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[International Longshoremen's and Warehousemen's Union (Ind.)

~~ILWU~~ - Warehouse [Union] Local 6.]
Preparation for 1982 Master Contract Negotiations,
By Albert Berken. 3/12/82

Like many other major industrial unions, the International Longshoremen's and Warehousemen's Union (ILWU) local 6 is preparing to renegotiate a three year agreement due to expire this year. Each contract renewal year there is a contract convention attended by rank and file delegates from all the workplaces covered by the master contract. This convention is the forum for evaluating and voting on all of the contract proposals submitted by the officers and rank and file members. The accepted proposals are subsequently used as the guidelines for the union negotiating team when they face their management counterparts from the Industrial Employers and Distributors Association (IEDA) prior to the May 31 contract expiration.

I attended this year's Constitutional and Contract Convention held at Goodman Hall in Oakland on Jan. 30, 1982. I went as an elected delegate from the local 6 San Francisco Hiring hall. Since I have been a union member for seven years and well known as an activist in local 6, I had no problem getting elected as a delegate even though I've been somewhat absent from union involvement the past couple of years. My attendance at the convention enabled me to complete this investigation of the external economic and

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internal political factors that went into shaping the suggested contract proposals and ultimately determined the most prominent ones accepted by the rank and file delegates.

A principal external economic factor is the nature of the industry under local 6 jurisdiction. There are two types of facilities local 6 members work in: warehouses and factories. Most of the factories also have warehouses where finished goods inventories are held for local distribution. There are four prominent types of factories that the union has under contract: food processing, coffee processing, liquor processing and bottling and chemical processing. The Best Foods Co.'s SF, mayonaise and margarine factory is the largest food processor covered by the union. Hills Bros. Coffee factory in SF, Hirum Walker Liquor factory in Burlingame and Colgate-Palmolive Soap factory in Berkeley are examples of factories that operate the other three factory types, respectively. The warehouses under local 6 jurisdiction store a wide array of products but once again there are four prominent categories: paper and office supplies, hardware and building supplies, department store supplies and grocery. Examples of companies that operate these types of warehouses are: Zellerback Paper Co. in S.S.F., Baker and Hamilton hardware, Woolworth's Pacific Distribution Center, and United Grocers Ltd. Factories and warehouses covered by local 6 are located throughout the Bay Area but are mainly concentrated on the northern peninsula, S.F. and the Berkeley-Oakland-Hayward area.

The nature of the products produced and/or distributed by these companies has been a fundamental factor explaining the union's confidence to push for, win and maintain over the years one of the highest wage and benefit packages for warehouse workers in the country. Currently, the lowest classification of laborer covered by the master contract has an hourly wage rate of almost eleven dollars plus fringe benefits. This compares to a national average of approximately $9/hr. for unionized workers and $6.50 an hour for non-union workers. Since the products produced by local 6 workers in Bay Area factories are inexpensive continuous household consumption items, demand for them remains much more stable than the products of more complex basic industries such as auto. Most people will continue to buy mayonaise, coffee or vodka, recession or not. Furthermore many of the warehouses distribute products vital to the developing Bay Area economy. Paper and office supply warehouses have continued to expand or multiply to meet the demands of the newly established and growing S.F. office and financial industry. Consequently, local 6 members have enjoyed a more stable and higher level of employment--especially during recessions--than workers in the more volatile industries. The sense of job security local 6 members have felt because of this economic condition, along with the union's unifying structure and morale-boosting level of internal democracy, has contributed to the union's confidence in pushing for and winning sizeable wage and fringe benefits from the IEDA over the years.

The high standard of living the union has won for its employed members has not gone without increasingly adverse consequences for its remaining members. The high cost of labor in the Bay Area has discouraged many companies from locating new factories or warehouses here. Furthermore, many of the smaller companies have moved to cheaper labor areas elsewhere in California or have shut down completely in order to avoid the high expense of a local 6 contract. Consequently most of the companies that have remained covered by the master contract are the wealthier, larger, well-established companies and large conglomerates. The result has been a steady erosion of the number of jobs available to local 6 members due to plant closures. The union's membership has also declined from a high in the late 60s of close to eleven thousand to the current low of under seven thousand. This amounts to a decline of over 35% of dues paying members in the past twelve years.

Furthermore, the number of plant closures or relocations within and out of the Bay Area has been accelerating in recent years due to the changing economic structure of S.F. Since S.F. has almost completed its transition from a port, warehouse and industrial city to a modern high-rise office and financial center, the value of the real estate where the remaining S.F. factories and warehouses are located is becoming too valuable to warrant the continued operation of the facilities there. For reasons of pure financial expediency, most of these factories or warehouses have moved, are preparing to move or else have closed down permanently.

