

Longshore industry
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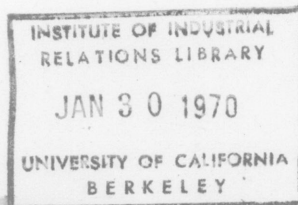
U.S. Department of Labor.

IMPACT OF

LONGSHORE STRIKES

ON THE

NATIONAL ECONOMY //



Washington January 1970

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CHAPTER I. INTRODUCTION

Purpose and Procedure

This paper has been prepared in response to a request by the Secretary of Labor to determine the full economic effects of recent national emergency strikes and, more importantly, to develop an analysis system or methodology which will give policy-makers basic economic information to be used in deciding which situations merit federal concern and involvement. With the goal of developing and testing a system that can provide a dispassionate base against which to measure disruptions, this report considers three recent national emergency strikes of longshoremen in Atlantic and Gulf Coast ports.

Although this report considers strikes which involved Federal action under the Taft Hartley Act, there was no attempt to measure their impact on either "health" or "safety," the standards set up in that Act. The study was confined to analysis of economic impact (realizing that the line between "economic" and "health and safety" is ambiguous). Further, it was directed to national rather than local impacts. The serious and permanent damage to individuals, firms, and even neighborhoods or communities is not great enough, even in the aggregate, to affect national totals.

Three major longshore strikes (1962-1963, 1965, and 1968-1969) have been selected for analysis both because they appear to be archetypical examples of use of Taft-Hartley Act emergency procedures and because port stoppages have potentially pervasive impact throughout the economy. The Taft-Hartley injunction provisions which were invoked on October 1, 1968, when the longshoremen and the shipping interests were unable to agree on a new contract, represented the seventh consecutive instance of the use of Taft-Hartley in this industry. In his affidavit in support of the request for this injunction, the Chairman of the Council of Economic Advisors stated: "This work stoppage will have an immediate and substantial adverse impact, both on the American economy and on our balance of payments. The strength of the American economy and the dollar are vital to our total national health and safety and to our political and military security The longshore work stoppage, if continued, would have a serious adverse impact on our domestic economic health by curtailing employment and output in industries which manufacture exported products, industries which require imported materials, and industries which transport and distribute internationally traded products."

The immediate impact of a dock tie-up is partially to halt both imports and exports, but to some extent this may be offset by advance shipments and receipts in anticipation of the strike, by diversions of traffic to ports not affected by the strike or to other transportation systems, and by above-normal shipments and receipts after the strike has ended. Dock strikes historically have not halted all imports and exports -- the impact of a longshore strike on Department of Defense cargo has been minimal although at times there have been problems with respect to the treatment of vessels carrying both

military and civilian cargo. In general, the union has cooperated with requests from senior government officials to process specific cargo or vessels deemed to involve national health or safety -- perishable commodities, mail, and so forth. Finally, there are a number of bulk commodities like petroleum and coal which are either not handled by longshoremen or which are moved through privately owned facilities under longshoring contracts independent of the main port contracts.

As far as the balance of trade is concerned, the absolute declines in imports and exports are the key element. If both imports and exports are affected by the same absolute amount, then the balance of trade remains unchanged. The immediate balance of payments impact however, will reflect both the change in trade balances and also changing patterns of port expenditures by vessels and their crews. Increased expenditures in U. S. ports by foreign vessels caught by the tie-up and higher expenditures after the strike if, as is usual, stevedoring charges increase, will improve the balance of payments account. Offsetting this will be the increased expenditures in foreign ports by U. S. vessels which reschedule their runs to stay away from home ports during the strike.

In the long run, the effect of a strike conceivably could be to cause some U. S. producers to lose foreign markets and some U. S. producers with foreign plants to step up their foreign, as opposed to domestic, activity in order to strengthen their competitive ability. Somewhat less directly, a prolonged strike could affect the competitive stance of U. S. companies who rely on imported raw materials, components or finished goods; who export in significant amounts; or who are subject to import competition.

If the strike settlement results in higher costs for handling oceanborne cargo, both imports and exports will be affected. The relative impact will depend upon the degree of price competitiveness of both imports and exports in their respective markets. To the extent that exports of raw materials such as grains are normally sold at world market prices, increased delivery costs will render the U. S. product less competitive. Conversely, exports based on technical superiority or monopoly may not be affected at all. Parallel situations exist with respect to imports.

One probable impact of a longshore or maritime strike is on the participation rate of U. S. carriers in transoceanic trade. The Task Force did not concern itself with this issue but noted some relevant tentative studies done by the Department of Transportation which indicated that the annual decline in the share of U. S. foreign trade carried on U. S. bottoms was significantly greater after a maritime or dock strike. One possible explanation of this effect is that increased costs reflecting a strike settlement make some non-subsidized U. S. vessel operations submarginal and they either transfer operations to foreign flag of convenient registry or go out of business completely.

The problem of determining the impact of a strike thus becomes one of measuring the deviations from 'normal' caused by the stoppage. The measurement involves an

arbitrary determination of what is normal, the time period over which the deviations must be observed, and, most importantly, an implicit assumption that any portion of the deviation which cannot be attributed to some specific element other than the strike is due to the strike. In a dynamic world economy, trade flow patterns are constantly changing, and attempts to attribute the changes to a single cause, even a major cause, are necessarily of questionable validity. The difficulty involved in the cause-effect relationship in foreign trade can easily be demonstrated by the experiences of the U. S. Tariff Commission with escape clause and adjustment assistance petitions. Between 1963 and late 1969 the Tariff Commission considered about 35 such petitions, utilizing both its own experienced staff and industry expertise to develop detailed facts and analyses, and but in effect, was unable to determine in any instance the basic cause of increased imports of an individual product. A full technical description of the procedures followed to determine "normality" and "deviations" is presented in Chapter IV - basically the Task Force set up a system designed to minimize personal judgements and generate results which were uniformly applied within commodity groupings and over time.

The analysis concerns itself with both gross and net deviations. The gross deviation is defined as the strike-induced loss less anticipation. The net is defined as the gross deviation less the post-strike recovery. Both of these measures have obvious merits and uses.

Responsibility

This report was prepared under the guidance of an intradepartmental committee chaired by John P. Gould, Special Assistant for Economic Affairs. The committee was composed of Philip Arnow, Director, Office of Policy Planning and Research; Joseph W. Bloch, Director, Office of Labor-Management Policy Development; Edgar I. Eaton, Director, Office of Foreign Economic Policy; John N. Gentry, Executive Assistant to the Under Secretary of Labor; and Joseph P. Goldberg, Special Assistant to the Commissioner of Labor Statistics. The Transportation Task Force Staff under the direction of Edgar Eaton included Roger Comer, William Frederick, Frances Green, Carl B. Reeverts, Martin Scharlemann, Sally Seymour, James Walsh, Florence Powers, Shirley Lindberg, Maxine Montgomery and Phyllis Ritchie.

CHAPTER II. SUMMARY OF FINDINGS

The three longshore strikes studied are those which tied up East Coast and Gulf ports for the periods December 23, 1962 - January 27, 1963; January 11 - March 6, 1965; and December 20, 1968 to various dates between February 15 and April 13, 1969.

In general, U. S. foreign trade patterns during and after these three periods failed to reveal any long-run effects which could be directly attributed to the strikes. The strikes had no visible impact on the economy as a whole - industrial production, retail sales, national income, or total employment.

The longshore strikes of 1962-63, 1965, and 1968-69 do not appear to have caused any lasting unfavorable shifts in the basic trends of either imports or exports. The general pattern in all three strikes was: Some buildup in both exports and imports in the month before the longshore contract was due to expire and additional buildup in the month before the Taft-Hartley injunction expired; sharp drops in both exports and imports during the months the ports were closed; and then a significant recovery in the two or three months following the final settlement.

In both 1962-63 and 1965, U. S. exports in total were considerably greater than U. S. imports and the absolute changes in exports were greater than those for imports. In 1968-69, exports and imports were much closer to being equal in total and the absolute change in exports was relatively close to the absolute change in imports. The U. S. merchandise trade balance fluctuated around zero before, during, and after the 1968-69 strike.

Our estimates of average daily net loss in the U. S. trade balance attributable to the strike are about \$9 - 10 million per day in the 1962-63 and 1965 strikes and roughly \$3 - 5 million per day in the 1968-69 strike. The range of the estimated average daily loss in the 1968-69 strike is fairly large because the strike ended in different ports on various dates between February 15 and April 13, 1969. The estimates of the total net loss in the U. S. trade balance are: approximately \$350 million in 1962-63; about \$450 - 500 million in 1965; and roughly \$250-300 million in 1968-69. None of the total net losses appears large in comparison with total U. S. foreign trade - \$41 billion in 1963; \$49 billion in 1965, and \$70 billion in 1969. The U. S. favorable trade balance was \$5.2 billion in 1962, \$7.9 billion in 1964 and \$1.4 billion in 1968 (includes military assistance grant-aid shipments).

The fact that we have been unable to find a significant impact on the national economy does not mean, of course, that the strike had no impact. Clearly it affected some businesses and ship operators ----some of these losses, inconveniences, and increased costs incurred are traced in subsequent sections of the report.

This finding is parallel to that of the Department's 1961 study, "Collective Bargaining in the Basic Steel Industry." In that report one major conclusion is:

"It is our opinion that the economic impact of strikes on the economy are usually seriously exaggerated. Too often the losses of production, employment, and wages are evaluated in a context which assumes that there would have been continuous high-level operation had there been no strike. Such losses, as noted previously, if they are to be placed in a realistic focus, must be weighed over a time span that encompasses a period prior to the strike, the period of the strike, and a period long enough following the strike to permit restoration of inventory. The secondary effects of strikes must be evaluated in a context which recognizes the extent to which industry is subject to seasonal and cyclical forces, the fact that American industry generally operates well below capacity and the fact of inventory accumulation at several stages beyond basic steel itself. Viewed in this perspective most strikes can last much longer (even in an industry as basic as steel) than is generally believed before the economy will be seriously hurt. History in steel indicates that once strikes really begin to be seriously felt over wide segments of the economy, pressure from those affected will in most instances bring about a settlement."

Several factors have contributed to the comparatively small long-run impact of longshore strikes. There is evidence in the data as well as statements from companies deeply involved in foreign trade that there is both activity in anticipation of the strike and a great deal of makeup after the ports reopen. Larger companies in particular tend to spread their anticipatory or defensive actions over a long period of time. The extent of this offset depends on available capacity. For example, the ports were operating near capacity in 1969, making it difficult to clean up the congestion after the strike. This was not so in earlier years.

It is worth noting that the 80 day "grace period" which resulted from the invocation of the Taft-Hartley injunctions, may have contributed to the reduction of the strike impact by providing a clear signal that anticipatory activity was needed and by allowing an appreciable period of time to engage in such activity. At the same time, it is reasonable to expect that similar behavior might occur in anticipation of a threatened strike if it were made clear in advance that a Taft-Hartley injunction would not be sought immediately. Indeed, the evidence of anticipatory buildup in September, the month preceding Taft-Hartley injunctions, lends credibility to this possibility. Moreover, our findings indicate that there is typically as much or more buildup in both imports and exports in the post-strike recovery period as there is in the pre-strike period.

There appears to be no evidence of a permanent loss of export markets because of a strike. Any permanent losses would presumably show up in a slowdown in the rate of growth of either exports or imports not directly traceable to other causes - no such slowdown appears in the data and questioning of both major U. S. exporters and U. S. embassies failed to develop examples of permanent loss of customers or access to markets. This relative stability of markets for goods moving in foreign trade despite the loss of some sales during the strike most likely reflects the high proportion of finished manufactures in U. S. trade. At present, over two-thirds of U. S. exports

and almost 60 percent of imports are finished products, an appreciable share of which are well insulated against the effects of temporary breakdowns in delivery schedules. These goods reflect unique technological developments and patents, brand name maintenance, or consumer acceptance.

The steady growth of the multinational company with extensive international inter-plant transfers also undoubtedly has an impact on the stability of markets for finished goods. Because their various plants and subsidiaries are, in effect, captive markets, interruptions in the transportation system, such as those caused by strikes, will not generate changes in trade patterns for these companies. Market permanency, however, does not exist for many commercial agricultural products such as soybeans or wheat. These are normally sold on a strictly competitive basis involving price and delivery schedules. Inability to make delivery during strikes is reported to have caused significant losses of specific sales by the U. S., but not any appreciable loss of ability to repenetrate the market once delivery again becomes possible.

Domestic Economy

With few exceptions, such as sugar cane and parts for some foreign vehicles, the strikes did not appear to generate shortages of materials or components in this country. Although waterborne commerce through East and Gulf Coast ports accounts for approximately half of total U. S. trade, the gross declines in trade between November and January, the height of the strike, were only about 35 percent in 1963 and 1965 and 30 percent in 1969. This reflects the fact that some commodities such as petroleum imports and coal exports are not affected by a longshore strike. To a minor degree, some shifting to air and alternate ports occurred.

Major manufacturing firms with significant export markets or reliance on imports indicate that they were generally well prepared and in a position to sit the strike out. These companies experienced some disruption of production and delivery schedules and some loss of profits because of strike-induced higher costs -- use of alternate routes or modes of transportation, increased inventory costs, temporarily redundant personnel, loss of sales to better-prepared competitors, and so forth.

Although the national economic impact of a prolonged strike appears to have been minimal, the strikes have severe or even disastrous impacts on some small immediate port neighborhoods and businesses, and on many individuals. The halt in port activity adversely affected small truckers, importers and exporters whose livelihood depends on a steady flow of merchandise, small retail establishments featuring imported products, and many of the port-supporting groups such as restaurants, bars, and so forth. The extent that the strike may have affected physical health or national safety (security) is difficult to determine. However, the impact on the movement of Department of Defense cargo has been minimal and requests for special treatment based on health or security needs were normally honored.

The most visible impact of a longshore strike is on the oceangoing fleet and its workers. The Maritime Administration estimates that failures to sail cost U. S. merchant seamen about \$21 million in potential wages, most of which cannot be made up since there are no means, such as overtime, to recover lost earnings. There have been estimates that it costs around \$6,000 - \$7,000 per day to operate a vessel, even when it is tied up by a strike. At the peak of the 1969 strike, 650 vessels including 185 U. S. ships were tied up in ports -- the direct costs to the U. S. vessels were thus over \$1 million a day. Some of the costs can be made up when the strike ended by higher revenue from greater ship utilization -- cargo already waiting in the ports for ships and faster turn-around times as a result of cargo consolidations. Again, the extent of this makeup depends on how near to capacity the ports and shipping-related companies operate under normal conditions.

Employment can also be affected by a strike. In a full employment situation, however, there tends to be a great deal of labor hoarding and, therefore, few layoffs. This was the case in the 1968-69 strike where the only significant layoffs took place in the sugar refining industry where stockpiles were consumed before the strike ended. There were also a few sporadic layoffs in individual companies because of particular material or component shortages, or lack of business in service industries.

There is also a question as to whether the strike has any effect on the earnings of longshoremen. With the significant exception of the Port of New York, longshoring is frequently only an incidental occupation for an individual, and, based on historical experience, he will have ample opportunities to make up any losses by extended overtime work when the strike is settled. Using Baltimore as an example, in the year ending September 30, 1968, almost 40 percent of the 5,500 registered longshoremen worked less than 100 hours in the year and nearly 50 percent worked less than 700 hours. Only 36 percent of the registered men worked 1,300 or more hours. If 1,800 hours is considered a full year's work (allowing for vacations, holidays, etc.,) less than 20 percent of the Baltimore longshoremen can be considered as regular longshoremen. Except for New York, it is clear that the bulk of the longshoremen are casual workers, and conversations with stevedoring companies, port authorities, and other experienced people lead us to believe that they have ready access to other full-time employment. The regular workers are also in a strong position to be away from the piers for a fairly long period of time at the end of the contract year. Because longshoremen do not work for a single employer, their pay is handled through an employers' group established for this specific purpose. The group collects all fringe benefits from employers and then passes them on to the individual or to the union depending upon the particular benefit. In the case of vacation pay and holiday pay, a regular worker with a history of attachment to the port over the past several years collects a check in December covering these benefits for the contract year which ended on the previous September 30. This check is equal to approximately six weeks of full-time activity. In Baltimore it amounted to over \$900. (He may

also collect a sizable sugar-handling premium at the same time.) Even if the strike lasts beyond the December bonus of the average regular longshoremen, most have basic skills in handling machinery, etc., and are reported to have little trouble getting temporary jobs.

CHAPTER III. ECONOMIC BACKGROUND

History of the Three Strike Periods

Examination of the major economic indicators and analysis of work done by other agencies suggests that the longshore strikes which occurred in 1962-1963, 1965, and 1968-1969 did not significantly affect the national economic well being.

The general economic background was different for each of the three strike periods. In 1962-1963 we were still recovering from an earlier recession and the economy was still not running at full capacity. There was an economic subcycle in 1962. At the time of the 1965 strike the effects of the tax cuts of 1964 were starting to be felt, but we had not yet moved into the inflationary situation that characterized the 1968-1969 period when the economy was running at practically full capacity. The impact of the strike or a strike of significant proportions on a full employment economy should be more discernible than a similar strike on a less fully employed economy because of the inability to utilize unused capacity to anticipate the strike or to accelerate the cleanup after the strike.

1962-1963 Strike Period

The 1963 President's Economic Report described the 1962 economic environment as a "slowdown". The following is a quote from that report:

"... the average quarterly change in GNP was only \$6 billion in 1962 against \$13 billion in 1961."

The sluggish performance continued through the first quarter of 1963, during which time the economy gained less than \$7 billion. In fact, the index of industrial production remained virtually unchanged from July 1962 through January 1963.

The Survey of Current Business, in its monthly review of business activity for January 1963, said, "the economy has continued to move ahead in the opening weeks of 1963 but the pace is still sluggish. . . ." There was no mention of a longshore strike as the source of this sluggishness.

The Federal Reserve Bulletin reported business conditions in January 1963 as:

"Industrial production, nonfarm employment and retail sales continued to change little in January.

Employment was reduced in transportation because of the dock strike affecting Eastern and Gulf ports from December 23 to January 27. Employment in other activities showed only small changes, with manufacturing down and trade up."

1965 Strike Period

The Economic Report of the President discussed the 1965 economy as:

"In 1965, the American economy achieved fuller utilization of its vast human and physical resources than at any time since 1959."

The longshoremen were on strike during January and February of 1965. The Federal Reserve Bulletin analysis for January said:

"Industrial production rose further in January, following the large increases in November and December when auto output recovered from strikes. The rate of unemployment edged down to 4.8 percent."

There was no mention of the strike.

The Survey of Current Business did not mention the longshore strike in its evaluation for January 1965, the month during which the strike was ongoing. It said:

"Economic activity moved ahead in the first month of the new year, reflecting continued underlying strength in demand and output and the special stimulus from rising automobile production and sales and further stockpiling of steel."

The Survey's analysis for February noted:

"Business activity moved strongly upward during February as personal income and payrolls, nonfarm employment, industrial production, and retail sales reached record levels."

There was no mention of the longshore strike.

1968-1969 Strike Period

Analysis by the Federal Reserve Board and the Department of Commerce during the period of the 1969 longshore strike indicates minimal economic impact. The following are analyses from the Federal Reserve Bulletin for the period of the last strike:

January: "Industrial production and nonfarm employment rose in January and retail sales about recovered from the decline in December. The unemployment rate remained at the low December level."

No mention of the longshore strike.

February: "Industrial production edged up in February, nonfarm employment rose further, and retail sales were unchanged from the January high. Unemployment remained at the low rate prevailing in the preceding two months."

No mention of the strike.

In addition to the comments of the Federal Reserve Board, the Department of Commerce, in its Survey of Current Business, reviewed January 1969:

"The new year has started off with economic activity continuing to advance. Aside from retail trade, which has been subject to erratic fluctuations, there is little evidence to indicate that the expansion is slowing down."

The longshore strike was mentioned in reference to personal income. According to this review, the January rise was held down by strikes. The strikes mentioned were those in the petroleum refinery industry and in longshoring. February's assessment of January's less exuberant income growth was attributed to the increase in Social Security, taxes, bad weather, and strikes.

The analysis in the Survey for February agreed with the Federal Reserve Board as to the direction of the economy by stating, "The economy continues to exhibit remarkable

strength." The dock strike was mentioned with reference to a shortage of imported cars. There was apparently some shifting from foreign to domestic makes.

February's analysis mentioned employment gains extended to "all industries except mining."

Monthly indicators of economic activity tend to confirm the suggestions of these analyses. The Bureau of Census composite index of coincident indicators shows a steady upward trend throughout the months during which the longshore strikes occurred over the past eight years (see Table 1 and Appendix H).

Regional Impact

The analyses of labor market area statistics appear to be unfruitful in regard to regional impact of longshore strikes, particularly since foreign trade is only one, and frequently a minor determinant of local activity. In the case of foreign trade, according to a National Planning Association study, "the more apparent and more direct local interests are usually less important than the indirect repercussions of foreign trade which are transmitted to the local economy through the vast network of the National Market."

Monthly department store sales by metropolitan area were analyzed in addition to total department store sales. Of the eleven major port cities, nine showed a year-to-year increase in 1969 less than the 1967-1968 year-to-year increase during the period of the strike. Because of the unavailability of adequate data for the period prior to 1966, it is impossible to judge whether these year-to-year changes are the result of the longshore strike. However, national department store sales showed the same pattern, suggesting the slower growth is attributable to other factors.

Interviews conducted in August 1969 resulted in a few estimates of the regional impact of the 1968-1969 longshore strike.

Estimates were submitted for the Baltimore metropolitan area of a loss of \$10 million per week. A review of the estimating procedure indicates that the basic data had been developed for other purposes and their use for measuring port strike impacts overstates the net effect of the stoppage.

An estimate of losses of \$1.25 million per day in the New York Port was obtained from the New York Shipping Association, but this estimate was judged questionable by other industry representatives.

The Port of New Orleans made a very rough estimate that the loss to the regional economy was in the range of up to \$1 million per day.

Some estimates of the importance of ports to their regional economies have been made. Such studies have been done by the Universities of Houston, Maryland, and Virginia; but these were not useful for our purposes. An analysis of one such study is presented in Appendix D.

TABLE 1
COMPOSITE INDEX OF COINCIDENT INDICATORS
(1963=100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1960	87.2	87.6	<u>86.6</u>	87.4	87.3	86.8	86.6	86.3	86.3	85.5	84.8	83.6
1961	83.6	83.3	84.1	84.4	85.4	86.7	87.2	88.1	88.0	89.1	90.6	91.4
1962	91.5	92.7	93.5	94.3	94.6	94.6	95.3	95.2	95.8	96.0	96.3	<u>96.5</u>
1963	<u>96.9</u>	97.1	98.0	98.7	99.1	100.0	100.7	100.9	101.3	102.1	101.9	103.2
1964	104.1	104.9	105.3	106.5	107.6	107.8	109.2	109.8	110.3	109.4	111.8	113.9
1965	<u>114.6</u>	<u>114.9</u>	<u>116.8</u>	117.1	118.5	119.5	121.3	121.6	123.2	124.0	125.9	128.0
1966	129.4	131.1	133.0	133.3	133.6	135.7	136.3	137.2	137.7	138.9	139.8	140.7
1967	141.2	140.9	141.5	141.4	141.3	142.3	143.1	144.5	143.7	143.2	146.8	149.0
1968	149.9	151.7	152.9	153.7	154.9	156.3	157.4	157.9	159.0	160.2	162.1	<u>163.3</u>
1969	<u>164.7</u>	<u>166.4</u>	<u>167.3</u>	<u>167.7</u>								

Underlined months indicate months when I.L.A. was on strike at Atlantic and Gulf Ports.

Less than Regional Impact

There were some instances in which less than regional impact was measurable. Most of these were newspaper reports and refer to companies of small or moderate size that either went out of business or laid off personnel during the 1969 stoppage. For example:

- (a) Sealand (container ship operator) laid off 300 workers.
- (b) Sugar refineries in Philadelphia laid off 400 people.
- (c) Two hundred trucking companies went out of business during the strike.
- (d) United States Lines laid off 500 office employees.
- (e) New York shippers and freight forwarders laid off 20-25 percent of their force.
- (f) Lykes-Youngstown Corporation (a ship operator) suffered a loss of \$4.6 million.
- (g) Soybean processors laid off 500 workers.
- (h) Lusk Shipping Company (freight forwarder) lost \$25,000.
- (i) 8,500 teamsters were temporarily laid off.

Considerably more detail on these reports and results of interviews with leading concerns significantly involved in international trade are presented in Appendix G. In general these showed that the 1968-1969 strike generated problems and inconveniences, many of which raised costs and adversely affected operations. There was no evidence that the strike seriously impinged upon the national economy or threatened the existence of major concerns, even those whose business was completely related to international trade. It is also hard to find any large amount of unemployment directly attributable to the strike. We were also unable to find any manufacturer who claimed a permanent loss of a market because of the strike. Again, it must be noted that this type analysis probably masks many instances of extremely severe impacts upon individuals or smaller companies, particularly those whose livelihood depend directly upon port activity.

CHAPTER IV. TRADE FLOW ANALYSES

The basic strategy in attempting to measure the impact of a longshore strike on U.S. foreign trade is to determine how and when trade deviated from what it would have been absent the strike. Strike-induced deviations may occur in the pre-strike period in anticipation ("build-up") and after the strike as trade recoups ("recovery"), as well as during the period when the strike stops some trade. The net impact is the algebraic sum of these three deviations.

The difficulty in applying this strategy to a real situation lies in the determination of what trade would have been if there had been no strike ("normal"). There are a variety of ways of determining "normal" ranging from a simple average of data for some preceding period through sophisticated econometric models.

In order to eliminate some of the vagaries which affect monthly trade data such as differences in the number of shipping days each month, dates when crops are ready for movement, or when goods must be on hand for holiday sales, all data used in this analysis were corrected for seasonal variation.

After examining and testing the several definitions of normal, the trend-cycle of seasonally adjusted data appeared the most satisfactory concept of normal for Task Force purposes. The deviation from normal was measured by the difference between the seasonally adjusted data and the trend-cycle of the seasonally adjusted data. Any economic time series is a composite of trend, cycle, seasonal and a residual. The seasonal movement is an intra-year movement which follows a more or less regular pattern, which is often socially or institutionally determined and subject to change. The cycle consists of short-run cumulative and reversible movements characterized by alternating periods of expansion and contraction lasting more than one year. The trend makes up still longer movements. Thus the procedure used by the Task Force is essentially an analysis of residuals from trend.

The Task Force used a weighted fifteen-month moving average of seasonally corrected data as the trend-cycle. This formula is the one which is regularly used by the Bureau of the Census in its work on U.S. import and export statistics. The trend-cycle was determined separately for each of the 57 subgroups into which the Bureau of the Census classifies foreign trade data. The subgroups are essentially totals of homogeneous commodities such as animal feed, electrical apparatus, medical and pharmaceutical products or clothing.

Effectively the technique supplants personal judgment about the movement of trade for each subgroup by an established statistical procedure which provides uniformity and objectivity in the determination of "normal." The weakness of this, or any other standardized technique, is that all deviations are attributed to the effects of the strike.

The only instance where this procedure was not followed was in the case of crude petroleum imports, since oil-tanker cargo handlers were not on strike.

The use of econometric models was explored but was found difficult to use for this purpose because econometric analysis involves identifying and weighting, as to importance, the various forces operating on the individual commodity groups. These forces and their weights are then assumed to have been operating as if things had been normal during the period analyzed. Econometric models are obtainable for use in determining "normal" for total imports or total exports, but are not existent or developable, within current resources, for groups or subgroups.

Several publically available econometric models for total imports and total exports were examined by the Task Force. Three of these were developed by or for the Department of Commerce. Two of these models made no attempt to analyze exports. Exports were treated as given or exogenous by Thurow ^{1/} and Liebenberg. ^{2/} Only the model developed by the Balance of Payments Division attempted to analyze the forces operating on exports using an econometric model. This model was revised during the past year, according to officials of the Balance of Payments Division.

A model for explaining imports and exports was developed by Branson ^{3/} for the Federal Reserve Board in May 1969. This model has been revised subsequently. Our examination of these models suggests that use of such techniques limited to total exports and imports would not have resulted in estimates that differed systematically from those obtained by the trend-cycle analysis of subgroups.

If there were no changes in the environmental forces, random or structured, except the distortions due to the strike, deviations of monthly seasonally adjusted data from trend-cycle would unambiguously measure the net impact of the strike. Unfortunately, there is no method for separating strike impact from other impacts. Because of the natural intrusion of random forces on seasonally adjusted monthly data, the allocation to strike impact all of the deviation of seasonally adjusted monthly data from normal misstates the "strike impact" by some unknown proportion. There is no reason to believe that this introduces any systematic bias in the analysis.

An example of this problem is wheat exports in 1969. There is little doubt that a significant portion of the decline in these exports, all of which is attributed to the strike by use of trend-cycle analysis, is really the result of a major shift in the world wheat supply situation (discussed in more detail in Appendix E 6.)

The analysis of strike effects is necessarily limited to monthly data, even though the actual strikes never began or ended at the start of a month. The Task Force treated

^{1/} Survey of Current Business, March 1969

^{2/} Survey of Current Business, May 1966

^{3/} Federal Reserve Bulletin, May 1969

as strike months: January 1963, January-February 1965, and January-February 1969. This ignores the fact that ports were closed the last ten days in December 1962 and December 1968 and that some ports, particularly on the Gulf Coast, did not reopen until April 1969. In all cases the recovery period was the three calendar months following the strike period. The anticipation period was the four months preceding the first strike month.

Because each of the one hundred and fourteen series analyzed has its own unique set of environmental and seasonal forces, any aggregation of these subgroups will be affected by a weighted average of the environmental and seasonal forces of the subgroups. The conclusions resulting from deviations from normal of modified subgroups usually differ from conclusions resulting from deviations from normal of the modified aggregate.

The variance of the aggregate analysis from the subgroup analysis depends on the magnitudes and homogeneity of the subgroups. For instance, within the Beverages and Tobacco group, the seasonal pattern of beverages is frequently opposite that of tobacco. In 1967, during the peak period for tobacco imports (January-March), the two series are nearly equal in dollar volume; however, during the low period for tobacco imports (July-September) average shipments of beverages were over ten times that of tobacco. Over all, beverages is the dominant series because of its greater value, so the seasonal pattern of the aggregate series tends to approximate the seasonal pattern of beverages. However, since the tobacco imports seasonal pattern is not stable, the aggregate seasonal pattern fluctuates from year to year. A fluctuating seasonal pattern creates fluctuating residuals and a seasonal adjustment of questionable validity.

The disparity between subgroup analysis and aggregate analysis also follows through to the calculation of normal. The trend-cycle of the aggregate will differ from the subseries trend-cycles.

There is, however, a point of diminishing returns as regards subseries analysis. The lower the magnitude of the series, the less amenable it is to seasonable adjustment. Therefore, there is a minimum level of disaggregation to which trend-cycle analysis can reasonably be pushed. The test of this level is the relative dominance of random forces on the series. The level can best be determined by calculating the seasonally adjusted data and the trend-cycle. Frequent shifts in the trend-cycle and extreme movement in the seasonal adjusted data is an indication of the inappropriateness of trend-cycle analysis to the series. The commodity groupings studied by the Task Force appeared to be appropriate to trend-cycle analysis. Trend-cycle analysis for animal and vegetable oil imports did not appear to be appropriate but was followed for consistency; the group is so small that any error in analysis is probably negligible in the aggregate.

The period of time used in the analysis also results in different conclusions. Using trend cycle data of total exports and imports summed to quarterly totals prior to, during and after the strike, (4th, 1st and 2nd quarters) rather than monthly trend cycle data encompassing September through May, raised the net trade balance impact by nearly \$200 million in 1969.

Normal can also be defined as some past level. The June 1969 Survey of Current Business review of first quarter 1969 Balance of Payments uses the fourth quarter of 1968 as its standard for comparison. Implicitly it is thus assumed that trade in the first quarter of 1969 would have been at the level of the fourth quarter, if there had been no strike. This article states that "exports declined \$910 million from the fourth quarter to about \$7,470 million and imports dropped \$880 million to about \$7,580 million."^{4/} After certain modifications were made in the fourth quarter data, the article stated ". . . exports that may have been affected by the strike fell about \$1.5 billion from the adjusted fourth quarter figures; the corresponding decline in imports was about \$1.1 billion." All of which illustrates the point that the choice of the concept of normal may significantly affect the analysis of the impact of a longshore strike on the economy.

The impact, as measured by the Task Force, excluded any negative deviations from normal prior to the strike period, which in all cases, was the September-December period. This was done with the knowledge that in 1965 the longshoremen did not go out until January. In 1963 and 1968, the work stoppage started in late December. Prior to each strike period, shippers either pushed their shipments ahead or warehoused them until after the strike. Therefore, any negative deviation of seasonally adjusted data from normal prior to the strike period is more probably a result of structural or random factors or a shifting of shipments to a different time period rather than a strike impact. It is unlikely that the work stoppage in late December 1962 or 1968, which included the holiday seasons, would have been great enough to result in a negative anticipation for the entire three-month period.

The same sort of reasoning was applied to net deviations after the strike. Since, according to interviews with Port Authority and industry representatives, the period after the strike was one of above normal activity, a negative deviation from trend would be an indication of other-than-strike impact effects due to structural or random forces. Negative deviations after the strike period were therefore not counted in the net impact of a strike.

