

ARTICLE 36

MISCELLANEOUS

Facts About The Maritime Strike” -- 4 pp. Statement by the Los Angeles / Long Beach longshore local -- ILWU Local 13 - on the strike of 1948. This was published in an 11”x 16” format.

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“The Labor Day Strike That Changed History: How ILWU rank-and-file solidarity trumped anti-labor law in the 1948 strike”. 2 pp. Richard Bernarck - ILWU Dispatcher, Vol. 67, No. 9 - Sept. 2009.

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ILWU Contingent - 1948 San Francisco Labor Day Parade.

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“The Ten Guiding Principles of the ILWU “ - 2 pp. as memorialized by the union’s tenth biennial convention of 1953.

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Excerpts from “BY -- LAWS - as amended of Pacific Maritime Association - April 1960” -- 8 pp.

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Longshore Workforce Registration; examples of data routinely published in the annual coast and port reports of the Pacific Maritime Association and also then posted to its web site: coastwide by local for 1990 - 1997 in PMA 1997 Annual Report - p. 3) and for ILWU Local 13 -- Los Angeles / Long Beach - Jan. 1995 - Jan. 2008: (PMA Report -- 2 / 13 / 2008, p.1).3 pp.

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Articles on west coast containerization -- 33pp.

A sea change in shipping, San Francisco Chronicle, Feb., 5, 2006, Sec. J - Business, p. 1 ff. - 6 pp.

Matson Log -- SPRING 1968 -- Vol. xxv, No, 1 -- 4pp.

Longshoremen prosper by keeping up with technology -- Wall St. Journal - July 26, 2006. - 4 pp.

Containerization changed shipping industry forever -- San Francisco Chronicle - Feb. 10, 2006 - 3 pp.

The Mega Containers Invade -- Wall St. Journal - Jan. 26,

2009. 2 pp.

Changes coming to docks -- Seattle Post Intelligencer -
Sept. 2, 2008. -- 4 pp.

The Box: How the Shipping Container Made the World
Smaller and the World Economy Bigger -- by Marc Levin-
son, April 2006 - review by Princeton University Press -
3pp

Longshoremen and mechanization: A Tale of Two Cities -
Journal of Maritime Research, Dec. 1999, by Arthur Dono-
van - U. S. Merchant Marine Academy -- 7 pp. (East and
west coast containerization- HM).

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Facts About The MARITIME

We, the Maritime Workers, are presenting this information to you, the Public, because the commercial press and radio are DISTORTING news of the strike by telling ONLY PART of our side, and at the same time printing ALL the propaganda of the Waterfront Employers Association.

We believe you are interested in reading BOTH sides of the strike because we know that you, too, have a stake in the strike the Waterfront Employers have forced on us. Here are the distortions and here are the facts:

Distortion No. 1—

The employers say our hiring halls are unfair to them, that they are in effect a closed shop, and that they are illegal.

Fact—

Before we won our hiring halls in 1934, these were our conditions: We frequently had to promise to "kick back" payment to the boss or we didn't work and we and our families didn't eat. We had to "lick the boss' boots," often wash his car and mow his lawn. We were the victims of favoritism. Work was not evenly distributed and we stood in line every morning on the docks to take a chance of getting hired.

We often slept on the docks. When we started unloading a ship, we worked steadily—without sleep, rest or meals—until the ship was unloaded.

Our hiring halls mean this to us: The difference between working long, back-breaking hours at low pay, or living a decent life as responsible citizens of our community, with families and our own homes.

As for legality, many attorneys say our hiring halls ARE legal, because we do NOT have the closed shop. On peak days, 30 per cent of the men working cargo do NOT belong to the union and do NOT pay dues.

We won our hiring halls with blood, sweat and privation 15 years ago. We don't believe anyone—except the Waterfront Employers—want us to go back to the days before 1934.

Distortion No. 2—

The Waterfront Employers say Longshoremen make “exorbitantly high wages—\$85 a week.”

Fact—

Four out of every ten Longshoremen worked less than 1344 hours last year. Even at highest average hourly rate, this is less than \$50 a week. A Longshoreman is never sure on one day if he will work the next day. Yet, he must show up for work every morning at 7:00 o'clock to be dispatched.

Furthermore, longshore work is extremely hazardous. Insurance companies classify Longshoremen second only to commercial aviators as a hazardous insurance risk. (The employers want to make our work even more hazardous by increasing the “load limit,” which would place heavier loads on already over-strained equipment. The employers also refuse to include a safety code in our contract.)

Distortion No. 3—

The employers say Longshoremen should work Sundays because of the “nature of the industry.”

Fact—

No Longshoremen in Europe work on Sundays. Longshoremen in this country have been “on call” seven days a week (168 hours). They cannot plan ahead a day with their families. Sunday is accepted generally as a day of rest and worship.

Distortion No. 4—

The employers say they want us to agree to a nine-hour day, 1,000 hours of work in 26 weeks.

Fact—

The employers will NOT guarantee either the nine-hour day or 1,000 hours of work in 26 weeks. The Waterfront Employers

STRIKE

merely want to dodge the overtime pay for after 40 hours in one week. If the Union agreed to this company offer, it would be bypassing the Fair Labor Standards Act which calls for time and one-half after 40 hours a week.

Distortion No. 5—

The employers say they will not deal with the Union until its officers sign the Taft-Hartley "non-communist" affidavits.

Fact—

This is another attempt to smear the Union and its democratically-elected officers, and it is an attempt to dodge the issue.

The membership of our union makes the decisions on all important matters by referendum vote. The membership is now conducting a referendum vote on whether or not the officers should sign the Taft-Hartley "non-communist" affidavits, and whether or not to accept the "final offer" of the employers.

Our Union so far has taken the position that the officers should not sign the affidavits. The reason: The law states that the affidavits must be signed ONLY if the Union wants to use the Taft-Hartley National Labor Relations Board. Our Union has no use for the company-dominated NLRB under Taft-Hartley.

The law DOES state, however, that employers MUST BARGAIN with the Union which has been chosen by the workers. In other words, the Waterfront Employers are breaking the law. And the employers, by bringing in the so-called "red issue," are attempting to hide that fact. The employers also want to hide the fact that they refuse to grant decent pay increases and working conditions, and the fact that they want to smash our Union. THOSE are the issues, not the Taft-Hartley affidavits. Longshoremen want red meat, not red herrings.

Distortion No. 6—

The Waterfront Employers say the Union "turned down" its "final bargaining offer."

Fact—

The employers' "offer" was no "bargaining offer." It was a take-it-or-leave-it ultimatum which they knew the Union **COULD NOT** accept. In the employers' package deal were traps which would take the workers back to the days of long hours and low pay before 1934. In that "last offer," the employers even wanted us to agree to refuse to unload ships owned by the companies not belonging to the employer association. This would mean **FREEZING OUT** independent shipowners who have bargained fairly with us and signed contracts which grant us more pay and improved working conditions.

Now that you know the facts, we ask your active support in this important struggle.

We ask that you write or phone the Waterfront Employers Association (phone Long Beach 69269, address 122 Fifth Street, Long Beach). Tell them to stop "negotiating" in the press and to start bargaining around a conference table. Tell them this strike is hurting the entire community and that the Waterfront Employers can end it immediately through fair negotiations.

International Longshoremen's and
Warehousemen's Union, Local 13

Listen to our radio program on KFOX at 7:00 p.m. Mondays and 9:00 p.m. Fridays. We will be glad to send a speaker to the next meeting of your Union or organization to present the facts in detail. Write or phone 234 Broad Avenue, Wilmington, TErminAl 44536.

The Labor Day Strike That Changed History

How ILWU rank-and-file solidarity trumped anti-labor law in the 1948 strike.

By Richard Bermack

On Labor Day 1948, San Francisco newspaper headlines proclaimed, "60,000 in Labor Parade Here" and "Reds Riot in Berlin!" A few days earlier, nearly 27,000 West Coast maritime workers, including longshoremen, had gone on strike. A post-World War II strike wave was shaking North America and Europe, with millions of workers achieving gains in wages, working conditions, and social equality.

Newspaper headlines warned that union demands for higher wages would create a recession. They called for legislation to "curb labor abuse." A Republican Congress passed the Taft-Hartley Act in July 1947, overriding President Truman's veto. In 1948, employers turned the full power of Taft-Hartley against the ILWU.

The 1948 strike was one of the most significant in ILWU history, second only to the 1934 strike. But while 1934 was fought in the streets, 1948 was a publicity war, fought with newspaper ads and union leaflets.

The 1948 negotiations began with the Waterfront Employers Association, led by Frank "Fink Hall" Foisie, declaring the ILWU hiring hall out of compliance with the new law and stating that union members would no longer get preference in hiring. Citing another provision of Taft-Hartley, they demanded the union purge Harry Bridges and all "Communists" from union leadership. The employers then used the act to get an injunction against the union striking

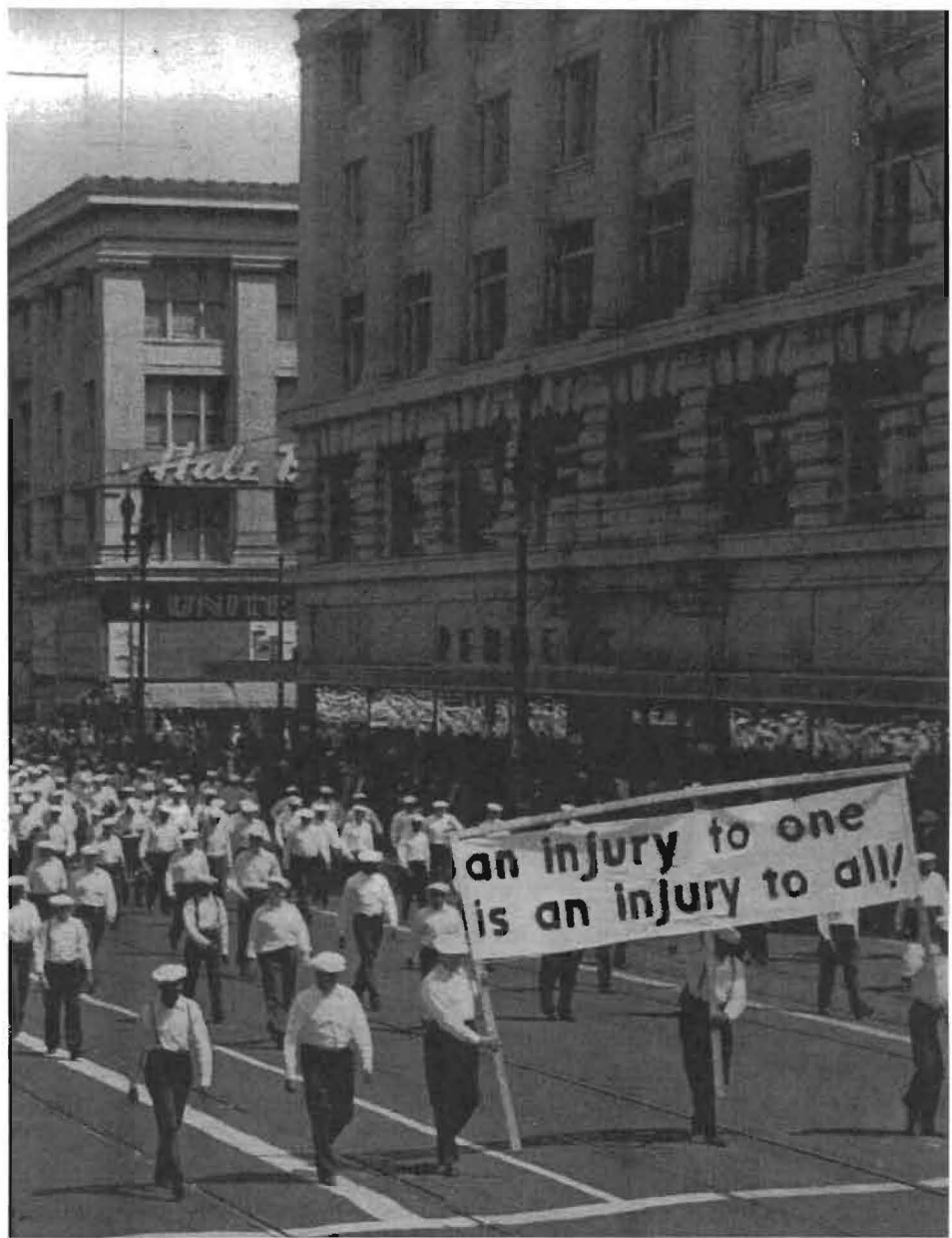
and forced an NLRB election requiring union members to vote on the employers' last offer. The employers believed that if free to vote their consciences, the members would turn against the union leaders.

