

## Chapter 8

# Territorial Monopoly

The development of rational economic action from its origins in the instinctively reactive search for food or in traditional acceptance of inherited techniques and customary social relationships has been to a large extent determined by non-economic events and actions, including those outside everyday routine and also by the pressure of necessity in cases of increasing absolute or relative limitations on subsistence.

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Weber (1997, 168)

Old methods have remained along with the new, when the new were avowedly more effective. There is a conservatism about longshore work which has ever met the spirit of progress reluctantly; a kind of traditionalism which, from a sense of habit, clings to things as they have been.

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Barnes (1915, 30)

## 8.1 Introduction: Rationalizing congestion

Thus far, the dissertation has shown how containerization and intermodalism reshaped the logistics network and altered the economic terrain of the United States and how this network's newfound flexibility disabled port authorities' and longshoremen's ability to territorially bind the flow of economic activity by subsidizing global shipping companies, undermining the political rationale for subsidizing these activities. The present chapter looks to containerization's pre-history to search for a way forward for port authorities by exploring the successful territorial strategies employed by longshoremen to improve their working conditions and the technological strategies shipping companies adopted to reverse those gains.

One little considered alternative to market competition among ports is port consolidation and rationalization, which would coordinate port traffic at the national level, balancing throughput across available capacity with attention paid to the needs of local labor pools. Though dismissed by many port officials, rationalization is not without positive precedent in the U.S. This chapter examines one such case: the rationalization of labor and freight handling through a fractious process of conflict of negotiation between unions and employers during the first half of the twentieth century. By scaling their geographic monopoly up from single piers to the regional and national levels, longshoremen were able to slow the adoption of labor-saving technologies and smooth out the distribution of employment opportunities. As labor victories increased handling costs on the docks, shipping companies sought to introduce technologies that would make them more competitive relative to other modes, like rail and trucking. As longshore unions came to recognize that the economics of containerization ensured the transformation of labor processes, they opted to reach a compromise with employers in which the employers "bought out" restrictive work rules on the

introduction of new technologies in exchange for income guarantees. The outcome was job security for the longshoremen and the introduction of containerization.

The language of *rationalization* has been employed consistently through the last century in the discussion of labor-capital relations in ports. In finance and economics, rationalization refers to the restructuring of an organization in pursuit of increased efficiency or profits, and this, I will argue, has been the main motivation for employers' efforts to mechanize the waterfront. For Weber, however, whose conception is perhaps more consistent with that of his early twentieth century contemporaries on the docks, rational economic action is a broader conception that includes, *inter alia*, "the systematic distribution, as between present and future, of utilities, on the control of which the actor for whatever reason feels able to count" (Weber 1997, 168), which refers to the systematic temporal distribution of opportunities for the consumption and production of goods and services for a given actor. This means, in essence, that an actor's production and consumption of goods and services is predictable and smooth over time. Weber (1997, 168) then adds to his list of economically rational action: "The systematic distribution of available utilities as between their various potential uses in the order of their estimated relative urgency, according to the principle of marginal utility." If one accepts the idea that control over utilities allows for rational redirection of those utilities to others, then the call for equitable social distribution in a situation of relative or absolute deprivation also constitutes rational economic action. For longshoremen, this *systematic distribution* took the form of replacing irregular, uncertain, and poorly remunerated employment with regular employment and predictable wages for all longshoremen. Attaining this goal required that the unions establish a territorial monopoly over the "effective area of production" (Levinson 1967) that allowed them to control entry to the profession and actual work on the docks.

Levinson (1967) makes a distinction between “area of effective production” and “product market area” in his discussion of the relative power of labor unions and oligopolies. The product market area is that spatial range throughout which a good or service is sold, while the area of effective production refers to the geographical space within which that good or service can be produced. For example, under European law which protects the designation of origin for food and beverages, cheeses labeled Parmigiano-Reggiano can only be manufactured in a few areas in Emilia-Romagna, Italy. Its area of effective production is geographically delimited. However, its product market area is global, as it is available in supermarkets and cheese shops around the world. The principle is the same for any geographical constraint (physical or social) that delimits the space in which a good or service can actually be produced. Drawing on Herod’s (2001) work on labor geographies, in which he illustrates the spatial strategies of unions, I propose to refer to the ability to control this area of effective production as a “territorial monopoly.” While one might also posit a territorial monopoly over the product market area if an actor is able to control distribution of a good or service (like Disney themeparks, for instance), this is not relevant to our discussion in this chapter, which focuses on struggles over production processes.

Though the area of effective production is typically diffuse for most manufacturing efforts, this is not the case for water transportation. Physical characteristics, like shallow waters, extreme tides, and ocean exposure, limit the number of points at which cargo can be transferred between water and land. Thus, one facet of the struggle between labor and capital in freight transportation manifests itself as a struggle by unions to monopolize the labor supply in a port or port range and an effort by employers to undermine or circumvent these monopolies through competition and technological innovation. The goal of this chapter is to demonstrate the importance of securing a territorial monopoly over a port range to ensure that workers receive

their fair share of productivity gains and enjoy secure, stable employment.

## 8.2 Before mechanization

Longshoring has always been back-breaking work. And it has always been collective work. Amidst the tangle of ropes, swinging booms, and ceaseless movement, the longshore gang's members must develop a rhythm if they are to work as efficiently and as safely as possible. Developing a rhythm requires a constant awareness of each member's interdependence with the others (Barnes 1915, 33–34). As a consequence of this collective relationship, longshore work fosters a social consciousness that the constant threat of unemployment and poverty have long undermined.

The expression of communal spirit is reflected in the work-preserving traditionalism described in this chapter's epigraph by Barnes. Barnes was sponsored by the Russell Sage Foundation just before World War I to conduct the first thorough study of American longshore work. His comprehensive description of New York's ports is modeled on Charles Booth's study of the dock laborer in London, which Barnes cites as the first study of dock laborers. The oversupply of labor described in his report and conveyed in more detail below generated resistance among the longshoremen to any development that might put themselves or their mates out of work. Yet, perversely, the possibility of organizing initially generated the same fears, as less skilled workers accurately believed work opportunities would be monopolized by the more skilled. In the early twentieth century, both mechanization and organization threatened to reduce employment opportunities, and both were therefore resisted.

### 8.2.1 Meeting the hook

There are two basic types of cargo: bulk and general. At the turn of the twentieth century, the former included goods like grain, sugar, oil, bananas, coal, and lumber. These required no separate packaging and were generally shipped as complete shiploads. The latter consisted of a miscellany of items of different sizes, densities, and characteristics all destined for the same port, usually a foreign one. The handling of commodities in these two categories consequently differed. For example, while coal would be shoveled into large buckets and hoisted over the edge of the ship to the dock, automobiles would be secured to pallets that were hoisted by a crane into the ship's hold, where they were moved into place and secured against shifting while at sea. Although bulk cargoes, especially bananas, required a certain modicum of skill to handle, general cargo demanded a high degree of skill that could only be learned through on-the-job training. Barnes (1915) estimates that it took ten years to learn how to properly estimate the amount of cargo that could be stowed in the hold and how to stow the miscellaneous items that comprise general cargo so that the cargo would not only make the journey undamaged but also not shift during sailing and cause the ship to list and perhaps capsize. The subtleties that can be involved are captured by Barnes's (1915, 53) note of the importance of covering a load of cayenne pepper with a tarp if it were in the same hold as horses, so that the latter would not sneeze themselves into a panic and cause the ship to list. (For discussion of the non-transferability of tacit knowledge see Dicken and Malmberg [2001], Malmberg and Maskell [2006], Nelson and Winter [1982].)