Similarly, the Task Force did not recognize any situation in which the sum of anticipation and recovery was greater than the loss during the strike period for any

^{4/} Survey of Current Business, June 1969, p. 37.

subgroup. The net loss for such subgroups was arbitrarily set at zero; this zero was carried into the totals (as shown in Table 2) for major groups and total trade. As a consequence, the data shown in Table 2 will not, in all cases, sum across rows.

CHAPTER V. TRADE FLOW ANALYSIS

Methodology and Procedure of Analysis

The object of the analysis, in general, was to determine the deviations from trend, as defined in Chapter IV, in seasonally adjusted U. S. imports and exports. The data were analyzed at both the "one-" and "two-digit" commodity classification level. Feed grains, electrical machinery, or industrial chemicals are examples of the "two-digit" level; all "machinery" or total "food and live animals" is an example of the "one-digit" level.

Gross deviations during the strike period were calculated, taking account of anticipation during the usual buildup months. Net deviations were calculated by adjusting for clean-up during the three months following the strike.

Examination of the data, in addition to the results of interviews at the major Atlantic and Gulf Coast ports, suggest that buildups prior to the strike occurred in two separate stages - first in the month before the contract expiration date followed by a further buildup one month prior to the expiration of the Taft-Hartley injunction. The clean-up period usually lasted two to four months.

A. Changes to Patterns of Flow of Total Exports and Imports Strike from December 23, 1962, to January 27, 1963 (35 days)

In this period U. S. exports declined much more sharply than imports probably reflecting the fact that total exports at the time were almost one-third greater than imports. As a result, the U. S. trade balance for the period December 1962 through the spring of 1963 was some \$350 million below what we would have expected it to be except for the strike.

The effects of the strike show up in total trade volume the first four months of 1963. In January, exports, after correcting for seasonal variation, were \$650 million below the computed trend. This was offset by "anticipatory increases" of about \$40 million in the higher-than-expected exports in the next three months of \$160 million. The net loss is in the range \$450-500 million.

Imports, which had been running well below exports, declined by \$300 million in January, but there appears to have been sizeable "anticipation" and some recovery so that the net loss in imports was less than \$100 million.

The net movement in the U. S. merchandise trade balance was from a favorable balance of about \$400 million per month in 1962 to an unfavorable \$100 million in January 1963. However, there does not appear to have been a permanent loss of export markets (as opposed to individual sales), since as soon as the ports reopened the U. S. trade surplus continued to rise sharply -- from \$4.6 billion in 1962 to \$5.5 billion in 1963 and \$7.0 billion in 1964.

A net loss of exports of \$450 - 500 million would be 2-2 1/2 percent of 1963 exports; the loss in the U. S. favorable trade balance for the period as a whole was roughly equivalent to the trade surplus generated in one month. There was no shift in the trend of U. S. exports which would be the indicator of a permanent loss of some export markets. It is likely that a large part of the loss of exports reflects the filling of a specific demand for some internationally traded commodity such as wheat or cotton by an alternate source of supply but with the full realization that the U. S. could freely compete again for the next sale in the same market.

Strike from January 11 to March 6, 1965 (54 days)

We estimate the total exports in January and February 1965 were \$1.5 billion below what they might have been without the strike. Exports in the next three months, however, include a makeup factor of almost \$650 million and there was a pre-strike buildup of \$250-300 million. The net loss in exports was calculated at \$700 million. Imports dropped much less sharply, about \$500 million, and there seems to have been enough anticipation and recovery in the following months to have offset half the loss.

The balance of trade declined from a monthly average surplus of \$600 million in 1964 to approximately \$20 million in both January and February 1965 but jumped to almost \$900 million in March. For the period as a whole the net loss in the favorable trade balance, after allowing for anticipation and for the makeup in March and April, was about \$450-500 million.

The 1965 strike appears to have taken place at a time when the pattern and trend of the increase in U. S. imports was shifting radically. From 1960 through 1964 total imports had increased at about \$1 billion a year (slightly less than the increase in U. S. exports). After 1964, however, the rate of increase in imports jumped to \$3 billion per year, and the determination of "normal" imports for this strike period is therefore somewhat arbitrary.

Strike from December 20, 1968, to April 13, 1969 (115 days)

This strike does not appear to have had any appreciable adverse impact on total trade in December 1968, March and April 1969. Although the strike did not end officially in all ports until mid-April, New York resumed operations on February 15, the Chesapeake Bay ports and New Orleans on February 22, and most other East Coast ports on or prior to March 2. Ports still closed after March 10 included Galveston and Houston, major grain shipping points.

The basic trade patterns which existed at the time of this strike were markedly different from those in 1963 and 1965 in that imports had grown to just about the same level as U. S. exports. Both exports and imports declined approximately \$900 million from December to January so that the January trade balance was not significantly

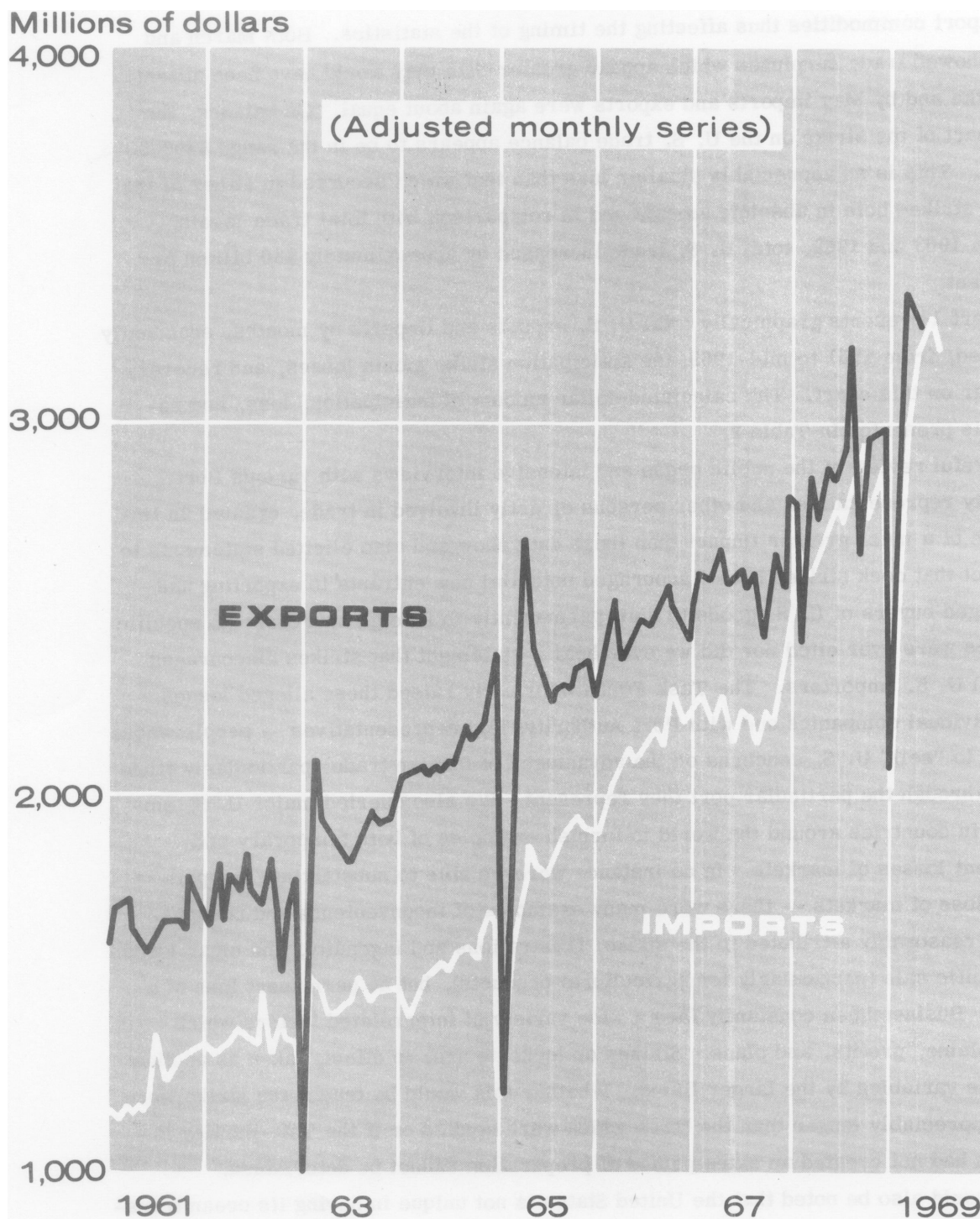
different from what it had been for the previous 12 months. An unfavorable trade balance of \$350 million in February was in large part brought about by the necessity of unloading imports from ships which were in the harbor before they could be reloaded with export commodities thus affecting the timing of the statistics. Both March and April showed trade surpluses which appear greater than they would have been absent the strike and by May imports and exports were again about equal. On balance, the net impact of the strike on the U. S. trade balance appears to be in the range \$250-300 million. This is an appreciably smaller loss than that which occurred in either of the earlier strikes both in absolute amount and in comparison with total trade levels. Between 1963 and 1969, total U. S. trade increased by approximately \$30 billion or 75 percent.

Chart 1 presents graphically total U. S. exports and imports by months, seasonally corrected, from 1961 to mid-1969; the anticipation strike month losses, and recovery are clear on this chart. The calculated dollar amount of anticipation, loss, and recovery is presented in Table 2.

Careful review of the public press and intensive interviews with various Port Authority representatives and other persons directly involved in trade, created an impression of a much greater impact than these data show and also elicited statements to the effect that dock strikes both discouraged potential new entrants to exporting and encouraged buyers of U. S. goods to shift permanently to foreign sources. No specific examples were ever cited nor did we ever hear a statement that strikes discouraged potential U. S. importers. The Task Force informally raised these alleged losses with individual companies and with Port Authority field representatives -- people whose job it is to "sell" U. S. concerns on the advantages of foreign trade, particularly trade moving through the particular port they represent. We also queried major U. S. embassies in countries around the world to furnish examples of both temporary and permanent losses of markets. In no instance were we able to substantiate any permanent loss of markets -- there were many examples of inconvenience and cost increases reasonably attributed to the strike, frustrations and ingenuity, and clear losses of a specific sale (particularly for agricultural products), but no permanent loss of a market. Businessmen constantly face a wide variety of interrelated factors which affect volume, profits, and plans. Strikes or lockouts are, in effect, taken as another one of the variables by the larger firms. Whether this would be true if the strike were to last appreciably longer than the three which were studied or if the Taft-Hartley injunctions had not created an extra period of preparation cannot be determined.

It should also be noted that the United States is not unique in having its ocean transportation affected by a strike. For example, the files of the Bureau of Labor Statistics indicate 14 water transport strikes in foreign countries in 1967, the latest data available. Consideration of shifts to production in foreign countries must also take into

U.S. FOREIGN TRADE EXPORTS^{1/} AND GENERAL IMPORTS TOTAL TRADE



Source: U.S. Census.

^{1/}Excludes DOD Military Assistance Program Grant-Aid Shipments.

TABLE 2. "IMPACT" OF LONGSHORE STRIKES ON U. S. FOREIGN TRADE
TOTAL, BY MAJOR COMMODITY GROUPINGS, OF IMPACTS ON HOMOGENEOUS COMMODITY SUBGROUPS
1962 - 1969
(\$ million)

Total and Commodity Groups	E X P O R T S			I M P O R T S			
	Antici- pation	Strike "Loss"	Post- Strike Recovery	Net	Antici- pation	Strike "Loss"	Post- Strike Recovery
	1962 - 1963						
Total Trade	+ 40	- 650	+ 160	- 450	+ 140	- 300	+ 70
Food and Live Animals	0	- 120	+ 30	- 90	+ 30	- 100	+ 20
Beverages and Tobacco	0	- 30	0	- 30	0	0	0
Crude Materials except Fuel	+ 10	- 60	+ 40	- 10*	+ 10	- 30	+ 20
Mineral Fuels	0	- 10	+ 10	0	No Impact		
Chemicals	0	- 70	+ 20	- 50	+ 20	- 20	0
Manufactured Goods by Material	+ 20	- 80	+ 30	- 30*	+ 50	- 70	+ 20
Machinery	0	- 270	+ 30	- 240	+ 20	- 40	0
All Other	+ 10	- 10	0	0	+ 10	- 40	+ 10
	1965						
Total Trade	+280	-1540	+ 640	- 700	+ 100	- 480	+190
Food and Live Animals	+ 20	- 300	+ 290	0*	+ 60	- 130	+ 60
Beverages and Tobacco	+ 10	- 80	+ 10	- 70*	0	0	0
Crude Materials except Fuel	+ 90	- 180	+ 80	- 40*	+ 10	- 50	+ 30
Mineral Fuels	+ 10	- 20	+ 10	0	No Impact		
Chemicals	+ 30	- 130	+ 20	- 80	0	- 30	+ 10
Manufactured Goods by Material	+ 20	- 210	+ 80	- 110	+ 10	- 120	+ 60
Machinery	+ 60	- 550	+ 130	- 370*	+ 10	- 100	+ 20
All Other	+ 40	- 70	+ 20	- 30*	+ 10	- 50	+ 10

- 50*

account the possibility of work stoppages in those countries which would affect production or shipment.

There was no way in which the Task Force could determine whether potential new entrants to the export market were deterred by port closings; the fact that all our information was negative is not conclusive, since we were unable to select a representative sample.

B. Changes in Trade for Major Commodity Groups

The impact of the strikes on exports is approximately the same in all three periods -- the large drops took place in agricultural products (the decline in Crude Material exports was in cotton and soybeans) chemicals and machinery. The impact of the strike on imports, by type of product, is not as clear. There appears to be some shifting over time from large losses in imports of raw materials, including agriculture, during the months the ports are closed to losses concentrated in finished goods. This probably reflects the changing pattern of U. S. foreign trade -- imports of finished goods have increased from \$5.6 billion in 1956-1960 to \$19.1 billion in 1968.

A detailed analysis of the trade changes in the 1968-1969 strike period is presented below.

○

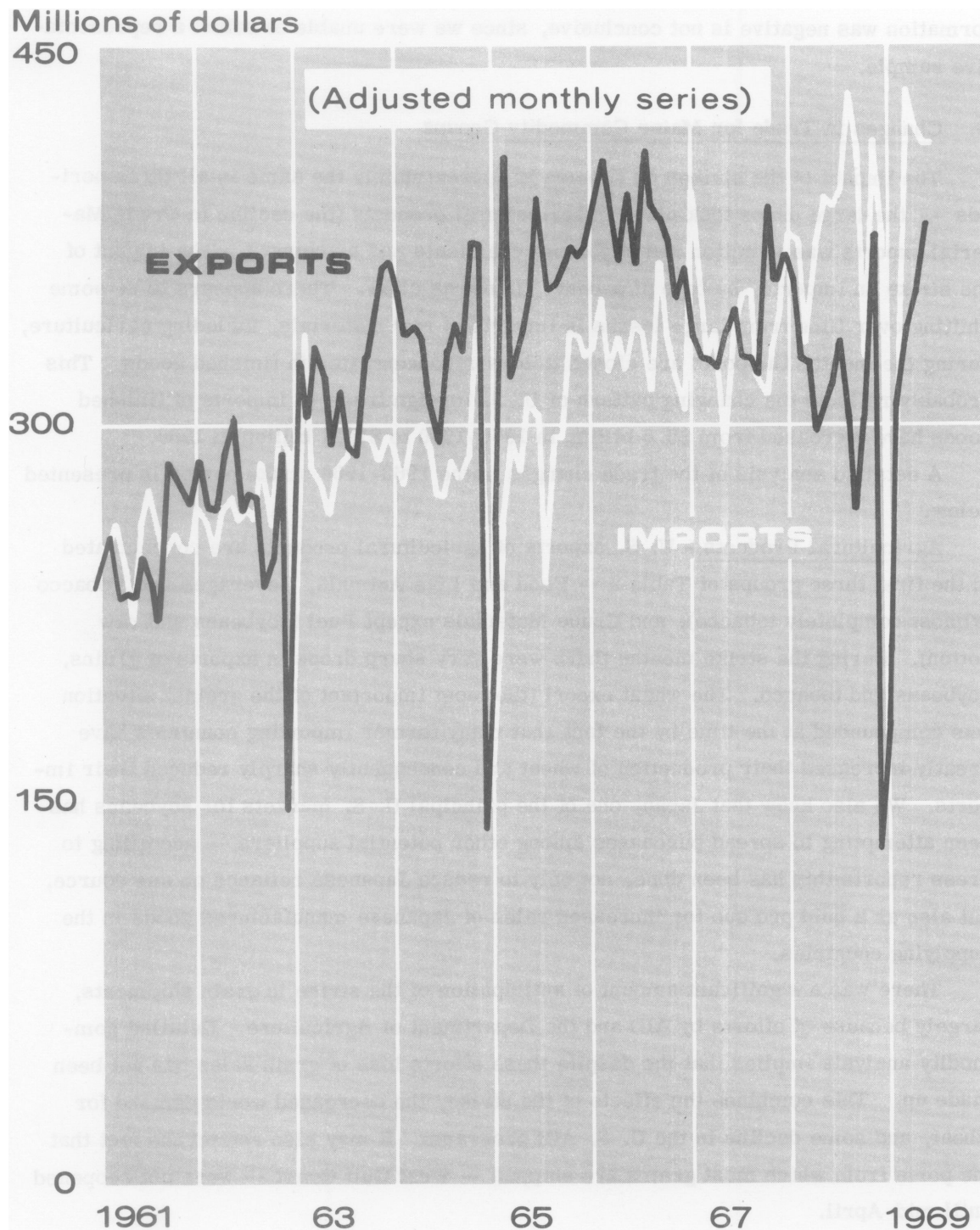
Agricultural Products - U. S. exports of agricultural products are concentrated in the first three groups of Table 2 -- Food and Live Animals, Beverages and Tobacco (almost completely tobacco), and Crude Materials except Fuel (soybeans and raw cotton). During the strike months there were very sharp drops in exports of grains, soybeans and tobacco. The wheat export (the most important of the grains) situation was compounded at the time by the fact that many former importing countries have greatly increased their production of wheat and consequently sharply reduced their imports. We also know that Japan, one of the principal U. S. markets for soybeans has been attempting to spread purchases among other potential suppliers -- according to press reports this has been done, not only to reduce Japanese reliance on one source, but also as a quid pro quo for increased sales of Japanese manufactured goods in the supplying countries.

○

There was a significant amount of anticipation of the strike in grain shipments, largely because of efforts by AID and the Department of Agriculture. Detailed commodity analysis implies that despite these efforts loss of grain sales has not been made up. This combines the effects of the strike, the decreased world demand for wheat, and some decline in the U. S. AID programs. It may also reflect the fact that the ports from which most grains are shipped -- West Gulf Coast -- were not reopened until mid-April.

On the import side, there were sharp reductions in imports of coffee, tea, spices, sugar, and scotch whiskey. Imports of fruits and vegetables, most of which move

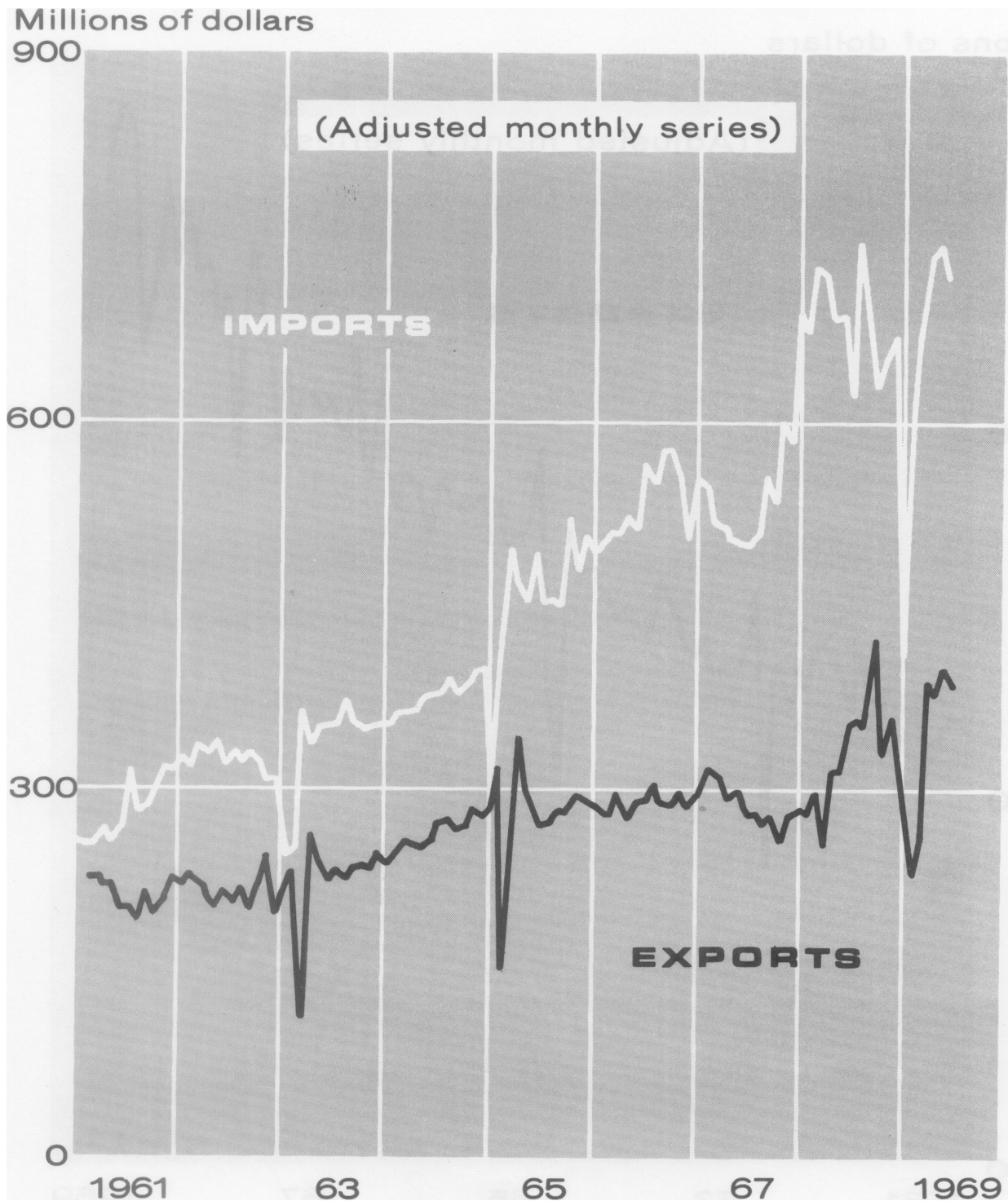
U.S. FOREIGN TRADE EXPORTS^{1/} AND GENERAL IMPORTS FOOD AND LIVE ANIMALS



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

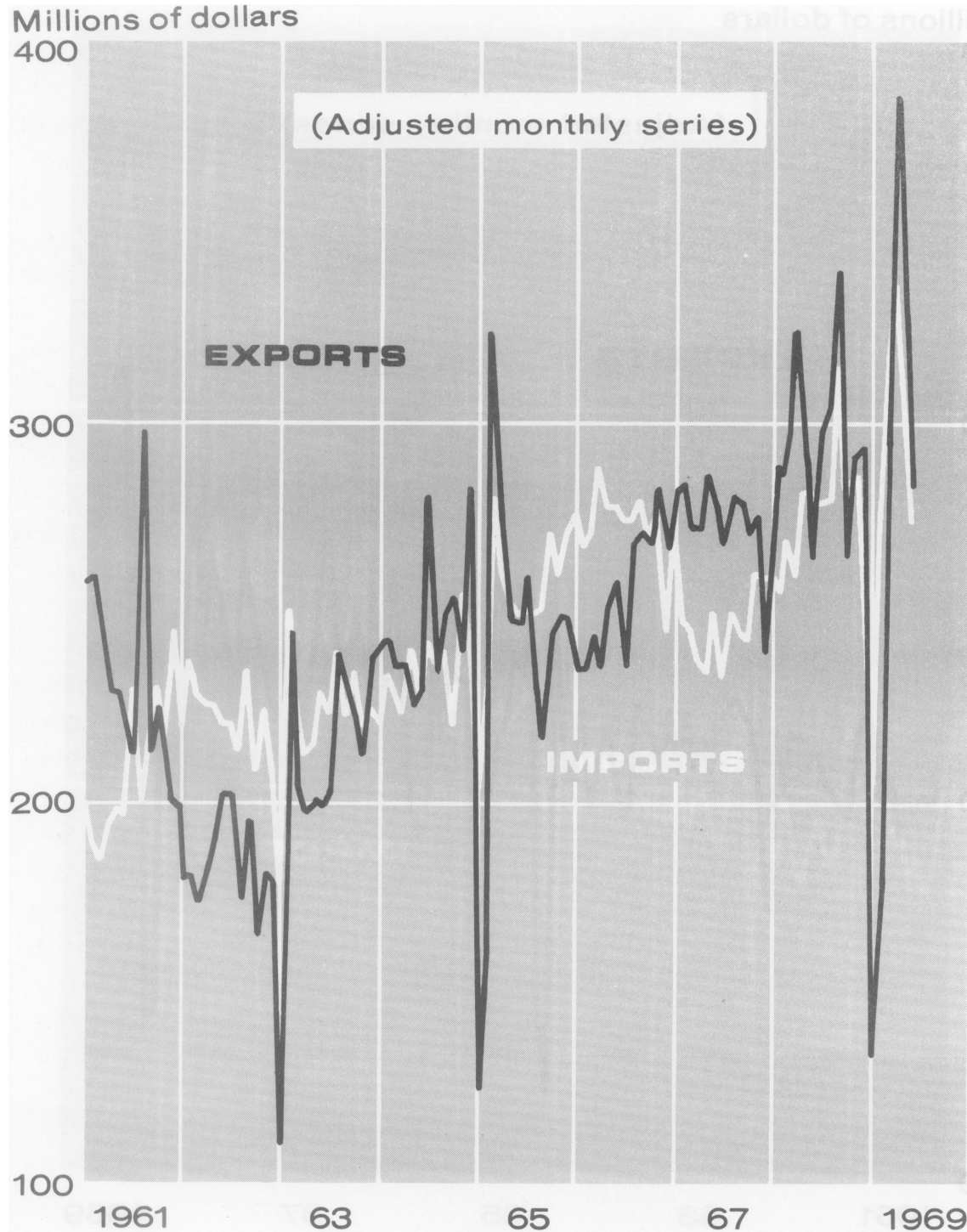
**U.S. FOREIGN TRADE
EXPORTS^{1/} AND GENERAL IMPORTS
MANUFACTURED GOODS, BY MATERIAL**



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

**U.S. FOREIGN TRADE
EXPORTS ^{1/} AND GENERAL IMPORTS
CRUDE MATERIALS EXCEPT FUELS**



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

by truck or rail across the Mexican or Canadian borders, did not appear to be affected. With the exception of imported vegetable oils and seeds and coffee, the declines were largely offset by heavier imports in the post-strike period. As of mid-September sugar imports had not completely recouped the loss but were expected to do so by year end since sugar is under an effective import quota which undoubtedly will be filled. Domestic oils and seeds were substituted for imported oils and seeds (e.g., soybean oil instead of coconut oil) during the strike period, but once the strike was over, imported oils again competed freely. Coffee stocks had been reportedly excessive in 1968 and were allowed to erode during the stoppage. There were no reported shortages.

Chemicals - Although exports of the group as a whole declined sharply during the strike months, this was largely made up once vessels started moving again. The most severely affected commodity was plastic materials. Interviews with leading U. S. producers of chemicals other than plastic materials indicated that these concerns were well prepared for the strike and had established large stockpiles overseas or shipped from foreign subsidiaries to prevent permanent loss of markets (Appendix G).

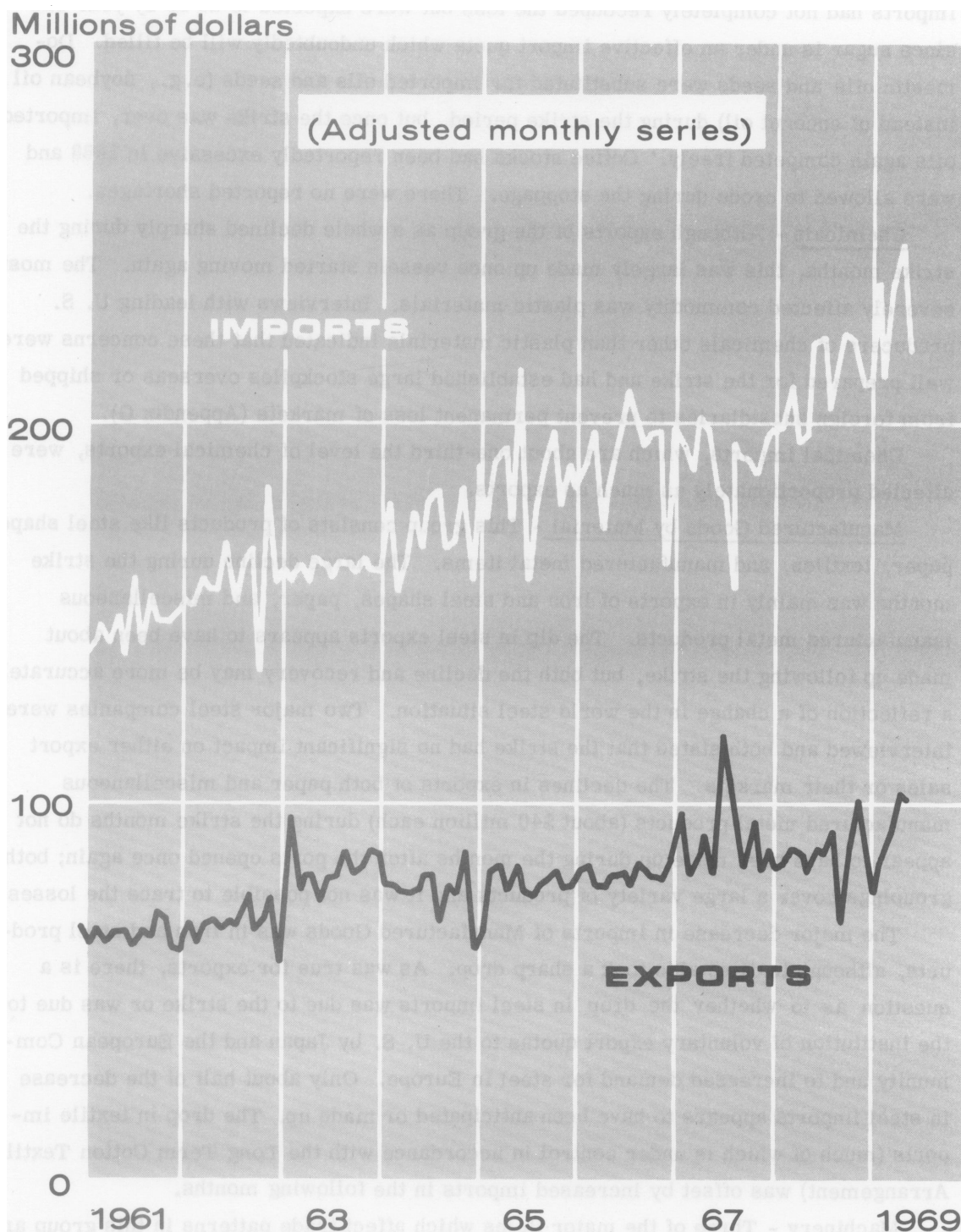
Chemical imports, which are about one-third the level of chemical exports, were affected proportionately as much as exports.

Manufactured Goods by Material - This group consists of products like steel shapes, paper, textiles, and manufactured metal items. The large decline during the strike months was mainly in exports of iron and steel shapes, paper, and miscellaneous manufactured metal products. The dip in steel exports appears to have been about made up following the strike, but both the decline and recovery may be more accurately a reflection of a change in the world steel situation. Two major steel companies were interviewed and both stated that the strike had no significant impact on either export sales or their markets. The declines in exports of both paper and miscellaneous manufactured metal products (about \$40 million each) during the strike months do not appear to have been made up during the months after the ports opened once again; both groupings cover a large variety of products and it was not possible to trace the losses.

The major decrease in imports of Manufactured Goods was in iron and steel products, although textiles also took a sharp drop. As was true for exports, there is a question as to whether the drop in steel imports was due to the strike or was due to the institution of voluntary export quotas to the U. S. by Japan and the European Community and to increased demand for steel in Europe. Only about half of the decrease in steel imports appears to have been anticipated or made up. The drop in textile imports (much of which is under control in accordance with the Long Term Cotton Textile Arrangement) was offset by increased imports in the following months.

