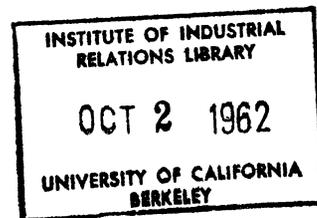


THE UNIVERSITY OF CALIFORNIA

THE ILWU-PMA MECHANIZATION AND MODERNIZATION AGREEMENT.

A Report to
the Faculty of the Graduate School of Business
Administration
in Partial Fulfillment of the Requirements
for the Degree of
Master of Business Administration



by

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PREFACE

Labor displacement as the result of mechanization and automation is one of the most perplexing problems to face the United States trade union movement.

Instances are too numerous to relate where men, believing their position secure, found themselves walking the streets--the victims of technological change. Some panaceas have been proposed, many answers have been offered, in hope of solving this problem, but the fact remains--within our present economic system there is no solution available.

The ILWU and the PMA realizing the above facts entered into a collective agreement providing maximum job security for the present basic labor force. In turn, the union agreed to allow the waterfront employers the right to change their cargo handling methods and introduce new equipment without fear of union interference. Even more important the restrictive work rules, which have long been part of the contract, are in the process of being drastically rewritten in the employers' favor.

The purpose of this report is to explore some of the implications inherent in the agreement; implications which will probably lead to the industry's first industrial revolution.

At this time the author wishes to express his gratitude to all those who made this paper possible, and particularly to: Dr. Lincoln Fairley, Research Director of the ILWU, for his valuable insights into the union's point of view; Miss Anne Rand, charming librarian for the ILWU, who could not have been any nicer or more helpful; Mr. Sydney Rogers, assistant editor of The Dispatcher; Mr. J. A. Robertson, Assistant to the President and Secretary of the PMA; Mr. Pres Lancaster, acting Research Director for the PMA; and especially to Dr. Van Dusen Kennedy for his thoughtful suggestions during the writing of this report.

To all of those the author extends a sincere
Thank You.

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PART I. INTRODUCTION

CHAPTER I

INTRODUCTION

On October 18, 1960, the Pacific Maritime Association (PMA) and the International Longshoremen's and Warehousemen's Union (ILWU) signed an agreement paving the way for technological changes in one of the most inefficient, backward, and lethargic industries in the United States. The contract is officially titled an "Agreement on Mechanization and Modernization."

This agreement provides that the employers are to pay \$29 million into a trust fund over a five and one-half year period to provide benefits and security to the fully registered worker. In exchange the employers were given the right to revise unreasonably restrictive work rules, provided that the revision creates no unsafe conditions, onerous work loads, or speedups.

Thus the aim of the Mechanization and Modernization Agreement is to create a framework within which the industry may bring about an increase in productivity by introducing new methods and new machines. These changes are to be made with a minimum of union interference, while at the same time guaranteeing the workers on the docks and

in the ship's holds a specified income level and, of course, their job security.

Before moving into the Agreement, however, it would be advantageous to examine the industry's recent labor history and the framework within which the industry operates. We do this in order that the reader may fully appreciate the meaning and significance of the Agreement.

Labor Management Relations--In Retrospect

Prior to 1934 working conditions were notoriously bad, with shape-up, favoritism, bribery, and discrimination the common rule. Management controlled the hiring, and "black lists" were kept to discriminate against union members.¹

Feeble attempts to organize were recorded as early as 1853 when the Riggers and Stevedores Union was formed to regulate wages and conditions. Other competing unions were formed but internal dissension and employer opposition led to their demise. And after a lengthy strike in 1919 all unionism on the Pacific Coast was defeated.

Subsequently, the Employers set up a company organization which became known as the "Blue Book" union. This lasted until the great strike in 1934.

¹Discrimination on racial grounds has all but been eliminated on the Pacific Coast, that is, with the possible exception of Portland, Oregon, where no nonwhite has ever been admitted to union membership.

The New Deal restored vitality to the Maritime Unions with the passage of the National Industrial Recovery Act in June, 1933.

When the employers resisted recognition of the union and its demands, a three month strike, which exploded into a general strike, tied up the West Coast waterfront. It was one of the most violent and widespread labor-management wars in American history. Out of this conflict rose a militant rank-and-filer, Harry Bridges, who led the longshoremen's battle on one front or another for almost fourteen years.

The 1934 strike ended in impressive gains for the workers: an increase in wages; a six hour day; jointly administered hiring halls, with dispatchers chosen by the union; and a coastwise settlement, binding in all ports.

Bitter conflict continued until 1948 when the Waterfront Employers Association (later the PMA) emerged with "new faces" intent on making collective bargaining a method of solving problems, rather than a field of industrial conflict. The Employers made a sincere effort to bargain in good faith, and with the changed approach, Harry Bridges, ILWU president, also followed suit.

At this time in a very stimulating article Clark Kerr and Lloyd Fisher made the following observation:

Can a decade and a half of bitterness be wiped out by one bold stroke? Time is on the side of peace. New cargoes, new habits, new confidence, give it strength. The longer it lasts, the longer it is likely to last.¹

The peace did last. There has not been another coastwide strike since 1948, and strikes in individual ports have been rare. Job actions, or "quickie" strikes, have not disappeared, but due to the fast machinery for handling grievances the need for them has all but disappeared.

Not until 1960, however, did compatibility between the two parties show itself. And this compatibility led to the signing of the Agreement now under study.²

Nature of the Industry

The Pacific Coast shipping industry may be divided into four categories:

Intercoastal--trade between Atlantic or Gulf Coast ports and the Pacific Coast.

Intracoastal or Coastwise--trade between Pacific Coast ports. The chief commodity now being shipped on a coastwise basis consists largely of lumber and logs being

¹Clark Kerr and Lloyd Fisher, "Conflict on the Waterfront," The Atlantic Monthly (September, 1949), p. 23.

²Much of the above material has been drawn from Betty V. H. Schneider and Abraham Siegal, Industrial Relations in the Pacific Coast Longshore Industry (Berkeley: Institute of Industrial Relations, University of California, 1956); and Wytse Gorter and George Hildebrand, The Pacific Coast Maritime Shipping Industry, 1930 to 1948, Vol. II (Berkeley and Los Angeles: University of California Press, 1952).

transported south from the great forests of our Pacific Northwest.

Noncontiguous--trade between the Pacific Coast and Alaska, Hawaii and other United States territories.

Foreign--trade between the United States and foreign countries.

By law all shipping in the first three categories must be done by American shippers. All other shipping is not subject to legislative restriction, and may be carried by any shipping company--foreign or domestic. That is, of course, with the exception that 50 per cent of all foreign aid cargoes must be transported by domestic lines.

Although the amount of tonnage carried by foreign ships can be of crucial importance to American ship owners, the distinction is of no significance to stevedoring companies and longshoremen who work all ships entering West Coast ports. For the purpose of this study, it is necessary to note that no longshore work is done on tankers which carry a large percentage of total tonnage in all four trades.

The domestic trades, that is, intercoastal, coast-wise, and noncontiguous, have always constituted the greatest bulk of the shipping on the Pacific Coast and the greatest sources of employment both at sea and ashore.

The work of loading and discharging is the ship's function. This responsibility is included under its bill of lading or contract of affreightment. The owner of the

cargo, either the consignor or consignee, has to pay the cost of moving the cargo upon the docks or terminals to the ship's side for loading, and removing it after it has been deposited at the first place of rest on the dock to a point where it may be received by the consignee.

These operations are carried on in twenty-three ports extending from San Diego, California, on the Mexican border, to the port of Bellingham, Washington, on the Canadian border. The ports scattered up and down the Pacific Coast vary considerably in size and economic significance. And the number of longshoremen finding a livelihood in the industry range from as many as 3,500 in one port to as few as 10 in another.

The majority of the steamship companies, stevedoring contractors and terminal operators on the Pacific Coast are members of the Pacific Maritime Association. A few companies are not in the PMA, and some ports are operated by local authorities, making the longshoremen there, in effect, municipal employees.

Another factor shaping the development of the industry is the relation which exists between the companies operating on the West Coast. The stevedore contractor is compensated on a cost plus or a cost plus fee basis, thus they have little or no interest in the number of men they employ. The steamship operator has a greater interest, but only after the cargo comes under his control. And

through the maritime subsidy program the domestic operator, although concerned, does not have a "life or death" stake in more efficient methods of operation, because they are able to pass their costs onto the federal government.

Thus the Mechanization and Modernization Agreement serves an industry operating in over 2,000 miles of coastline, under different state laws and regulations, in large and small communities, and with a highly heterogeneous employer group who have substantially different interests in productivity.

Nature of the Work

Longshore work as defined in the ILWU-PMA Coast Agreement covers,

. . . all handling of cargo in its transfer from vessel to first place of rest, and vice versa, including sorting and piling of cargo on the dock, and the direct transfer of cargo from vessel to railroad car or barge or vice versa, when such work is performed by employees of the companies parties to this agreement.¹

Dock work or carloading, which is variously defined in the respective port agreements, covers the loading of railroad cars and barges on the dock and the transfer of cargo on docks, piers, wharves, etc. either before such cargo is directly loaded, or, after such cargo is directly discharged from the ship.

¹ILWU-PMA Pacific Coast Longshore Agreement, 1960, p. 4. (Mimeographed and unpublished.)

Marine clerks or checkers are the clerical employees who receive, deliver, and check cargo in connection with its load and discharge.

It is evident that longshoring is a materials handling industry. It involves considerable physical labor and the chance of liability through accidents is ever present. Because of the high accident rate, the intermittent nature of employment, the great diversity of cargoes, the varying conditions of employment, the past animosity which existed between the union and the employers, and a host of lesser reasons too numerous to enumerate, several restrictive work rules were developed between 1934 and 1948. These rules were revised in 1948 to meet changing conditions, but until the 1960 agreement no successful efforts were made to change them.

These working rules are agreements negotiated and administered port by port, specifying for each operation how work shall be carried on and by how many men. The working rules were not unilaterally set by the union, but, rather, were the result of collective bargaining, and are, to some extent, beneficial to both parties. That is, they insure equality of treatment among employers in an industry where "cut-throat" competition is not uncommon.

Some of the restrictive work rules are listed below:

Double Handling: Under this rule cargo had to touch the "skin of the dock" before someone other than a

longshoreman could handle it. When a pallet load came out of the hold of a ship and was set down on the dock, a teamster could not load it from the pallet onto his truck. Rather, the longshoremen had to first unload the cargo onto the floor of the dock; then the teamster could take it.

The same rule held for unloading from the truck onto the dock. The teamster had to place the cargo on the "skin of the dock," and then the longshoreman could load it onto the pallet to be taken into the ship's hold.

The elimination of this double handling rule under the Mechanization and Modernization Agreement was the cause of a Teamster strike in March of 1961, which tied up most West Coast shipping for a number of days. Chapter IV is devoted to the jurisdictional difficulties with the Teamsters' Union.

Load Limit: With a few exceptions, the weight of the load that could be hoisted into a ship, or out of it, was restricted by contract language to approximately 2,100 pounds per pallet. Loads palletized off the dock were "skimmed" down to 2,100 pounds by the longshoremen when the pallets appeared to carry more than the specified load limit.

Employers claimed that there was no reason why much heavier loads could not be carried safely. The Union contended that this limitation was necessary to protect the men in the ship's hold from "speedup" and "onerous" work. Both arguments held some elements of truth.

Manning Scale: Another costly rule was that governing the size of the longshore gang. Each port had their own manning schedules negotiated locally by the respective ILWU local and the PMA. The Employers maintained that frequently the stipulated gangs consisted of more men than were needed. This seemed to be borne out by the customary use, in some ports, of the "four-on four-off" gang, i.e., of the eight men required to be in the hold of a ship, four would be working while four were resting. To employers this meant that a longshoreman in the hold actually only worked four hours for nine hours pay.¹

There are many other restrictive rules in each port, but no purpose would be served by a more lengthy list.

Two points should be made here with regard to the union's past insistence on these rules. One, the most convenient way for a longshoreman to find job security was to place as many men as possible on the job, and for as long as possible. As William Glazier aptly stated in an article not long ago:

¹Since 1934 the normal longshore day is 6 hours, but every longshoreman is guaranteed an 8 hour day with overtime after 6 hours. See Max Kossoris, "Working Rules in West Coast Longshoring," Monthly Labor Review (January, 1961), pp. 2-3.

In an industry where the "factory" is here today and sails tomorrow, today's job is squeezed for everything it will produce. Who knows when the next ship will dock and how much work it will furnish? Not surprisingly, longshoremen have been unyielding against machines. Every labor displacing innovation in cargo handling is a challenge to job control and job security, and arguments that new methods lessen the back breaking toll have fallen on deaf ears.¹

Two, the Unions insistence on restrictive work rules made it impractical for an employer to institute more efficient methods of operation.

Another factor affecting the nature of the work is the employment relationship. In most ports no longshoreman may work steadily for one employer. Rather, each longshoreman is dispatched on a rotational basis from a central hiring hall to the waiting vessel. For this reason the longshoreman has no loyalty or allegiance to any single employer, but, rather, looks to the union for his only support because all of his job security rests on the union controlled hiring hall.

Because of this and the extreme conflict during the formative years of the union most of the work rules have come to have an ideological meaning for both the rank and file and the union leaders.

In summary, we see an industry hamstrung by a strong, militant union's desire to put as many men on the job as possible, and an employer group with little desire to

¹William Glazier, "Automation and the Longshoremen: A West Coast Solution," The Atlantic Monthly (December, 1960), pp. 58-59.

change methods of operation because there was always someone to pass the increased costs onto.

With this background in mind I would like to introduce the topics to be covered in this report.

The next chapter will briefly narrate the history of the agreement and present an explanation of some of the more important provisions in it.

The next chapter will introduce the burden of this report, that is, an analysis of some of the external factors which have limited the effectiveness of the agreement. This will be followed by an analytical survey of what the parties to the agreement have accomplished in the year and one-half the agreement has been in effect.

The concluding chapter will present some generalizations and possible predictions of what may be expected in the future.

CHAPTER II

HISTORY OF THE AGREEMENT

The Mechanization and Modernization Agreement did not, as Lincoln Fairley, research director for the ILWU, so aptly stated, ". . . spring full bloom from the brow of Zeus, or from the brain of Bridges."¹ Rather, it was the culmination of two and one-half years of informal discussion and five months of intensive negotiations.

In April, 1957, at the ILWU twelfth biennial convention the problem of the "machine taking over the work done by men" received considerable attention. A caucus of longshore, shipclerks, and walking bosses was held immediately after the convention to further discuss the decreases in job opportunity due to mechanization. At that time, the officers of the Longshore division of the union were instructed to make a report to the following caucus--to be held the next October--on just what was happening. The Coast Labor Relations Committee--the body of officers appointed by the caucus--assisted by the research staff made a survey of the extent of mechanization. They then calculated estimates as to the probable effect it had had on job opportunity in Pacific Coast ports.

¹Lincoln Fairley, "The ILWU-PMA Mechanization and Modernization Agreement," Labor Law Journal (July, 1961), p. 666.

The text of their report, presented to the delegates of the October caucus, gave a detailed analysis of the changes which had taken place during the preceding years. They then speculated as to the probable impact such changes would have on longshore job security.

The most dramatic change discovered by the Coast Labor Relations Committee was the shift from hand handling of cargo to bulk movement of commodities directly from the producer to the shipper. This, they stated, eliminated much of the dock work previously done by longshoremen. Thus if the commodity being shipped would lend itself to bulk handling the savings would be tremendous. As the CLRC reported, ". . . if the shift is technically feasible . . . it will occur because the labor savings are enormous."¹

As an example, figures supplied by Local 54 (Stockton, California) showed that the Petri wine tanker could take on a full load of 6,000 tons (2 1/2 million gallons) in 24 hours. Formerly, they stated, wine had been handled at a rate of 100 tons per gang shift. With an 18 man gang working at the rate of 100 tons per shift it would take 1,800 man shifts to load 6,000 tons. With the new method, 2 gangs of 7 men working around the clock account for only 14 man shifts. The tanker was calculated to be more than 50 times as efficient in terms of manpower.

¹Longshore, Shipclerks and Walking Bosses Caucus, Coast Labor Relations Committee Report (Portland, Oregon, October 15, 1957), p. 3. (Mimeographed and unpublished.)

Another important change which had taken place, as reported by the CLRC, was the shift to the mechanized handling of lumber--the most important commodity in coast-wise shipping. They reported that where it had previously taken 15 to 18 shifts to load a Liberty ship, it now only took 11--a savings of up to 7 shifts. They further reported that in one port the use of lift jitneys (bulls or stackers) in the hold, in conjunction with banded loads of lumber, reduced the turn-around time from 12 to 14 days to less than 5 or 6--a savings of more than 100 per cent.

Consequently, the CLRC was forced to report:

We think it clear, unless the cost savings from the new methods result in an increase in lumber carried, that there is bound to be a significant shrinkage in manpower requirements in the lumber ports over the next several years.¹

On the use of open and sealed cribs, the investigating body reported that the sealed cribs saved longshore labor on the docks, while both types saved longshore labor in the hold.

Another significant innovation in maritime shipping reported to the caucus was the increasing use of vans--a container similar to a truck body--weighing from 2,000 to 7,000 pounds. This type of conveyance can be moved directly from the shipper, where they are loaded, onto the ship and from there to their final destination. The contents never are touched by human hands.

¹Ibid., p. 4.

The CLRC then reported some very interesting figures from the Matson Company, a steamship operator sailing between Hawaii and West Coast ports: "Matson in Wilmington (California) figures on 6 vans per hour, . . . or nearly 6 times the average rate for all Matson cargo."¹ Note: more information will be presented on Matson in the next chapter.

At this point, the author would like to bring out what he believes to be an important point. Namely, that the usefulness of large containers is very limited. For one reason, once the vans are delivered they have to be returned, and where it is not ordinarily feasible to return them loaded, they have to come back empty--a very serious waste of valuable cargo space. In addition, there is also the consideration that many shipping companies are too small to be able to afford the capital expenditure for a fleet of vans and the necessary modifications in ship design which have to be made, and are, therefore, not interested.

The main impact of vans, however, is becoming more and more apparent, on coastwise trade, where the vans can be shuttled from port to port without a great amount of dead space.

To return to the narrative.

¹Ibid., p. 7.

The caucus was informed that if the union continued to follow its present policy of guerrilla warfare against all changes which would reduce the need for men, they could probably hold the status quo for a long while. But it would be a losing battle. And eventually, the Employers would win out because an arbitrator's decision would have to go against the union on the basis of Section 14 of the Longshore Coast Agreement.¹

After this pessimistic picture was presented to the delegates of the Portland caucus, the CLRC asked them to thrash out the following issue:

Do we want to stick with our present policy of guerrilla resistance, or do we want to adopt a more flexible policy in order to buy specific benefits in return?²

The delegates were then informed that informal negotiations had been started the preceding week with the objective of negotiating a contract "embracing the full use of labor saving machinery with maximum protection for the welfare of the workers." Such protection was then spelled out in the following terms:

1. Adequate guarantees against speedup of individual longshoremen.

¹Section 14 of the Longshore Coast Agreement reads, "There shall be no interference by the union with the employers' right to operate efficiently and to change methods of work, utilizing labor saving devices and directing the work through employer representatives while explicitly observing the provisions and conditions of the Agreement protecting the safety and welfare of the employees."

²CLRC Report, op. cit., p. 11.

2. Guarantees of safety.
3. Guarantees against layoff.
4. No reduction in takehome pay.
5. Shortening the work shift.
6. The possibility of guaranteed work opportunity to provide guaranteed weekly takehome pay.
7. Improvements in pensions, welfare, and vacation conditions.

The caucus debated the issue for three days, and, according to Lincoln Fairley, had a vote been taken the first day the decision to maintain the status quo might easily have been made. Finally, it was recognized that despite union opposition the employers had been able to introduce technological changes without any visible benefit accruing to the union membership.

The decision was then made to explore with the PMA the possibility of some quid pro quo as the men's share of the machine.

Informal discussions resumed after the caucus, and in November of 1957 the ILWU and the PMA issued a joint memorandum stating the broad objectives of any subsequent agreement which might be reached. These objectives were:

1. To extend and broaden the scope of cargo traffic moving through West Coast ports, and to revitalize the lagging volume of existing types of cargo by: (a) Encouraging employers to develop new methods of operation, (b) Accelerating existing processes of cargo handling, and (3) reducing cargo handling costs in water transportation including faster ship turnaround time.

2. To preserve the present registered force of longshoremen as the basic work force in the industry, and to share with that force a portion of the net labor cost saving to be effected by introduction of mechanical innovations, removal of contractual restrictions, or any other means.
3. To accomplish objectives 1 and 2 WITHOUT: (a) Individual speed-up, (b) Breaking legitimate safety rules and codes, (c) Bankrupting operations which do not lend themselves to change, (d) Driving away any existing cargoes, and (e) Distorting hourly wage rates paid workers of comparable skill in the longshore industry, and
4. An additional objective proposed by the union is to reduce the length of the present longshore work shifts.¹

Informal discussions continued on an intermittent basis for the next year. The main problem being a way to devise a formula through which gains a productivity could be measured.

One formula, for example, would have given the union one hour straight-time pay for each man-hour saved. This would have amounted to one-half of the actual labor cost to the employer after the inclusion of overtime and penalty pay and the cost of pension and welfare benefits. The chief problem with this concept was the lack of any kind of system for measuring time saved and the lack of data on which such a system could be built.

No progress was made until the 1959 negotiations when the union insisted that the PMA make some proposal.

¹Memorandum of Understanding between the ILWU and the PMA dated November, 1957, pp. 1-2. (Mimeographed and unpublished.)

Consequently, an interim agreement was worked out. This Memorandum of Understanding provided; (1) that a certain amount of time be allotted for the parties to gain factual experiences of changes in operations, (2) that a \$1 1/2 million fund be accumulated by the Employers in recognition that savings accrue as a result of mechanization, and (3) set up a system through which changes could be made under Section 14 of the Coast agreement, while freezing working rules under all other conditions.¹

Formal negotiations began on May 17, 1960, almost five months before the date of final agreement. Max Kossoris, director of the Western Regional Office of the Bureau of Labor Statistics, an attendant at the bargaining sessions writes,

. . . the ILWU's negotiators were surprised to learn that the employers were no longer interested in the sharing of gains. Instead, the employers' position was: How much will it cost us to get rid of the restrictive rules and to get a free hand in the running of our business?

The employer and union negotiators proceeded from very different starting points. In exchange for a free hand, management offered a guaranteed wage that would protect the longshoremen against lost work opportunity. To the union, this was completely

¹Memorandum of Understanding between the ILWU and the PMA dated August 10, 1959, p. 1. (Mimeographed and unpublished.) This program of "performance and conformance" as it became known in the industry did away with most of the extracontractual practices which had grown up because of laxity on the part of stevedore contractors. The elimination of these practices resulted in increased productivity rates even before the mechanization program became effective (see Chapter 7).

unacceptable. Conceivably, cargo might increase in volume so that no longshoremen would lose work; and then the union would get nothing for giving up its restrictive rules. The union's position was: We'll give up our rules, for a price; but we set a high value on our rules because we think the companies will gain millions of dollars.¹

There has been considerable speculation as to why the employers suddenly shifted their approach from a "sharing the gains" concept to a straight purchase of the restrictive work rules. Comments by the negotiators and those close to the agreement suggest four possible reasons for the reversal.

In the first place, some of the employers doubted that a precise measurement could be made of the savings which would accrue as a result of technological change. Secondly, the large companies who would make a substantial capital investment in expensive new labor saving machinery did not want to have to share their gains with those employers who made no investment, but would benefit from the relaxation of the restrictive work rules. Thirdly, others felt that a "sharing of the gains" would be an invasion of management prerogatives and, therefore, completely unacceptable. And lastly, some of the employers feared that locals of the union might resist changes and defend their action on the ground that the employers would not have to pay for what they were not getting. With a lump sum payment, the employers felt they could take the

¹Kossoris, op. cit., pp. 5-6.

position that they had already paid the price and were entitled to delivery on what they had purchased.

Negotiations lasted for another five months, during which time debate revolved around the issue of how much was to be paid and for what. Finally, on October 18, 1960, agreement was reached.

Press releases dubbed the agreement as being "epochal," "historic," "the greatest break-through in the annals of industrial relations," and a host of other superlative terms. The more pessimistic called it a "sell out" of the working class, or a "surrender to socialism" depending on their respective points of view. Actually it was a \$29,000,000 bribe, and both parties are quite frank to admit, in private discussion, that it was such.

Harry Bridges presented the union's point of view most concisely in a speech made in September, 1961. He stated:

When both sides accept the facts of life as they are, as we have done in constructing the ILWU-PMA agreement, then each side can pursue its goals and its objectives without insisting upon exterminating or handcuffing the other side first.

As a labor union operating in the West Coast maritime industry . . . we had to face up to certain economic and social facts of life soberly and without wishing that they were something else again. The Pacific Maritime Association under Mr. J. Paul St. Sure, I might add as a union president, acted in much the same realistic way.

Probably the points-of-view of the parties differ as to the "whys and wherefores" of these facts but they still remain the common framework within which an agreement was reached. Here they are as I and the union see them:

1. The companies with whom we bargain own and operate the ships, docks, terminals and equipment to make money, in short for profits.

2. Shippers of goods and cargoes move and distribute goods for the same purpose.

3. The various kinds of new equipment appearing in the industry--machinery, containers, etc.--are capital investment speeding up the loading and discharge of ships thereby increasing profits.

4. Although the new methods are labor-saving they do not eliminate labor completely. And to the extent labor takes a share of the savings or benefits resulting from new methods the profits of the owners are reduced.

In stating that we in the ILWU recognize these as facts I don't want any of you here to draw the conclusion that we are among the great cheer leaders for the free enterprise, profit system. I, for one, am not. But facts are facts. We try to operate from them. We think the other side does also. The solutions embodied in the new agreement are based on the facts of life of the profit system without any comments or endorsements on our part.¹

The PMA, on the other hand, went into the agreement with a less dramatic philosophy in mind. Their position was simple. That is,

. . . to extend and broaden the scope of cargo traffic moving through West Coast ports and to revitalize the lagging volume of existing types of cargoes by: encouraging employers to develop new methods of operation; accelerating existing processes of cargo handling, and reducing cargo handling costs in water transportation, including faster ship turn-around.²

¹Remarks of Harry Bridges, President, ILWU, at the Fifteenth Anniversary Convention of the American Association of Port Authorities, Long Beach, California, September 28, 1961. (Mimeographed and unpublished.)