When a ship arrived in port, a "hatch gang" averaging 18 to 23 men<sup>1</sup> would be

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<sup>1</sup>Barnes (1915) reports a wide range of gang sizes in the docks of New York Harbor, depending on the size of the ship and the nature of the cargo. His study showed these ranging from a minimum of 12 to a maximum of 30.

assigned to one of the five to seven hatches on the larger vessels (roughly 400 to 500 feet at the time). Each hatch gang's men—for they were invariably men—were divided into three groups: pier men, deck men, and hold men. Four to six deck men would start by “rigging the ship,” while the others waited nearby lest they miss the start of work and be replaced before they could return. Rigging the ship consisted of stringing the “up-and-down fall,” the rope with a hook at the end for lifting and lowering cargo, through the derrick's pulley “blocks” and the ship's winches, and then attaching the “burtons” for guiding the loads athwart the ship. The deck men would then be responsible for all the movements of the rope and its cargo. Once the ship was rigged, the hold men and pier men would jump into action. Five to seven hold men, supervised by a “header,” or hold foreman, would arrange a load of cargo, a “draft,” atop a “sling board,” a type of wooden board or pallet, then pass a “sling,” a rope braided to itself in a circle, under both ends and feed one end of the sling through the other to create a self-tightening cinch that theoretically pressed the cargo together into a single load that would not damage itself nor topple out of the sling through the movement of the derrick. After the hook passed through the sling and the call to “Hoist away!” was made, the load was “broken out” or lifted by the deck men using hand winches, or, in the occasional case of dock-mounted derricks, using horse-drawn winches. Once it was transferred to the “square” of the hatch, the deck men would employ a series of signals to safely and efficiently swing the “sling load” athwart the ship and lower it to the dock, where one of the nine to twelve pier men would disconnect the loaded sling from the hook and hang an empty one back on. As the derrick swung back to the hatch, the pier men, under the direction of the pier foreman, would truck the goods back and forth on the pier and stack them for storage until the shipper came to pick them up. Barnes (1915, 129) reports that the average load carried by a pier man or hold man on a single trip was roughly 200 to 250 pounds.

On smaller ships, like coastal freighters, they might be expected to carry these loads down narrow gangplanks from the ship's edge to the pier rather than using a derrick. Loading a ship was effectively the same process in reverse.

If the gang was well coordinated and had established a "swing and rhythm" (Barnes 1915), then the derrick would operate in a smooth, graceful sweep as the pier men at one end and the hold men at the other time their unloading and loading such that they were able to "meet the hook" at the moment it arrived, removing one sling and attaching another as the hook swung back into its return journey. This, according to Finlay (1988, 40), was the clearly visible sign of a highly productive hatch gang. Gangs and gang members who possessed the skills to work with such efficiency were highly prized by employers and could find relatively regular work.

## **8.2.2 Congestion and casualization**

### **Congestion on the docks**

The shipping industry has an age-old adage that a ship only makes money at sea. Since a ship generates income through the point-to-point transportation of cargo, any time spent anchored at dock loading and unloading reduces the total number of trips a ship can make over a given period (usually measured as trips per year) and thus revenue. A ship, then, only generates profits through movement. Loading and unloading, from the ship's perspective, is a choke point that congests the ship's movements. If a dock is congested with goods that slow down the loading and unloading of a ship, revenue is lost. And the more expensive the ship, the greater the losses that accrue through dock congestion, as larger sunk costs must be amortized across fewer transported goods. As inherent economies of scale in ship size and technological advances have continuously encouraged shippers to build ever larger ships, the pressure

to reduce turnaround time has increased over the decades.

In the early days of shipping, the relatively irregular arrival of ships would create both periods of increased congestion, as goods from multiple ships piled up, and periods of empty calm, as merchants removed their goods and longshoremen bided their time waiting for the next ship. Generally, longshoremen would find out mere hours before the arrival of a ship. For example, in New York a flag would be run up a pole on Sandy Hook, which forms the southern lip of the entrance to New York Harbor, when an approaching ship was spotted and identified. Men would then make their way to the docks in hopes of being hired. Advanced notice and predictability were increased with the construction of steamships, which were more powerful and did not rely on unpredictable winds, and with the invention and dissemination of the wireless telegraph after 1896, which allowed steamers to stay in fairly constant contact with their home offices (Barnes 1915). The new steamships, however, though involved in regular services from the turn of the century and more reliable than sailing ships, were still subject to inclement weather and better at debarking on time than arriving on time, since lost time could often be made up by working longshore gangs more intensely.

Crowding on the docks would lead to mazes of narrow aisles with goods stacked high along both sides. Such storage would regularly lead to the double and triple handling of goods, increasing costs commensurately. According to Hobsbawm (1964, 212–13), these conditions were aggravated by merchants' own strategies for avoiding warehousing costs and transfer times by leaving their goods on the docks as long as possible. So while there were incentives for longshoremen (in the form of more work) and for merchants (in the form of lower storage costs) to let goods pile up, merchants and stevedoring companies were also driven by the contradictory drive cut down overall costs by rationalizing waterfront organization.

### Congestion in the ranks

Not only was there congestion on the docks, there was also congestion in the ranks of longshoremen. The “shape up,” most famously seen in contemporary times in the movie *On the Waterfront*, has remained the primary means of hiring longshoremen, though its outward manifestation has changed over time. When a ship came into port, longshoremen would gather at the gates, shaping themselves into a large arc (see Figure 8.2.2). From the center of the arc, the foreman, who was employed by local stevedoring companies or shipping companies, could look the men over and choose those whom he wanted on his gang. Generally, as the men were selected, they would give their names to the time-keeper and pass through the gates to the pier to await the start of their work. Because of this casual hiring system and the possibility that any man otherwise unemployed might be able to pick up a spot of work, the number of job seekers would swell far beyond the number needed, especially during difficult economic times. Barnes (1915) suggests that in 1915 there were approximately three men for each job. More often than not a single-file arc would be insufficient for the number of men seeking work, and the shape up could become a half dozen or more rows deep with men constantly jostling to get near the front. Barnes (1915, 64–65) vividly captures the nature of this crowd in the following incident:

After the first six or seven hundred are called, the struggle of the remaining men to get into conspicuous places increases. They are so thickly packed near the doorway that often a man who is entitled to pass in has to be pulled through by his fellows. A few get through who either have no check or have the wrong one. They are promptly stopped, jerked toward the rope at the wagon entrance, and told to get under the rope and outside. This is difficult, for the crowd of men against the rope is a solid mass. They

are forced to push themselves into this crowd. One man driven out lowers his head till it is about on a level with the stomachs of the men in front, makes a sort of catapult of himself, and shoots into the mass, striking the men as he goes. His progress far out into the crowd can be traced by the wriggle or wave motion he produces.

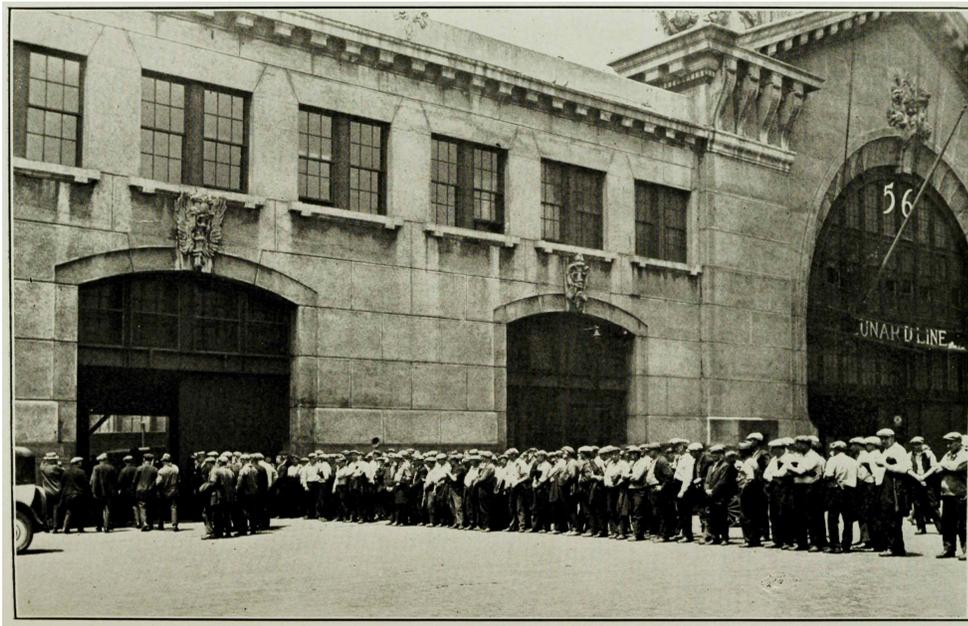


Figure 8.1: Shape-up in New York City, c.1932.