The employers could not have been more wrong. The union called for a boycott of the election, and not a single union member cast a ballot. The boycotted election was a defining moment, demonstrating the power of rank and file solidarity. The injunction expired on September 2, and the 1948 strike began.

The employers portrayed the strike as their stand against the Soviet Union and Communism. One ad featured a photo of Harry Bridges drinking with Soviet foreign minister Molotov, accusing Bridges of being in league with Russia.

The union countered with its own ad campaign, run by The Dispatcher editor, Morris Watson, one of the nation's leading journalists, who had been blacklisted by the major media for union activity. In response to the employers' ad, the union took out ads in all the local papers with a photo of an employer drinking with Molotov, taken at the same event, a United Nations reception. The ad listed all the other dignitaries present, not only exposing the employers' hoax, but also making Bridges sound more like a member of high society than a dangerous radical.

Employer representative Dwight Steele was particularly embarrassed by the incident and by Foisie's anti-communist antics. Steele, along with Randolph Sevier and several other employers, began organizing a coup. After the



Labor Archives and Research Center, SF State University

upset presidential victory of Truman over Republican candidate Thomas Dewey, the employers took over the negotiations and formed the Pacific Maritime Association. Truman had an ambiguous relationship to labor, especially the ILWU, but he had run as a labor candidate, and his victory was seen a defeat for conservative business interests. The employers informed the union that the main issue of the strike, leadership, was being resolved on the employer's side.

Steele and Sevier had negotiated against the ILWU in Hawaii, and the union had won their respect. Based on that experience, the employers proposed "the New Look." From then on, the relationship between the union and management would be based on mutual respect.

The employers not only granted the union's demands, but they negotiated a comprehensive grievance and arbitration system. Sam Kagel was appointed West Coast arbitrator. Under the new system, disputes on the waterfront could be settled without the constant job actions and walkouts that had characterized the previous decade.

The ILWU was born out of the 1934 strike, but it was the 1948 strike that transformed the union into what it is today.

Richard Bermack is a writer and documentary photographer. He has produced and designed two historical exhibits for the ILWU: The Men Along the Shore and the Legacy of 1934 and Securing the Union's Future: The 1948 Strike.

ILWU Contingent - San Francisco Labor Day Parade - 1948



Labor Day Parade, International Longshore & Warehouse Union (ILWU) contingent. San Francisco, 1948. *People's World* Collection.

From the Collection of the Labor Archives & Research Center,
San Francisco State University



ilwu.org : Ten Guiding Principles of the ILWU

The ILWU began with a set of cardinal principles upon which it continues to operate. These were memorialized by the union's Tenth Biennial Convention held ...

* * *

The Ten Guiding Principles of the ILWU

The ILWU began with a set of cardinal principles upon which it continues to operate. These were memorialized by the union's Tenth Biennial Convention held in San Francisco in 1953.

I A Union is built on its members. The strength, understanding and unity of the membership can determine the union's course and its advancements. The members who work, who make up the union and pay its dues can best determine their own destiny. If the facts are honestly presented to the members in the ranks, they will best judge what should be done and how it should be done. In brief, it is the membership of the union which is the best judge of its own welfare; not the officers, not the employers, not the politicians and the fair weather friends of labor. Above all, this approach is based on the conviction that given the truth and an opportunity to determine their own course of action, the rank and file in 99 cases out of 100 will take the right path in their own interests and in the interests of all the people.

II Labor unity is at all times the key for a successful economic advancement. Anything that detracts from labor unity hurts all labor. Any group of workers which decides to put itself above other workers through craft unionism or through cozy deals at the expense of others will in the long run gain but little and inevitably will lose both its substance and its friends. No matter how difficult the going, a union must fight in every possible way to advance the principle of labor unity.

III Workers are indivisible. There can be no discrimination because of race, color, creed, national origin, religious or political belief. Any division among the workers can help no one but the employers. Discrimination of worker against worker is suicide. Discrimination is a weapon of the boss. Its entire history is proof that it has served no other purpose than to pit worker against worker to their own destruction.

IV "To help any worker in distress" must be a daily guide in the life of every trade union and its individual members. Labor solidarity means just that. Unions have to accept the fact that the solidarity of labor stands above all else, including even the so-called sanctity of the contract. We cannot adopt for ourselves the policies of union leaders who insist that because they have a contract, their members are compelled to perform work even behind a picket line. Every picket line must be respected as though it were our own.

V Any union, if it is to fulfill its appointed task, must put aside all internal differences and issues to combine for the common cause of advancing the welfare of the membership. No union can successfully fulfill its purpose in life if it allows itself to be distracted by any issue which causes division in its ranks and undermines the unity which all labor must **have in the** face of the employer.

VI The days are long gone when a union can consider dealing with single employers. The powerful financial interests of the country are bound together in every conceivable type of united organization to promote their own welfare and to resist the demands of labor. Labor can no more win with the ancient weapons of taking on a single employer in industry any more than it can hope to win through the worn-out dream of withholding its skill until an employer sues for peace. The employers of this country are part of a well-organized, carefully coordinated, effective fighting machine. They can be met only on equal terms, which requires industry-wide bargaining and the most extensive economic strength of organized labor.

VII Just as water flows to its lowest level, so do wages if the bulk of the workers are left unorganized. The day of craft unionism – the aristocracy of labor – was over when mass production methods were introduced. To organize the unorganized must be a cardinal principle of any union worth its salt; and to accomplish this is not merely in the interest of the unorganized, it is for the benefit of the organized as well.

VIII The basic aspiration and desires of the workers throughout the world are the same. Workers are workers the world over. International solidarity, particularly to maritime workers, is essential to their protection and a guarantee of reserve economic power in times of strife.

IX A new type of unionism is called for which does not confine its ambitions and demands only to wages. Conditions of work, security of employment and adequate provisions for the workers and their families in times of need are of equal, if not greater importance, than the hourly wage.

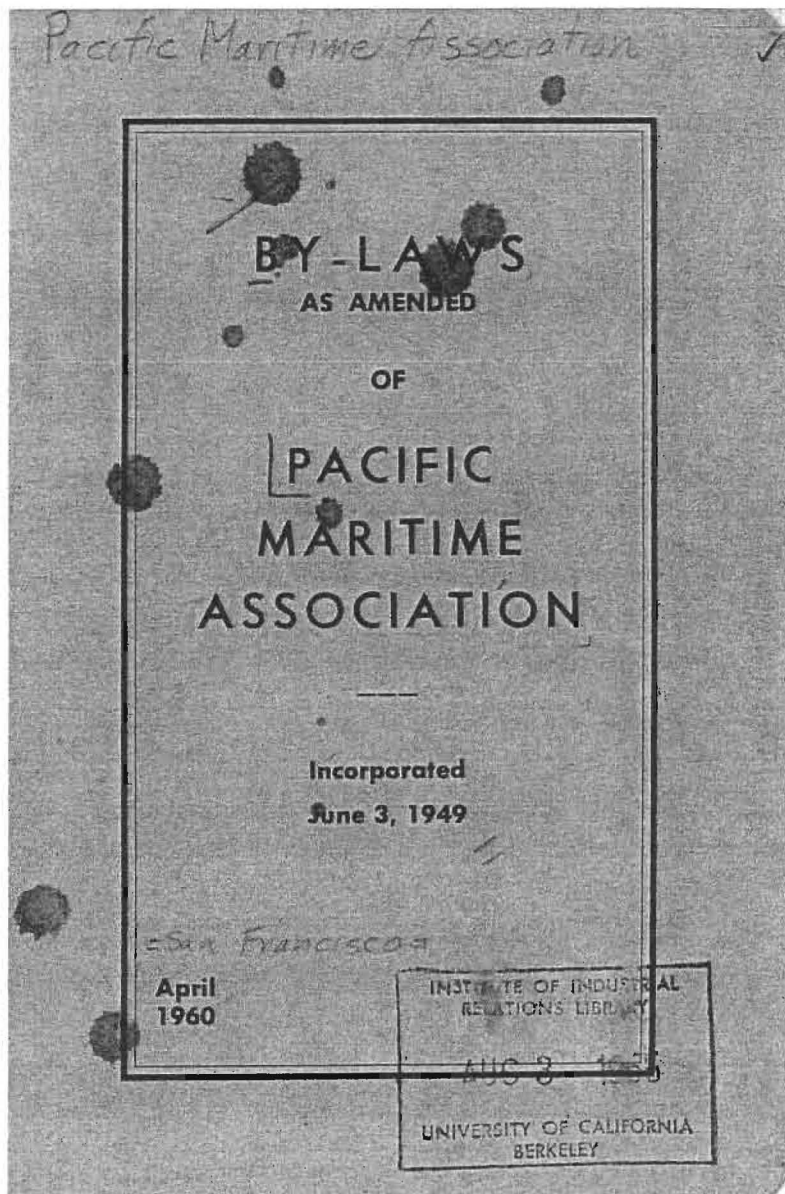
X Jurisdictional warfare and jurisdictional raiding must be outlawed by labor itself. Nothing can do as much damage to the ranks of labor and to the principle of labor unity and solidarity as jurisdictional bickering and raiding among unions. Both public support and strike victories are jeopardized by jurisdictional warfare. This code for rank and file unionism is implemented by the membership's participation in organization, negotiations, strike machinery, contract enforcement and every other aspect of union life. Thus, its discipline springs out of participation, conviction and the right of the membership to decide its own course of action. The above principles and steps to implement them, and an informed and alert membership make the union what it is.

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Excerpts from

"BY - LAWS as amended of Pacific Maritime Association - April 1960."

As will now be seen, the first eight pages of these by-laws presents their first four articles and the opening of their fifth.



* Goggle: "Pacific Maritime Association By - Laws" (page 1) for the forty-four pages and seventeen articles of this set of by -laws. The document also closes with a two page index.

BY-LAWS
AS AMENDED

OF

PACIFIC
MARITIME
ASSOCIATION

Incorporated
June 3, 1949

April
1960

BY-LAWS
as Amended
of
Pacific Maritime Association

ARTICLE I.

The corporate powers, business and property of this corporation shall be vested in and exercised, conducted and controlled by a Board of twenty-one (21) Directors, who need not be members of the corporation.

**Board of
Directors**

ARTICLE II.

The officers of the corporation, none of whom need be a member of the Board of Directors, shall consist of a president, three vice presidents, a secretary, a treasurer, and such other officers as the Board of Directors shall from time to time create. All of the officers of the corporation shall hold office at the pleasure of the Board of Directors.

Officers

ARTICLE III.

Section 1. The powers and duties of the Board of Directors are:

**Powers
and
Duties of
Directors**

(a) To appoint and remove at pleasure all officers, agents and employees of

the corporation, other than directors, prescribe such duties for them as may not be inconsistent with law and these by-laws, fix their compensation and require from them security for faithful service;

(b) To conduct, manage and control the affairs and business of the corporation, and to make such regulation therefor, not inconsistent with law and these by-laws, as they may deem best;

(c) To approve and admit to membership persons, firms, associations or corporations, qualified therefor under the provisions of the Articles of Incorporation of this corporation and these by-laws;

(d) To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefor in the name of the corporation promissory notes and other evidence of debt;

(e) To levy and assess and collect, or provide for the collection of, dues or assessments in accordance with the provisions of these by-laws; but the Board of Directors shall not have the power to levy, assess or collect dues or assessments in excess of a maximum rate to

be fixed, at a regular or special meeting, by the vote of members holding a majority of the voting power of the entire membership;

(f) To prepare, approve and file with the secretary a roster of the membership, classified in accordance with the provisions of Article IV, Section 3 and to prepare, approve and file with the secretary a roster of the membership of each port area defined herein in accordance with the provisions of Article VIII, Section 2, hereof;

(g) To transact all of the affairs of the corporation.

