

REPORTS AND INQUIRIES

Mechanisation Clause in New United States Dockworkers' Agreement

The Sixth Session of the Inland Transport Committee of the I.L.O. in 1957 adopted a resolution concerning methods of improving the organisation of work and output in ports.¹ In this resolution, which was unanimously adopted, governments, employers and workers agreed that all measures intended to increase productivity in ports should be accepted, provided that adequate measures were taken to ensure that the social standards of dockworkers would not be adversely affected. The agreement reached between the Pacific Maritime Association and the International Longshoremen's and Warehousemen's Union in the longshore industry of the West Coast of the United States is in the spirit of this resolution. A brief analysis appears below.

Mechanisation, although now widely accepted in many industries, has met with considerable resistance in cargo-handling operations in the ports, and certain operations which could be performed more efficiently with the aid of mechanical appliances are still done manually. This resistance has been and is due to an understandable concern of the unions for their members' job security.

The slow turn-round² of ships in ports is certainly due, at least in part, to the opposition of dockworkers to abandoning certain restrictive working rules and to accepting mechanisation. It is also true that the slow turn-round of ships results in an increase in the cost of port operations, which is ultimately borne by the community.

An interesting solution to this problem has been adopted on the West Coast of the United States, where the situation was particularly difficult owing to the strong opposition of dockworkers to the introduction of labour-saving equipment and to the abandonment of the restrictive working rules which had been established in the industry during the period of unrest between 1934 and 1948.

In 1934 the International Longshoremen's and Warehousemen's Union (I.L.W.U.) was officially recognised by the Pacific Maritime Association (P.M.A.), the industry's bargaining group. Nevertheless, the period from 1934 to 1948 was no less stormy and was marked by over 20 major port strikes, more than 300 days of coastwide strikes,

¹ Resolution No. 66, Sixth Session of the Inland Transport Committee. I.L.O.: *Official Bulletin*, Vol. XL, No. 3, 1957.

² Turn-round refers to the speed with which ships complete their loading or unloading operations in a port.

about 1,300 local grievance strikes and about 250 arbitration awards.¹ Practically no agreement could be reached between the two parties without having recourse to arbitrators and government commissions.

In 1948, after a bitter 95-day strike, a period of relative calm began. No major strikes have occurred since that time. In large measure as a result of improved labour-management relations, the I.L.W.U. and the P.M.A. were able to undertake negotiations in a climate favourable to the establishment of a new approach to the problem of eliminating restrictive working rules and introducing labour-saving equipment.

HIRING OF LONGSHOREMEN

The hiring of longshoremen² takes place in hiring halls managed jointly by the P.M.A. and the I.L.W.U. In these halls the men are assigned to work for a certain employer, loading or unloading a vessel; when the work on this vessel is finished, the men report again to the hiring hall for assignment to another job. Work is assigned first to longshoremen registered as Class A³; when there are no more Class A workers, assignments are given to Class B workers, and when there are no more of these available, casual workers are recruited. No system of attendance money or guaranteed payment is applied, but the despatcher⁴ in the hiring halls tries to give priority within a class to men who have worked fewer hours and therefore have earned less. The importance of the priority given to Class A longshoremen is indicated by the fact that, while there are approximately as many Class A workers as Class B and casual workers together, the latter two groups accounted for only 14 per cent. of all man-hours worked in 1959.

RESTRICTIVE WORKING RULES

Restrictive working rules were developed in the industry during the period of industrial strife between 1934 and 1948. One of them is the double-handling rule which prevails in most ports. Under this rule, cargo must touch the "skin of the dock" before anyone other than a longshoreman may handle it. When a pallet load comes out of the hold of a ship and is set down on the dock, the teamster may not load it from the pallet on to his truck. The longshoreman first unloads the cargo on to the floor of the dock; then the teamster may take it away. The same rule holds for unloading from the truck on to the dock.

Another important restriction is in the load limit. With few exceptions, the weight of the load that may be hoisted into a ship, or out of it, is restricted by specific contract clauses. The maximum load is approximately 2,100 pounds per pallet. Employers claim that there is no reason why much heavier loads could not be carried safely. The union's

¹ Betty V. H. SCHNEIDER and Abraham SIEGEL: *Industrial Relations in the Pacific Coast Longshore Industry* (Berkeley, University of California, Institute of Industrial Relations, 1956), pp. 2-3.

² This term is employed in the United States instead of dockworkers and is used, broadly speaking, to cover all workers engaged in handling cargo in a port.

³ Dockworkers are registered as Class A, Class B, or casual workers. Class A men are fully registered and are I.L.W.U. members. Class B men, who may be recruited into Class A as necessary, are not considered a part of the "regular labour force" and are not admitted to I.L.W.U. membership.