²Memorandum of Understanding between the PMA and the ILWU, November, 1957, op. cit., p. 1.

Some of the important provisions of the agreement are paraphrased as follows:

A. Provisions for Efficient Operations:

1. The longshore and clerks agreement shall be revised to eliminate restrictions in the contract and working rules, as well as in unwritten Union restrictions which interfere with Employers' rights dealing with sling loads, first place of rest, multiple handling, gang sizes, and manning scales, so as to allow the Employer to:

- a. Operate efficiently
- b. Change methods of work
- c. Utilize labor saving devices

The purpose and intent of this provision is that the union can no longer obstruct employer efforts to increase productivity. The employer, on the other hand, is not allowed to introduce changes which would result in a speedup or an onerous work load on the individual worker or gang.¹

2. Provide for the elimination of unnecessary men-- this means that the "four-on four-off" rule and variations of it are eliminated.

3. The sling load limit shall continue to apply to all loads built by longshoremen where conditions, number of men, and the method of operation are the same as when the sling load agreement was in effect. This means that if an

¹It is interesting to note that neither party has attempted to define what an onerous work load or a speedup is.

employer wishes to increase the weight of a sling load he may do so only if he adds men or machines; otherwise it constitutes a speedup. And, the union has the complete right to raise the question of onerousness of work through the grievance machinery.

4. There shall be no multiple handling. This provision was supposed to mean that the teamster could load directly from the longshore pallet onto his truck, or from his truck onto a longshore pallet (see Chapter 4).

5. Minimum gang sizes are specified in the handling of break bulk cargo for both loading and discharging operations. These requirements are below the past manning scales.

B. Modernization and Improvement Fund Provisions

1. The Mechanization fund is to total \$29 million. It is to be accumulated on the basis of \$6.5 million the first year, \$5 million during each of the next 4 years, and \$2.5 million during the next 6 months.

2. The fund is divided into three trusts to be used for the following purposes:

a. Vesting benefits

i. Early retirement. Voluntary retirement with 25 years at age 62 at \$220 per month, payable to age 65 when normal pension takes over.

ii. Cash in lieu of early retirement--men retiring on normal pension receive \$7,920 (the equivalent of \$220 for 36 months--ages 62 to 65) in installments of \$220 or \$110 per month, beginning at the date of retirement.

iii. Compulsory early retirement if parties decide speedier reduction in the work force is necessary. The reductions can be made to men of age 62 with 22 years of service, age 63 with 23 years of service, and age 64 with 24 years of service at \$320 per month until age 65.

b. Death and disability

i. Death

(1) Payable if death occurs before becoming a "vestee." Amounts range from \$2,640 for 5-15 year men, up to \$5,000 for 20 year men. Figure II-1 shows the benefits payable to a deceased employee's designee as his length of service in the industry increases.

(2) The balance is payable to the beneficiary or designee if the "vestee" or if a disability pensioner dies before receiving the total amount due.

ii. Disability--Payable upon withdrawal from industry because of disability. The benefits

FIGURE II-1

**SCHEDULE OF DEATH BENEFITS UNDER SCHEDULE A OF THE
MECHANIZATION AND MODERNIZATION AGREEMENT**

5	qualifying years out of past 8 calendar years			\$2,640
6	"	9	"	2,640
7	"	10	"	2,640
8	"	11	"	2,640
9	"	12	"	2,640
10	"	13	"	2,640
11	"	14	"	2,640
12	"	15	"	2,640
13	"	16	"	2,640
14	"	17	"	2,640
15	"	18	"	2,640
16	"	19	"	3,112
17	"	20	"	3,584
18	"	21	"	4,056
19	"	22	"	4,528
20	"	23	"	5,000

Source: ILWU

range from \$2,640 to \$7,920 depending on length of service. Figure II-2 shows the disability allowances one may receive as his years of service in the industry increase. These benefits may not be paid to any employee who has retired and has become a "vestee" under the agreement.

c. Wage guarantee. This fund is payable to men who are regularly available for work, whose average earnings for the preceding four week period are less than the equivalent of 35 straight time hours per week. This guarantee is payable, however, only if the drop in employment opportunity is due to mechanization and modernization.

C. General Provisions

In brief, this section states that in the event of any union caused work stoppage the employers' obligation can be reduced by as much as \$13,650 per day, the average daily cost of the employers' obligation per day.

After the agreement was fully negotiated a union caucus was called to discuss the agreement before it was sent to the membership for a referendum. The caucus finally accepted the agreement after a 17 day debate with Local 13 of Wilmington, California, issuing a strong minority report.

FIGURE II-2

**SCHEDULE OF DISABILITY BENEFITS PER SCHEDULE A OF
THE MECHANIZATION AND MODERNIZATION AGREEMENT***

**Schedule of Maximum Benefit per Qualifying Years
of Service:**

15	qualifying years out of past 18 calendar years			\$2,640
16	"	19	"	3,168
17	"	20	"	3,696
18	"	21	"	4,224
19	"	22	"	4,752
20	"	23	"	5,280
21	"	24	"	5,808
22	"	25	"	6,336
23	"	26	"	6,864
24	"	27	"	7,392
25	"	35	"	7,920

*Payable as a monthly benefit; amount to be determined by ILWU-PMA Welfare Fund Trustees. Total amount determined by years of service on basis of straight line increase of \$528 per annum.

Source: ILWU

At this time the CLRC instructed the delegates to commence an educational campaign on the local level in order that the agreement would be voted on favorably in the forthcoming referendum.¹

The international commenced a drive of its own, and when the votes were counted in January of 1961, the agreement was ratified by a vote of 7,882 to 3,695.

Figure II-3 shows how the locals voted on the agreement. Notice that Local 13 was the only local to vote against the agreement--the port most affected by the elimination of restrictive work rules (see Chapter 7).

At this time there was only one more hurdle to climb, and that strangely enough was from the Internal Revenue Service. The reason being that a condition of the agreement was that the employer contributions had to be ruled as a deductible business expense in the current year, otherwise there would be no contract (see Chapter 5).

After many delays the IRS finally consented and, on September 15, 1961, the agreement became a binding contract on the parties concerned.

¹It should be noted here that all major ILWU policy must be ratified by the rank and file before it is binding on the membership.

FIGURE II-3

HOW LOCALS VOTED ON MECHANIZATION AND MODERNIZATION
AGREEMENT

<u>Local</u>	<u>For</u>	<u>Against</u>	<u>Total</u>
1 Raymond, Wash.	30	16	46
4 Vancouver, Wash.	115	13	128
7 Bellingham, Wash.	64	0	64
8 Portland, Oregon	753	231	984
10 San Francisco, Calif.	2,516	408	2,924
12 North Bend, Oregon	335	52	387
13 Wilmington, Calif. ✓	1,065	1,864	2,929
14 Eureka, Calif.	66	16	82
19 Seattle, Wash.	551	445	996
21 Longview, Wash.	172	32	204
23 Tacoma, Wash.	156	131	287
24 Aberdeen, Wash.	101	10	111
25 Anacortes, Wash.	24	1	25
29 San Diego, Calif. ✓	84	15	99
31 Bandon, Oregon	30	3	33
32 Everett, Wash.	58	7	65
34 San Francisco (Clerks)	576	102	678
40 Portland (Clerks)	63	36	99
45 Rainier, Wash.	28	2	30
46 Port Hueneme, Calif.	97	16	113
47 Olympia, Wash.	93	19	112
49 Crescent City, Calif.	6	4	10

FIGURE II-3 (Continued)

<u>Local</u>	<u>For</u>	<u>Against</u>	<u>Total</u>
50 Astoria, Oregon	108	11	119
51 Port Gamble, Wash.	33	3	36
52 Seattle (Clerks)	118	31	149
53 Newport, Oregon	78	11	89
54 Stockton, Calif.	220	38	258
55 Port Townsend, Wash.	10	2	12
63 Wilmington (Clerks) /	265	175	440
68 St. Helens, Oregon	<u>67</u>	<u>1</u>	<u>68</u>
Totals	7,882	3,695	11,577

Source: ILWU

**PART II. EXTERNAL FACTORS AFFECTING THE
AGREEMENT**

CHAPTER III

EFFECT OF TECHNOLOGICAL CHANGES PRIOR TO THE
AGREEMENT AND MARITIME CARGO TRANSPORTATION
CONFERENCE STUDIES ON UNION ATTITUDES
TOWARD COOPERATION

The ILWU in 1957, tactfully realized that if they were to retain their position vis-à-vis the PMA they would have to face increased mechanization prudently. For, with increased mechanization, the Union was in a position to lose everything and gain nothing. Unless, of course, the possibility that they could receive some quid pro quo from the profits which were likely to accrue from mechanization.

The union, for its part, had to accept the likelihood of a permanently smaller and perhaps a continuously diminishing work force. This, as we observed in the preceding chapter, they were able to do. Therefore, there is little need to press the point any further. But there are still some questions to be answered:

1. Why did the union take the position it did?
2. What factors were operating within the industry to pressure the Union into such a decision? and,
3. What efforts had interested groups made to increase productivity within the confines of the Union's restrictive work rules?

The purpose of this chapter is to answer these questions.

Before commencing, however, it might be wise to review the parties interested in productivity. They are: the United States Government, Management, the Union, and the various Port Authorities.

The United States Government

Perhaps the most interested party, both in terms of concerted effort and dollar outlay, would be the Federal Government. This becomes apparent when one considers, for example, that 40 per cent of the general cargo handled in San Francisco is military or foreign aid cargo. And these cargo handling costs are paid directly by the Government. As a further illustration, Oakland Army Terminal spends over half a million dollars a month on longshore labor and related costs. Without question, therefore, lower cargo handling costs would significantly decrease the operating subsidies, since operators normally spend in excess of 50 per cent of their total operating budget on cargo handling and other "in port" costs.¹

With this monetary incentive, and a genuine desire for improvement, the problem is now being studied by the Maritime Cargo Transportation Conference, a division of the

¹National Academy of Sciences-National Research Council, Maritime Cargo Transportation Conference, News Letter, No. 12 (Washington, D.C.: May 8, 1959), p. 35.

National Academy of Sciences-National Research Council.

This is a quasi-private, nonprofit organization of research scientists dedicated to the "furtherance of science and to its use for general welfare."

The MCTC was organized in 1953 at the request and with the support of the Department of Defense and the Department of Commerce. The purpose of forming this committee was to: (1) develop techniques which would lead to the improvement of sea transportation of general cargo, 2) to determine means through which ship turn-around time could be reduced, and 3) to stimulate research and to provide means for improving productivity in the maritime industry.

The MCTC has done considerable research in the Port of San Francisco in order to develop techniques for improving productivity. Their studies played an important role in shaping union-management decisions leading to the Mechanization and Modernization Agreement. For this reason, much more will be said on their studies in subsequent discussion.

Management

Although management is interested in productivity, it does not have the incentive to improve productivity that the government has. This stems from the fact that United States' shippers are heavily subsidized by the federal government, and the cost plus nature of the stevedoring

industry. Thus if a company were to increase its productivity sufficiently (assuming a resultant increase in profits), it could, conceivably, run the risk of losing its subsidy.

This is not to say that there have not been efforts made by steamship lines. On the contrary, Matson Navigation Company and American President Lines have done considerable research and have invested heavily in devising methods for improving productivity.

Their efforts, particularly in the area of containerization, will be the subject of future discussion.

The Union

A local coffee distributor advertises extensively: "Coffee is our business . . . our ONLY business!" In a similar manner the ILWU's prime goal is the defense and protection of its members, their jobs, and their working conditions. As a consequence, the union has always been concerned with any issue--present or potential--which could affect its members.

For this reason--and possibly others--the Union became vitally interested in the mechanization issue. Consequently, the Union, in a very real sense, maneuvered itself into a position where it determined the degree and rate of progress which was to be made in West Coast ports. That is not to say that technological changes were prevented prior to the Mechanization and Modernization

Agreement. Rather, the Union, through various maneuvers, placed itself in a position where it could also share in the benefits of increased productivity. This was accomplished through a conscious policy of placing "witnesses" on the job. That is, the employers would be pressured into placing more men than necessary on an operation, or else bear the consequences.

Port Authorities

The port authorities, which are state agencies, act as "landlords" of the ports. They usually take no part in labor disputes and are content to maintain the piers and collect their related fees. A port authority's interest in productivity would then stem from its desire to collect more revenues for the state. This assumes, of course, that increased productivity would result in greater tonnage. Thus they would favor any move to reduce costs in general. But, for the most part, would not be active in initiating changes.

As a partial answer to the question raised earlier in the chapter, the author has called upon two studies. Both were completed and made available prior to the signing of the Mechanization and Modernization Agreement. We must presume, therefore, that they were read by the negotiators prior to the signing of the agreement.

The first study to be presented was prepared by the ILWU and the Western Conference of Teamsters during 1960.

It should, of course, be noted here that the results of the study may be biased toward the Unions' point of view. The author does not believe, however, that such a contingency is of great importance, as our purpose is to indicate the ILWU's attitude as a factor affecting the Mechanization Agreement.

The second study to be presented was made by the MCTC at the Naval Supply Center in Oakland, California, while the ILWU-PMA negotiations were in progress. Their study is interesting in that it shows the possible savings which could accrue to a shipping company as a result of changes in operations.

This study is significant for our purposes because it certainly affected employer thinking during the negotiations, notwithstanding the fact that the Union must have been taken back by this insight into the future.

The following data, as was mentioned earlier, were prepared in a joint study by the Research Departments of the ILWU and the Western Conference of Teamsters. The purpose of the report was to consider the three major methods of handling freight in the San Francisco Bay Area. These methods are break bulk, otherwise known as break back, unitized pallet loads, handled by fork lift equipment, and containerization, as represented by the Matson system in Northern California.

The survey was made in quantitative terms, but because estimates were necessary, all conclusions must be stated as qualified approximations.

Briefly, the three major methods in the longshore industry may be described as follows:

Break Bulk--Hand Loading. In this system the individual box, carton, or bag is the unit which is manhandled at every step. There are generally four such handlings:

Outbound: Receiving and palletizing;
transfer to hook and loading.

Inbound: Transfer from hook and dis-
charging; sorting and checking.

Palletized Unit Loads--Power Loading. In this system the unit of cargo is a pallet load which may be strapped or otherwise secured, and it is handled by power equipment both on the dock and in the hold.

Containers--The Matson Operation. In this system the unit of cargo is a container loaded with cargo which may vary up to 40 feet in length. For illustrative purposes the Matson container operation is described. Their container is a truck van which is hauled by a tractor under the hook of a special crane which lifts it onto vessels especially designed to accommodate it.

Tables III-1 and III-2 show the container-carrying capacity of Matson ships.

In 1960 Matson had a total carrying capacity of 1,232 containers on some 11 vessels. At that time the

TABLE III-1

MATSON NAVIGATION COMPANY: TOTAL TONNAGE OF
CONTAINERIZED CARGO, 1961 (ESTIMATED)

	Container Trips	Tonnage	Tons per Container
Outbound	22,000	275,000	12.5
Inbound	9,000	153,000	17
	13,000		Empty

Source: ILWU Research Department. Their source: Letter from Matson Navigation Company, October 27, 1960.

company estimated that it would make 22,000 container round trips in 1961 (see Table III-1). Outbound they would carry 275,000 tons, or 12.5 tons per container. Inbound they would carry 153,000 tons in 9,000 containers, or 17 tons per container, as well as 13,000 empty containers. The ILWU then estimated that the total tonnage to be carried by containers in 1961 to be about 16 per cent of their total tonnage (excluding bulk sugar).¹

The most efficient operation in 1960 was on the Hawaiian Citizen, a 100 per cent containerized vessel, where loading and unloading is done simultaneously.

The Californian and Hawaiian are converted bulk carriers. They come from Hawaii with 15,000 tons of sugar in the hold and 124 vans on deck. The vans are unloaded

¹ILWU and Western Conference of Teamsters, Effects of Technological Changes on Waterfront Trucking and Long-shore Operations (San Francisco, California: 1960), p. B-2. (Mimeographed and unpublished.)

TABLE III-2
 MATSON NAVIGATION COMPANY: CONTAINER CARRYING CAPACITY 1961 (ESTIMATE)

	Hawaiian Citizen	Californian, Hawaiian	8 Freighters (Rancher, et al.)	Total
Number of containers carried by each vessel	352	194 outgoing 125 incoming 160 average	70	
Total number of containers	352	320	560	1,232
Average tonnage per container	12 1/2 tons	12 1/2 tons	12 1/2 tons	12 1/2 tons
Round trip schedule	15 days	15 days	21 days	
Number of voyages per year	19 1/2*	19 1/2*	13 1/2*	
Tons per year out- going average (2) x (3) x (5)	86,000	94,000	95,000	275,000
Incoming	86,000	61,000	95,000	242,000
Total				517,000

*Based on 80 per cent of year (78 per cent of year for freighters)

Source: Estimates by ILWU Research Department.

at Encinal Terminal in Oakland, California, the sugar is then unloaded at Crockett. The ship then returns to Encinal Terminal where it is loaded with 66 vans in the hold and 125 on deck for the outbound trip. The loading and unloading of vans is therefore done separately.

The eight freighters of the Rancher type carry a deck load of 70 vans each, and here too the loading and unloading are necessarily done separately (see Table III-2).¹

Figure III-1 and Table III-3 show the overall results of the ILWU study. That is, the impact of the three methods described above on longshore man-hour requirements. The ILWU research staff explained the succeeding tables as follows:

The figures shown are for a comparable unit of work, that is, the typical Matson container load outbound and inbound. This is 12 1/2 tons outbound and 17 tons inbound. Separate figures are given for handling full containers both ways, as well as the time for handling the empties inbound.

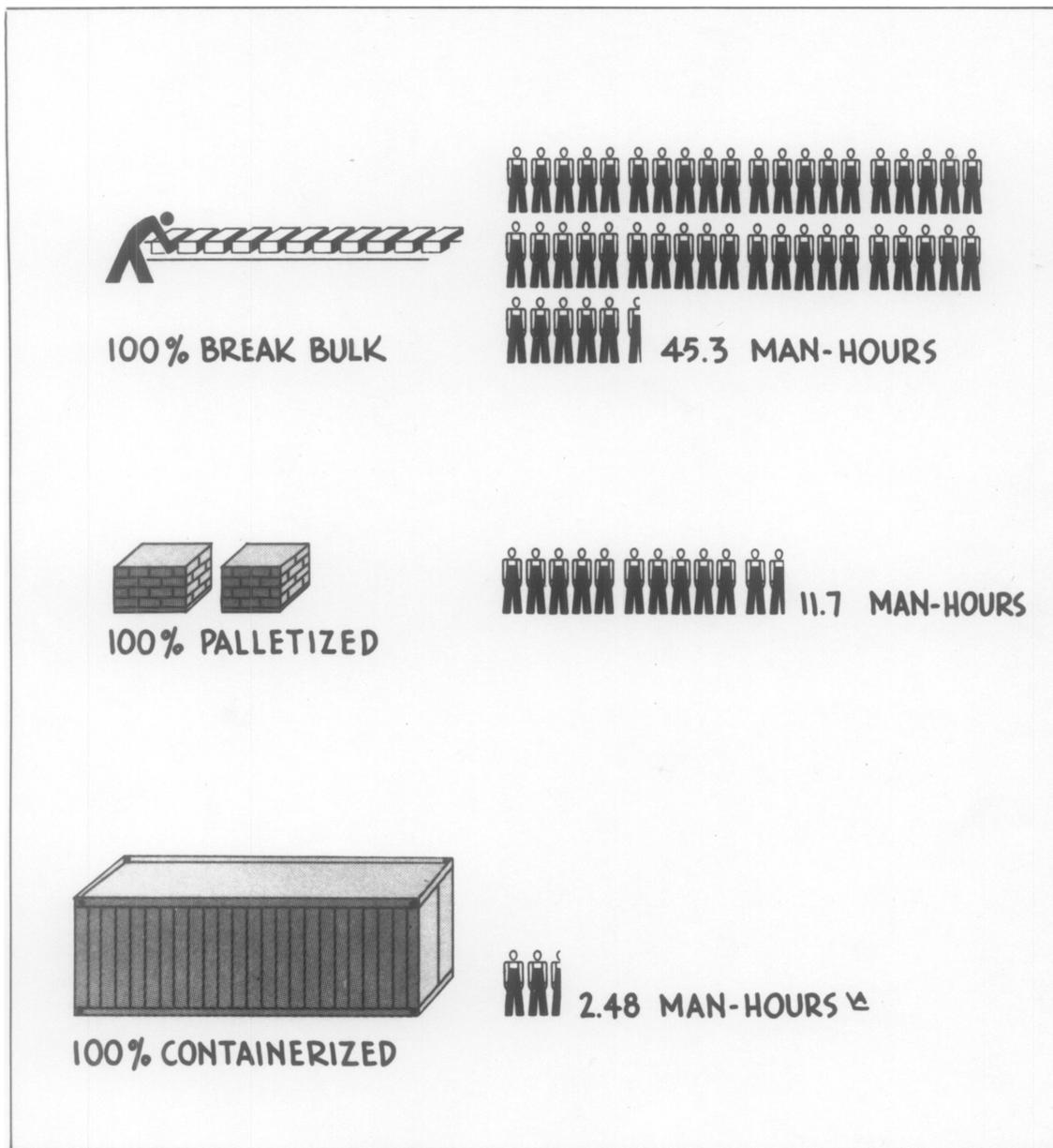
The figures are therefore for two handling of a total of 29 1/2 tons. To handle this tonnage by break bulk methods would take 45.3 man-hours. If handled by containers it would take 2.48 man-hours, including the time in handling empties; 1.44 man-hours if there were no empties.

We can therefore say that each container movement outbound and inbound combined represents a loss of about 43 man-hours. The equivalent tonnage in pallet loads represents a loss of 34 man-hours. Another way to express this is in tons per man-hour:

¹Ibid., p. B-2.

FIGURE III-1

LONGSHORE HOURS REQUIRED TO HANDLE CARGO EXAMPLE COMPARISON



I. L. W. U.
RESEARCH & EDUCATION
DEPARTMENT

FOR 12 1/2 TONS OUTBOUND AND 17 TONS INBOUND (WHEN LOADED) AS IN MATSON NAVIGATION CO. MOVEMENT, EST., 1961
∇ INCLUDES TIME IN UNLOADING EMPTY CONTAINERS

TABLE III-3
 LONGSHORE HOURS REQUIRED TO HANDLE CARGO UNDER
 VARIOUS SYSTEMS: EXAMPLE COMPARISON

	100% Break- bulk	100% Pallet Loads	Containerized*
Outbound--12 1/2 tons	19.2	5.0	.72
Inbound			
Loaded--17 tons	26.1	6.7	.72
Empty			.72
Weighted average Loaded & Empties**			1.76
Totals--for loaded containers	45.3	11.7	1.44
--for loaded and empty containers	45.3	11.7	2.48

Source: Estimates by ILWU Research Department

* As in Matson Navigation Company Movement, 1961
(Estimate)

**9,000 containers loaded, 13,000 empty.

100% break bulk	.65 tons per man-hour
100% pallet loads	2.5 tons per man-hour
100% containerized	18.3 tons per man-hour

The computation underlying the figures shown on Figure III-1 and Table III-3 are as follows:

Table III-4 shows the longshore manning requirements in handling the Matson container movement at Encinal. This varies from a minimum of 19 men to a maximum of 21 men.

Table III-5 shows actual loading times on the Californian and the Hawaiian Rancher. The loading time cycle was 2.35 minutes per van on the Californian and 2.6 minutes on the Hawaiian Rancher. Our ship clerks estimate the Hawaiian Citizen loads one van and unloads another simultaneously in about 2.75 minutes. We therefore used a 3-minute cycle for the Hawaiian Citizen.

Table III-6 develops tons per man-hour outbound in loading containers on Matson vessels. The average is 18.3 tons per man-hour, with the Hawaiian Citizen doing 25.0 tons per man-hour, the converted bulk carriers Californian and Hawaiian 16.0 tons per man-hour, and the freighters with deck loads doing 14.5 tons per man-hour.

This compares with .65 tons per shoreside man-hour worked in all Northern Californian ports in 1959 (Table III-7). Since this was preponderantly break bulk, we consider this the break bulk cargo handling rate.

The man-hour figure on palletized cargo is derived from Figure III-2 which shows the relationship of stevedoring costs in palletized operation as compared to break bulk operations.¹

The important point to be made here is that while the ILWU was sitting in negotiations bartering for their share of the machine, their members were losing work opportunity as a result of technological changes. And, furthermore, the negotiators were faced with the likelihood of

¹Ibid., pp. D-1 - D-2.

TABLE III-4
SHORESIDE MANNING REQUIREMENTS - MATSON CONTAINERIZED
OPERATION, ENCINAL TERMINAL

1	Supercargo
2-3	Clerks (in van yard)
4-6	Tractor drivers
1	Mechanic (AFL - Maintaing trucks)
1	Goose Crane Operator in van yard
2	Alameda Crane Yard Company operators in van yard
2	Crane men
4	Dockmen
2	Utility men
	Minimum Number 19
	Maximum Number 21

Source: ILWU Research Department

TABLE III-5

TIME REQUIRED TO LOAD VANS-MATSON NAVIGATION COMPANY
ENCINAL TERMINAL

Californian - Loading only - 194 vans - 10/14/60

Docked - 9 A.M.

Began to load - 9:25 A.M.

Finished - 6:00 P.M.

Loading time - 7 hours, 35 minutes (excluding
lunch hour)

Time per van - 2.35 minutes

Hawaiian Rancher - Loading only - 75 vans - October
1960

Started - 8:00 A.M.

Finished - 11:30 A.M.