ARTICLE IV.

Section 1. Any firm, person, association or corporation engaged in the business of carrying passengers or cargo by water to or from any port on the Pacific Coast of the United States (except Alaskan ports), or any agent of any such firm, person, association or corporation, and any firm, person, association or corporation employing longshoremen or other shoreside employees in operations at docks or marine terminals at any such port and any association or corporation composed of employers of such longshoremen or other shoreside employees

Qualifications of Members

shall be eligible for membership in this corporation.

Membership Groups Section 2. For the purposes of representation on the Board of Directors, convenience in group consideration of corporate problems and activities, and determinations of voting power, the members shall be organized into eight (8) groups as follows:

Passenger Line Group (a) The passenger line group, consisting of members operating American flag passenger vessels as defined in the navigation laws of the United States to or from Pacific Coast ports, and member agents of non-members engaged in such operation.

Intercoastal Line Group (b) The intercoastal line group, consisting of members engaged in the operation of vessels carrying freight between ports on the Pacific Coast and ports on the Atlantic or Gulf Coasts of the United States, and member agents of non-members engaged in such operation.

Coastwise Group (c) The coastwise group, consisting of members engaged in the operation of vessels carrying freight between ports of the Pacific Coast north of Mexico (except on voyages between ports of Puget Sound and ports in Alaska), and member agents of non-members engaged in such operation.

(d) The Alaska area group, consisting of members engaged in the operation of vessels on voyages between ports of Puget Sound and ports in Alaska, and member agents of non-members engaged in such operation. **Alaska Area Group**

(e) The offshore group, consisting of members engaged in the operation of American flag vessels carrying freight between ports on the Pacific Coast of the United States and foreign ports or Hawaii or ports in the Island Territories, or possessions of the United States, and member agents of non-members engaged in such operation. **Offshore Group**

(f) The foreign line group, consisting of members engaged in the operation of foreign flag vessels to or from any port on the Pacific Coast of the United States except Alaskan ports, and member agents of non-members engaged in such operation. **Foreign Line Group**

(g) The stevedore group, consisting of members engaged in the business of loading or discharging dry cargo vessels at any port on the Pacific Coast of the United States, except Alaskan ports. **Stevedore Group**

(h) The terminal group, consisting of members engaged in the operation of any marine terminal at a port on the **Terminal Group**

Pacific Coast of the United States, except Alaskan ports.

**Membership
Classification
and
Roster**

Section 3. Members shall be classified in any one or more of the groups referred to in this Article in accordance with their respective operations and activities, each member being eligible to be classified in any one or more of such groups for which its operations or activities may qualify it, and the Board of Directors shall cause to be prepared, approved, and filed with the secretary, a roster of the membership classified in accordance with the provisions of this Article, and shall cause such roster to be amended from time to time to reflect the membership of each of said groups.

ARTICLE V.

**Director
Representation**

Section 1. The Directors shall be twenty-one (21) in number; they shall be selected as follows:

Two by the passenger line group, three by the intercoastal line group, one by the coastwise group, one by the Alaska area group, four by the offshore group, two by the foreign line group, two by the stevedore group, two by the terminal group; and one by each of the area memberships.

**Alternate
Directors**

Each Director shall by written designation filed with the Secretary of this

Registration Summary

The figures below show for each ILWU longshore, clerk, and foreman local the total number of fully registered (Class "A") and, if applicable, limited registered (Class "B") individuals in the local at the end of the calendar year indicated.

The number of Class "B" registrants in each local is shown in italics to the right of the total registration number. The Class "B" column numbers are included in the Total column numbers.

The Class "B" category is the category into which new members are introduced into the registered work force.

The Class "B" category is also the group from which members of the work force are promoted to Class "A".

	1997		1996		1995		1994		1993		1992		1991		1990	
	TOTAL	B	TOTAL	B	TOTAL	B	TOTAL	B	TOTAL	B	TOTAL	B	TOTAL	B	TOTAL	B
Longshore Locals																
Southern California																
13 LA/LB	3,521	1,001	2,992	688	2,982	618	2,679	159	2,725	83	2,786	48	2,883	111	2,933	219
29 San Diego	55	19	43		50		51		60	1	66	1	67	1	69	
46 Port Hueneme	85	11	85	11	85	11	82	3	86	4	87	5	86	39	90	51
Area Total	3,661	1,031	3,120	699	3,117	629	2,812	162	2,871	88	2,939	54	3,036	151	3,092	270
Northern California																
10 SF Bay Area	1,002	199	925	126	959	95	979	76	1,082	119	1,149	147	1,155	139	1,229	111
14 Eureka	31		34	1	34		36		40		41		42		49	1
18 Sacramento	25	9	29	15	30	15	15		17		23	1	25	1	44	17
54 Stockton	54	17	49	6	56	5	55	5	65	4	75	5	79	5	89	5
Area Total	1,112	225	1,037	148	1,079	115	1,085	81	1,204	123	1,288	153	1,301	145	1,411	134
Oregon & Columbia River																
4 Vancouver, WA	156	54	148	42	153	52	117	13	118	9	119	3	127	2	136	2
8 Portland	455	63	465	88	479	106	440	43	429	3	477	7	496	5	541	5
12 North Bend	102	20	101	7	100		114		126		135		137	1	148	
21 Longview, WA	204	40	203	27	212	21	212	8	239	28	257	41	253	30	268	30
50 Astoria	54		56		61		69	1	80	1	85		88		92	
53 Newport	8		8		8		9		10		11		12	1	13	9
Area Total	979	177	981	164	1,013	179	961	65	1,002	41	1,084	51	1,113	39	1,198	46
Washington																
7 Bellingham	37	5	32	4	28	1	31		32		34		35		39	
19 Seattle	587	146	579	143	563	153	444	19	468	35	462	4	491	4	515	5
23 Tacoma	448	72	455	76	450	64	395	3	427	3	448	5	468	66	471	127
24 Aberdeen	73		89		91		97		111		120		124	1	133	1
25 Anacortes	13		13		13		15		16		18		20		20	
27 Port Angeles	56		58		58		59		68		69	1	75		81	
32 Everett	60		68		73		87		90	6	94	5	98	5	97	2
47 Olympia	26	3	22		23		26		30		31		33		37	
51 Port Gamble	13		13		13		16	1	17	1	18	1	19	1	18	
Area Total	1,313	226	1,329	223	1,312	218	1,170	23	1,259	45	1,294	16	1,363	77	1,411	135
LONGSHORE TOTAL	7,065	1,659	6,467	1,234	6,521	1,141	6,028	331	6,336	297	6,605	274	6,813	412	7,112	585
Clerk Locals																
29 San Diego	5		5		3		3		4		5		5		6	
46 Port Hueneme	12		12		12		8		9		8		8		8	
63 LA/LB	869	2	777	3	701	1	610	2	603	2	630	4	649	3	677	28
14 Eureka	3		3		3		3		3		3		3		3	
34 SF Bay Area	257	6	275	5	292	4	299	4	326	8	348	35	353	38	370	37
40 Portland	101		109		116		104		118		116		121		127	1
23 Tacoma	60		58		63		65		61		60		51		53	
52 Seattle	178		167	2	170	2	155		167		177		176		185	
CLERK TOTAL	1,485	8	1,406	10	1,360	7	1,247	6	1,291	10	1,347	39	1,366	41	1,429	66
Foreman Locals																
29 San Diego	2		2		2		2		1		3		3		3	
46 Port Hueneme	6		6		6		4		4		4		4		4	
94 LA/LB	340		307		281		280		258		271		255		266	
91 SF Bay Area	73		76		80		78		82		84		84		86	
92 Portland	53		50		54		54		57		56		59		59	
98 Seattle	96		96		100		96		99		96		106		113	
FOREMAN TOTAL	570		537		523		514		501		514		511		531	
TOTAL ALL LOCALS	9,120	1,667	8,410	1,244	8,404	1,148	7,789	337	8,128	307	8,466	313	8,690	453	9,072	651

Pacific Maritime Association - Research Department
Number of Archive Registrants
Local 13 - Los Angeles/Long Beach Longshore
January, 1995 through January, 2008
 (Counts reflect active registrants on last day of month.)

Year	Month	Total Local	Longshore			Mechanics		
			A	B	Total	A	B	Total
1995	Jan	2,657	2,260	149	2409	204	44	248
	Feb	2,681	2,231	204	2435	202	44	246
	Mar	2,711	2,197	268	2465	201	45	246
	Apr	2,703	2,183	273	2456	201	46	247
	May	2,760	2,185	327	2512	201	47	248
	Jun	2,753	2,180	326	2506	200	47	247
	Jul	2,812	2,175	389	2564	201	47	248
	Aug	2,875	2,175	446	2621	203	51	254
	Sep	2,933	2,171	507	2678	203	52	255
	Oct	2,961	2,170	531	2701	203	57	260
	Nov	2,951	2,164	527	2691	202	58	260
	Dec	3,015	2,157	532	2689	233	93	326
1996	Jan	3,011	2,152	533	2685	233	93	326
	Feb	3,009	2,152	531	2683	233	93	326
	Mar	3,014	2,131	547	2678	243	93	336
	Apr	3,033	2,132	561	2693	244	96	340
	May	3,029	2,110	576	2686	244	99	343
	Jun	3,016	2,088	585	2673	247	96	343
	Jul	3,030	2,087	601	2688	246	96	342
	Aug	3,035	2,059	631	2690	252	93	345
	Sep	3,011	2,015	651	2666	252	93	345
	Oct	2,996	1,988	665	2653	255	88	343
	Nov	2,981	2,063	575	2638	258	85	343
	Dec	2,999	2,059	588	2647	323	29	352
1997	Jan	3,036	2,098	586	2684	323	29	352
	Feb	3,094	2,156	580	2736	329	29	358
	Mar	3,179	2,159	661	2820	338	21	359
	Apr	3,228	2,161	707	2868	339	21	360
	May	3,248	2,163	724	2887	341	20	361
	Jun	3,252	2,140	749	2889	351	12	363
	Jul	3,244	2,148	727	2875	351	18	369
	Aug	3,255	2,187	689	2876	356	23	379
	Sep	3,285	2,217	675	2892	356	37	393
	Oct	3,460	2,230	836	3066	356	38	394
	Nov	3,513	2,208	911	3119	357	37	394
	Dec	3,545	2,203	943	3146	358	41	399
1998	Jan	3,531	2,194	930	3124	360	47	407
	Feb	3,534	2,198	925	3123	366	45	411
	Mar	3,544	2,242	882	3124	364	56	420
	Apr	3,626	2,298	909	3207	366	53	419
	May	3,698	2,302	975	3277	366	55	421
	Jun	3,700	2,301	971	3272	366	62	428
	Jul	3,667	2,261	954	3215	371	81	452
	Aug	3,673	2,311	903	3214	374	85	459
	Sep	3,804	2,391	956	3347	377	80	457
	Oct	3,878	2,440	980	3420	387	71	458
	Nov	3,893	2,472	961	3433	388	72	460
	Dec	3,891	2,535	895	3430	391	70	461
1999	Jan	3,890	2,592	832	3424	400	66	466
	Feb	4,035	2,616	953	3569	403	63	466
	Mar	4,037	2,678	893	3571	417	49	466
	Apr	4,073	2,704	904	3608	416	49	465
	May	4,086	2,716	906	3622	416	48	464
	Jun	4,083	2,747	872	3619	418	46	464
	Jul	4,075	2,801	810	3611	421	43	464
	Aug	4,071	2,798	810	3608	427	36	463
	Sep	4,060	2,788	808	3596	455	9	464
	Oct	4,056	2,780	808	3588	456	12	468
	Nov	4,054	2,779	807	3586	457	11	468
	Dec	4,031	2,835	727	3562	458	11	469

Pacific Maritime Association - Research Department

Number of Archive Registrants

Local 13 - Los Angeles/Long Beach Longshore

January, 1995 through January, 2008

(Counts reflect active registrants on last day of month.)

