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ILWU: West Coast chokehold

BY THEODORE PRINCE

Recently the International Longshoremens' Association and the New York Shipping Association have taken out ads to trumpet the reduced tonnage assessments at the Port of New York. This cooperative venture is a recognition that uncontrolled labor costs inevitably lead to less discretionary cargo routed through the port — and fewer union jobs.

If this fracas relationship can become a model of labor-management cooperation, is there hope that the West Coast can follow suit?

It would appear not. The International Longshore and Warehouse Union leadership seems to continue its tradition of unusual political positions.

Last October, the Federal Maritime Commission announced that Japanese-flag ships would be barred from American harbors, yet the ILWU announced that it would support Japanese dockworkers and work the ships.

ILWU support of international dockworkers circles the globe — it has refused to unload vessels that were loaded in Liverpool, England and Melbourne, Australia, by replacement workers. There have been 135 walkouts the past two years.

The direct expense to the industry has been estimated at $150 million and the indirect cost to the economy at $500 million.

Why has the East Coast built upon a string of successes while the West Coast has not? Bill Coday, former PMA president, once remarked, "The waterfront has very slowly changed, both on the management side and the labor side. It is steeped in tradition, nostalgia and worship of the past."

Growth of containerized cargo has been spectacular, and lines have not wanted to jeopardize their market share.

The industry tolerated the ILWU as long as everyone was subject to the same debilitating conditions, and nobody objected as long as the trade was profitable. No line wanted to face the specter of having its vessels tied up and its competitor's free.

The development of line-owned terminals subjected lines to additional leverage. Finally, no alternative option was available.

The ILA had to compete with non-union ports on the U.S. East and Gulf coasts, Canadian ports such as Halifax, and the emerging threat from ports in the Caribbean and Latin America.

Ironically, the ILWU lacks strong leadership. The current leader, Brian McWilliams, is in constant conflict with Southern California locals, which represent half of the longshore votes. Confusion seems to rule.

The Southern California locals tried to overturn Mr. McWilliams' re-election victory — where the number of disputed votes was greater than the margin of victory — and they have also led a vote of no confidence against his leadership.

With nobody in charge, management cannot negotiate effectively with a union unable to deliver the services mutually agreed upon. The last contract was initially rejected and then only barely passed on the second ratification vote. Later, the union was unable uniformly to enforce the contract in all jurisdictions.

An example of such a problem — and a major area of contention — has been agreements outside the scope of the contract between union workers and terminals.

Skilled employees, called stevedores, were offered guaranteed wages well over a standard day's pay. Theoretically, these workers, mostly crane operators and clerks, could generate productivity improvements far in excess of their additional wages.

Naturally, with terminals bidding against one another for the most productive employees, wages escalated faster and higher than one would assume from reading the contract terms.

Every local has had its own understandings with local employers. The last contract purported to eliminate this problem. Actually, it caused more confusion.

Oddly, rather than detracting from labor's position, this political chaos seems to make the ILWU an even stronger adversary.

The shipping industry is in questionable health. Further concessions by management may not be possible. The negotiation of next year's contract will certainly be noteworthy.

There has been talk for years about the development of Canadian and Mexican ports to attract cargo from U.S. West Coast ports. Such discussions have always been overheated with mild amusement.

However, if the ILWU situation continues to deteriorate, lines may be forced to divert vessels in order to retain customers and realize necessary cost savings in a very competitive market.

Customers, clearly aware of the cost of random cargo delay, are watching these developments closely. If management and labor cannot agree, customers may finally force some change.

The congestion and railroad problems have already caused some lines to divert vessel calls to Vancouver. This could only be the beginning.

Other changes might also occur within the union. If Canadian ports start to develop as viable alternatives, U.S. ports in Oregon and Washington will be among the hardest hit.

At that point, ILWU labor at those ports may decide to form their own union, unwilling to underwrite California's success with their burden.

Regardless, the negotiations leading up to next June's contract expiration will be telling. Economics and history have repeatedly demonstrated that a market will inevitably develop a monopoly response. Will the ILWU finally kill the goose that has been laying the golden eggs?

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