow by $14.4 billion in just the 12-month period through to March 10, 2023, according to *Forbes*.

The report quoted from a *Financial Times* article stating that between 2020 and 2022, during the first three years of the COVID-19 pandemic, "the [shipping] industry generated as much profit as it had during the previous six decades combined. Container shipping costs rose fivefold as the global economy reopened, and deep sea shipping costs continue to soar over 50 percent higher than before the pandemic."

The major BC terminal operators as well have seen their profits climb, with up to 25 percent in increased charges for standard services over the past two years. Meanwhile, base wages for port workers grew just 6.6 percent in the same

© World Socialist Web Site

period, comprising only a tiny proportion of total costs in the shipping sector.

Moreover, the report notes, terminal operators charge shippers for longshore labour twice or even more what they pay the actual workers. And their labour charge-out rates have increased much faster than actual wages. “From 2021 through 2023, base longshore wages grew less than $3 per hour, but the labour charge-out rate collected by a typical terminal operator was increased by over $10 per hour,” the report states.

The aforementioned wage of $132,000, which is the top-end salary of a longshoreman, comes with massive caveats. As the report explains, under the current dispatch system, dockworkers face great insecurity in working schedules (often receiving no work at all), and must wait several years to qualify for benefits. Additionally, in recent years, “Wages lagged well behind BC’s sky-high cost of living: the real purchasing power of longshore wages has fallen 2.5 percent since 2017.”

The employers, supported by the Trudeau government and ILWU bureaucracy, hope to continue this trend by enforcing the government-dictated tentative agreement. In addition to a drop in real wages, dock work is made ever-more precarious and dangerous with the employers’ drive toward automation and the outsourcing of maintenance work. The report notes evidence of terminals which have “manipulated skill classifications, dispatch practices, and technology to bypass union jurisdiction and thus avoiding union wages, benefits, and other protections.”

The report’s findings expose the BCMEA’s lying claims that dockworkers are responsible for rising shipping costs, which are the result of the shippers’ and terminal operators’ pursuit of profit. These companies have taken full advantage of the COVID-19 pandemic, which has killed more than one million people in the US and more than 52,000 people in Canada, to rapidly skyrocket their profits.

However, the ILWU commissioned report concludes by urging workers to place their confidence in the rigged framework of the collective bargaining system. “Allowing collective bargaining to proceed normally is vital to attaining a balanced and lasting outcome,” the report asserts. In fact, the “normal” procedure in collective bargaining is that if the trade union feels unable to impose a rotten sellout due to the opposition from the rank-and-file, the government steps in on the side of the bosses with a back-to-work law to criminalize all job action and enforce the dictates of big business. The only reason why the Trudeau government did not have to use a back-to-work law to end the strike was because the ILWU bureaucracy capitulated to its threats without a fight and agreed to force workers to vote on a miserable sellout contract.

The report’s author, Jim Stanford, has a rotten history of betraying workers. He worked as an economist for the Canadian Auto Workers/Unifor union for over two decades and advised the union during the massive restructuring of the auto industry in 2008-9 that saw the introduction of two-tier wages and the slashing of new hires’ earnings by nearly half. In 2015, as the chief economist at Unifor, Canada’s largest private sector union representing over 310,000 workers, he and the now-disgraced former president Jerry Dias worked with General Motors’ management to cull the last remnants of a defined-benefit pension plan for newly hired workers and set the stage for further concessions to the auto bosses at the Canadian plants of the Detroit Three car makers.

Throughout the strike, the ILWU Canada fraudulently proclaimed “international solidarity,” while keeping Canadian dock workers hermetically sealed off from their American colleagues. In the event the tentative agreement is voted down, the government will move to impose a back-to-work law or use other methods of state repression to attempt to prevent a resumption of the strike. Yet, the ILWU apparatus has no strategy for workers to oppose back-to-work legislation.

West Coast Canadian dockworkers must decisively vote “No” on the government-dictated contract. But this can only be a starting point, since it will immeidately place them on a collision course with the union-backed Liberal government, demanding a political struggle. The urgent task for striking Canadian dockworkers is to organize democratically-run rank-and-file committees to seize control of the struggle from the ILWU bureaucracy, which is keeping workers isolated and within the rigged framework of “collective bargaining.”

Workers must instead fight for the unification of their struggle with those of dockworkers across North America and broaden the fight to other sections of workers across Canada to defeat the ruling elite’s determined push to make working people pay for war and massive corporate profits.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site