⁴ The despatcher is the official in the hiring hall who meets employer requests by despatching a gang to load or unload a ship.

view has been that this limitation is necessary to protect the men in the ship's hold from "speed-up" and overwork.

Each major port has its own rules, negotiated locally, governing the size of the longshore gang. Employers maintain that often the size of the gang is greater than necessary. In some ports it is customary to apply the rule that only half of the gang works while the other half is resting: this is known as a "four-on four-off" gang.

THE 1957 MEMORANDUM

In 1957 a meeting of I.L.W.U. delegates elected by locals of the various ports on the West Coast was held to decide whether maintaining opposition to the introduction of new methods of handling cargo and to the abandonment of restrictive working rules was, in the long run, in the interest of longshoremen. The question put to the union delegates was: "Do we want to stick with our present policy of guerilla resistance (to change), or do we want to adopt a more flexible policy in order to obtain specific benefits in return?"¹ The I.L.W.U. had the economic strength and the cohesion to resist and delay mechanisation within certain limits: but was this the wisest policy to follow?² After a long debate the decision was unanimously taken to explore with the employers the benefits to be gained from adopting a co-operative policy for the orderly introduction of new mechanical methods and changes in working rules.

The I.L.W.U. in November 1957 sent a memorandum to the P.M.A. proposing to engage in discussions with the employers' group and listing the mutual objectives:

(1) To extend and broaden the scope of cargo traffic moving through West Coast ports and revitalise the lagging volume of existing types of cargo by: (a) encouraging employers to develop new methods of operation; (b) accelerating existing processes of cargo-handling; and (c) reducing cargo-handling costs in water transportation, including faster ship turn-round.

(2) To preserve the currently registered force of longshoremen as the basic force of the industry and to share with that force a portion of the net labour cost saving to be effected by the introduction of mechanical innovations, removal of contractual restrictions, or any other means.

These aims were not to be accomplished by individual speed-up, breach of legitimate safety rules, or indiscriminate lay-offs.

The longshoremen's union, as it pointed out later, considered that for every man-hour saved, the employer should pay at the straight-time rate, which in June 1960 was \$2.78. The employers' gain would have been the difference between this rate and the actual average labour cost to them after the inclusion of overtime and penalty pay and the cost of pension and welfare benefits (\$4.15 in June 1960). More important than that to the employers would have been the faster turn-round of ships. However, the P.M.A. and the I.L.W.U. soon discovered that it was easier to agree in principle to share the benefits of increased productivity than it was to measure those mechanisation benefits.

¹ William GLAZIER: "Automation and the Longshoremen. A West Coast Solution", in *Atlantic Monthly*, Dec. 1960.

² W. L. HORVITZ and P. LANCASTER: "Pacific Coast Waterfront Mechanisation and Modernisation: the Collective Bargaining Approach", in *Dock and Harbour Authority*, (London), Vol. XLII, No. 492, Oct. 1961, pp. 190-193.

THE 1959 UNDERSTANDING

In 1959 a Memorandum of Understanding was reached under which the employers obtained, in addition to the right to mechanise, a year during which to develop a measurement system to determine accurately the man-hours saved. The ultimate objective of the agreement was stated to be to guarantee the fully registered labour force a share in the savings effected by labour-saving machinery, changed methods of operation, or changes in working rules and contract restrictions resulting in reduced manpower or man-hours with the same or greater productivity for an operation.

In August 1959 the P.M.A. set about the development of a measuring system which would be acceptable to both parties.

THE 1960 AGREEMENT

However, before the system of measurement could produce results, the employers' position changed. They were no longer interested in the sharing of savings; instead they wanted to get rid of restrictive rules and have a free hand in running their business. The question was to negotiate with the union the price this would cost them.¹

This shift in the employers' position was due to a significant and interesting change in thinking. To permit the union to share in savings was now considered an invasion of management's prerogatives, and consequently was unacceptable.

The agreement which was reached on 18 October 1960 was based on fundamentally different principles. The I.L.W.U. agreed to comprehensive provisions to permit efficient operations by the employers, who were granted the right to eliminate costly and restrictive work practices and to utilise labour-saving devices to improve their operations. The workers were to receive compensation, which was to be used to increase retirement benefits and for unemployment allowances and other benefits.

ADVANTAGES TO EMPLOYERS

This agreement as to principle is implemented by detailed provisions with respect to specific work practices which unnecessarily increase the costs of cargo handling and to labour-saving devices which, if utilised, would decrease the costs of cargo handling.

(i) Employers shall not be required to hire unnecessary men. They shall have the right to stop the practice of having half the gang working and half resting.