Machinery - Three of the major items which affect trade patterns in this group are generally not handled by longshoremen so the strike was not the cause of decreased

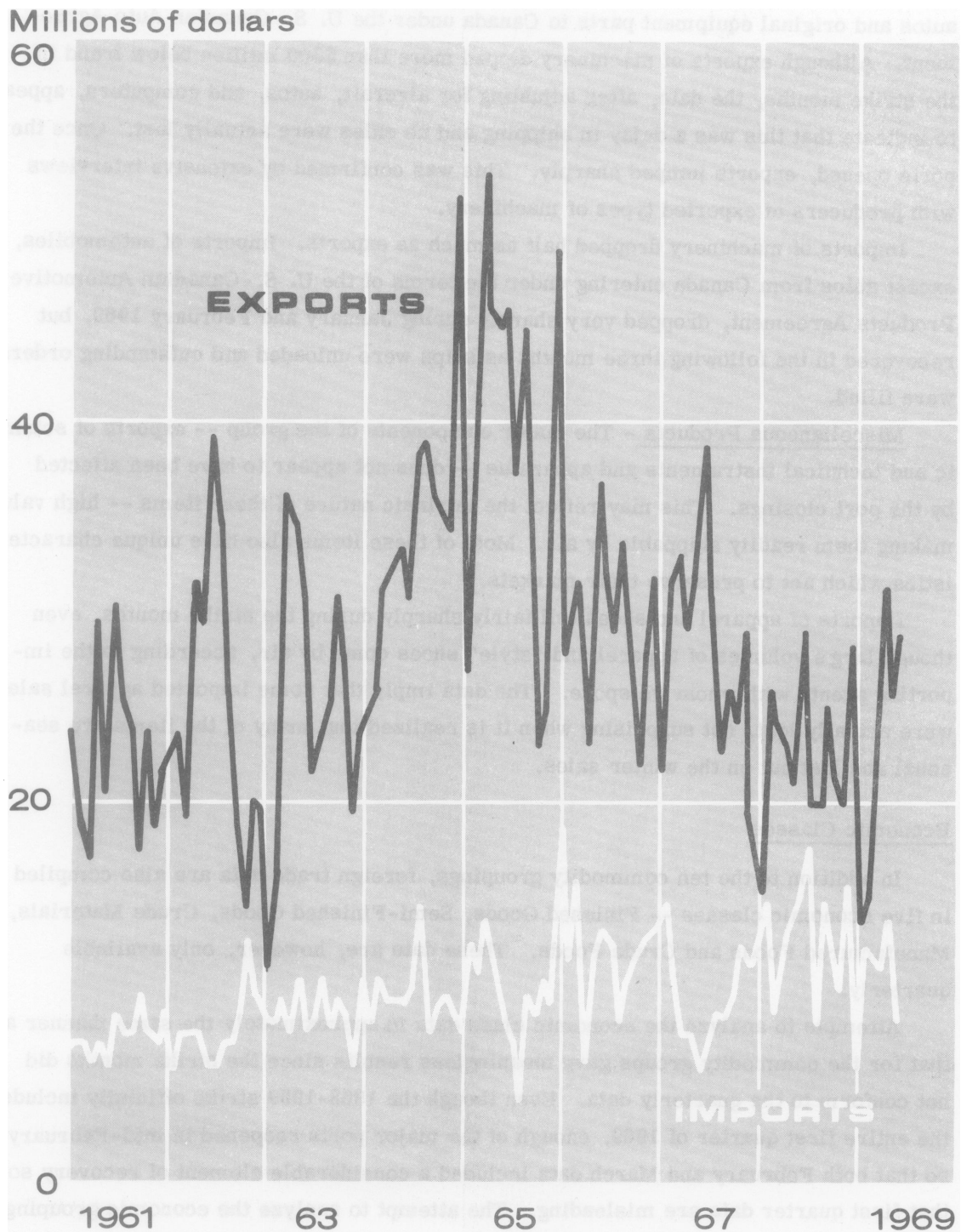
U.S. FOREIGN TRADE EXPORTS^{1/} AND GENERAL IMPORTS MINERAL FUELS AND LUBRICANTS



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

**U.S. FOREIGN TRADE
EXPORTS^{1/} AND GENERAL IMPORTS
ANIMAL AND VEGETABLE OILS AND FATS**



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

shipments in this period. These are: (1) Civilian aircraft where sales were off sharply in 1969 as compared with 1968, pending delivery of the new super-jets; (2) computers which, according to the companies, are normally shipped by air; and (3) exports of autos and original equipment parts to Canada under the U. S. -Canadian Auto Agreement. Although exports of machinery dipped more than \$300 million below trend in the strike months, the data, after adjusting for aircraft, autos, and computers, appear to indicate that this was a delay in shipping and no sales were actually lost. Once the ports opened, exports jumped sharply. This was confirmed by extensive interviews with producers of exported types of machinery.

Imports of machinery dropped half as much as exports. Imports of automobiles, except autos from Canada entering under the terms of the U. S. -Canadian Automotive Products Agreement, dropped very sharply during January and February 1969, but recovered in the following three months as ships were unloaded and outstanding orders were filled.

Miscellaneous Products - The major components of the group -- exports of scientific and technical instruments and apparatus -- does not appear to have been affected by the port closings. This may reflect the intrinsic nature of these items -- high value making them readily shippable by air. Most of these items also have unique characteristics which act to preserve their markets.

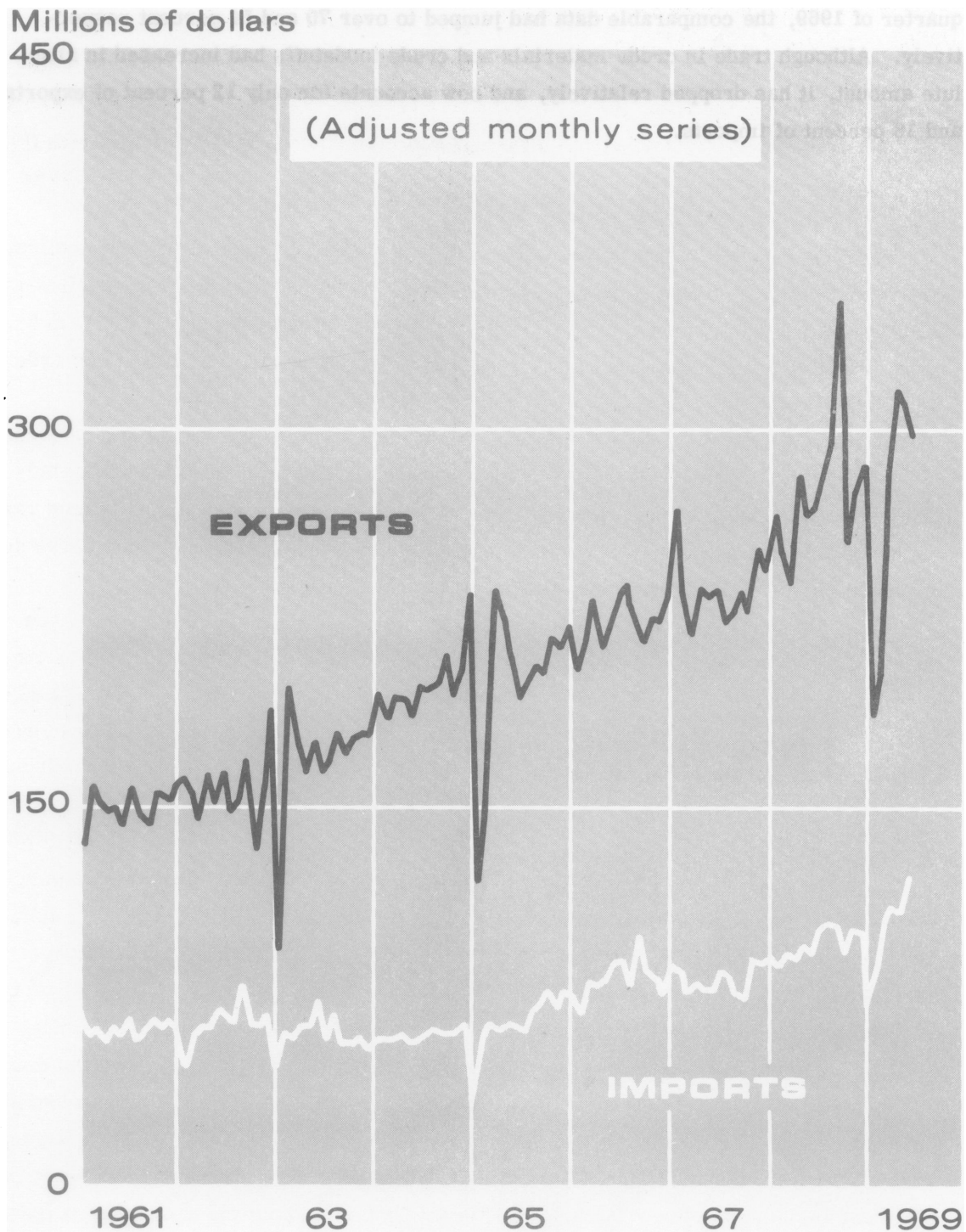
Imports of apparel and shoes fell fairly sharply during the strike months, even though large volumes of apparel and "style" shoes come by air, according to the importing agents with whom we spoke. The data imply that some imported apparel sales were actually lost, not surprising when it is realized that many of the items are seasonal and lost out on the winter sales.

Economic Classes

In addition to the ten commodity groupings, foreign trade data are also compiled in five economic classes -- Finished Goods, Semi-Finished Goods, Crude Materials, Manufactured Foods and Crude Foods. These data are, however, only available quarterly.

Attempts to analyze the economic class data in approximately the same manner as that for the commodity groups gave meaningless results since the strike months did not conform to the quarterly data. Even though the 1968-1969 strike officially included the entire first quarter of 1969, enough of the major ports reopened in mid-February so that both February and March data included a considerable element of recovery so that first quarter data are misleading. The attempt to analyze the economic groupings did however lead to development of measures of the shift in the pattern of trade among economic classes during the period. These data are presented in Table 3 for the period

U.S. FOREIGN TRADE EXPORTS^{1/} AND GENERAL IMPORTS CHEMICALS

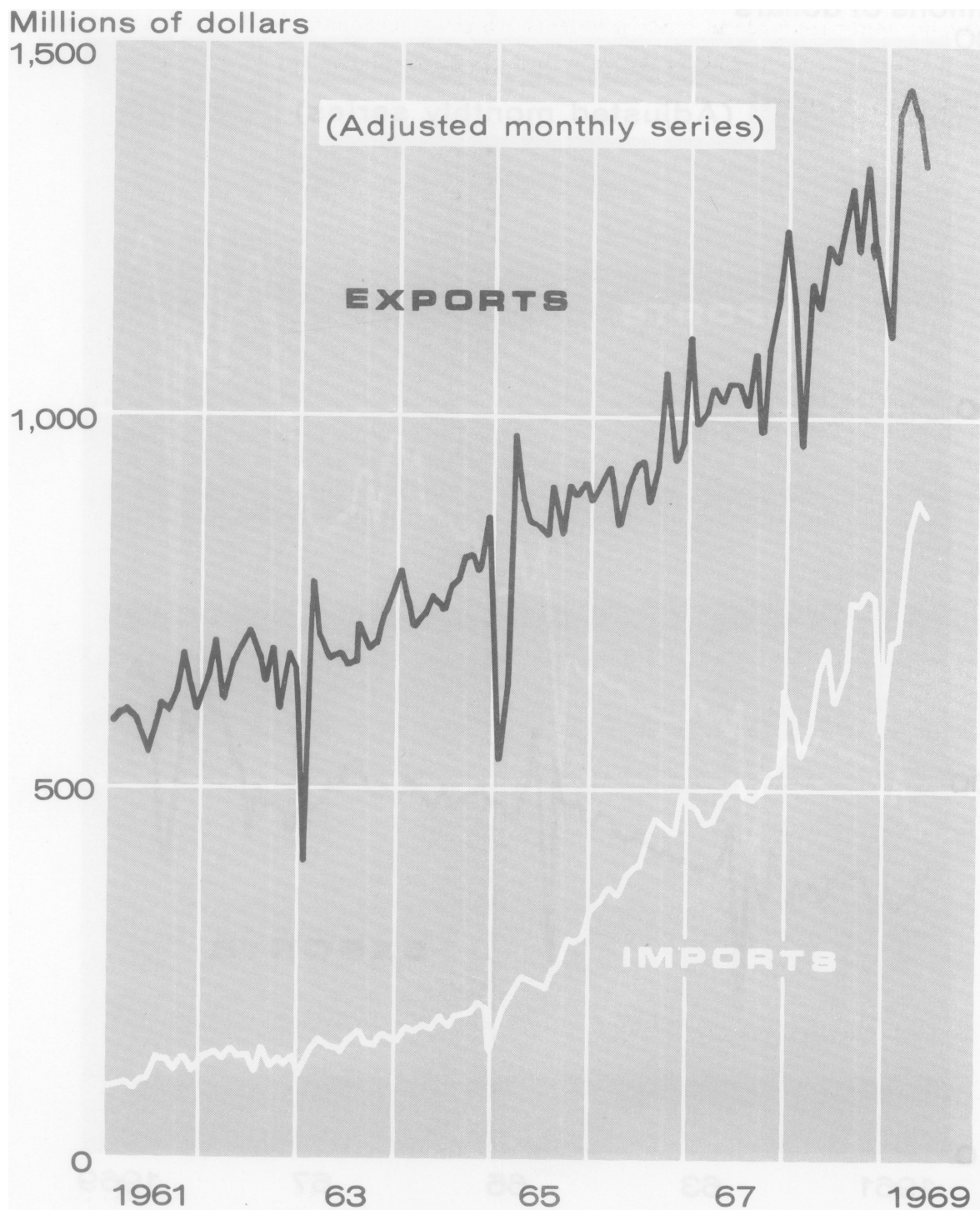


Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

1961 to date -- they clearly show how U. S. foreign trade is becoming increasingly concentrated in manufactured goods. In the first quarter of 1961 about 56 percent of exports and 33 percent of imports were finished goods (other than foods). In the first quarter of 1969, the comparable data had jumped to over 70 and 54 percent respectively. Although trade in crude materials and crude foodstuffs had increased in absolute amount, it has dropped relatively, and now accounts for only 12 percent of exports and 18 percent of imports.

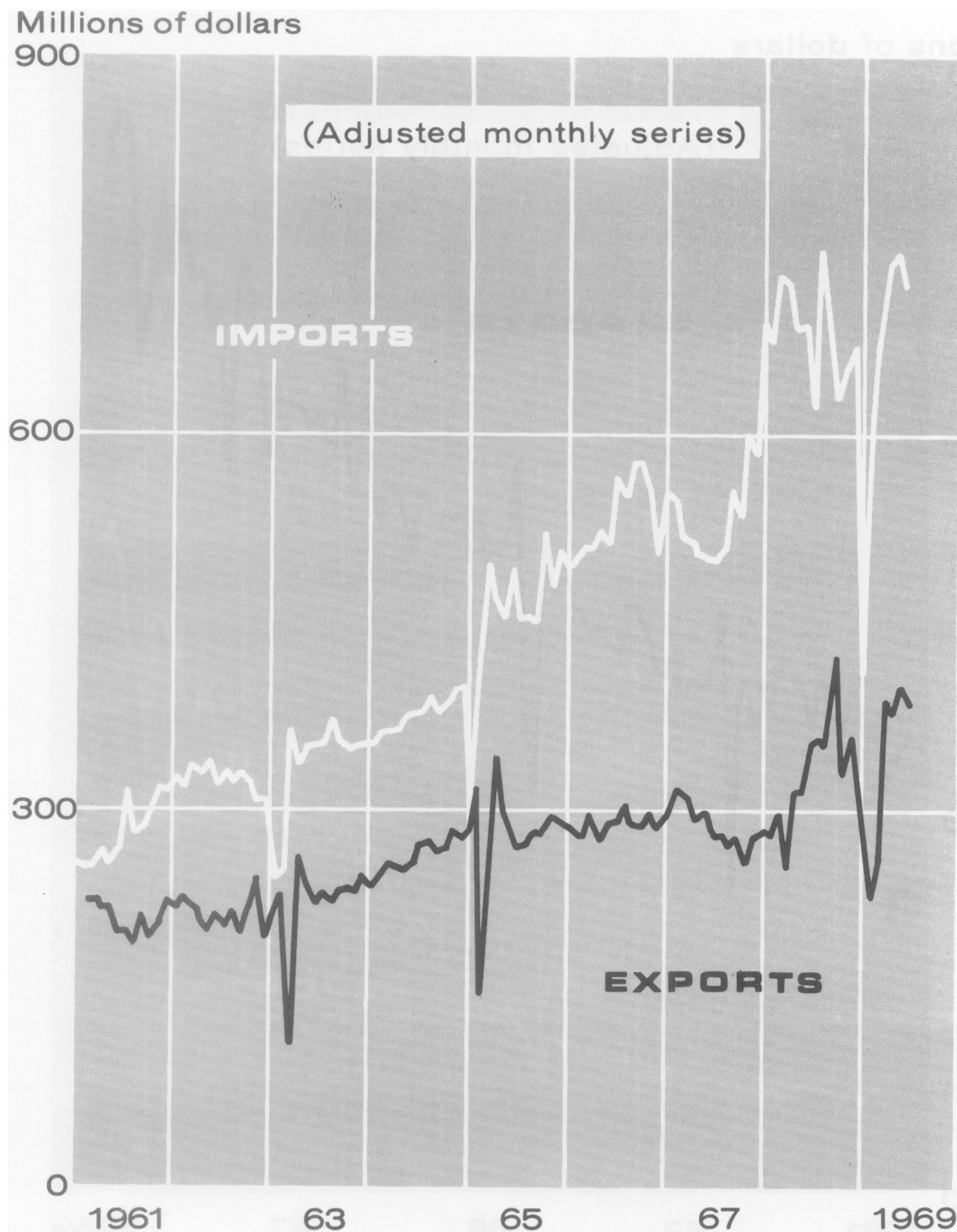
**U.S. FOREIGN TRADE
EXPORTS^{1/} AND GENERAL IMPORTS
MACHINERY AND TRANSPORTATION EQUIPMENT**



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

**U.S. FOREIGN TRADE
EXPORTS ^{1/} AND GENERAL IMPORTS
MANUFACTURED GOODS, BY MATERIAL**



Source: U.S. Census.

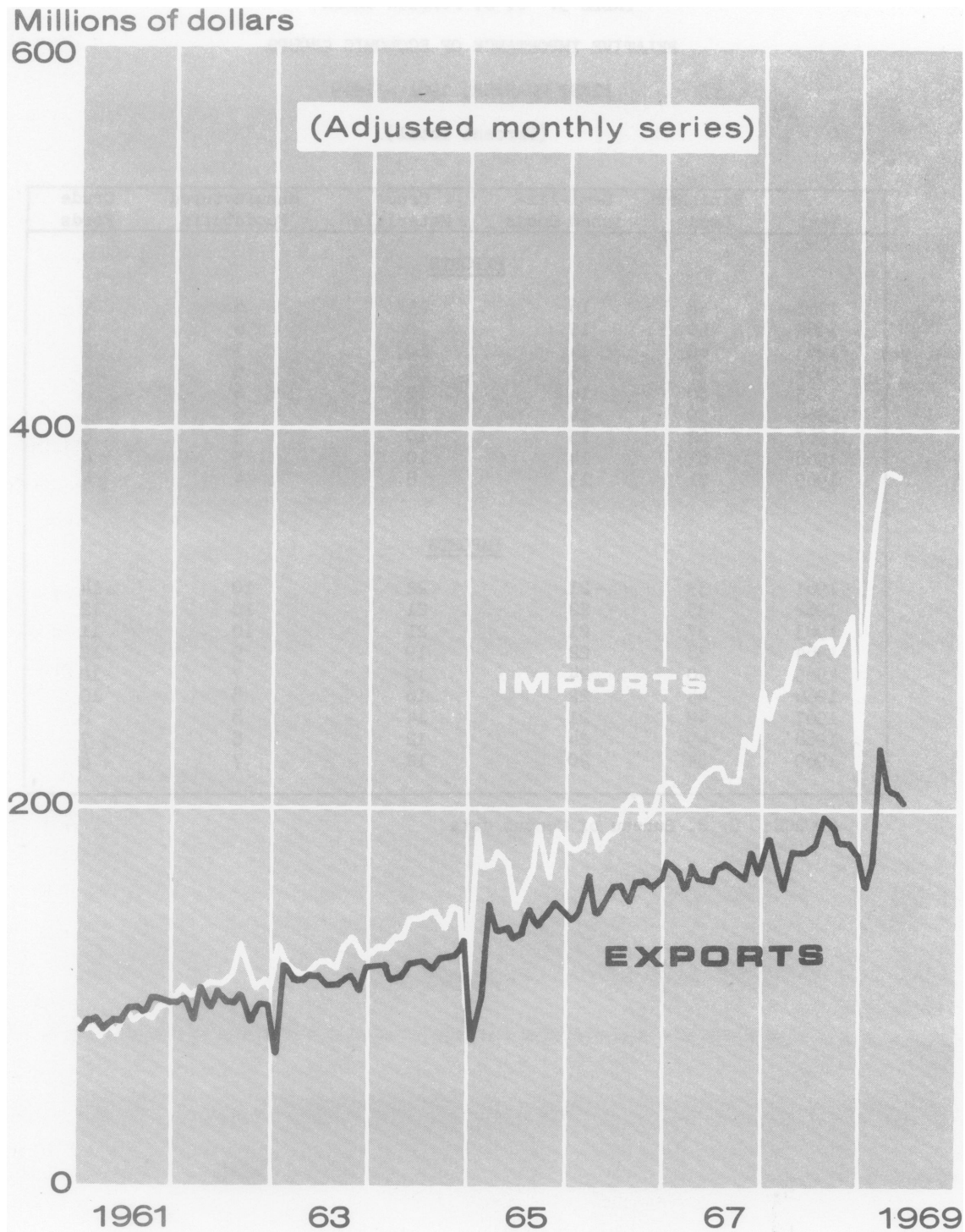
^{1/} Includes DOD military assistance program grant-aid shipments.

TABLE 3. U. S. FOREIGN TRADE
RELATIVE IMPORTANCE OF ECONOMIC GROUPS
FIRST QUARTER, 1961 - 1969
(Percent Total)

Year	Finished Goods	Semi-Fin- ished Goods	Crude Materials	Manufactured Foodstuffs	Crude Foods
<u>EXPORTS</u>					
1961	56	16	13	6	9
1962	60	15	10	6	9
1963	60	14	10	7	9
1964	57	15	11	6	11
1965	60	16	10	6	8
1966	59	14	10	6	11
1967	62	15	10	5	8
1968	63	14	10	5	8
1969	71	13	8	4	4
<u>IMPORTS</u>					
1961	33	21	22	10	14
1962	35	22	21	10	12
1963	37	21	21	10	11
1964	38	22	19	9	12
1965	40	24	19	7	10
1966	44	22	16	8	10
1967	49	21	14	8	8
1968	49	24	12	8	7
1969	54	20	12	7	6

SOURCE: U. S. Bureau of Census data.

U.S. FOREIGN TRADE EXPORTS^{1/} AND GENERAL IMPORTS MISCELLANEOUS



Source: U.S. Census.

^{1/} Includes DOD military assistance program grant-aid shipments.

CHAPTER VI. DIRECT EMPLOYMENT IMPACT

A. Longshore Employment and Earnings

There is no national series on employment of longshoremen but some of the major ports do collect local data incident to operation of the contracts with the I. L. A. The Task Force has assembled such local annual data for New York, Baltimore, and 10 ports on the Texas Gulf Coast. This information is shown in Table 4 for the contract years from October 1, 1959, through September 30, 1968. Data are presented as man-hours to avoid the double-counting which arises from the casual nature of employment in the industry. The ports included in this tabulation accounted for 47 percent of the value and 26 percent of the tonnage of total U. S. oceanborne foreign trade in 1968.

The data do not reveal any significant trend in total longshore hours worked over the past decade despite the 45 percent increase in the volume of U. S. waterborne foreign trade from 267 million tons in 1959 to over 390 million tons in 1968.

Table 5 contains available monthly data on longshore employment in Baltimore from 1964 forward. ^{1/} These data clearly show the effects of the strikes in 1965 and 1968-1969: "anticipation" or build-up in September and December, a sharp drop during the strike, and great activity for two or three months after the strike. In terms of hours worked (or not worked) it appears as though the 1969 strike was much more effective than that of 1965.

Assuming that the above-average hours worked in December 1964 and February-March 1965 were all premium pay hours (time and a half), Baltimore longshoremen as a whole did not lose any income during the strike. They worked enough additional premium hours both in preparation for the strike and to clear up the port to make up the lost earnings of the strike. This does not appear to be the case in 1969, however -- there is some indication of an appreciable net loss of man-hours on the docks.

Longshoring has tended to be dominated by casual workers, reportedly by people who use longshoring to fill in between other jobs or as a source of additional income. The casual worker with only a peripheral attachment to the longshore work force presumably has greater willingness to take a strike for immediate cash benefits than a worker more closely allied to a single employer or industry or one who relies on an occupation as his prime source of income. Using Baltimore as an example -- and discussions with Port Authority officials and other informed parties at Atlantic and Gulf ports from Boston to Houston led the Task Force to conclude the situation in Baltimore typical of ports other than New York -- approximately 30-40 percent of individual longshoremen, in recent years, worked less than 100 hours a year on the docks; an additional

^{1/} These are the only consistent monthly data covering at least the last two strike periods which the Task Force was able to find.

TABLE 4. LONGSHORE EMPLOYMENT

SELECTED PORTS

HOURS WORKED

(Thousand)

Year Ending September 30	New York	Baltimore	Texas Gulf <u>1/</u>	Total
1960	31,968	4,469	8,870	45,307
1961	29,736	4,065	8,765	42,593
1962	30,664	4,153	8,351	43,168
1963	29,455	4,186	7,549	41,190
1964	30,567	4,726	8,506	43,799
1965	30,110	4,839	8,116	43,065
1966	31,344	4,827	9,004	45,175
1967	28,850	4,577	8,652	42,079
1968	28,421	4,837	10,036	43,294

1/ Houston, Galveston, Beaumont, Lake Charles, Corpus Christi,
Freeport, Port Arthur, Orange, Brownsville, Texas City.

Source: Employer Associations of New York, Baltimore, and Texas Gulf
Ports.

TABLE 5. MONTHLY LONGSHORE EMPLOYMENT

BALTIMORE

HOURS WORKED

(Thousand)

Month	1964	1965	1966	1967	1968	1969
January	408	169 ^{1/}	368	413	413	39 ^{1/}
February	399	315 ^{1/}	437	445	366	150 ^{1/}
March	400	588	466	462	436	599
April	421	552	470	377	436	503
May	424	416	368	336	408	524
June	354	376	339	370	392	414
July	405	390	426	316	376	
August	378	341	362	338	420	
September	423	457	457	354	467	
October	367	382	345	341	330	
November	368	333	378	350	446	
December	499	418	441	431	341 ^{1/}	

^{1/} Strikes in effect: January 11 - March 6, 1965; December 20, 1968 - February 21, 1969.

Source: Steamship Trade Association of Baltimore.

10-15 percent worked between 100 and 700 hours. Approximately half the registered active longshoremen work less than 800 hours a year. Less than 20 percent of the workers were employed on the docks over 1,800 hours a year. (See Appendix A, especially pp A3-4)

Although longshore contracts include provisions which effectively give a large bonus to the full-time worker, there is no evidence that these bonuses have affected the status of the work force. Table 6 lists the principal features of the Port of Baltimore longshore contract. Between 1960 and 1968 base wages rose 22 percent, while cash payments for vacations and holidays directly related to permanency of employment increased almost 75 percent. A longshoreman who worked 600 hours or less in both 1960 and 1968 would have had an increase of 22 percent (excluding pension and welfare benefits) in his gross pay while one who worked 1,300 or more hours would have had an increase of 37 percent. Despite this premium, there is no great change in the percentage of longshoremen working over 1,300 hours on the docks and only a small increase in the 1,800-or-more-hours group.

The situation in New York is radically different (Table 7) with some 75 percent of the men working at least 1,200 hours a year and thus appearing to use longshoring as their prime source of income. The break in the New York pattern occurred in the early 1950's. It was at this time that the Waterfront Commission with a strict registration procedure for longshoremen was established largely to eliminate the criminal element from the New York-New Jersey waterfront. The premium for employment stability written into the contracts -- and the New York contract was the pattern for all East and Gulf Ports -- probably grew in recognition of establishment of a more stable work force in the world's principal port rather than as a conscious attempt to create such a work force.

Although the New York stability created by, or in response to, the activities of the Waterfront Commission has not spread to other ports, there are two new elements which might tend to help develop a less casual work force along the entire coast: the first of these is the growth of cargo containerization over the past few years which will require a more skilled set of workers; and, second, the guarantee of annual employment which is contained in the 1969 contract.

B. Transportation Worker Employment

The most direct impact of a longshore strike on other workers should be on employees whose jobs are directly tied to the movement of goods to and from the docks - merchant seamen, truckers, railroad workers, etc. Any secondary employment effects should also be discernible in major port areas. The Task Force was not able to find any major impacts except for merchant seamen and possibly some truckers. As far as area employment was concerned, the results were negative for the six major port areas studied - Boston, New York, Philadelphia, Baltimore, New Orleans, and Houston (Appendix E-2)

TABLE 6. BALTIMORE LONGSHOREMEN

SELECTED CONTRACT PAYMENTS

EMPLOYMENT

Contract Year Ending Sept. 30	Hourly Wage Rate		December Lump Sum Payment 2/	Percent Distribution of Workers By Hours Worked Per Year			
	Base	Total 1/		Under 100	Over 100 & Under 700	Over 1,300	Over 3/ 1,800
1960-61	\$2.97	\$3.60	\$522.72	21.5	15.3	34.9	12.0
1961-62	3.02	3.77	555.68	21.8	14.9	40.2	17.3
1962-63	3.17	3.96	583.28	34.5	14.1	31.6	12.4
1963-64	3.26	4.04	625.92	25.8	13.3	42.6	23.3
1964-65	3.36	4.28	806.40	35.6	14.5	33.3	13.8
1965-66	3.46	4.64	858.08	29.3	14.6	38.0	17.6
1966-67	3.54	4.88	905.24	31.6	13.4	35.7	16.3
1967-68	3.62	5.00	926.72	38.2	10.8	36.3	19.1

1/ Includes containerization, pension, and welfare contributions. Does not include vacation and holiday payments, sugar or automation royalties, or coastwise trade contribution.

2/ Maximum vacation and holiday pay; in 1967-68 this included four weeks of vacation for longshoremen who had worked 1,300 or more hours annually in five of past six years plus regular pay for 12 holidays for longshoremen who had worked 800 hours in the year.

3/ Included in previous column - over 1300 hours per year. Data will not add to 100% since workers in the 700 - 1299 hours bracket not shown.

Source: Data supplied by Steamship Trade Association of Baltimore.

TABLE 7. PORT OF NEW YORK
PERCENTAGE DISTRIBUTION OF LONGSHOREMEN
HOURS WORKED PER YEAR

Contract Year	Under 700 Hours	700-1,199 Hours	1,200 Hours and Over	700 Hours and Over
1951-52	57.1	9.7	33.2	42.9
1952-53	54.9	9.1	36.0	45.1
1953-54	46.9	15.3	37.8	53.1
1954-55	32.1	12.6	55.3	67.9
1955-56	22.9	10.4	66.7	77.1
1956-57	27.9	11.0	61.1	72.1
1957-58	25.1	14.4	60.5	74.9
1958-59	22.0	11.9	66.1	78.0
1959-60	20.8	13.7	65.5	79.2
1960-61	19.9	15.8	64.3	80.1
1961-62	18.1	12.9	69.0	81.9
1962-63	20.5	13.5	66.0	79.5
1963-64	12.9	12.2	74.9	87.1
1964-65	11.2	10.4	78.4	88.8
1965-66	13.6	8.3	78.1	86.4
1966-67	15.6	11.6	72.8	84.4
1967-68	17.3	9.2	73.5	82.7

Longshoremen only -- does not include other I.L.A. work groups.

Source: New York Shipping Association, February 1969.

The Texas Employment Commission furnished a monthly chronology of transportation worker employment for the Houston Metropolitan Area from 1966 to 1969. From these data, the following changes in employment appear in comparing "struck" months of 1969 with the same months in 1968 (the strike lasted in Houston until April 2, 1969).

SELECTED EMPLOYMENT, HOUSTON, TEXAS*

JAN - APRIL, 1968 and 1969

Year	January	February (Number of Workers)	March	April
RAIL				
1968	6,100	6,000	6,250	6,400
1969	<u>6,050</u>	<u>5,950</u>	<u>5,900</u>	<u>5,900</u>
	- 50	- 50	- 350	- 500
TRUCK				
1968	13,350	13,650	13,700	13,600
1969	<u>12,700</u>	<u>12,800</u>	<u>12,200</u>	<u>13,750</u>
	- 650	- 850	-1,500	+ 150
WATER				
1968	12,250	13,150	10,400	12,150
1969	<u>8,100</u>	<u>8,400</u>	<u>8,550</u>	<u>13,550</u>
	-4,150	-4,750	-1,850	+1,400

*Not seasonally adjusted

Some of these decreases, particularly those for employees in water transportation, may have been caused by the longshore strike; however, railroad employment shows a general downward trend.

Regional data supplied by the Louisiana Department of Labor for the New Orleans SMSA revealed the following comparative differences between the periods of January - April 1968 and January - April 1969.

SELECTED EMPLOYMENT, NEW ORLEANS, LOUISIANA*
JAN - APRIL 1968 and 1969

	January	February	March	April
Year	(Number of Workers)			
RAIL				
1968	3,400	3,400	3,400	3,400
1969	<u>3,300</u>	<u>3,300</u>	<u>3,200</u>	<u>3,200</u>
	- 100	- 100	- 200	- 200
TRUCK				
1968	6,400	6,500	6,500	6,600
1969	<u>6,600</u>	<u>6,400</u>	<u>6,800</u>	<u>6,700</u>
	+ 200	- 100	+ 300	+ 100
WATER				
1968	20,300	21,500	22,500	19,400
1969	<u>15,200</u>	<u>14,600</u>	<u>21,100</u>	<u>20,700</u>
	-5,100	-6,900	-1,400	+1,300

*Not seasonally adjusted

Neither rail nor truck employment shows any overall trend which might attribute importance to deviations occurring during the strike-bound months.

