

Longshore Industry
[1937]

THE OUTLOOK FOR PEACE IN THE PACIFIC COAST MARITIME INDUSTRY

By
ALMON E. ROTH

at the
National Maritime Day Luncheon
May 21, 1937

Sponsored by
San Francisco Junior Chamber of Commerce
Propeller Club of California
San Francisco Commercial Club
Foreign Trade Association

INSTITUTE OF
INDUSTRIAL RELATIONS

PROPERTY OF INSTITUTE
OF INDUSTRIAL RELATIONS
214 CALIFORNIA HALL

The Outlook for Peace in the Pacific Coast Maritime Industry

IT WILL be my purpose to review briefly the present status of labor relations in the maritime industry on the Pacific Coast, with especial emphasis upon the prospect for continued peace on the waterfront.

In a recent Portland newspaper dispatch your speaker was quoted as saying that we "would have peace on the waterfront for at least ten years." Although I am by nature an optimist, I must disavow having made any such rash statement. What I did say, and what I here reaffirm, is that "There is no sound reason why we should not have peace on the waterfront," which is quite a different matter from a statement that we will have peace for a period of ten years.

Probably the best way to appraise the chances for continued peace on the waterfront will be to consider the various factors which make for stability in the maritime industry and then point out some of the reefs and rocks through which the good ship "Maritime Industry" must still navigate. An appraisal of these items indicates that if both parties will deal fairly and in good faith there is no real cause for serious trouble at the present time.

Leads in Collective Bargaining

In the first place, the maritime industry of the Pacific Coast is far ahead of most industries of the United States in the development of collective bargaining as a basis for industrial peace.

A recent report by Joseph B. Eastman, Federal Co-ordinator of Transportation, contains the following summary of the necessary steps in the development of collective bargaining: "There are four requirements of the collective bargaining process which will serve as tests of the stage of development of organized employer and employee relations in the several branches of the transportation industry. First, there must be an acceptance of the collective bargaining principle by both employers and employees; second, the organization to represent any given group of employees must be determined; third, there must be agreements regarding hours, wages and working conditions; and, fourth, effective provision must be made for interpreting and modifying agreements and for the disposition of disputes that may arise under them. In some cases an industry or an individual unit of an industry may reach the fourth stage in the course of a single negotiation proceeding but more commonly the process extends over a period of time."

Organized on Coastwide Basis

Most of our present labor troubles throughout the United States involve the first two steps of this process; that is, acceptance of the principle of collective bargaining and the determination of the proper agency to represent the employees. So far as the maritime industry on the Pacific Coast is concerned, these two troublesome issues have been settled and we now are well embarked on a

program of collective bargaining with fully recognized labor organizations. In this connection it should be noted that the maritime industry of the Pacific Coast, both from the standpoint of the unions and the ship operators, is organized on a coastwide industry basis.

The contract which ended the strike and contracts supplemental thereto have been negotiated by joint committees representing all of the ship operators on the Pacific Coast on the one side and all of the local unions of the Pacific Coast on the other. The recent strikes involved 35,000 marine workers in seven parent maritime unions composed of fifty-nine locals. The committee representing the employers acted for six associations involving 139 employing companies—including stevedores, terminal or dock companies and steamship owners operating a total of 348 American flag vessels. The very fact that it has been possible to conduct collective bargaining among these far-flung groups through joint committees representing all of the various interests is a real accomplishment in labor relations.

Embodied in Written Contracts

We also have made much progress on the other requirements mentioned by Mr. Eastman—i.e., negotiation of agreements covering wages, hours and working conditions and the establishment of machinery for the interpretation of agreements and the prompt disposition of disputes arising thereunder.

Most of the controversial matters which in the past have resulted in strikes now have been reduced to written contracts through negotiation, although some of these contracts have not been ratified yet by the membership of the unions.

The agreement of February 4 between the Waterfront Employers Association and the International Longshoremen's Association, which settled the recent disastrous 98-day waterfront strike, fixed working hours and wages and provided that the following unsettled items should be referred to a joint committee for negotiation and final settlement:

1. The adoption of a uniform safety code.
2. A coastwise agreement on penalty cargoes, or differentials to be paid the longshoremen in addition to their wages for handling offensive cargoes.
3. Adoption of maximum sling loads on standard commodities, to be applied on a coastwise basis.

Many Weeks of Negotiation

A joint committee representing the employers and the International Longshoremen's Association, after many weeks' negotiation, finally reached complete accord and agreement on all of the above matters, with the exception of the application of one safety rule out of a total of 107 to certain vessels in the coastwise trade.

Formal contracts covering the agreements reached on sling loads and penalties have been prepared and are awaiting ratification by the unions.

Agreements on all of these items are supplemental to the agreement of February 4 and if ratified will become a part thereof and will be renewed annually until and unless either party requests a revision thereof upon sixty days' written notice prior to the expiration date.

