His Majesty Dockyard, Malta Drydocks, 'It-Tarzna', and since 2003 Malta Shipyards, one particular enterprise has always been highly visible in the Maltese economic and political scenario. Since the year 2008 was an appointment with destiny for Malta Shipyards, this review focuses exclusively on the events unfolding in this enterprise that led to its privatization.

Malta Shipyards
The Last Chapter

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Once the Dockyard ceased to be part of Britain's naval facility in Malta and became a commercial enterprise, it had always been beset by economic problems that unnerved every successive Maltese Government since independence. In 1975, Prime Minister Dom Mintoff offered full worker self-management to the Drydocks workforce and, coinciding with the reopening of the Suez Canal in 1973, the enterprise registered six years of modest profits in the period 1975-1980. But this performance in the black could not be sustained. Since 1981, the enterprise has had to be heavily subsidised by the state in order to survive. According to the Malta-European Union Accession Agreement, this subsidy had to be stopped by the end of 2008. Once this agreement was signed and Malta became an EU member state, this enterprise was bound to either become economically viable by the end of 2008, or else face closure.

In 2003, prior to Malta's EU accession, the Malta Drydocks Corporation and Malta Shipbuilding Company Ltd, were merged into one enterprise: Malta Shipyards Ltd. The newly set up company started its operations after a downsizing exercise was conducted in which 900 employees in the two parent companies were declared redundant. The trimming of the workforce to 1,700, was in line with the 'fitness exercise' recommended by the Appledore Report commissioned by the Maltese Government in 1997. This downsizing exercise was complemented by a collective agreement signed in November 2003 by the Government and the General Workers' Union (GWU) which contained clauses prescribing new working time arrangements aimed at cutting overtime cost, reorganisation of work practices to increase productivity and financial rewards to encourage worker flexibility and multi-skilling.

With a change in the substantive and procedural rules ushering a new work ethic, a leaner outfit and a new sense of directorship, the enterprise seemed to be well geared towards achieving economic viability by the end of 2008. Even industrial relations became more consensual as the trade union representing the workers, often perceived to be very militant, adopted the prudent policy of trying to be part of the solution. Hopes were running high that this formula would get this debt-ridden and subsidy-addicted enterprise out of the red.

Judging by the statements made in the first two years following this restructuring exercise and complemented by the details of the latest collective agreement, the prospects for recovery appeared to be encouraging. Indeed, in 2005, in accordance with the collective agreement which made provisions for a scheme of Performance Related Pay, the employees received a performance bonus after the company's financial performance exceeded budget targets, during the first three months of the year. The then Minister for Investment, Dr Austin Gatt, was quoted as saying that rewarding workers had its desired effect in increasing productivity.

Two years later, the same Minister, together with the CEO of the enterprise, expressed his dissatisfaction at the level of productivity in spite of the higher turnover registered in 2006. The veiled threats of a closure became more real once the end of 2008 was in sight. In June 2008, the government announced its intention of privatizing Malta Shipyards after the end of 2008. Following prolonged discussions and negotiations between the Government and the GWU, the great majority of workers took up the option of an early retirement scheme and severance pay package offered by government. This was simply a downsizing exercise to make the enterprise more attractive to the bidders.

Of course, different explanations can be given for this chain of events depending on one's experience and interpretation. To the commentators who have had strong beliefs in the inevitability of this event, the closure of Malta Shipyards is perceived to be the final chapter of a protracted process. Even the workers, maybe together with the union representing them, seemed to have been resigned to the inevitable. When the actual day of reckoning arrived, a general sense of helplessness prevailed. Evidence of this resignation may perhaps be found in the muted response to the statement made by Neelie Kroes, the EU Commissioner responsible for Competition Policy. During her brief visit to Malta, after the negotiations between the Government and the GWU had been concluded, she expressed her disagreement about this settlement and stated that Malta Shipyards should be declared bankrupt and liquidated. A similar statement in relation to the yards in Poland had spurred the Polish workers to protest even outside her offices in Brussels. There was no such reaction in Malta. The lack of public support together with the doom and gloom that had prevailed must have made it clear to one and all that the writing was on the wall.