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CHAPTER VII. IMPACT ON U. S. PORTS

A. Diversions of Cargo to Non-Struck Ports

Since interviews and newspaper reports indicated that there was some shifting of cargoes to non-struck ports on the West Coast or in Canada, the Task Force attempted to evaluate both the volume of such diversion and whether there was any likelihood of a permanent change in trade flow patterns. Verification of these reports was difficult.

In the case of Canada, a special examination was undertaken by the Dominion Bureau of Statistics in response to our request. Their tabulations of exports and imports via Montreal, Halifax, St. John, and Quebec for the period prior to, during, and after the last strike failed to reveal any large diversions. However the data do indicate some diversion (in the range of 100,000-200,000 tons of cargo) and that any such shifting was temporary, moving back to the "home port" when it reopened (Appendix C).

Analyses were made of cargo movements to and from the West Coast during the most recent strike by the Journal of Commerce (April 21, 1968). The Journal staff reported they found some shifting from West Gulf ports to West Coast ports based on an increase of 600 general cargo and 1,500 grain freight cars moving from the West Gulf to the West Coast in March 1969 compared to March 1968.

Quarterly data on the value of trade by custom area and world area, when compared on a year-to-year basis, indicates perhaps as much as \$100 million in exports and \$200 million in imports were diverted to the West Coast. Over half of these shipments were destined for or originated in Asia. Another 10 percent to 15 percent were from or to Latin America.

Shifting to alternative modes of transportation is less of a possibility than shifting to alternate ports. Shifts to air transportation did occur early in the strike; however, facilities were so overburdened that most New York-based air carriers imposed an embargo on all new outbound business soon after the strike began. New York-based carriers account for 85 percent of all air trade via Atlantic and Gulf ports. According to data available, the limited shifting accomplished was all outbound cargo. Under normal conditions, air transport accounts for about 25 percent (dollar value) of exports leaving Atlantic and Gulf ports for Canada, Latin America, EEC, EFTA, and Asia, and for about 11 percent of imports from these areas. During the strike, there was an increase of \$147 million in air traffic. Exports to EEC, Latin America, and EFTA accounted for almost all of this increase.

B. Port Specialization

Geographic areas of the United States are differentiated as to economic activity and economic production for export is also differentiated. Twenty-six percent of all production for export in the northeast states is classed as Machinery Except Electric, while 23 percent of all manufactured goods produced for export in South Atlantic states

are classed as Tobacco Manufactures (Table 8). As a consequence, ports servicing these areas tend to be differentiated in both physical and service facilities. The Federal Reserve Bank of Atlanta has found " . . . the data on exports moving through district ports reasonably approximate the pattern of exported goods actually produced within the district" 1/

Ports are differentiated by economic activity because of both tradition and inland transportation costs. Most firms in foreign trade export and import via the nearest port. In 1956, the Bureau of Census found that the majority of exports and imports of a port were from or to destinations within 200 miles of the port. 2/ Officials in the Atlantic and Gulf Ports judged that these findings are still valid.

Port differentiation by commodities handled has resulted in port facilities uniquely suited for the area and commodities serviced. For instance, the Port of Norfolk serves Virginia and West Virginia and handles most U. S. coal exports, since they originate in these areas. Norfolk, the largest coal exporting port in the world, has such specialized facilities as automatic unloading devices capable of unloading four jumbo hopper cars of coal at once. Similarly, the Port of Baltimore which is a large importer of iron ore because of the Bethlehem plant at Sparrows Point has facilities designed to unload ore rapidly and economically. Houston, Texas, a major export port for wheat because of its proximity to the wheat belt, has specialized facilities to handle this cargo.

Facilities of a port are not limited to physical handling and storage facilities. The Port of New York is the largest port for exports and imports of general manufactures because of the concentration of financial brokerages and insurance services, in addition to a high concentration of general manufacturers in the area. According to the Baltimore Port Authority, the Port of New York has the most foreign bank representatives, the most domestic banks with foreign financial departments and the most custom brokers of any port.

Port specialization is illustrated in Table 9, which shows the percent of exports and imports by major commodity types flowing through Customs districts. Customs districts include several customs region ports.

1/ Federal Reserve Bank of Atlanta, "Business Review", March 1965, p. 14.

2/ Domestic Movement of Selected Commodities in United States Waterborne Foreign Trade, 1956, Bureau of Census.

TABLE 8. ORIGIN OF EXPORTS -- MANUFACTURED GOODS ONLY -- 1966
PERCENT OF TOTAL EXPORTS FROM AREA

Items	North		Middle		East		West		South		East		West		South		Mountain		Pacific	
	East	Central	Atlantic	Central	North	Central	Atlantic	Central	South	Central	Atlantic	Central	South	Central	Atlantic	Central	Mountain	Central	Pacific	Central
Food and Kindred Products	2.07		4.85	6.64	20.85		6.50	14.75		20.97		8.67		11.26						
Tobacco Manufacturers	.06		.18	.09	.06		22.56	1.30		(S)		--		(S)						
Apparel and Related	.91		2.05	.35	.64		1.45	1.28		.50		.41		.40						
Lumber and Wood Products	.97		.36	.46	.75		2.01	3.78		1.53		3.96		3.59						
Textile Mill Products	2.99		1.19	.24	.30		7.81	2.75		.28		(S)		.18						
Furniture and Fixtures	.16		.13	.14	.13		(U)	.34		.11		.09		(T)						
Paper and Allied	2.90		1.19	.64	.99		8.95	6.04		1.42		(T)		5.87						
Printing and Publishing	1.03		3.27	.92	.83		.69	.36		.20		.47		.37						
Chemicals and Allied	4.78		13.32	5.17	5.28		19.43	26.37		31.59		6.83		4.00						
Petroleum and Coal Products	.15		1.49	.33	.23		(U)	.42		13.09		(T)		2.52						
Rubber and Plastic Products	2.78		1.42	2.15	1.47		.93	2.21		.69		1.93		.92						
Leather and Leather Products	1.57		.35	.19	.33		.10	.35		.09		.16		.03						
Stone, Clay and Glass	1.97		1.66	1.54	1.80		1.06	2.15		.33		1.15		.41						
Primary Metal Industries	2.17		9.12	3.43	1.19		3.82	4.74		6.08		18.18		4.62						
Fabricated Metal Products	5.09		5.08	5.26	3.10		2.62	1.55		4.14		2.62		3.20						
Machinery, Except Electrical	26.43		22.60	34.22	31.79		7.05	11.76		11.82		27.26		9.89						
Electrical Machinery	11.87		9.83	7.50	7.43		4.39	6.21		2.72		7.73		8.36						
Transportation Equipment	12.85		8.68	25.65	15.37		5.63	5.82		1.98		5.08		32.42						
Instruments and Related	9.25		8.35	2.48	2.46		1.05	.41		.95		5.99		2.13						
Misc., Including Ordnance	10.00		4.89	2.60	5.00		3.26	2.39		1.52		8.48		9.68						
Total	100.00		100.00	100.00	100.00		99.31	100.00		100.00		99.01		99.85						

1/ Totals will not add to 100 percent because of incomplete coverages.

Some industries were reported only by ranges. They are indicated: (S) = less than one million; (T) = 1.0 - 4.9 million; (U) = 5.0 - 8.9 million.

Source: Survey of the Origin of Exports of Manufactured Goods, Bureau of Census.

TABLE 9. PORT ACTIVITY BY MAJOR COMMODITIES

ALL MODES OF TRANSPORTATION

PERCENT OF TOTAL SHIPMENTS IN EACH PORT BY VALUE, 1968

Custom District	Exports		Imports	
	Commodity Class	Percent	Commodity Class	Percent
Boston	Machinery & Equipment	46.9	Crude Materials Ex. Fuel	20.3
	Non-electric Machinery	27.7	Manufactured Goods	19.3
	Transportation Equipment	11.4	Food & Live Animals	18.3
	Manufactured Goods (except machinery & equipment)	19.1		
New York	Machinery & Equipment	54.2	Manufactured Goods	27.2
	Non-electric Machinery	30.6	Misc. Manufactures	19.6
	Electrical Equipment	12.0	Food & Live Animals	16.3
	Transportation Equipment	11.6		
	Manufactured Goods (except machinery & equipment)	13.4		
Baltimore	Machinery & Equipment	19.2	Manufactured Goods	20.8
	Non-electric Machinery	10.0	Food & Live Animals	17.7
	Transportation Equipment	6.4	Mineral Fuels	17.6
	Mineral Fuels	16.9		
	Beverage & Tobacco	16.5		
Miami	Machinery & Equipment	28.2	Food & Live Animals	18.3
	Non-electric Machinery	11.6	Manufactured Goods	26.1
	Transportation Equipment	11.4	Machinery & Equipment	16.8
	Crude Material Ex. Fuel	16.9		
	Chemicals	15.5		
New Orleans	Food & Live Animals	33.5	Food & Live Animals	37.5
	Crude Materials Ex. Fuel	28.0	Manufactured Goods	23.9
	Machinery & Equipment	12.1	Crude Materials	17.2
Houston	Machinery & Equipment	26.6	Food & Live Animals	27.2
	Food & Live Animals	23.9	Manufactured Goods	25.7
	Chemicals	18.8	Machinery & Equipment	17.2

TABLE 9. PORT ACTIVITY BY MAJOR COMMODITIES

(Continued)

Custom District	Exports		Imports	
	Commodity Class	Percent	Commodity Class	Percent
Los Angeles	Machinery & Equipment	59.5	Machinery & Equipment	32.1
	Transportation Equipment	38.2	Transportation Equipment	15.6
	Crude Materials Ex. Fuel	12.6	Electrical Machinery	14.1
	Chemicals	7.1	Manufactured Goods	22.3
San Francisco			Misc. Manufactures	18.3
	Machinery & Equipment	42.3	Machinery & Equipment	21.7
	Transportation Equipment	21.1	Transportation Equipment	9.5
	Non-electric Machinery	14.6	Electrical Machinery	8.3
	Food & Live Animals	21.4	Manufactured Goods	19.3
	Crude Materials Ex. Fuel	15.8	Mineral Fuels	16.6

Approximately 60 percent of the value of exports from the Los Angeles Customs District, in 1968, were characterized as machinery -- 38 percent transportation equipment and 32 percent as other machinery and equipment. Conversely, 33 percent of the value of exports from New Orleans Customs District were classed as Food and Live Animals, with only 12 percent classed as Machinery and Equipment. Imports also show differentiation by port. Thirty-seven percent of the value of imports through the New Orleans Customs District were foodstuffs like bananas and coffee, while 34 percent of the value of imports through the Los Angeles Customs District were machinery and equipment.

These comparisons are necessarily made in terms of Customs Districts, not individual ports; also the data are in terms of value and include movement by all modes of transportation. However, as an indication of port differentiation the comparisons are felt to be valid.

Specialization of the ports, by facilities and by commodities, complicates the analysis of the effects of longshore strikes on port activity over time. The complications are due to:

- (1) The tendency of bulk commodities to be handled at private non-struck piers.
- (2) The shifting of economic activity from one geographic area to another.
- (3) The current drive, on the part of all ports, toward increasing their facilities for handling general cargo through containerization.

Those ports which specialize in dry or wet tanker cargoes, commonly called bulk commodities, tend to have a high concentration of private piers (i.e., Houston). Bulk commodities include ores, agricultural products, or oil and mineral products. Many of these commodities are mechanically loaded and unloaded into and out of private fleets; these cargoes are normally outside the scope of the basic port longshore contracts and operations.

In the case of the Norfolk port, coal is unloaded by railroad personnel. At Baltimore, personnel of the Bethlehem Steel Company unload the Sparrows Point ores. However, agricultural goods, although many, such as grains, are bulk commodities, are generally handled by I. L. A. personnel at Atlantic and Gulf ports. The higher the concentration of private piers serviced by non-I. L. A. personnel or by I. L. A. personnel not party to the basic port longshore contract, the less impact an I. L. A. strike has on the regional economy or on port activity.

Because of the great economic importance to a port area of general cargo (general manufactures) shipments, many ports are expanding their facilities for handling general

cargo. ^{3/} The Ports of Charleston, South Carolina; Halifax, Nova Scotia; and Baltimore, Maryland, are examples of this trend towards more general cargo facilities.

As these general cargo facilities are expanded, traffic is generated by sales efforts of port representatives often at the expense of another port. General cargo formerly passing through New York, for instance, may be shifted to Baltimore because of its proximity, expanded facilities, and inland freight savings.

In addition to the influence of expanded facilities on port activity, the commodity mix flowing through the ports can change due to changing economic structures and uses of productive resources. For these reasons, alone, historical regional comparisons of the effects of longshore strikes are tenuous.

Extrapolations of historical effects are also affected by other changes in areas serviced by individual ports such as changes in inland freight rates, opening or closing of establishments within a multi-plant company whose products move through central facilities, port "sales" activity, addition of new foreign customers with already established channels of trade, etc.

Generally the North Atlantic ports serve Northern Europe; South Atlantic ports serve Southern Europe; while Gulf ports serve South America and Africa. As the volume and commodity mix of goods exported to and imported from these traditional areas change, the port facilities and activities change.

C. Port Sensitivity by Type of Cargo

An indication of the sensitivity of particular ports to a longshore strike is given by the ratio of tanker shipments (which are less susceptible to I. L. A. work stoppages) to total shipments out of or into a port. Table 10 indicates the percent of international shipments which were tanker cargo during 1967, the latest data available. The pattern differs by imports and exports, in addition to port by port. Tanker cargo is not limited to fluids such as petroleum -- new handling techniques, for example, have resulted in tankers becoming major carriers of wheat and feed grains.

Tanker shipments comprise 65 percent, by volume, of imports but only two percent of exports in the North Atlantic Customs District. This compares with the Gulf Coast District where 18 percent of imports and 20 percent of exports are via tanker.

The major importers of tanker cargo, by port, are New York and Philadelphia receiving 32 percent and 21 percent of all tanker imports to the U. S. ports.

^{3/} According to a recent University of Maryland study, general cargo shipments generated nearly six times the economic impact of bulk cargo. This finding is also confirmed by the Federal Reserve Bank of Philadelphia. According to their May 1965 Business Review, "General cargo means more workers."

The Gulf Coast Ports are the major exporting outlets for tanker cargoes, contributing 64 percent of all tanker exports. Galveston is the most important of these ports, handling 13 percent of all tanker exports from the U. S.

The lesser susceptibility of tanker shipments to longshore strikes is illustrated by the experience during the 1968-1969 longshore strike.

In Table 11 dry and tanker cargo movements during the months of November through April 1967-1968 are compared with movements during the same period 1968-1969. Export tanker cargoes out of Philadelphia actually increased during the strike from 31 thousand tons in December to almost 52 thousand tons in January 1969. This level is also 33 percent over January 1968. In the same port during the same month dry cargo exports were down 82.5 percent from 1968 to 1969.

Total tanker shipments, from the Atlantic ports, increased 16 percent in January-February 1969 over January-February 1968, whereas dry cargo dropped 24 percent. Tanker shipments from the Gulf Coast decreased 20 percent versus a decrease in dry cargo of 72 percent.

Tanker imports to Atlantic ports increased seven percent from January-February 1968 to January-February 1969, whereas dry cargo imports decreased 35 percent. These figures for the Gulf Coast were eight percent and 24 percent, respectively.

TABLE 10. PROPORTION OF EXPORTS AND IMPORTS
BY VESSEL MOVED BY TANKER, 1967
BY CUSTOM DISTRICT AND PORT BY WEIGHT

Custom District and Selected Ports	Percent of All Port Shipments		Percent of All Tanker Shipments	
	Exports	Imports	Exports	Imports
North Atlantic:	2.34	64.88	5.89	70.63
Boston, Mass.	--	80.65	.13	5.62
New York, N. Y.	--	78.89	.97	31.70
Philadelphia, Pa.	--	58.11	2.94	20.69
Baltimore, Md.	3.07	22.88	.67	3.69
Norfolk, Va.	.06	66.24	.49	3.21
South Atlantic:	18.97	72.09	4.78	12.98
Charleston, S. C.	.09	50.26	--	.76
San Juan, P. R.	77.71	90.37	4.30	7.36
Gulf:	20.12	18.09	64.20	5.39
Tampa, Fla.	.59	72.28	.26	1.22
New Orleans, La.	17.87	11.82	3.32	1.32
Houston, Tex.	29.33	25.76	4.35	.72
Galveston, Tex.	38.60	1.88	12.64	.93
South Pacific:	23.13	68.41	19.66	10.06
Los Angeles, Calif.	30.56	58.64	6.03	3.95
San Francisco, Calif.	10.96	68.99	3.11	3.48
Honolulu, Hawaii	50.42	92.79	.44	2.54
North Pacific:	3.47	14.45	3.17	.80
Seattle, Wash.	3.15	12.08	1.12	.45
Other:	1.72	.62	2.30	.14
Total	11.04	50.42	100.00	100.00

Source: FT 985.

Note: Ports will not add to districts because not all ports are listed.
Does not include trade between Puerto Rico or Hawaii and mainland U.S.

TABLE 11. EXPORTS BY VESSEL, BY CUSTOM REGION, AND SELECTED PORTS
NOVEMBER-APRIL 1968-1969 COMPARED TO NOVEMBER-APRIL 1967-1968
DRY AND TANKER CARGOES
(Millions of Pounds)

Regions	Years	November		December		January		February		March		April	
		Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker
Total	1967-68	33,552	3,177	28,603	2,600	26,296	2,261	25,450	2,777	25,731	3,605	29,922	2,816
	1968-69	32,825	2,702	33,255	2,978	17,603	2,325	16,786	2,093	25,337	2,825	32,055	2,790
North Atlantic:	1967-68	9,035	141	9,228	178	9,465	128	8,423	154	8,563	175	8,898	219
	1968-69	8,260	246	9,864	144	7,598	158	6,755	226	8,847	237	8,636	242
New York	1967-68	1,012	24	1,008	8	959	8	988	30	834	29	1,265	45
	1968-69	1,061	15	1,171	31	140	13	360	67	1,407	52	1,318	40
Philadelphia	1967-68	435	99	437	134	486	87	434	93	419	105	461	114
	1968-69	532	103	533	71	85	116	69	107	434	74	399	135
South Atlantic:	1967-68	812	211	877	94	717	176	749	106	748	86	832	130
	1968-69	923	153	1,182	208	161	125	251	145	1,021	149	1,089	172
Gulf:	1967-68	10,895	1,404	10,461	1,374	10,281	1,366	9,831	1,770	10,273	2,137	9,216	1,620
	1968-69	10,292	1,669	12,035	1,818	2,282	1,368	3,319	1,131	9,181	1,752	11,156	1,736
New Orleans	1967-68	4,915	566	4,177	398	4,064	337	3,810	261	4,902	347	4,006	366
	1968-69	4,719	291	5,796	541	488	263	1,421	276	5,856	406	4,852	460
Houston	1967-68	1,544	219	1,409	307	1,885	396	1,949	748	1,421	1,015	1,271	525
	1968-69	1,398	460	1,290	564	89	386	25	343	279	531	1,034	492
South Pacific:	1967-68	1,989	1,232	2,024	756	2,266	543	2,748	508	2,739	765	2,691	702
	1968-69	2,368	468	2,587	453	2,561	610	3,228	557	2,663	639	2,832	545

TABLE 11. IMPORTS BY VESSEL, BY CUSTOM REGION, AND SELECTED PORTS (Continued)
 NOVEMBER-APRIL 1968-1969 COMPARED TO NOVEMBER-APRIL 1967-1968
 DRY AND TANKER CARGOES
 (Millions of Pounds)

Regions	Years	November		December		January		February		March		April	
		Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker	Dry	Tanker
Total	1967-68	20,751	22,356	21,976	28,770	12,444	28,917	13,696	26,122	16,129	25,523	21,744	27,705
	1968-69	23,998	17,724	20,885	25,738	18,875	26,842	15,377	23,817	17,950	26,882	18,899	21,032
North Atlantic:	1967-68	9,290	12,950	7,651	17,927	7,849	20,507	7,035	17,912	8,416	20,057	8,446	15,118
	1968-69	6,497	16,290	8,048	21,485	3,856	21,463	5,902	18,689	7,035	18,452	8,742	20,089
New York	1967-68	2,016	5,513	2,004	9,157	2,075	9,849	1,830	8,162	1,918	8,949	2,281	6,353
	1968-69	1,842	6,492	2,143	8,440	376	8,686	1,900	7,567	2,052	7,888	2,353	7,627
Philadelphia	1967-68	3,609	3,841	2,992	4,359	2,742	4,649	1,661	5,093	2,532	5,308	2,906	4,621
	1968-69	2,288	5,793	2,642	8,150	1,259	5,972	1,239	5,723	1,918	5,161	2,897	6,849
South Atlantic:	1967-68	1,060	2,205	1,019	3,808	1,408	3,279	1,139	2,855	1,069	3,853	1,145	2,540
	1968-69	1,126	2,639	1,276	3,850	779	3,650	808	3,718	1,401	3,143	1,495	3,486
Gulf:	1967-68	4,478	826	5,891	1,590	6,495	1,049	5,157	1,100	5,854	1,314	4,709	951
	1968-69	4,361	1,410	5,679	1,238	4,494	1,277	4,389	1,036	5,199	1,307	6,809	1,489
New Orleans	1967-68	1,578	125	2,207	359	2,480	224	2,066	247	2,534	174	2,434	158
	1968-69	1,986	422	2,148	190	1,658	150	1,580	199	2,767	252	2,941	273
Houston	1967-68	320	176	441	261	570	78	475	188	626	214	632	163
	1968-69	420	242	465	259	54	230	45	88	113	198	770	200
South Pacific:	1967-68	1,055	1,666	1,022	2,253	986	1,842	1,048	1,867	1,224	1,582	1,180	2,183
	1968-69	1,298	1,672	1,201	2,044	1,461	2,330	1,317	2,594	1,234	2,429	1,647	2,333

CHAPTER VIII. IMPACTS ON U. S. BUSINESS

One of the major purposes of the Task Force was to attempt to assign concrete values to statements regarding long and short term impact of the longshore strikes. Intensive review of government sources revealed that although there is a vast amount of data on the specific vessels caught in port by the strike, there was no source which could furnish accurate information on the extent to which (1) the strike had been anticipated by shippers, (2) the strike losses were recovered when the ports were opened, or (3) either importers or exporters suffered a permanent loss of market. The Department of Agriculture was, in fact, the only government agency which had solid data on temporary loss of sales, possibly because a large share of U.S. agricultural exports are government financed.

The Task Force therefore, in addition to the statistical techniques developed in Chapters IV-V approached the problem in several ways: A review of the news media reports during the three strikes both to place claims of injury in perspective and as a source of specific losses; a review of the local area reports by State Employment Security agencies to determine what layoffs, if any, were attributed to the strike by the local agencies or firms; extensive interviews with Port Authorities in ports affected by the strike; interviews with commercial and business interests mentioned as being injured or who were known to have large export or import interests; a request to all major U.S. embassies to report any specific cases of losses of markets for U.S. exports or other adverse impacts of the strike. The results of these approaches, most of which proved to be negative, are presented in this chapter and in Appendix sections E and G.

A. Current News Media Reports

Press coverage of the three strike periods reveals some aspects of the economic impact of longshore strikes not explicitly covered in other sources. In particular, local papers were used for identifying industries which claimed to have suffered losses as a result of a longshore strike. However, inconsistencies and inaccuracies in coverage, varying from paper to paper, make these reports more useful as leads for further investigation rather than as authoritative sources.

Information reported during the three strikes can be compared in terms of dollar losses cited and industries/commodities affected. Table 12 summarizes what appeared to be the consensus with respect to strike-induced national or port-area losses and the industries/commodities affected for all three strike periods. Appendix B includes the complete chronology of the "impact" of each strike as given in a wide variety of national and local papers and magazines.

The loss figures reported in the press reveal a wide divergence in estimates between the three strike periods, both for national and for regional dollar losses. The

data are completely inconsistent both internally and when the three strikes are compared with each other. "National loss" was never defined in any story, but it probably was no more refined than the total volume of U.S. trade or possibly the total volume of U.S. waterborne trade. The Task Force was unable to check the data by any logical calculation method -- what may have appeared reasonable for one period was completely out of range in another. For example, total U.S. foreign trade in 1962 was about \$3 billion a month and in 1965 it was somewhat over \$3.5 billion yet the daily "loss" was tripled. In 1968, trade had increased to \$5.5 billion per month, but the daily loss was cut to below the 1962 reports. In the case of the 1968-1969 strike, the estimated daily national loss does not correspond at all to the total national loss cited. The "losses" reported by the local press in four major ports were also completely inconsistent with the "national loss" data, frequently from the same source, both in level and in changes over time.

TABLE 12. STRIKE "IMPACT" AS REPORTED BY PRESS MEDIA

	1962 - 1963	1965	1968 - 1969
National Loss	\$20-\$25 million/day \$800 million total	\$67 million/day \$2 billion total	\$15 million/day \$5 billion total
New York		\$10 million/day	\$2 million/day
Philadelphia	\$5 million/day	\$650,000/day	\$500,000/day
New Orleans		\$1.1 million/day	\$1 million/day
Houston	\$3 million/day	\$100,000/day	\$300,000/day

Industries and commodities mentioned as being affected in all three strikes were:

- Sugar Refineries
- Soft Drink Manufacturers
- Coffee Processors
- Trucking
- Fruit

Press reports on each strike separately are summarized below.

1962 - 1963 STRIKE

National Impact:

Total Loss:	\$20-\$25 million/day to date 1/12/63 - \$400 million to date 1/23/63 - \$700 million to date 1/25/63 - \$800 million
Unemployment:	100, 000
Loss to U. S. and foreign industries due to supply shortages:	\$300 million

Regional Impact:

Houston:	\$3 million/day to the economy \$275,000/day to the port \$60 million to date 1/14/63
Philadelphia:	\$5 million/day
Georgia:	\$1 million/day
Hampton Roads:	\$4 million to date 1/23/63 \$7,000 to date 1/24/63
Jacksonville:	\$1 million to date 1/17/63 \$1.5 million to date 1/27/63
Boston:	\$500, 000/day
Mississippi:	\$1 million to date 1/28/63

Industry Impact:

Tufted Carpets	Shortage of jute backing
Sugar Refiners	Shortage of raw sugar
Soft Drink Manufacturers	Shortage of sugar
Confectioners	Shortage of sugar
Bakers	Shortage of sugar
Coffee Roasters	Shortage of beans
Furniture Importers	No imports
Textile Mills	Imported cotton and wool shortages
Steel Fabricators	Shortage of imported material
Flour Mills	Export problem

Industry Impact (continued):

Onion Growers	Export problem
Poultry Processors	Export problem
Canners	Export problem
Pulp and Paper Processors	Export problem
Trucking	Directly related to port activity
Railroads	Directly related to port activity
Steamship Agents	Directly related to port activity

Commodity Impact:

Jute	Import shortage
Volkswagen	Import shortage
Tropical Fruits	Import shortage
Cotton	Import shortage
Wool	Import shortage
Citrus Products	Export loss

1965 STRIKE

National Impact:

Total Loss	\$2.18 billion in foreign trade \$67 million/day \$60 million/day in exports \$40 million/day in imports to date 2/2/65 - \$1 billion to date 2/5/65 - \$1.5 billion
Unemployment:	Total 190,000 - 250,000 longshore 60,000 seamen 38,000 railroad 45,000 truckers 48,000

Regional Impact:

Philadelphia:	\$650,000/day
Houston:	\$100,000/day
Baltimore:	\$500,000 - \$1,000,000/day

Regional Impact: (continued)

New Orleans:	\$1.1 million/day
New York:	\$10 million/day
Pascagoula, Miss.	\$20,000/day
Puerto Rico	\$5 million/day lost value of trade

Industry Impact:

Sugar Refiners	Shortage of sugar
Soft Drink Manufacturers	Shortage of sugar
Coffee Roasters	Shortage of beans
Specialty Food Distributors	Import shortage
Fabric Importers	Import shortage
Rubber Plants	Import shortage
Chemical Producers	Export problem
Grain Producers	Export problem
Cotton Growers	Export problem
Soybean Processors	Export problem
Tobacco Manufacturers	Export problem
Fruit Growers	Export problem
Trucking	Directly related to port activity
Railroads	Directly related to port activity
Freight Forwarders	Directly related to port activity

Commodity Impact:

Coffee	Import shortage
Sugar	Import shortage
Soybeans	Export loss
Apples	Export loss
Citrus Products	Export loss

1968 - 1969 STRIKE

National Impact:

Total Loss:	\$15 million/day
	\$5 million/day on Atlantic Coast
	\$15 million/day for entire seaboard
	to date 1/27/69 - \$5 billion
	to date 1/29/69 - \$2 billion in wages, plant closings, and trade
	to date 2/13/69 - total \$2 billion

National Impact:

Unemployment:	60,000 longshoremen
	11,400 seamen
	25-30 percent of personnel of freight forwarders, etc.

Regional Impact:

New York:	\$1.5 - \$2 million/day
Philadelphia:	\$500,000/day
New Orleans:	\$1 million/day
Houston:	\$300,000/day loss to shippers

Industry Impact:

Sugar Refiners	Sugar shortage
Soft Drink Manufacturers	Sugar shortage
Canners	Imported raw materials
Carpet Mills	Jute backing shortage
Coffee Mills	Bean shortage
Food and Liquor Distributors	Import Shortage
Car Dealers	Import shortage
Machinery Producers	Export problem
Canners	Export problem
Cotton Growers	Export problem
Trucking	Directly related to port activity
Railroads	Directly related to port activity
Freight Forwarders	Directly related to port activity

Commodity Impact:

Sugar	Import shortage
Jute	Import shortage
Coffee	Import shortage
Tropical Fruits	Import shortage
Small Cars	Import shortage
Tobacco	Import shortage
Grain	Export loss
Cotton	Export loss
Soybeans	Export loss
Rice	Export loss
Tobacco	Export loss

B. Effects of Strikes on Inventories

Stockpile objectives for strategic and critical materials are determined by the Office of Emergency Preparedness pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h), in accordance with general policies set forth in DMO 8600.1A.

In April 1969 there were 121 strategic commodities inventoried in the report of the Joint Committee on Reduction of Federal Expenditures, Congress of the United States. Purchases of only seven of these goods were made during the month. OEP personnel stated that a longshore strike has little or no effect on their ability to maintain the required stockpile levels. This is due to current excess levels and long-range planning.

The following commodities are not produced in the United States and are of strategic importance. As of April 30, 1969, after a four month longshore strike, there was an excess over stockpile objective of:

<u>Item</u>	<u>Tons</u>
Chromite, chemical grade	452,564
Chromite, metallurgical	1,505,489
Tin	25,762

The longshore strike does not appear to have had any appreciable impact on supplies or storage of critical materials for industry. There were temporary dislocations of individual sources or distribution channels for products like lead but no necessity arose for dipping into government stockpiles to avoid crisis situations.

A review of the changes in manufacturing industry inventory-sales data for each of the three strike periods only indicates one industry where raw material supplies might have been affected by the strikes -- the primary metals industry. The number of months supply of inventory dropped appreciably for this industry in each of the three periods. It went from 2.25 months to 2.03 months between September 1962 and March 1963; 1.73 to 1.59 months between September 1964 and March 1965; and 1.89 to 1.67 months between September 1968 and March 1969. The blast furnaces industry also showed a sharp drop (2.50 months to 1.93 months supply) in inventory during the 1969 longshore strike. All other industries with what appear to be significant changes are either ones on which we know the strike had no impact (aircraft and petroleum) or ones on which the impact of the strike would have been an increase in inventory rather than a decrease.

With the exceptions listed above, it does not appear that the longshore strikes had any appreciable impact on the inventory conditions of any major American manufacturing industry. This, of course, is in direct contrast to the situation which existed with respect to grains, particularly in 1968-1969. Budget Director Mayo testified in March 1969 that one impact of the dock strike was a reduction in agricultural exports and a

consequent increase in price-support outlays and inventory financing by the government. Behind this statement was some evidence that many potential exporters of grain were not in a position to hold inventories because of high interest costs and were turning their holdings over to the federal government under the price support program, planning to re-purchase after the strike was settled.

C. Area Reports

Bureau of Employment Security

The Bureau of Employment Security receives detailed information from its regional offices on mass layoffs. The information includes the firm, date of action, number and type of employees, cause of layoff, etc.

Mass layoff reports were available for the 1968-1969 strike period only. In no cases were layoffs occurring during or near the strike period attributed to either the direct or secondary impact of the longshore strike.

State agency reports, however, do refer to specific strike-induced layoffs. The reports for Louisiana are presented in Appendix E-3.

BES also reported some information on the secondary employment impact of the 1965 longshore strike which they obtained through telephone calls to the states in October 1968. Since this survey was conducted almost four years after the fact, it basically reflects the memories and best guesses of State agency personnel. The results were:

- (1) Charleston, S. C. — slight impact, mitigated by stockpiling.
- (2) Florence, S. C. — 400 workers were laid off for two weeks due to shortage of Australian wool.
- (3) Mobile, Alabama — 100 workers were laid off at the docks.
- (4) New Orleans, La. — Up to 5,000 motor freight and warehousing people were laid off.
- (5) Boston, Mass. — No layoffs, due to stockpiling.
- (6) New York, N. Y. — No information on layoffs.
- (7) Houston, Texas — Moderate layoffs in railroads and cotton compresses.
- (8) Philadelphia, Pa. — No layoffs reported.