Loading time - 3 1/4 hours (excluding 15 minutes
coffee break)

Time per van - 2.6 minutes

Source: ILWU Research Department

TABLE III-6

ESTIMATED TONS PER MAN-HOUR IN LOADING CONTAINERS ON MATSON VESSELS, OCTOBER, 1960

	Hawaiian Citizen	Californian, Hawaiian	8 Freighters (Rancher, et al.)	Total
No. shoreside men required	20	20	20	20
Time cycle to load or unload each van	1.5 min.*	2.35 min.	2.6 min.	2.17 min.
Tons handled per hour at 12 1/2 tons per van, outbound	500	319	289	365
Tons per man-hour	25.0	16.0	14.5	18.3**
Est. Total annual tonnage, outbound 1961 (est.)	86,000	94,000	95,000	275,000

* 3 minute cycle - to load and unload a van

** Weighted average, using estimated total annual tonnage as weights.

Source: Estimates by ILWU Research Department

TABLE III-7
 TONS PER SHORESIDE MAN-HOUR WORKED IN NORTHERN
 CALIFORNIA PORTS 1958 AND 1959

	1958	1959
General Cargo	5,963,301	6,474,429
Lumber and logs	<u>125,181</u>	<u>99,529</u>
	6,088,482	6,573,958
Bulk Grain	741,606	938,934
Other bulk	<u>1,725,311</u>	<u>1,622,755</u>
	2,466,917	2,561,689
÷ 5*	493,383	512,338
Adjusted total	6,581,865	7,086,296
Shoreside hours	10,610,000	10,866,913
Tons - man-hour	.62034	.6521

*Based on 1/5 of time as for general cargo, as for pension, etc. contribution.

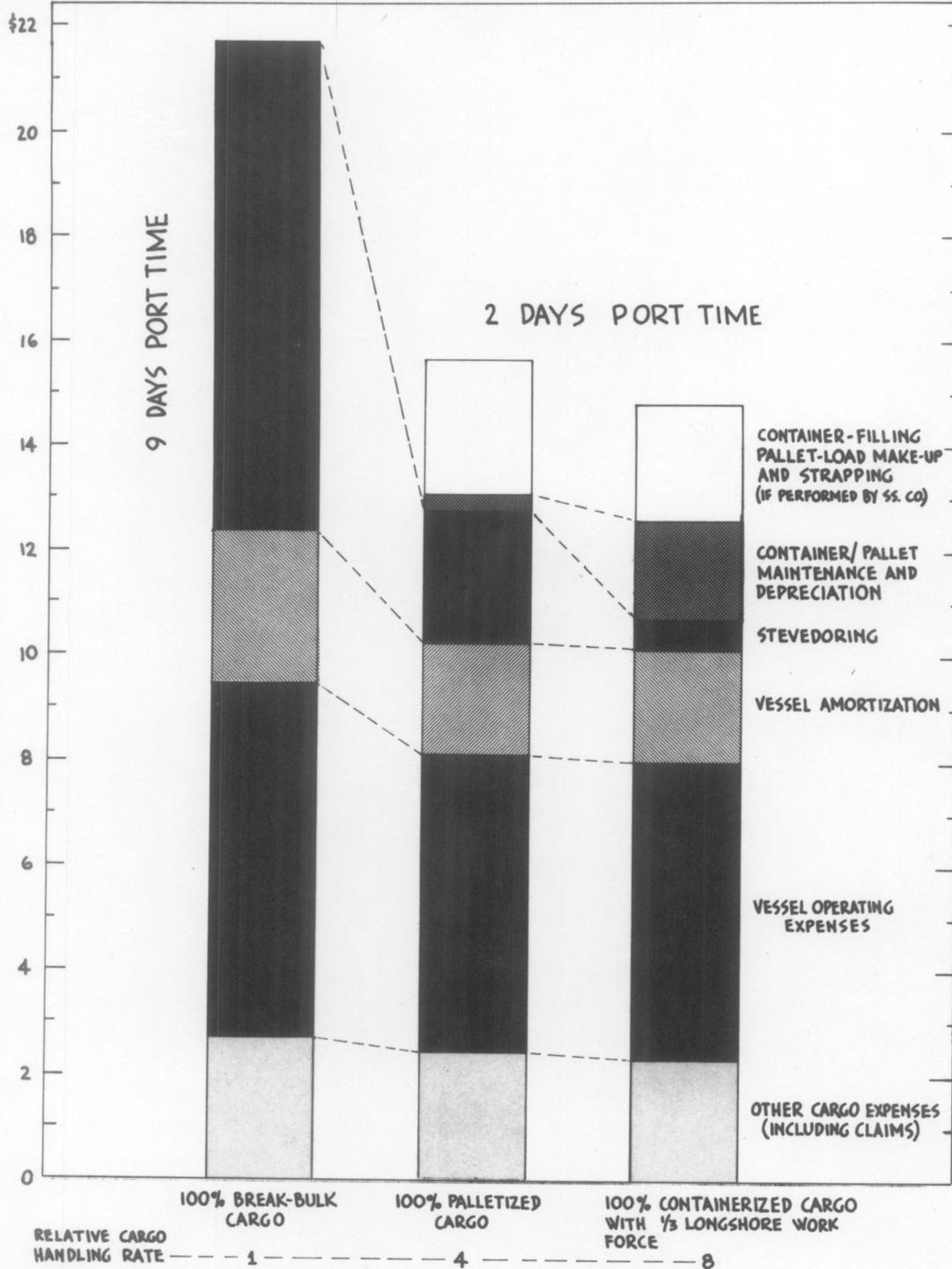
Source: ILWU Research Department. Their source: PMA Statistics.

FIGURE III-2

COMPONENTS OF CARGO UNIT DELIVERY COST - EXAMPLE COMPARISON

VESSEL - 580,000 BALES CUBIC, 20 KNOTS
 2 LONGSHORE SHIFTS PER PORT DAY, VOYAGE RADIUS - 3,000 MILES
 6 1/2 DAYS SEA-TIME EACH WAY

DOLLARS PER LONG TON



SOURCE: NATIONAL ACADEMY OF SCIENCES-NATIONAL RESEARCH COUNCIL,
 MARITIME TRANSPORTATION OF UNITIZED CARGO, PUBL. 745, 1959, P. 46

being members of a dying union unless some settlement could be reached.

This is not to say, of course, that the end of the ILWU was in sight. But the fact remained (and one which should be stressed) that if the ILWU had decided to hold the status quo their work rules would not have saved their longshore division. And, for a union with a present membership of less than 14,000 in their longshore division, not too many members would have to be lost before the union would begin to feel the strains of it.

MCTC - Naval Supply Center Study

The Maritime Cargo Transportation Conference's studies have been timely and potentially useful for a twofold reason. One, they set in quantitative terms the savings which could possibly accrue to employers through more efficient methods of operation. And two, they laid a framework through which interested employers could take full advantage of potential labor saving techniques.

The purpose of presenting the Naval Supply Center (NSC) study in this chapter is to indicate to the reader a further pressure weighing on the Union at the time negotiations were in progress. As the study is related, its implications and impact should become clear.

The broad purpose of the experiments conducted at the NSC were to test the potentials of the break bulk

system. That is, an endeavor to achieve increased productivity under realistic conditions with no speed-up of the labor force.

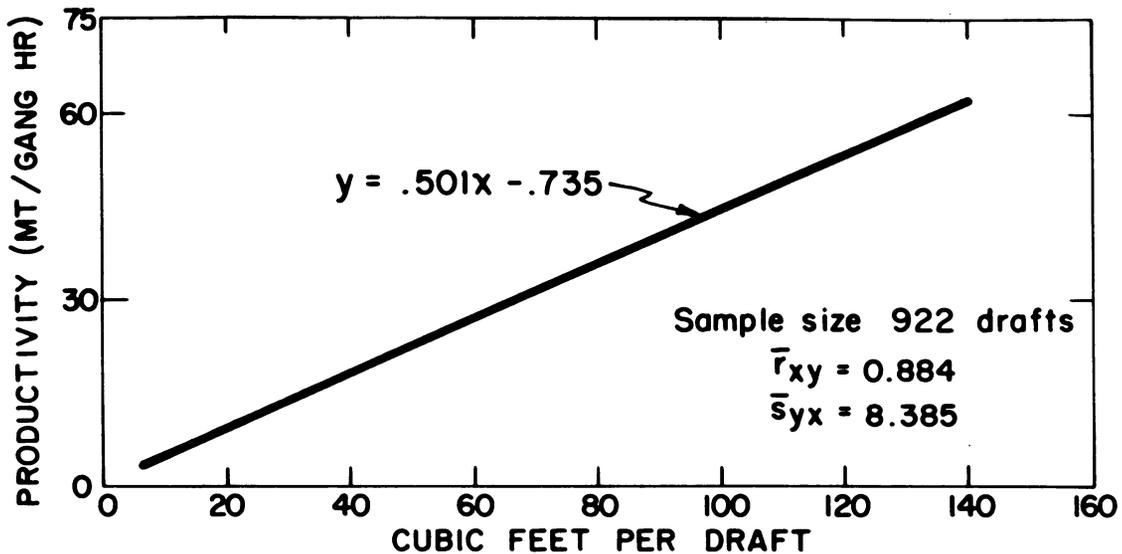
A summary of the MCTC's findings are presented below:

Equipment (Figure III-3) gives some indication of the effects of various types of equipment on productivity. The bars cover the productivity range experienced for each type of equipment, and the manning structure is indicated by the numbers adjacent to the bars. The commodity types are distributed within each bar, but tend to have miscellaneous carton, small boxes and other general cargo grouped toward the upper end of the bars and canned goods and high stowage factor large crates toward the lower end. If we remember that the bars indicate improvement potential only, not improvement limits, we can approximate the relative improvement potential of the various items of material handling equipment used during experimentation. Naturally we must also remember that these pieces of equipment are not universally interchangeable, so that, for example, you cannot use a fork lift on top of uneven or fragile in-transit cargo or in very space-limited areas such as lockers, etc., where the pallet jack may be mandatory. Conversely very heavy or bulky items cannot be moved readily by pallet jack and a fork lift may be mandatory. With these factors in mind we can see the progression from no material handling equipment to the four-wheeler to TILI forklift to pallet jack to standard forklift. Naturally, the TILI (take-it-or-leave-it) forklift and pallet jack permit stowage without pallets, while the standard forklift rates assume that some pallets can be left in system.

For drums, only two items, the Palomatic hand truck and Little Giant forklift attachment listed. The Little Giant requires some training which may account for the lower rate. However, while the Palomatic permits tier stowage only, the Little Giant is more flexible and permits either tier or block stowage. A forklift is naturally required for the Little Giant. There are other, similar forklift attachments on the market which may be a little easier to operate.

FIGURE III-3

GANG PRODUCTIVITY VS. DRAFT SIZE
OAKLAND ARMY TERMINAL - GENERAL CARGO
GANG PRODUCTIVITY (MT/GANG HR) VS. CU. FT. PER DRAFT



GANG PRODUCTIVITY (ST/GANG HR) VS. WEIGHT (LBS)/DRAFT

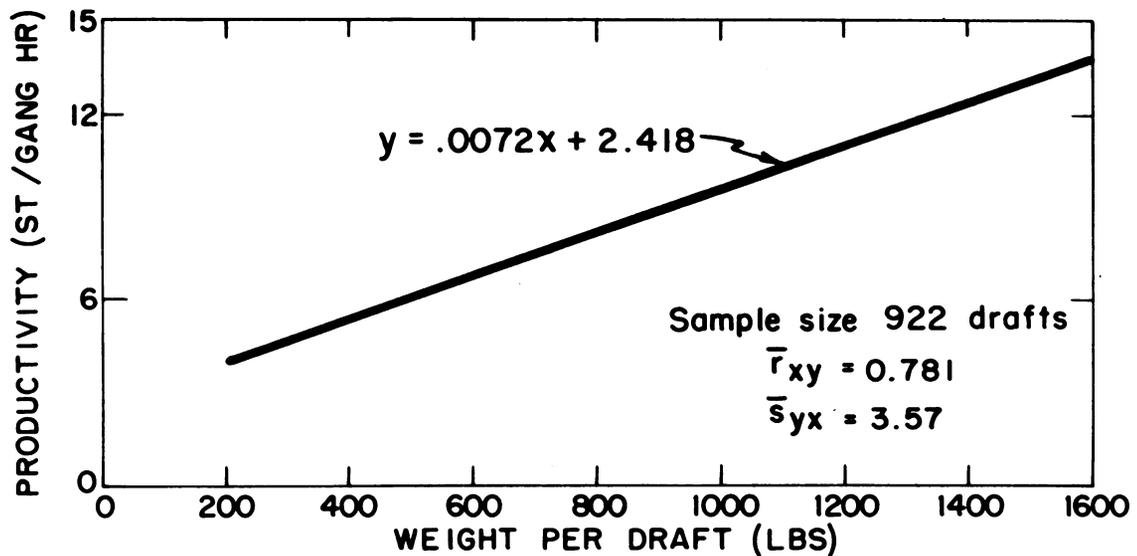
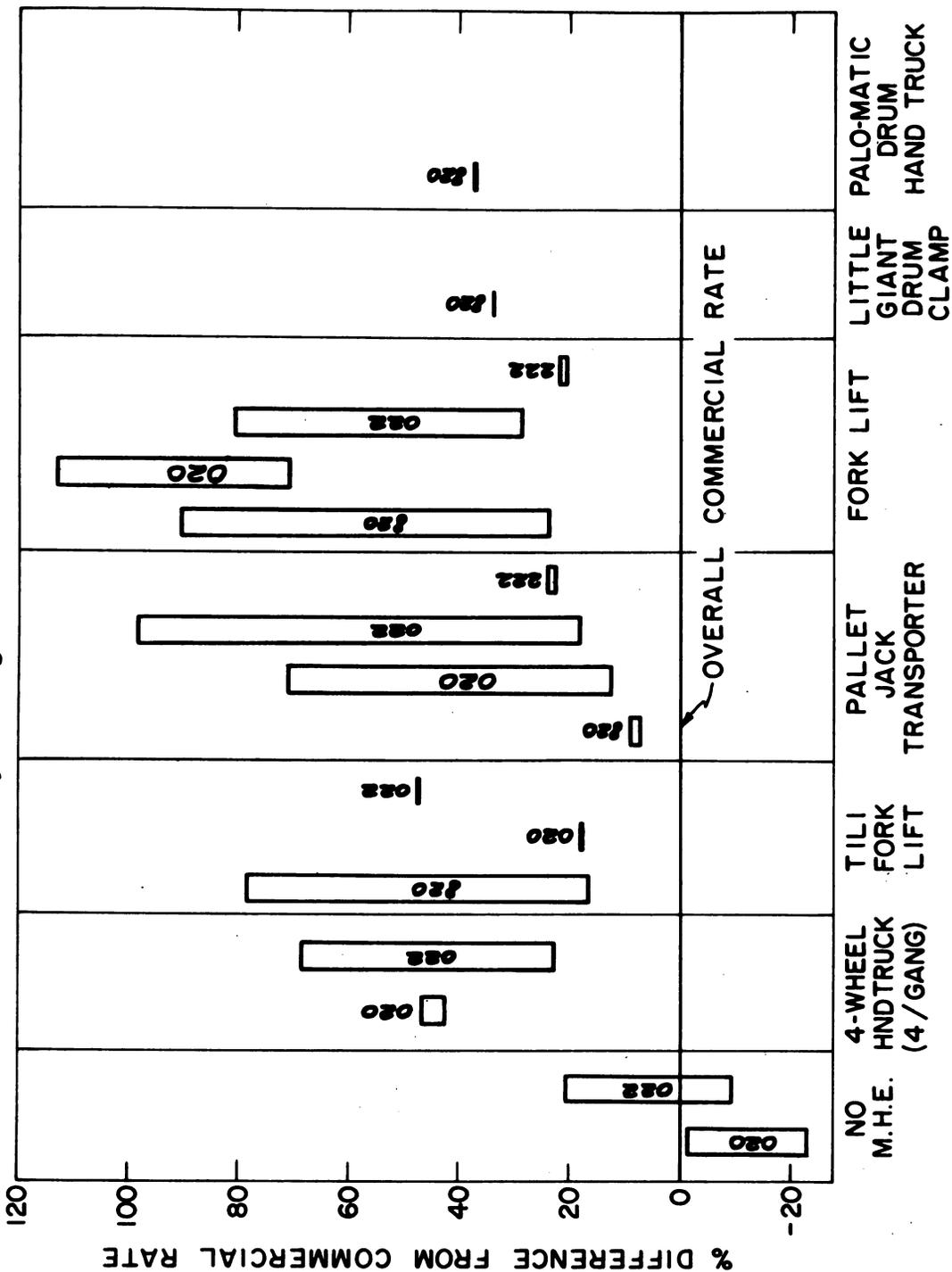


FIGURE III-4

RELATIVE LOADING RATES OF SEVERAL TYPES OF M.H.E.
(By Gang Structure)



Contrary to expectations, there were no consistent responses in energy expenditure attributable to any piece of material handling equipment. All responses were equal or lower than commercial base energy expenditures. This may be due to the fact that the men compensate for the more demanding tasks by pacing themselves.

Number of Men. Figure V shows four representative commodities each stowed by one method, such as drums by palomatic, general cargo by pallet jack, canned goods by TILI and miscellaneous cartons by pallet jack. The common denominator is that all four graphs show primarily hand operations. For these operations we find that productivity increases from an 8 man utilization to 10 men and even to 12 men when measured on a gang as well as on a man-hour's basis. This suggests that for hand operations, where space permits, it may be more economical on a gang hour and man-hour basis to employ up to 12 men in the hold.

When operations are primarily machine stow, such as shown in Figure VI, this man utilization does not hold true anymore. Here we have only forklift stow for unitized cargo and predominantly forklift stow with some handstow for general cargo. In both cases there was a gang productivity break-off at 10 and 8 men respectively. In neither case did the productivity per gang-hour drop below the commercial base rate. On the general cargo the returns per man-hour also decrease after 8 men.

While these figures indicate some significant differences in productivity depending on the number of men used in the hold, the physiological data we collected in cooperation with UCLA does not bear out any significant differences in individual energy expenditure related to the number of men used in the gang. None of the man-machine combinations showed any significant difference in energy expenditure over the base data collected by UCLA on the commercial waterfront.

In summary, our methods experimentation at NSC, Oakland suggests:

1. That highly significant productivity increases measured on a gang hour as well as on a man-hour basis are possible without a complex or costly new technology and without a "speed-up" of the labor force.

FIGURE III-5

% PRODUCTIVITY IMPROVEMENT VS. NUMBER OF MEN IN HOLD

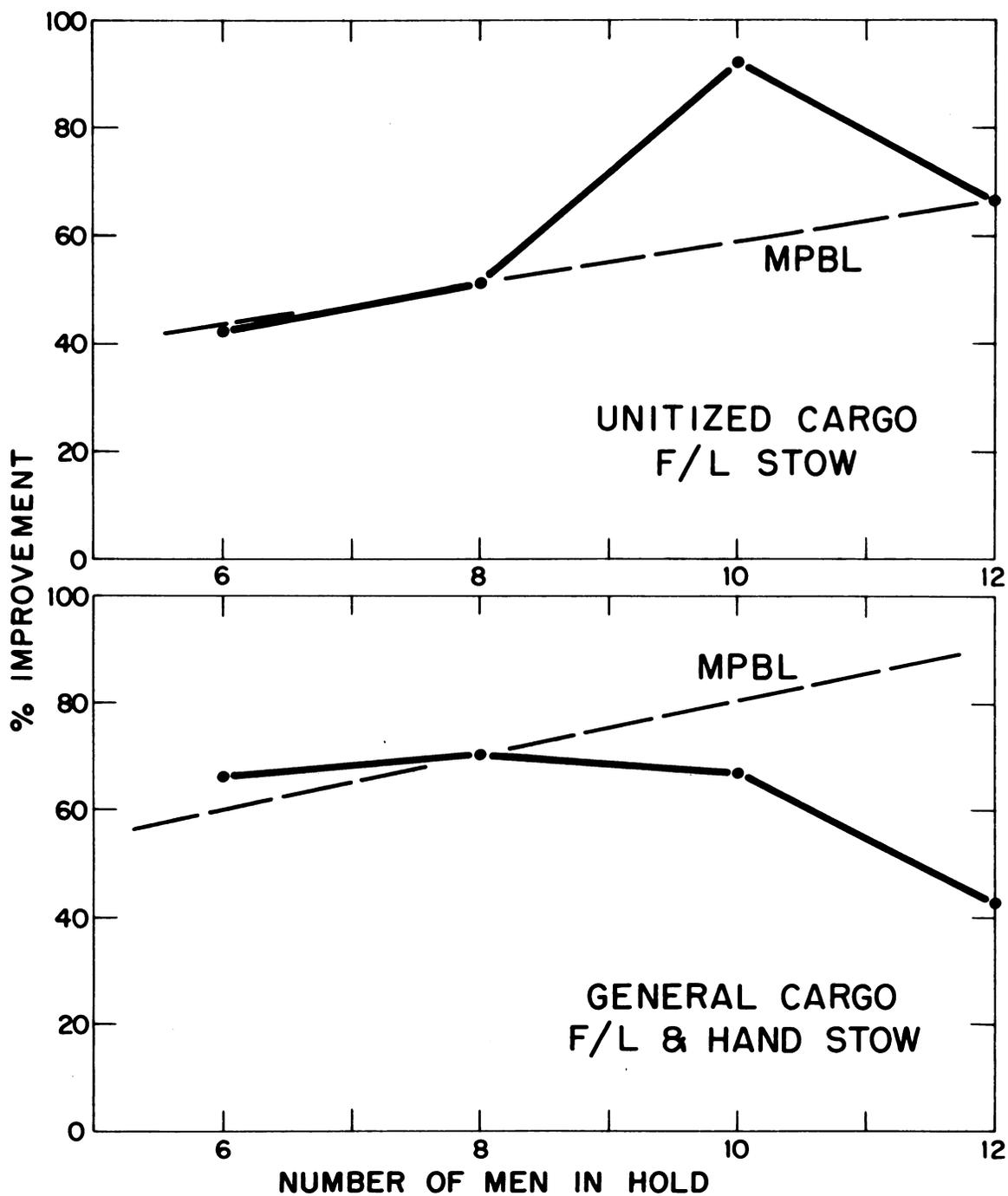
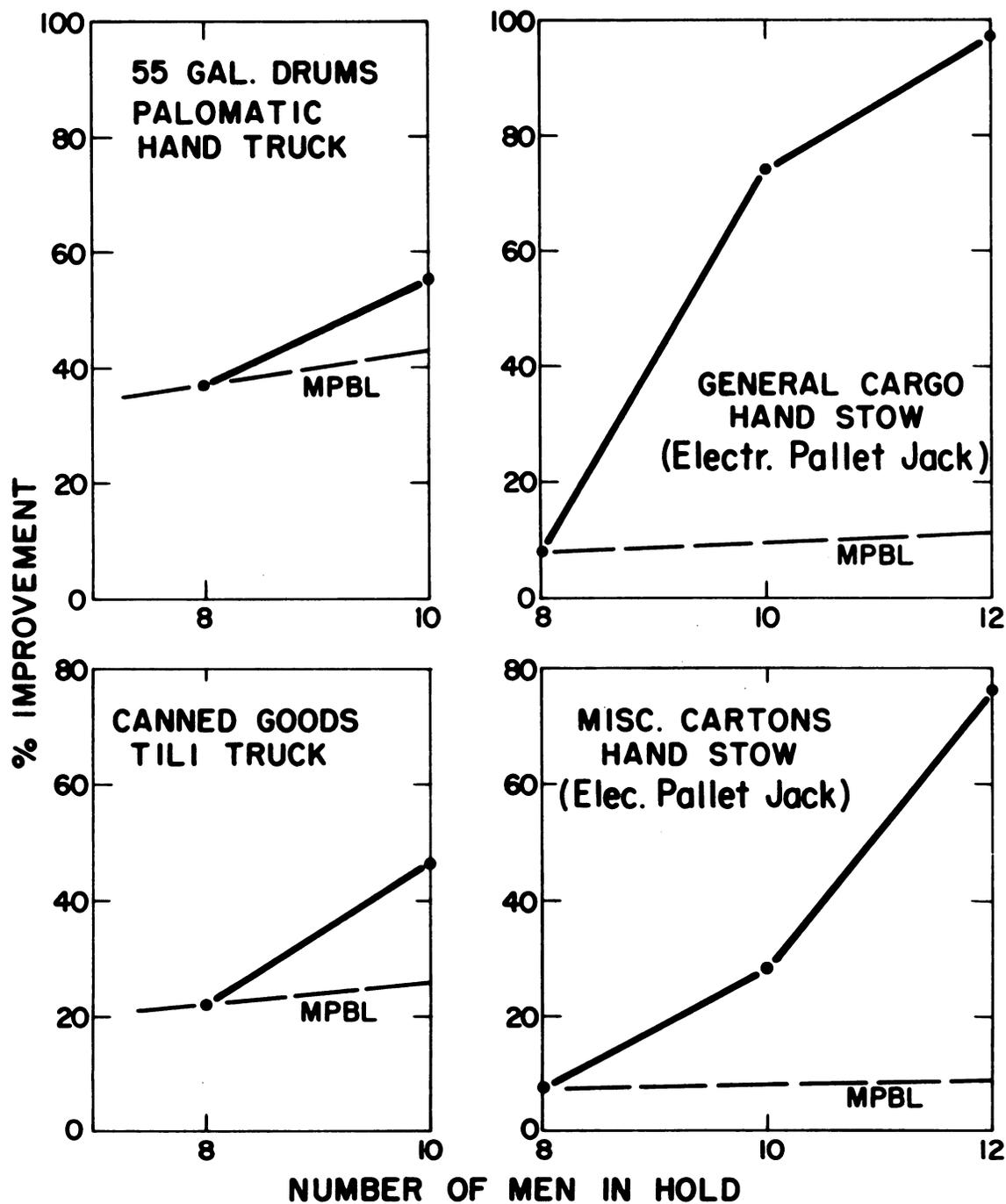


FIGURE III-6

% PRODUCTIVITY IMPROVEMENT VS. NUMBER OF MEN IN HOLD



2. This increase in productivity is possible not just in one way for each commodity but in a number of ways to satisfy the particular characteristics and needs of ships and shipping companies.