Source: U.S. Bureau of Labor Statistics (1932)

While some docks may have literally thousands of men struggling for one of a thousand places, others (generally with irregular and infrequent sailing schedules) may have goods piling up for lack of workers (U.S. Bureau of Labor Statistics 1932). In New York, the lack of a central location for workers to obtain information about where workers were needed meant that longshoremen would have to walk from pier to pier looking for work, allowing for the very real possibility that some piers would have too few workers while others had too many. The consequence was an increase in congestion

in the ranks and on the docks, generating additional pressure for rationalization that could even out the supply of workers and the movement of goods on the docks.

### **Congestion begets casualization**

Congestion in the ranks and on the docks had at least three impacts. First, the oversupply of longshoremen, under the classic law of supply and demand, lowered hourly wages and pushed them toward subsistence levels. Barnes (1915) reports that the average longshoremen's wages in 1915 were abysmally low, though because of the irregularity of work and the lack of record keeping for or by individual longshoremen, who may work on any number of different piers for any number of different companies, he is only able to offer ballpark figures. He estimates on the basis of interviews and diaries from workers and foremen that a week's wages in the foreign trade averaged below \$12 and that the wages of many fell below \$10 per day. Over a year, he cites experienced individuals as suggesting a range of \$520 to \$624, though he notes that many others put the figure at less than \$500. This is far below the minimum of roughly \$850 established by the Bureau of Personal Service of the Board of Estimate and Apportionment for an unskilled worker's family of five in 1915. Food and housing alone amount to over \$550, or the longshoremen's annual average (Bureau of Applied Economics 1920). Other studies, like that of the New York State Factory Investigation Commission (National Industrial Conference Board 1921, 26), found comparable figures.

Second, because of the skills involved in longshoring and the need to clear ships and docks as rapidly as possible, a two-tier system of regular gangs and "chenangoes," or spot workers, developed, irregularly distributing income across longshore workers (Barnes 1915; Kahn 1980). Because of the high degree of nontransferrable knowledge involved in longshoring, those individuals who had the opportunity to develop these

skills were in fairly high demand and were generally able to secure work on regular gangs that would work for the same foreman and thus the same company in a situation that approached regular employment. The shipping companies prized these men's skills for the efficiency and minimal damage to goods with which ships could be unloaded. But while skilled longshoremen were able to secure employment regularly, they were still required to shape up with the other men and face the possibility of not being hired. The *chenangoes*, on the other hand, comprised the second tier of workers. They were compelled to accept less desirable and less complex work or hope to fill in for a regular man who was unable to work. As a result, their income was even more irregularly distributed over time and generally had to be augmented with other types of casual work.

Third, there was no security for the longshoreman. It should not be construed from the preceding paragraph that regular workers could rely on their favorable situation. They retained their positions because they worked intensely in constant fear that taking breaks or complaining about dangerously heavy loads could lead to their dismissal and immediate replacement (Finlay 1988, 39). Not only was there the worry and uncertainty of being hired, there was also worry about remaining hired. "The longshoreman is on a more casual basis than the ordinary day laborer, who, when he is hired, is at least assured of a day's work. After work has begun, men are knocked off and rehired at any hour according to the demands of the work" (Barnes 1915, 57). And should one lag too far behind at the end of scheduled lunch break or work interruption, one was likely to be replaced.

Additionally, while wages and hours may average out over a year, in the short term, they were highly unpredictable (Barnes 1915; U.S. Bureau of Labor Statistics 1932, 70). Longshoremen could never really be certain when a ship would arrive, and they could never know how long they were going to have to work. Generally each ship

would generate three to five days of high intensity work. Though the official work day was ten hours, it was not uncommon for men to work 12 to 14 hours, and there were regular reports of men working 15, 24, or even 36 hours at a stretch if the foreman demanded it. Again, fear of losing a particular job or the potential for future jobs would lead men to work to the point of utter exhaustion, greatly increasing the risk of fatal and nonfatal accidents. After such long stretches, men would require days, sometimes up to a week, to recover, eliminating any possibility of working during that period. Figures 8.2 and 8.3, reproduced from Table 32 of U.S. Bureau of Labor Statistics (1932), capture the impact of such a schedule on individual income. The two figures illustrate weekly swings of up to \$50 and monthly variations up to \$75 for the average earnings per gang member for two gangs in New York in 1928. These wide swings supplied rather uncertain footing for the longshoreman, who had regular recourse to payday lenders, often their own foremen.

### **8.2.3 Casualization and organization**

Under such horrendous working conditions, conditions that threaten livelihoods and unevenly distribute income temporally and socially, it seems reasonable to assume that men would be driven to take rational economic action to establish predictability and security. And there were periods in longshoring history when men did. The earliest recorded longshoremen's strike in the US was in 1836 and major strikes occurred in 1874, 1887, 1907, and 1919, but unions were particularly ephemeral on the waterfront (Barnes 1915; Nelson 1988). Longshoremen themselves were generally hostile to labor organization at the beginning of the twentieth century.

Hobsbawm (1964, 208–11) suggests that the union organizer had to overcome two obstacles to organize the docks. First, like all unions, the longshore organizer had to

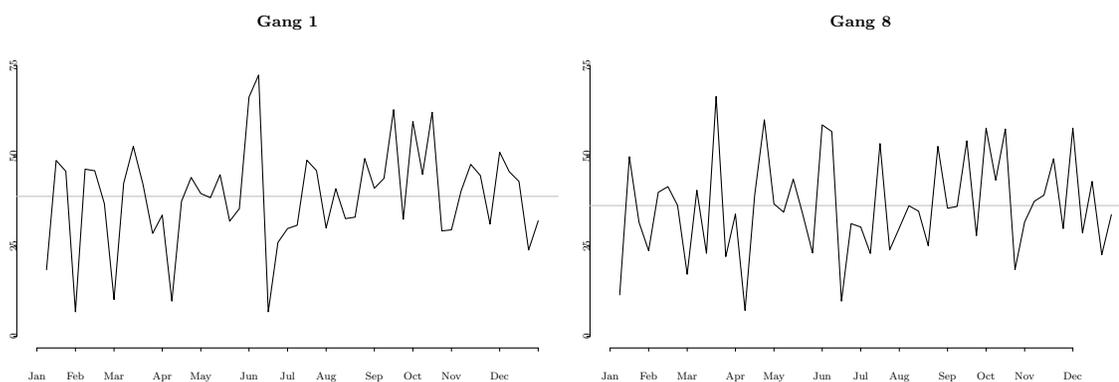


Figure 8.2: Weekly earnings per man for two gangs in 1928 in New York. Horizontal line represents the annual mean.