Other commentators, pointed out the ingredients of success which this enterprise possesses, including strategic location, good infrastructure and skilled workforce. They argued that such closure could have been avoided. It is a truism that the issues inherent in this enterprise are complex. It is equally true that there was no simple solution to these complex problems. What however the latter commentators maintain is that no real attempts were ever made to confront this complexity or to redefine the problem.

The responses to market-led, financial and manpower problems have been redundancies and increased work demands, rather than longer-term market and innovation strategies. The policies emanating from these strategies might have brought about an economic, institutional and cultural shift, but the quantum leap necessary to bring about a real change geared towards full recovery was never attempted, let alone achieved. The ideas and practices that were put into place to replace the old ones, developed along patterns and work arrangements that maintained a stubborn continuity with the past.

Though I may be inclined to concur more to the latter view, one has to acknowledge that the issues were left to fester uselessly for too long, scarce resources were sacrificed; the web had become too entangled to unravel. In the various conferences and seminars, organised by Centre for Labour Studies, as part of its ongoing monitoring and evaluation exercises of the Drydocks situation, the black spots of the system in operation at this enterprise have long been identified. One such seminar, held in January 1995, and whose proceedings have been published, was attended by managers, shop stewards, workers' committee, members of the Drydocks Council and GWU officials. The guest speaker was Dr Gerard Kester, one of the founding members of the Centre, and who in the early 1980's had undertaken an in-depth study of the worker self management system at the enterprise. He emphasized that industrial democracy does not mean giving in to all the wishes of the workers. In an enterprise there is work to be done, and management still has a crucial part to play. Some of the managers attending this seminar complained that some workers were subverting their authority.

On looking back, Kester could not see any evidence to prove that the self management system in operation at Malta Drydocks for the previous twenty years had been used to make this enterprise come to terms with such issues as wages, economic growth, flexibility, overtime and productivity. The continuous losses registered by the enterprise since 1981 and its heavy dependence on government subsidies were giving it a very bad public image since the wages which the workers were earning were not the fruit of their performance but part of a political game. In unequivocal terms Kester pointed to the dangers of this policy: "The political game is a very dangerous frame of reference and that game may suddenly have other rules and then you could be the loser".

His prophecy started to come true two years later in 1997, when following two reports commissioned by government – one on the financial situation and the other on the management system – government moved an amendment to the Drydocks Act by means of which the composition of the Board of Directors of Malta Drydocks was changed to have four government representatives among the eight officials of the board. The chairperson was to be appointed by the government. This amendment culminated in a series of actions which eventually led to the total dismantling of the workers' participation scheme in order to restore or perhaps strengthen managerial authority and accountability. The way to the privatization, which was officially announced in June of 2008, had been well paved.

The events that unfolded towards the second half of 2008 may indeed be interpreted as the final chapter of a long process for the Dockyard. Nevertheless its infrastructure and prime location will be attractive to its new owners. Its high physical visibility will still be present to the observer at the Upper Barrakka Gardens in Valletta enjoying a panoramic view of the Grand Harbour. Perhaps it will also retain significant visibility in the economic field. Presumably, the enterprise will still maintain the tradition of acting as a main source of manpower with proven engineering and industrial skills. In 2009, the social actors who will be involved in the Dockyard, presumably bearing yet once more another new name, will be writing either a new script or the epilogue to the final chapter.

Postscript

As this saga unfolds, a parallel epilogue is also being drawn up for the Centre for Labour Studies (CLS). This was set up as the Workers' Participation Development Centre (WPDC) in 1981 as the first centre at the University of Malta, and its mandate was then essentially to monitor and support the fledgling experiments in workplace democracy in Malta, and mainly at Malta Drydocks. The WPDC's first empirical study was undertaken at Malta Drydocks in 1982. Various members of the academic staff of the WPDC cut their teeth at Malta Drydocks: giving lectures, writing reports, providing advice and engaging in media interviews, and other consultations. The CLS (also with its new name) has not been privatized; but it has realigned its objectives to take cognizance of the evolving scenario in the field of industrial and employment relations.