Bureau of Labor Statistics

The Bureau of Labor Statistics examined employment figures in the following Standard Metropolitan Statistical Areas for the years 1960-1968: Boston, New York, Philadelphia, Baltimore, New Orleans, and Houston. They were not able to discover any changes in employment which might be attributable to the longshore strikes. More detailed information is included in Appendix E-2.

D. Correspondence and Interviews

Correspondence

In addition to information obtained from BES, listed below are the regional and industry economic impacts resulting from the 1965 longshore strike, as reported by various port authorities to the American Association of Port Authorities Executive Director:

Industries:

Coal exporters — possible market loss in Germany
Citrus Fruit — damaged exports of juices and grapefruit to Germany, Netherlands
Chemicals — Dow chemical exports
Transportation — High mortality in small trucking firms
Sugar Refining — Lack of imported raw sugar
Soybean Oil Producers — Midwestern U. S. reported loss of exports

Firms:

Dow Chemical (Freeport, Texas)
B & O Railroad
Florida Citrus Exchange
Kelly-Springfield Tire Company (Baltimore)
Maynard and Childs, Inc. (wine importers — Baltimore)
American Sugar Company (Baltimore)
Association of Maryland Pilots (harbor)
Consolidated Orchards, Inc. (West Virginia)

Firms reporting losses caused by the 1962-1963 longshore strike, in letters to the House Merchant Marine Committee during its hearings on proposed compulsory arbitration in longshore disputes, are:

New York, New York:	Overseas Freight & Terminal Corporation	lost \$100,000
	Anderson, Clayton, & Co. (exports raw cotton, imports green coffee)	lost \$ 87,000
	Karl H. Landers & Co. (spice importers)	lost \$ 30,000
	Alltransport Company	lost \$ 80,000
Memphis, Tennessee:	Cook and Company (grain and cotton exporters)	
	Memphis International, Inc. (export merchandisers)	lost \$ 85,000

Interviews:

To supplement the statistical procedures regarding the 1968-69 strike the Task Force undertook a series of interviews with parties whose interests would seem to be directly affected by that strike. The comments of the interviewees fell into three clear categories: (1) major companies, which were only slightly affected; (2) port operators who were seriously inconvenienced and who claimed, but could not substantiate, heavy losses or injury; and (3) small companies with large stakes in international trade who made unrestrained claims of catastrophe.

The general impression was that major concerns, many of which are multinational with plants in different countries, are prepared for port stoppages lasting for one or two months.

Following are samples of comments from interviewees -- more detail on individual companies are given in Appendix G:

Chemicals: A large chemical manufacturer stated that injury was minimal due to the advanced planning of inventories and alternate shipping routes. Another indicated that the impact of the strike was minimal due to advanced shipping and anticipation of an injunction period; a third company concurred.

Machinery: One heavy equipment manufacturer stated that the impact of the strike was limited to possible loss of some markets for new products. A large office machine producer indicated that there was no discernible impact, due to the fact that high value machines, such as computers, are shipped by air, and other items are normally produced abroad for foreign markets. A representative of the aerospace industry indicated that long-term advance notice of the strike rendered the impact minimal. Still another large producer of machinery stated that the strike added to transportation costs, due to diversions to air, Canada, and the West Coast, but did not cause any significant inconvenience or loss. A machinery trade association representative stated that, in general, the impact of the strike was too small to measure, although it might have been a problem for marginal industries.

Steel: A large producer of steel indicated that it was impossible to separate the impact of the longshore strike from other events but doubted that it had any impact. Another large steel producer stated that there was no impact on either operations or markets due to anticipation and a generally strong and constant demand.

Coal: A representative of the coal industry asked "What strike?" and then stated that coal shipments were not affected since all handling is mechanical.

Retailing: A spokesman for a medium-sized retailing establishment indicated that the strike did cause loss of sales of seasonal items, and reported further loss due to pilferage of goods stored on the docks for the duration of the strike. A large national retailer indicated no impact other than some increased transportation

costs. Retailers normally use air cargo for imported apparel because of timing problems.

Stevedoring Firms: A large stevedoring company stated that strike costs consisted of fixed costs borne for the duration of the strike. It was also stated that strike-caused loss cannot be made up by increased volume of pre- and post-strike business due to constantly heavy traffic, lack of space, and lack of personnel.

Export Management Companies: These are relatively small firms whose primary source of income is from serving as export middlemen for U. S. firms whose export business is not large enough to justify a regular export department. These firms were affected by the 1968-1969 longshore strike primarily because they were financially responsible for the extra storage charges incurred on goods held up in the port areas. The loss of revenue during strike months while fixed costs continued was also reported to be very serious. Although a survey of 60 firms indicated a loss of 10-25 percent of their business for the year (July-June) 1968-1969, and individual firms claimed permanent losses of export sales, no specific cases could be substantiated.

Local Trucking: Another group which claimed to be badly hurt by the I. L. A. strike in 1968-1969 was local trucking -- firms all or a large part of whose business consists of servicing the docks. Both the New York Port Authority and the New York Waterfront Commission report that some 200 truckmen operating on the docks went out of business during the strike period. Unfortunately, there are no data available against which to measure this business fatality rate, but the New York Trucking Authority stressed the multiplicity of factors which affect truckmen, and stated their belief that the strike was not the most important, although it was significant. Some of the other factors are the development of railroad "piggyback" operation in conjunction with ocean cargo containerization, labor-management relations, state and Federal laws regulating trucking and the licensing of drivers.

A major Baltimore trucking firm initially claimed a 30 percent loss of business during the strike, although less than 20 percent of its business is with the port. Later information indicated that company revenue in the first eight months of 1969 exceeded the comparable period of 1968.

Port Authorities: The Delaware River Port Authority estimated losses to the Port of Philadelphia at \$1 million per day, although much of the Port's business consists of petroleum and iron ore, commodities not affected by a strike. In addition, severe impact on port-dependent industries, such as sugar refineries and truckers, was asserted.

The New York Port Authority indicated that small New York firms, such as local truckers and freight forwarders, felt severe impact while large firms did not. They seemed to feel that the major problem for the Port was congestion.

The Maryland Port Authority noted numerous cargo diversions to Canada and the West Coast.

The Philadelphia Port Authority noted that rubber imports were diverted to the West Coast. Officials also noted that several sugar refineries were shut down during the strike.

The Norfolk Port Authority stated that fixed cost losses for the duration of the strike amounted to \$500,000. They indicated that there was little other impact due to the large number of private mechanized piers.

The Houston Port Authority stated that losses consisted of fixed costs and noted that local impact was severe for the small, port-dependent industries, although they were unable to offer specific examples of impact.

The New Orleans Port Authority noted some small cargo diversions and indicated that the major problem was congestion.

The American Importers Association, in response to the request of the Task Force, surveyed its membership on the impact of the 1969 strike. The Association sent out a mail questionnaire and received 137 replies to at least three of the five questions it asked. The statistical significance of the replies is not determinable so the results are at most only an indication of how the strike affected U. S. imports of non-bulk commodities. The questionnaire and replies are presented in Appendix G, item 14.

In general the strike did not affect employment, including temporary furloughs, in import firms. Only three firms reported that they permanently lost over 30 percent of their sales, and 46 firms stated that they suffered no loss of sales. Approximately half the firms fully anticipated the strike by inventory buildup or establishing alternate routings; only 20 percent of the firms had no advance preparation.

In a number of cases, importers reported increased costs involved in anticipation -- alternate routing, extra warehousing, interest, insurance, and so on. Importers also complained that once buyers were forced to switch to other sources, it was difficult if not impossible to recapture the market.

An interesting sidelight comment was that the greater the problem in securing delivery, the greater will be the price differential needed to interest buyers in imported instead of domestic merchandise.

Summary

In general, larger firms were not significantly affected by the strike while smaller firms felt adverse effects. The larger firms planned for a 50-60 day strike by inventorying necessary supplies over a six-month period prior to the strike or rescheduling deliveries after the strike. There was a minimal amount of rushing deliveries to beat the I.L.A. contract expiration date.

Some small family type firms in the trucking and freight forwarding industries "went out of business" but these industries are also characterized as free entry industries. No determination was made of the number of re-entries of "out of business" firms after the strike.

Attempts to quantify losses of revenue by small or large firms were unsuccessful. In all cases, firms or associations admitted an inability to "put a dollar figure" on the effects.

There were relatively few layoffs resulting from the strike. (This finding was confirmed by an independent study of the 1968-1969 longshore study done by BDSA.) Most firms hoarded labor because of the tight labor market. Many firms accelerated vacations. Even the longshoremen were on vacation during most of the strike.

The effects of this strike were accented by the fact that the economy was running near capacity both in terms of physical facilities and employment. Because of full capacity operations, there was a limit on the extent to which orders could be pushed ahead to anticipate the strike. Most interviewees agreed that activity was greater than normal a month before the contract expiration date.

The clean up period took 3-4 months because of the high economic activity. Incoming goods added to the congestion on the piers. For the first time, a rail embargo was reimposed on the New York piers after the strike -- for 15 days. Lack of personnel, due to the tight labor market, inefficiency due to overtime work and congestion, and the lack of expandable capacity, extended the clean up period.

E. Transportation Industry Impact

Ocean Freight Rates

In March and April 1969 the shipping conferences and independent lines serving the Atlantic and Gulf Coast Ports imposed a strike surcharge to "recoup losses" on goods going from those ports to Europe, North Africa, and South Africa. According to a spokesman of the Federal Maritime Commission, variations in application and subsequent cancellation of this surcharge, makes it impossible to evaluate the importance of this surcharge to carrier revenues or the costs of foreign trade.

The Federal Maritime Commission judged the surcharges to be in violation of Section 15 of the 1916 Shipping Act because the rates applied only to outbound traffic.

As a consequence, most strike surcharges were rescinded in June. General rate increases (applicable to inbound and outbound traffic) were immediately imposed, very close in total to the strike surcharge. The latest general increases were within the range of past increases. However, it might be noted that published rates can be cut on request. Three-fourths of requests for exemptions to the published rates are usually granted, according to the Federal Maritime Commission.

The surcharge, when imposed, amounted to a seven and one-half to twelve percent add-on to base rates on outbound shipments, excluding Asian shipments. Some carriers imposed the surcharge only on certain ports. For instance, World Transport, Ltd., imposed a surcharge only on those goods flowing through Boston. Other shippers imposed surcharges on selected goods only. Meyer Lines applied them to transshipments only, while the Surinam Navigation Company exempted many commodities. Some shippers filed the strike surcharge increase but were not able to use it because none of the goods to which the surcharge applied were handled by that shipper during the period it was in effect.

Also complicating the situation were varying lengths of time during which the surcharge was to be effective. According to the Federal Maritime Commission, some carriers scheduled the imposition for one month, others for three months, and still others set no expiration date. At any rate, nearly all surcharges were cancelled in June in satisfaction of Maritime Commission objections.

As regards the surcharge effect on foreign trade, for those months, goods, and ports to which the surcharge was applicable, the extra charge did increase the differential between outbound and inbound tariffs for the same goods. However, according to an economist of the Federal Maritime Commission, as much as three-fourths of all goods had, before the surcharge, a differential in tariff rates in favor of inbound goods. The surcharge increased the differential if and when applied, while the subsequent general rate increase only maintains the former adverse differential. Again, because of the variations in application, and short period of use, the effect of the surcharge on foreign trade is impossible to determine.

Freight Embargoes

During all three of the longshore strikes studied, railroads imposed embargoes on freight destined for struck ports. But for the first time, in April 1969, a rail embargo was reimposed on the New York piers 48 days after being lifted, between April 3 and April 18, 1969. Also in 1969, for the first time, airlines imposed an embargo on air freight during a longshore strike. No embargoes were imposed by truckers (Appendix F).

One effect of these embargoes, in addition to backing up export-destined goods into inventories at inland points, was to force the Post Office Department to impose

an embargo on surface international mail to Europe and Africa from East Coast ports. Two thousand tons of printed matter and five hundred tons of mail destined to cross the Atlantic for South America were delayed two weeks because the mail had to be sent overland to ports on the Pacific Coast. (See letter in Appendix E-1.)

F. Embassy Reports

There was a remarkable degree of uniformity in reports from individual embassies with regard to the minimal impact of the strike on U. S. exports, either temporary or permanent. However, as was the case in the Task Force interviews within the U. S., most noted the inconvenience and added expenses incurred by U. S. firms as a result of the strike.

The major points in each report are:

1. Europe

a. Austria

Available information does not indicate that failure of U. S. exporters and their Austrian representatives to meet delivery schedules during the East and Gulf coast longshoremen's strike resulted in any measurable permanent loss of entry of U. S. products into the Austrian market. However, the incident has done damage to the image of America's exporting industry as it makes it appear "less reliable" than European suppliers. One-time losses of business occurred in manifold ways.

b. Denmark

In no case has there been permanent loss of entry into the Danish market. However, problems arose with regard to financing and warehouse space.

The Danish tobacco industry, in general, reported no serious effects since the larger importers had succeeded in building up sufficient stocks to carry them through the strike period.

Two prominent importers of service station equipment reported that the strike caused extreme annoyance among their customers. None of the firms believe that the strike caused a permanent loss of market for U. S. products.

A leading Danish importer of electric and non-electric machinery described the strike as an extremely annoying curtailment of its relationship with its U. S. suppliers.

c. England

Unable to report any specific cases of loss of markets for U. S. exports arising as a result of longshoremen's strike. No report of any adverse impacts of serious nature although end-users of U. S. products were ruffled by delay in deliveries. No special appeals were received by embassy from either British importers

or U. S. sales representatives for assistance in facilitating shipments. Several British companies complained at delay imposed on getting their products into U. S. market.

d. France

Consensus among American and French traders and importers is that some trade diversion resulted from U. S. East and Gulf Coast longshoremen's strike. On the other hand, both French and American manufacturers were less sure that significant trade diversion occurred. Latter note that there were instances of substitution and occasional difficulties resulting from inability to insure deliveries. However, they take particular note of acceleration of substitution by orders by American firms from wholly owned American affiliates in Europe whenever possible, particularly where air cargo is not a satisfactory alternative.

Other additional costs are said to have been incurred. Some companies note that they anticipated the strike and made exceptionally large orders in September and October to cover the expected period of delay. This placed substantial pressure on the financial position of the importer.

Importers of large agricultural and industrial machines assert they suffered particularly from strike. Delays of from four to five months are said to have been experienced. However, few orders are said to have been lost. One possible reason is that European producers of heavy equipment are usually not able to provide rapid delivery.

e. Italy

General consensus is that the strike, while causing delivery and cost problems, has not resulted in permanent market loss. A few individual firms suffered losses in sales of U. S. origin products. Others had to resort to expensive airshipped deliveries. By and large, however, the strike has not permanently affected U. S. sales prospects.

f. Netherlands

While there were many calls for assistance during the strike, there was only one case in which the Embassy sought the Department's assistance in obtaining a turbine generator from the New York dock.

Purchaser reports that if strikes become more frequent they would have to be more cautious in ordering custom-built products in the U. S. However, a single strike will not affect their high regard for U. S. products, technology, etc.

While many companies shifted to air freight during the strike, there is no indication of either one-time loss of sale or permanent loss of entry into market due to strike.

g. Sweden

The consensus of Swedish trade sources is that the U. S. East and Gulf Coast longshoremen's strike of 1968-1969 did not result in any substantial losses of markets for U. S. exports to Sweden. There were some exceptions, however, with respect to staples and food products. According to Sveriges Grossistförbund (Federation of Wholesale Merchants and Importers), whose members account for a substantial proportion of Sweden's import and wholesale trade, the dock strike in U. S. East and Gulf Coast ports did not result in any significant losses of markets for U. S. exports. Association officials claimed they had not received a single report of a member having lost a substantial sales contract as a result of the strike. One leading importer of business machines stated that the strike resulted in the cancellation of some very insignificant orders. In general, adequate stocks are carried as a safeguard against this kind of contingency, and air freight was heavily utilized. Another prominent distributor of U. S. electronic and computer equipment stated that most of their shipments went by air. Importers of U. S. machinery and equipment informed the Embassy that the strike caused a great deal of inconvenience and extra work, but there were no losses of markets or cancelled contracts.

The dock strike resulted in temporary disruption of the U. S. market in Sweden for certain staple and food products, such as packaged rice, canned corn, orange juice, poultry meat. Imports of cotton into Sweden during January-March 1969 dropped to one-third of their normal volume and tobacco to about two-thirds of normal volume. Serious difficulties were encountered for winter vegetables and certain fruits normally shipped by sea.

2. Latin America

a. Argentina

The longshoremen's strike did not greatly affect U. S. exports to Argentina. Delivery delays resulted in frayed customer relations for numerous local U. S. firms and Argentine representatives of other U. S. firms, but there apparently was no permanent loss of entry into the market. A one-time loss of sale probably occurred in several areas, including chemicals and steel.

b. Brazil

Several additional cases of permanent shifting from U. S. to British, Dutch, and West German suppliers reported. In addition, U. S. export market in Brazil potentially adversely affected as follows: (1) Machinery and Equipment: The inability of U. S. suppliers to meet delivery schedules resulted in heavy fines imposed on Brazilian importers by some end-users. (2) Chemicals: Importers felt

obliged to build up stocks before strike resulting in increased costs and accompanying detriment to U. S. competitive position. No cases of loss of entry into Brazilian market uncovered.

c. Chile

Large importers report no significant sales losses and no loss of U. S. position in Chilean market due to strike in the U. S.

d. Dominican Republic

Completed sizable survey indicates no permanent loss of market directly attributable to longshoremen's strike and only minimal instances of one-time shifts in sources of supply. Reasons are: (1) Local merchants tend to maintain large inventories as insurance against price increases or import regulation changes. (2) Importers substantially increased inventories in anticipation. (3) When some shortages began to occur, importers, thinking strike certainly would be over in a "few more days," did not attempt to develop new non-U. S. sources as this would have required considerable time. (4) Importers with orders already placed in the U. S. could not afford risks of reordering from Europe and possibly having double quantities of goods to pay for and dispose of if strike settled quickly. (5) Exclusive distributors of well-known U. S. brands could not turn to alternate sources. (6) Real hardship cases were alleviated by shipments from non-striking ports in South Florida and use of air freight.

While this particular strike did not force change of suppliers, survey indicated that as a result of this strike, together with other relatively recent stoppages of shipping from the U. S., importers are now giving more serious consideration of the desirability of developing non-U. S. sources as insurance against future U. S. maritime or longshoremen strikes.

e. Guatemala

The immediate effect of the longshoremen's strike was primarily a spotty, one-time loss of sales opportunities. Very few export lines believed to have suffered permanent loss of entry into market. Businessmen much more concerned about long-term effects which an increase in ocean shipping rates will have, especially when coupled with rising rate of U. S. price level.

Importers assert they suffered substantial one-time sales losses on electric appliances especially on large, heavy items; i.e., washers, dryers, refrigerators, etc., while some were able to import light-weight goods by air, thereby protecting these markets.

Sales losses were substantial but primarily one time. Permanent immediate market losses were very few. Strike-origin freight increases combined

with general trend of rapidly rising U. S. product prices may result in resumption of decline in U. S. market share.

f. Peru

Because of past experience and adequate warning period, most built inventories or made arrangements to obtain items from West Coast or by air shipment. Strike primarily affected occasional importer or one-time sale. None of contacts admitted permanent loss of a regular customer. All agreed that the strike stopped dealers of U. S. products from making any gains during this period. In a number of cases prospective customers had to look elsewhere for supplier and, thus, developed or strengthened contacts with third country competitors.

3. Asia and Africa

a. Australia

In the greater share of cases, the effects related to indirect factors such as the cost of purchasing supplies or diverting shipments through more expensive channels, the cost of maintaining support personnel for delayed shipments, and the loss of dealer and customer goodwill because of the inability to provide spare parts and to meet delivery deadlines.

A U. S. farm equipment manufacturer estimated that his company had initially lost nearly one-half million dollars in sales, with an unknown portion of this being recouped after the strike.

Farrell Lines reported a 20-percent drop in cargo during the stated period (not compensated for before or after the strike) which can be roughly translated into a 20-percent loss of profits for its U. S. /Australia run. A German flag carrier may have picked up a good share of Farrell's lost cargoes with the addition of two new ships to its West Coast run and the pre-strike diversion of an additional ship from East to West Coast ports.

PAA cargo manager indicates that Pan American flights from Southern U. S. (e. g. Miami) to the Caribbean area increased measurably during the strike period. He believes that a number of U. S. suppliers diverted their shipments by air to Jamaica and Panama, where the cargoes were picked up by numerous Japanese freighters operating from those ports and carried to Australia.

While the strike was damaging in a number of particular instances, it did not have any pronounced permanent effect on sales of U. S. products to Queensland.

b. India

A gross decline in imports from the U. S. for four months -- February/May 1969 -- as compared with the same 1968 period was \$214 million. This was from all causes, the dominant reasons being strike-related. It would appear that

approximately two-thirds of the decline in Indian imports from the U. S. was strike-related. It is not known whether subsequent Indian imports may have in part offset the sharp decline in Indian imports from the U. S. for the four-month period.

Large consignments of Indian export cargoes were delayed, resulting in several instances of spoilage.

Directorate General of Shipping stated his belief that, while trade damage from strike is temporary, more lasting impact on trade will result from upward revision of freight rates affecting both exports and imports.

c. Israel

Cases of permanent loss of market resulting from subject strike were negligible. Several specific cases of one-time loss of sales are estimated by importers at \$50, 000, \$200, 000, and \$1 million respectively. This is an addition to numerous other cases where losses could not be precisely estimated.

d. Ivory Coast

Only one documented story showing damage to U. S. trade. As a result of strike and rescheduling delays in processing of steel, company expects to pay a considerable penalty, although final amount not yet determined.

e. Nigeria

Discussed impact and possible detrimental effect on U. S. exports of U. S. East and Gulf Coast longshoremen's strike with broad cross-section of firms importing and handling American goods and equipment. No loss of sales, cancellation of orders or permanent loss of entry into the market as a result of strike. Strike in a number of instances caused delays in receipt of urgently needed goods and complaints by disgruntled customers. Inventories had been built up. Vitally needed equipment diverted for shipment by air. Orders for certain types of equipment would have been cancelled had there been an alternative source of supply.

One firm was forced to cancel an order for approximately \$150, 000 of capital equipment and spares. Procurement being made in Europe.

f. Philippines

The consensus was that U. S. sales were not materially affected by the inability to ship from East and Gulf ports. Unable to identify and specific losses of sales.

Most firms maintain three-four months' inventory, especially mill supplies. Some firms increased inventories in anticipation of strike. Others relied on current inventories to tide them over. In a few cases companies shipped inland from East to West Coast to meet delivery schedules.

Most Philippine importers are alert to shipping development in U. S. and apparently take whatever precautions are necessary to assure arrival of supplies.

g. Tunisia

Practically all of U. S. exports to Tunisia are financed through PL 480 or commodity loans. Tunisian importers and government agencies must follow our assistance procedures which would not allow them to freely substitute alternate sources of supply in the event of a strike. Substantial inconvenience created by strike. Most objectionable immediate result of strike was delay in shipment of tobacco which had been loaded in Baltimore just as strike began. Tobacco monopoly had to reschedule its production. There were two instances where importers canceled U. S. orders and substituted European suppliers. More important of these was an order for a newly developed U. S. thread.

APPENDIX A

SUMMARY OF LONGSHORE STRIKE

HISTORIES

(FROM REPORTS OF U. S. MARITIME ADMINISTRATION)

I. OCTOBER AND DECEMBER 1962 - JANUARY 1963

As early as January 17, 1962, when the then current contracts had still eight and a half months to run, the Federal Mediation and Conciliation Service (FMCS) had initiated a series of meetings with top union and industry officials to urge an early beginning of contract negotiations. Factual surveys were undertaken by the respective parties almost at once and prompted the first joint bargaining session between the parties in mid-June 1962, three and a half months before the contract was due to expire.

FMCS continued to meet with both sides, separately and jointly, maintaining an active schedule to avoid any onset of inflexibility between the parties. The most controversial item in these frequent meetings was that of gang sizes in relation to productivity, which finally resulted in deadlocked negotiations during late August 1962. FMCS attempts to have negotiations circumvent such explosive issues met with adamant positions taken by both sides. This atmosphere continued throughout September with FMCS stepping up the frequency of their separate meetings with each of the parties until the longshore walkout began.

The strike commenced on October 1, 1962, for an initial period of five days, upon the expiration of labor contracts between the International Longshoremen's Association (ILA) and the various employer groups in ports of the Atlantic and Gulf Coasts.

This initial strike period was officially ended on the fourth day of the work stoppage by a temporary restraining order issued October 4, 1962. Contrary to general expectations, longshoremen did not report for work on the following morning, October 5. Labor officials explained that the temporary restraining order, issued late in the day, was not formally tendered to the longshore union until after 6 p.m. on October 4. Time to communicate with the numerous port areas and arrange for the orderly return of men and gangs was expected to require all of Friday, October 5, in order to prepare for normal work starts on Saturday morning, October 6. In some Gulf Coast ports, longshore pickets were not withdrawn until 5 p.m. on October 5. Meanwhile 34 ports on the Atlantic and Gulf Coasts remained strikebound and continued the immobilization of merchant ships that reached a total of 226 vessels on the fifth and final day of the initial work stoppage.

During the days immediately preceding the strike, the Port of New York achieved a record for longshore employment when, on September 27, more than 21,300 men were called to handle 121 ships. South Atlantic

and Gulf Coast ports reported similar intense activity to move cargo before the tie-up occurred. The following day, September 28, another near record was attained at New York when 21,000 longshoremen were called and more than 1,000 longshore and cargo checker jobs went unfilled. On September 29, when normal Saturday employment at New York usually requires 2,000 to 3,000 men, more than 17,500 longshoremen were engaged on the piers. On September 30, when normal Sunday employment rarely reaches 1,000, more than 10,200 men were called to finish up those ships seeking to depart before the strike deadline. The sustained longshore activity at the Port of New York enabled some 125 to 130 merchant ships of all flags to depart before the first impact of the strike immobilized the port. It is estimated that an additional 75 to 100 ships cleared other Atlantic and Gulf ports in a similar fashion before the strike began.

The manpower engaged in the longshore industry has been subjected to many differing interpretations. The union membership consists of the basic longshoremen and the allied crafts of clerks, checkers, weighers, samplers, carpenters, coopers, cargo repairmen, carloaders, cleaners, and maintenance personnel. A figure somewhat smaller than the membership total indicates the active longshore work force, a manpower figure showing the number of longshoremen generally available for work in each port or area (Gulf and Atlantic, 73,000 - 74,000 men).

Longshore employment data offers still another manpower figure approximating 75 percent of the number generally available for work. This latter estimate can be misleading as it implies that 25 percent of the work force generally available is usually unemployed. Such is not the case. In many of the smaller ports the industry cannot offer more than a few days work each week and, in some weeks, no work at all. In the major ports where relatively steady employment is assured, the arduous working conditions contribute to the manpower turnover when some longshoremen may elect to work no more than three or four days per week. These characteristics of the industry generally assure some employment for all active members in the major ports while in smaller ports the longshore work force may be only casually connected with the industry.

Supplementing the longshore manpower pool are groups of related maritime workers totaling approximately 7,700 men, comprised of pier watchmen, chenangoes, tugboat, lighter and barge crews. These groups generally contribute their support to a longshore dispute by honoring picket lines and immobilizing the affiliated marine crafts.

In the longshore industry the focal point of the primary labor-management negotiations is centered at the Port of New York through which almost a fourth (24 percent) of all Atlantic and Gulf Coast

waterborne cargo is handled. The port with its more than 700 miles of waterfront has some 145 longshoremen's employers consisting of stevedoring firms and steamship companies who are represented by the New York Shipping Association in labor negotiations.

The master contract developed at New York between the N.Y.S.A. and the I.L.A. is applicable to all Atlantic Coast ports from Portland, Maine, to Hampton Roads, Virginia, and establishes the five following contract items:

- (a) Working hours
- (b) Hourly wage rates for general cargo
- (c) Amount of employer contributions for welfare
- (d) Amount of employer contributions for pension
- (e) Effective dates of the agreement

The ports south of Hampton Roads, Virginia, (Morehead City, North Carolina, to Brownsville, Texas) also accept the above five contract items with the exception of wage rates which, by tradition, have been six cents per straight time hour less than that negotiated for the North Atlantic ports.

Upon settlement of these five points, all ports undertake to negotiate their respective contracts embodying local customs and practices which cover many diverse issues such as, but not limited to:

- (a) Size and composition of gangs
- (b) Working conditions
- (c) Sling load limitations
- (d) Penalty cargo rates
- (e) Meal breaks
- (f) Overtime call backs
- (g) Pension and welfare benefits
- (h) Holiday and vacation benefits

In resolving these issues, a negotiating pattern emerges, whereby South Atlantic ports observe the bargaining atmosphere at New Orleans that in turn follows the trend in negotiations at New York. A discordant note at New York can usually be expected to reverberate along the entire Atlantic and Gulf Coasts.

An additional factor in the national bargaining atmosphere which surrounds the New York negotiations is the union tradition that no port works until all ports have a contract. Thus not only does a stalemate in New York reverberate around the country, but a stalemate in one of the outports on local issues also can cause an Atlantic-Gulf Coast work stoppage.

This negotiating pattern virtually ceased functioning when the explosive issue of productivity and the size of gangs erupted at New

York. Without settlement of the first five basic contract items, nothing could be resolved on the remaining local issues in each of the other ports or port areas.

The issues in dispute were sufficiently deep-rooted to resist all efforts to resolve them during the 80-day injunction period which commenced on October 4, 1962. During the injunction interval, FMCS conducted an intense schedule of meetings between the parties, but the controversial gang size issue could not be circumvented. In the final days of the 80-day "cooling off" period, a personal plea by the President of the United States to continue negotiations was rejected by the longshoremen's union while management agreed to continue such discussions to avoid disruption to the industry.

On Sunday, December 23, 1962, the Taft-Hartley Injunction was lifted and the longshore strike resumed officially at 5 p.m. A panel consisting of the Secretary of Labor, the Assistant Secretary of Labor, and the Deputy Director, Federal Mediation and Conciliation Service, commenced a series of meetings with the parties on December 28 to develop an analysis of demands and offers and to encourage resumption of negotiations.

On January 16, 1963, with the longshore strike in its 24th day, the President announced the appointment of a Special Board, comprised

of Senator Wayne Morse, Chairman, James J. Healy, and Theodore W. Kheel, to investigate and review the controversy and the prospects of prompt settlement. In the event the Board could not bring about an agreement, they were requested to recommend a procedure whereby immediate resumption of operations would be assured.

On Sunday evening, January 20, the President's Special Board outlined their suggested Memorandum of Settlement before a gathering of the I.L.A. and the N.Y.S.A. together with labor's delegates and management's negotiators from other Atlantic and Gulf ports. After short deliberation, the Vice President of the I.L.A. expressed unanimous acceptance of the Board's suggested settlement. Union and management groups expedited plans to meet with their respective committees by January 22.

On the afternoon of January 22, the N.Y.S.A. voted to accept the settlement proposed by the Presidential Board. The following two days witnessed the union ratification of the settlement in conjunction with agreements being reached in the various ports on local issues. During the afternoon of Friday, January 25, union headquarters issued instructions for a return to work on Saturday, January 26.

During the 33-day period of the strike resumption, a total of 712 merchant ships became strikebound in Atlantic and Gulf ports. The

immobilization of ships experienced an ever rising number at a pace averaging four U. S. and 11 foreign flag ships per day. During the strike 64 U. S. flag privately-owned merchant ships loaded military cargo and departed without incident. The 200 U. S. flag ships affected by the strike represented 47 percent of the approximately 425 U. S. flag ships (tankers and bulk carriers excluded) that normally use Atlantic and Gulf ports. Not reflected in the final count are the more than 70 foreign flag ships that departed prior to the strike's ending after periods of idleness in Atlantic and Gulf ports.

II. JANUARY - MARCH 1965

The September 30, 1964, expiration of the Atlantic and Gulf Longshore contract between the employers and the International Longshoremen's Association came in the midst of contract negotiations which were initiated several months earlier. A long and costly strike followed the customary pattern which has plagued the industry in past years.

The five previous contract negotiations had all ended in work stoppages and subsequent invocation of the Taft-Hartley Act before agreement was reached. The 1962-63 strike lasted 33 days and was ended only by the direct intervention of President John F. Kennedy. A special three-man Presidential Board was then set up to study the issues and make recommendations on settlement.

In 1963 key issues blocking agreement were manpower utilization and job security. It was agreed to defer those problems until after completion of a study by the Department of Labor. This was to include an analysis of gang size, workforce flexibility, severance pay, register closing, automation, and other items which had become major issues in the negotiations. The Memorandum of Understanding signed January 20, 1963, provided that labor and management would bargain with the intention of implementing in the 1964 contract the findings developed by the Department of Labor study. In hopes of averting a strike threat in 1964, it was further agreed that if no settlement had been reached by July 31, 1964, the parties would select a neutral board to study the areas of disagreement and make recommendations in keeping with the Labor Report for resolving remaining differences.