Source: U.S. Bureau of Labor Statistics (1932)

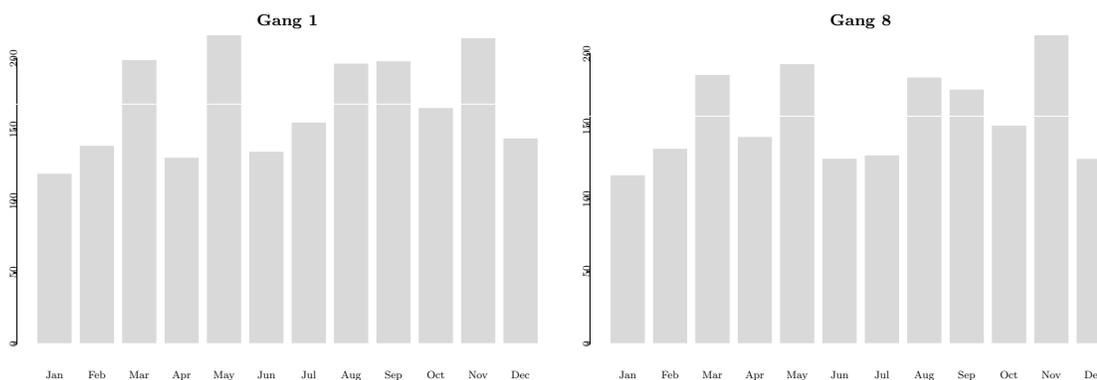


Figure 8.3: Monthly earnings per man for two gangs in 1928 in New York. Horizontal line represents the annual mean.

Source: U.S. Bureau of Labor Statistics (1932)

restrict entry into the trade. It was only by this means that the oversupply of labor could be tamed and wages driven up through scarcity and regular employment. In this process, the organizer had to overcome the challenge of excluding the unskilled. The second problem was that the union organizer had to find ways to prevent strong sections of strategic workers from forming their own quasi-craft union. To this list, however, we can add a third: organizers had to be sensitive to the appropriate scale of organization.

### **Controlling supply**

Restricting entry entailed addressing three obstacles: the two-tier system, the problem of the unskilled, and the cycle of work. First, the two-tier system created a class of worker that experienced some comparative level of income security and thus had little incentive to organize. They feared that organizing would reduce their own hours and lower their already diminished quality of life by more evenly distributing labor and wages across all longshoremen. The skilled workers' objections to organizing were precisely contrary to that of the second class of worker, the unskilled. These men were directly threatened with the loss of employment opportunities that organization would entail. "[T]hough some trade union leaders might have appreciated the advantages of decasualization from a bargaining point of view, the men opposed it. It was one thing to stop new men entering the trade; quite another to throw Bill and Jack (and perhaps oneself) out on the streets. . . . The poorer and more casual the docker, the more he would cling to the rough justice of casualism, even if it was only the justice of the lottery, in which anyone could draw the lucky number" (Hobsbawm 1964, 209). For the poorest workers, the choice seemed to be between occasional work that would at least put a morsel on the table and no work at all. The labor organizer had to navigate between this Scylla and Charybdis to convince the skilled worker that his wages and conditions would improve and the unskilled worker that a union would look after him, too.

The third obstacle was longshoremen's perception of the impact of a regular work week. As described above, longshore work tended to come in bursts of intensive labor over several days, followed by days of downtime. That downtime was most often employed recuperating from the back-breaking work of the previous days. The work could be so grueling that at the end of the work day, men would walk home looking

like ‘orangutans’, only to somehow straighten up in time for work the following day (Levinson 2006, 18). In the longshoreman’s work cycle, periods of rest and recovery were the necessary counterpart to periods of exertion. And, according to Barnes (1915, 74), the men could not see past this pattern to a regular work week that did not involve “killing stretches of overtime.” Consequently, the promises of regularity by advocates of decasualization were conceived of as constant overexertion with no opportunity for recovery and were thus unable to inspire and motivate the men to organize.

### **Keeping strategic workers**

Though in contemporary times, the crane operators comprise a small number of highly skilled workers who might be able to break away to form a union based on their strategic importance, in the early days of longshoring, as Hobsbawm (1964, 205) argues, the great variety of interdependent work on the waterfront resulted in no obvious, task-based core for organization. The concern that quasi-craft unions would form was undermined in two ways. A major hindrance in the United Kingdom, according to Hobsbawm, was that waterfront workers were not readily accepted by other unions. There was no perception among other industries of the skills necessary to conduct longshore work efficiently. This perspective also seems to have been prevalent in the US (Nelson 1988, 114). The second factor, which will be discussed in the next section, was that the nascent formation of such craft unions came under almost immediate threat by employers’ efforts to mechanize the waterfront and aligned union members’ interests with those of the other longshoremen around them.

### **Localized control**

To these two obstacles, we can add the requirement of scale. The organizational basis for waterfront work is inherently geographical. Because ports require particular geographical features to be successful, such as sheltered water, deep channels, and hinterland access, there are a limited number of locations for port activities and a constrained area of effective production. Thus, though stevedoring or shipping companies can move their businesses to escape labor difficulties, if labor can be organized, it effectively obtains a territorial monopoly.

The issue then becomes one of the appropriate geographical scale of organization (Herod 2001, cf.). Hobsbawm suggests that organization could have taken place at a scale as large as the entire port or as specialized as individual piers. Over time, individual piers had come to be operated by single stevedoring companies and to develop their own traditions and work patterns (Barnes 1915, 28). The distinct patterns of each dock favored a particular set of workers who developed tacit knowledge of these highly localized work processes. This in turn made it possible for workers to organize at the scale of the individual pier. However, while this might have produced some modicum of bargaining success against an individual company, ultimately shippers were able simply to redirect their shipments to nearby piers and undermine the organizing effort. To an extent limited by existing technology, this same principle of redirection applied to entire ports. Shippers could move their goods through a competing port and complete the delivery of goods over land. Thus, Hobsbawm, 206's suggestion that there was little strategic or tactical advantage to organizing UK long-shoremen at the regional and national levels is misplaced. As Finlay (1988, 38) points out, successful organizing efforts must incorporate workers from all competing ports, a scale that made organizing that much more challenging.

## 8.3 Early mechanization

Though there were some turn of the century technological improvements, scientific management was only actively introduced from the 1920s. The impetus was primarily to relieve congestion on the docks, as goods would pile up while they awaited merchant or ship pick up, adding greatly to the stevedoring companies' costs of managing freight. Though the technological interventions were relatively minor, it has been suggested that this initial threat to longshoremen's livelihoods provided the impetus for them to overcome their collective action problems and organize into unions.

### 8.3.1 Fear of mechanization

Mechanization crept slowly onto US docks during the first two decades of the twentieth century. Advancements were generally limited to the introduction of steam-powered winches onboard the ships that docked, reducing the need for deck men by cutting down the effort required to hoist a sling. Similarly, some winches were also installed on the docks, but this was fairly rare. In fact, during this time, the most advanced European shipyards were installing their first large cranes for moving cargo from ship to shore (Barnes 1915). Additionally, small trucks came into use for hauling goods away from the pier, and later fork-lift trucks were introduced to move goods around the docks.

The literature suggests three reasons that dockworkers overcame their internal division into two classes of workers and their opposition to organization. First, to the outside world, including established unions, all longshoremen were simply laborers, neither particularly skilled nor desirable as trade union members due to their "unruly" character (Nelson 1988, 114; Hobsbawm 1964). Thus, narrow specializations in longshoring failed to be recognized by the broader union movement. Second, de-

spite having developed specialized skills, these were not standardized across workers responsible for a particular function, since each dock had a unique set of problems and customs. As a consequence, workers' bargaining power was generally limited to the narrow geographic limits of their dock (Hobsbawm 1964, 210–211).

“Moreover—and this is no doubt the most important factor—hardly had the craftsmen established their position than mechanization began to drive them out of it” (Hobsbawm 1964, 211). Equipment in the bulk cargo sector like grain-chutes and mechanical coaling cut down the number of specialized grain- and coal-porters and replaced them with “semi-skilled” workers. Similarly, in the break bulk sector, equipment like conveyor belts also began to reduce the number of deck men and to replace specialized sling and winch handlers with semi-skilled workers. The short term impact was a closing of ranks around specialties, but the long term effect was to clarify the need for common action within the industry as a whole. Mechanization integrated the problems of the skilled and the unskilled workers by threatening the security of them all.