Year	Month	Total Local	Longshore		Mechanics			
			A	B	Total	A	B	Total
2000	Jan	4,037	2,862	701	3563	463	11	474
	Feb	4,025	2,856	695	3551	463	11	474
	Mar	4,090	2,818	807	3625	452	13	465
	Apr	4,091	2,911	715	3626	452	13	465
	May	4,187	2,908	815	3723	451	13	464
	Jun	4,333	2,899	965	3864	449	20	469
	Jul	4,323	2,893	960	3853	448	22	470
	Aug	4,333	2,949	914	3863	448	22	470
	Sep	4,336	3,010	844	3854	449	33	482
	Oct	4,324	3,004	837	3841	452	31	483
	Nov	4,327	3,008	832	3840	452	35	487
	Dec	4,364	3,077	788	3865	452	47	499
2001	Jan	4,408	3,140	769	3909	458	41	499
	Feb	4,402	3,190	713	3903	458	41	499
	Mar	4,452	3,198	754	3952	456	44	500
	Apr	4,527	3,206	819	4025	453	49	502
	May	4,538	3,208	819	4027	453	58	511
	Jun	4,545	3,211	823	4034	460	51	511
	Jul	4,548	3,235	797	4032	458	58	516
	Aug	4,542	3,237	789	4026	460	56	516
	Sep	4,545	3,241	781	4022	469	54	523
	Oct	4,544	3,248	773	4021	473	50	523
	Nov	4,543	3,250	770	4020	477	46	523
	Dec	4,539	3,251	763	4014	476	49	525
2002	Jan	4,539	3,260	757	4017	473	49	522
	Feb	4,534	3,254	759	4013	485	36	521
	Mar	4,512	3,237	756	3993	483	36	519
	Apr	4,488	3,218	752	3970	486	32	518
	May	4,486	3,217	751	3968	486	32	518
	Jun	4,481	3,216	748	3964	490	27	517
	Jul	4,472	3,257	695	3952	490	30	520
	Aug	4,466	3,313	633	3946	507	13	520
	Sep	4,459	3,364	575	3939	507	13	520
	Oct	4,455	3,424	510	3934	508	13	521
	Nov	4,493	3,489	445	3934	508	51	559
	Dec	4,488	3,488	441	3929	518	41	559
2003	Jan	4,737	3,497	681	4178	518	41	559
	Feb	4,730	3,556	615	4171	518	41	559
	Mar	4,796	3,592	598	4190	517	89	606
	Apr	4,849	3,592	651	4243	517	89	606
	May	4,962	3,601	755	4356	517	89	606
	Jun	5,093	3,596	891	4487	517	89	606
	Jul	5,111	3,592	889	4481	518	112	630
	Aug	5,122	3,655	820	4475	521	126	647
	Sep	5,129	3,650	812	4462	521	146	667
	Oct	5,135	3,618	869	4487	502	146	648
	Nov	5,181	3,562	972	4534	501	146	647
	Dec	5,218	3,558	1,001	4559	538	121	659
2004	Jan	5,208	3,589	960	4549	535	124	659
	Feb	5,195	3,576	960	4536	535	124	659
	Mar	5,184	3,625	900	4525	535	124	659
	Apr	5,265	3,630	978	4608	581	76	657
	May	5,315	3,627	1,032	4659	580	76	656
	Jun	5,391	3,612	1,123	4735	581	75	656
	Jul	5,414	3,588	1,180	4768	571	75	646
	Aug	5,503	3,561	1,299	4860	568	75	643
	Sep	5,801	3,546	1,612	5158	609	34	643
	Oct	6,518	3,733	2,143	5876	627	15	642
	Nov	6,777	3,810	2,317	6127	639	11	650
	Dec	6,980	3,936	2,403	6339	629	12	641

San Francisco Chronicle

CONTACT US

▶ Ken Howe,
Business Editor
business@sfrchronicle.com
(415) 777-8440

ONLINE

▶ sfgate.com/business

SECTION
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Sunday,
February 5, 2006

BUSINESS

A sea change in shipping

50 years ago,
container ships
altered the world

By George Raine
CHRONICLE STAFF WRITER

Globalization is having an anniversary. It was 50 years ago that Malcom McLean, an entrepreneur from North Carolina, loaded a ship with 58 35-foot containers and sailed from Newark, N.J., to Houston.

He wasn't the only one to suggest that containers might make shipping more efficient. But he was the first to design a transportation system around the packaging of cargo in huge metal boxes that could be loaded and unloaded by cranes.

Container shipping eventually replaced the traditional "break-bulk" method of handling crates, barrels and bags, and stowing them loose in a ship's hold, a system in use since the days of the Phoenicians. Replacing break-bulk with cargo containers dramatically reduced shipping costs, reinvigorating markets and fueling the world economy.

McLean, who died in 2001 at 87, shares the credit with the Bay Area's Matson Navigation Co., a longtime force in Pacific shipping. Two years after McLean loaded his ship, the Ideal-X, Matson's Hawaiian Merchant inaugurated container shipping in the Pacific, carrying 20 24-foot-long cargo holders from Alameda to Honolulu.

The world took note of McLean's Sealand operation in the Atlantic and Matson in the Pacific, and containerization began to take hold.

In 1959, according to Matson research, the industry was loading and unloading 0.627 tons per man hour. By 1976, with container shipping well established, the figure was 4,234 tons per man hour. A ship's time in port shrank from three weeks to 18 hours.

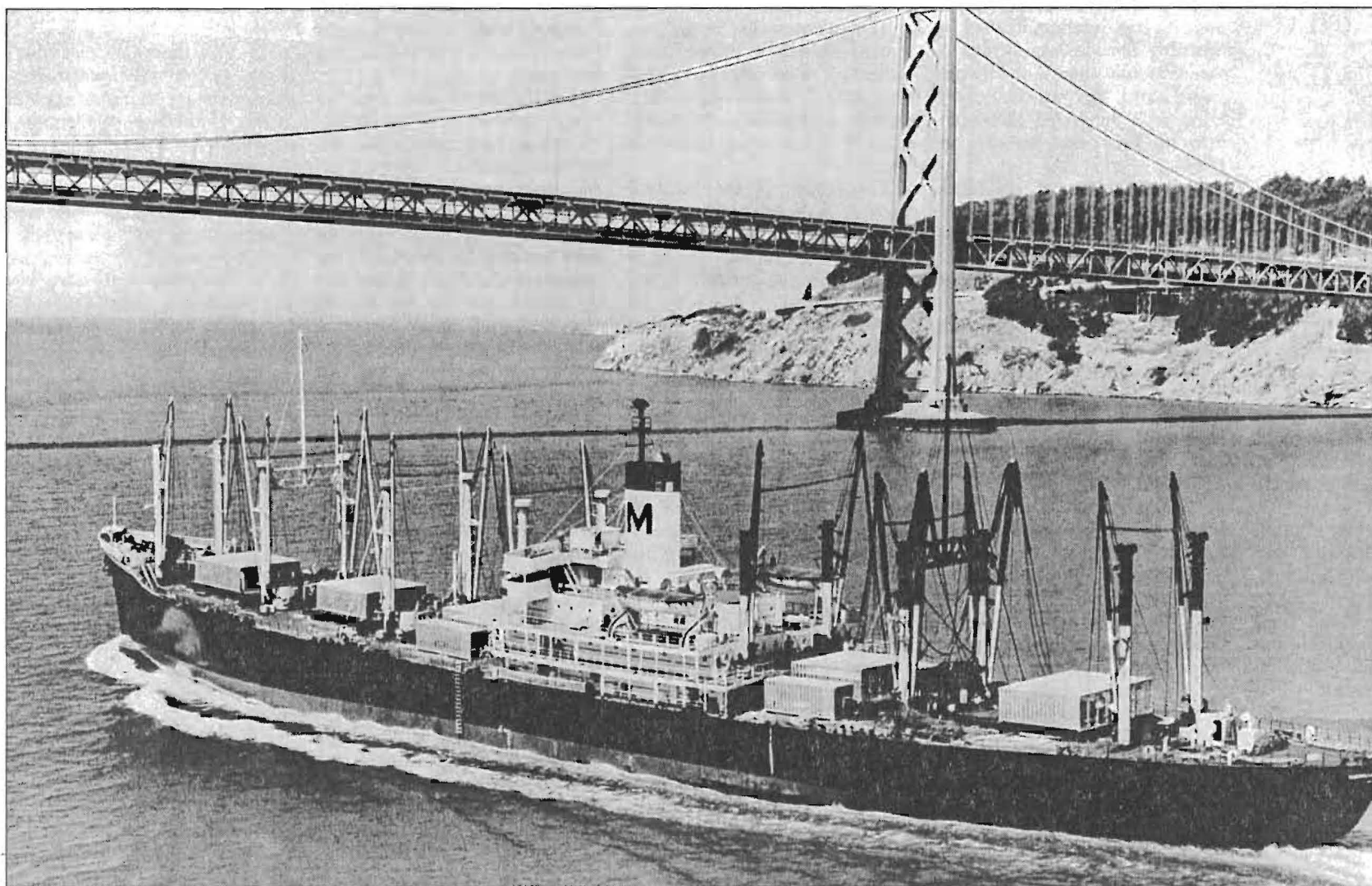
In 1950, an average commercial vessel could carry 10,000 tons at a speed of 16 knots. With container shipping, the average commercial vessel carried 40,000 tons at a speed of 23 knots, Matson says.

The numbers are even larger today. A vessel capable of carrying 6,600 20-foot containers can carry 77,000 tons at up to 24.8 knots.

"Containerization has transformed global trade in manufactured goods as dramatically as jet planes have changed the way we travel and the Internet has changed the way we communicate," said Joseph Bonney, editor of the Journal of Commerce, the bible of the shipping industry. "The Asian economic miracle of the last two decades could not have happened without the efficient transportation that containerized shipping provides."

The new transport technology brought

▶ **CARGO:** Page 13



The Hawaiian Merchant leaves San Francisco Bay on Aug. 31, 1958, with 20 24-foot containers on its deck. The Matson ship inaugurated container shipping in the Pacific.

Matson Navigation Co. photos

Container shipping changed global

San Francisco Chronicle J3

trade

► CARGO

From Page J1

enormous change to the Bay Area.

San Francisco was the major port that fed the Gold Rush and the growth of the West. It dominated cargo handling from the 1880s to the 1960s. But the port didn't have space for container yards or an extensive rail system, nor the will to accommodate the inevitable. Nearly all cargo activity moved to the Port of Oakland, leaving San Francisco with only a small amount of bulk business, such as newsprint, and specialty niches, such as the lucrative cruise ship business.

Waterfront legend has it that at a meeting of a trade association in the early 1960s, a Port of San Francisco official said, "We're going to let Oakland have the containers and we'll focus on traditional break-bulk shipping."

San Francisco officials are often asked why they let it slip away, but, officially, there are few regrets. "It was more commercial natural selection than any action or inaction," said Peter Dailey, maritime director at the Port of San Francisco.

Before the move to Oakland, cargo was worked on the finger piers of the city's northern waterfront. Former Mayor Diane Feinstein led an effort to establish major cargo operations on the southern waterfront at Pier 80 and Piers 94-96 and signed two Chinese companies, Evergreen and Cosco. They remained for 10 years, but moved to Oakland in the mid-1990s.

"They required more infrastructure, more rail. They needed bigger, better," Dailey said.

Two books are to be published in April around the anniversary of McLean's sailing. One, by Bonney of the Journal of Commerce and

Arthur Donovan, a maritime historian, is called "The Box That Changed the World." The other is by economist Marc Levinson, titled "The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger."

They describe the sweeping change to a world of lower shipping costs.