3. There is a substantial advantage in introducing mechanical handling devices for at least some of the operations.

4. There is a need to vary the number of people to fit the task.

5. There is a definite need to study and organize operations and operational planning for improvement, because improvement will not come by itself. Specific changes in planning for improvement which are most likely to contribute to an improved system are the subject of the Stevedoring Systems Study in which we are presently engaged.¹

Summary and Conclusion

Two studies have been presented in this chapter. The first was an analysis of what technological changes had taken place prior to the agreement. The second, an experiment conducted by the Maritime Cargo Transportation Conference to determine the possible savings which could accrue as a result of changed methods of operation.

Both studies were presented in order to indicate possible sources of pressure on the union negotiators; for these men had to realistically appraise those changes which had, and possibly could, result in fewer man-hours. They then had to reach a compromise with the employers.

¹National Academy of Sciences-National Research Council-Maritime Cargo Transportation Conference, Minutes of the Joint Meeting Port Study Committee and the Advisory Committees San Francisco Port Study Project of the Maritime Cargo Transportation Conference (San Francisco, California: February 28, 1961), pp. 22-34.

The ILWU reasoned, and the above studies substantiated the fact, that longshoremen were facing an inevitable decline in the number of jobs available to their membership. For, as was shown above, technological changes were replacing jobs which were without true work content and were maintained by enforcement of meaningless work rules.

The above analysis should be qualified in three respects:

1. The two studies presented in the preceding discussion were by no means the determining factors in the ILWU-PMA decision to cooperate in the introduction of modernizing methods of operation.

2. The leaders in the industry were fully aware that technological changes were being introduced, and were also cognizant of the implications of these changes before the above studies were made. And,

3. Agreement could have been reached had these studies not been made.

In conclusion, it should be noted, however, that while these studies were not determining factors, they brought into quantitative terms qualitative judgments circulating through the industry. For this reason, among others, they should be studied carefully.

TABLE III-8

KEY TO CARGO HANDLING EXPERIMENTS CODE

S. F. Com. --denotes the base rates calculated from the combined data collected at S. F. commercial terminals and Encinal, Howard and Oakland Army Terminal in East Bay.

Commodity Groups

- B. Bags and Sacks, either paper or cloth.
- C. Small boxes and cartons, under 10 cubic feet, of relatively consistent size and weight per load. This commodity group is characterized by relatively uniform, easily handled packages such as cartons of canned goods or cartons of paper products.
- D. Drums. This category includes only 55 gal. metal drums.
- G. General Cargo (Plunder). This group covers all cargo not otherwise classified or drafts of cargo which contain a mix of other categories.
- P. Palletized cargo. Included in this group is all cargo which is stowed on its pallet, whether or not unitized by strapping, gluing or tying.
- U. Unitized cargo. That cargo which is unitized by strapping, tying, etc., but is not stowed on a pallet. This class of cargo may have attached skids. Packages of over 40 and less than 200 cubic feet when handled singly are unitized cargo.

Equipment

- 0 - No Material Handling Equipment
- 2 - Standard Forklift (2h-hand stow from fork, 2ph-partial handstow)
- 4 - 4-wheeler
- 9 - Pneumatic drum hand truck

- 1 - Pallet Jack
- 3 - Special Forklift
 - a. equipped for TILLI (take-it-or-leave-it) pallets (3ah-hand stow from TILLI Fork lift).
 - b. equipped with Little Giant drum handling equipment.

Number of men and utilization

Number of men and utilization are shown by a three digit number. The first digit represents the number of men assigned in the hold (if 10 or more men are assigned, only the second digit of the number of men will be used in the classification number). The second digit of the classification number is the number of men assigned as receivers in the hatch square. The third digit of the number indicates the number of hold men on organized relief.

TABLE III-8 (Continued)
 REVISED SUMMARY OF CARGO LOADING EXPERIMENTS AND COMPARISON WITH S.F. COMMERCIAL

Abbreviations and Notes

No. Dr. - Number of drafts
 ST/CH - Short tons per gang hour
 ST/MT - Short tons per man-hour
 MT/CH - Measurement tons per gang hour
 MT/MT - Measurement tons per man-hour
 % Difference derived by the following formula $100 \left(\frac{\text{Expt'l}}{\text{Comm'l}} - 1.0 \right)$

Commodity	Method	No. Dr.	Production Rates						% Difference					
			ST/CH	ST/MT	MT/CH	MT/MT	ST/CH	ST/MT	MT/CH	MT/MT	ST/CH	ST/MT	MT/CH	MT/MT
100-1,2 Cnd. Gds.	S.F. Comm.	2752	18.4	1.31	22.1	1.58	18.4	1.31	22.1	1.58	-12.0	-35.1	1.4	-25.3
	C-0-220	52	16.2	0.85	22.4	1.18	16.2	0.85	22.4	1.18	57.4	15.6	76.9	28.2
	C-0-222	65	28.8	1.52	38.9	2.01	28.8	1.52	38.9	2.01	21.0	0.0	70.8	40.6
	CP-1-020	37	22.3	1.31	37.8	2.22	22.3	1.31	37.8	2.22	1.7	-16.4	21.4	0.0
	C-1-022	52	18.6	1.10	26.7	1.57	18.6	1.10	26.7	1.57	64.1	21.4	77.4	30.4
	C-1-220	39	30.2	1.59	39.2	2.06	30.2	1.59	39.2	2.06	6.8	-21.5	23.7	-8.7
	C-1-222	43	19.5	1.03	27.2	1.43	19.5	1.03	27.2	1.43	-22.6	-16.7	-23.7	-17.8
	CP-2-620	37	14.2	1.09	16.8	1.29	14.2	1.09	16.8	1.29	22.6	14.1	23.5	15.4
	CP-2-720, 820	232	22.4	1.50	27.2	1.81	22.4	1.50	27.2	1.81	23.1	1.7	80.8	49.0
	CP-2-020	76	22.7	1.33	39.8	2.34	22.7	1.33	39.8	2.34	35.9	11.7	27.3	5.0
	CP-2-022	62	24.9	1.46	28.0	1.65	24.9	1.46	28.0	1.65	75.6	29.2	47.9	9.0
	CP-2-220	78	32.1	1.69	32.5	1.71	32.1	1.69	32.5	1.71	3.4	-24.4	20.7	-11.0
	CP-2-222	90	18.8	0.99	26.5	1.40	18.8	0.99	26.5	1.40	21.7	13.4	16.5	8.9
	C-3a-820	174	22.3	1.49	25.6	1.71	22.3	1.49	25.6	1.71	43.9	18.2	28.0	5.5
	C-3a-020	103	26.3	1.55	28.2	1.66	26.3	1.55	28.2	1.66	47.9	21.5	45.9	20.3
	C-3a-022	133	27.1	1.59	32.1	1.89	27.1	1.59	32.1	1.89	18.6	-2.5	46.5	20.8
	C-4-020	43	21.7	1.28	32.2	1.90	21.7	1.28	32.2	1.90	4.2	-14.4	23.5	1.8
	C-4-022	57	19.1	1.12	27.2	1.60	19.1	1.12	27.2	1.60				

TABLE IIL-8 (Continued)

Commodity	Method	No. Dr.	Production Rates				% Difference						
			ST/CH	ST/MH	MT/CH	MT/MH	ST/CH	ST/MH	MT/CH	MT/MH			
100-7													
Misc. Ctms.	S.F. Comm.	1194	9.7	0.69	19.9	1.42							
	C-0-020	22	7.9	0.46	19.6	1.15	-18.2	-33.3	-1.6	-18.9			
	C-0-022	20	11.6	0.68	21.3	1.25	20.5	-1.5	6.8	-12.0			
	C-1-820	20	8.7	0.58	21.2	1.41	-10.1	-16.0	6.7	-0.4			
	C-1-020	57	9.6	0.57	22.3	1.31	0.2	-17.4	12.1	-7.6			
	C-1-022	29	6.0	0.35	28.6	1.68	-38.1	-49.3	43.6	18.4			
	C-1-222	43	16.1	0.85	34.9	1.84	67.3	23.2	75.6	29.5			
	C-2a-020	58	9.0	0.53	19.1	1.13	-6.6	-3.8	-20.7	-20.7			
	CP-2-620	37	29.4	2.26	33.0	2.54	205.0	227.5	65.8	78.7			
	CP-2-720, 820	208	18.3	1.22	33.8	2.25	90.2	76.8	69.9	58.7			
	CP-2-020	113	20.5	1.21	34.1	2.00	112.9	75.4	71.1	41.1			
	CP-2-022	56	13.0	0.76	36.0	2.12	34.4	10.1	80.7	49.0			
	CP-2-220	56	21.9	1.15	33.3	1.75	126.8	66.7	67.5	23.5			
	C-3a-820	52	17.2	1.15	23.6	1.57	78.5	66.7	18.5	10.8			
	C-A-020	24	10.4	0.61	28.5	1.67	7.5	-11.6	43.1	18.0			
	C-A-022	70	8.9	0.52	33.5	1.97	-7.7	-24.6	68.2	38.7			
200-3,6													
Bags & Sacks	S.F. Comm.	945	18.6	1.33	24.9	1.78							
	B-3a(h)-820	67	21.9	1.46	32.9	2.19	17.7	9.8	32.1	23.0			
	B-3a(h)-020	40	28.4	1.67	28.2	1.66	52.7	25.6	13.2	-6.8			
	B-3a(h)-022	37	43.3	2.55	21.6	1.27	132.8	91.7	-13.3	-28.7			
	BP-2-720, 820	280	24.7	1.65	35.3	2.35	32.8	24.1	41.8	32.0			

TABLE III-8 (Continued)

Commodity	Method	No. Dr.	Production Rates						Difference				
			ST/ GH	ST/ MH	MT/ GH	MT/ MH	ST/ GH	ST/ MH	MT/ GH	MT/ MH			
400-1													
Appliances	S.F. Comma.	732	7.0	0.50	43.7	3.12							
	G-1-820	20	7.9	0.53	38.4	2.56	13.4	6.0	-12.1	-17.9			
	GP-2-820	32	14.2	0.95	72.2	4.81	102.4	89.2	65.2	54.3			
	G-2-222	29	6.9	0.36	42.9	2.26	-1.1	-27.1	-1.9	-27.7			
400-2													
Furniture	S.F. Comma.	732	7.0	0.50	43.7	3.12							
	G-0-020	28	4.9	0.29	33.8	1.99	-30.8	-42.9	-22.6	-36.3			
	G-0-022	20	5.9	0.35	39.5	2.32	-16.1	-30.8	-9.7	-25.6			
	G-1-020	41	7.9	0.46	50.9	2.99	12.4	-7.3	16.4	-4.1			
	G-1-022	37	8.3	0.49	49.8	2.93	18.0	-2.7	14.0	-6.1			
	G-2-820	26	5.0	0.33	33.7	2.25	-29.2	-33.9	-22.9	-28.0			
	GP-2-820	95	7.3	0.49	43.3	2.88	3.8	-2.9	-0.9	-7.7			
	GP-2-020	104	7.1	0.42	48.0	2.83	1.6	-16.2	9.9	-9.5			
	GP-2-022	44	10.6	0.63	57.9	3.41	51.6	25.1	32.5	9.2			
	G-4-022	38	7.9	0.47	55.1	3.24	13.3	-6.6	26.2	4.0			
400-3													
Gen. Cargo	S.F. Comma.	2508	10.1	0.72	22.2	1.59							
	G-0-020	24	5.5	0.32	15.4	0.91	-45.8	-55.3	-30.6	-42.8			
	GP-1-820	23	8.7	0.58	24.0	1.60	-19.7	-19.4	8.1	0.9			
	G-1-022	24	13.3	0.78	44.0	2.59	31.6	8.5	98.2	63.3			
	G-1-222	66	13.0	0.69	43.8	2.32	28.8	-5.0	97.1	46.1			

TABLE III-8 (Continued)

Commodity	Method	No. Dr.	Production Rates						% Difference		
			ST/ CH	ST/ MH	MT/ CH	MT/ MH	ST/ CH	ST/ MH	MT/ CH	MT/ MH	
600-2 Bales	OP-1-020	32	15.1	0.69	24.8	1.46	49.3	23.1	11.9	-7.8	
	OP-2-620	34	16.8	1.29	22.1	1.70	66.4	79.4	-0.7	7.0	
	OP-2-720, 820	202	16.7	1.09	31.3	2.09	61.4	50.6	41.0	31.7	
	OP-2-020	196	15.9	0.93	38.0	2.23	56.8	29.3	71.0	40.9	
	OP-2-022	67	16.4	0.97	31.4	1.85	62.5	33.9	41.5	16.6	
	OP-2-220	44	10.1	0.53	35.6	1.88	0.3	-26.0	60.5	18.4	
	OP-2-222	60	11.6	0.61	28.0	1.47	15.0	-15.2	25.9	-7.1	
	O-4-022	27	13.5	0.80	46.9	2.76	33.8	10.3	111.4	74.1	
	OP-4-022	107	9.3	0.55	36.6	2.15	-7.6	-23.8	64.8	35.8	
	700 Drums	S. F. Comm.	1118	12.4	0.89	20.4	1.46				
G-2-220		36	8.9	0.47	86.8	4.57	-28.0	-47.0	325.3	212.7	
S.F. Comm.		622	21.2	1.51	22.4	1.60					
D-2-620		32	30.1	2.31	36.0	2.77	42.7	53.0	60.7	73.1	
1100-1 Strapped Lumber	D-3b-820	209	25.3	1.69	30.0	2.00	19.3	11.9	33.9	25.0	
	D-8-820	149	26.0	1.73	30.7	2.05	22.6	14.6	37.1	28.1	
	D-8-022	62	29.1	1.71	34.8	2.05	37.3	13.2	55.3	28.1	
	S.F. Comm.	52	33.9	2.42	54.1	3.86					
	U-2-820	28	29.0	1.93	62.1	4.14	-14.5	-20.3	14.7	7.2	

TABLE III-E (Continued)

Commodity	Method	No. Dr.	Production Rates						% Difference			
			ST/ GH	ST/ MH	MT/ GH	MT/ MH	ST/ GH	ST/ MH	MT/ GH	MT/ MH		
1300-4 Reels & Coils	S. F. Comm.	46	9.9	0.71	10.2	0.73						
	U-4-022	43	24.0	1.41	28.9	1.70	142.1	99.3	183.5	133.3		
1500 Vans	S. F. Comm.	420	21.0	1.50	72.1	5.15						
	V-2-020	19	45.4	2.67	171.4	10.08	116.2	78.0	137.7	95.7		
1600-4 Unitized Cargo	S. F. Comm.	464	12.5	0.89	45.6	3.26						
	U-2-620	32	17.8	1.37	48.5	3.73	42.4	53.9	6.4	14.4		
	PU-2-720, 820	33	18.9	1.26	63.6	4.24	51.2	41.6	39.5	30.1		
	PU-2-020	73	16.6	0.98	87.5	5.15	32.8	9.7	91.9	58.0		
	U-2-022	57	56.1	3.30	89.1	5.24	348.8	270.8	95.4	60.7		
U-2-220	80	20.7	1.09	43.2	2.27	65.6	22.5	- 5.3	-30.4			

TABLE III - 9
 COST COMPARISON BETWEEN CONVENTIONAL AND MCTC METHODS OF LOADING A TRANSPACIFIC MARINER IN THE BAY AREA

	Conventional Loading Method			Revised Loading Method		
	Hours	Rate	Cost	Hours	Rate	Cost
I. Direct Stevedoring Costs						
S. T. Gang Hrs. (Inc. fringe)	166	\$53.97	\$ 8,959.00	129	\$57.82	\$ 7,458.00
O. T. Gang Hrs. (Inc. fringe)	219	77.25	16,918.00	167	82.98	13,858.00
Total Direct Labor	<u>385</u>		<u>25,877.00</u>	296		<u>21,316.00</u>
S. T. Supervision--2 W.B. 1 S.C.	80	3.86	309.00	48		185.00
	40	3.72	149.00	24		89.00
O. T. Supervision--2 W.B. 1 S.C.	84	5.79	486.00	68		394.00
	42	5.58	234.00	34		190.00
Total Supervision	<u>246</u>		<u>1,178.00</u>	174		<u>858.00</u>
Machine Time	601	.93	559.00	1184	.93	1,101.00
Extra pallet cost						65.00
Total Direct Costs			<u>27,614.00</u>			<u>23,340.00</u>
Direct Savings						(\$4,276.00)
II. Total Ship Costs in Port			21,325.00			15,175.00
Total Loading Costs			<u>48,939.00</u>			<u>38,515.00</u>
Total Saving						(\$10,424.00)

CHAPTER IV

ILWU AND TEAMSTERS: JURISDICTIONAL DIFFICULTIES
AS A RESULT OF THE AGREEMENT

In negotiations leading to the present Mechanization and Modernization Agreement the parties were aware of the impact such a contract would have on the work opportunities of the teamster lumpers who had traditionally transported cargo from the truck to the dock and vice versa. But the parties in an effort to reduce the enormous costs created by the unnecessary operation of having all cargo touch the "skin of the dock"¹ in passing from Teamster to Longshore jurisdiction felt that their actions were necessary.

Another factor leading to a jurisdictional battle was the employer agreement to assign to longshoremen work on the dock that had previously been done by Teamster lumpers.

This quid pro quo plus the desire to eliminate multiple handling led to paragraphs 10 through 18 in the ILWU-PMA Memorandum of Agreement of October 18, 1960.

¹"Skin of the dock" is a term used to describe the surface of the dock. Therefore, when cargo is moved from a pallet to the "skin of the dock," it means that the cargo has been moved from the pallet onto the dock itself.

The provisions of this section follow:

- (1) There will be no multiple handling.
- (2) Longshore work shall include the following dock work between the first and last place of rest (unless waived by the Union, in writing):
 - (a) High piling or breaking down high piles
 - (b) Sorting
 - (c) Movement of cargo on the dock or in a terminal or warehouse
 - (d) The removing of all cargo from longshore boards
 - (e) The building of all loads on dock.

The above work shall be performed when ordered by the Employer. Longshore work on the dock, as outlined in this section, is left to the option of the Employer. The fact that such Employer option is provided for herein, does not require the Employer to perform such work, but Employers are hereby prohibited by this language from allowing others than Longshoremen to perform the work.

- (3) If jurisdictional difficulties arise in the application of the above, whatever jurisdictional agreements are reached shall not result in multiple handling.

The words "first place of rest" in the preceding paragraph shall not be interpreted so as to require multiple handling of cargo on either discharge or loading operations or movement of cargo on the dock or in a terminal, or to another dock, terminal or warehouse, i.e., no cargo delivered to a terminal for loading on a ship, car, or barge and no cargo arriving at a terminal by ship or barge leaving a terminal shall require multiple handling by longshoremen except as required by the Employer.

Cargo received on pallet, lift, or cargo boards, or as unitized or packaged loads, shall be considered as having fulfilled the "first place of rest" requirement when unloaded from the carrier at a place designated by the Employer, and shall not be rehandled before moving to ship's tackle unless so directed by the Employer. Cargo received for shipment but neither palletized nor

received as unitized or packaged loads and to be palletized before delivery to ship's tackle shall be palletized by longshoremen only (unless waived by the Union, in writing). Cargo discharged from a vessel on pallet, lift, or cargo boards or as packaged or unitized loads shall be considered as having fulfilled the "last place of rest" requirement, when it is dock stored just as it left the hatch. It may be removed by the consignee or his agent, without additional handling, unless de-palletizing is ordered or sorting is required by the Employer prior to such removal. After cargo has been placed on the dock after discharge from the vessel, any movement of the cargo to a railway car, any sorting on the dock after discharge from the vessel, any movement of the cargo to a railway car, any sorting on the dock, and any building of loads on pallet boards on the dock shall be done by longshoremen. This will permit the teamsters to load their trucks piece by piece from cargo boards after longshoremen have broken down piles and set loads to the tailgate, floor or loading platform.

Longshoremen will load or discharge trucks only when directed to do so.

High piling or breaking down high piles is longshore work. Outbound loads will be set down one lift high on the docks and then may be high piled only by longshoremen, if so required by the Employer. Inbound loads will be set down by longshoremen in lift loads suitable for placement on trucks.¹

This series of provisions, as was previously mentioned, were written into the Mechanization and Modernization Agreement with the intention of eliminating all double handling in the industry. That is, when a number of cartons were lifted out of the hold of a ship on a pallet the former rules required that each individual carton be

¹International Longshoremen's and Warehousemen's Union and the Pacific Maritime Association, Memorandum of Agreement on Mechanization and Modernization, October 18, 1960, quoted in The Dispatcher, October 21, 1960, p. 5.

removed from the pallet and placed on the "skin of the dock" before it was turned over to a truck driver or his lumber--who frequently reloaded the cartons on his own pallet. Conversely, a load on a pallet placed on the dock from a truck had to be unloaded to the "skin of the dock" and reloaded on the longshoremen's own pallet before being lifted into the hold.

The Teamster's Union objected to the multiple handling provisions of the new agreement on the grounds that they interfered with the job security of their members. They further stated that they would not recognize the contract.

The ILWU insisted that it was not interested in doing Teamster work and had no intention of doing any. The PMA stated that it did not want to become involved in any jurisdictional "beefs" between the ILWU and the International Brotherhood of Teamsters (IBT), and, therefore, would not order a longshoreman to do any teamster work.

The question then raised by the Teamster's Union was if the longshoremen had no intention of doing teamster work, and the employers had no intention of ordering longshoremen to do teamster work, for what possible reason would the ILWU and the PMA negotiate a contract which explicitly stated that, "longshoremen will load or discharge trucks only when ordered to do so." "Only when ordered to do so," said the Teamster officials. "Like hell." "You'll not do it at all,

and if you do, we'll have a picket line up before you know what happened."¹

Other issues revolved around the definition of jobs, the meaning of a high pile, and who was to break it down, the definition of "last place of rest," etc. Thus the problem revolved around the handling of break bulk cargo in which there had to be sorting for delivery or stowage. If the load came unitized the teamster could pick the complete load up and put it on his truck after it had reached its "last place of rest" without the cargo touching the skin of the dock. In other words, if the teamster were to take the load, pallet and all, there could be no dispute, because the longshoremen had admittedly sold to the PMA the past practice of placing this cargo onto the "skin of the dock."

In early March, 1961, the Employers tried to put this portion of the agreement into effect. The teamsters objected that these rules would cost them 300 jobs immediately and eventually 700 more.² The Teamster locals then struck in Los Angeles and later in San Francisco, virtually shutting down both ports.

The dispute was settled on March 13, 1961, when the PMA agreed to maintain the status quo with respect to teamster work from March 6 until October 31, 1961.

¹Statement made by Harry Bridges to the delegates of an ILWU Caucus, April 17, 1962.

²See "Automation Deal," Business Week (March 25, 1961), p. 56.

Thereupon, the ILWU, the Teamsters, and the PMA commenced negotiations in order to iron out the problem of who was to do the work. It should be interjected here that the PMA advised the Teamsters to negotiate some agreement with their employers to compensate for the loss of work resulting from the elimination of multiple handling. The teamsters, not having any contractual work rules similar to the ILWU, were, consequently, in a poor bargaining position. And, to the author's knowledge, no such agreement has been reached.

Basically all of the issues to be dealt with revolved around the Teamsters' Union's "historic" right to lump cargo moving between truck to dock and vice versa, the PMA's insistence on efficient operations, and the ILWU trying to keep work practices which had been negated only six months before.

During the course of the negotiations, Paul St. Sure, president of the PMA, stated that it was a problem between the Teamsters' Union and the ILWU, and that while the PMA would cooperate fully in helping the parties iron out their differences he did not want to involve the PMA. He also made one point very clear: That if the two unions could not iron out their differences the employers would introduce machinery which would eliminate the operation entirely.

As a result of these negotiations the ILWU and the Western Conference of the IBT entered into a Memorandum of Understanding on July 20, 1961, defining the work to be done by the respective unions.¹

The text of this agreement is as follows:

This Memorandum of Understanding is entered into between the undersigned Unions for the purpose of clarifying the work jurisdiction of the undersigned Union in the loading and unloading, handling and movement of cargo on the dock facilities owned or controlled by the members of the Pacific Maritime Association in those Pacific Coast ports where the International Longshoremen's and Warehousemen's Union represents longshoremen:

(1) Nothing in the Mechanization and Modernization Agreement between the PMA and the ILWU shall be construed to permit longshoremen to load or unload trucks, whether cargo is handled piece by piece or in unit loads; nor shall longshoremen be permitted to go aboard trucks.

(2) Cargo on the dock to be loaded on trucks. The handling of all cargo from the ship to a place of rest on the dock shall be recognized as the work of the longshoremen when such cargo is under the control of the steamship, terminal or stevedore operator; the handling of all cargo from the place of rest on the dock onto the truck shall be recognized as the work of the teamster when such cargo is under the control of the trucking or drayage company or shipper. More specifically:

(a) Any load being handled in single lift units (packaged loads, unitized loads, pallet loads), whether on a longshore board, a pallet board or a skip board, shall be loaded aboard trucks by teamster lift drivers, but all breaking down of high piles shall be done by longshoremen.

¹James R. Hoffa, Teamster president, was in San Francisco at the time of the negotiations, although he was not one of the signers of the July agreement.

(b) Loose cargo may be taken piece by piece to the truck by teamsters from the skin of the dock and

(1) put directly onto the bed of the truck, or

(2) put onto pallet boards on the truck, or

(3) on a loading platform, including the apron of the dock for the purpose of loading the truck. In this last case, the loaded boards shall be placed on the truck by teamster lift fork operators.

(c) Loose cargo may not be loaded onto pallet boards by teamster lumpers prior to arrival of the trucks.

(3) Cargo arriving at the dock on trucks, to be unloaded. The handling of all cargo from the truck to a point of rest on the dock shall be recognized as the work of the teamster when such cargo is under the control of the trucking or drayage company or shipper; the handling of all cargo from the point of rest on the dock to the ship shall be recognized as the work of the longshoremen when the cargo is under the control of the steamship, stevedore, or terminal operator. More specifically:

(a) Any load being handled as a unit (packaged loads, unitized loads, pallet loads) on any kind of board, shall be taken off the truck by the teamster lift truck operators and set down on the dock one lift high.