The Department of Labor's study on manpower utilization on the waterfronts of 10 Atlantic and Gulf ports was released in early July. It recommended:

Cuts in the traditional sizes of gangs and greater manpower flexibility

Reduction in gang size accomplished through attrition

Union should allow management to make use of labor-saving machinery, with management in return obligated to assure job security for its regular workforce

Guaranteed annual employment

Some method to regulate the numbers of the labor force so as to limit the number of new members in the longshore labor force while still maintaining an adequate supply of labor

The response of the N.Y.S.A. to this report and to the I.L.A.'s first proposals for a new contract was to suggest a joint committee of union and management representatives be set up to study the size of pier gangs and work practices that cut down production. Management promised that issues such as wages, pensions, holidays, etc., would be discussed after the manpower utilization problems were settled and indicated a willingness to negotiate job security items to compensate for the introduction of labor-saving devices and the elimination of restrictive work practices, as suggested in the Labor Department report.

The I.L.A. agreed to set up a 28-man subcommittee to discuss these issues. However, it was apparent from the first meeting of the subcommittee that there was a basic disagreement on the subject of gang reduction. The union desired no reduction in the traditional 20-man gang, while employers insisted on a 16-man general cargo gang.

When it became apparent that an agreement would not be reached before the July 31 deadline of the Memorandum of Understanding, Robert H. Moore, Deputy Director of the Federal Mediation and Conciliation Service, asked representatives of labor and management to a meeting on July 29.

On July 30, a joint union-management request was sent to President Lyndon Johnson asking that a commission be appointed on the lines of the neutral board previously agreed upon in the Memorandum of Understanding

of January 20, 1964, to study the issues and aid in the mediation of the dispute. Secretary of Labor W. Willard Wirtz reconvened the neutral board comprised of Senator Wayne Morse, Theodore W. Kheel, and James A. Healy that had settled the 1963 strike. (Senator Morse was replaced as chairman August 11 by Assistant Secretary of Labor James J. Reynolds.)

Intense mediation efforts were carried out by the board throughout August and September in hopes of reaching an agreement before the September 30 expiration of the contract. Despite these efforts, by September 21 the only "final offer" the N.Y.S.A. felt able to make was that all issues in the current contract be submitted to final and binding arbitration. This was strongly rejected by the I.L.A.

September 25 the Board presented its recommendations. Although the New York Shipping Association accepted them with some modification, they were rejected by the union. Terms of the recommendation included:

A four-year contract

Guaranteed annual income of 75 percent of the average gross earning for the last two contract years for regularly employed longshoremen and checkers

Gang sizes to be cut according to seniority by two men beginning October 1, 1966, and an additional man October 1, 1967. (With 530 work gangs in the port of New York, the total reduction would be 1,590 men over the four years.)

An immediate increase in employer pension contributions from 12 to 20 cents an hour to permit an increase of pensions

October 1, 1965, from \$100 to \$175 a month for men who retired after that date. Men who retired before would receive an increase from \$100 to \$125 a month. The retirement age would remain at 65 with 25 years service.

Creation of a joint employer-union committee to revise seniority from sectional limits to include whole boroughs, allowing men with the most seniority to have preference for employment on any pier in a borough rather than in one small sectional area

Cooperative efforts by employer and union to secure changes in the Waterfront Commission Act to permit closing and reopening of the Longshoremen's Register to meet fluctuating manpower requirements

Immediate wage increase of 10 cents an hour, with an additional increase of 12 cents an hour October 1, 1966, and another 12 cents October 1, 1967, to be spread over wages, welfare, and pension as dockers desired

Thomas W. Gleason, President of the I.L.A. announced September 30 that the traditional "No contract, no work" rule would apply, with the strike officially to begin one minute after midnight October 1 with the expiration of the contract. The White House named a Federal fact-finding board at 5 p.m. that same night consisting of Herbert Schmertz, Theodore W. Kheel, and James A. Healy. This set in motion the process leading to a Taft-Hartley Act injunction against the I.L.A.

October 1 at 8 p.m. a temporary 10 day restraining order was signed sending longshoremen back to work. The speed with which the injunction was obtained was without parallel and indicated the deep government concern over the possibility of a longshore strike. The

union was served with the court papers by 11 p.m. October 1 and the men returned to work as of 7 p.m. October 2.

The injunction was extended through the remaining 70 days of the Taft-Hartley 80-day "cooling off" period by an order of October 10 forbidding the I.L.A. from striking East and Gulf Coast ports.

When negotiations resumed, the main unresolved issue was still the employers demand for reduced work gangs and more flexibility in assigning men to work. This was the same issue that caused the 1962-63 strike. At that time the issue was simply postponed to allow time for the Labor Department-conducted study of manpower utilization and job security which was completed in July of 1964.

Issues were still so stalemated by November 24 that Under Secretary Reynolds suggested a one-year contract formula to avert a strike December 20 when the Taft-Hartley injunction was due to expire. Although the union accepted, the N.Y.S.A. rejected the proposal as nothing but a continuation of the "featherbedding" issue postponed two years before.

A settlement was finally reached December 16. To allow time for ratification of the contract by the union membership, the old contract was extended 20 days past the December 20 strike deadline. The provisions of the New York agreement included:

Thirty-six cents an hour wage increase through September 30, 1968, with 10 cents retroactive to October 1, 1964, 10 cents to be added the second year of the contract, and 8 cents each of the last two years. (The base hourly rate of the expired contract had been \$3.26)

Pensions increased from \$100 to \$175 a month for men who retired after June 1, 1966, with the retirement age being 62 with 25 years service. Pensions for men who retired previous to that time were raised from \$100 to \$125 as of April 1, 1965. Widows of men with 25 years service who died before retirement would for the first time receive a pension of \$87.50 a month.

A fourth week of paid vacation after 12 years service

Three new holidays (New Year, Decoration Day, and Election Day)

A guarantee of 1,600 hours of work a year (approximately \$5,860 guarantee to a man who had been a regular member of the workforce and continued to be available for work)

Agreement to seek closing of the Longshoremen's Register and to use attrition to reduce the workforce size

Reduction of gang size from 20 to 17 men by October 1, 1967, with the first two men dropped April 1, 1966

January 8, 1965, the union membership rejected the contract.

I.L.A. President Gleason attributed the defeat to a lack of understanding of the terms of the agreement, which he called "the best contract ever".

After an intensive educational campaign, a second election was held January 20. At that time, the contract was approved.

Meanwhile, however, the strike began in all ports on January 11 after 20 days of continued negotiations following the 80-day "cooling off" period. Since the strike was supported by the seafaring unions, it virtually halted maritime traffic on the Atlantic and Gulf Coasts.

Because of the union rule that all ports must settle before any port returns to work, New York longshoremen remained on strike after accepting their contract as they awaited the results of bargaining and balloting down the Atlantic and Gulf Coasts. Boston and Norfolk quickly accepted contracts based on the New York "master", but they too remained tied up.

The next major port to settle was New Orleans. Money had been the major issue under dispute there, but January 22 the union members ratified a contract that was based on the 80-cent per hour package won in New York.

Baltimore's contract negotiations were complicated by a jurisdictional dispute among three locals. These jurisdictional difficulties were reflected in the rejection January 27 of a contract based on the New York master agreement. After the jurisdictional problems were finally settled, the members ratified a similar agreement February 1. It included the 80-cent package, but did not include the two important New York "local" conditions of gang reductions and a guaranteed annual wage.

February 1, Secretary of Labor W. Willard Wirtz voiced a plea by President Johnson that the unions send the men back in the ports which had settled. New York, Boston, Baltimore, Norfolk, Mobile, and

New Orleans had all reached settlements by that time, leaving only the three major areas of Philadelphia, Miami, and Galveston.

Philadelphia reached a settlement February 8. The union had desired a 1,600 hour annual wage guarantee, as had been won as a local condition by New York. A settlement was finally reached whereby a guarantee of 1,300 hours coupled with a gang reduction of two men would begin April of 1966. The guarantee was to be extended in 1967 to 1,500 hours with the drop of a third man from the gang.

This still left the Galveston (which included the ports from Lake Charles, Louisiana, to Brownsville, Texas) and Miami (Moorehead City, North Carolina, to Miami, Florida) areas deadlocked. The main issue in these two disputes was a minimum gang size. Up until that time, employers had been able to say how many men they required to unload a given cargo or ship, but the I.L.A. insisted on a minimum gang of 18. The union also wanted the 80-cent package won in the other ports.

Although the majority of ports had settled and despite the President's request, the I.L.A. was still reluctant to send the men back to work in the ports which had agreements.

The New York Shipping Association filed charges of unfair labor practices against the I.L.A. on February 9. They asked the National Labor Relations Board at that time to seek an injunction in

Federal Court to forbid the union from continuing the strike in New York because a contract had been signed. (A few days earlier a judge in Mobile, Alabama, ordered the longshoremen back to work at the request of the Mobile Steamship Association, who contended that they held a contract with Local 1410 of the I.L.A. which included a no-strike clause.)

On the tenth of February, President Johnson named an informal committee of three men to make quick recommendations in the stalemate, setting a deadline of noon February 12 for the disputing parties to make up their minds on the panel's settlement formula. The three panel members were Secretary of Labor W. Willard Wirtz, Secretary of Commerce John Connor, and Senator Wayne Morse.

The strike was essentially ended in the ports which had reached settlement when the port of New York was ordered back to work February 11.

By the 33rd day of the strike, before any ports returned to work, a peak of 881 merchant ships were strikebound. This total was reached at a rate which averaged five U. S. flag ships and 17 foreign flag ships added to the tie-up each day. This compares with the 33rd day of the 1964 strike, which had 712 ships immobilized.

III. DECEMBER 21, 1968 - APRIL 13, 1969

The Atlantic and Gulf Coasts longshore strike of 1968-1969 originally began on October 1, 1968, when the master agreement between the I.L.A. and the employer associations at 23 Atlantic and 17 Gulf Coast ports expired on September 30, 1968. Application of the provisions of the Taft-Hartley Act during the evening of October 1 resulted in the resumption of cargo operations at all ports on the morning of October 3. The strike resumed on expiration of the Taft-Hartley injunction, December 20, 1968. Issues were finally settled at the Port of New York with a return to work at that port on February 15, 1969. Other ports reached agreement at various subsequent dates with the last ports in the West Gulf area returning to work on April 13, 1969.

Negotiations toward a new contract were initiated at the Port of New York as early as July 10, 1968, with representatives from the Federal Mediation and Conciliation Service joining the discussions on August 6, 1968, at the request of the I.L.A. The basic union demands included a \$4 per straight-time hourly rate in conjunction with a 30-hour week, an annual employment guarantee of 2,080 hours, a normal pension benefit of \$300 per month and the right to stuff and strip all containers crossing the piers. The union also felt that a contract of only one year's duration would provide a sufficient safeguard for a complete contract revision should the effect of containerization become more drastic.

The New York Shipping Association, representing some 140 employers at the Port of New York, opened the July negotiations with a four-year contract proposal with a package cost of 48 cents. This offer, rejected by the union, was followed by a one-year contract offer with a package cost of 35 cents. The I.L.A. Wage Scale Committee was considerably impressed by the latter offer, but failing to reach unanimous agreement, the I.L.A. rejected the management offer. Subsequently, the I.L.A.'s Wage Scale Committee recommended a two-year contract which brought the management counter offer of a two-year contract similar in scope to the one-year offer, but adding 23 cents for the second year of the contract term. N.Y.S.A. also included strict management proposals for stabilization of the workforce and enforcement of employment regulations. I.L.A. refused to accept the management proposals for regulation of the workforce and voiced their dissatisfaction with the 23-cent cost for the second year to the newly proposed two-year contract. At this point, the active schedule for continuing negotiations began to disintegrate. Commencing September 26, a series of joint labor-management meetings were held with the Under Secretary of Labor presiding. These meetings continued through the following three days, but failed to achieve any common ground and the I.L.A. began issuing instructions for a general strike.

With the expiration of the longshore contract on September 30, 1968, pickets appeared during the early evening and nighttime hours. On October 1, all I.L.A. members at Atlantic and Gulf Coast ports

observed the walkout with the exception of military terminals where cargo operations continued uninterrupted. During the evening of October 1, the Federal Court at New York issued a temporary restraining order, as provided by the Taft-Hartley Act, which restored normal port operations on the morning of October 3. On October 16 the temporary restraining order was extended for the full "cooling off" period of 80 days which would then expire December 20, 1968.

With the strike action now suspended, the parties were summoned to Washington by the President's special emissary, David L. Cole, to resume negotiations. The following week, the parties returned to the Port of New York where a new management offer on October 30 met with most of the principal union demands and included:

Guaranteed annual earnings for 2,080 hours

Normal pension benefit of \$300 per month at age 62

Employer maintenance of welfare and clinical benefits

Dues check-off

The 2,080 hour earnings guarantee was conditioned upon strict disciplinary measures against absenteeism. The 14-page contract devoted nine pages to management proposals for regulating hiring and income guarantees. The proposal was rejected by the union because of the restrictive language and the employers' demand to abolish the payment of travel time to distant areas of the port. Again, the frequency of

the negotiation sessions began to subside. Other Atlantic ports continued to meet local I.L.A. resistance as union negotiators awaited the outcome of discussions at New York. The President's special emissary continued efforts to keep the negotiations from becoming deadlocked at New York. The I.L.A.'s Executive Board reviewed the final management offers and prepared to have the longshore membership vote on such offers. Management associations at the Gulf ports refused to participate in the final offers citing their dissatisfaction with the pattern of negotiations at New York which precluded meaningful discussions with local I.L.A. negotiators. The result of the longshoremen's vote at principal North Atlantic ports revealed that the management offer had been rejected by a margin of 12 to 1. Labor-management negotiators promptly resumed their discussions resulting in an improved management offer of a \$1.60 package for a three-year contract. The N.Y.S.A.'s proposed work rule changes for guaranteeing annual earnings met with I.L.A. objections. The Union also objected to the N.Y.S.A. condition that the Port of New York would not remain strikebound while awaiting settlement at other Atlantic and Gulf ports. Last minute negotiations failed to postpone a resumption of the strike.

Approximately 190 merchant ships succeeded in completing cargo operations and departing before the strike deadline of December 20.

The strike resumed December 20, 1968, as the injunction period expired. The President deplored the turn of events which were now beyond any statutory authority and asked the parties to resolve their differences immediately. Federal mediators continued their efforts to assist the labor-management negotiators in day-to-day sessions. Local negotiations commenced at Philadelphia and at Baltimore. The continuing Federal pressure for a contract accord met with success during the weekend of January 11-12 at New York where a container clause, in addition to the \$1.60 three-year package, met with I.L.A. concurrence.

Despite the New York accord, the union withheld formal signing of the agreement until such time as other Atlantic and Gulf ports had reached settlement. On February 7, N.Y.S.A. filed charges of unfair labor practices with the National Labor Relations Board citing the contract accord reached with I.L.A. in mid-January which the Union had refused to submit for its membership's ratification vote. On February 11, the NLRB filed a petition with the Federal Court at New York charging an unfair labor practice on the part of I.L.A. in delaying its membership vote. The Court ordered the union to poll its membership by February 14. The I.L.A. urged acceptance of the contract and its membership accordingly approved the agreement by a margin of three to one. Longshoremen reported for early evening work assignments the same day (February 14) and the Port of New York resumed full operations on the morning of February 15.

The New Orleans Shipping Association, having reached a tentative accord with the union on February 2, petitioned the Federal Court on February 17 after filing unfair labor practices charges with NLRB. The Federal Court ordered the I.L.A. to submit its contract accord to its membership by February 21 which resulted in an acceptance vote and the port resumed operations on February 22.

The container clause, established at the Port of New York, contains provisions regarded as restrictive to other ports in competition with New York for the rapidly increasing container traffic. Ports that had envisioned achieving an economic advantage continued to resist I.L.A. demands that the container clause must apply equally at each port. New Orleans, the second major port to reach accord with the I.L.A. succeeded in negotiating a less restrictive container clause. Despite the objections of the national I.L.A. at New York, union negotiators at New Orleans stubbornly insisted that their local agreement was satisfactory to all concerned and defied the union's hierarchy in New York.* Further, the New Orleans agreement left the issue of guaranteed annual earnings for a future study to develop the extent of guarantees that would be feasible for the port to absorb.

With the contract variations now established at the two key ports in the Atlantic and the Gulf Coast Districts, management associations commenced shifting toward the lesser restrictive contract versions.

* A supplemental agreement of April 9, 1969 added the New York container clause to the New Orleans agreement effective May 1, 1969.

Many ports found a stubborn I.L.A. attitude which forced acceptance of an annual earnings guarantee and the controversial container clause. South Atlantic ports sided with New Orleans while North Atlantic ports slowly agreed to accept the contract version applicable at New York. Texas ports concerned with their competitive position against New Orleans and other East Gulf ports, insisted on the contract version established for New Orleans. On April 13, 1969, after a strike period of 113 days, the last of the Texas ports capitulated.

The container clause is attached as Exhibit I.

At the peak of the work stoppage, February 14, the day before the Port of New York resumed operations, a total of 651 merchant ships were strikebound at Atlantic and Gulf ports.

EXHIBIT I

CONTAINER CLAUSE (SUMMARIZED)

PORT OF NEW YORK

APPLICABLE TO THE 1968-1971 AGREEMENT BETWEEN:

INTERNATIONAL LONGSHOREMEN'S ASSOCIATION - NEW YORK SHIPPING ASSOCIATION

RULE 1: A Container . . .

1. Owned or leased by a N.Y.S.A. member,
2. With less than a full load (LTL),
3. Or with a consolidated full load,
4. Originating at a Consolidator (of outbound cargo) who is located within a 50-mile radius of the port, or
5. Destined for a Distributor (of inbound cargo) who is located within a 50-mile radius of the port, and
6. Where the containerized cargo is not owned by that Consolidator or Distributor

RULE 2: Must be stuffed and/or stripped at a waterfront facility (pier or dock) by I.L.A. labor at prevailing longshore rates of pay.

Failure to comply with Rule 2 will incur liquidated damages of \$250 per container, payable by the steamship carrier to the I.L.A. Joint Welfare Fund.

Any non-member of N.Y.S.A. who in the past has used containers owned or leased by N.Y.S.A. members and who hereafter uses containers not owned or leased by N.Y.S.A. members for the purpose of evading Rule 2, the use of such containers shall then be considered to fall within the provisions of Rules 1 and 2.

Should this container clause fail to provide the protection and preservation of longshore work jurisdictions, proposed remedies can only be accomplished by renegotiation. Such proposed remedies shall not be subject to arbitration.

The schedule of container royalties (35¢, 70¢, and \$1, established by the Emanuel Stein Award in 1960) shall remain in full effect.

APPENDIX B

PUBLIC PRESS CHRONOLOGY OF LONGSHORE STRIKES

<u>Date of Press Story</u>	I. JANUARY - MARCH 1963 <u>Impact Reported*</u>
1/10/63	<u>Chicago</u> : Stocks of VW's exhausted. <u>Providence</u> : Frozen citrus juice prices up one-third; frozen juices cannot be stored in Florida due to lack of space.
1/11/63	<u>Charleston, S. C.</u> : Standard Fruit requests court order to unload 1,000,000 pounds of bananas.
1/12/63	<u>I.L.A.</u> pickets honored by U. S. seamen. <u>New Orleans</u> : \$2.55 million worth of bananas unloaded under court order. U. S. loss estimated at \$25 million/day. Tufted carpet and textile mills slowing down and closing due to lack of jute (raw material totally imported, high use rate preventing stockpiling), especially in southeast U. S. -- Georgia and Carolinas. U. S. luxury liners not sailing. U. S. loss estimated at \$20 million/day. <u>Texas, Kansas, Oklahoma</u> : Flour mills experience partial shutdown. Strike loss to date \$400 million.
1/14/63	<u>Germany</u> : VW plants shutdown for two days. Purchasing of domestic earthenware increasing. Furniture industry claims shortage of veneers, marble, and frames.

* Unless a city is given under Impact Reported, the quotation refers to the U.S. as a whole

Date of Press Story

Impact Reported

1/14/63

Houston: \$60 million drop in economy to date.

New York, New York: Longshore wage and benefit loss = \$600,000/day.

1/15/63

Massachusetts: Trucking companies find 15-20 percent reduction in cargos handled; severe hardship in trucking and railroads.

Some East Coast sugar refineries may close; prices are going up.

Newark, New Jersey: Lack of bananas and some tropical fruits, especially from South America. Some fruits diverted to overland imports via Mexico.

Kingsport, Tennessee: Carpet manufacturers injured.

New York, Baltimore, Philadelphia: Cane sugar refineries closing: account for 1/3 of all sugar refined in U. S.

New York: Onion growers (about 1/4 of total U. S. product) hurt, during peak export period.

1/16/63

Syracuse, New York: Fresh fruit scarce.

Houston: South American bananas being unloaded by court order, and transshipped by rail.

Rhode Island, Massachusetts: Textile mills using imported cotton and wool may close; some shift to domestic wool.

1/17/63

New York: Textile imports profit margin is too narrow to switch to air freight.

1,020 pier workers laid off by railroads.

\$1 million in perishable goods rotting.

Date of Press Story

Impact Reported

1/17/63

Jacksonville: To date, \$100,000 lost revenue to city docks, \$400,000 lost trade. Total \$1 million lost wages and purchase of supplies.

Some cargos being diverted to Mexico and sent into U. S. through Laredo.

Baltimore: Restaurants, VW dealers, sugar refineries and railroads injured.

1/18/63

Sugar using industries hurt: soft drinks, confectioners, bakers.

Corpus Christi: Steamship agents estimate \$100,000/month lost in business and operating costs.

U. S. will suffer permanent loss of markets.

Cargo diversion is too difficult and expensive to undertake; Canadian ports can't handle the added volume.

Savannah: Some ships move to Miami to be loaded or unloaded upriver by non-I.L.A. men.

1/19/63

Charleston, S. C.: Standard Fruit Company has injunction to unload bananas.

Camden, New Jersey: Marine terminal business cut by 30 percent.

Philadelphia: \$5 million/day in wages and business lost.

Shortages of bananas, fish, sugar.

100,000 persons out of work.

Date of Press Story

Impact Reported

1/19/63

Georgia: Lack of jute may cause layoff of 17,000 workers; 2/3 of tufted carpet makers are located in Chattanooga-Dalton, Georgia, area.

Poultry industry hurt.

State's economy losing \$1 million/day.

1/22/63

Maryland: Apple exports hurt.

1/23/63

Hampton Roads, Virginia: To date, \$4 million lost to economy.

Cost to shipping industry: \$750,000

Total cost to U. S. economy: \$700 million.

1/24/63

Hampton Roads: Loss estimated at \$7 million.

1/25/63

Total U. S.: 650 ships strikebound.

\$750 million economic loss.

1/26/63

Total U. S.: \$800 million economic loss.

698 ships tied up.

New York: 1,000,000 tons of cargo strikebound.

Boston: Loss is \$500,000/day.

1/27/63

Jacksonville: Total direct loss is \$1.5 million.

Steel fabricators and coffee plants hurt.

Total U. S.: 700 ships tied up (other statements range from 500 to 900).

3.5 million tons of general cargo.

Date of Press Story

Impact Reported

1/27/63

16,000 railroad cars loaded with grain and general cargo are tied up.

Farm exporters found \$220 million in grain sales blocked.

Houston: Loss to the economy is \$3 million/day.

Total U. S.: 10 million tons of cargo tied up.

U. S. and foreign industries which shut down due to strikebound supplies lost \$300 million.

1/28/63

Total economic loss: \$900 million.

Georgia: The state lost \$1 million/day. Industries hurt were: textile mills, pulp and paper processors, poultry producers, canners, soft drink producers.

Export market of kaolin (clay) lost.

Mississippi: Estimated total strike loss is \$1 million.

1/29/63

Charleston: Strike loss estimated \$4 million.

Houston: port lost \$275,000/day.

2/2/63

Passenger ship lines lost \$10 million in passenger revenues.

2/11/63

New York: Carrots, apples, and onions stuck on piers may be lost due to frost damage.

Rail and truck shipments accelerate at end of strike.

2/12/63

Steamship freight rates increase over 10 percent.

Date of Press Story

Impact Reported

3/3/63

Baltimore: Head Ski Co., lost sales of 1,000 pairs of skis.

3/21/63

Connecticut: Seed exporter moved operation overseas due to strike costs.

II. JANUARY - MARCH 1965

1/6/65

Longshoremen continued working under a temporary extension of the old contract, to expire on 1/11/65.

1/8/65

All ports working normally except for wildcat strikes in Baltimore and part of New York during Christmas week.

1/11/65

Strike expected to cripple all general cargo operations.

1/12/65

100 dry cargo freighters immobile--including commercial general cargo, foreign aid cargo, and farm products.

Houston: Strike cost \$100,000/day. Cargo being diverted to other ports having more storage space.

American Association of Railroads puts embargo on 20 ports. Cargos exempt from embargo were: military shipments, petroleum products for dock storage, coal shipments to Hampton Roads and Baltimore, freight consignments for Seatrain. 13,500 railroad cars are stopped in struck areas.

Charleston and Tampa: Bananas being unloaded. Soybean, wheat, and corn export prices fall. Tin import prices rise.

Date of Press Story

Impact Reported

1/13/65

New York: 100 ships tied up.

Baltimore: 50 ships tied up.

300 ships idled in total.

Galveston and New Orleans: Fruit ships being unloaded.

Philadelphia: Large oil and iron ore port, strike cost = \$650,000/day.

Importers of Australian and New Zealand wool are ordering through west coast as precaution. Some high-value Japanese goods are being diverted to air.

Impact cushioned due to heavy pre-strike exporting.

1/14/65

Brownsville, Texas: Bananas being unloaded.

Gulf ports: 60 ships tied up.

1/18/65

New Orleans: Strike cost \$1.1 million/day.

Nicaragua: Losses of fruit cargoes.

Baltimore: Strike cost \$500,000-\$1,000,000 a day. Local department stores switched to air freight. Freight forwarders feel severe impact.

1/19/65

350 ships tied up.

1/20/65

Impact less due to fact that January is a slow import-export month. High-value items being shifted to air carriers. November imports were high in anticipation.

1/25/65

400 ships tied up.

New York: Perishable cargoes (fruit) being unloaded; inland manufacturers curtailing production.

Date of Press Story

Impact Reported

1/27/65

Cost to national economy is \$67 million/day.

1/28/65

500 ships tied up, \$1 billion in cargo, 11,500 railroad cars holding grain backed up, 8,500 railroad cars holding general cargo backed up.

2/2/65

Strike costs pass \$1 billion to date.

2/3/65

Exporters fear long-term impact of strike on balance of payments. Exporters dealing in goods which compete with foreign products fear permanent market losses. Exporters dealing in goods only the U. S. can supply (e.g. DuPont Chemicals, Harvester Parts, branded consumer goods) not worried.

November trade showed acceleration of imports due to strike threat, especially coffee, but not exports.

Strike halted all general cargo in ports which normally take 4/5 of U. S. foreign trade, valued at \$40 billion/year. 669 ships idle: 390 in Atlantic ports, 270 in Gulf ports. 24,000 railroad cars stuck in struck areas. 1,200,000 tons of cargo idled in railroad cars. 5,000,000 tons of cargo in strikebound ships. Soybean processing plants are shutting down. Rubber plants curtailing operations. Tobacco exporters hurt, fabric importers hurt, copper refineries hurt.

Baltimore, Philadelphia, New York:
Sugar refineries curtailing operations. Industrial users of sugar hurt (e.g. soft drink manufacturers).

Florida: Citrus juice and grapefruit exports hurt.

Date of Press Story

Impact Reported

2/4/65

400 ships strikebound in Atlantic ports; 300 ships strikebound in Gulf ports.

2/5/65

\$1.5 billion worth of cargo strike-bound. Cost to national economy to date: \$1.5 billion. Cotton exporters hurt.

Memphis: Cotton industry hurt.

2/9/65

790 ships idle.

Automobile industry hurt (GM, Ford, Chrysler -- cars for export).

2/10/65

Total export loss: \$60 million/day.
Total import loss: \$40 million/day.
190,000 workers idle: 60,000 longshoremen
38,000 seamen
45,000 railroad employees
48,000 truckers

New York: Specialty food importers hurt. Customs collection at Kennedy Airport rise 50 percent, at waterfront fall 66 percent.

2/12/65

Strike cost: \$10 million/day.

New York: Airlines attribute 10 percent of freight increases over previous year to strike.

2/15/65

3 million tons of grain strikebound. Imports of sugar and coffee hurt.

Longshoremen in major ports handling 90 percent of strike-affected goods return to work (New York, Philadelphia, Boston, Baltimore, New Orleans).
Total: 250,000 workers idle.

2/23/65

Grain sales to India and UAR lost = 11,830,000 bushels. Grain sales to England lost.

Date of Press Story

Impact Reported

2/23/65

Hampton Roads: Settlement reached.
253 ships still idle.

Maryland: Poultry industry hurt.

Pascagoula, Mississippi: Strike
cost \$20,000/day.

3/1/65

Lost passenger revenues on American
liners \$55,900/day.

Total labor costs due to strike:

10,600 Seamen = \$316,600/day

73,000 Longshoremen = \$1,040,000/day

15,000 allied workers = \$218,000/day

Seaborne tonnage lost: 17,886,000 tons

New York: Estimated cost \$4,000/ship/day

\$2.18 billion lost in foreign trade.

\$6.6 million lost due to idle American
passenger liners.

West Virginia: Apple exporters hurt.

Freeport, Texas: Dow Chemical exports
hurt.

Puerto Rico: Value of trade lost was
\$5 million/day.

III. JANUARY - APRIL 1969

1/2/69

212 ships idled.

1/6/69

New York: Cancelled sailing of
"United States" puts 900 NMU seamen
out of work.

Date of Press Story

Impact Reported

1/7/69

Many shippers diverting goods to west coast and Canada.

Freight forwarders lay off East Coast staffs.

Some grain shipments are moving due to automatic handling.

Transcontinental export-import traffic is up "tenfold".

Grain exporters have planned for a 30-day strike. Freight rates prohibit shifting grain to open ports.

1/8/69

290 ships are strikebound.

1/10/69

New York: 5,000 truck drivers unemployed.

Philadelphia: National Sugar closes refinery, putting 700 out of work. Deliveries of industrial sugar (used in soft drinks, canning, etc.), about 70 percent of the volume of sugar sold, due to stop.

American Sugar Company can continue grocery deliveries until January 17.

1/11/69

New York: N.Y.S.A. estimates direct monetary loss to the port area in wages and shipping charges is \$2 million/day. National loss: \$15 million/day.

Philadelphia: Estimated loss is \$500,000/day.

New Orleans: Loss estimated at \$1 million/day.

New York: Empire State Trucking Association estimates 5,000 trucks are tied up in New York area.

Date of Press Story

Impact Reported

1/11/69

Dalton, Georgia: Carpet mills are importing jute through the West Coast.

1/15/69

330 ships idle.

American Sugar is bringing supplies of domestic cane from Louisiana to New York, Philadelphia, and Baltimore refineries.

1/23/69

400 ships idle; 60,000 longshoremen out.

1/24/69

Alcoholic beverage importers fear damage.

1/27/69

New York: Cost of strike estimated at \$1.5 million per day. 25-30 percent of personnel employed by freight forwarders, etc., have been laid off.

Cost of strike is \$5 million/day for Atlantic Coast, and \$15 million/day for entire seaboard. Total U. S. loss estimated at \$5 billion to date.

Illinois Central Railroad is losing \$1 million/month.

Illinois: Soybean processor laying people off.

1/29/69

475 ships strikebound.

U. S. losses in wages, plant closings, and trade estimated at \$2 billion.

Grain export losses exceed \$270 million.

Coffee supplies may disappear in two weeks.

Sugar mills have laid off an estimated 2,000 workers.

Date of Press Story

Impact Reported

1/31/69

Cost of strike to date for subsidized lines: 329,214 tons of cargo
\$19,538,273 in cargo revenue
\$ 2,111,083 in passenger revenue

Cost to date:

\$33.6 million in longshore wages and benefits

\$ 9.2 million in seamen's wages and benefits

\$ 2.2 billion in U. S. export and import trade

2.1 million tons of U. S. exports

1.7 million tons of imports

2/3/69

500 oceangoing cargo ships stalled.

New York: United States Lines announced furloughing all employees for duration of strike. Small businessmen in danger.

2/5/69

550 ships strikebound.

2/10/69

600 ships strikebound.

Food importers fear permanent market loss, especially fruit importers.

Banana prices escalate

Demurrage charges escalate.

Conference freight lines add surcharge.

2/12/69

423 vessels tied up on East Coast.

159 vessels tied up on Gulf Coast.

2/13/69

Total U. S. cost estimated at \$2 billion. 60,000 longshoremen out of work.

2/14/69

Domestic steel sales increases due to strike.

Date of Press Story

Impact Reported

2/14/69

New York: Customs receipts dropped to \$49 million for January 1969 versus \$99 million for January 1968.

Airlines activity greater than usual.

Imported car sales drop due to strike.

Machinery makers stalled without import supplies.

Westinghouse: Diverted to ship overseas via Canada or West Coast.

New York: Strike ends.

2/18/69

Embargo on surface mail lifted.

2/19/69

Miami: Agreement reached.

2/22/69

Timing of the strike saved the average person from feeling any impact, but losses were heavy on the waterfront.

Estimated national losses from 12/22/68 to 2/13/69:

Longshore and seamen's wages: \$67 million

Foreign trade loss: \$3 billion

Subsidized carriers losses: \$37 million in revenue

New York: Customs revenues dropped 50 percent compared with previous year.

San Francisco: Customs revenues rose 68 percent over previous year.

Sugar refineries laid off workers.

Jute is in short supply.

Car importers were injured, especially VW, Nissan, Toyota, Triumph.

Date of Press Story

Impact Reported

2/22/69

Armor and Swift flew meat into the Caribbean.