Both tell the story of McLean, who began his McLean Trucking Co. in North Carolina with a single vehicle in March 1934 and went on to make a fortune. He told people that the container shipping concept came to him early in his career when he had to cool his heels at Hoboken, N.J., waiting his turn to load bales of cotton on a ship. He realized it would save time and money if he could simply load his trailer onto a ship. He decided to get into the shipping business.

To comply with regulatory requirements, McLean had to sell his trucking company before acquiring Pan-Atlantic Steamship Corp. in the mid-1950s, which he bought for its coastal shipping rights, according to Bonney. He then bought two World War II tankers — including the Ideal-X, built in 1945 at the Marion Shipyard in Sausalito and used to launch the container venture in 1956. He began carrying containers along the East Coast.

Pan-Atlantic became Sea-Land Service in 1960. Its international services were sold to Maersk in 1999 and the combined company was named Maersk Sealand. The former Sea-Land's domestic services in Hawaii, Guam, Alaska and Puerto Rico now operate as Horizon Lines.

Matson, long based in San Francisco but now in Oakland, as early as 1954 was seeking improvements in cargo transportation and distribution.

Its solution was a lift-on, lift-off program in which a gantry crane hoists containers, replacing the use of a wheeled chassis to transport loose cargo on and off vessels.

"Of the many milestones in Matson's 124-year history, containerization is clearly one of the company's most significant achievements," said James Andrasick, its president and chief executive.

It wasn't an overnight sensation

in the industry, however. Matson's cautious directors had qualms about spending a lot of money on a system that was unproven. Break-bulk shipping was not broken by the majority believed. Longshoremen wanted to protect their jobs.

In 1961, the Pacific Maritime Association, which negotiates labor agreements on behalf of shipping companies, reached a "mechanization and modernization" agreement with the International Longshore and Warehouse Union. In exchange for a large contribution to the workers' retirement fund and other benefits, employers were able to introduce new methods, containerization among them.

The cooperation of Harry Bridges, the near-legendary ILWU president from 1937 to 1977, was critical. "We should accept mechanization and start making it work for us, not against us," he said.

Cleophas Williams, an 82-year-old retired longshoreman from Oakland, remembers Bridges coming to the docks in 1957 or 1958 saying that employers were going to press to reduce workers' numbers. Machines were coming to replace dock workers that would keep them live longer," Bridges

said.

"He was wise enough to know that things were not going to remain the same, but he was caught in the vortex of struggle between people on the left and right who wanted to keep things as they were," Williams said.

Williams had his doubts, but in the long run sided with Bridges, partly because of his memories of his first day on the docks at San Francisco's Pier 23 on Feb. 15, 1944. For 10 hours, he carried 135-pound sacks of coffee off a Swedish cargo ship. He wrote in his journal, "This is the hardest work in San Francisco."

Another milestone for container shipping occurred in Vietnam, Levinson writes. During the rapid troop build-up of 1965, the military was flummoxed with the problems of getting supplies to the war zone with only one primitive port on the Saigon River and a partially functioning railroad.

The Pentagon asked the shipping industry for proposals. McLean pushed containers and got a \$70 million contract in March 1967. The military, "hesitant to adopt container technology, now became its greatest advocate," according to Levinson.

As containerization gained ac-

"We should accept mechanization and start making it work for us, not against us."

HARRY BRIDGES
longtime ILWU leader

ceptance, the Port of Oakland, once mudflats that cargo ship captains eschewed, was experiencing enormous growth.

In 1965, under the leadership of longtime chief executive Ben Nutter, Oakland built the 140-acre Seventh Street Terminal to handle containers. The project got done despite opposition to filling San Francisco Bay, and a lack of funding and customers.

Matson moved to Oakland in 1966 after San Francisco said it wouldn't build a container terminal. It was followed by Johnson Lines and Sea-Land. For a time, Oakland was the world's third-largest container port after London and New York. It's now the fourth largest in the United States, after Los Angeles, Long Beach and

the combined port of New York and New Jersey.

Oakland had annual cargo of 2.5 million tons in 1962. It was 4 million in 1968 — the year Nutter persuaded six Japanese steamship companies to come to Oakland. By 1972, it was up to 6.5 million.

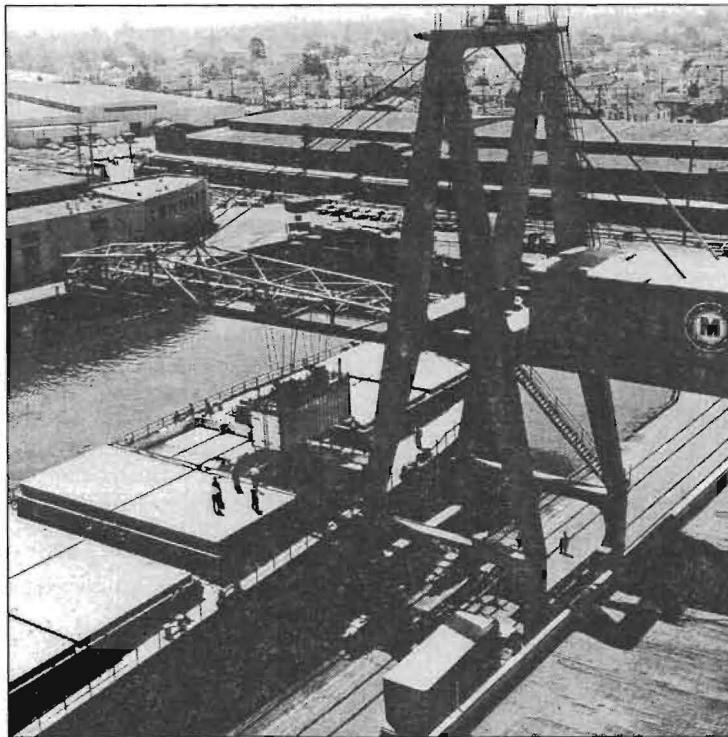
Volume is measured now in TEUs, or 20-foot-equivalent units, equal to a box 20 feet long, 8 feet wide and 8½ feet high. In 2005, there were 2.27 million TEUs moved at the port, compared with 2.05 million in 2004 — an 11 percent increase.

With world trade booming, cargo from Asia is expected to double at the major West Coast ports by 2020, according to the Pacific Maritime Association.

Cheap shipping, fueled by containerization, is remaking the world.

"Those who had no wish to go international, who sought only to serve their local clientele, learned that they had no choice," Levinson noted. "Like it or not, they were competing globally because the global market was coming to them."

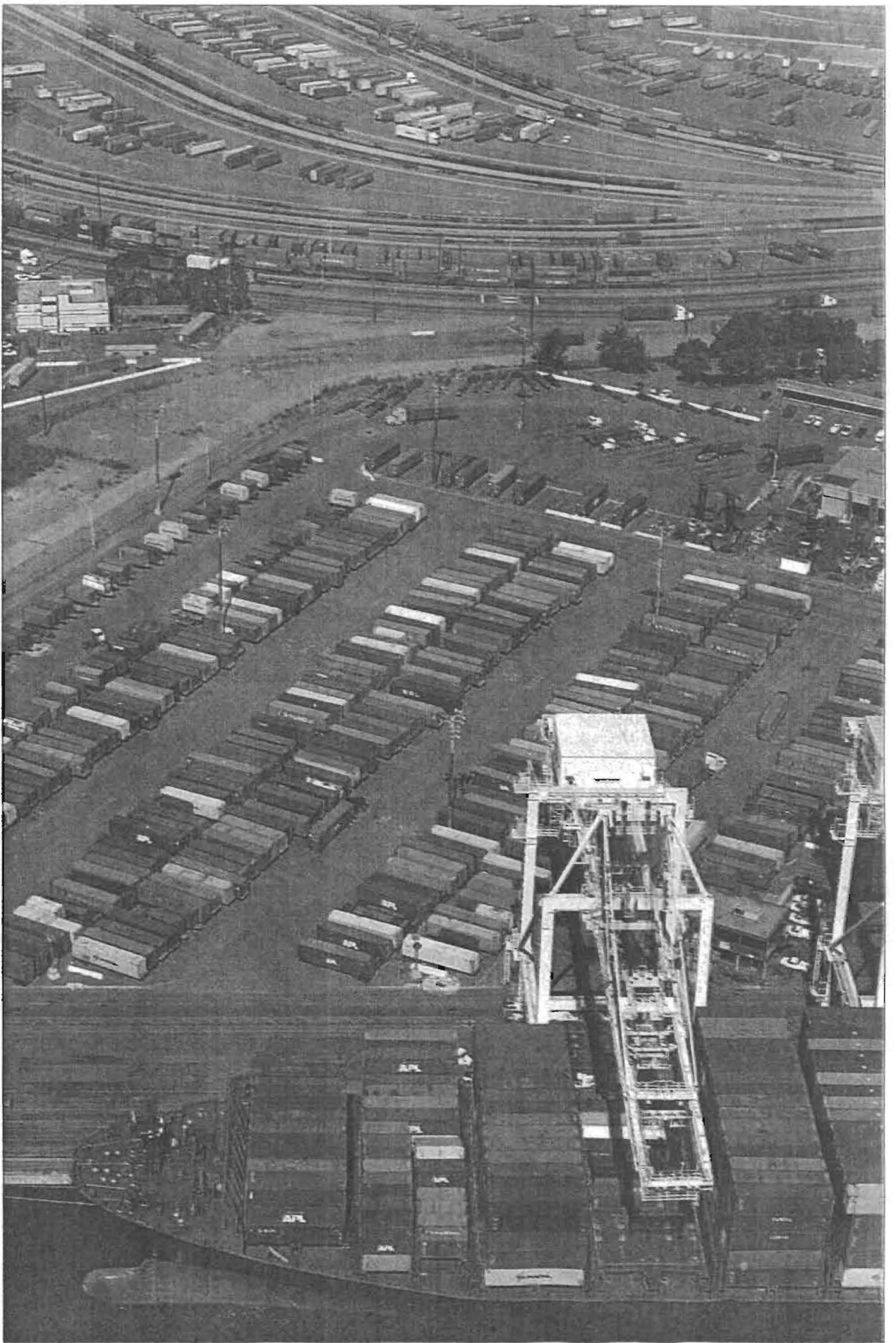
E-mail George Raine at
graine@sfchroicle.com



An A-frame gantry crane, the world's first, was developed by Matson and installed at the Encinal Terminal in Alameda in 1959.



Matson, founded in San Francisco but now based in Oakland, developed a container freight system that includes trucks, trains and ships.



KAT WADE / The Chronicle 2005

Hundreds of cargo containers are unloaded from a ship docked at the Port of Oakland, the fourth-busiest in the nation.



Matson Log

Matson Navigation Company
A wholly-owned subsidiary of Alexander & Baldwin, Inc.

Spring 1998

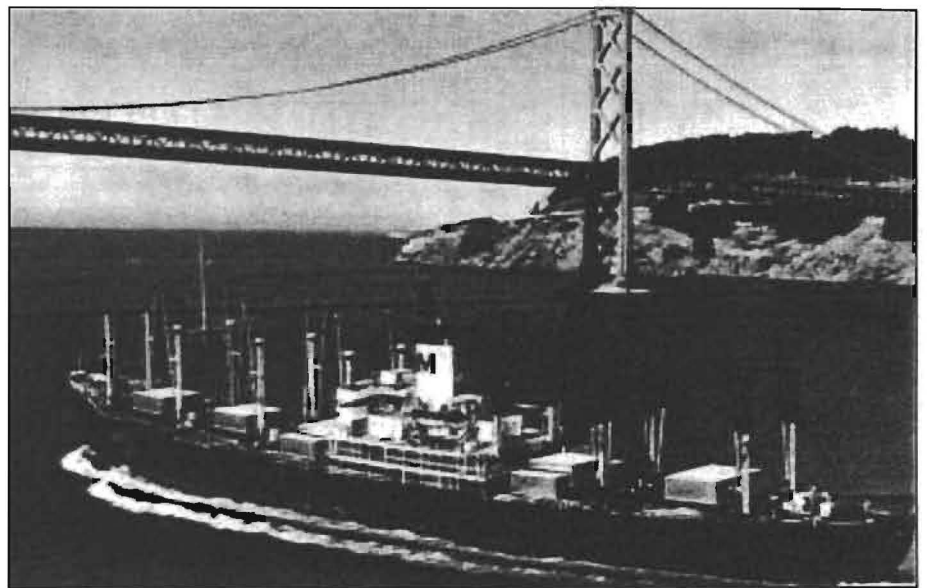
Vol. XXV, No. 1

Matson Celebrates 40 Years of Containerization

The Innovation That Revolutionized Pacific Shipping

When the S.S. *Hawaiian Merchant* departed San Francisco Bay on August 31, 1958 carrying 20 24-foot containers on deck, it marked the beginning of an ambitious containerization program that Matson Navigation Company believed would achieve significant gains in productivity and efficiency from the age-old methods of break-bulk cargo handling. Time has proven that the voyage actually marked the beginning of a revolutionary change in Pacific shipping – one seen today as this century's most important innovation in ocean transportation. The container revolution that was led by Malcom McLean's Sea-Land in the Atlantic in 1956 and Matson in the Pacific in 1958 made waves that reverberated in the transportation industry worldwide.