(b) Loose cargo may be taken off the truck piece by piece by the teamster or his lumper and put onto the skin of the dock at that point at which the trucking or drayage company or shipper releases control of cargo to the steamship, stevedore, or terminal operator.

(c) Loose cargo may not be taken off the truck and put onto any kind of a pallet or sling board alongside the truck or anywhere else

on the dock by the teamsters when the result of such operation is to have load go to ship to be stowed by longshoremen.¹

It should be noticed that under Section 3(b) and (c) the teamster must unload his loose cargo not onto a pallet where it would be ready for stowage, but onto the "skin of the dock" where a longshoreman must then pick it up and put it on a pallet. There is no reason why the teamster has to put the cargo onto the skin of the dock other than to create a longshore operation. The point here is that this section of the ILWU-IBT Memorandum of Understanding results in multiple handling. It would appear, therefore, that this portion of the Memorandum must necessarily violate the contract provision on multiple handling earlier. That is, "If jurisdictional difficulties arise in the application of the above, whatever jurisdictional agreements are reached shall not result in multiple handling."²

The author in an interview with Mr. J. A. Robertson, assistant to the president and secretary of the PMA, raised the above issue. His opinion was that while there is, no doubt, multiple handling written into the above Memorandum it is not within the PMA's jurisdiction.

¹International Longshoremen's and Warehousemen's Union and the Western Conference of Teamsters of the International Brotherhood of Teamsters, Chauffeurs and Warehousemen of America, Memorandum of Understanding, San Francisco, July 20, 1961. (Mimeographed and unpublished.)

²ILWU-PMA Memorandum of Agreement, October 18, 1960, op. cit.

He stated that the PMA negotiated a contract with the ILWU defining where longshore work begins and where it ends and that the Teamster Memorandum is compatible with this contract. He further stated that the expense of all double handling which takes place as a result of the Teamster Memorandum must be borne by the teamsters' employers who are not members of the PMA, and, therefore, the PMA is not interested.

At this point the reader should be presented with an additional problem arising under this memorandum.

In Portland, Oregon, the docks are owned and operated by a public authority which also owns all of the equipment on the docks. The ILWU local in that port leases all of the stevedoring equipment from the authority. Consequently, the ILWU local will only allow union members to operate this equipment. Therefore, in order for a teamster to unload his own truck he has to bring along his own lift jitney, or have a longshoreman do his lumping for him.

Thus we have a case where longshoremen load and unload trucks--an operation which undisputedly, on the basis of the July 20, 1961 memorandum, belongs to the teamsters. To quote from Section (3): "The handling of all cargo from the truck to a point of rest on the dock shall be recognized as the work of the teamster when such cargo is under the control of the trucking or drayage company or shipper. . . ."

The question to be asked now is whether or not the Teamsters' Union, on the basis of the Memorandum of Understanding, may come in and demand to do a job which has traditionally belonged to longshoremen.

The author presented this question to John Parks, president of the Portland local. He stated that while the teamsters have not made any effort to take over this operation, he was afraid that if work opportunities decreased in the future the Teamsters would demand the right to perform this work.

I then asked him if he would back a strike to keep this work if the rank and file of the local demanded such action. His statement was that he would, even if it meant violating the Teamster Memorandum of Understanding and the wishes of the International.¹

¹Personal interview with John Parks, President of Local 8, April 17, 1962. On April 17, 1962, an ILWU caucus voted to accept the Teamster Memorandum. The Memorandum passed, but the Portland delegation voted en masse against the Coast Committee's action. At the same time they presented the following Resolution to the delegates of the caucus:

"The July 1961 Teamster-ILWU Memo of Agreement has not been ratified by the membership of the longshore division of the ILWU. The said memorandum has materially affected the jurisdiction of longshore work as spelled out in the October 18, 1960, ILWU-PMA agreement.

The October 18, 1960 agreement is a legal and binding instrument as opposed to an extra legal Teamster-ILWU Memo of Agreement.

The rank and file members of the longshore division of the ILWU are the originators of all agreements covering longshore work.

The point to be made on the above discussion is that this Memorandum of Understanding has not solved the jurisdictional difficulties on the Pacific Coast waterfront; and may very well be the cause of a major dispute in one port.

On October 25, 1961, just six days before the lifting of the status quo on multiple handling, Mr. L. B. Thomas, a Coast Labor Relations Committee member, sent a teletype message to all major locals stating that the CLRC expected a great deal of "confusion and misunderstanding" as a result of the Teamster Memorandum. He then recommended: "that where they (the local) feel our contract is being violated they immediately take the matter up under the grievance machinery so as to minimize the amount of friction and confusion that is bound to occur."¹

Subsequently, and as a result of the changes in operations, grievances began to pour into the Port Labor Relation Committees' offices up and down the coast. The

THEREFORE BE IT RESOLVED that the April 1962 long-shore caucus return as unratified to the teamsters' union the July 1961 Teamster-ILWU Memo of Agreement, and reject said agreement, or present said agreement to the rank and file members of the longshore division of the ILWU for rejection or ratification.

SUBMITTED BY

Local 8, Portland, Oregon

The resolution was overwhelmingly defeated. And, at the time that the resolution was being voted on, Harry Bridges labeled it "sabotage by referendum."

¹Teletype from L. B. Thomas to all major locals on the Pacific Coast. (Mimeographed and unpublished, dated October 25, 1961.)

port most affected by the elimination of multiple handling was Local 13 from Wilmington, California--the Local which serves Los Angeles and Long Beach Harbor. This was the scene of most of the transitionary disturbances, because of their past practice of having every piece of cargo touch the "skin of the dock" before a teamster would be allowed to move it.

It should be noted here, to the credit of Local 13, that the officers and members have done everything possible to obey this portion of the Mechanization and Modernization Agreement, but insist that the employers also obey the letter of the contract. As a consequence, they are quick to file grievances with the Port Labor Relations Committee for any nonconformance on the part of the employer.

For example, during the month of November, 1961, four cases reached arbitration from Local 13 involving the issue of teamsters doing longshore work. And in all of the cases the area arbitrator found that the employer had instructed teamsters to do longshore work. In one opinion, the arbitrator wrote, ". . . the Employers are aware of the fact that, in the last week, in similar disputes, Interim Rulings have been issued, holding that this type of operation is contrary to the provisions of Section #18, and is longshore work. . . ." ¹

¹In the Matter of a Controversy between ILWU Local 13, Complainant, and PMA, Respondent, November 22, 1961, case decided November 27, 1961. (Unpublished and typewritten.)

The point is that we do not find the union grudgingly trying to hold on to past practices, but rather the employer knowingly assigning work to teamsters in violation of the contract.

Another problem posed in the transition was the fact that the employers, particularly in the San Pedro area, were manning their operations on the theory that as long as they could direct work practices they could direct longshoremen, teamsters or anyone else they pleased. The above reason along with the fact that the Teamster officials did not instruct their rank and file members as to the provisions of the new agreement with the ILWU was the cause of the many jurisdictional disturbances at that time.

This problem concerned the delegates of the April 1962 caucus to an extent that they spent two days discussing their jurisdictional difficulties with the Teamsters' Union.

Another less obvious reason presented by the delegates to the April, 1962 longshore caucus for jurisdictional disturbances in Southern California was the fact that the Marine Clerks, also members of the ILWU, would not allow teamsters who had been assigned to do longshore work, to pick up the cargo. They would notify the ILWU business agent who would then institute appropriate action.

Prompted by this the PMA's Southern California area manager

issued a notice to all terminal operators giving them specific instructions concerning jurisdictional disputes. In this letter the PMA advised all terminal operators, ". . . that you instruct all clerks working for your terminal that such action on their part is grounds for dismissal from the payroll"¹ (see Exhibit IV-1).

Here we see the PMA advising the terminal operators to fire any clerk who refused to allow a teamster to do longshore work. Granted, it could be argued, that clerks have no authority to decide jurisdictional issues even when their judgment is correct. The fact remains, however, that the employers were, knowingly and willingly, assigning work to teamsters in obvious violation of paragraphs 10 through 18 of the mechanization contract after the November decisions by the union arbitrator. (Note the date of the PMA letter.)

Thus we have come across the paradoxical situation where (1) the Union after signing a contract giving up multiple handling makes an arrangement with the Teamsters' Union explicitly stipulating that double handling must continue. And further, opening the Port of Portland to inroads by the Teamsters' Union on jobs which had traditionally belonged to longshoremen. And (2) the Pacific Maritime Association circumventing the terms of the October 18, 1960

¹Letter from J. D. Mac Evoy, Area Manager, Pacific Maritime Association, Southern California Area to all Terminal Operators in that area.

PACIFIC MARITIME ASSOCIATION

SOUTHERN CALIFORNIA AREA

750 BROAD AVENUE

WILMINGTON, CALIFORNIA

December 18, 1961

BULLETIN NO. 158

TO TERMINAL OPERATORS:

SUBJECT: JURISDICTIONAL DISPUTES

Several instances have recently been called to the attention of this office in which individual Marine Clerks have taken it upon themselves to advise teamsters that they cannot pick up certain cargo from the docks because of continuing lack of clarification of certain aspects of the last place of rest.

It is unnecessary to point out to you the possible liability involved when one of your employees in effect refuses to permit a teamster to pick up cargo from your terminal.

May we request that you instruct all Clerks working for your terminal that such action on their part is grounds for dismissal from the payroll. Disputes involving the last place of rest should be referred to the appropriate representatives of the Longshore Union and Pacific Maritime Association.

Very truly yours,

J. D. MacEvoy
Area ManagerJDM:ae
Distr. 9

Memorandum of Agreement which specifically defines what a longshore operation shall be and what distinguishes a longshore operation from a teamster operation.

All is not black and white, however, and the author hopes that the reader has not been misled by the above analysis; because the jurisdictional distinctions are highly complex and as a result there is a large area where the parties may be in disagreement.

A last comment to be made in this section is that as long as the ILWU of the IBT (almost universally on the local level) fight each other for every change to be made under the Teamster Memorandum there will be little likelihood of an immediate solution to the jurisdictional problems.

CHAPTER V

PROBLEMS WITH THE INTERNAL REVENUE SERVICE

After the delegates of the International Longshoremen's and Warehousemen's Union's Pacific Coast Caucus recommended acceptance of the mechanization plan, it was still dependent on three contingencies. One, it had to be ratified by the members of the Pacific Maritime Association. Two, it had to be approved by the Union membership in a secret referendum ballot. And three, the Internal Revenue Service had to assure the Employers that their contributions to the Fund would be currently deductible for income tax purposes.

The first two conditions were met by January of 1961. The third threatened the success of the plan until September of the same year. The Internal Revenue Service's reluctant approval did not affect either the amount of the employer contributions or the benefits which the parties had agreed upon. But, according to Harry Bridges, president of the ILWU, their ruling has made the administrative aspects of handling the benefits far more difficult than the parties had previously anticipated.

What the ruling required was that Pacific Maritime Association funds, instead of going into a single fund as

was originally negotiated, must now be split three ways.

1. That portion to pay death and disability benefits now be placed in the Welfare Fund.

2. That portion for guaranteed wages must be now placed in a new fund established exclusively for that purpose. And,

3. That portion for retirement and vesting benefits may only be turned over to the trustees as it is needed.

The tax problem which the parties encountered stemmed from the hybrid nature of the benefits which were made available from the mechanization fund. In part, the benefits were in the nature of conventional welfare payments, in part pension benefits, and finally, a guaranteed weekly wage.

The parties had little difficulty gaining approval on their commitments regarding the guaranteed wage and the death and disability benefits.

These contributions were recognized as conventional welfare benefits containing the "contingency" element which distinguished them from deferred compensation. That is, these funds were no longer to be included in the mechanization fund but were to become part of the established ILWU-PMA Welfare Fund. There were, however, serious problems with respect to the vesting benefits.

The Internal Revenue Service, with regard to the guarantee of minimum weekly earnings, immediately concluded

that the benefits were comparable to the supplementary unemployment insurance available in the automobile industry. This was made notwithstanding the distinctions which the ILWU had drawn between the two in publications circulated among its members. The Internal Revenue Service viewed the right to this benefit contingent, since a reduction in work opportunity must first occur before the benefit is payable. That is, the event depends upon the development of factors over which there is no direct control. Therefore, under such circumstances, benefits to alleviate hardship when only partial employment is available are not distinguishable from benefits intended to ameliorate the consequences of unemployment. Thus there was no need to tie the guaranteed earnings benefit into the state unemployment insurance system.

The possibility of no benefits being paid at the end of five and one-half years from the ten million dollars to be collected in the above fund was also ruled upon. This eventuality, the Internal Revenue Service stated, would not impair the employers' right to deduct contributions. However, the final documents had to provide for an alternative use upon termination. This was necessary in order to establish that the fund would not revert back to the employers at the end of the period. And, further, that it would be used in a fashion consistent with the bases on which the plan was originally cleared.

One problem arose out of this benefit. Under Section 162 of the Internal Revenue Code only the person who is the direct employer of the beneficiary is eligible to deduct the contributions as a necessary business expense. That is, only the contract stevedores and terminal operators would be eligible to deduct payments into the Fund. The steamship operators who do not perform their own stevedoring function, therefore, would not be eligible.

The lawyers representing the PMA and the ILWU argued at length on the industry's practices, the relationship between the contract stevedores and their steamship principals and the direct obligation assumed by the steamship companies by reason of their membership in the Pacific Maritime Association. These factors did not, however, incline the Internal Revenue Service to modify its initial view. They remained firm in their position that the statute required recognition of the contribution as compensation for services rendered by the employers for the account of his employer.

The parties were able to circumvent this ruling by having the stevedore contractor add the steamship company's share to his stevedoring fee. He would then turn this amount over to the PMA to be transferred into the Fund. This created a problem. If the stevedore contractor were to become bankrupt after having been paid by the steamship

principal but before remitting the contribution to the Fund the money would probably be lost.

The Internal Revenue Service allowed the parties to obviate this hazard by ruling that the steamship companies could make payment direct to the Fund for the account of the contract stevedore. The contract stevedore would then bill the steamship company for this sum together with such charges as he may assess for services rendered.

While this procedure is cumbersome, it allows for the minimization of risk by reason of possible bankruptcies. And, furthermore, it circumvented a situation which could have led to the demise of this provision.

The "vesting benefit," as was originally conceived in the Mechanization and Modernization Agreement, created a unique tax problem. One, because the contribution required to cover its costs was not susceptible to clearance under Section 162 of the Internal Revenue Code. This was because the vesting benefit, as conceived in the mechanization agreement, would be paid whenever a qualified longshoreman chose to withdraw from the work force. Thus it was lacking the contingency element usually required for clearance under Section 162. And, two, the contribution for the vesting benefit, as it was then conceived, could not be cleared under Section 404 of the Internal Revenue Code. That is, since the benefit was not payable as part of a qualified pension or deferred compensation plan, it would

not qualify under the above section. And the necessary contributions would exceed the allowable deduction for contributions to such plans.

The parties were then faced with four possible courses of action.

1. They could file a formal request for ruling in order to ascertain whether it was possible to receive clearance without the necessity of engaging in further negotiations;

2. Negotiate a contingent benefit in lieu of the vesting benefit.

3. Recognize the vesting benefit as a form of early retirement and make the same a part of the ILWU-PMA Pension Fund, and/or

4. Seek special legislation pertaining to the Mechanization and Modernization agreement as a whole.

Realistically, courses one and four were not open to the parties. Each would have been time consuming, and there could be no reasonable expectation that either course would result in success.

The second and third alternatives were at that time more practical. These, of course, would have required further negotiations. Effort was then made to implement the second course of action, which was substantially compatible with the commitment already negotiated.

The second course of action did not, however, present a realistic alternative because it would not have satisfied in practice the objectives which the ILWU hoped to achieve.

Negotiations with the Internal Revenue Service continued on a piecemeal basis through the first eight months of 1961. These discussions led to a deadlock. And it appeared possible that the Internal Revenue Service would not issue a favorable ruling on the vesting principle. It also became apparent that the Internal Revenue Service had no inclination to assist the PMA-ILWU efforts in this field, notwithstanding the fact that the Mechanization and Modernization Agreement's intention was to secure objectives generally recognized as socially desirable.

At this point the Department of Labor intervened. It argued that if the Internal Revenue Service did not give the ILWU-PMA mechanization plan a favorable ruling a disastrous precedent would be set.

Here we find one government agency battling another. Not because of the social consequences involved, but rather, according to Dr. Lincoln Fairley, research director for the ILWU, because the railroad interests were anxious to solve their own work rule problems through a similar formula.

Subsequently, the Internal Revenue Service decided that the Employers would deduct those moneys paid toward the vesting right. This decision was made on the

stipulation that the payments be made directly from the PMA, acting as collecting agent, to the trustees as the need to reimburse a qualified employee arose.

Thus, there has been no fund set up to handle vesting benefits. As a consequence, the PMA and the ILWU are experiencing difficulty in taxing non-PMA members for their share of the vesting benefit.

At the time of writing the problem has not been solved, but the parties express confidence that a satisfactory solution will be reached.

**PART III. SURVEY OF WHAT PARTIES HAVE
ACCOMPLISHED**

CHAPTER VI

PROBLEMS OF IMPLEMENTATION

Introduction

The purpose of this chapter is to analyze the more than two hundred and twenty-five arbitration cases which have moved through the ILWU-PMA grievance machinery since January of 1961. This is done in an effort to determine on what issues and in which localities the parties have had their greatest difficulties in implementing the many provisions of the Agreement.

In order that a more meaningful analysis may be presented in the subsequent discussion, however, it is necessary to have a general knowledge of the ILWU-PMA grievance machinery, and an understanding of what the longshoreman's relation is to the grievance procedure.

To begin with longshore work is unique in that the employees are divided into gangs who work as a unit on all jobs. Each gang is a separate entity and a particular employer may expect to have varying degrees of cooperation and efficiency from one gang to another. For this reason, gangs become known for the type of men that comprise them. Thus we may have what could be called an "efficient" gang, a "fast" gang, a "goof-off" gang, a "drunk" gang, etc.

Therefore, the amount of grievances which the Port Labor Relations Committee might have to review will probably vary with the type of gang (or gangs) employed. For example, an efficient or a fast gang might not complain if the sling load is a hundred or so pounds overweight, where another gang will refuse to work until the load has been "skimmed" down, or will use any infraction as a gimmick to stop work while the grievance is being adjusted.

Another factor which makes longshoring unique is that while one is waiting for the grievance to be settled there is no work being done on the job. In other words, while the grievance is being pressed the work waits until some settlement has been reached, thereby putting tremendous pressure on the employer to settle the matter quickly, even to the point of giving in to the men.

Under the new contract, however, the longshoremen are supposed to work "under protest" while the grievance is being adjusted. This also applies to the Employer who, under the contract, is supposed to continue to operate until some settlement has been reached. This flexibility is one of the key features of the Mechanization and Modernization Agreement, because no longer, theoretically at least, will the longshoremen be able to settle a dispute by a job action, something which was very common and popular not too many years ago.

Another important point to be made here is that in the longshore industry the grievance has to be settled on the spot. For if it isn't, when the ship sails the grievance departs with it, thereby leaving no redress for the aggrieved longshoreman or his employer.

Because of the uniqueness of its problems, the industry has designed a special procedure through which a grievance may be adjudicated as quickly as possible. (This procedure is outlined on the following page.) Thus most issues are settled on the Joint Port Labor Relations Committee level, or are immediately referred to the Area Arbitrator. This way, the Area Labor Relations Committee is by-passed.

The Area Arbitrator once given the case (usually in a matter of hours after the machinery has been set in motion) issues an Interim Ruling. He then either makes it final and binding or else refers the matter to the Joint Coast Labor Relations Committee for final review. Seldom does a dispute reach the Coast Arbitrator.

Thus if one wished to gain a complete picture as to what is happening within the grievance machinery they would have to scrutinize the entire procedure. But, because grievances which are of any import generally reach the Area Arbitrators, one may gain a fairly comprehensive view of what is happening within the industry by examining their reports.

FIGURE VI-1

ILWU-PMA GRIEVANCE PROCEDURE

- STEP 1. Union Representative
Gang Steward and his
Supervisor attempt to settle with
Employer Representative,
Walking Boss or Dock
Foreman,
if no agreement is reached,
- STEP 2. Business Agent attempts to settle with
Company Representative
and/or PMA Representative.
If this attempt fails, then the
grievance is written out and is
then considered by:
- STEP 3. Joint Port Area Labor Relations Committee:
Failing at this level the case is then reviewed by
- STEP 4. Joint Area Labor Relations Committee:
If agreement is not possible at this level, the
grievance is then sent on to the
- STEP 5. Area Arbitrator:
who has jurisdiction over all local rules. If one
or the other party feels that the decision contra-
dicts a provision of the main contract--or if the
grievance involves a coastwise issue, it is then
sent on to the
- STEP 6. Joint Coast Labor Relations Committee:
who review the case, and if they are still unable
to agree the grievance is passed on for a final
and binding decision to the
- STEP 7. Coast Arbitrator:
who makes a final and binding decision.

Statistical Methodology

The author, in an effort to detect some of the internal factors impeding the development of the Mechanization and Modernization Agreement first compiled a series of the grievances reported to the Joint Port Labor Relations Committees. These were found, however, to be so voluminous that no meaningful analysis could be made of them on a coastwide basis. A second, but by no means lesser, factor deterring the use of the Port Labor Relations Committees' reports was the fact that most cases settled at this level are insignificant for our purposes. For these reasons the author decided that the next best thing would be to examine the Area Arbitrators' Reports to determine where the problems were and on what issues they revolved.

Before presenting the results of this investigation two points should be made: one has to do with method, the other with PMA policy. First, in examining the reports the author found that although the arbitrator ruled on one case and only made one decision a great number of issues were involved.

An illustration would tend to clarify this point.

Assume that an employer wished to increase the weight of his sling load, as he may under the agreement if he meets certain specified conditions. Assume now that the longshore gang objects to the increased weight and refuses to work the heavier load--this position alledges

that the increased weight would result in an individual speed-up, create an onerous task, and furthermore would cause unsafe working conditions. After expounding all of their complaints to the employer they state that they will not work the heavier load. The employer then orders them to work as directed, they refuse; for this the employer fires the gang.

At this point the gang steward calls the Joint Port Labor Relations Committee who come down to the dock in order to settle the dispute. They are unable to agree and subsequently summon the Area Arbitrator. The arbitrator arrives and is faced with the following issues:

(1) sling load limit, (2) safety, (3) speed-up, (4) onerousness, (5) refusal to work as directed, (6) unjust firing, and (7) manning scale. Thus we see the arbitrator making only one decision, but making that decision on a combination of issues.

As a consequence, the author was faced with the problem of overlapping issues and the resulting duplication within the statistical series. And because no one issue could be taken out of a case the author decided that in the interest of being consistent all relevant issues should be included in the analysis. For this reason, in the tables that follow, there are many more decisions listed than were actually and explicitly decided.

But, it should be remembered that when the arbitrator makes a decision on one issue he is implicitly deciding the other issues also. To illustrate, in the example previously cited assume that the arbitrator ruled the load unsafe. On the basis of that decision he would implicitly state that the men were also unjustly fired when they refused to work as directed.

A second problem which the author faced was the PMA policy of instituting changes on a port rather than on a coastwide basis. This policy was adopted in order that grievances resulting from changed operations would build a framework of precedents through which subsequent changes could be adopted on a coast basis with a minimum of friction. As a consequence, a large number of grievances have arisen in one port while other ports have been void of any disputes on that particular issue.

Time has played a part in removing this bias toward one area or another, but it has placed a formidable impediment to any general conclusions which could be formulated from the subsequent analysis. Thus it is necessary to preface the following section with the thought that any generalization as to the problems involved in implementing the agreement are only tentative at best.

Analysis

Table I presents the arbitrators' decisions divided into issues during the year 1961 and the first three months

TABLE VI-1
 ARBITRATION CASES BY ISSUE FOR WEST COAST 1961 TO APRIL 1962

ISSUE	UNION	PERCENT OF TOTAL	DECISION				PERCENT OF TOTAL	
			EMPLOYER TOTAL	PERCENT OF TOTAL	SPLIT OR NO RULING	PERCENT OF TOTAL		
MM Agreement	47	31.5	41	29.3	12	29.2	100	30.3
Manning	33	22.1	32	22.9	10	24.4	75	22.8
Safety	14	9.4	17	12.1	2	4.9	33	10.0
Onerous Work Load	16	10.7	13	9.2	4	9.8	33	10.0
Sling Load Limit	4	2.7	2	1.4	1	2.4	7	2.1
Four-on, Four-off	0	---	1	.7	0	---	1	.3
Eight-hour Guarantee	4	2.7	0	---	1	2.4	5	1.5
Jurisdiction	12	8.2	8	5.8	2	4.9	22	6.7
Building Loads on deck	2	1.3	0	---	1	2.4	3	.9
Breaking High File	3	2.1	1	.7	1	2.4	5	1.5
Job Action or Unjust Firing	13	8.7	22	15.7	3	7.3	38	11.5
Refusal to Work as Directed	11	7.3	18	12.9	3	7.3	32	9.7
Penalty Rate	23	15.4	10	7.2	4	9.8	37	11.2
Other	14	9.4	16	11.4	9	22.0	39	11.8
Total Issues	149	100%	140	42.4%	41	100%	330	100%
		45.1%				12.5%		100%

of 1962 for the coast as a whole. We see from the table that roughly 30% of the total cases involved the Mechanization Agreement, and that 47 of the 100 cases were decided in favor of the union, 41 for the employers, and 12 resulting in either split decisions or no ruling issued at all. These figures are significant because they indicate the union's resistance to many of the changes which the employers have attempted to adopt. And the union's success in a plurality of the cases further discloses that their efforts have not been in vain.

Another issue worth noticing is manning. We see that approximately 23 per cent of the cases decided involved the number of men to be used on a job--almost double any other issue reaching arbitration. Thus we see the union's insistence on following the principle that operations may be changed only when the employer is willing to add either men or machines.

A good portion of the other issues were raised as a result of the manning question. These issues were safety, overousness, sling load limit, and refusal to work as directed. While it is impossible to determine the exact percentage of issues which arose out of the manning question it is important for our purposes to know that many were contingent on how many men were to be employed on a job.