2/24/69

New Orleans: Strike ends.

Baltimore: Strike ends.

Hampton Roads: Strike ends.

2/27/69

New York: Backlog keeps down activity in other ports.

2/28/69

New Orleans: Estimated 30-45 days to clear delayed cargo.

3/1/69

Houston-Galveston: Cotton exporters threaten to move operations to West Coast: 75 percent of cotton exports usually move through West Gulf ports.

3/3/69

U. S. showed \$116 million trade surplus in January despite strike due to general increase in trucking to Canada and air freight.

January: 19 percent of U. S. exports were air cargo versus 11 percent for 1968.

Exports: Wheat and flour dropped from \$213 million in December to \$48 million; soybeans dropped from \$102 million to \$3 million; tobacco, from \$58 million to \$9 million; non-electrical machinery, \$524 million to \$389 million.

Imports: Down 34 percent from December. Cargo was diverted through West Coast.

3/5/69

Chicago: Midwestern firms consider moving warehousing and manufacturing abroad due to strike. Business Builders International, manager for exporting companies, claims loss of \$1 million.

Date of Press Story

Impact Reported

3/6/69

Rhode Island: Longshoremen return to work.

Boston still struck.

3/11/69

Lake Charles, Louisiana: Rice exporters estimate loss at \$45 million.

American Cotton Shippers' Association estimates 300,000 bales held up.

Baton Rouge: Grain shippers concerned.

3/14/69

East Gulf: Shippers are diverting cargoes to East Gulf from West Gulf due to continuation of strike.

Houston: Strike is costing shippers \$300,000/day.

Lake Charles, Louisiana: Rice exporters plan to move rice overland by truck to New Orleans.

3/18/69

New Orleans: AAR declares freight embargo due to post-strike congestion.

Lake Charles: Longshoremen agree to load 1,250,000 hundred pound bags of rice in danger of spoiling.

3/19/69

West Gulf: 97 ships tied up.

3/25/69

Brownsville, Texas: Longshoremen refuse to load perishable produce.

3/26/69

West Gulf: \$400 million worth of agricultural exports wait at docks. Group of grain companies protested, claiming to represent in Southwest U. S.:

- 19,000 rice farmers
- 75,000 cotton farmers
- 250,000 wheat farmers
- 250,000 grain sorghum producers

Date of Press Story

Impact Reported

3/27/69

New Orleans: Longshoremen refuse
to handle diverted cargo.

4/2/69

Boston and West Gulf return to work.

4/3/69

Galveston: 20 ships in port.
600,000 bales of cotton accumulated.

4/5/69

Strike caused rail shipping charges
to rise.

NEWSPAPERS USED AS SOURCE MATERIAL

ON LONGSHORE STRIKES

"A"

Allentown, Pennsylvania, Chronicle

Atlanta, Georgia, Constitution

"B"

Baltimore, Maryland, News-Post

Baltimore, Maryland, Sun

Berwick, Pennsylvania, Enterprise

Boston Globe

Boston Herald

Boston, Massachusetts, Christian Science Monitor

Boston, Massachusetts, Record-American

Boston Traveler

Brooklyn, New York, Brooklyn Daily

Brooklyn, New York, Eagle

Buffalo, New York, Courier-Express

"C"

Camden, New Jersey, Courier-Post

Charleston, South Carolina, News-Courier

Charleston, South Carolina, Post

Chattanooga, Tennessee, Times

Cheyenne, Wyoming, State Tribune

"C" - Continued

Chicago, Illinois, Daily Tribune

Chicago, Illinois, Sun-Times

Chicago, Illinois, News

Chicago, Illinois, Tribune

Clearfield, Pennsylvania, Progress

Columbia, Pennsylvania, Columbia News

Connellsville, Pennsylvania, Courier

Corpus Christi, Texas, Caller

"D"

Denver, Colorado, Post

Detroit, Michigan, Detroit News

Detroit, Michigan, Free Press

Dunkirk, New York, Evening Observer

"E"

Elyria, Ohio, Chronicle-Telegram

Erie, Pennsylvania, Times-News

"G"

Galveston, Texas, News

Galveston, Texas, Tribune

Garden City, New York, Newsday

Gettysburg, Pennsylvania, Times

Greenville, South Carolina, News

Greenville, Texas, Herald-Banner

B-20

"H"

Hagerstown, Maryland, Herald

Houston, Texas, Chronicle

Houston, Texas, Post

Houston, Texas, Press

Huntington, Pennsylvania, Daily News

"J"

Jacksonville, Florida, Journal

Jamaica, New York, Long Island Press

Jamestown, New York, Star

"K"

Kingsport, Tennessee, News

"L"

Lansford, Pennsylvania, Record

Laredo, Texas, Times

Lawrence, Massachusetts, Christian Science Monitor

Louisville, Kentucky, Courier-Journal

Louisville, Kentucky, Times

"M"

Middleton, New York, Times-Herald-Record

Milwaukee, Wisconsin, Sentinel

Mobile, Alabama, Press-Register

Monticello, New York, Bulletin-Sentinel

Muskogee, Oklahoma, Times-Democrat

B-21

"N"

New Orleans States-Item

New Orleans Times-Picayune

New Rochelle, New York, Standard-Star

New York Daily Report

New York Daily News Record

New York Home Furnishings Daily

New York Journal of Commerce

New York Metropolitan Daily

New York Morning Telegraph

New York, New York, America

New York, New York, Daily Report

New York Standard

New York Times

New York Wall Street Journal

New York Worker

New York Womens Wear Daily

Newark, New Jersey, News

Newport News, Virginia, Times-Herald

Norristown, Pennsylvania, The Times Herald

"O"

Okaloosa, Iowa, Herald

Ossining, New York, Citizen-Register

Oswego, New York, Palladium-Times

B-22

"p"

Pensacola, Florida, Journal

Petaluma, California, Argus-Courier

Philadelphia, Pennsylvania, Inquirer

Pittsburgh, Pennsylvania, Press

Portland, Oregon, Oregon Journal

Portland, Maine, Press-Herald

"R"

Redding, California, Record-Searchlight

Richmond, Virginia, News-Leader

Richmond, Virginia, Times-Dispatch

Rome, New York, Sentinel

"S"

San Antonio, Texas, Express

San Francisco, Commercial News

Savannah, Georgia, News

Savannah, Georgia, Press

Shamokin, Pennsylvania, News-Dispatch

Springfield, Massachusetts, News

Springfield, Missouri, Leader and Press

Springfield, Missouri, News

St. Petersburg, Florida, Times

Staten Island Advance

Sunbury, Pennsylvania, Stem

B-23

"T"

Tampa, Florida, Tribune

Tarrytown, New York, News

Toledo, Ohio, Blade

Tucson, Arizona, Arizona Star

"W"

Washington, D.C., National Observer

Washington, D.C., Post

Washington, D.C., Post and Times-Herald

Washington, D.C., Star

Winston-Salem, North Carolina, Journal and Sentinel

Woonsocket, Rhode Island, Call

"Y"

Yonkers, New York, Herald-Statesman

York, Pennsylvania, Dispatch

APPENDIX C

CANADIAN PORTS AND THE U. S. LONGSHORE STRIKE

During discussion with various U. S. port officials, exporters and importers, and in press reports on the 1968-1969 strike, statements were frequently made that there had been a significant diversion of traffic, both incoming and outgoing, from U. S.-struck ports to eastern Canadian ports, particularly Halifax, Quebec, and Montreal. Conversely there were also statements by other knowledgeable parties that there was relatively little shifting because of limited facilities in Canada, extra expense, and unwillingness on the part of Canadian longshoremen to handle diverted cargo.

Analysis of U. S. trade data by customs district failed to develop data which would permit an objective evaluation of these statements although there was no evidence of a substantial shift. Accordingly, the Dominion Bureau of Statistics, in response to the request, of the Secretary, provided a special tabulation of oceanborne trade at four major eastern Canadian ports in the first four months of 1967, 1968, and 1969. These data are summarized in Table C-1, below. Personal interviews were also carried out with Canadian officials and shipping agents in Montreal, Halifax, and Quebec City. The data generally substantiate the view of the U. S. traders who felt that there had not been much shifting. The highest estimate of diversion of traffic to Canadian ports was 200-300 thousand tons for the entire strike period; this is obviously small compared to average monthly U. S. oceanborne trade of over 30 million tons.

Changes in the year-to-year trade in each port appear mainly to reflect factors other than the U. S. strike of 1968-1969. For example, the Montreal figures for January 1969 are very high in comparison with the two earlier years, but the port had been closed by ice in both 1967 and 1968 and not in 1969; Montreal data also reflect the development of container cargo handling facilities in November 1968 which are reported to have generated a large increase in miscellaneous or general cargo. The high figures for Halifax and St. John in February 1969 and in Quebec in January were the result of large imports of crude petroleum, a product not affected by the U.S. I.L.A. strike.

Interviews with the parties directly involved at Montreal and Quebec indicated belief that there probably was some purely temporary shifting of cargo from U. S. ports to Canadian ports; this shift could not be measured in concrete terms; any such shift was not large enough to attract special attention on their part or generate specific efforts to maintain the business; and there was no permanent gain to Canadian ports. The port directors also enumerated as additional factors which make year-to-year comparisons of Canadian port statistics of doubtful validity the 1968 strike on the St. Lawrence Seaway which significantly affected the tonnage data for 1968, and a grain handlers strike in Quebec in 1968 which generated some abnormal cargo transfers to other ports.

Halifax authorities were somewhat more specific naming half a dozen ships diverted from U. S. ports plus heavier imports on other vessels. They estimated that possibly half the year-to-year increase of 200,000 tons in Halifax cargo unloadings might be attributable to the strike, but again did not believe that these diversions were permanent.

TABLE C-1

OCEANBORNE FREIGHT, SELECTED EASTERN CANADIAN PORTS

JANUARY TO APRIL 1967 - 1969
(1,000 tons)

<u>Port</u>	<u>Month</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Halifax	Jan.	792	633	721
	Feb.	450	573	759
	Mar.	517	699	611
	Apr.	<u>756</u>	<u>477</u>	<u>621</u>
	Total	2,515	2,381	2,712
Montreal	Jan.	28	72	214
	Feb.	22	173	111
	Mar.	106	122	218
	Apr.	<u>681</u>	<u>660</u>	<u>491</u>
	Total	837	1,027	1,034
Quebec	Jan.	59	48	102
	Feb.	23	51	41
	Mar.	50	54	82
	Apr.	<u>217</u>	<u>185</u>	<u>355</u>
	Total	348	339	581
St. John	Jan.	481	571	555
	Feb.	424	424	550
	Mar.	566	592	579
	Apr.	<u>406</u>	<u>346</u>	<u>378</u>
	Total	1,877	1,933	2,062
4 Ports	Jan.	1,360	1,324	1,592
	Feb.	919	1,221	1,461
	Mar.	1,239	1,467	1,490
	Apr.	<u>2,060</u>	<u>1,668</u>	<u>1,845</u>
	Total	5,578	5,680	6,389

SOURCE: Special Tabulation from Dominion Bureau of Statistics.
Totals may not add because of rounding.

APPENDIX D

REPORT ON 1969 STRIKE BY MARYLAND
PORT AUTHORITY

PORT AUTHORITY STATEMENT

1. Overall

Best estimates available indicate that the direct cost of the strike in loss of wages, services, business, etc., to the Greater Baltimore area is \$10 million per week. We (Maryland Port Authority) strongly suspect that this figure is much higher when indirect effects of the strike are calculated, but it is extremely difficult to accurately assess the total picture.

2. Maritime-Oriented Operations

In addition to the heavy loss in wages to area longshoremen, the strike has affected all of the maritime businesses of the Port. The following are some specific examples:

(a) Maryland Pilots Association

Loss to date - \$250,000.

(b) Maryland Port Authority

Loss in revenues between \$250,000 and \$350,000.

(c) Towing companies

Furlough without pay of one-half of crews, or about 60 men.

(d) Steamship lines

One steamship line, U. S. Lines, has furloughed without pay all of its employees, and most of the other lines have furloughed a substantial number of their personnel.

3. Other Industries

Examples of how other industries are affected:

(a) American Sugar Refinery

260 employees have been laid off to date.

(b) Trucking firms

These firms have been particularly hard hit because so much of their business is involved in delivering and picking up cargo at the piers. One trucking firm (Joseph Dignan & Sons) estimates losses of \$1,500 per day to the firm and \$4,000 per week in lost wages for 20 drivers who have been laid off.

(c) Fruit Imports

Much imported fruit now on board ship has rotted. J. Fava Fruit Company claims they

have lost an entire seasonal movement of fruit, severely affecting their business capabilities.

(d) Railroads

Normally, even under strike conditions, export coal is discharged at the piers since no I.L.A. labor is involved. However, ships loading coal arrive at Port with other cargoes. These cargoes cannot be dispatched. This has resulted in a heavy backlog of loaded coal cars on the B&O-C&O, Pennsylvania, and Western Maryland railroads. The Western Maryland Railway has been severely affected by the strike since a great portion of their freight is involved in export-import movements and since the railroad operates a large marine terminal which is now idle.

COMMENTS ON THE REPORT

The February 14, 1969, Maryland Port Authority estimate of a direct cost of the 1968-1969 strike at \$10 million per week, apparently came from the University of Maryland study dated June 1969. This study estimated total annual primary economic impact of the Port of Baltimore on the Maryland economy to be nearly \$627 million, approximating \$10 million per week.

It is difficult to evaluate the statistical foundation of the estimates due to hazy explanations. Based on the cases where exact numbers regarding survey results are enumerated, the validity of the study is questionable.

The major portion of the study is based on the results of questionnaires sent to all of the steamship lines and agents listed in the Maryland Port Authority Directory. The number of such lines and agents is variously given as 35 or 36.

The questionnaire requested information on type of vessel, commodities carried, and dollar disbursements made in port in 1966. The response referred to 143 of the 6,486 ships which entered the port that year. From these returns it was determined that \$18,536.50 was spent in the port by these 143 ships. Expenditures per ton and per ship developed from these figures applied to total ship movements during 1966 to obtain an estimate of \$64.3 million disbursed in the Port of Baltimore. The size of the sample makes this extrapolation questionable.

Some of the other estimates are on even less firm ground. These include: crew expenditures, which were arrived at judgmentally; insurance and banking activity, which was arrived at judgmentally; and truck tonnage which was arrived at through personal surveys ". . . which was somewhat incomplete because some operators refused to participate in the study. . . ."

Port service revenues and port-related manufacturing were estimated based on questionnaires. In the case of port service expenditure estimates, 91 firms were sent questionnaires, 18 replied and five additional firms were surveyed via telephone, making a total of 23 responding. Twenty-three manufacturing firms were surveyed regarding port-related manufacturing. Eleven responded to the survey. Information regarding two additional firms was estimated from information found in Moody's. The 11 respondees plus the two reported in Moody's makes a total of 13 firms out of a total sample of 23.

The revenue generated by railroads serving the Baltimore port was estimated by applying the ratio of total railroad trackage in the State of Maryland to all railroad trackage in the railroad system (such as Penn Central) to the total operating revenues of the railroad analyzed. Estimate of the revenue derived by the railroads in the Port of Baltimore was arrived at in some unexplained manner. The ratio of total Maryland revenue derived above to estimated port revenue was then applied to the number of railroad employees in Maryland and the amount of taxes paid by the railroads in Maryland. The products so derived become the amount of railroad revenue and employment dependent on Baltimore port.

There were some other minor estimates arrived at either by ratios similar to the ones described above or by judgmental estimates.

The total of these estimates was \$626,791,000, direct impact.

APPENDIX E

STRIKE RELATED IMPACTS

1. MAIL EMBARGO

It being apparent that because of the I.L.A. strike (December 1968 to February 1969) there would be no shipping available to Europe and Africa from East Coast ports, an embargo was placed on the acceptance of surface international mail for these points.

The embargo was in force much longer than anticipated because of the prolonging of the strike. The Post Office Department was subjected to considerable criticism from the public because of this embargo.

When the mail was again accepted at the conclusion of the strike, it was clear that most of the letter mail had been diverted to air service by the mailing public. However, the amount of printed matter (magazines, etc.) received for mailing indicated that it had been held awaiting end of the embargo. It is estimated that some 4,000,000 pounds of such mail was delayed from four to six weeks. The amount of parcel post delayed was about 1,000,000 pounds.

In addition to the delays suffered by mail destined across the Atlantic, the mail for South America was delayed about two weeks in that

it all had to be sent overland to ports on the Pacific coast to connect with shipping from there. This volume amounted to about 1,000,000 pounds. (Source: Post Office Department, International Service.)

2. EMPLOYMENT CHANGES IN MAJOR PORT AREAS

The Bureau of Labor Statistics examined the nonagricultural payroll employment estimates for the years 1960-1968 for the following Standard Metropolitan Statistical Areas: Boston, New York, Philadelphia, Baltimore, New Orleans, and Houston. Average employment changes for the relevant months in years in which there was no major longshore strike were compared with changes in the years affected by such strikes.

Changes in employment during the strike years do not appear to vary from the average for non-strike years except for random fluctuations. There appears to be no discernible effect of the strikes on employment generally. Table 1 summarizes the employment changes in the six areas combined.

TABLE 1. Nonagricultural Employment Month to Month Change, (December to April)

	<u>Dec.-Jan.</u>	<u>Jan.-Feb.</u>	<u>Feb.-Mar.</u>	<u>Mar.-Apr.</u>	<u>Dec.-Apr.</u>
Average Change	(-)288 (000)	(+)42	(+) 82	(+)72	(-) 92
Average 3 Strike Years	(-)293	(+)29	(+)107	(+)71	(-) 85
Dec. 1962-Jan. 1963 Strike	(-)313	(+)63	(+) 70	(+)73	(-)107
Dec. 1964-Mar. 1965 Strike	(-)314	(+)30	(+)131	(+)70	(-) 83
Dec. 1968-Apr. 1969 Strike	(-)251	(-) 5	(+)121	(+)70	(-) 65

Table 2 gives data on changes in each of the six port areas separately. (Source: BLS memorandum of August 1, 1969.)

TABLE 2. Net Change in Nonagricultural Employment
in Selected Areas (000)

<u>Areas and Periods</u>		<u>Dec.-Jan.</u>	<u>Jan.-Feb.</u>	<u>Feb.-Mar.</u>	<u>Mar.-Apr.</u>	<u>Dec.-Apr.</u>
Baltimore:	Average non-strike					
	years a/ 12/62-1/63 longshore	(-)25	(-) 1	(+) 7	(+) 7	(-)12
	strike	(-)30	(+) 3	(+) 7	(+)11	(-) 9
	12/64-3/65 longshore	(-)31	(+) 3	(+) 9	(+) 6	(-)13
New Orleans:	strike	(-)26	(+) 2	(+)12	(+) 3	(-) 9
	12/68-4/69 longshore					
	Average non-strike					
	years a/ 12/62-1/63 longshore	(-) 8	(+)10	(+) 2	(+) 3	(+) 7
Houston:	strike	(-) 6	(+)11	(-) 1	(+) 4	(+) 8
	12/64-3/65 longshore	(-)12	(-) 2	(+)11	(+) 4	(+) 1
	strike	(-)10	(-) 1	(+) 7	(-) 1	(-) 5
	12/68-4/69 longshore					
Houston:	Average non-strike					
	years b/ 12/62-1/63 longshore	(-)10	(+) 3	(+) 5	(+) 7	(+) 5
	strike	(-)21	(+)12	(+) 3	(+) 3	(-) 3
	12/64-3/65 longshore	(-)20	0	(+)14	(+) 7	(+) 1
Houston:	strike	(-)20	(+) 4	(+) 3	(+) 3	(-)10
	12/68-4/69 longshore					

a/ Non-strike years since 1959

b/ Non-strike years since 1960

TABLE 2 (continued)

<u>Areas and Periods</u>		<u>Dec.-Jan.</u>	<u>Jan.-Feb.</u>	<u>Feb.-Mar.</u>	<u>Mar.-Apr.</u>	<u>Dec.-Apr.</u>
Boston:	Average non-strike years a/					
	12/62-1/63 longshore strike	(-) 41	(-) 3	(+) 6	(+) 16	(-) 22
	12/64-3/65 longshore strike	(-) 46	(+) 2	(+) 2	(+) 14	(-) 28
	12/68-4/69 longshore strike	(-) 41	(-) 10	(+) 20	(+) 20	(-) 11
New York:	Average non-strike years a/					
	12/62-1/63 longshore strike	(-) 45	(-) 4	(+) 8	(+) 19	(-) 22
	12/64-3/65 longshore strike	(-) 158	(+) 33	(+) 47	(+) 25	(-) 53
	12/68-4/69 longshore strike	(-) 167	(+) 33	(+) 47	(+) 26	(-) 61
Philadelphia:	Average non-strike years a/					
	12/62-1/63 longshore strike	(-) 163	(+) 35	(+) 54	(+) 16	(-) 58
	12/64-3/65 longshore strike	(-) 99	(-) 7	(+) 73	(+) 35	(+) 2
	12/68-4/69 longshore strike	(-) 46	0	(+) 15	(+) 14	(-) 17
	Average non-strike years a/					
	12/62-1/63 longshore strike	(-) 43	(+) 2	(+) 12	(+) 15	(-) 14
	12/64-3/65 longshore strike	(-) 47	(+) 4	(+) 23	(+) 17	(-) 3
	12/68-4/69 longshore strike	(-) 51	(+) 1	(+) 18	(+) 11	(-) 21

a/ Non-strike years since 1959

U. S. Tariff Commission

Findings and summaries of Tariff Commission investigations of complaints about particular imports damaging specific U. S. industries were reviewed for the periods from 1962 through the fall of 1969. None of the longshore strikes was mentioned in any of the Commission's findings as having any bearing on changes in U.S. imports or exports.

These investigations came under the four following statutory authorities:

- (1) Section 22 of the Agricultural Adjustment Act, covering any imports which interfere or might interfere with the price support programs of the Department of Agriculture.
- (2) Section 337 of the Tariff Act of 1930, covering unfair competition from imported commodities.
- (3) Section 301 of the Trade Expansion Act of 1962 covering competition from imported commodities.
- (4) The Antidumping Act of 1916, as amended.

3. STATE EMPLOYMENT SERVICE REPORTS

The Port of New Orleans was closed from December 20, 1968, through February 22, 1969. New Orleans ranks as the fourth or fifth most important U. S. port in terms of imports and the next to most important in terms of exports. On the last day of the strike, there were 73 ships tied up in New Orleans, a number exceeded only by the 212 in New York.

The Louisiana State Employment Service, as do all other states, provides a running commentary on local employment fluctuations in its monthly report, Labor Market Area Trends. The following quotations deal with conditions in the New Orleans area attributed to the 1968-1969 longshore strike.

October 1968:	Nonmanufacturing at 309,200 registered an overall loss of 400. Water transportation moved down 800, largely in cargo-handling services.
November 1968:	Nonmanufacturing at 310,900, reflecting seasonal trends along with other upturns, moved up 1,700 from the October level. Water transportation registered a sizable gain, mostly in cargo-handling services and partly indicating an increase in activity to take advantage of the remaining time before a possible work stoppage in late December.

- December 1968: December employment upped to 410,500, the high for the year. Seasonal gains dominated a sharp increase in trade and services, plus a sharp rise in water transportation. Non-manufacturing at 314,900 hit the seasonal high of the year. Water transportation benefitted as shippers pushed to move cargoes before the dock strike hit in late December.
- January 1969: Total employment for the New Orleans Metropolitan Area dropped to 402,800 in January. Losses were largely in nonmanufacturing, revealing the effects of the labor tie-up in the port along with a lesser decrease in trade, reflecting seasonal cutbacks following the holiday season. Building material production slackened, partly from the impact of the strike in the movement of materials and supplies. In shipbuilding and repairing, ship repair yards were also affected by the port tie-up and adjustments offset gains made in shipbuilding. Nonmanufacturing at 309,900 experienced a sharp drop of 5,000 from the December high. Dominating changes was the loss in water transportation as every segment of port activity felt the effects of a labor dispute. Motor freight transportation decreased as the work stoppage was prolonged. Retail trade followed normal year-end trends. Business services decreased, feeling the impact of the port tie-up in some segments; plus minor seasonal downturns in post-holiday season.
- February 1969: Sugar production slackened as supplies dwindled due to effects of the dock strike. Similarly, segments of apparel eased downward when materials were tied up by the port shutdown. Countering the downturn were gains in shipbuilding and repairing. The largest part of the loss was in water transportation as banana handlers joined other long-shoremen on strike and a lack of work in related sectors forced workers off jobs. Motor freight operations and other services incidental to transportation affected by the port tie-up adjusted schedules as required.

March 1969: Gains made in sugar production partly offset overall food losses. Nonmanufacturing at 316,600 regained the losses of the past two months, rising 7,900 above the February level. Highlighting and dominating gains was the increase in water transportation as every segment of port activity was favored by the settlement of the dock strike. Motor freight transportation and services incidental to transportation moved back up to near-normal operations. Wholesale trade rose in segments closely related to water transportation.

April 1969: Water transportation experienced a "let-down" in cargo-handling services as port operations smoothed out after the strike, plus effects of the railroad strike. Motor freight activity reacted similarly; employment eased downward.

4. DEPARTMENT OF COMMERCE

The Department regularly referred to the impact of the longshore strike in its monthly press releases on the U. S. merchandise trade balance during the period of the 1968-1969 strike. These are brought into some perspective in the review of the balance of payments for the first half of 1969 as published in the September 1969 Survey of Current Business: (underlining added)

"Merchandise Trade

The seasonally adjusted balance on nonmilitary merchandise trade was close to zero in the second quarter. In the two preceding quarters the balance was unfavorable by \$103 million and \$75 million. These adverse balances followed a \$313 million surplus in the third quarter of 1968. Figures for all of these periods reflect the anticipated or actual effects of the dockworkers' strike at East and Gulf Coast ports, which was initially scheduled to start early in October but was postponed until December 20, 1968. It ended "at different ports between February 14 and April 2, 1969.

Both nonmilitary exports and imports rose more than \$2 billion from the strike-depressed levels of the first quarter. Exports increased \$100 million more than imports to \$9,588 million, seasonally adjusted. The latter figure may include about \$500 million of an estimated \$1,300 million shortfall caused by the first quarter strike. Imports rose to \$9,595 million and may have included about \$700 million of an estimated \$1,100 million shortfall in the first quarter. Most of the strike loss likely to be recovered was probably recouped by the end of the second quarter. In July, exports and imports were each at a quarterly rate of about \$9,200 million, after adjustment for balance of payments concepts and seasonal variations.

Agricultural exports were about \$360 million smaller, in the first half of 1969 than in the second half of 1968. Although part of the decline reflected export losses that may be attributed to the dock strike, a considerable part also stemmed from sharply reduced U. S. shipments of wheat. This reflected increased production of wheat, particularly in importing countries.

Nonagricultural exports increased only about \$150 million in the first half of 1969, after advancing \$1.1 billion from the first to the second half of last year. While the growth in 1969 was dampened to some extent by the dock strike, there were also other factors holding down exports, particularly those of commercial aircraft. Civilian aircraft deliveries are not expected to advance further this year. However, they will rise again in 1970 when new types of airplanes are ready for delivery. Exports of machinery, a major component of the exports of manufactured goods, rose \$200 million or at an annual rate of about 10 percent in the first half of 1969. This was somewhat less than during the preceding half year period but a recent strengthening in new export orders suggests faster advance during the rest of 1969."

"U. S. imports increased only about \$150 million in the first half of this year after a rise of over \$1 billion from the first to the second half of 1968. The slower increase in total imports was due largely to a decline in imports of foodstuffs and industrial materials. Coffee imports declined nearly \$200 million in the first 6 months after reaching relatively large amounts in the 2 preceding half years when coffee inventories were built up. Steel imports also declined about \$200 million, after surging forward during 1968 when a U. S. steel strike was expected. Although for many of the other imports the dock strike had some dampening effect in the first half of the year, no letup in the rising trend has yet been signaled. On the contrary, imports of consumer goods (other than automotive) increased more in the first half of 1969 than in the preceding half year, and imports of capital goods maintained the same gains as in the earlier period."

5. NEW YORK WATERFRONT COMMISSION

The Waterfront Commission acts as a watchdog group to those portions of the New York - New Jersey waterfront which make up the Port of New York. It is responsible for licensing stevedores and registration of longshoremen and other port personnel.

In an interview with the Task Force, a Commission spokesman made the following comments:

In 1950-1951 there were approximately 50,000 longshoremen in the port; the average longshoreman earned about \$2,100 per year. Currently, the number of workers has been reduced to 21,000 with an average annual income of \$12,000-15,000. The process of decasualization of the workforce culminated in a guaranteed annual work year of 1,600 hours starting April 1966 and 2,080 hours for the current contract year (applying to all who worked over 700 hours in the previous contract year).

Registration rolls were closed in April 1966 with the immediate effect of making longshore labor scarce. Rolls were reopened temporarily in August 1966 but shortages again arose in 1967. As a result of court action, longshore registration rolls are now permanently open.

Largely reflecting the sprawling nature of the port, it is possible for one section (e.g., lower Manhattan) to have extra men with no work and another section (Bayonne) to be short of longshoremen.

Because of the decasualization of the labor force, both pre-strike buildup activity and post-strike recovery have been more difficult to achieve and must be spread over a longer period of time.

In the case of the 1968-1969 strike, the Commission believes New York employers had not expected an injunction as early as October 10 and as a result there was a slackening of demand for labor in October as compared with September. There was also great activity in the first half of December as the injunction was due to expire.

Regarding containerization, the Waterfront Commission pointed out that employment in New York increased with the introduction of containers. New York was the first major Atlantic port to handle containers and picked up tonnage as a result. However, the growth of containerization, particularly if it increases activity and congestion in New York, may make it increasingly difficult and time consuming to clear up the port after any future strike. Port congestion also prevents maximum utilization of the full potential of containers.

6. AGRICULTURAL TRADE

According to a Department of Agriculture report:

"Total U. S. trade in the first quarter of 1969 was drastically affected by the dock strike and comparisons with previous quarterly totals become meaningless as far as trends are concerned. However, such comparisons do show that trade in agricultural products was distorted . . . much more than was trade in nonagricultural products.

Agricultural exports in the first quarter of 1969 were 42 percent below the level recorded in the first quarter of 1968. Agricultural imports declined by only 16 percent with the result that the trade balance went from a \$458-million surplus in the first quarter of 1968 to a \$47-million deficit in like period of 1969. Nonagricultural exports actually increased by three percent over the same time span, while imports declined by two percent. This resulted in a change in the nonagricultural trade balance from a deficit of \$195 million in the first quarter of 1968 to a surplus of \$162 million in the first period of 1969.

Noncommercial agricultural exports also declined sharply between the two periods. Dollar returns on this export category remained stable, and agriculture's net contribution to the balance of payments declined by \$274 million."
(Table E-1)

Changes in U. S. foreign trade in agricultural commodities between the first quarter of 1968 and the first quarter of 1969 are shown in Tables E-2 (U. S. Exports) and E-3 (U. S. Imports). Evaluation of the strike impact in these data is compounded by factors peculiar to agriculture: (1) Approximately one-sixth of U. S. agricultural exports are noncommercial -- that is, sales made through or financed by the U. S. Government under programs like P. L. 480 or AID. The impact of

TABLE E-1. MAJOR CHANGES IN FOREIGN TRADE

First Quarter 1968 to First Quarter 1969

Item	Qu. I 1968	Qu. I 1969	Change Qu. I 1968 to Qu. I 1969	
	Mil. Dol.	Mil. Dol.	Mil. Dol.	Percent
<u>Agricultural Trade</u>				
1 Exports	1,645	952	-693	-42.1
2 Noncommercial Exports	405	174	-231	-57.0
3=1-2 Commercial Exports	1,240	778	-462	-37.3
4 Imports	1,187	999	-188	-15.8
5=1-4 Trade Balance	458	- 47	-505	---
6=3-4 Commercial Trade Balance	53	- 221	-274	---
7 Dollar Returns on Non- Commercial Exports	78	78	0	0.0
8=3+7 Total Dollar Earnings	1,318	856	-462	-35.1
9=8-4 Net Contribution to Balance of Payments	131	- 143	-274	---
<u>Nonagricultural Trade</u>				
1 Exports	6,297	6,504	207	3.3
2 Noncommercial Exports	542	450	- 92	-17.0
3=1-2 Commercial Exports	5,755	6,054	299	5.2
4 Imports	6,492	6,341	-151	- 2.3
5=1-4 Trade Balance	- 195	163	358	---
6=3-4 Commercial Trade Balance	- 737	- 287	450	---
<u>Total Trade</u>				
1 Exports	7,942	7,456	-486	- 6.1
2 Noncommercial Exports	947	624	-323	-34.1
3=1-2 Commercial Exports	6,995	6,832	-163	- 2.3
4 Imports	7,679	7,340	-339	- 4.4
5=1-4 Trade Balance	263	116	-147	---
6=3-4 Commercial Trade Balance	- 684	- 508	176	---

a port closing on the total volume of such sales is marginal, particularly when compared with the effects of basic political-economic decisions by both the U. S. and the receiving government. However, a strike which seriously delays the movement of government-financed products into foreign hands can affect Federal expenditures through increased storage charges. If exporters expect a long strike they may also return products to the loan program which will entail a temporary increase in capital costs of the support program. (2) Consideration of the long-run and short-run impacts of a port tie-up on agricultural exports and imports involves product uniqueness and product loyalty. Unique commodities like coffee will be supplied from domestic inventories during a strike period and the inventory rundowns will be recouped when the strike is ended (assuming that pre-strike inventories are adequate). Other unique but not inventoried commodities like tropical fruits will lose sales during the strike period, but will reenter the market when transportation again becomes available. As a temperate country, the U. S. does not export many agricultural products which have such uniqueness that the market is assured like coffee, or where the product is "wasted" because of an inability to maintain an inventory. Rather, most U. S. exports face competition from nearly identical commodities. Even soybeans, a practical U. S. monopoly, face competition from other oilseeds and their products. Inability to make delivery will mean loss

of a particular sale, but need not mean permanent loss of the market. However, loss of a particular sale will often make it more difficult to repenetrate the market. For example, millers adjust their grist to the specific type of wheat they are using; once they have shifted from say U. S. wheat to Australian or Argentinian wheat, shifting back involves both costs and inconvenience. Shifting back to soybeans from some other oilseed will involve comparable problems. (3) U. S. Government experts in the Departments of Agriculture and Commerce expect only a small increase in agricultural exports and an increase in imports over the next five years (U. S. Foreign Trade Outlook, Department of Commerce), -- a situation typical of the past several years -- which affects attempts to establish the value of losses due to the strike as opposed to other causative factors. Among the more important factors adversely affecting the growth of U. S. agricultural exports are the worldwide increase in agricultural productivity decreasing reliance on imports and increasing competition among exporting nations; the decision of countries like the members of the Economic Community to adopt an agricultural policy under which they have stimulated uneconomic production reducing imports and creating the need to increase exports regardless of cost; Japanese policy of using purchases of agricultural goods as a means of improving access of her manufactured goods into foreign markets. A final disturbing factor in attempting to separate the impact of the longshore strike on agricultural trade from other

longer-run influences is that a significant portion of our trade is overland with Canada and Mexico and is thus not affected by longshore actions.