The negotiations on penalty cargoes and sling loads involved investigation and agreement upon ninety-five separate items. Since the prevailing practices upon

these items have varied not only among the various ports but also among operators within a single port, it is apparent that the joint committee faced a most difficult task in agreeing upon standard cargo penalties and sling loads which are to apply on a coastwise basis.

Adoption of Agreements Vital

The adoption of these agreements is of great importance to the industry and to the longshoremen, because it will remove these controversial matters from the field of separate port action and place them on a coastwise basis, thereby reducing the chance for interruption of work due to misunderstandings between local unions and local employers. If these agreements are ratified by the Coast membership of the International Longshoremen's Association the fundamental issues and working rules involved in the recent strike and those preceding it will have been settled and agreed upon by negotiation. This is important, because settlements reached by negotiation have always proven more satisfactory than arbitrations to both the employers and the longshoremen.

If the agreements are ratified the future stability of the waterfront industry will depend upon the good faith of all parties in living up to the contracts and in agreeing upon their interpretation. Despite efforts to make the contracts as clear as possible, it is inevitable that differences of opinion will develop over interpretations thereof and the application of schedules agreed upon. There is no reason, however, to anticipate serious trouble from this source. On the contrary, there is every reason to expect that since the employers and the longshoremen have demonstrated

ability to sit down in friendly fashion and in good faith reach agreement on such troublesome matters as penalty cargoes, sling loads and safety rules, they should have no difficulty in agreeing to the interpretation of these contracts by the same common-sense procedure.

Contracts Fair and Reasonable

It should be noted that these agreements on sling loads and penalties have not been ratified yet by the membership. It is not certain that they will be ratified by the rank and file of the unions. One thing, however, is certain. The contracts are fair and reasonable. The best evidence on this point is their approval by the representatives of unions who served on the negotiating committee and the fact that the loads agreed upon are below the acceptable present practices in three out of the four principal ports of the Pacific Coast. The shipowners have acted in utmost good faith in negotiating these troublesome points and in reaching agreements with the representatives of the unions, and the charges heretofore made that they were stalling and would not meet the men on these issues have been proved to be unfounded. If the contracts are not ratified, the responsibility for disputes arising from the very troublesome matters of sling loads and job actions will be squarely on the shoulders of the unions and their representatives.

We also have made real progress in the fourth step mentioned by Mr. Eastman—the provision of machinery to interpret and modify agreements and for the disposition of disputes which may arise thereunder. Port committees have been set up by mutual agreement in the principal ports to hear and

determine disputes arising on the ships. Labor relations committees have been established in each port to interpret contracts and settle minor disputes known on the front as "beefs," which, if not attended to immediately, often grow into serious troubles. You will be interested to know that the Labor Relations Committee in the Port of San Francisco has been handling an average of approximately ten such disputes per week, with apparent satisfaction to both the employers and the employees. While we have been a little slower in perfecting our machinery for handling offshore disputes, real progress is being made in this direction and many matters which might grow into serious trouble are being satisfactorily disposed of.

Registered Men Are Protected

One of the former complaints of the unions was that there was a large surplus of men and an improper distribution of work. The situation has been reversed, so that now the employers are not able to secure sufficient registered longshoremen to do their work.

Under the present hiring hall system the registered men are protected against competition by outside workers who formerly drifted to the waterfront for casual employment and the work has been more equitably distributed among the regular longshoremen.

Many longshoremen in the Port of San Francisco earn \$50 per week for 40 hours of work.

A small percentage of registered men refuse to report regularly and their earnings are proportionately decreased. The earnings of Pacific Coast longshoremen and of American seamen are the highest paid for similar work anywhere in the world. The value

which the longshoreman places upon his job is indicated by the fact that the sons of longshoremen are given preference in being admitted to the unions and in distribution of jobs. Approximately 20 per cent of all of the new men now being admitted to the unions are sons of longshoremen. We are rapidly developing a situation comparable to the Guild system.

A recent study by the National Industrial Conference Board throws some interesting light upon the wages for Pacific Coast longshoremen. According to this study the average weekly earnings for longshoremen on the entire Pacific Coast was \$43.40, as against the following figures in several other industries: Automobiles, \$33.16; printing, \$34.07; heavy equipment, \$27.99. The average for twenty-five manufacturing industries was \$25.70 a week, compared to \$43.40.

Some Figures on Rates of Pay

The present rate of pay for longshore work on the Pacific Coast is 95 cents an hour straight time and \$1.40 an hour overtime, with straight time on a six-hour basis. Incidentally, straight time is the first six hours worked between 8:00 a. m. and 5:00 p. m., with the result that a man who goes to work at 3:00 o'clock in the afternoon works two hours on straight time and thereafter works at the overtime rate.