This homogenization of worker's skills was augmented by the “man-killing pace” that contemporary machinery was beginning to demand (Nelson 1988, 52–53). Foremen and shipowners refused to increase the size of gangs even as mechanical winches, conveyor belts, and the like accelerated the movement of cargo between ship and shore and “because it took more energy to handle continuously small packages than to handle a few large containers at relatively infrequent intervals” (Kahn 1980, 374). This aggravated the exploitative working conditions the dock workers were already experiencing and produced a united and consistent demand for an increase in gang size.

### 8.3.2 Decasualization and geographical expansion: The 1934 and 1936 West Coast strikes

West Coast dockers have traditionally been more progressive than their counterparts elsewhere and set the model for employer relations. Though infighting between the International Seamen's Union (ISU), the Marine Workers Industrial Union (MWIU), and the International Longshoremen's Association (ILA) and active, anti-union employer aggression hindered comprehensive common action on the West Coast during the 1920s and early 1930s (Nelson 1988, 68–73), the National Industrial Recovery Act (NIRA) of 1933 led to a resolution. The NIRA granted workers “the right to organize and bargain collectively through representatives of their own choosing,” and even if the government was less than zealous in promoting this provision, millions of workers took heart in it and began to implement it themselves (Nelson 1988, 118). This brought the ILA back to San Francisco's waterfront, where it attracted the bulk of longshoremen from that port, effectively settling the debate over which union would represent the longshoremen of the West Coast.

Control of the organization was quickly overtaken by a group that centered around the publication of the *Waterfront Worker*, including Harry Bridges. The group advocated direct control of the local by longshoremen rather than a few leaders, who they characterized as self-interested and ineffective. Apparently the bulk of longshoremen agreed with their assessment that organizing under the ILA has “meant a harvest for a few officials and slave conditions for thousands of stevedores” (Waterfront Worker 1933b), as they actively rejected American Federation of Labor (AFL) norms and officials during the so-called “Big Strike” of 1934, ushering in a new era of militant activism on the West Coast (Nelson 1988, 127).

The Big Strike was a bloody, eighty-three day affair that emerged from the pent-

up anger of the longshoremen. According to Finlay (1988, 41–44), soon after the ILA reestablished itself in San Francisco, it entered into contract negotiations with two simple demands: a coastwide agreement and union control of dispatch halls. Though dispatch halls already existed to select workers for each particular job, they were controlled by the companies and used to exclude unionized workers. The strike was initiated by the San Francisco local on 9 May 1934 and was supported by workers in most other ports on the West Coast, with the notable exception of the important port of Los Angeles. The coastwide strike ended 31 July 1934, after the rank and file had rejected two agreements negotiated by high-level AFL officials and resigned itself to federal arbitration. In October, the Roosevelt-appointed National Longshoremen's Board handed down its award, which included the following gains: 1. an increase in the basic wage; 2. the location of dispatching in a central hiring hall in each port that was to be "maintained and operated jointly by the International Longshoremen's Association, Pacific Coast District, and the respective employers' associations" with the dispatcher "selected by the International Longshoremen's Association"; and 3. the establishment of a Labor Relations Committee in each port (Finlay 1988, 43; Kahn 1980, 378).

This effectively gave control of hiring to the workers, inducing Fairley (1979, 9) to declare the result "an overwhelming Union victory." Finlay (1988, 43–44) claims that the ILA's selection of dispatchers allowed it to end permanent employment for a single employer in the industry. Rather than companies hiring regular workers on an effectively permanent basis, subsequent to the settlement, workers were dispatched on single jobs only, after which, they were to return to the dispatching hall for their next assignment. This further weakened the two-tier system that threatened effective organization.

Most importantly for this dissertation, the union took a major step toward fully

rationalizing longshore labor by essentially inverting the employer-employee power structure in which the employer selected the employee and used sanctions to keep him in line. The union adopted a “low-man-out” system that gave the man with the lowest hours priority for choosing which particular day to work and which job to take. Thus, the union could more or less equally distribute the total number of hours worked among the union members, providing some income stability for all its members as Kahn (1980) demonstrates. This did not quite establish guaranteed minimum hours, as the *Waterfront Worker* demanded as early as 1933 (Waterfront Worker 1933a), but it began the rationalization process.

The union’s newfound power was put to great effect over the following years to reinforce gains and expand its influence. When the 1934 contract expired in 1936, a 92-day strike ended in an arbitrated settlement that maintained the longshoremen’s earlier gains and established two more gains. First, preferential hiring was won for union members, which deepened workers’ control of the hiring process. Second, “a coastwide joint labor-management committee was established which negotiated coastwide work load limits and a uniform set of safety rules” (Kahn 1980, 379). This solidified the ILA’s territorial monopoly over the entire West Coast port range and “meant that employers could not undercut the union in one West Coast port by going to another one” (Kahn 1980, 380).

## **8.4 Mid-century: Spheres of dominance affirmed**

Following these victories, the ILA employed direct action to win major gains. Gains were made primarily in sling load size, gang size, and safety. All three of these foci were oriented toward augmenting the basic rationalization established through the low-man-out system. As these gains bit into employers’ profits, employers’ discontent

grew and they strove unsuccessfully to reassert their dominance over the waterfront.

According to Finlay (1988, 45–50), the union had taken a “substantial degree of control over production” by 1937. They managed to limit the number of cases, boxes, barrels, and sacks of particular goods that could be loaded on a sling and to cap the general sling load at 2,100 pounds, which was a major decrease from the 3,000 plus pounds they had often been handling. In an industry notoriously dangerous (as noted above), they also gained the right to stop work if they felt conditions were unsafe and endangered their health. The union was also able to gain an agreement on the number of holdmen hired to load and unload ships, the most arduous job, and for other roles.

Finlay rightly associates the first and third of these gains with work pace, but all three also contribute to the longshoremen’s rationalization of labor. By establishing a basic work pace that obstructed employers’ ability to speed up work by increasing sling loads, the number of workers was kept proportional to the amount of cargo, resulting in more predictable job opportunities. Manning scales also clearly promoted the same stability in employment by fixing the number of workers per job. The connection of safety to rationalization is less direct, but serves to boost job security and intertemporal distribution of wages by increasing the likelihood that any particular individual will be capable of ongoing, long term work, rather than being suddenly taken out of the workforce through injury. The union’s struggles, thus, further rationalized their work, stabilizing job opportunities for union members.

Employers did not take well to this loss of control over production on the docks. Discontent rose rapidly, especially due to rising labor costs. The struggle between the employers and the employed came to a peak in the 1948 contract negotiations, when employers tried to use the anti-communist provisions of the Taft-Hartley Act to demand that the union relinquish control of the dispatch halls (Finlay 1988, 48; Schneider 1959, 554). After a lengthy strike, a more liberal group of employers led

by Joseph Paul St. Sure gained control of the employers' bargaining unit and agreed to union control of the dispatch halls and low-man-out dispatching in exchange for the union's agreement to stop job actions and wildcat strikes. The agreement was a turning point in employer-labor relations. "The unions's control of the hiring hall was recognized and the employers' control of production was reaffirmed" (Finlay 1988, 48). "Control of production" refers to the increased predictability of freight movements through the reduction in job actions. This is another movement toward rationalization for the employers, as was the affirmation of the union's dominance over hiring.

As discussed previously (Section 3.2.2), efforts to containerize cargo stretched back to the early twentieth century. They took on renewed vigor after dockworkers had asserted their dominance over production on the docks. As *Cargo Handling*, an industry journal targeted toward employers from the period, summarized in 1956, "Labour costs in the United States have always been very high, and since the war have risen to such an extent that mechanical handling of materials and finished products in factories and warehouses, at docks and railways terminals, has become almost universal" (Cargo Handling 1956b). As labor gains increased labor costs for shipping companies, this quote indirectly conveys that mechanization was an attempt to subvert union control of the docks. In the same journal, Tooth (1956) advocates for increased use of forklifts dockside through an enthusiastic description of a company that cut down railcar loading from 48 men to eight men through the use of forklifts.