(ii) The slingload limit shall be abandoned when the method of operation changes. However, the employer shall maintain the slingload within safe and practical limits and shall avoid labour speed-up.

(iii) There shall be no multiple handling. The requirement that cargo must touch "the skin of the dock" shall be considered satisfied when the loaded pallet is set on the dock. By this provision loading directly from pallet to truck and unloading directly from truck to pallet is permitted.

¹ Max D. KOSSORIS: "Working Rules in West Coast Longshoring", in *Monthly Labor Review* (Washington, U.S. Department of Labor, Bureau of Labor Statistics), Jan. 1961.

(iv) Sections 19 to 37 of the agreement contain detailed provisions regarding the size of gangs for the different cargoes. These sizes are smaller than in previous practice. When new methods of operation are introduced the employers shall discuss the proposed manning with the union. If agreement cannot be reached the employers shall have the right to put their manning into effect, subject to final decision through the grievance machinery.

ADVANTAGES TO LONGSHOREMEN

In compensation for these advantages the employers have agreed to establish a jointly administered fund to be used for the benefit of fully registered longshoremen and clerks. The fund includes \$1.5 million already accumulated under the 1959 agreement and contributions by the employers at the rate of \$5 million per year for a term of five-and-one-half years commencing January 1961.

The fund will be used for the payment of three classes of benefits to fully registered longshoremen and clerks¹: a supplementary wage benefit to maintain wages at a guaranteed level; a withdrawal payment when a qualified person leaves the industry; and improved benefits for disability or death.

The supplementary wage benefit is designed to maintain weekly wages of fully registered longshoremen and clerks at the sum of \$100. The benefit to be paid will be the difference between \$100 per week and the sum of whatever an eligible beneficiary earns from the industry and receives as an unemployment benefit under a state system of unemployment insurance. The benefit will be payable only when a reduction in work opportunity results from the removal of restrictive work practices and the introduction of improved methods of cargo handling in accordance with the agreement. It will not be payable, therefore, when the tonnage handled declines because of curtailed economic activity.

The maintenance of the guaranteed wage level of \$100 per week will probably depend upon securing a reduction in the workforce so that although there are fewer work opportunities, there are also fewer men. This reduction in the workforce should be made, in so far as possible, among the older men. To induce older men to leave the industry, therefore, a benefit will be paid upon withdrawal to fully registered longshoremen and clerks who have 25 years' service and are at least 62 years of age. The total amount of this benefit will be \$7,920, which will be paid in 36 monthly instalments of \$220. If any person entitled to such benefit dies before the total sum has been paid, the balance thereof shall be payable to his beneficiary. If the number of men leaving the workforce is insufficient to allow adequate employment of its remaining members, the need to compel withdrawal may arise; in that case the benefit will be paid when a man attains 62 years of age and has 22 years' or more service; 63 years of age and 23 years' or more service; or 64 years of age and 24 years' or more service.

The third class of payment from the fund consists of improved death and disability benefits. Generally, the estate of a fully registered longshoreman or clerk with more than five but less than 15 years of service who dies while he is a member of the industry will receive \$2,640. This

¹ *Impact of Automation on Employment*. Hearings before the Subcommittee on Unemployment and the Impact of Automation of the Committee on Education and Labor, House of Representatives (Washington, U.S. Government Printing Office, 1961), p. 704.

benefit will be increased up to a maximum of \$5,000 for a period of service of at least 19 years and five months. A disability benefit is also contemplated for a fully registered longshoreman or clerk who leaves the industry by reason of disability and has at least 15 years' service.

It is anticipated that two-fifths of the total fund will be used for the supplementary wage benefit; two-fifths for the retirement benefit and one-fifth for the improved death and disability benefit.

In the event of a union-caused work stoppage in violation of the agreement of October 1960, the employers' obligation may be reduced by as much as \$13,650 per day, the average daily cost of the employers' total obligation for a year. Up to this limit, "the parties shall agree as to the amount to be abated on a daily basis in each instance of failure, refusal or stoppage, whether on a coastwide, area, or port basis, and failing such agreement, the coast arbitrator shall make such determination".

ALLOCATION OF CONTRIBUTIONS AMONG EMPLOYERS

The agreement is silent as regards the determination of the manner in which the contributions are to be allocated among the various employers. On 10 January 1961 the members of the Pacific Maritime Association, after full deliberation and having undertaken detailed studies, agreed that the annual contribution of \$5 million should be collected on the basis of a tonnage assessment. It was decided that the benefit of the agreement to the employers consisted in the substantial saving in costs of cargo handling per ton, and that consequently a tonnage assessment equitably distributed the costs of the agreement among the members who benefited most.