A last point to be made for the coast is that the union won a plurality of the cases brought to arbitration.

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With this as a basis, one could logically conclude that many of the questions raised by the union were founded on fact. Or in the language of the vernacular the men were not pressing "bum beefs."

Because so little could be seen from the Coast data the author decided that it would be in the best interest of clarity to divide the Coast into areas--the purpose being to determine if any locality had a more than proportionate share of grievances, and, if so, around what issues they revolved.

Table II presents the arbitration cases by issue for Southern California. Of the 142 cases decided by the arbitrator only 38 were concerned with the Mechanization and Modernization Agreement--a drop of over 3 per cent from the coast figure. The two most important issues decided in Southern California were Manning Scales and the determination of penalty rates at 17.6 per cent and 14.1 per cent of the total cases respectively. The question of safety was also an important issue accounting for 12 per cent of the total cases.

The large amount of grievances relating to manning in Southern California could be explained by the fact that much of the longshore work was a direct result of a local work rule which required double handling of all cargo. And when the union in November of 1961 lost this rule over 50 per cent of the longshore work done on the docks was

TABLE VI-2
 ARBITRATION CASES BY ISSUE FOR SOUTHERN CALIFORNIA 1961 TO APRIL 1962

ISSUE	UNION	PERCENT OF TOTAL	DECISION		EMPLOYER	PERCENT OF TOTAL	SPLIT OR NO SPLIT	PERCENT OF TOTAL	TOTAL	PERCENT OF TOTAL
			PERCENT OF TOTAL	PERCENT OF TOTAL						
MIM Agreement	19	27.1	16	29.1	3	17.6	38	26.7		
Manning Scale	11	15.7	10	18.2	4	23.5	25	17.6		
Safety	9	12.9	6	10.9	2	11.8	17	12.0		
Excess Work Load	7	10.0	6	10.9	1	5.9	14	9.9		
Sling Load Limit	2	2.9	2	3.6	0	---	4	2.8		
Four-on, Four-off	0	---	0	---	0	---	0	---		
Eight-hour Guarantee	1	1.4	0	---	0	---	1	.7		
Jurisdiction	9	12.9	3	5.5	0	---	12	8.5		
Building Loads on Deck	2	2.9	0	---	0	---	2	1.4		
Breaking down high pile	3	4.3	1	1.8	0	---	4	2.8		
Job Action or Nojust Firing	4	5.7	7	12.8	2	11.8	13	9.2		
Refusal to Work as Directed	5	7.1	4	7.3	2	11.8	11	7.6		
Penalty Rate	11	15.7	8	14.5	1	5.8	20	14.1		
Other	19	8.5	8	14.5	5	29.4	19	13.4		
Total Issues	70	100%	55	100%	17	100%	142	100%		
		49.3%	38.7%			12.0%		100%		

eliminated. This necessarily caused a certain amount of dissension among the rank and file, thus placing pressures on the local officers to fight any proposed changes under the contract.

In all but two issues the union was able to win more cases than the employers. A fact apt to hold some significance. However, it is possible that this assertion has very little meaning. Nevertheless, it is a fair indication of the legitimacy of the union charges.

Table III presents the data for Northern California. Here we see an all-together different picture emerging. Grievances involving the Mechanization and Modernization Agreement accounted for over 42 per cent of the total cases reaching arbitration--with the union only able to win 13 of a possible 33 grievances. An observation holding significance because Northern California was the only area where the arbitrator ruled for the employers in a majority of the cases decided.

This would be empirical evidence to substantiate an allegation that there was more resistance to the agreement in Northern California than in the other areas subject to the agreement.

We may also note in support of this conclusion that in Northern California almost 36 per cent of the grievances brought to arbitration concerned manning scales. This figure being contrasted to 17.6 per cent for the coast as a

TABLE VI-3

ARBITRATION CASES BY ISSUE FOR WORKERS IN CALIFORNIA 1961 TO APRIL 1962

ISSUE	UNION	PERCENT OF TOTAL	DECISION			PERCENT OF TOTAL	PERCENT OF TOTAL	PERCENT OF TOTAL
			EMPLOYER	PERCENT OF TOTAL	SPLIT OR NO BILLING			
M&M Agreement	13	40.6	16	43.2	4	44.4	33	42.3
Manning Scale	12	37.5	13	35.1	3	33.3	28	35.9
Safety	0	---	3	8.1	0	---	3	3.8
Onerous Work Load	6	18.8	3	8.1	1	11.1	10	12.8
Sling Load Limit	0	---	0	---	0	---	0	---
Four-on, Four-off	0	---	0	---	0	---	0	---
Eight-hour Guarantee	2	6.3	0	---	0	---	2	2.6
Jurisdiction	3	9.4	1	2.8	1	11.1	5	6.4
Building Loads on Dock	1	3.1	0	---	0	---	1	1.3
Breaking Down High File	1	3.1	0	---	0	---	2	2.6
Job Action or Unjust Firing	1	3.1	5	13.5	0	---	6	7.7
Refusal to Work as Directed	1	3.1	7	18.9	0	---	8	10.2
Penalty Rate	4	12.5	2	5.4	1	11.1	7	9.0
Other	1	3.1	3	8.1	2	22.3	6	7.7
Total Issues	32	100%	37	100%	9	100%	78	100%
		41.0%		47.5%		11.5%		100%

whole, 22.8 per cent and 20.4 per cent in Southern California and the Northwest respectively would again indicate a higher degree of antagonism to the agreement among the Northern California locals.

Attention should also be directed to the fact that Northern California was the only area not to win a majority of the cases decided on this issue. Furthermore, there has been more unrest in Northern California than elsewhere as is indicated by the fact that of the six cases which involved work stoppages five were decided for the employer. And of the eight cases concerning refusals to work as directed the union was ruled to be at fault in seven of them.

At this time the reader should be reminded of the Pacific Maritime Association's policy of instituting changes on a port rather than on a coastwise basis. For the Port of San Francisco (the largest and most important on the West Coast) has been the Pacific Maritime Association's testing ground for altering operations. Therefore, one should expect a more than proportionate degree of resistance in Northern California.

Thus any overall conclusions about Northern California, and more specifically San Francisco, would have to be qualified by the above consideration.

Table III presents the Arbitrator's decisions for the ports in the Pacific Northwest. This table indicates

TABLE VI-4

ARBITRATION CASES BY ISSUE FOR NORTHWEST (OREGON AND WASHINGTON)
1961 TO APRIL 1962

ISSUE	UNION	PERCENT OF TOTAL	DECISION				PERCENT OF TOTAL	PERCENT OF TOTAL	PERCENT OF TOTAL
			EMPLOYER	PERCENT OF TOTAL	SPLIT OR NO RULING	PERCENT OF TOTAL			
M/M Agreement	15	32.6	8	17.0	5	33.3	28	25.9	
Manning Scale	10	21.7	9	19.2	3	20.0	22	20.4	
Safety	5	10.9	7	14.8	0	---	12	11.1	
Onerous Work Load	4	8.7	3	6.4	2	13.3	9	8.3	
Sling Load Limit	2	4.4	0	---	1	6.7	3	2.8	
Four-on, Four-Off	0	---	1	2.2	0	---	1	.9	
Eight-hour Guarantee	3	6.5	0	---	1	6.7	4	3.7	
Jurisdiction	1	2.1	3	6.4	1	6.7	5	4.6	
Building Loads on Deck	0	---	0	---	0	---	0	---	
Breaking Down High Pile	0	---	0	---	0	---	0	---	
Job Action or Unjust Firing	8	17.4	9	19.2	1	6.6	18	16.7	
Refusal to Work as Directed	5	10.9	7	14.8	1	6.7	13	12.0	
Penalty Rate	4	8.7	1	2.2	2	13.3	7	6.5	
Other	4	8.7	7	14.8	3	20.0	14	13.0	
Total Issues	46	100%	47	100%	15	100%	108	100%	
		42.6%	43.5%	13.9%					

a situation highly similar to that presented for the Coast and for Southern California.

We see that 25.9 per cent of the grievances to reach arbitration concerned the agreement. The major issue again being manning accounting for 20.4 per cent of the total issues.

The other figures of significance in this table are those connected with job actions, unjust firing and refusals to work as directed. The data clearly indicate a ready willingness on the part of the employers and/or longshoremen to take action into their own hands when a dispute arises. This is accounted for by the fact that 16.7 per cent of the total grievances to reach arbitration involved work stoppages and 12 per cent of the disputes arose from a refusal to work as directed.

Summary

The above data have been presented in an effort to indicate the degree of employee antagonism toward the Mechanization and Modernization Agreement.

We were able to observe that the principal dispute involved manning. This would be expected as the men would naturally be reluctant to give up work--however unnecessary it might be. Thus the arbitrators have conceded to the union principle that an operation may be changed only by adding more men or machines to the job. Otherwise a speed-up would result.

In conclusion, it should be again emphasized that the Pacific Maritime Association policy to institute changes on a port rather than on a coast basis has impeded any major generalization as to the locality of conflict arising out of the agreement.

CHAPTER VII

EFFECT OF MECHANIZATION AND MODERNIZATION
ON PRODUCTIVITY AND EARNINGS

To preface this chapter it would be wise to note that experience under the agreement has been quite limited. Although the agreement is dated October 18, 1960, it was not ratified by the union membership until January, 1961. Thereafter, jurisdictional difficulties with the Teamsters caused the retention of multiple handling in some ports until November, 1961. Also, the United States Treasury Department did not approve the fund for tax purposes until September, 1961, and no benefits were paid until December of the same year. Another factor affecting the agreement was that throughout most of 1961 a number of employer proposals for changes in existing manning requirements remained bottled up in the procedure established for approving such changes.

Furthermore, and undoubtedly the most important factor limiting empirical analysis of the success of the agreement, is that the PMA is yet to fully develop a productivity measurement system for longshore operations. The reasons for this lack of success have been the complex and constantly shifting cargo mix, the changing methods of

packaging the commodities handled, the work rules governing the operations of the longshoremen, the varied and changing methods of operations, the ship on berth changing constantly, the near primitive operation of the morning giving way to an engineering wonder in the afternoon, and last but by no means least, the lack of data basic to any measurement system. This above enumeration is by no means exhaustive, but the items listed pose the most serious obstacles to a truly valid measurement of productivity.

Because of the above reasons the true impact of the Mechanization and Modernization agreement is not capable of being ascertained from the available data. And any conclusions or projections based on the following figures are only qualified approximations at best.

With all of this in mind we may proceed.

Table VII-1 presents the basic coast data on man-hours, tonnage, and productivity for the years 1955 through 1961. Table VII-2 shows the computation of the adjusted tonnage figure appearing in Table VII-1. Figure VII-1 illustrates total man-hours and tonnage for the seven year period. And Figure VII-2 illustrates tons per man-hour.

Figure VII-1 shows a remarkable similarity between man-hours and tonnage for the years 1955 through 1958. Interestingly enough, however, tonnage increased substantially from 1958 to 1960 (from 18.0 to 19.9 million tons) while man-hours increased only slightly from 1958 to

TABLE VII-1
ADJUSTED TONNAGE, TOTAL MANHOURS, AND TONS
PER MANHOUR FOR COAST
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
Adjusted Tonnage	18,536,406	19,466,822	19,996,022	18,076,070	18,692,205	19,901,526	18,799,812
Manhour - Total	21,571,638	22,299,244	22,940,118	22,106,523	22,583,328	22,576,693	21,311,235
Tons per Manhour	.859	.873	.872	.818	.828	.882	.882
	Percent Changes						
Adjusted Tonnage	<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>	
Manhour - Total	+1.6%	0	-6.6%	+1.2%	+6.1%	0	
Tons per Manhour	+4.8%	+2.7%	-3.8%	+2.1%	+6.0%	-5.9%	
	+3.3%	+2.8%	-3.8%	+2.1%	0	-5.9%	
Adjusted Tonnage	<u>1955-1961</u>			<u>1959-1961</u>			
Manhours - Total	+2.6%			+6.1%			
Tons Per Manhour	-1.2%			+1.2%			
	-1.2%			-6.0%			

Source: Pacific Maritime Association

TABLE VII-2
ADJUSTED TONNAGE FOR COAST
1955 to 1961

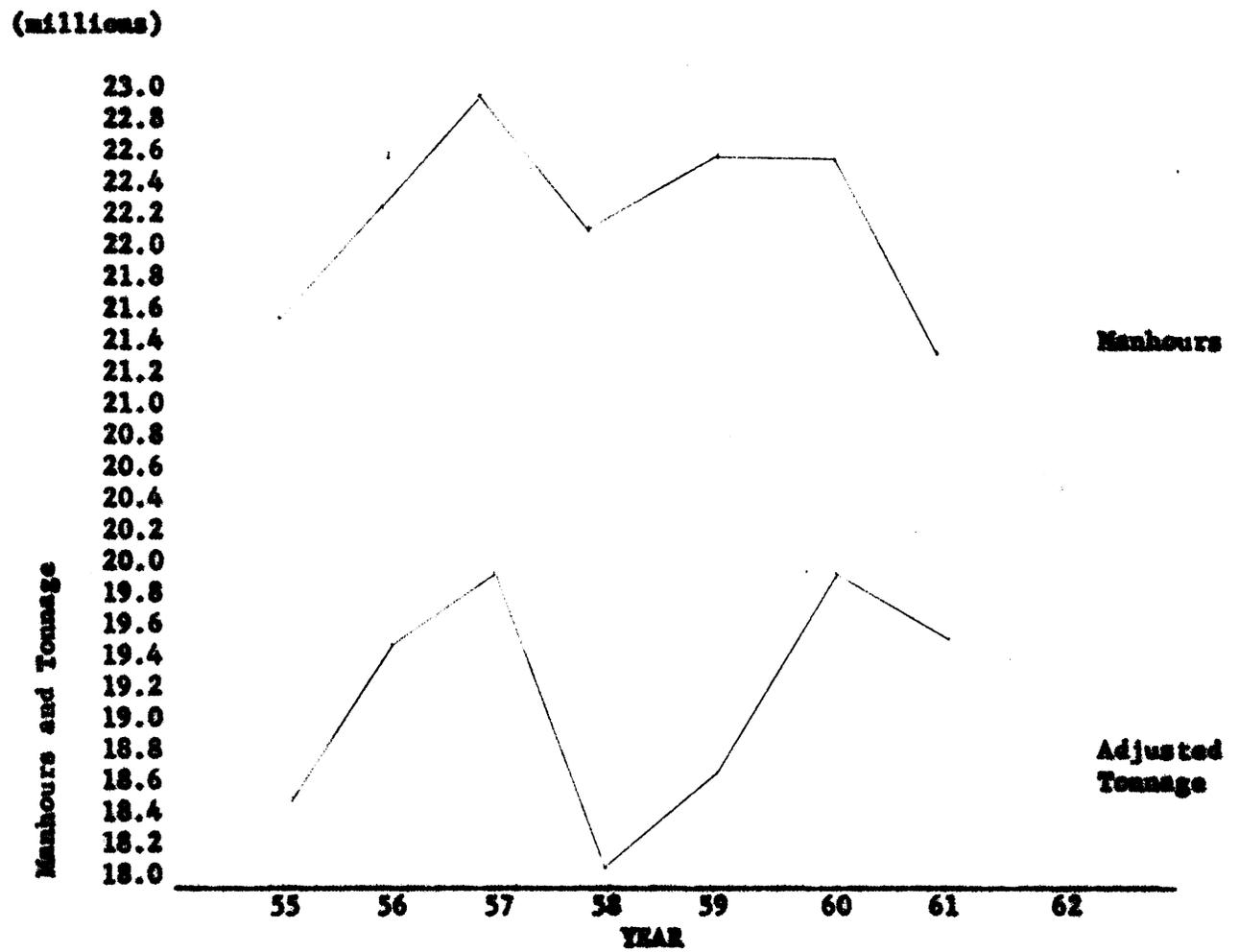
	1955	1956	1957	1958	1959	1960	1961
General Cargo	15,450,668	15,999,578	15,948,923	14,557,604	15,518,685	16,076,078	14,421,752
Lumber and Logst	1,869,764	1,517,944	1,542,201	1,413,628	1,531,185	1,647,425	2,024,142
Total	17,320,432	17,517,522	17,491,124	16,471,232	17,049,870	17,723,503	16,445,894
Bulk Grain	2,661,285	5,423,995	6,953,998	4,418,811	4,725,860	6,257,281	5,504,953
Other Bulk	2,932,134	3,998,038	5,441,162	3,502,167	3,369,742	4,514,835	6,147,135
Bulk Fluid	486,453	324,470	129,332	103,510	116,073	118,000(est)	118,000(est)
Total	6,079,872	9,746,503	12,524,492	8,024,488	8,211,675	10,890,116	11,770,088
†5	1,215,974	1,949,300	2,504,898	1,604,838	1,642,335	2,118,023	2,354,018
Adjusted Total††	18,536,406	19,466,822	19,996,022	18,076,070	18,692,205	19,901,526	18,799,912

†1,000 BFM = 1 Short Ton

††Adjusted by counting a ton bulk as 1/5 the ton as for pension contribution, etc.

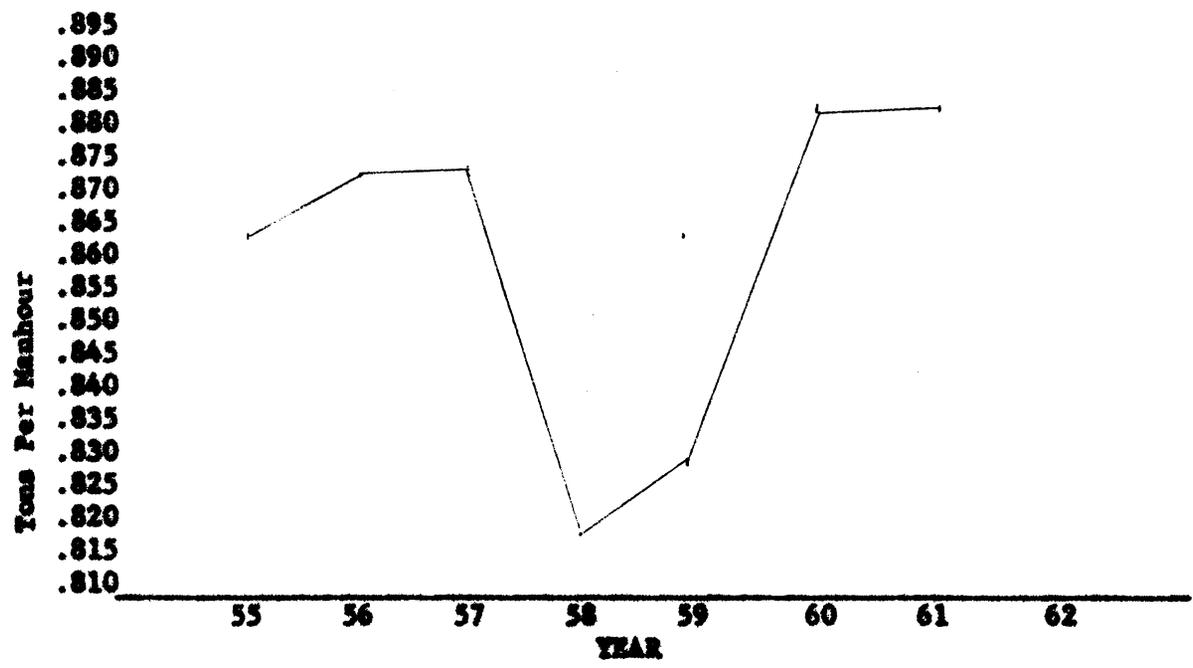
Source: Pacific Maritime Association

FIGURE VII-1
ADJUSTED TONNAGE AND TOTAL MANHOURS FOR COAST
1955 to 1961



Source: Table VII-1

FIGURE VII-2
TONS PER MANHOUR FOR COAST
1955 to 1961



Source: Table VII-1

1959, and remained constant from 1959 to 1960. During that time (see Table I and Figure II) tons per man-hour increased 1.2 per cent from 1958 to 1959 and 6.1 per cent from 1959 to 1960 while both total man-hours and tonnage decreased approximately 6 per cent.¹

The above observations are significant because in 1958 the Pacific Coast shipping interests instigated a program which became popularly known as "conformance and performance." This program was dedicated to the proposition that one of the most effective of all labor-saving devices is the observance of the contract, under responsible supervision.

On the basis of the data presented above it would be exceedingly dangerous to conclude that the decrease in total man-hours and the resultant increase in tons per man-hour were the result of "conformance and performance." Nevertheless, there is a definite indication that "conformance and performance" played a significant rule in the productivity increase.

The above conclusion was based on the following proposition:

A decrease in man-hours would be accounted for by one of three reasons:

1. an increase in productivity which would result in a decrease in the demand for labor,

¹Tons per man-hour is, admittedly, a rather rough measure of productivity because a change in commodities and ships handled from one year to another will have a definite effect on productivity, but the above measurement is adequate for our purposes.

2. a decrease in tonnage would result in a decrease in the demand for labor, or
3. a combination of both.

Table VII-3 presents the number of men, hours, earning, and tonnage handled for the Coast from 1959 to 1961, and the per cent changes during the three year period. The first three categories are a summary of the data presented in Table VII-1. They are shown in order that their effect on the various categories of men who offer themselves for longshore labor might be shown.

The class "A" longshoremen are fully registered members of the ILWU. They are considered the industry's basic labor force and have first choice on all available jobs.

The class "B" longshoremen are partially registered members of the ILWU who are entitled to any work not claimed by the "A" men.

The third category of men consists of casuals. They have no recognized attachment to the industry and work only on peak days when the "A" and "B" lists have been exhausted.

Table VII-3 indicates that the number of "A" men decreased steadily from 12,180 in 1959 to 11,207 in 1961. This accounts for a rate of attrition of approximately 4 per cent per year (5% in 1959-1960 and 3% in 1960-1961). The constant decrease in "A" men may be explained by the fact that the registration lists were closed in 1960. This

TABLE VII-3
 NUMBER OF MEN, HOURS, EARNINGS, AND TONNAGE HANDLED FOR COAST
 1959, 1960, AND 1961

	1959	1960	1961	Percent Changes		
				1959-60	1959-61	1960-61
Adjusted Tonnage	18,692,205	19,901,526	18,799,912	+ 6	+ 1	- 6
Manhours - Total	22,583,328	22,576,692	21,311,235	0	- 6	- 6
Tons per manhour	.828	.882	.882	+ 6	+ 6	0
Number of:						
"A" men	12,180	11,608	11,207	- 5	- 8	- 3
"B" men	1,616	1,528	1,420	- 5	-12	- 7
Casuals	19,717	16,104	15,346	-18	-22	- 5
Hours worked by:						
"A" men	19,374,732	18,604,369	17,681,100	- 4	- 9	- 5
"B" men	1,535,762	2,160,464	1,861,594	+40	+21	-14
Casuals	1,672,834	1,811,859	1,768,551	+ 8	+ 6	- 2
Average hours per man:						
"A" men	1,591	1,603	1,578	+ 1	- 1	- 2
"B" men	950*	1,414	1,310	-	-	- 7
Earnings - All Men	\$83,395,674	\$86,370,494	\$83,775,817	+ 4	0	- 3
"A" men	72,700,548	72,465,226	70,553,446	0	- 3	- 3
"B" men	5,157,064*	7,521,802	6,772,718	-	-	-10
Casuals	5,538,062	6,383,466	6,449,653	+15	+16	+ 1
Average Earnings per man:						
"A" men	\$ 5,969	\$ 6,243	\$ 6,295	+ 5	+ 5	+ 1
"B" men	3,191	4,923	4,769	-	-	- 3

*Part year only in Northern and Southern California
 Source: Pacific Maritime Association

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was done in order that the effects of the agreement on union membership might be more easily ascertained.

The number of "B" men also decreased, but at an average rate of 6 per cent per year from 1959 to 1961. This may be explained through normal attrition and the fact that Local 8, in Portland, Oregon, admitted 121 class "B" men into the fully registered ranks while the "freeze" was on.

The need for casuals decreased substantially for the coast as a whole. This reflects the decrease in additional manning as a result of increases in productivity and decreases in tonnage handled over the measured years.

The decrease in the total hours worked by "A" men approximates the rate of attrition (4% in 1959-1960 and 5% in 1960-1961). And because the average hours worked by "A" men did not fluctuate over 2 per cent during the three year period one could conclude that there was a very limited decrease in work opportunity for individual "A" men.

This conclusion is significant because the thirty-five hour guarantee written into the Mechanization and Modernization agreement may only go into effect when there is a decrease in the need for men due to changed operations. Another reason (one causing considerable friction in some areas) is that the thirty-five hour guarantee was one of the big selling features of the contract. And there are many

among the rank and file who are becoming disgruntled because they will never realize this provision.

The average hours worked by "B" men dropped 7 per cent from 1960 to 1961. This decrease would reflect the fact that the partially registered men are highly dependent on the level of tonnage.

The decrease in the total earnings of "A" men would reflect the normal attrition of these men out of the industry, offset by a wage increase. The average earnings per man rose from 1959 to 1961 by 5 per cent. Whereas, hours per man decreased over the same period (1 per cent) the only conclusion one could draw is that the increase was due to a rise in the wage level. Overtime would not be a factor here because the overtime - straight-time ratio remains constant at 55 per cent per year.¹

Conclusions

1. The Mechanization and Modernization Agreement, based on the above data, has had no significant effect on productivity, on a coastwise basis since its implementation in January of 1961.

The reason that productivity has shown no significant change is not because there is no room for improvement. But, rather, because factors external to the industry have hampered the development of changes which would result in increased productivity.

¹The above statement on the overtime - straight-time ratio is based on a personal interview with Mr. J. A. Robertson, Assistant to the President and Secretary of the PMA.

2. There has been no significant change in the total hours worked, average hours per man, the total earnings, or average earnings per man as a result of the Mechanization and Modernization Agreement on a coastwise basis.

Because there could be significant changes in a particular area which would not be reflected in a coastwise survey, tables were drawn for the major areas on the Pacific Coast; that is, Southern California, Northern California (excluding Stockton), Oregon, and Washington.