## 8.5 Mechanization and modernization

While McLean was shaking up the East Coast, Matson Navigation Company was moving steadily toward employing containerization for its routes from the West Coast to the Hawaiian Islands. The motivation was labor costs. The company hired Foster

Weldon, a Johns Hopkins University geophysicist and pioneer in operations research, who determined that almost half of Matson's existing door-to-door shipping costs were due to labor. "[T]his cost has increased steadily in the past and will continue to do so indefinitely as long as the operation remains a manual one. There is certainly no indication of a change in the current trend of spiraling longshore wages with no corresponding increase in labor productivity" (Weldon 1958, 652–653). The only solution deemed viable was automation. After more than two years of painstaking research, cautious experimentation, and financial calculation, Matson finally initiated its container service on 31 August 1958 from San Francisco. By this time the company had begun developing fully dedicated ships for the trade, putting them into service by 1960. With Matson's more conservative endorsement of a full embrace of containerized intermodal transport and McLean's flashy intervention into the East Coast market, the industry's shift toward containerization had been solidly established.

### **8.5.1 The Setting: West Coast weakness**

The West Coast ports are now commonly associated with Asian trade. However, until containerization and globalization, the volume was minimal and the bulk of West Coast trade consisted of intracoastal lumber and goods shipping and the Hawaiian trade. The military demands of the Pacific Theater in World War II and the Korean War refocused the orientation of transport, creating a huge boom in maritime employment on the West Coast. After the second conflict subsided, however, port throughput dropped precipitously. "By 1955 most Pacific ports were experiencing at least a twenty-five percent decrease in tonnage handled by the port." (Winter 1991). Schneider (1959, 553) suggests that despite temporary boosts provided by wartime activities, this was part of a long decline as transcontinental movements shifted to

truck, pipelines, and rail to escape water transport's comparatively high cost.

"However," Winter (1991) writes, "the employers equated union non-compliance with the longshoring contract as the primary cause for the economic decline." This view is reinforced by Finlay's (1988) statement that employers launched a series of "Performance and Conformance" campaigns to eliminate practices that violated the contract. But this is really one part of the larger problem of stagnating or declining productivity on the waterfront. Figures drawn from Fairley (1979) and compiled by Finlay (1988) bear out such claims, showing virtually no change in weighted tonnage moved per manhour during the 1950s. This makes sense given that methods in practice were not changing, but given rising labor costs, this would imply a decline in capital's productivity. And this became the central issue.

In 1957, William Roth, a member of the Matson Navigation Company's operations research team clearly identified the problem and the solution from the employers' perspective.

The basic problem of American-flag shipping. . . is the question of *productivity*. You will appreciate that spiraling labor costs in American shipping may be different in intensity but no different in principle from the problem faced by any other American industry, especially in the years since the Second World War. Other businesses, however, such as the automobile and steel industries, have been able to offset increased labor costs to a great extent by a comparable increase in the productivity of each worker. . . . Rather than aggressively pursuing new methods of doing their proper work, shipping companies have met increased costs either by relying on government assistance, raising their rates, being content with a smaller margin of profit, or going out of business. In some companies all

four of these things have taken place in the order named. (Roth 1957, 105–106)

Meanwhile, according to Kossoris (1961, 3), director the Western Regional Office of the Bureau of Labor Statistics and respected by both employers and unions, “union leadership was not unmindful of the fact that high labor costs were driving a considerable volume of coastal and intercoastal cargo to rails and trucks. They also realized that changes in operating procedures were creeping up on the union, slowly but surely, and that the union was losing ground.” Amidst the late 1950s atmosphere of interunion cooperation in the maritime crafts (Schneider 1959, 556), Harry Bridges, head of the ILWU, first tried to address the union’s concerns by working with the California Teamsters and the ILA to establish a transportation union. However, this made little progress and Bridges decided that the ILWU had to work with the employers to revive port activity on the West Coast if they were going to boost employment for longshoremen and secure some share of the productivity gains, which he called “the men’s share of the machine.”

Informal negotiations between the ILWU and the PMA that began in 1957 led to an agreement in 1959 that in exchange for a payment from the PMA of \$1.5m, the union would “go along with any and all mechanization during the 1959–60 contract year; but all restrictive rules were to remain in full effect” (Kossoris 1961, 4). The ultimate objective of the agreement was to share savings generated through all increases in productivity, primarily the elimination of restrictive rules and mechanization. The union left the nature of the sharing vague, pending the results of calculations made by Max Kossoris, who was lured to a one year hiatus from his position at the Bureau of Labor Statistics to generate measures of man-hours.

Over the year covered by the agreement, the ILWU determined how it would use

the employers' fund. Continuing the push toward rationalization, the union targeted the funds for a guaranteed annual income and early retirement (Kossoris 1961, 5). Union leaders were anticipating some loss of employment with automation based on a 1957 report by the ILWU's Coast Committee. The report incorrectly argued that mechanization would progress slowly due to the industry's disorganization, which refers to the great variety of cargo moved and equipment employed (Finlay 1988, 64–65; cf. Picard 1967 on disorganization).

When negotiations resumed in April 1960, the union requested a one year continuation of the above Understanding in exchange for \$3m, so that accurate man-hour figures could be established. However, 17 May 1960 negotiations revealed that, though sharing the gains had been widely accepted over the previous two years, employers were no longer interested in this approach. Early in 1960, some of the larger steamship companies had reconsidered and decided that sharing gains was “an invasion of management's prerogatives and consequently was completely unacceptable” (Kossoris 1961, 6). “Instead the employers' position was: How much will it cost us to get rid of the restrictive rules and get a free hand in the running of our business?” (Kossoris 1961, 5). Management had decided that it would “buy out” the union to end its restrictive practices and its opposition to mechanization.

The six-year agreement ultimately signed in 1960 represents a compromise that allowed for the rationalization of dock operations and dock work. Kossoris (1961) lists the primary terms of the agreement: 1. Employers were not required to hire unnecessary men; 2. Slingload limits were to only apply to longshoremen-built loads under same method of handling, which meant that methods introduced after 1937 were not restricted beyond safety and speedup concerns; 3. There was to be no multiple handling of loads; 4. Minimum gang size was to be reduced below present practice; 5. Manning for new methods operations was to be negotiated with the union

or follow the employer's will with redress sought through grievance mechanisms; 6. A fund was to be created, consisting of the previously paid \$1.5m plus \$5m per year for 5.5 years for a total of \$29m; 7. The fund was to be managed by the ILWU and split into two parts, one for providing a guaranteed income if work opportunities were to drop due to the new contract (though not to curtailed economic activity) and one for retirement; and 8. Employer obligations were to be reduced during union-caused work stoppages in violation of agreement.

Though the agreement meant closing the rolls of the union and allowing its membership to shrink by attrition (to match reduced labor demand as mechanization progressed), the agreement secured the goals of rationalization sought after for half a century. Men were guaranteed a secure annual income and retirement pay, which more evenly distributed their labor and income across individuals and across time. Data from Finlay (1988, 65) shows a tight, normally shaped distribution of income for 217 men centering on a healthy, middle-class annual income of \$25,000 in 1979, as opposed to the daily, weekly, monthly, and annually uncertain proceeds of earlier periods. The agreement simultaneously opened the door for the mechanization of cargo handling, including containerization, which greatly facilitated throughput and reduced both labor costs and dock congestion for the employers. Finlay (1988, 61) shows a 550 percent increase in productivity (tonnage to man-hours) from 1960 to 1980. Though the agreement eventually worked out to the greater benefit of the employers, its importance for the workers cannot be dismissed and their benefits may have been greater if their assessment of mechanization's impacts had been more accurate. Labor's general level of satisfaction with the situation is exhibited by the absence of any serious labor actions from the date of the agreement until 2002.