REDUCTION OF THE LABOUR FORCE

The most obvious effect of the increased productivity of cargo-handling operations will be a reduction in the number of man-hours worked. There are certain sectors of activity—bulk handling of grain, sugar, etc.—where the increased productivity will mean a reduction in the demand for labour of the order of 35 per cent. and even more. Certain operations, however, do not lend themselves to extensive mechanisation and therefore to drastic reductions of labour. William Glazier¹ gives some figures concerning the saving of man-hours in particular cases. One thousand tons of general cargo, handled in the conventional manner of loading or unloading a ship, usually requires 120 to 150 gang-hours of labour. The same cargo completely unitised, particularly by being loaded in large vans or containers at the place of origin, might require 10 to 30 gang-hours. In addition, the size of the gangs could, theoretically at least, be cut to one-half or one-third. The result would be fewer men working fewer hours and stowing more tons of cargo. Although a careful calculation of the man-hours which can be saved through extensive mechanisation and the abandonment of restrictive practices has not been made, a conservative estimate would indicate the possibility of an over-all saving of 25 per cent. of the total labour force at the end of the five-and-one-half years' period.

The problem is to consider how this reduction can be effected. It is recognised, first of all, that a large portion of the man-hours worked by Class B longshoremen and casual workers (4 million out of 30 million

¹ Op. cit.

man-hours required each year) can be assigned to the Class A group, which is given preferential treatment in the hiring halls. This will mean, of course, that many of the Class B longshoremen and the casuals will have to be eliminated from the industry: only those will be kept who may be necessary for peak periods.

Secondly, there is natural attrition, which is estimated to account for 4 per cent. per year of the total fully registered labour force. Early retirement, provided for in the agreement, may increase that figure.

Thirdly, if these reductions do not meet the needs, resort can be had to a decrease in the daily work shift hours. The union has already indicated that this reduction of hours of work was one of its objectives. If the need for labour diminishes to such an extent that the remaining labour force is underemployed, the union may well ask for a reduction in daily hours from eight to seven and later to six.

These measures are considered adequate to meet the reduction in the labour force which will result from the application of the agreement.

FURTHER PROBLEMS

It has been seen that the total cost of the agreement to employers includes \$1.5 million already accumulated under the 1959 agreement, plus \$5 million per year for five-and-a-half years. This means a total cost of \$29 million. Certain commentators, however, doubt that this will be the ultimate cost of the agreement to the employers.¹ It is conceivable that the \$29 million will suffice only for the five years of validity of the agreement. The situation may require a continuation of payments of the same order after 1 July 1966. These commentators find it difficult to imagine that only workers who retire during the operative period of the present agreement will receive their retirement benefits, and not those who retire afterwards. Therefore, if the employers wish to continue to enjoy the advantages resulting from the agreement, they may be obliged to continue their payments into the fund.

A further question was raised by some commentators: at some future time new men would have to be added to the labour force; would they be entitled to the same benefits as those who were fully registered when the agreement was concluded? Various points would have to be taken into account: first of all it might be argued that because these benefits were accorded to the currently registered labour force in exchange for their giving up their right to restrictive rules, new men would not be entitled to such benefits since they had never had such rights. On the other hand one could hardly have two men working alongside one another, doing the same work, the one entitled to certain benefits and the other not so entitled.

It has been calculated that, since 30 million man-hours are worked annually by the entire West Coast longshore labour force, the present employer commitment of \$5 million per year comes to about 17 cents per man-hour. As total man-hours decrease, however, this hourly cost will rise, and if that total is reduced by 25 per cent., the hourly cost will increase to 22 cents. This increase in labour cost, however, is likely to be offset by the saving in man-hours and, even more important, by the speed-up of the turn-round of ships in ports.

It has been considered probable, therefore, that employers would get a considerable advantage from the agreement. The union, also

¹ Max D. Kossoris, *op. cit.*

would get a considerable advantage, because the concessions made to the employers against monetary payments would probably have had to be made anyway in the long run, after disputes and bad relations and with no payments at all.

The president of the P.M.A. has stated that, after more than a year of operation, the agreement has in fact reversed the trend that had given the West Coast a reputation for high costs and inefficient practices in cargo handling. Although the rate of progress seemed too slow to some shipowners, said the president, the figures for the first year of operation were expected to show a substantial reduction in man hours per ton. Moreover, work stoppages had virtually ceased.

The fact that agreement was reached between the P.M.A. and the I.L.W.U. despite a record of past conflict shows that it is possible in an industry for labour and management to make arrangements which will protect the workers involved in any scheme of mechanisation or other technological improvement.