Southern California

Table VII-4 presents the basic data on man-hours, tonnage, and "productivity" from 1955 to 1961 for Southern California. Table VII-5 shows the computation of the adjusted tonnage figure appearing in Table VII-4. Figure VII-3 illustrates total tonnage and man-hours, and Figure VII-4 shows tons per man-hour.

Figure VII-3 indicates that during the years 1955 to 1959 man-hours rose steadily. Man-hours then turned sharply down during 1959 and continued to fall during 1960 and 1961. At the same time tonnage fluctuated widely, showing no trend in one direction or another.

Between the years 1955 and 1958 tons per man-hour fluctuated, but then in 1958 "productivity" (according to our rough estimates) began to rise rapidly.

TABLE VII-4
ADJUSTED TONNAGE, TOTALLED MANHOOURS, AND TONS PER MANHOOUR
FOR SOUTHERN CALIFORNIA
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
Adjusted Tonnage	5,124,858	5,754,911	5,592,485	4,869,425	5,597,702	5,569,557	5,304,581
Manhour - Total	6,599,084	6,528,178	6,667,301	6,894,078	7,009,766	6,811,728	6,013,177
Tons per Manhour	.776	.882	.839	.706	.799	.818	.882
	Percent Changes						
	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	
Adjusted Tonnage	+10.9%	-2.9%	-14.6%	+13.0%	-0.5%	-5.0%	
Manhour - Total	- 1.1%	+2.1%	+ 3.3%	+ 1.7%	-2.9%	-16.6%	
Tons per Manhour	+12.0%	-5.1%	+18.8%	+11.6%	+2.3%	+ 7.3%	
		1955-61		1959-61			
Adjusted Tonnage		+ 3.4%		- 5.5%			
Total Manhours		-13.1%		-16.6%			
Tons per Manhour		+ 7.3%		+ 9.4%			

Source: Pacific Maritime Association

TABLE VII-5
ADJUSTED TONNAGE FOR SOUTHERN CALIFORNIA
1955 to 1961

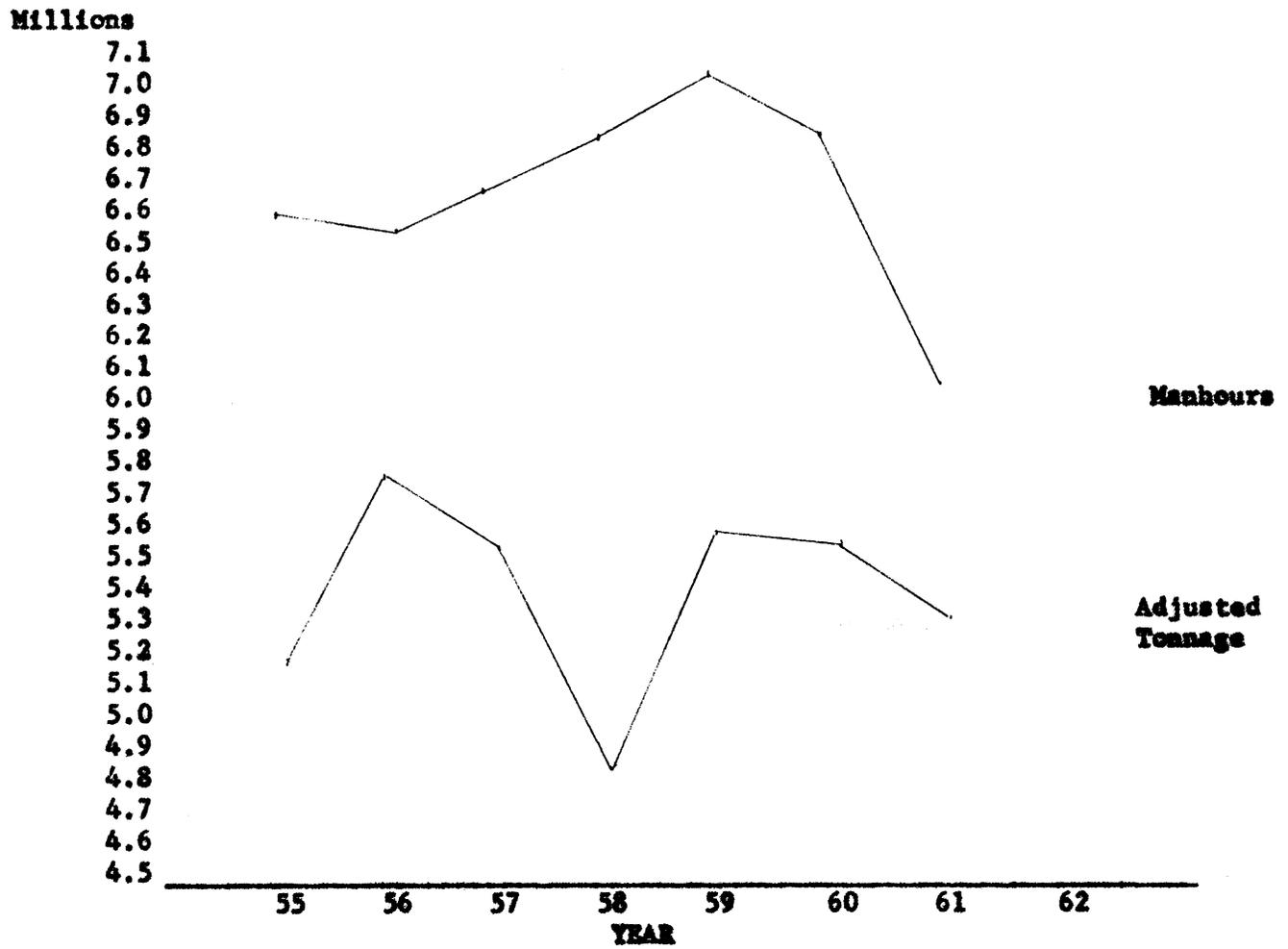
	1955	1956	1957	1958	1959	1960	1961
General Cargo	4,968,480	5,516,517	5,329,480	4,701,347	5,348,750	5,248,952	4,797,853
Lumber and Logs*	37,501	36,274	27,062	22,424	55,921	15,942	69,872
Total	5,005,981	5,552,791	5,356,542	4,723,771	5,404,671	5,264,894	4,867,725
Bulk Grain	6,478	28,964	6,677	12,078	19,812	8,057	46,257
Other Bulk	512,093	914,431	1,123,851	676,822	807,715	1,479,256	2,102,023
Bulk Fluid	75,787	67,206	49,187	39,369	37,631	36,000(est)	36,000(est)
Total	594,358	1,010,601	1,179,715	728,269	965,158	1,523,313	2,184,280
† 5	118,877	202,120	235,943	145,654	193,031	304,663	436,856
Adjusted Total**	5,124,858	5,754,911	5,592,485	4,869,425	5,597,702	5,569,557	5,304,581

*100 NMT = 1 Short Ton
 **Adjusted by counting a ton bulk as 1/5 ton as for pensions contribution, etc.

Source: Pacific Maritime Association

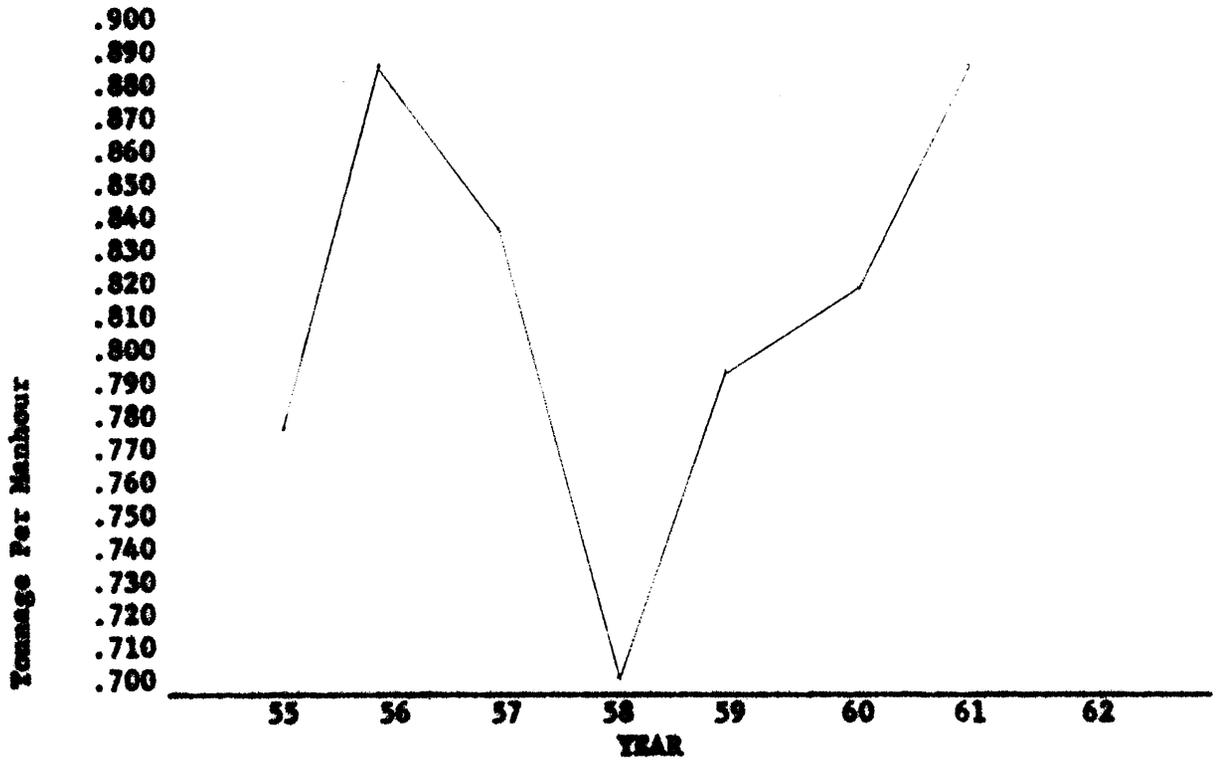
FIGURE VII-3

ADJUSTED TONNAGE AND TOTAL MANHOURS FOR SOUTHERN CALIFORNIA
1955-1961



Source: Table VII-4

FIGURE VII-4
TONS PER MAN HOUR FOR SOUTHERN CALIFORNIA
1955-1961



Source: Table VII-4

Thus, we see a sharp decrease in man-hours, a large increase in "productivity," and a slight increase in tonnage handled between 1958 and 1961. This as we know is the period of "conformance and performance," and, within the confines of the qualifications listed above we should conclude that "conformance and performance" had a significant effect on productivity and total man-hours in Southern California.

We should now look to see who was affected by the decrease in total man-hours.

Unfortunately, the number of registered men listed by the PMA is incorrect. That is, there could not have been an increase in the registered workforce during this time due to the "freeze" on registration. Thus the figures on hours worked per man and earnings per man must be somewhat in error. It should also be noted, that the hours of "B" men were recorded for only part of 1959.

But within the confines of the above restrictions some analysis may be developed.

For "A" men we see that hours worked decreased by 8 per cent in both 1959-1960 and 1960-1961. Part of this total figure would be due to attrition, and a decrease in tonnage, but, on the other hand, a good deal of it could be due to operations changes as a result of the mechanization agreement. Furthermore, average hours worked per "A" man decreased by 9 per cent from 1960-1961 and 8 per cent

over the three year period. However, due to the error in the number of registered men there is some doubt as to the validity of these figures.

Total earnings for "A" men also decreased substantially from 1959 to 1961 (10 per cent from 1959 to 1961 at a rate of 5 per cent per year). This could also be partially explained by normal attrition and decreased tonnage. Average earnings per "A" man also decreased during the three year period, but the error in the number of men denies us the opportunity of drawing any conclusions from this data.

The impact of increased "productivity" on "B" men and casuals has been more profound. Casuals employed on the San Pedro waterfront dropped 16 per cent from 1959 to 1960 and another 37 per cent from 1960 to 1961, or 46 per cent for the three year period. Changes in operation also had its effect on the hours worked by "B" men and casuals. The total hours of "B" men fell 26 per cent from 1960 to 1961 while the average hours per man dropped 24 per cent. Total hours worked by casuals also dropped 9 per cent from 1959 to 1960, and 32 per cent from 1959 to 1961. And lastly, increased "productivity" also took its toll on total and average earnings. The total earnings of "B" men went down 22 per cent and average earnings per man dropped 21 per cent from 1960 to 1961. Casuals also had a similar fate. Their earnings dropped 6 per cent from 1959 to

1960 and 28 per cent from 1960 to 1961, for a total decrease of 33 per cent.

Conclusions

1. The "Productivity" increases shown for Southern California may be partially explained by "performance and conformance" and the changes in operations implemented since the Mechanization and Modernization Agreement.

2. The "productivity" increases, among other things, could account for the decrease in work opportunity in Southern California.

3. The impact of lower man-hours worked has been felt by all categories of longshoremen. The brunt of which, however, has fallen on the "B" men and casuals who have to take whatever jobs they can find.

Northern California

Table VII-7 presents total tonnage, man-hours, and "productivity" for Northern California from 1955 to 1961. Table VII-8 shows the computation of the adjusted tonnage figures appearing in Table VII-7. Figure VII-5 presents total tonnage and man-hours in graphic form, and Figure VII-6 illustrates the movement of tons per man-hour.

Figure VII-5 indicates that total tonnage and man-hours fluctuated at nearly proportionate rates between 1955 and 1958. Then from 1958 to 1959 tonnage increased over 7 per cent while total man-hours increased only

TABLE VII-6
 NUMBER OF MEN, HOURS, EARNINGS, AND TONNAGE HANDLED FOR SOUTHERN CALIFORNIA
 1959, 1960, AND 1961

	1961			Percent Changes		
	1959	1960	1961	1959-60	1959-61	1960-61
Adjusted Tonnage	5,597,702	5,569,557	5,304,581	- 1	-16	- 5
Manhours - Total	7,009,766	6,811,728	6,013,117	- 3	-14	-12
Tons per Manhour	.799	.818	.882	+ 2	+ 9	+ 7
Number of						
"A" men	3,624	3,354*	3,376*	- 7	- 7	+ 1
"B" men	468	479	470	+ 2	0	- 2
Casuals	6,946	5,850	3,695	-16	-46	-37
Hours worked by:						
"A" men	6,070,370	5,571,213	5,123,043	- 8	-16	- 8
"B" men	343,776**	697,305	518,237	-	-	-26
Casuals	595,620	543,210	371,837	- 9	-38	-32
Average hours per man:						
"A" men	1,657	1,661	1,517	0	- 8	- 9
"B" men	734**	1,456	1,103	-	-	-24
Earnings - All Men	\$25,866,484	\$25,789,921	\$23,624,666	0	- 9	- 8
"A" men	22,814,770	21,598,318	20,474,866	- 5	-10	- 5
"B" men	1,136,176**	2,393,794	1,861,748	-	-	-22
Casuals	1,915,538	1,797,809	1,288,032	- 6	-33	-28
Average earnings per man:						
"A" men	\$ 6,295	\$ 6,439	\$ 6,064	+ 2	- 4	- 6
"B" men	2,427**	4,997	3,961	-	-	-21

*Because of the freeze on registration, one or both of these figures must be wrong, and, consequently, the figures on hours worked per man and earnings per man must be somewhat in error.

**Figures for part year only.

Source: Pacific Maritime Association.

TABLE VII-7
ADJUSTED TONNAGE, TOTAL MANHOURS, AND TONS PER MANHOUR
FOR NORTHERN CALIFORNIA
(excluding Stockton)
1955-1961

	1955	1956	1957	1958	1959	1960	1961
Adjusted Tonnage	7,129,618	7,212,865	7,500,213	6,593,199	7,098,629	7,528,372	7,229,716
Manhours - Total	7,789,868	8,186,723	8,242,157	7,429,740	7,532,432	7,532,278	6,969,771
Tons per Manhour	.915	.881	.910	.887	.942	.999	1.037
			<u>Percent Changes</u>				
	<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>	
Adjusted Tonnage	+1.2%	+3.8%	-13.8%	+7.1%	+5.7%	-4.1%	
Manhours - Total	+4.8%	+ .7%	-10.9%	+1.4%	0	-8.1%	
Tons per Manhour	-3.9%	+3.2%	- 2.6%	+5.8%	+5.7%	+3.7%	
Adjusted Tonnage		<u>1955-61</u>		<u>1959-61</u>			
Manhours - Total		+ 1.4%		+1.8%			
Tons per Manhour		-11.8%		-8.1%			
		+11.8%		+9.2%			

Source: Pacific Maritime Association

TABLE VII-8
ADJUSTED TONNAGE FOR NORTHERN CALIFORNIA
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
General Cargo	6,579,677	6,605,569	6,829,919	5,963,301	6,474,429	6,845,037	6,348,966
Lumber and Logs*	96,747	52,223	113,564	125,181	99,529	149,082	182,096
Total	6,676,424	6,657,792	6,943,482	6,088,482	6,573,958	6,993,119	6,531,062
Bulk Grain	438,278	808,379	302,475	741,606	938,934	684,294	662,275
Other Bulk	1,430,898	1,726,456	2,423,686	1,725,311	1,622,755	1,931,971	2,770,996
Bulk Fluid	396,795	240,531	57,488	52,667	61,667	60,000(est)	60,000 (est)
Total	2,265,971	2,775,366	2,783,649	2,523,584	2,623,356	2,676,265	3,493,271
† 5	453,194	555,073	556,730	504,717	524,671	535,253	698,654
Adjusted Total**	7,129,618	7,212,865	7,500,213	6,593,199	7,098,629	7,528,372	7,229,716

*100 NMT = 1 Short Ton

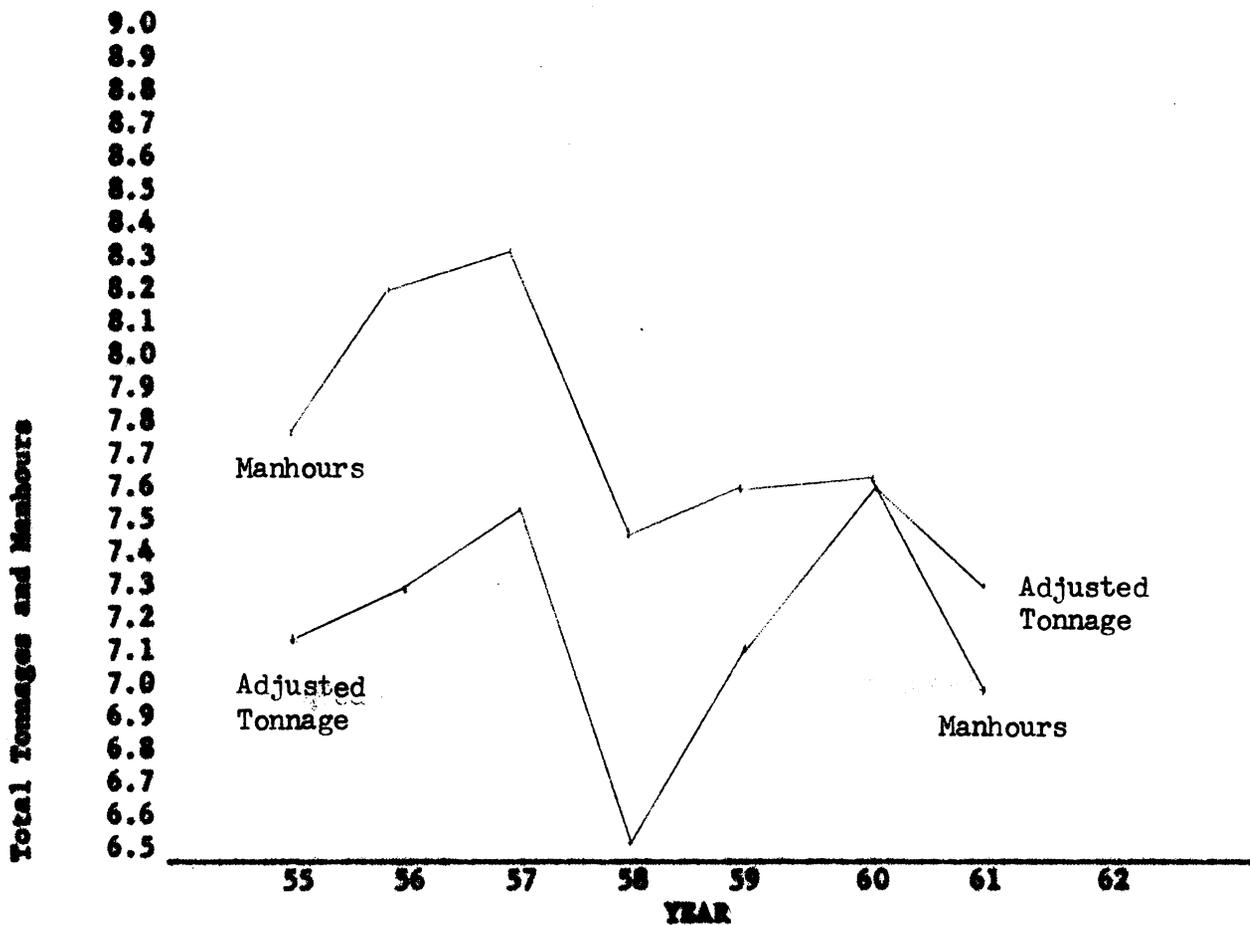
**Adjusted by counting a ton bulk as 1/5 ton as for pension contributions, etc.

Source: Pacific Maritime Association

FIGURE VII-5

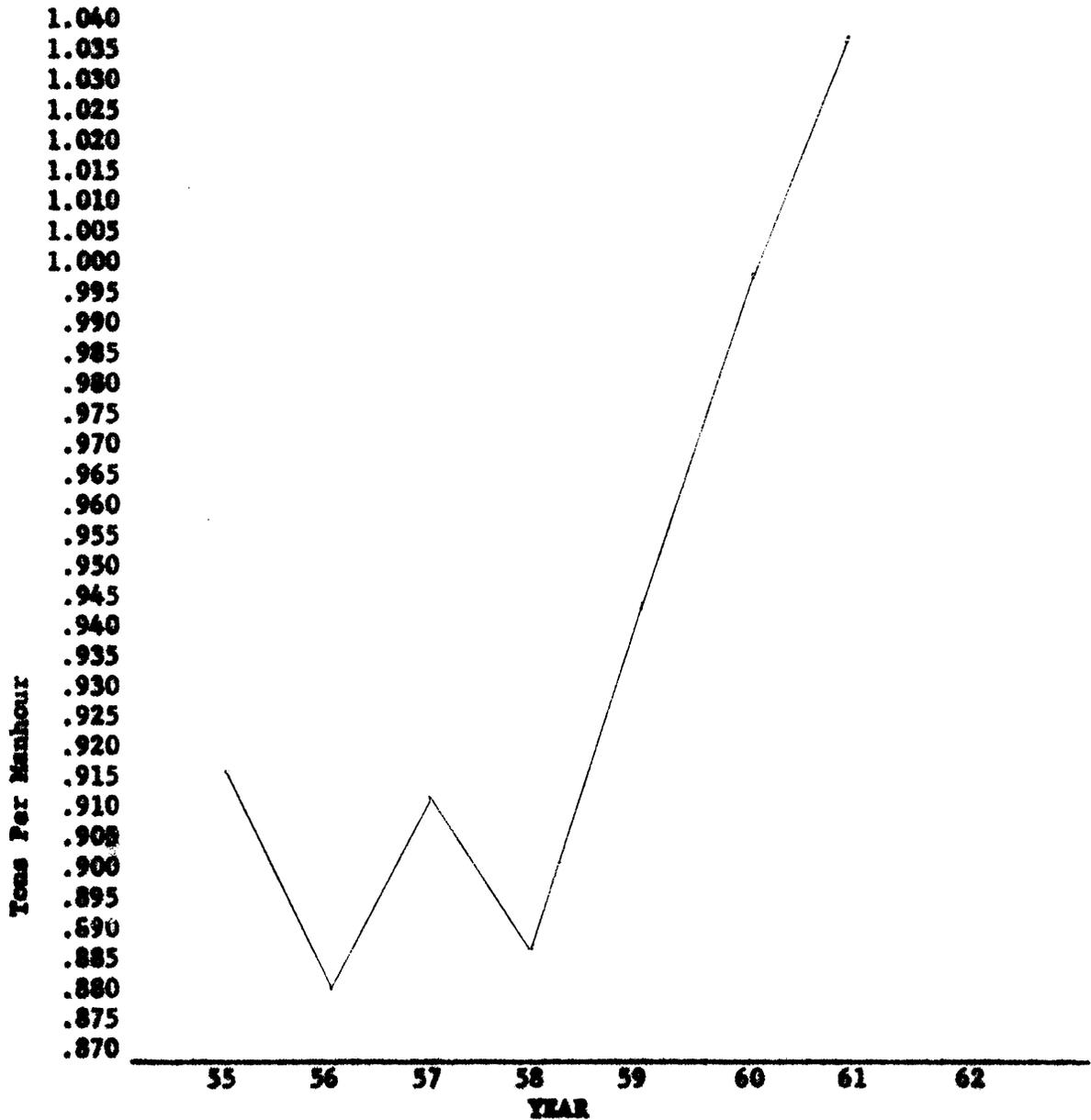
ADJUSTED TONNAGE AND TOTAL MANHOURS FOR NORTHERN CALIFORNIA
1955 to 1961

(Millions)



Source: Table VII-7

FIGURE VII-6
TONS PER MANHOUR FOR NORTHERN CALIFORNIA
1955 to 1961



Source: Table VII-7

1.4 per cent. And, during the same year, tons per man-hour increased 5.7 per cent. In the year 1959 to 1960 tonnage increased 5.7 per cent while total man-hours remained constant. And, of course, tons per man-hour increased 5.7 per cent. We then see that from 1960 to 1961 tonnage decreased 4.1 per cent while total man-hours decreased 8.1 per cent (almost double). At the same time tons per man-hour decreased 3.7 per cent.

Figure VII-6 presents an interesting movement. Tons per man-hour fluctuated rather sporadically from 1955 to 1958. Then from 1958 to 1959 it rose 5.8 per cent, in 1959 to 1960 5.7 per cent, and, finally, 3.7 per cent from 1960 to 1961.