While McLean's trucking experience resulted in his development of a "box" system for freight shipped off the East Coast, Matson developed a container freight system for Hawaii that was the product of years of careful research. Research activity commenced in 1954 with a goal of improving cargo transportation and distribution systems. Studies showed that almost half of total transportation costs were directly associated with cargo handling during ship loading and discharging operations. In 1956, Matson established an in-



S.S. *Hawaiian Merchant* departs San Francisco Bay on August 31, 1958 with 20 24-foot containers on deck.

house research department, first of its kind in the industry, to develop a new system of handling, gathering and distributing cargo – a process that had changed very little since the time of the Phoenicians. Foster Weldon, formerly division chief in the Operations Research Office of Johns Hopkins University, was hired to head the team.

Stanley Powell, Jr., who served as president of Matson from 1962 to 1970, was directly involved in the research activities and, in 1967, summarized its focus: "Early in the

research effort a very important thing became apparent: a total system approach was essential. It would do no good to improve the productivity of the ocean part of the transportation system if the improvement resulted in offsetting cost increases in the rest of the distribution system. In order to design the optimum system, transportation and distribution had to be studied as a whole starting with the origin of goods in the factory all the way to point where they were consumed...Rail haul, movement by

continued on page 2



On June 11, the Hawaii Convention Center officially opened its doors to visitors. Matson's role as the recommended carrier for the construction materials for this \$350 million modern, state-of-the-art meeting facility gave us a unique appreciation for all of the work that made this massive effort possible. The result is awesome. It is a first class convention center that actually has the feel of Hawaii, complete with waterfalls, tropical plants and flowers, murals, and a rooftop lanai. Unlike many convention centers I've encountered, the Hawaii Convention Center has lots of open space with windows that look out at our beautiful mountains and valleys - as well as the bustling activities of the restaurants and hotels of Waikiki, which are just a few steps away.

Matson's relationship with the Center has not ended with the completion of the construction. We have already begun working with planners in arranging shipments of exhibit materials for upcoming meetings and conventions. Matson will ensure that the process is simple and cost effective - as easy booking a hotel room. We are joining a wide range of Hawaii businesses in doing our part to ensure the Center attracts the projected 800,000 visitors a year. With this new, modern facility, Oahu will more than ever live up to its reputation as "the gathering place."

Gary Y. Nakamatsu
Assistant Vice President
General Manager Sales — Hawaii

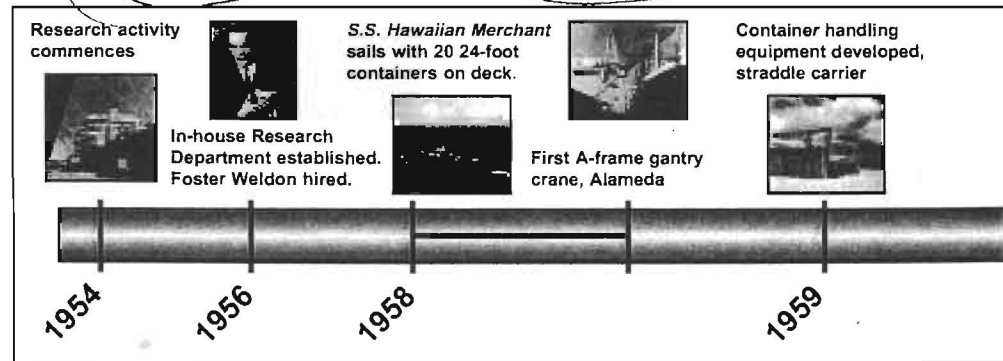
trucks, shippers plant site problems, problems of in-city delivery, over the road weight limits, cargo densities, shippers shipping habits, etc. were considered before building our first containers in 1958."

After more than a year of research, a lift-on, lift-off container program was recommended, with implementation in two phases. First, partial conversion of several conventional C-3 freighters to enable them to carry containers on deck, with shore-side gantry cranes to be installed at Matson's terminals in harbors of San Francisco, Honolulu and Los Angeles. The second phase called for conversion of vessels to complete cellular container ships and expansion of the service to the Pacific Northwest. Six ships were selected for conversion, and the shoreside equipment was ordered, much of it designed by the company's engineering staff, including the huge A-frame gantry cranes that became the prototypes of container cranes seen today in ports worldwide. Other shoreside innovations included the first transtainer by Paceco and the first van carrier in the world by Clark Ross - both developed to meet Matson specifications.

Equally important to the successful implementation of the program was the cooperation of management and labor in adopting a new automated method of handling cargo on the waterfront. Matson Chairman Emeritus R. J. Pfeiffer was a member of the Pacific Maritime Association Pacific Coast Steering Committee

that reached the historic "Mechanization and Modernization" ("M and M") agreement in 1960 and recalls: "The key to the continued development of containerization in the Pacific was the celebrated 'M and M' agreement, between the PMA, representing the employers, and the International Longshoremen's and Warehousemen's Union, headed by Harry Bridges. The longshoremen, understandably, did not want to give up the jobs which the system was designed to eliminate. The employers agreed to certain guarantees against layoffs for regular longshoremen, with a weekly minimum guarantee of wages and substantial annual payments to the union's retirement fund. In exchange, the employers were allowed to change work procedures in order to establish containerization. The work force was to be kept on an even keel by not replacing retiring veterans until more men were actually needed. But the docks were so busy when containers began to move in greater numbers that no dock workers were displaced and additional longshoremen soon were required. It proved to be a classic case of two sides with different objectives getting together for mutual benefit."

As a result of the "M and M" agreement, productivity soared. In 1959, the industry was loading and unloading 163 tons per man hour. By 1976, with containerization the norm on the West Coast, the number had changed to 4,234 tons per man hour. Offshore, similar gains were realized.



In 1950, an average commercial vessel could carry 10,000 tons at a speed of 16 knots. Following the development of containerization, the average commercial vessel carried 40,000 tons at a speed of 23 knots. These facts combined resulted in an ocean transportation system that required less time in port (reduced from three weeks in port to 18 hours), faster transit times and increased capacity requiring fewer vessels and labor. And while the high costs of capital investments associated with containerization did not deliver immediate financial benefits, by 1967 the system proved to be a boon to all parties involved. Customers' costs were reduced. Distribution savings were realized. And Matson's operation was profitable.

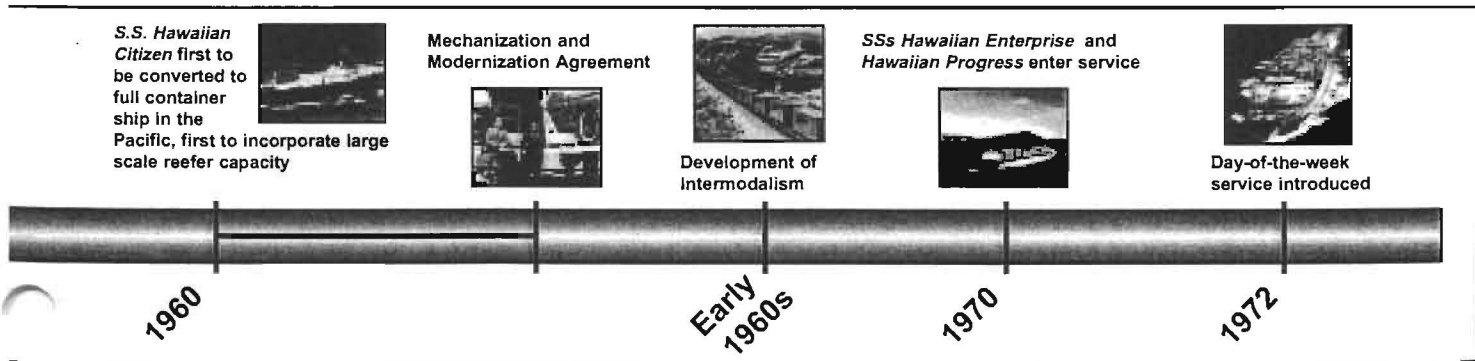
The transformation of the Matson fleet from break bulk to container vessels was a gradual, but steady process. In 1960, the *S.S. Hawaiian Citizen* became the first vessel to be converted to a full containership in the Pacific and was the first to incorporate a large-scale reefer container capacity into the company's regular container service. While other vessels were converted in the early 1960s, construction on the first container ship in the world to be built from the keel up commenced in 1967, from a design developed by Matson's own naval architects. That vessel, the *S.S. Hawaiian Enterprise*, and its sistership, the *S.S. Hawaiian Progress*, entered service in 1970 and marked the beginning of a new generation of container ships. From 1967 to 1972 the industry experienced an explosive five-year

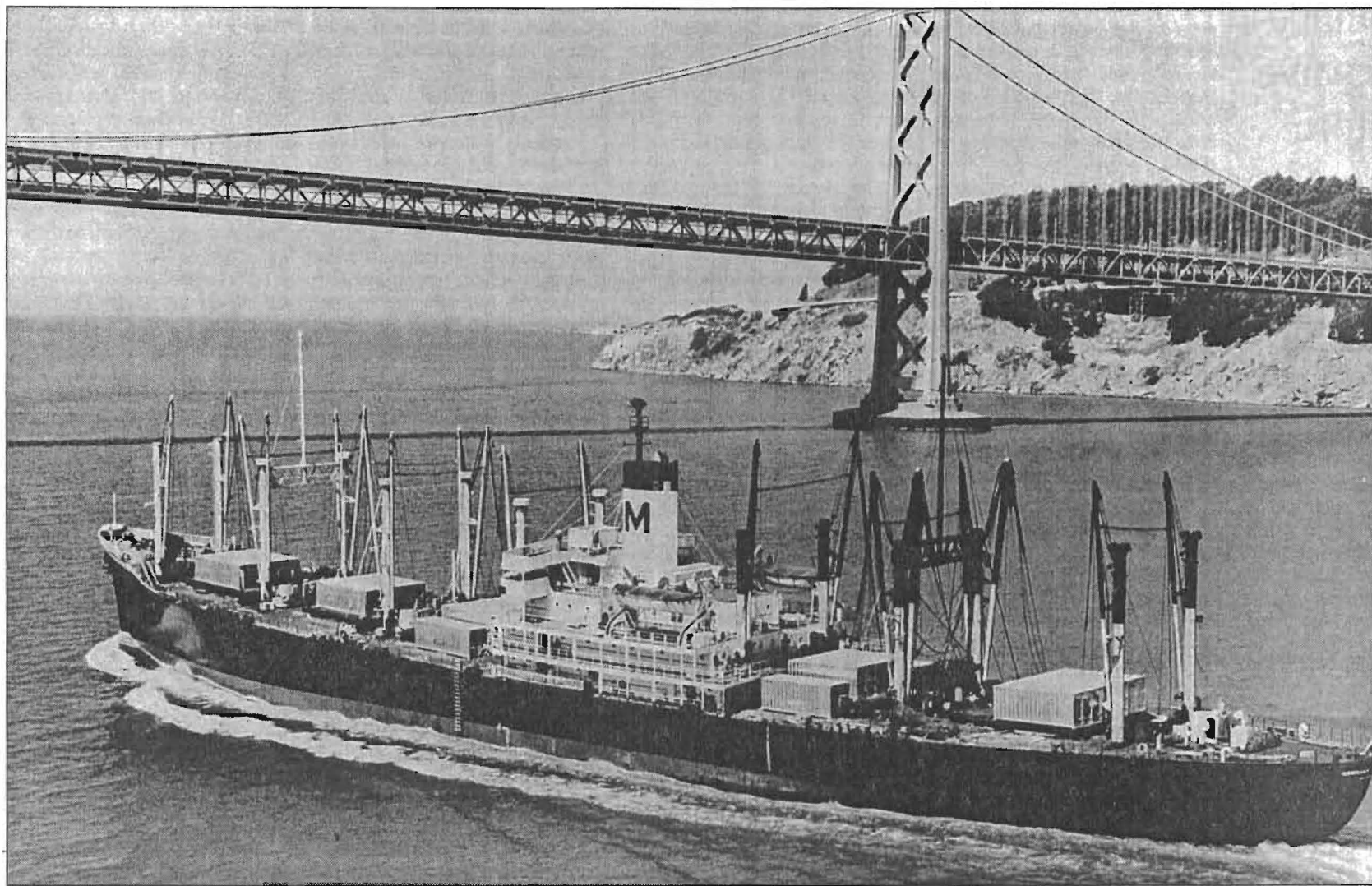
growth of containerization, which resulted in a tenfold increase in cumulative world seagoing container capacity. Equally important, the volume of container cargo moving on U.S. railroads soared. Union Pacific reported in 1965 that for Matson alone the railroad handled about 27,000 tons of container cargo. The volume continued to escalate, with 734 containers a month handled during the second quarter of 1966, and 1,538 containers a month handled during the last quarter of the year. Intermodalism had taken hold.