### 8.5.2 East Coast

The dominance of organized crime over the longshoremen of New York and New Jersey and the ILA's internal instability led to a different and delayed historical trajectory for the rationalization of those workers' jobs. Johnson (1950, 91–92), whose reporting was turned into the film *On the Waterfront*, describes the local context:

The Port of New York, the greatest in the world, is an outlaw frontier. Murder on the waterfront is commonplace, a logical product of widespread gangsterism. Organized crime and racketeering add literally millions of dollars annually to the cost of the port's shipping. Pier facilities, representing an investment of almost a billion dollars, are controlled by ex-convicts and murderers who compete for the lucrative dock rackets. This situation of the piers, which has existed for years, is made possible by a powerful labor union, the International Longshoremen's Association, an American Federation of Labor affiliate. Gangsters have attained official positions in the locals of this union. The union leaders condone waterfront crime and racketeering, protect the racketeers, and foster unhealthy labor practices. Rank and file union members are the principal sufferers. The longshoremen, who load and unload the ships in the world's richest port, are casual workers living in an atmosphere of fear and insecurity and exploited by corrupt and indifferent labor leaders. Neither the union nor the industry has ever shown any decent regard for the welfare of the longshoremen.

The moderately successful solution to this corruption was the state implementation of the Waterfront Commission in 1956, which took over the responsibility of dispatching

workers (Jensen 1974).<sup>2</sup>

The disorganization produced by the corruption inquiries and indictments, including that of long term president Joseph Ryan in 1953, further fragmented an already geographically splintered union. Unlike the West Coast longshoremen, who only had to negotiate with one coastwide employers association, Atlantic and Gulf Coast longshoremen dealt with a number of independent employers associations. As a consequence, prior to 1956 each union local was compelled to negotiate its own labor contracts (Levinson 2006, 118), though negotiations often took place concurrently. Though Atlantic and Gulf ports generally followed the New York local's lead with regard to terms, they were not bound to do so.

Anthony Anastasia, emboldened by a general movement of freight handling away from the Manhattan docks to Brooklyn and New Jersey, took advantage of the power vacuum following the corruption proceedings to try to pull his Local 1814 in Brooklyn out of the ILA. The American Federation of Labor also strove to take advantage of the situation by establishing its own International Longshoremen's Association (AFL-ILA) to replace the old ILA, which had been expelled from the AFL in 1953 for "having engaged in a host of nefarious and undemocratic processes" and now referred to itself as the ILA-Independent (ILA-IND) (Herod 2001, 109). The ILA-IND fought this challenge by seeking to shore itself up and better represent its rank and file by expanding its formal territorial monopoly beyond the Port of New York by adopting the AFL-ILA's popular call for national bargaining on the grounds of a longstanding policy of equalizing wages across ports and the need to successfully wage coastwide strikes rather than local efforts, which were easily avoided by shippers (Herod 2001, 110). The ILA-IND's efforts succeeded in establishing a regional Master

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<sup>2</sup>It can only be considered moderately successful, as officials at the Commission eventually came under the influence of organized crime.

Contract system for North Atlantic ports in 1956 that covered a handful of core items, including wages, hours of work, length of contract, and employer contributions to welfare and pension funds. Other items were still to be negotiated on a port-by-port basis. Facing the onslaught of mechanization, over the next fifteen years organization around a guaranteed annual income finally enabled the union to expand its territorial monopoly over all ports from Maine to Texas.

**Guaranteed Annual Income** Negotiations over mechanization began concurrently with those on the West Coast, but union fragmentation resulted in a fractious, delayed, and fragile fifteen year movement toward a guaranteed annual income (GAI). During the 1956 contract negotiations that established the North Atlantic master contract, the New York Shipping Association, which controlled 85 percent of the East Coast shipping business (Herod 2001, 110), proposed terms that would allow them to hire only as many longshoremen as they required for any newly introduced handling operation (Levinson 2006, 103). The ILA-IND absolutely refused this proposal as the AFL-ILA threat and internal strife were absorbing all the union's energies, and the issue was shelved until the 1958 negotiations. By that time the ILA-IND had managed to fend off the AFL-ILA and turned its attention to the rapid mechanization of cargo-handling processes.

In November 1958, when Grace Lines anchored a ship and asked to hire only five or six men per hatch for its new system that allowed cargo to be simply rolled in or out of the side of the ship, tensions mounted to the point that the ILA called a strike. Though the union agreed through arbitration to handle containers from shippers who had used them before the strike, negotiations to settle terms for other container shippers lumbered along for months as the ILA was sidetracked by internal concerns. A strike as the contract expired in September 1959 led to a general agreement in Decem-

ber that paralleled the recent understanding reached on the West Coast. Employers would be allowed to automate in exchange for protecting longshoremen's incomes. However, an arbitration team was unable to settle on details until autumn of 1960, when they agreed in a two-to-one vote that employers in the Port of New York would pay a per ton surcharge for goods carried by container in exchange for the right to use container-handling equipment without restriction (Levinson 2006).

The compromise was followed, however, by a drop in port traffic as the economy slowed down in 1960–61. As a result, the number of men whose work had declined and who required the container royalty payouts increased, but there were no royalties to pay out. As traffic on the Manhattan docks continued to slow down and talk of replacing some piers with the World Trade Center began to circulate, job security took over as the top priority. During the 1962 contract negotiations and the following couple of years, negotiations were heated and marked by several strikes as the union refused to “sell out jobs like Bridges did” (Gleason speech to World Trade Club in 1962, quoted in Jensen 1974, 269). However, rising fear that automation would destroy the union was discussed at an ILA conference in June 1964 and led to a conciliatory admission by the union that it was time to negotiate a guaranteed annual wage.

After contract negotiations in 1964 led once again to strikes and arbitration, the New York ILA local and the New York Shipping Association finally reached an localized agreement outside of the nationally negotiated Master Contract. The ILA was to receive a rather sizable wage and benefit increase coastwide in exchange for reducing the gang size for general cargo to seventeen men by 1967. Also, from 1966 employers would pay a royalty on every container that passed through the port into a fund dedicated to guaranteeing a minimum annual income equivalent to a workload of sixteen hundred hours for qualified longshoremen. As Levinson (2006, 123) notes, “A union flyer summed up the huge changes that the new contract would bring: ‘This

agreement takes the industry from a completely casual workforce to a stable, secure livelihood'.”

During the 1968 contract negotiations, the ILA sought to include a number of new provisions in the Master Contract, including the GAI. Outport employers (i.e., those located in ports other than New York-New Jersey) objected to including the GAI, which they saw as serving the NYSA's needs and not their own. Unable to overcome their opposition, the union and the NYSA agreed to significant wage increases and other benefits for the union, a move that served to unify labor and fracture capital. Perceiving the NYSA's concessions as an attempt to buy off the union's opposition to containerization, outport employers concluded that the NYSA was reaching agreements that led to outport employers subsidizing containerization efforts in New York. In the North Atlantic, employers believed that subsidizing New York's containerization efforts undermined their own ports' viability by luring away business. In the South, employer opposition was rooted in the fact that employers and dockers handled many more bulk agricultural products than manufactured items and believed that containerization was of little relevance to them. Thus, preceding the 1971 contract negotiations, outport employers broke away to form the Council of North Atlantic Steamship Associations (CONASA) and the South Atlantic Employers' Negotiating Committee (SAENC) to negotiate for employers in their respective regions and proposed to negotiate independently of the NYSA. (Herod 2001)

The union accepted this offer with the proviso that the GAI and two other items be included in the master contract. However, despite CONASA and SAENC's resolute opposition to the GAI's inclusion, the union continued to negotiate with the new organizations and decided that locals would negotiate for the GAI independently on a port-by-port basis. Over a few weeks of negotiations, union locals succeeded in forcing SEANC to agree to terms identical to those in New York and CONASA to

agree to roughly half the number of guaranteed hours. (Herod 2001)