TABLE E-2. U. S. EXPORTS OF AGRICULTURAL PRODUCTS
1968 - 1969

Commodity	Jan.-Apr. 1969	Jan.-Apr. 1968	Percent Change 1968-1969
(\$ Million)			
FOOD & LIVE ANIMALS	971.0	1,394.7	- 30.4
Meat & Poultry	58.6	44.9	+ 3.1
Dairy Products & Eggs	38.1	34.5	+ 1.0
Grains & Cereal Preparations	513.6	967.3	- 46.9
Wheat & Wheat Flour	218.1	452.3	- 51.8
Wheat -- Unmilled	195.8	412.6	- 52.5
Wheat Flour	22.3	39.7	- 43.8
Barley, Corn, Grain, Sorghum, Rye, and Oats, Unmilled	174.7	340.7	- 48.7
Grain Sorghums	31.7	70.9	- 55.3
Rice	95.2	146.0	- 34.8
Fruits, Nuts & Vegetables	148.1	142.6	+ 3.9
Animal Feeds Except Unmilled Cereals	117.4	121.1	- 3.1
BEVERAGES & TOBACCO	123.7	180.9	- 31.6
Tobacco -- Unmanufactured	84.6	133.2	- 36.5
Cigarettes & Other Tobacco Manufactures	34.9	43.7	- 20.1
ANIMAL & VEGETABLE OILS, FATS & WAXES	83.0	89.1	- 6.8
Tallow, Inedible & Grease	38.1	43.7	- 12.8
Soybean Oil, Crude & Refined	23.2	31.6	- 26.6
Cottonseed Oil, Crude & Refined	7.9	2.6	+203.8
OTHER CRUDE MATERIALS			
Hides & Skins Except Fur			
Skins -- Undressed	42.7	38.5	+ 10.9
Soybeans Except Canned or Prepared	228.3	244.4	- 6.6
Raw Cotton, Excluding Linters & Waste	92.6	208.8	- 55.7

Note: Value = value at seaport.

Source: FT 990 April 1969, Highlights of U. S. Export and Import Trade, Exports of Domestic Merchandise by Selected Schedule B Commodities, Groupings, and Principal Commodities, All Methods of Transportation, Including DOD, PL 480, and Foreign Assistance Act.

TABLE E-3. U. S. GENERAL IMPORTS OF AGRICULTURAL PRODUCTS
1968 - 1969

Commodity	Jan.-Apr. 1969	Jan.-Apr. 1968	Percent Change 1968-1969
(\$ Million)			
FOOD & LIVE ANIMALS	1,334.2	1,450.6	- .1
Meat -- Fresh, Chilled, Frozen	245.7	217.2	+13.1
Beef -- Fresh, Chilled, Frozen	150.5	123.5	+21.9
Other Meat, Canned, Etc.	125.0	103.9	+20.3
Dairy Products & Eggs	95.2	93.7	+ 1.6
Fish, Fresh, Frozen, Dried, Etc.	195.8	189.0	+ 3.6
Fish, Canned & Prepared	165.7	154.9	+ 7.0
Grains & Animal Feeds	30.1	34.1	-11.7
Fruits, Nuts & Vegetables	37.0	45.9	-19.4
Fruit -- Fresh & Edible Nuts	267.3	235.8	+13.4
Cocoa or Cocoa Bean	47.6	54.6	-12.8
Coffee -- Raw or Ground	250.0	396.5	-36.9
Tea & Mate	14.8	18.6	-20.4
Sugar -- Cane or Beet	158.0	164.4	- 3.9
BEVERAGES & TOBACCO	185.1	261.7	-29.3
Alcoholic Beverages	140.3	165.5	-15.2
Tobacco -- Unmanufactured	41.4	92.7	-55.3
CRUDE MATERIALS			
Hides & Skins, Except Furskins	23.6	30.9	-23.6
Furskins	45.1	41.6	+ 8.4
Oilseeds, Nuts & Kernels	20.6	25.5	-19.2
Crude Rubber	80.1	57.7	+38.8
Textile Fibers & Waste	85.9	127.6	-32.7
Wool & Other Animal Hair	53.5	78.0	-31.4
Wool, Unmanufactured	41.2	59.1	-30.3
Jute & Other Vegetable Fibers	7.1	7.4	- 4.1
ANIMAL & VEGETABLE OILS & FATS			
Coconut Oil			

Source: FT 990, Highlights of U. S. Export and Import Trade, April 1969.

Individual Commodity Comments

Exports:

1. Meat and Meat Preparations

Variety meats, going to Western Europe from Atlantic and Gulf ports, were affected. Agriculture estimates 20 million pounds of business lost, replaced in part by Argentina.

2. Dairy Products, Including Eggs

Principally consist of nonfat dry and canned milk which are shipped to Canada by rail and truck and were thus not affected by strike.

3. Grains and Cereals

a. Wheat

Two-thirds of U. S. wheat moves from Atlantic and Gulf ports. Of this, shipments of hard winter wheat to Western Europe were hardest hit: Agriculture estimates 30 million bushels of business were lost to Australia and Argentina.

b. Feed Grains

Ninety-five percent shipped from Atlantic and Gulf ports to West Europe, England, and Japan, and thus felt severe impact. Agriculture estimates 900,000 metric tons of business lost, including 300,000 tons of corn for France.

c. Rice

Ninety percent shipped from Atlantic and Gulf ports, primarily to West Europe and South Africa. Agriculture estimates three million hundredweight of business lost, replaced principally by Thailand. (This excludes short grain rice.)

4. Fruits and Nuts

Most fruits and nuts are exported from the West Coast to Europe and were not affected. Florida fruits, however, shipped from East Coast ports to Europe, were hit by the strike. Agriculture estimates: A small amount of Florida celery sales lost; 250,000 cartons of grapefruit and 150,000 cases of frozen juices sales lost. Competition with Florida fruit exports comes from the British West Indies, North Africa, and Spain.

5. Beverages and Tobacco

These commodities are shipped entirely from Atlantic and Gulf ports. Tobacco exports did fall during the strike period; this represents a delay, rather than a permanent loss in sales, since tobacco is highly storageable, and delivery would resume at the end of the strike. U. S. tobacco has certain consumer preference for blending.

6. Soybeans and Soybean Meal

Shipped primarily from Atlantic and Gulf ports, to Europe and Japan, these commodities did suffer sales losses as a result of the strike. Agriculture estimates 10 million bushels of soybeans and

300,000 short tons of soybean meal were not exported due to strike. Competition with soybean and soybean meal exports comes from several countries, but the main competition is from substitute products. Major competitors are Peru (fish meal and oil) and Argentina (rapeseeds), India and Africa (peanut meal), Malaysia (palm meal) and China (soybeans).

7. Raw Cotton

Prices of U. S. raw cotton (shipped principally from Gulf ports to Western Europe and Japan) became competitive in December; at that point, however, export sales were damaged by the strike. Agriculture estimates sale of 200,000 bales lost; principal competitors were Sudan, UAR, Brazil, Peru, and Colombia.

8. Animal and Vegetable Oils

Exports of these commodities were not affected by the strike, although there may have been a slight impact on lard, exported through the Great Lakes and Gulf ports.

9. Soybean and Cottonseed Oil

A decline in exports of these commodities was probably due to unusually high prices rather than the strike. Exports go principally to Canada and South America by truck and rail and from Atlantic and Gulf ports to India, Pakistan, and Morocco under PL-480.

Summary:

Estimated total value of export sales lost as a result of the strike:

Wheat	\$50 million
Feed Grains	\$58 million
Soybeans	\$24 million
Protein Meals	\$26 million
Rice	\$29 million
Cotton	\$39 million

The overall estimate of value of sales lost, including items not listed above is \$200-\$300 million. Although this represents sales lost rather than delayed, it does not represent a permanent loss of markets.

Imports:1. Meat and Meat Preparation

The only meat items particularly affected by the strike were canned meat from Argentina. However, there was no long-run effect since the commodity can be stored.

2. Grains and Cereals

Much of the U. S. grain and animal feed imports come by air or overland from Canada and South America. French barley is the only grain imported from Europe.

3. Fruits and Vegetables

Fresh fruits and vegetables were not significantly affected by the strike since most of fresh fruit and vegetable imports come

overland from Mexico. Some decrease in canned fruit imports (e.g., tomato paste from Portugal and Italy) were caused by the strike.

4. Cocoa and Coffee

Cocoa imports were down in part owing to the strike but mostly because of a general shortage and very high prices. Domestic coffee stocks were extremely high before the strike.

5. Tobacco

Tobacco imports decreased during the strike but there will be no long-run effect. Foreign tobaccos have specialty characteristics insuring their market.

6. Hides and Skins

Decreases in hide and skin imports from Norway, Sweden, and Russia were not attributed to the strike but rather to the price situation.

7. Oilseed

Imports, mainly from the Far East, were affected by the strike since they are shipped through the Canal and not via the West Coast. These imports were replaced by substitutes and thus represent a permanent loss in revenue to the selling country or importer.

8. Wool

Imported wool is different from domestic wool, so the strike is not expected to have any significant long-run effect.

9. Other Products

Dairy products, meat, sugar, and grains are all under import quotas and the total volume of imports over the year will not be affected.

* * * *

Only fats and oils imports were really affected by the strike. They represent goods which were substituted and for which demand was not postponed.

APPENDIX F

RAILROAD CARGO EMBARGOES TO PORT AREAS

In order to ease congestion and to prevent cars being tied up in port areas, the Association of American Railroads has consistently placed embargoes on the movement of freight cars into strikebound areas. The 1965 strike became fully effective on January 11, 1965, and the Association immediately placed an embargo on the movement of cars into struck port areas from Boston around to Brownsville, Texas. The embargoes were lifted on a selective basis as the port reopened and backlogs were cleaned out or unloading space became available. In a few cases the embargo was lifted before the port actually resumed work. In New York the embargo was not lifted until March 8, although work had resumed on February 15, on account of accumulation of stocks in warehouses and on the piers.

During the most recent strike, an embargo was imposed on December 16, 1968, although the Taft Hartley injunction did not expire until December 20. This embargo covered all traffic for export and all coastal freight for all consignees for movements to Atlantic and Gulf Coast ports. Specific exception was made for military cargo, petroleum, and tank car cargo, coal shipments to Hampton Roads, and certain cargo for Puerto Rico not affected by the strike. The embargo was lifted in

several stages -- February 18 for New York, February 24-27 for the Atlantic Coast south of New York, and then at various dates through May 2 as individual ports resumed work.

At the request of the Erie Lackawanna Railroad an embargo was reimposed on the New York Area Piers on April 2. On April 3, five other railroads reimposed an embargo on the New York Area Piers. These embargoes were cancelled on April 18.

APPENDIX G

CASE STUDIES OF INDUSTRY IMPACT

1. Sugar Refiners

One large sugar refiner, having about \$500 million in annual sales, reported the following as effects of the 1968-1969 longshore strike:

- (1) Capacity inventories allowed continued operation at three of five refineries at a reduced rate for three to four weeks during the strike. These refineries were completely closed for three weeks of the strike. The other two refineries had continuous supplies of sugar available and maintained full operation.
- (2) Twelve hundred man-days of hourly labor were lost at those refineries which were forced to shut down.
- (3) Extra transportation, handling, and manufacturing costs incurred in building up a pre-strike inventory and in supplying customers amounted to \$800,000.
- (4) Lost profit opportunities were in the range of \$250,000 to \$500,000 before taxes.

In addition, he suggested that due to the sugar import quota system the sugar industry as a whole will not suffer a net loss of sales due to the strike. Instead, the strike will affect companies

in proportion to their dependence on imported cane sugar (as opposed to beet and domestic cane).

Another large sugar refiner, having an annual sales level of about \$120 million, stated that one refinery closed operations at the end of the second week of the strike due to exhaustion of the refinery's capacity inventory of 15,000 tons (the refinery processes about 2,000 tons per day). For the duration of the strike the refinery furloughed about 600 of 700 hourly workers, all of whom were recalled at the end of the strike.

This refiner estimated that the strike cost his company about \$1.5 million in fixed overhead. Profit losses would be an addition to this estimate. He also noted that since about 70 percent of his business is in industrial sugar which cannot be stored and since costs of acquiring additional storage space for raw cane are prohibitive, neither stockpiling nor supplying most of his customers with heavy pre-strike inventories were possible. He noted that the same is probably true for much of the industry. In addition, cargo diversions and/or use of domestic cane were not possible due to the enormous purchase and transportation costs involved. He said that some customers who were sufficiently large to bear the additional cost did stockpile bag sugar for use during the strike.

A third large refiner, having an annual sales level of approximately \$100 million, stated that the impact of the strike on his company was lessened by the fact that the recently enlarged storage space at one of their two refineries allowed them to stockpile a five to six week inventory of raw sugar in anticipation of the strike (normal inventory is about a two week supply). This refinery was partially closed for about two weeks toward the end of the strike resulting in a furlough for about 50 people all of whom were later rehired. Cargo diversions and/or purchasing of domestic cane were not considered due to the added cost. This refiner's other plant was kept operative for the duration of the strike by the purchase of bag sugar which was then reprocessed. Costs incurred as a result of the strike included: Fixed overhead for days when one refinery was closed, added purchase and handling costs of supplying the other refinery with bag sugar, and lost profit. No dollar estimate could be given. This refiner was able to continue to supply most of his major customers by working from his inventory of processed sugar. He was not aware of severe sugar shortages among his customers.

2. Soft Drink Manufacturers

One large soft drink producer said that the impact of the 1968-1969 strike on the company had been mitigated by two factors.

First, about 90 percent of its business is handled on a franchise basis, and thus the parent company did not have to worry about sugar supplies for that portion of its business. Second, the months of the strike (January and February) are seasonally very slow; this allowed many bottlers to successfully operate from inventories.

This company does, however, own and operate a refinery both for its own bottling plants and for sale to outside customers such as canners and confectioners. This refinery, normally operating with imported cane, did close for about two weeks with a layoff of between 75 and 100 workers. To meet its own and customers' needs, this company operated from inventories of refined sugar and purchased some domestic cane for refining; this insured that refined sugar was available for the duration of the strike. Costs to the company were approximately \$300,000 including purchase and transportation of domestic cane and fixed costs of the refinery when closed. In addition, about \$300,000 was lost in sales of refined sugar.

A soft drink franchise operator, having an annual sales level of about \$1.4 million, purchased a two week inventory of granulated sugar, approximately 500 tons, in anticipation of the strike (normal inventory of liquid sugar is zero). Due to the efforts of his supplier, he maintained full operation without having to use the inventoried sugar. Thus, his total costs resulting from the strike arising from

purchasing, storing, and reselling the granulated sugar amounted to \$1,450.

3. Spice Manufacturer

One large importer and processor of spices, holding between 30 percent and 40 percent of the domestic market, stated that the impact of the 1968-1969 strike on his company was minimized by anticipatory shipping and storage. This company generally carries a one month inventory of most supplies. In 1968 they began advanced shipping three months prior to the strike date to build up supplies in anticipation of a two month long strike. At no time was a plant shutdown necessitated due to lack of raw materials.

Costs incurred by this company as a result of the strike consisted of storage of added inventories, and demurrage, storage, and insurance charges paid on cargoes caught on ships or on the docks by the strike. These costs totalled \$350,000; no sales were lost, with the possible exception of some small amount of export business. In addition, this company did not have any trouble in obtaining raw materials from its domestic suppliers.

It was suggested that some small spice producers might have been injured due to their limited ability to obtain money necessary for advanced purchasing and shipping of raw materials.

4. Coffee Roaster

One small coffee roaster, averaging 12,000 pounds sold per month (primarily to restaurants), indicated that the 1968-1969 strike had little impact on his operations due to advanced inventorying (normal inventory is 60 days and prior to the strike he increased it to four months) and his ability to purchase small lots of green coffee not useful to large companies.

He stated that losses incurred due to the strike came from three sources:

- (1) Interest charges on money borrowed for anticipatory purchasing of green coffee -- approximately \$1,000.
- (2) Elevated cost of green coffee during the strike -- about \$195 more than would normally have been spent during this period.
- (3) Reduced sales due to lowered consumption by customers during the strike -- about \$90 in profits.

All costs considered, this company will still show a profit this year.

5. Retail Import-Buying Agency

A representative of a large retail merchandise importing firm said that the 1968-1969 longshore strike had very little effect on his company for the following reasons:

- (1) Clothing, which is about 40 percent of his business, is normally shipped by air.
- (2) Much of his merchandise which goes by water and might have been caught in port was shipped ahead of schedule in anticipation of the strike.
- (3) Many items which might have been held up by the strike were transferred to air; this was possible due to both the high profit margin on imported retail goods and the fact that much of the merchandise which this company handles is relatively lightweight.
- (4) January and February, the strikebound months, are normally part of the buying season for retail imports, and thus are probably among the slowest shipping months, which considerably lessens potential strike impact.

6. Retailers

One medium-size retailer asserted that his company had incurred the following as a result of the longshore strike:

- (1) Sales were lost on seasonal merchandise which was delayed in transit.
- (2) Pilferage loss due to the long storage time on the New York docks was abnormally high.

Apparel items handled by this firm were not affected due to the fact that they are always shipped by air.

A large national retailer indicated that the strike caused some additional transportation costs for cargo diversions to clear Canadian ports. However, this firm felt no significant impact.

7. Specialty Food Importers

A large specialty food importer, having between \$25 million and \$50 million in annual sales, estimated that the firm lost sales of approximately 7 million pounds of Polish hams due to this commodity being strikebound. Anticipatory shipping was not attempted due to uncertainty about Federal intervention. No unemployment resulted from the strike; this firm did not give a dollar value to the estimated loss of sales.

8. Chemical Manufacturers

One large chemical manufacturer indicated that effects of the 1968-1969 longshore strike were alleviated by prior planning of the company's traffic department which started working on the problem one year in advance of the strike date. By the time the strike occurred, this firm had stockpiled those materials which could be inventoried and had arranged for an ongoing supply of other materials through preplanned use of alternate ports and alternate means of transportation.

This firm experienced no loss of sales. Impact of the strike consisted of a temporary layoff of 150 employees at one plant due to lack of supplies and some additional transportation costs.

Another large chemical manufacturer, anticipating a 50 to 60-day strike, began planning for it in June 1968. Because of pre-strike inventory buildup of essential materials and rescheduling of shipments which might have been caught by the strike, this firm experienced no significant sales losses or additional costs. They did, however, have some problems with port congestion due to the protracted length of the strike.

A third large chemical producer indicated that his company had done some small amount of anticipatory inventorying and shipping;

these efforts were limited by production and packing capacity. Cargo diversions were not considered due to congestion and added expense. Export sales losses were not a concern due to the fact that this company's products cannot be replaced by foreign competitors.

9. Steel Producers

One large domestic steel producer stated that he was unable to isolate the longshore strike from other causal factors (such as the agreement by the European Community and Japan to limit exports to the U. S. and heavy local demands being made on European companies) in his company's increase in business. He did not think that the strike had much effect on either his markets or his sales.

Another large steel producer said that his company anticipated the strike by rushing shipments of non-storable items before the strike deadline. Shipments of storable items were allowed to sit on the piers for the duration of the strike. This company felt no significant impact on either operations or sales; only one shipment was diverted, to a clear port on the West Coast.

10. Machinery Producers

One large industrial and agricultural machinery producer characterized losses incurred as a result of the 1968-1969 longshore

strike as minimal due to long-term pre-strike planning on inventories and shipments. This firm did have some additional costs resulting from diversions to air transportation and open ports and may have possibly lost some new product markets due to the strike.

A large office machine producer stated that the strike did not affect the company's operations since it always uses air freight for exports because of their high value per unit of weight.

A third large machinery producer stated that the impact of the strike was lessened to some extent by anticipatory shipping, although high levels of demand prohibited complete protection through pre-strike rushing. Some extra costs were incurred through cargo diversions to clear ports and air transportation, but this firm experienced no sales losses.

A machinery producer's trade association representative stated that the strike had no effect due to long-term pre-strike planning.

One large producer of machinery for export stated that the strike stopped about 90 percent of his firm's business. Some shipments were diverted to Canadian ports during the strike, but congestion made the effort not worthwhile. In spite of this cutback in shipments and minimal anticipatory shipping, this firm experienced little impact in either sales or production. Goods were either held in warehouses or produced by foreign subsidiaries; no unemployment resulted.

11. Grain Processors

A large grain processing firm stated that the longshore strike of 1968-1969 did force a temporary shutdown of its soybean processing division. No unemployment resulted due to reassignment of employees to other divisions. Information on revenue losses suffered by this firm as a result of the strike was not available; although soybean processing accounted for about 35 percent of total operations, losses were lessened by the expansion of operations in other divisions.

12. Export Management Companies

A survey of export management firms by a member organization in New York City indicated that 58 of 60 firms experienced loss of business during the 1968-1969 longshore strike. All the firms experienced additional costs and congestion in shipping products. The survey concluded that 10-25 percent of the total expected business for the fiscal year (July-June 1969) was lost, noting it as a permanent business loss.

One small export management firm indicated extensive impact on normal operations. It was not able to shift to air transportation for most products because of cost constraints. Costs increased during the strike because of additional storage costs, and demurrage that had to

be absorbed by the firm. The firm did furlough one employee because of the strike. A discernable permanent impact was noted by the firm in higher freight costs for its products after the conclusion of the strike. Permanent loss of business could not be determined.

A large New York export management firm representing in excess of 100 manufacturing firms experienced a 90 percent decrease in normal business activities because of the strike. Substitution to air or overland to Canada were unsuccessful because of severe congestion and cost factors. The company paid demurrage for products caught in railroad cars, additional storage costs, and had an unused full staff for the duration of the strike. Real, but unmeasurable, permanent loss was noted in yearly business to the firms and they claimed inability to penetrate new markets.

A medium-size export management firm that represents about 40 manufacturing firms producing a wide variety of products noted a severe impact. The firm did little diverting of cargo to air or to unaffected ports for fear of congestion and exorbitant costs. Additional costs induced by the strike included railroad demurrage, a fixed payroll, and interest on payments due to manufacturers. A permanent impact was also noted, but could not be substantiated, in loss of sales to foreign competitors.

13. Trucking

It was estimated by the New York Port Authority and the New York Waterfront Commission that 200 truckmen went out of business around the 1968-1969 strike period in New York City area alone. The firms most sensitive to decreases in business were reported as local truckmen and small family-type firms (i.e., 5 to 20 drivers).

Trucking industry sources stress that many factors affect the operations of the truckmen, the longshore strike being significant but not the most important. Permanent structural changes in the trucking industry probably are not the result of the longshore strike but the result of railroad piggyback and ocean containerization, union management contract negotiations, and legal factors concerning drivers within a state. Long-term permanent changes are the result of many factors and cannot be pinned on port stoppages.

A small trucking firm in New York City had to furlough all of its employees and was closed down for the duration of the strike. Its six trucks were idle until approximately three weeks after the end of the strike due to congestion on the piers. The firm's president indicated that they experienced no increase in normal work after or prior to the strike; thus, the gross loss in revenue during the strike was

the loss for the year. The firm did not experience any permanent loss of customers, although operations did not return to normal until $2\frac{1}{2}$ to 3 months after the end of the strike.

A fairly large Baltimore trucking firm with approximately 160 "revenue producing" vehicles reported that business was down approximately 30 percent during the strike and that 20 of its truckers had lost time because of the strike. The firm had only an 18 percent dependence on the port in terms of total business. Revenue during the first eight months of 1969 was up over the comparable period in 1968 despite the strike.

14. American Importers Association Questionnaire on strike impact.

Question #1 - Percentage of Employees Permanently laid off

137 Replies

None	133
10%	3
20%	1

Question #2 - Percentage of Employees Put on Furlough

137 Replies

None	122
2%	2
5%	1
10%	5
15%	1
25%	1
30%	2
40%	1
50%	1
80%	1

Question #3 - Percentage of Sales Lost Permanently137 Replies

None	46
Under 2%	1
2/4%	7
5/9%	24
10/15%	33
20%	13
25/30%	10
35%	1
50%	1
75%	1

Question #4 - To what extent did you anticipate the strike through inventory build-up or other means?

131 Replies

Covered 100%	61
Partial coverage (% not given)	36
75% coverage	2
35% coverage	1
25% coverage	4
no coverage	27

In many cases, goods were brought in by air, thus adding considerably to costs. Also, in certain cases, where provision was made for inventories, goods were actually not received prior to strike because of delays at the piers. In the case of fashion goods and foodstuffs, impossible to build inventories.

Question #5 - If sales were lost, to what degree were you able to make them up?

101 Replies

100% loss of sales	41
80/90% loss	6
70% "	2
50/60% "	8
20/25% "	4
10% "	8
5% "	2
No loss	30

APPENDIX H

INDEX OF COINCIDENT INDICATORS

The Bureau of the Census composite indexes combine selected indicators in each timing classification into weighted indexes representative of the class. The weights are based upon the components series' value in forecasting or identifying short-term movements in aggregate economic activity. Such weights, in the form of scores ranging up to 100, were developed for each of the series, and are applied in constructing the amplitude-adjusted indexes.

The series selected for inclusion in each of the indexes are homogeneous in a special sense; namely, they measure related aspects of business change, are sensitive to business cycles, and experience similar timing behavior during cyclical fluctuations. While the series included in each index are heterogeneous in that they are not expressed in a common unit, the index nevertheless provides a simple measure of a significant complex of economic activities which experience business cycle fluctuations with roughly similar timing.

The composite index of coincident indicators shown in this report is based on the following: U. S. Index of Industrial Production (1957-59=100); Manufacturing and Trade Sales (Million Dollars); Personal Income (Annual Rate, Billion Dollars); Unemployment Rate, Total (Percent); Number of Employees on Nonagricultural Payrolls, establishment survey (Thousands).

APPENDIX J

COMMUNICATIONS ABOUT 1968-1969 STRIKE

A non-systematic sample was drawn of letters, telegrams and logged telephone conversations processed by the Maritime Administration during the 1968-1969 strike. The Task Force does not attach any significance to the fact that it happened to come out with twice as many complaints about loss of exports as about import problems. The salient quotations from each communication are (with minor editing by the Task Force for context):

Export Interests

If the dockworkers' strike at Gulf Ports is allowed to continue it will bankrupt many cotton shipping concerns. Our firm has about 70,000 bales of cotton tied up in Galveston since December. Our customers abroad are switching rapidly to foreign cotton.

Our \$35,000,000 a year chemical fertilizer business, as well as thousands of other similar businesses depend solely on export sales, most of them from the West Gulf Ports. We, as well as thousands of other exporters, truckers, and associated service companies will suffer irreparable damage. It is impossible to predict how many businesses will never recover from this untenable situation. It is also impossible to estimate what damage will be done to the fertilizer aid program and how many extra thousands of people will die of starvation in these aid recipient countries if this fertilizer is not shipped.

The strike is seriously affecting the export of cotton, already in a depressed state, and is having a most adverse effect on both the U. S. balance of trade and balance of payments. It is estimated from official Department of Commerce figures that cotton exports are already behind 1967-68 (which was a poor export year) by more than 300,000 bales.

The direct loss to me, and I am a relatively small farmer, I conservatively estimate to be about \$1,500. I have computed this by applying \$.04 per bushel to grain I hold and the markets have attributed considerably more decline than this to the strike.

We shipped over \$44,000 worth of merchandise to New York for shipment to Hamburg, Germany. The machines never were loaded on a ship before the dock strike. These machines must be in Hamburg before the middle of February -- if not my company faces a cancellation of the order by my customer. He can purchase these machines from other European manufacturers. Ours is a very small company which can be harmed economically for years to come if we lose these sales. Add to this, the interest my company must pay for the borrowed working capital, and you have a very serious situation.

American cotton is fighting for its life in battle with man-made fibers and foreign growths. Over 250,000 bales of cotton on docks and nearby warehouses at gulf ports awaiting shipment. The Department of Agriculture can advise you fully regarding deteriorating position exports this year versus last year (estimated decrease from 4.2 million to less than 3 million bales) and detrimental effect this has on U. S. balance of payments position.

Millions of bushels U. S. soybeans piling up. Important European markets irretrievably lost. Situation fast approaching crisis proportions for U. S. agriculture.

We face already stiff competition in our line (heating equipment) with equivalent products manufactured in Europe and Japan. Our main advantage of fast delivery due to our series production is now practically wiped out. Once the customers have turned to suppliers from other countries it is next to impossible to regain their goodwill. Our inability to honor sales contracts has created immense difficulties. We wish to cite only one example: A customer in Greece had ordered one large oil burning unit to heat a plant where 600 people work. Although the burner was delivered to a New York pier three weeks before the start of the strike it was not loaded. We receive almost daily threatening letters from our customer.

At the present time, even in our small operation, merchandise is piling up, Letters of Credit and Import Licenses have expired or are expiring. Our clients abroad are getting impatient and, based on our 30 years' experience in foreign trade, we want to mention that once a client has switched from his source of supply in the United States to other countries, business will be lost in the future.

We have been attempting to increase our sales (metal products) to customers out of the United States for several years now and finally our sales efforts are bearing fruit. However, because of the New York dock strike, we anticipate orders being cancelled by new customers in Spain, and other potential customers or customers on the Continent. Because of these difficulties such as dock strike, I have cut the emphasis on export sales and where it was 30 percent of our volume of sales in 1967, it is now 25 percent of our gross sales and as far as I am concerned, it can bloody well drop to 10 or below.

Scrap exporters, major contributor to nations balance of payment, are losing overseas orders, some of which are going to communist nations. Failure of scrap to move off shore adds to already monumental problems of solid waste.

Import Interests

Since over 90 percent of the carpet floor covering manufactured in this country is tufted carpet and 80-percent of this carpet is dependent on jute backing cloth imported from either India or Pakistan, this strike would have an extremely damaging effect on the entire carpet industry. Jute Carpet Backing Council has announced that there is presently only two weeks' supply of jute cloth in this country, making the severity of such a strike even more critical to our industry.

Nations leading converters and distributors of finished textiles solicits your assistance in the prompt settlement of strike which has brought the import and export business of its members to a complete and disastrous halt.

Many of the woodworking firms in this area use imported woods, and our firm along with many others brings in imported hardwoods for these fabricators. Our customers have long since used up their reserves and the situation with them is getting beyond the point of minor damage and into major proportions.

Puerto Rico's insularity resulting in extreme dependence on maritime transportation for its human and economic survival makes an extended maritime stoppage an intolerable threat and unjust imposition on the economic and social well being of three million American citizens. As ILA strike enters third week, industry on island is already facing extreme shortages which will require production cutbacks adversely affecting the income of thousands of Puerto Rican workers. Commonwealth government authorities already forecast dwindling food supplies with inevitable perspective of sharp increases in food prices.

Our organization represents companies whose livelihood depends primarily on importing and exporting (basic chemical products). Our industry cannot survive without the materials we import from all over the world which is processed for the food, pharmaceutical and cosmetic industries. Much of the material we handle and process is reexported.

Miscellaneous

Steamship agents are caught in an impossible situation due to the current ILA strike. We have ships in port which have been lying idle for 45 days at a huge daily loss of money for ourselves not to mention the more extensive loss of the communities and industries as a whole. There are pending many business failures and much unemployment in our maritime industry as well as import business which will flow from this irresponsible attitude of the representatives of management as well as labor.

As from the 20th December 1968 a dockers' strike in the Port of New York has paralyzed all exports to overseas countries because goods cannot be loaded and off-loaded, which includes all U. S. mail fourth class and parcel

post. Our firm, which imports American periodicals, is suffering the consequences of this strike because once a magazine is outdated it is of no interest to the public, and as a result our business is experiencing financial losses. For the last two months the Canary Islands and Spain have not received a packet from the U. S. A. or American port -- principally New York.