Furthering the objectives of Matson's containerization program, the company developed an Integrated Distribution Plan in 1971, in response to a study conducted by the State of Hawaii that revealed the state's high cost of living, long attributed to shipping costs, was primarily a result of high inventory costs. In 1972, a day-of-the-week service was designed specifically to reduce Hawaii's inventory levels. Grocers who had traditionally maintained 30 to 60 days inventories in warehouses began to rely on Mainland distribution centers for their inventories. With inventories reflecting Matson's service frequency, the company's services expanded from simply transporting goods from port to port to maintaining vessel schedules that customers could use confidently as part of their supply system. Matson's reputation for punctual, on-time arrivals, provided Hawaii with a "just in time" service, before the term had even been coined.

Clearly no other state in the nation is more dependent on ocean transportation than Hawaii and thus, it is unlikely any other economy realized the full potential of the breakthrough containerization delivered more the Islands. In the decade that followed the Hawaiian Merchant's historic voyage 40 years ago, a transportation system emerged unlike any before - and one that became a model for carriers worldwide.

"Of the many milestones in Matson's 116-year history, containerization is clearly one of the company's most significant achievements," says Matson President and Chief Executive Officer C. Bradley Mulholland. "Matson's strategic intent 'to be the premier transportation and logistics provider in the domestic intermodal market' is deeply rooted in the accomplishments set forth by those at Matson who forged ahead with containerization, intermodalism and 'just-in-time' delivery. Matson is proud and gratified by the success of the containerization system it pioneered in the Pacific 40 years ago. Its benefits to Matson, customers, labor and all others involved in waterborne commerce in the Pacific have been far greater than anyone predicted. The innovative and courageous spirit of the individuals who put this system in place has provided a road map for our future and set standards of excellence that will guide and inspire our employees today and tomorrow."





The Hawaiian Merchant leaves San Francisco Bay on Aug. 31, 1958, with 20 24-foot containers on its deck. The Matson ship inaugurated container shipping in the Pacific.

Matson Navigation Co. photos

Longshoremen prosper by keeping up with technology

Wednesday, July 26, 2006
The Wall Street Journal

CHARLESTON, S.C. -- Neat rows of new BMW Z4 Roadsters at the Union Pier Terminal here awaited longshoremen to drive them onto cargo ships one recent morning. Last year, the German auto maker exported some 75,000 vehicles through this terminal and imported 112,000. That may not be good news for unionized workers in the auto industry, but it is terrific news for the longshoremen.

The global economy has shipped overseas hundreds of thousands of union jobs from apparel to auto parts. Their employers, buffeted by lower-cost foreign competitors, are slashing expenses and workers.

But the longshoremen are thriving. The 100,000 members of the two longshoremen unions handle nearly every product or shipping container that enters or leaves a U.S. port. They usually get compensated even for those they don't touch. With average salaries topping \$120,000 a year, longshoremen are the highest-paid blue-collar workers in the U.S., according to labor experts.

Over the past century, work on the docks has been transformed by such changes as the move to put cargo in standard-size containers and high-tech tracking systems. But the longshoremen's unions -- the International Longshoremen's Association on the East and Gulf coasts and the International Longshore and Warehouse Union on the West Coast -- have expanded their power. That is partly because the unions aggressively guard their position at the chokepoint of global trade. They have also shrewdly turned technological change to their advantage and formed powerful alliances with affiliated unions, such as the truckers who carry goods to and from docks.

The international scope of their business and the shipping lines whose goods they handle forced them to think beyond individual ports long before people were talking about a national economy, let alone a world-wide one. Now, some of their methods are being viewed by labor leaders as a potential roadmap to re-energize other unions.

"The lesson we learned when there was a national economy is you can't organize one Ford plant, you have to organize the whole company. Now we're seeing that transfer to the global economy," says Andy Stern, president of the Service Employees International Union, who has been pushing the idea of partnerships among workers in different countries as a way to bolster the waning clout of U.S. unions. "The longshoremen were way ahead of their time."

Mr. Stern's union, whose members include health-care and building-maintenance workers, has set up operations in 10 countries outside the U.S. and is funding joint labor drives with overseas partners, since most large companies are now global operations.

With goods flowing in and out of the U.S. totaling about \$3 trillion last year, dockworkers are a vital cog in the engine of global trade. On the West Coast, which

handles rising trade from Asia, ports handled more than 20 million containers (both loaded and empty) in 2005, more than twice as many as a decade earlier, and that number continues to rise. A work stoppage or even a slowdown on the U.S. docks could have ripple effects around the globe within weeks.

A glimpse of that was evident in October 2002 when the Pacific Maritime Association, which represents shippers and terminal operators, locked the longshoremen out of its 29 ports on the West Coast for 10 days amid faltering contract negotiations. Economists estimate the lockout cost the U.S. economy about \$1 billion a day as ships idled offshore and trucks were backed up for miles on land.

"It took only four days before automobile plants were shutting down because just-in-time shipment of parts had exhausted themselves," says David Olson, a professor of political science at the University of Washington who specializes in the history of the longshoremen.

The lockout left the longshoremen in a stronger position than ever. The ports won the right to implement new technology, such as new software for designing how containers are filled and global-positioning-satellite-system technology for tracking cargo. But the longshoremen got the right to run that technology, with no loss of jobs other than through attrition.

The longshoremen's power is sure to be tested as shipping lines further consolidate and big retailers like Wal-Mart Stores Inc. continue to push for cost cuts in their supply systems. Nonunion ports, especially in Mexico and in states like South Carolina with laws that limit union power, are trying to pick up more cargo from Asia. Kansas City Southern Railway has assembled a rail line from Mexico's port of Lazaro Cardenas to Midwest that major importers have expressed interest in using, according to a study by the University of California, Berkeley.

Another potential problem: The ILA is being threatened with possible federal oversight because of alleged affiliation with organized crime. Federal prosecutors in New York have filed a civil racketeering case against some senior union officials, naming the ILA itself as a nominal defendant. Howard W. Goldstein, an attorney for the union, which is seeking to have the case dismissed, said the ILA has taken steps to ensure that organized crime or any wrongdoing is addressed by an internal system.

Still, labor and economic experts say cutting out the union-dominated U.S. ports would prove difficult and that much of the development south of the border is due to backups at West Coast ports caused by the enormous flow of goods. Also, the longshoremen have prevented nonunion U.S. ports from landing lucrative work unloading shipping containers: Shippers that sign master contracts with the longshoremen aren't allowed to use nonunion workers without obtaining clearance from the union.

According to the Pacific Maritime Association, average earnings for full-time longshoremen working 2,000 hours a year are \$123,464. Foremen make about \$192,463. By comparison, the Center for Automotive Research estimates the average United Auto Workers member at one of the Big Three earns about \$74,500 a year, based on 2,000 hours of work.

Applicants -- even college graduates -- are clamoring for these longshore jobs. When Port of Los Angeles needed to fill 3,000 jobs in August 2004, more than 300,000 people applied for the positions, which were awarded via lottery.

Some workers find the docks are an improvement over their professional careers. Marquette Map, 35 years old, was laid off from his engineering job at telecom company Nortel Networks Corp. in Atlanta. His father-in-law helped him get a longshoreman's job in Charleston. Now, he says, he makes more than he used to, and his hours are flexible enough to allow him to pick up his children from school.

For many, the image of a longshoreman, made famous in the 1954 film "On the Waterfront" starring Marlon Brando, is that of a rough-and-tumble, brawny man with a limited education. Back then, these jobs involved back-breaking work -- lifting 250-pound bags of coffee or moving 500-pound rolls of paper while avoiding being crushed.

Alonzo Grant, a 65-year-old longshoremen with 38 years on the Charleston docks, remembers the difficulty of moving bananas. "They'd come in on a whole stalk that you'd need two men to lift," says Mr. Grant, noting it had to be done without bruising the fruit.

Now, the longshoremen rarely move individual items -- just the containers that have revolutionized the shipping industry. The containers, 20- or 40-feet long and loaded with everything from socks to refrigerators, are moved using massive cranes. They were first introduced at the Port of Newark in New Jersey in 1958, and the longshoremen immediately identified them as a threat. Suddenly, the work of 21 men could be done by six.

In November of that year, the ILA began boycotting all ships carrying containers. It was largely a symbolic gesture, given that few such vessels existed. But the message was clear: The longshoremen wouldn't accept the introduction of containers without a fight.

An interim truce was reached in December, and a year later a plan was set in motion that would financially compensate the union for all container traffic. The container-royalty fee, as it became known, endures and assesses a \$3-per-ton levy on containers coming into port, up to a certain tonnage cap. Last year, ILA members with seniority in Charleston, for example, each received a check for \$16,500.

Even so, the issue of mechanization led the ILA to strike in 1962 and 1964, leading to a landmark contract that further bolstered the union's safeguards. In exchange for agreeing to work with containers and the massive cranes that move them, the ILA extracted unprecedented promises on job security and guaranteed pay.

"The container came at a time when everyone in America was concerned about automation, not just on the docks," says Marc Levinson, author of "The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger." "The thing that was unusual about the longshoremen was that they got compensation for the loss of their jobs, which most people in the economy did not."

For shipping companies and port operators, such concessions were a small price to pay for the increased productivity containers would bring.

At the time, the West Coast was already doing something the East Coast longshoremen didn't adopt until the 1980s: negotiating master contracts that cover the union's whole territory. Doing so provided enormous leverage in negotiations and

thwarted efforts by shipping lines to play one port off another on fees. By signing the master contracts, shippers essentially agreed not to call on any nonunion ports, under threat of a strike by the longshoremen.

Some basic realities of the job have helped strengthen the position of the longshoremen as well. The job, while not as physically demanding as it once was, is still dangerous, exposes workers to the elements and requires experienced operators for the heavy equipment. That makes it difficult to replace them during a strike or lockout.

Today's cranes are some 10 stories tall, with an operator sitting inside a glass-enclosed bubble that hangs down from a metal rafter. Using a joystick, the operators shuffle the huge containers like Lego pieces. "On a windy day, the wind will take the crane and start moving it," says Louis Cavana, an 18-year veteran of the Red Hook Terminal in Brooklyn. "If the boom hits the ship, it could collapse." Cranes usually have to be shut down when winds exceed 50 mph, he says.