These changes could, conceivably, be due to changes in cargo mix, the type of ship handled, or a host of other causes. But, if one were to be realistic, he would conclude that "conformance and performance," along with changes introduced under the Mechanization Agreement, contributed to decreasing man-hours and increasing tons per man-hour.

Table VII-9 presents data on the number of men, hours, and earnings for Northern California from 1959 to 1961. These figures are interesting, because from them we may see who suffered the burden of the decrease in man-hours.

Total hours worked by "A" men decreased by approximately 10 per cent from 1959 to 1961. At the same time, total hours worked by "B" men decreased 13 per cent, while

the hours worked by casuals fluctuated from a decrease of 36 per cent in 1959-1960 to an increase of 59 per cent from 1960 to 1961.

Because of the drop in the number of "A" men, however, average hours per "A" man remained constant from 1959 to 1961. And average earnings remained constant from 1960 to 1961, after increasing 7 per cent from 1959 to 1960. As a consequence, we would be led to conclude that "A" men were not affected by the decrease in man-hours.

The average hours per "B" man decreased 7 per cent from 1960 to 1961. Their average earnings, however, rose 3 per cent during the same period. This would be explained by the contractual wage increase and the possibility of increased overtime or premium work.

Consequently, it should be concluded that the decrease in total hours worked must have been absorbed by "B" men and those who removed themselves from the industry.

Oregon and Washington

In brief, it should be noted, that speculation as to the possible relations between the Mechanization and Modernization Agreement and man-hours, tonnage, and tons per man-hour for Oregon and Washington would be foolhardy. The reason being that the amount, and type, of cargo handled in these ports fluctuates drastically from one year to another. Therefore, it would be impossible to

isolate any one variable and assign a causal relationship to it on the basis of the available data.

As a consequence, the author feels that he should step off of the thin ice on which he has been treading while he is still safe and not attempt an analysis of the Oregon and Washington figures.

In conclusion, it should be noted, however, that earnings, tonnage, man-hours, and tons per man-hour have been prepared. This was done in order that the more interested reader could draw his own conclusions. The author, however, firmly believes that any such effort would be wasted.

TABLE VII-10
ADJUSTED TONNAGE, TOTAL MANHOURS, AND TONS PER MANHOUR
FOR OREGON
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
Adjusted Tonnage	2,751,370	3,127,096	2,578,229	2,168,710	3,148,293	3,396,990	3,196,907
Manhours - Total	3,134,752	3,561,765	3,947,098	3,909,231	4,121,698	4,260,563	4,222,027
Tons per Manhour	.876	.878	.653	.555	.764	.797	.757
	Percent Change						
Adjusted Tonnage	<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>	
Manhours - Total	+12.0%	-21.3%	-18.86%	+31.1%	+7.3%	-6.3%	
Tons per Manhour	0	+ 9.8%	- 1%	+ 5.2%	+3.3%	-1 %	
		-34.5%	-17.7%	+27.4	+4.1%	-5.3%	
Adjusted Tonnage	<u>1955-61</u>						<u>1959-61</u>
Manhours - Total	+13.9%						+1.5%
Tons per Manhour	+25.8%						+2.4%
	-16.0%						- .9%

Source: Pacific Maritime Association

TABLE VII-11

ADJUSTED TONNAGE FOR OREGON
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
General Cargo	1,336,239	1,466,525	1,506,766	1,731,530	1,625,833	1,612,308	1,306,236
Lumber and Logs*	1,075,460	903,622	898,967	778,527	851,239	932,020	1,061,603
Total	2,411,699	2,370,147	1,405,733	1,510,057	2,477,072	2,544,408	2,367,839
Bulk Grain	1,453,451	3,251,518	4,695,018	2,760,297	3,016,803	3,966,309	3,654,927
Other Bulk	236,683	523,707	1,158,925	527,197	333,843	291,023	684,911
Bulk Fluid	8,222	9,524	8,539	5,770	5,460	5,500(est.)	5,500(est.)
Total	1,698,356	3,784,749	5,862,482	3,293,264	3,356,106	4,262,912	4,345,338
+ 5	339,671	756,949	1,172,496	658,653	671,221	852,582	829,068
Adjusted Tonnage**	2,751,370	3,127,696	2,578,229	2,168,710	3,148,293	3,296,990	3,196,907

*100 MM equals 1 short ton
**Adjusted by counting a ton bulk as 1/5 ton as for pension contributions, etc.

Source: Pacific Maritime Association

TABLE VII-12

NUMBER OF MEN, HOURS, EARNINGS, AND TONNAGE HANDLED FOR OREGON
1959, 1960, and 1961

	1959	1960	1961	Percent Changes		
				1959-60	1959-61	1960-61
Adjusted Tonnage	3,148,293	3,396,990	3,196,907	+ 7	+ 2	- 6
Manhours - Total	4,121,698	4,260,563	4,222,027	+ 3	+ 2	- 1
Tons per manhour	.763	.797	.756	+ 4	- 1	- 5
Number of						
"A" men	2,265	2,301	2,130	+ 2	- 6	- 7
"B" men	282	255	237	-10	-16	- 7
Casuals	2,471	1,840	1,853	-25	-25	+ 1
Hours worked by:						
"A" men	3,346,918	3,398,919	3,337,007	+ 1	0	- 2
"B" men	400,662	394,384	376,544	- 2	- 6	- 5
Casuals	374,118	467,260	508,476	+25	+36	+ 9
Average hour per man:						
"A" men	1,478	1,477	1,567	0	+ 6	+ 6
"B" men	1,421	1,547	1,589	+ 9	+12	+ 3
Earnings - All Men	\$15,214,675	\$16,361,260	\$16,560,223	+ 7	+ 9	+ 1
"A" men	12,576,427	13,291,071	13,286,386	+ 6	+ 6	0
"B" men	1,384,991	1,438,834	1,416,198	+ 4	+ 2	- 2
Casuals	1,253,259	1,631,355	1,857,639	+30	+48	+14
Earnings per man						
"A" men	\$ 5,552	\$ 5,776	\$ 6,237	+ 4	+12	+ 8
"B" men	\$ 4,911	\$ 5,642	\$ 5,975	+15	+22	+ 6

Source: Pacific Maritime Association and International Longshoremen's and Warehousemen's Union

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TABLE VII-13
 ADJUSTED TONNAGE, TOTAL MANHOURS, AND TONS PER MANHOURL
 FOR WASHINGTON
 1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
Adjusted Tonnage	3,580,565	3,371,948	3,275,095	2,945,597	2,867,556	3,404,107	3,067,208
Manhours - Total	4,047,934	4,022,578	4,003,562	3,873,674	3,919,432	3,972,124	4,106,320
Tons per Manhour	.872	.838	.802	.760	.732	.857	.747
	Percent Changes						
Adjusted Tonnage	<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>	
Manhours - Total	-4.7%	-2.6%	-11.2%	-2.7%	+15.8%	-11.0%	
Tons per Manhour	-.6%	+1.5%	-5.4%	+1.2%	+1.3%	+3.3%	
	-4.1%	-4.5%	-5.5%	-3.8%	+14.6%	-14.7%	
	<u>1955-61</u>				<u>1959-61</u>		
Adjusted Tonnage	-15.1%				+6.3%		
Manhours - Total	+1.4%				+4.6%		
Tons per Manhour	-16.7%				+2.0%		

Source: Pacific Maritime Association

TABLE VII-14
ADJUSTED TONNAGE FOR WASHINGTON
1955 to 1961

	1955	1956	1957	1958	1959	1960	1961
General Cargo	2,566,272	2,410,968	2,203,758	2,161,625	2,069,641	2,369,701	1,968,697
Lumber and Logs	640,056	525,823	502,606	487,496	528,498	550,381	710,571
Total	3,206,328	2,936,791	2,705,364	2,648,921	2,598,139	2,920,082	2,679,268
Bulk Grain	763,078	1,335,136	1,949,028	906,830	750,311	1,590,561	1,361,694
Other Bulk	752,460	803,644	534,700	572,808	605,461	812,503	509,205
Bulk Fluid	5,649	7,210	14,116	5,704	11,315	9,000(est)	9,000(est)
Total	1,521,187	2,175,700	2,498,844	1,485,329	1,367,087	2,420,126	1,920,699
+ 5	304,237	435,157	409,729	206,676	273,617	404,025	367,940
Adjusted Total	3,530,565	3,371,948	3,275,095	2,965,597	2,867,556	3,404,107	3,067,208

9100 MM - 1 Short Ton
Adjusted by counting a ton bulk as 1/5 ton as for pension contributions, etc.

Source: Pacific Maritime Association

TABLE VII-15
 NUMBER OF MEN, HOURS, EARNINGS, AND TONNAGE HANDLED FOR WASHINGTON
 1959, 1960 and 1961

	1959	1960	1961	Percent Changes	
				1959-60	1959-61
Adjusted Tonnage	2,867,556	3,404,107	3,067,208	+16	+7
Manhours - Total	3,919,432	3,972,123	4,106,320	+1	+5
Tons per Manhour	.731	.857	.756	+15	+2
Number of:					
"A" Men	2,232	2,056	2,069	-8	-7
"B" Men	150	140	136	-7	-9
Casuals	5,238	5,152	4,598	-2	-12
Hours worked by:					
"A" Men	3,352,069	3,133,094	3,301,631	-7	-2
"B" Men	190,197	186,335	197,511	-2	+4
Casuals	377,149	652,694	607,178	+73	+61
Average hours per man					
"A" Men	1,502	1,523	1,596	+1	+6
"B" Men	1,268	1,331	1,452	+5	+14
Earnings - All Men	\$14,379,853	\$15,192,317	\$16,079,153	+6	+12
"A" Men	\$12,634,011	\$12,097,913	\$13,040,659	+3	+5
"B" Men	651,278	671,847	742,440	+3	+14
Casuals	1,399,564	2,422,557	2,296,054	+87	+77
Average earnings per man					
"A" men	\$ 5,570	\$ 5,884	\$ 6,302	+6	+13
"B" men	4,342	4,799	5,459	+10	+26

Source: Pacific Maritime Association and International Longshoremen's and Warehousemen's Union.

CHAPTER VIII

EFFECT OF THE AGREEMENT ON UNION MEMBERSHIP

Max Kossoris in analyzing the possible effects of the Mechanization and Modernization Agreement wrote:

If a substantial increase in longshore productivity develops, as expected, from management's greater freedom to manage, it will have a decided impact on the labor force required. Unless the volume of cargo increases sharply, the labor force will be reduced.¹

In the preceding chapter we were able to determine that there had been increases in productivity. To what extent, of course, remains a mystery until a measurement system capable of supporting valid conclusions is devised.

The Coast Labor Relations Committee closed the registration lists in May of 1960. But, in fact, however it is more than two years since most locals have registered any men in any class. It should also be noted that the longshore labor force shrinks at approximately 4 per cent per year because of deaths, retirements and dropouts.

With the above in mind, there is yet one question remaining to be answered. That is, What has been the effect of the agreement on union membership?

¹Max D. Kossoris, "Working Rules in West Coast Longshoring," Monthly Labor Review (January, 1961), p. 7.

Time is an important factor in analyzing the impact of the agreement on union membership. For one thing, the average age of the fully registered work force is roughly 55. Thus there should be considerable dropouts in the first years of the contract. Figure VIII-1 presents a projection of work force decreases through attrition and normal retirement. Notice that the curve decreases very sharply due to the average age of longshoremen.

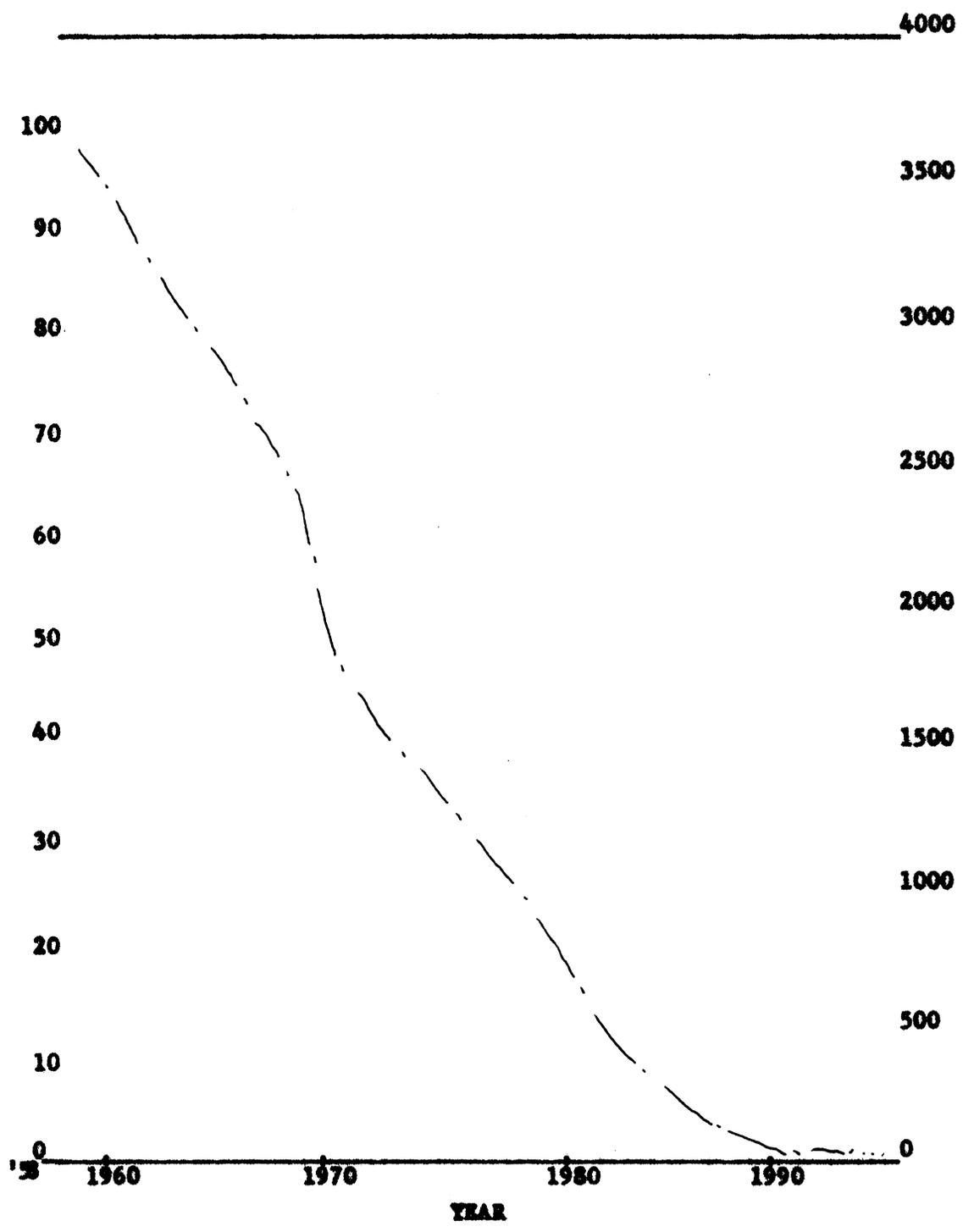
Table VIII-1 shows us that 498 men have left the industry under the pension provisions of the agreement since October of 1961. And Table VIII-2 indicates that there are approximately 12,000 fully registered longshore members of the ILWU on the West Coast.

As a consequence of the expected increase in dropouts and the small number of union members, it is obvious that it will not be long before the union (and particularly its treasury) begins to feel the strains of a decreasing membership.

It might also be interesting to interject that 110 men left the industry under the early retirement provisions of the agreement. This does not necessarily mean, however, that these men were forced to retire because of declining work opportunity. Rather, it would be more correct to state that they voluntarily removed themselves from service.

Consequently, the Coast Labor Relations Committee reported to the April, 1962 caucus the following statement:

FIGURE VIII-1
PROJECTION OF WORK FORCE DECREASES
THROUGH
ATTRITION AND NORMAL RETIREMENT
1958-1994



Source: Maritime Cargo Transportation Conference

TABLE VIII-1

TOTAL MEN RETIRED FOR ILMU-PMA PENSION and
 MECHANIZATION & MODERNIZATION AGREEMENT BENEFIT, By Local,
 by category of retirement for the 7 month period, Oct., 1961 - Apr., 1962

LOCAL NO.	TOTAL MEN RETIRED	-1- ILMU - PMA PENSION		-2- 25-yr. Pension Pre-Rata incl. Disabil. Pension		-3- M&M VESTERS (also pensioned)		-4- M&M VESTERS Early Retirees (Age 62-65) (no pensioned)		-5- M & M DIS. (also pensioned)	
		1	2	1	2	1	2	1	2	1	2
1	3	1	2	1	1	1	1	1	1	1	1
4	6	1	5	4	2	1	1	1	1	1	1
7	1	1	0	1	0	1	0	1	0	1	0
8	55	21	34	22	13	5	29	5	29	35	5
10	282	115	167	110	157	42	125	15	142	121	14
12	14	7	7	5	9	1	4	1	4	7	1
13	125	63	62	44	81	14	71	14	67	54	15
14	3	2	1	1	2	1	2	1	2	2	1
17	1	1	0	1	0	1	0	1	0	1	0
19	95	20	75	52	43	21	32	2	73	23	2
21	11	3	8	6	5	2	9	2	9	2	1
23	13	7	6	3	10	3	10	3	10	13	1
24	3	3	0	3	0	1	2	1	2	4	1
25	1	1	0	1	0	1	0	1	0	1	0
27	-	-	-	-	-	-	-	-	-	-	-
29	1	1	0	1	0	1	0	1	0	1	0
31	1	1	0	1	0	1	0	1	0	1	0
32	3	1	2	1	2	1	2	1	2	4	1
34	64	15	49	42	22	4	60	3	57	4	18
40	4	1	3	2	2	1	3	1	3	1	1
46	1	1	0	1	0	1	0	1	0	1	0
47	9	2	7	5	4	4	5	4	5	1	2
50	5	2	3	1	4	2	3	2	3	2	2
51	-	-	-	-	-	-	-	-	-	-	-
52	21	2	19	18	3	1	21	1	20	5	2
53	2	1	1	1	1	1	1	1	1	1	1
54	16	8	8	7	9	1	16	1	15	8	8
55	-	-	-	-	-	-	-	-	-	-	-
63	14	2	12	2	12	4	10	4	10	9	2
91	10	10	0	8	2	8	2	8	2	9	2

TABLE VIII-2

NUMBER OF REGISTERED LONGSHOREMEN BY AREA AND PORT
AS OF MAY, 1962

Northern California Area			
Local 10-San Francisco		3584	
14-Eureka		110	
49-Crescent City		19	
54-Stockton		451	4164
Southern California Area			
13-Wilmington		3404	
29-San Diego		148	
46-Port Huamona		121	3639
Oregon Area			
4-Vancouver, Washington		174	
8-Portland		1161	
12-North Bend-Coos Bay		410	
21-Longview, Washington		288	
31-Bandon		24	
50-Asteria		133	
53-Newport		102	2292
Washington Area			
1-Raymond		53	
7-Bellingham		56	
19-Seattle		1255	
23-Tacoma		385	
24-Aberdeen		124	
25-Anacortes		25	
22-Everett		62	
47-Olympia		120	
51-Port Gamble		43	
55-Port Townsend		10	2133
Total			12,228

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The Coast Committee was primarily concerned with having sufficient time to determine the overall effects of our retirement programs under M & M and Pensions on the one hand, and the total effects that reduced manning along with other efficiencies would have on the fully registered work force. The vast amount of paper work in connection with Fund administration has somewhat retarded our efforts to determine the total effect from retirements, and many circumstances have delayed instituting many of the proposed changes in manning scales so that we cannot as yet state with complete confidence what our future man power needs will be.

The Coast Committee is satisfied that, regardless of the eventual picture, most of the ports now need some additional men--either Class A, Class B, or both. This should not be true of some smaller ports such as Newport and Astoria where, through loss of work opportunity from economic factors, the men are not fully employed. Generally, most of the other ports seem to be holding up quite well excepting for what might be termed "seasonal" drops in work opportunity. They have requests on file with the Joint Coast Committee for additional men in either or both classes. The same situation seemingly applies to all of the clerks' locals.

We are recommending that the Coast Committee be empowered to open the freeze once for each local during this coming summer within the following limitations. The Committee will examine the port by port work opportunity for each local with respect to registered men and casuals and will then determine the numbers of additional men that can be registered.

The requests of the clerks' locals would be evaluated similarly; however, in their case the Coast Committee would not open the registration rolls until a satisfactory and continuing plan for transfer of longshoremen to clerks and vice versa has been consummated as exemplified by the present program existing in clerks' local 34.

Prior to opening new registration in any Port the Committee will evaluate the manpower needs of Newport and Astoria, and any attempt to shift some of those men into adjacent ports that are asking for additional manpower.

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If this program is satisfactory to the caucus, we would then suggest that once the above instructions have been fulfilled, the Joint Coast Committee would again freeze registration until we could determine the full net effect of early pro-rata, mandatory requirement, and the coming new manning scales. There would be no lifting of the freeze unless instructed otherwise by a future caucus.

When considering adding men to the registration list the caucus should have in mind that the employers have requested changes and reductions in manning which have not been settled as yet.

Finally, the caucus should bear in mind that the PMA has put the union on notice in regard to the alleged racial discrimination in some areas as expressed through a refusal to register or add "A" or "B" men on the grounds of contract application, hiring and dispatch rules and so on. The position of the Coast Committee is that any such discriminatory practices must be eliminated wherever they are going on both on grounds of the contract and union policies and because the Committee was so instructed at the last caucus. The Coast Committee intends to carry out these orders without regard to any actions by the PMA because to do so is to follow sound union policy.

The important point to be made is that the full impact of the mechanization agreement on union membership is not yet discernible. But one fact is clear--the union does need to bring additional men into membership.

This poses an intriguing problem for one who would care to speculate on future ILWU-PMA negotiations. Because, new membership automatically raises the question as to whether the new men to be brought into the industry can be categorically denied the benefits of the mechanization agreement.

Both the union and the PMA would probably answer affirmatively to the question if it were asked of them today. But, of only for political reasons, the union is going to

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find it exceedingly difficult to refuse these benefits to one man while the man working next to him is entitled to them.

In theory, discrimination of this sort would seem equitable because the mechanization funds were set up to purchase past restrictive work rules. Newcomers to the industry, however, never had any restrictive work rules to sell, and are, therefore, not entitled to any benefits.

Nevertheless, in practice, the union officers (particularly on the local level) will find it exceedingly difficult to explain such an ethical argument to new men, especially when their tenure in office is contingent upon the confidence of the post-agreement members.

The above conjecture was made in an effort to point out a source of eventual conflict both within the union and vis-à-vis the PMA. But, we might add, only time will tell.

CHAPTER IX

CONCLUSIONS

The only real conclusion to the overall impact of the Mechanization and Modernization Agreement at the time of writing may be expressed by the cliché, "it is doing as well as may be expected."

The parties are now experiencing a certain degree of expected discomfort as a result of employer efforts to change work rules. These changes brought home to the union membership the fact that they would have to pay a price for the benefits which the union officers had heavily emphasized in the ratification campaign. These "beefs" are, however, being ironed out in the grievance machinery.

On the employers' side, there is, also, somewhat less than unanimous enthusiasm for the new agreement. Many stevedoring concerns, for example, believe that labor savings will also mean profit reductions on their cost-plus fixed fee contracts. They are, therefore, less than eager to invest in labor displacing machinery under such circumstances. The steamship operators, on the other hand, have been investing heavily in research and development in order that they may profit by the freedom they now enjoy. Apart from mechanization, however, it should be noted, that the

steamship companies have been able to enjoy considerable savings through the reduction in unnecessary manning. And here, we might add, is where the employers are to realize the major benefits of the agreement.

The employers are confident, therefore, that the savings made possible by the agreement will be far greater than the fund contributions. The contributions to the fund are based on tonnage handled by each company and amount to 4 or 5 per cent of annual longshore labor cost. This means that any productivity improvement above 5 per cent is a net gain for management. And during negotiations, it was estimated that the elimination of multiple handling rules, in Los Angeles alone, would result in savings in excess of the total amount that the employers finally agreed to pay.

Pres Lancaster, research director for the PMA, in a speech on behalf of the employers stated:

It is too early to say for sure what will be the eventual gains from the contract, but there are, in the data which PMA collects, signs of an accelerated productivity since the contract went into effect. This latest acceleration comes on top of the continuous, regular and marked improvement in West Coast longshore productivity which has been taking place since 1958. Steamship operators usually are reticent about voicing any improvement in their lot, but in the last several years they have, from time to time, let slip various glad little cries which seem to indicate that they, too have noticed the change for the better.

There have been other signs of improvement under the new agreement and the conformance program. A certain West Coast port has been notorious for

years for the poor performance of its longshoremen, and for the troubles encountered by shippers whose business took them there. Today, West Coast shippers are saying that performance in that port equals or exceeds performance in other Coast ports, and there are figures to substantiate these statements.¹

At this point, the author would like to interject what he believes to be the major changes since the signing of the agreement. These generalizations, it should be noted, should not be regarded as definitive, but rather, as educated guesses because proprietary interests have prohibited the publication in quantitative terms of the gains made since the signing of the agreement.

1. The elimination of multiple handling has led to a decrease in longshore employment. This is particularly true in the Los Angeles-Long Beach area. George Kuvakas, president of the local which serves this area, has estimated that from 50 to 75 per cent of longshore dock work has been eliminated since the signing of the agreement.

2. Sling load limits have been increased. This has been done by adding more men in the ships' hold, but increases in productivity have resulted in a decline in total man-hours needed.

3. The four-on four-off practice continues to be a problem in some areas, but the ILWU and the PMA are making efforts to stop this practice.

¹Pres Lancaster, "Pacific Coast Waterfront Mechanization and Modernization: The Collective Bargaining Approach," unpublished, mimeographed paper, p. 9.

4. The gains in productivity reported by the PMA are not the result of mechanized operations, but, rather, the result of work rule changes. And,

5. Productivity increases have resulted in faster ship turnaround.

Thus we are likely to see both parties benefitting under the agreement. The extent to which, however, we are unable to calculate at this time.

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