A comparison of wages paid American seamen with wages paid on English and Japanese ships, two of our principal competitors, is very illuminating:

Able-bodied seamen on American offshore vessels receive \$72.50 per month and found; English seamen of same class, \$40 per month; Japanese seamen of same class, \$16 per month.

Boatswains on American ships

receive \$100 per month; English boatswains, \$47; Japanese, \$21.

First mates on American ships receive from \$180 to \$210, depending on the class of ship; English, \$102 per month; Japanese, \$39 per month.

Chief engineers on American ships receive from \$265 to \$390 per month; English, \$134; Japanese, \$60.

I would not have you believe from what I have said that either the shipowners or the maritime unions are entirely satisfied with the present contracts and working conditions, nor that the shipping industry, which a few months ago was completely paralyzed by labor disputes, has suddenly become one big, happy family. On the contrary, there are many difficult questions yet to be settled and much ill-will and distrust to be overcome before these questions can be settled on their merits. For example, if the agreement on sling loads is not ratified and if the International Longshoremen's Association continues its program of reducing sling loads through job action in an effort to arbitrarily increase employment by reducing man-hour production, we certainly are in for more trouble.

Explaining Sling Loads Matter

The item of sling loads has already been referred to. However, in order that you may understand what we mean by maximum sling loads, I will explain that the sling load is the amount of cargo or number of items which are carried from the hatch of the ship to the dock or vice-versa in a sling operated by the ship's winches. It has been the longshoremen's contention that the maximum load to be carried in a sling must be limited in order to prevent speed-up methods

by the employers. The employers, on the other hand, have contended that the unions through job action and refusal to handle reasonable loads have reduced the production per man-hour to an unreasonable point. The so-called speed-up system apparently now is working in reverse English and has become a slow-down system.

In a recent article in the "Yale Review," Paul Eliel stated that according to a study by certified public accountants the efficiency of longshore labor on the Pacific Coast measured in terms of tons per man-hour decreased more than 33 per cent between 1933 and 1936. This means that it now takes three longshoremen to do the work which two men did in 1933. Some labor leaders frankly have admitted that it is their program to arbitrarily reduce production, in order to create more jobs for more men without respect to the question of whether the loads are reasonable or the costs excessive.

When one considers that loading and unloading costs are estimated at 30 per cent of direct operating expense, one will realize why ship operators who are in competition with other forms of transportation for a part of their business are highly agitated on this subject.

Inability to Enforce Discipline

Another source of controversy is the lack of discipline and efficiency in certain branches of maritime labor and the apparent inability of labor officials to discipline their own rank and file for open breaches of contracts. To illustrate—we have just had a ship tied up for a week in Honolulu, in direct violation of our contract with one of the unions and despite the honest effort of union officials to get the vessel cleared.

Wise union leaders recognize that such a state of affairs is bad for the American seamen as well as the ship operators, for in the long run the returns to both depend upon safe operation and efficient service.

Many have asked me how the shipowners can place their faith in contracts and hope for their enforceability in view of the assertion by certain labor leaders that the unions will only keep their contracts so long as it is to their advantage so to do. My answer is that our faith in collective bargaining is founded upon the following considerations. We still believe that the majority of wage earners in America are inherently honest and prepared to abide by any agreements which are fairly arrived at. Despite anything which you may read in certain newspapers of wide circulation on the waterfront, existing contracts and those now under consideration are eminently fair. Furthermore, many union officials do believe in the integrity of contracts and have indicated their willingness to cooperate in their enforcement, and I think it is safe to assume that labor leaders who do not subscribe to this principle will soon learn that it is just good, plain business for the labor unions to keep the contracts which they make.

Vivid Example of Wide Interest

Finally, there are indications that, irrespective of the attitude of either shipowners or the unions, the public interest has become so great that leading industries like the maritime industry, which affect the public welfare so vitally, soon will be compelled through legislation to keep their labor relations in order if they do not do so voluntarily. As an example of the far-flung effects of waterfront

strikes and the irreparable losses to California industry resulting therefrom, I will quote from a letter from the Philippine Islands, dated February 5:

"It has taken a long time to build up our Oriental markets for fruit, canned goods of all kinds, dairy products and machinery—to mention no more. From Shanghai to Java, California fruit and canned goods have been well and favorably known. Sunkist oranges and California canned and dried fruits reach even this isolated spot (Sandakan). Rather, they did before the strike. Along the whole Asiatic coast stocks were soon exhausted and no American fresh fruits and vegetables have been available for a long time. Head lettuce is one of the things people complain of missing. But dealers now order from London, Singapore and Australia, and people do without Sunkist oranges and so forth. Fresh fruits come from Australia and New Zealand. Oranges are grown in many regions now. Only in Brazil are they as good as California oranges but our trade once lost—and it now is—other products are permanently used. Only in Manila did the Pacific Commercial Company look ahead and stock up a six-months' supply. West Coast fruit growers, dairy men, cannery and manufacturers not only lose markets but many people lose their jobs, for their labor is not needed. Japan, Great Britain and Australia are permanently profiting by this American folly."