Following this success, the ILA allowed the 1974 negotiations to pass quietly, but it was determined to establish a national guaranteed annual income in 1977 as the final step in rationalizing labor on the Atlantic and Gulf Coasts. The union was concerned that individual ports might not be able to meet their GAI obligations if port traffic were to decline or shift to another port, as employers sought economies of scale by concentrating operations at large container ports like New York and closed down smaller outport operations. South Atlantic, Gulf Coast, and North Atlantic outport employers all opposed the ILA's insistence on including guaranteed annual income as a master contract item. The NYSA, which had historically opposed national contracts for fear of having its own operations held up while outport negotiations were completed, however, had lost this fear as the union made a new effort to negotiate all contracts at the same time. The NYSA offered its support for a national agreement, hoping that it could also shift some of the costs of containerization in New York to other ports. (Herod 2001)

In October 1977, unable to overcome non-NYSA employers' objections to including the GAI in the master contract, the NYSA announced that New York containerized carriers would create a separate fund to achieve the same end. Since the small number of containerized carriers were only a small portion of all freight shippers serving the port, they were unlikely to be recognized as a representative bargaining actor by the NLRB. Thus, the carriers chose not to negotiate directly for the master contract, opting instead to create a supplementary agreement that would be called the Job Security Program (JSP). The agreement provided a common shortfall fund while allowing employers to negotiate and fund benefits at the local level, allowing both security and flexibility. The supplementary agreement was tied to the master contract by adding a codocil to the master contract granting the union the right to refuse to

work ships owned by carriers who did not subscribe to the master contract and the JSP. Despite the questionable legality of such a clause, the threat of a lengthy strike was sufficient to persuade all employers' associations to sign on. A form of coastwide bargaining by dockworkers had finally been achieved and had supplied the foundation for a rationalization of income across workers and over time. (Herod 2001)

Unfortunately, this hard-won unity broke down ten years later as the industry began to change and employers more actively utilized non-union labor in the right to work states of the South and the Gulf. While the ILA leadership pushed continuously for higher wages and greater benefits, South Atlantic dockers began to worry that wages and benefits negotiated with regard to conditions in New York and New Jersey were undermining their own competitiveness. Work was being shifted to non-union employers and workers (cf. Erem and Durrenberger (2008) for a compelling account one episode in this struggle). And there was fear that cargo was going to shift to other ports. In early 1986, these concerns manifested themselves in a defiance of ILA President Gleason by West Gulf and South Atlantic locals, who made concessions on wages and the GAI. During master contract negotiations later that year the JSP was abolished and wages were frozen for the first time since 1949. Over the next decade, the ILA abandoned its policy of "one port down, all ports down" and relinquished negotiations to locals. Meanwhile, as described in 3, the shipping industry went through a period of consolidation that facilitated the consolidation of carriers, stevedores, marine-terminal operators, and local port employer associations into the USMaritime Alliance, Ltd. (USMX), which emerged as the sole bargaining agent from Maine to Texas. (Herod 2001)

## 8.6 Conclusion

The evolution of labor-capital relations on the docks offers a positive precedent for rationalization in cargo handling, as it relieved congestion both in the ranks and on the docks. At the beginning of the twentieth century, the stacking and storage of goods on the docks raised costs and lowered efficiency as goods were double- and triple-handled before leaving the docks; and an oversupply of labor reduced longshoremen to subsistence incomes. Through relentless organizing, coastwide bargaining was established first on the West Coast and then on the East and Gulf Coasts. Union efforts led first to a more equitable distribution of work throughout the longshore community and ultimately to a guaranteed annual income. In exchange, employers obtained the right to introduce technology that greatly increased throughput, reducing congestion on the docks.

Rationalization of the waterfront entailed different gains for employers and employees. For employers, rationalization consisted of more efficient cargo handling, which reduced costs and increased volume, thereby increasing profits. For employees, facing job loss through mechanization, rationalization necessitated overcoming the uncertainty and irregularity of employment by establishing organizational procedures for controlling labor supply that would ensure regular employment and a minimum annual income. The mutual gains obtained through rationalization, though purchased at some cost by both parties, illustrate the positive potential of rationalization efforts in resolving difficulties facing employers and employees. Indeed, the perceived success of the arrangement led the International Labour Organisation (ILO) to adopt the general framework as its formal recommendation to ports facing the same decision (International Labour Office 1973).

One of the key lessons it offers is the importance of establishing a territorial

monopoly over a port range in strengthening an actor's bargaining position. Shipping companies and shippers have historically enjoyed this advantage, as the mobility of their ships and their presence in multiple ports allowed them some ability to circumvent and undermine localized labor disputes. However, successful organizing created a territorial monopoly over the "effective area of production" in cargo handling by coordinating the longshoremen along an entire coast. Once employers lost the ability to evade labor's control over the ports, it was compelled to make concessions that improved the safety and livelihoods of longshoremen and their families.

As suggested by Offe (1985), such organization requires some basic unity of interest. He suggests that the wide range of concerns that affect workers, like wages, housing, and families, increases the difficulty of organizing successfully, while employers interests are more easily organized because their interests are simpler: profits. The story presented here complicates this claim and suggests that spatially influenced historical trajectories play a significant role. The East Coast case reflects the fragmentation of interests and consequent weakness of labor. Corruption in the union's lead local in New York and geographically distinct cargos that lent themselves differently to containerization divided the East and Gulf Coast union locals and delayed labor gains by decades. Meanwhile, the long history of extraordinarily exploitative and unsafe working conditions on the docks unified interests and facilitated organization on the West Coast. Spatial differences also impact the presumably simple interests of employers. West Coast employers remained fairly unified and, from the late 1940s as their territorial monopoly over coastal transportation was being undermined by railroads and trucking, their interest in peaceful relations that would facilitate reliable performance induced them to be more progressive in sharing productivity gains with longshoremen. On the East Coast, employer unity weakened as employers broke ranks because the North Atlantic interest in making concessions in exchange for con-

tainerization appeared to demand that South Atlantic and Gulf ports, which dealt more in bulk commodities like grain, coal, and oil, subsidize North Atlantic ports. This weakness, combined with a newfound unity in the ILA, led ultimately to the establishment of a coastwide guaranteed annual wage. This suggests that employers' bottom line is at times sensitive to the production processes that generate that profit. In all these cases, the strength gained from establishing and maintaining a territorial monopoly depended upon defining a common interest across the port range.

Common interest itself is not sufficient to rationalize. As the study reveals, those interests must also be organized. And this requires some degree of centralized decision making. Establishing a territorial monopoly in the first place required coordinating labor actions across multiple ports. Then, having established that monopoly, the first step in rationalizing labor required central dispatching halls to track jobs and workers and to equitably distribute the one to the other. The degree of centralization remains unclear, however. While most decisions on the East Coast were made by the New York local leadership and simply echoed in outports, West Coast decisions required approval of a majority of the rank and file in all ports. So strength in cargo handling requires not only common interest across a port range but also some degree of centralization in organization across that space.

The mechanization and modernization agreements effectively resolved the major tensions between employers and longshoremen. As the labor movement generally entered a period of quiescence, rationalization established a degree of efficiency and certainty of income that effectively met the needs of both workers and owners. In doing so, it freed shipping companies to turn their attention to extracting greater profits from port authority concessions. Fortunately the earlier experience of labor's effort to gather the strength required to negotiate on a level with capital points to two guiding principles for port authorities. First, their strength in dealing with

attempts to initiate interport competition will arise from establishing a territorial monopoly over their respective port range. Second, decision making with regard to port operations and investments will have to attain some level of centralization, likely either through the federal government or some voluntary association like the American Association of Port Authorities.