The contract demands and proposals the union pushed during the 70s up to and including the most recent agreement virtually ignored the issue of plant closures and loss of jobs. Local 6 President Keith Eikman explained at the recent contract convention that the union's policy has been to win the highest wages and benefits possible for the membership. He said that during the past, the membership has opted to continue a standard of living that kept pace with inflation rather than make concessions to save more jobs. By not arguing for or initiating policies that focused on job security, quality of work life and/or preserving jobs, the local 6 officials tacitly supported the membership's short-sighted high wage and fringe desires at the expense of neglecting the other concerns. In order to placate the demands of the more militant members' concerns over plant closures and loss of jobs, the union officials' policy in the past has been to try and rally the membership to support the officers in their attempts to organize new warehouses and factories. They were successful in organizing only a handful of small warehouses and factories each year but at great expense and at nowhere near the rate at which jobs had been lost due to plant closures. As a result the union is now struggling financially for lack of dues to keep it afloat and the dwindling membership roles has depleted its bargaining strength and is to a degree threatening its survival. This difficult economic climate set the stage for the types of contract proposals that were presented at the union's Constitutional and Contract Convention.

The most prominent feature of the officers' contract proposals was the addition of a new section to the contract entitled: job security. This section had two subsections. The first subsection dealt with partial or complete plant closures. It included the following provisions: 180 day notice, employees' right to transfer, maintenance of the agreement if plant relocates within the jurisdiction of the Northern California Warehouse Council, one week severence pay per year of service, extension of health and welfare benefits twelve months beyond the date of termination, cash-out on unused sick leave, coverage on pension liability and five paid days off for employees to search for alternative employment. The second subsection dealt with subcontracting. It stipulated that the employer must consult the union before it subcontracts work that may adversely affect the employment situation of union members. This contract proposal was overwhelmingly accepted by the membership although a number of more hard line dissidents and disenchanted members voted against it.

Many of these disenchanted members preferred a more costly contract resolution on plant closures. The contract resolution on plant closures submitted by a group of thirty members of both the east and west bay divisions of the local called for a one year minimum notification of plant closure with the employer obligated to fulfill all of the terms and conditions of the contract for one year after the announcement of a plant closure. It also doubled the severance pay to two weeks of regular pay for each year of seniority. Many of the members who submitted or supported this resolution were from plants that had announced their closure within the past year. The Colgate-Palmolive factory in Berkeley, with over 300 workers, was one of those plants. Many of these disenchanted members were won over to the officers' contract proposal because it had more features, especially the extension of health and welfare benefits, right to transfer and five paid days off to look for work.

Another prominent concern amongst the rank and file contract resolutions related to seniority. A resolution proposing contract language that mandated promotion by seniority was quickly accepted by the delegates. Although the officers review all the rank and file contract resolutions prior to the convention, they offered no argument or alternative to this resolution. A more heated issue for many local 6 members were the resolutions concerning shift by seniority. Most of the factories and some of the warehouses operate at least two shifts and many run continuous shifts 24 hours a day, five or six days a week. According to some members, employers would use the offer of transfer to a more preferential shift as a reward to employees who were in management's favor. As a result, stewards or pro-union employees were often stuck on graveyard or other more difficult shifts for years while lower seniority company-oriented people got the better shifts. After some acrimonious debate between the makers of the two alternative resolutions, the more strongly worded resolution passed. It called for each employer to post notice of shift vacancies for a period of five days. The bidding employee with the highest seniority would get the position. These two resolutions regarding promotions and shift preference finally addressed a source of tension that has existed in local 6 houses for years. In a contract year when wages and benefits are less of an issue, many members felt it was high time to deal with it.

The officers' wage proposals were considerably more moderate this year. Unlike previous contract years, the officers' wage proposals were not significantly above the expected inflation rate for the following three years. In the past this tactic was used to establish a bargaining range ceiling high enough to allow for concessions that would result in a wage settlement complementing the expected inflation rate. Instead, the officers were proposing wage increases coupled with the COLA that matched the expected inflation rate for the next three years. As a result many would assume that they intended to settle for wage increases that would result in a cut in real wages over the next three years.

According to a local 6 business agent who requested anonymity, several factors went into determining the officers' wage proposal. He mentioned that since IDEA companies were not suffering the effects of foreign competition like other industries, the net reduction in real wage was not an attempt to lower costs and preserve jobs on that basis. More significantly, it was an attempt to offer improved profitability to firms who were considering closing their doors purely because of the profitability factor and lower labor costs outside of the Bay Area, such as the Colgate-Palmolive factory. He also mentioned that the projected outcome of the negotiations between the Teamsters and the trucking industry and the resulting master freight agreement has always been a factor in determining the level of wage increases for warehouse workers. This year's settlement is expected to yield a moderate wage increase or cut in real wages. Since local 6 warehouse workers have always earned about 15 to 25% less than the truckdrivers, a wage proposal that significantly closed this differential would be virulently opposed by the employers. They know that the truckers who have more bargaining strength would probably react adversely.

The rank and file accepted the officers' wage proposal with only minor opposition coming from a dissident caucus. The main reasons generally put forward by the membership in support of the officers' wage proposal was the weak economy and the desire to fight for other contractual issues such as the new job security section, the seniority issues, improved vacation time and expedited grievances and arbitrations.

Many of the delegates interviewed left the convention feeling that most of the contract proposals were very reasonable and, unlike previous years, few anticipate a strike.