Public Interest to Be Protected

The nation-wide poll of the American Institute of Public Opinion, which appeared in the newspapers of Sunday, May 16, indicates that the public has reached the point where it is going to insist that its interest be

protected, through regulation by the Government, if necessary. When we consider that the recent maritime strike on the Pacific Coast is estimated to have cost the public somewhere between \$500,000,000 and \$750,000,000 there is little wonder that the public has become aroused and is threatening to take a hand in the matter.

In the poll conducted by the American Institute of Public Opinion 69 per cent of the voters indicated their belief that labor unions should be regulated by the Government, as against 39 per cent who answered "No."

This poll showed that although labor unions will fight tooth and nail the suggestion that they be required to incorporate, nevertheless, 86 out of every 100 voters favored this requirement, while only 14 opposed it.

On the further question of whether employers and employees should be compelled by law to try to settle their differences before strikes can be called, 89 per cent voted in favor of such a system for industry in general, while only 11 per cent opposed it.

The results of this poll are most significant and should impress both employers and the unions with the necessity for the settlement of their disagreements through peaceful negotiation and enforcement of contracts.

Both Sides Must Work Together

The history of the labor movement in other countries, such as England and Australia, indicates that the public eventually loses its patience and insists upon some method of preventing and settling strikes. The fact that labor unions, including those of the maritime industry, do not welcome governmental regulation or intervention should result in the

voluntary acceptance of a greater responsibility by the labor unions for the observance of contracts by the unions and by individual members thereof.

The fact that labor does not welcome Government regulation is well indicated by the recent statement of Harry Lundeberg, executive secretary of the Sailors Union of the Pacific Coast, in which he says: "Our object is to help our own people and help the shipowner do business without the continual danger of labor disputes. It's time the shipowners and seamen find out a way to work together for their common good. If we won't do something to handle our affairs we're going to find Congress legislating a method to handle them for us. Then we will be sunk."

Another troublesome factor which threatens stability at the present time is that of the jurisdictional disputes between various union organizations and controversies between individual labor leaders. More than fifty stoppages of work resulting in tieups of ships have occurred in Pacific Coast ports since February 4 of this year. Almost an average of one a day. This does not take into account the great number of disputes which have been settled before they resulted in a tieup. The majority of these stoppages arose out of jurisdictional disputes between labor factions.

Quickie Strikes Seem Doomed

This matter of constant interruptions by quickie strikes became so serious that the shipowners recently considered it necessary to suspend relations with the International Longshoremen's Association and to close every dock and tie up all the ships on the San Francisco waterfront until they received assurances from the

district committee of the International Longshoremen's Association that stoppages would not occur from such causes. The fact that the district committee gave its written assurance that these stoppages of work over jurisdictional disputes outside its contract with the shipowners would cease, and that it since has lived up to its agreement indicates that labor itself is aware of the seriousness of the situation and is anxious to correct these evils.

Mayor Dore of Seattle, a longtime friend of labor, recently issued a significant warning on this point in his opening address to the International Longshoremen's Association convention in Seattle. He said: "The labor movement is getting drunk with power. You think because you imposed your will upon the public once you can do it forever. Well, you can't. The public will stand with you if you are right. But if the public ever turns against you, God help you."

Another possible source of trouble on the waterfront which can not be overlooked is the matter of "hot cargo." In the past this has been one of the most troublesome items in the maritime labor situation.

Bearing of Political Situation

A further element which will continually make for unrest is the political situation. If the majority of the membership of the mari-

time unions have become so social-minded that they are prepared to sacrifice their own earnings and the stability of their own employment for the common cause of "the Communist party" it is apparent that sanctity of contracts and such items will mean little. Personally, I do not believe, however, that the majority of longshoremen are looking for trouble for trouble's sake or are prepared to make such a sacrifice. There is a big difference between \$50 a week and relief wages and it may be rather difficult to convince the longshoreman who is earning this much money and who is steadily employed that he is being cruelly crushed by a capitalistic system.

In conclusion, may I again repeat that I do not predict continued peace upon the waterfront but I do unhesitatingly say that there is no sound or common-sense reason for serious trouble. Notwithstanding the doubting Thomases, I still have faith in the ability of fair-minded men to compose their differences and reduce them to contract form when they put their feet together under the table and negotiate in good faith.

Good faith is the very essence of collective bargaining. Shipping intends to live up to its labor agreements and is united on a program to secure enforcement of contracts irrespective of cost, for herein lies the only solution for the maritime industry.