Labor Day in the transportation industry

MONDAY IS LABOR DAY. While the holiday has come to signify the end of summer and the return to school and real work, it began as recognition of the organized-labor movement in America. So it seems an excellent time for a general review of the situations of workers, unionized and otherwise, in the transportation industry.

The economy is booming and unemployment is lower than what economists used to consider full employment. What have been the implications for American transportation and logistics industries? After all, it is estimated that close to one-eighth of the nation's gross domestic product is related to the sector.

Logistics has become all the rage. Recent college graduates in this discipline find themselves with job offers aplenty. Graduate programs in logistics are being started as institutions of higher learning seek to prepare students for employment in this new field. Logistics companies, both domestic and international, are aggressively hiring workers. In fact, many employees of transportation carriers are seeking to go to work for these companies. Many find that there are insufficient job openings, or that they lack the requisite skills.

Carries life is different. For the most part, airlines remain highly unionized. Many feared the American Airlines sick-out in February was the beginning of a long hot summer of labor unrest in the industry. We were spared, partly due to constructive labor-management dialogue.

Parties involved may have been mired in past labor problems that led to the demise of such airline stalwarts as Eastern. And airline labor unions may have sought to avoid incurring the draconian penalties assessed on America's pilots. Regardless, airlines continue to hire as traffic grows.

The railroad industry also remains largely unionized. Battles between the two leading railroad train and engine unions, the Brotherhood of Locomotive Engineers and the United Transportation Union, have the feel of a heavyweight title fight. More important, an industry that has experienced massive shrinkage — a work force reduction of approximately 75% over the past generation — is now embarked on the largest hiring spree in 50 years. Railroads are looking to hire tens of thousands of people to replace retiring workers and to handle traffic growth.

The trucking industry continues its labor revision. Before motor carrier deregulation in 1980, the industry had a predominantly unionized work force. Since then, however, the Teamsters have suffered cataclysmic job loss. Hundreds of thousands of workers lost their union jobs, most as a result of their companies failing. The recent closures of Interstate and Preston added close to 10,000 more out-of-work union members.

Unlike the situation at the railroads, the union jobs were replaced by non-union ones. But the demand grows for truck drivers. Not only is there increasing demand for motor-carrier services in a logistics-driven, just-in-time economy, there is a large replacement demand for drivers who quit or are no longer capable of fulfilling basic drug and safety requirements.

The need for drivers has made compensation packages attractive without union representation. Nevertheless, the ongoing saga at Omnitrace Transportation has shown us that Teamsters will continue to work to develop membership.

In addition to the rank-and-file work force, the three transportation modes discussed above guarantee a steady stream of new employees by continuing to hire recent college graduates.

The ocean shipping industry remains the exception. Hiring has been greatly reduced. There is great uncertainty as the industry prepares for massive restructuring. Hiring has almost ceased. Many jobs previously staffed with local employees are now filled by foreign nationals. Many foreign shipping lines are transferring workers who had no job prospects of their own from overseas to this country.

And hiring of college graduates has mostly ceased. Steamship lines are eliminating positions, not adding them, with the exception of service centers. But given today's robust economy, new hires are unwilling to accept the combination of low salary, poor training and unpleasant conditions. Turnover is high, and the new employees are given a poor impression of the industry.

As a result, many shipping employees, even sales people who traditionally switched jobs fairly easily, feel trapped in a shrinking business facing even more industry consolidation and downsizing. Those who are able to switch jobs are looking outside the industry. The feeling seems to be that you don't survive the sinking of the Titanic just to book your return on the Lusitania.

Ocean shipping is quickly losing its appeal to job seekers. Industry expertise can still be utilized with NVOCCs, logistics companies and software providers.

Unlike other countries, the United States does not devote a holiday to transportation. The history of our country is in large part an industrial one supported by transportation. Labor Day seems as good an opportunity as any to recognize all the people that keep our country -- and its economy -- moving right along.

Theodore Prince (Ted.Prince@klaineschmidt.com) is senior vice president of sales and marketing for Klairenschmidt Inc., an electronic-commerce provider.