The longshoremen can count on the support of other unions in contract talks. During the contentious 2002 negotiations between the ILWU and the Pacific Maritime Association, representatives from other unions flew to California to sit in on meetings and attend rallies. At one meeting, James Hoffa Jr., general president of the International Brotherhood of Teamsters, said, "If you pick a fight with the ILWU, you're picking a fight with the Teamsters. Just so you know."

International connections also proved pivotal in a 1999 fight in Charleston between the union and Nordana, a Danish shipping line that sought to shift its work to cheaper, nonunion labor after 23 years of working with the ILA. South Carolina, a right-to-work state, also has nonunion ports.

ILA members picketed Nordana's ships when they pulled in to shore. During one incident in January 2000, hundreds of state police officers turned out to end the boycott, and a melee broke out near one of the docks.

Five longshoremen were arrested for inciting a riot. Dubbed "the Charleston Five," they became a rallying symbol for workers at other ports who believed Nordana was trying to break the union's stronghold.

When longshoremen in Spain refused to offload Nordana ships that had been loaded by nonunion laborers in the U.S., Nordana folded and renegotiated its contract with the ILA.

Eventually, the state also gave in when it came time to try the five workers. With union members on the East and West coasts, Australia, South Korea and elsewhere threatening an International Day of Action that would shut down ports around the world, the state dropped the most serious charges in November 2001. The men pleaded guilty to misdemeanors and paid \$100 fines.

"This is a unique industry," says Leonard Riley, also a Charleston dockworker. "The importance of having labor peace holds a lot more significance than if it was a private company."

http://www.seattlepi.com/business/259042_containerships10.html

Containerization changed shipping industry forever

Friday, February 10, 2006

By **GEORGE RAINE**
SAN FRANCISCO CHRONICLE

Globalization is having an anniversary.

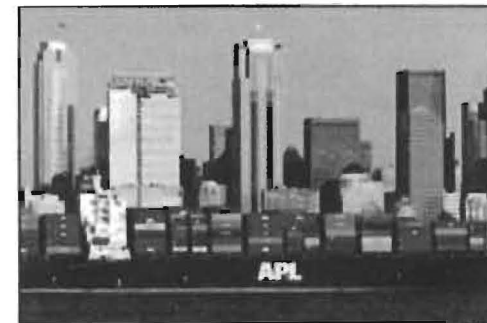
It was 50 years ago that Malcom McLean, an entrepreneur from North Carolina, loaded a ship with 58 35-foot containers and sailed from Newark, N.J., to Houston.

He wasn't the only one to suggest that containers might make shipping more efficient. But he was the first to design a transportation system around the packaging of cargo in huge metal boxes that could be loaded and unloaded by cranes.

Container shipping eventually replaced the traditional "break-bulk" method of handling crates, barrels and bags, and stowing them loose in a ship's hold, a system in use since the days of the Phoenicians. Replacing break-bulk with cargo containers dramatically reduced shipping costs, reinvigorating markets and fueling the world economy - as well as the Puget Sound region's.

The Port of Seattle was North America's fastest-growing container port in 2005 with a record 2.088 million 20-foot equivalent units, which is the measure of a standard container used to determine container capacity. That was an increase of 17.6 percent from the previous year, according to port figures.

Also coming up is the Port of Tacoma, which also had a record haul last year with 2.07 million 20-foot equivalent units, up 15 percent over its previous year, according to the port's figures.



zoom

Dan DeLong / P-I

The Port of Seattle was the fastest-growing container port in North America last year. Containerization, which began in 1956, has cut shipping costs, reinvigorated markets, fueled the world economy.

McLean, who died in 2001 at 87, shares the credit with Matson Navigation Co. of San Francisco, a longtime force in Pacific shipping. Two years after McLean loaded his ship, the Ideal-X, Matson's Hawaiian Merchant inaugurated container shipping in the Pacific, carrying 20 24-foot-long cargo holders from Alameda, Calif., to Honolulu.

The world took note of McLean's Sea-Land operation in the Atlantic and Matson in the Pacific, and containerization began to take hold.

In 1959, according to Matson research, the industry was loading and unloading 0.627 tons per man hour. By 1976, with container shipping well established, the figure was 4,234 tons per man hour. A ship's time in port shrank from three weeks to 18 hours.

In 1950, an average commercial vessel could carry 10,000 tons at a speed of 16 knots. With container shipping, the average commercial vessel carried 40,000 tons at a speed of 23 knots, Matson says.

The numbers are larger today. A vessel capable of carrying 6,600 20-foot containers can carry 77,000 tons at up to 24.8 knots.

"Containerization has transformed global trade in manufactured goods as dramatically as jet planes have changed the way we travel and the Internet has changed the way we communicate," said Joseph Bonney, editor of the Journal of Commerce, the bible of the shipping industry. "The Asian economic miracle of the last two decades could not have happened without the efficient transportation that containerized shipping provides."

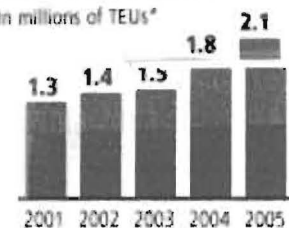
Two books are to be published in April around the anniversary of McLean's sailing. One, by Bonney of the Journal of Commerce and Arthur Donovan, a maritime historian, is called "The Box That Changed the World." The other is by economist Marc Levinson, titled "The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger." They describe the sweeping change to a world of lower shipping costs.

CONTAINER SHIPPING

Container shipping, a system born 50 years ago, dramatically cut shipping costs and fueled the economy, including the Puget Sound region's. Last year, the Port of Seattle was North America's fastest growing container port.

PORT OF SEATTLE SHIPPING VOLUMES

In millions of TEUs*



* Container capacity is measured in twenty-foot equivalent units (TEUs). A TEU is a measure of containerized cargo equal to one standard 20-foot by 8-foot by 8.5-foot container. Most containers today are of the 40-foot variety and thus are 2 TEUs.

Source: Port of Seattle

SEATTLE P 1

Both tell the story of McLean, who began his McLean Trucking Co. in North Carolina with a single vehicle in March 1934 and went on to make a fortune. He told people that the container-shipping concept came to him early in his career when he had to cool his heels at Hoboken, N.J., waiting his turn to load bales of cotton on a ship. He realized it would save time and money if he could simply load his trailer onto a ship. He decided to get into the shipping business.

To comply with regulatory requirements, McLean had to sell his trucking company before acquiring Pan-Atlantic Steamship Corp. in the mid-1950s, which he bought for its coastal shipping rights, according to Bonney. He then bought two World War II tankers -- including the Ideal-X, built in 1945 and used to launch the container venture in 1956. He began carrying containers on the East Coast.

Pan-Atlantic became Sea-Land Service in 1960. Its international services were sold to Maersk in 1999 and the combined company was named Maersk Sealand. The former Sea-Land's domestic services in Hawaii, Guam, Alaska and Puerto Rico now operate as Horizon Lines.

Matson, long based in San Francisco but now in Oakland, Calif., as early as 1954 was seeking improvements in cargo transportation and distribution.

Its solution was a lift-on, lift-off program in which a gantry crane hoists containers, replacing the use of a wheeled chassis to transport loose cargo on and off vessels.

"Of the many milestones in Matson's 124-year history, containerization is clearly one of the company's most significant achievements," said James Andrasick, its president and chief executive.

With world trade booming, cargo from Asia is expected to double at the major West Coast ports by 2020, according to the Pacific Maritime Association.

Cheap shipping, fueled by containerization, is remaking the world.

P-I reporter Kristen Millares Bolt contributed to this report.

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THE WALL STREET JOURNAL.

JANUARY 26, 2009

The Mega Containers Invade

As Freight Rates Plunge, Gargantuan Carriers Hope to Muscle Aside Smaller Rivals

By JOHN W. MILLER

Container shippers are unleashing a wave of titanic vessels on the oceans during the biggest dip in global trade since World War II.

The trend could keep sea freight rates depressed well into 2010. That's good news for their customers, the millions of businesses big and small that import parts and products from overseas. But it's likely to spell pain within the shipping industry itself and could precipitate consolidation as smaller players are pushed out.

The jumbo vessels -- many longer than three football fields -- carry everything from strawberries and tea to iPods and motorcycles, for thousands of customers at once. The economies of scale can be great if shippers can fill their holds.

The MSC Daniela is a glimpse of the future. The size of an aircraft carrier, the ship completed its maiden run from Asia to Europe this month packed with 13,800 containers, or equivalent units, each big enough to contain all the contents of a three-bedroom house.

Thirty-five ships of Daniela's scale are scheduled to hit water in 2009, doubling the number floating today. They'll make up roughly a quarter of the net increase in container capacity on the high seas. The Asian companies that make up 16 of the top 20 container shippers are also ordering the ships, led by China's Cosco Container Lines with 24. By 2013, some 200 ultralarge ships will be in service around the world.

Meanwhile, a ship capable of fitting 22,000 containers has been designed by South Korea's STX Shipbuilding Co.

Giuseppe Di Maio, an operations manager at the Daniela's owner, Mediterranean Shipping Co., said the company filled every slot -- but at bargain rates.

Shippers are eager to avoid partially filled vessels at almost any cost. "To fill their big boats, these guys will cut their price to any level for customers," said Dirk Visser, an analyst at Dynamar NV, a Dutch consultancy.

With overcapacity and a drop in trade, the bottom recently fell out on shipping rates. The rate for shipping a container from Asia to Europe, the world's busiest trade lane, has fallen to around \$300, one-tenth the cost of a year ago, even as some shippers cancel regular runs. Some ships have gone so far as to take containers free. The only cost to the shipper is roughly \$500 in fuel and transit fees, which are assessed on all containers.

According to the most recent data available, the U.S., Japan, China and the European Union all suffered 10% declines in exports in November, auguring a bitter 2009 for global trade. Yet shipping companies aren't expected to cancel any orders for new ships, allowing the global fleet to increase by over 12% -- way ahead of expected demand.

Two European billionaires are leading the move to supersize ships. Gianluigi Aponte, owner of Geneva-based Mediterranean Shipping, has ordered 48 ultralarge vessels, including the Daniela. His strategy is to gain market share by building bigger ships and aggressively recruiting customers, said people familiar with the company. MSC is the second-largest container shipper in the world, with 450 vessels, behind Denmark's A.P. Moeller-Maersk, with 500 ships.

Mr. Aponte's rival is Jacques Saadé, the 71-year-old founder and director of Marseille-based CMA-
CGM, which has ordered 37 ultralarge ships. The two tycoons, who've been battling each other since the 1970s, study each other's moves like chess players. "We're not shrinking anything in our organization," Mr. Saadé said in a rare interview. "If we need to, we'll order more big ships, for economies [of scale]."

Some companies are suspending routes and scrapping smaller vessels -- to little effect. Recent analyst reports predicted rates are unlikely to rise until the end of the economic downturn. "The challenging environment could continue in 2010 until a demand recovery narrows the demand-supply gap and improves the level of profitability in the sector," a J.P. Morgan & Co. report said.

Most of the new big ships were ordered before the economic bust in anticipation that the China-fueled boom in global trade would continue. But instead of canceling orders, shippers now see an opportunity to force a shakeout in what has long been a fragmented industry of family-led carriers.

In the 1990s, A.P. Moeller-Maersk pioneered the first gargantuan container ships.

Write to John W. Miller at john.miller@dowjones.com



If ratified, a new contract would allow for more-advanced robotic cargo-handling equipment that Longshoremen would install, maintain and operate. (Karen Ducey / P-I)

Changes coming to docks

Contract paves way for new technology at West Coast ports

Last updated September 2, 2008 11:02 p.m. PT

By KRISTEN MILLARES YOUNG
P-I REPORTER

2008 could herald the greatest technological revolution on the U.S. West Coast's working waterfront since containerization.

A six-year contract negotiated between the International Longshore and Warehouse Union and the Pacific Maritime Association paves the way for the introduction of highly efficient and job-displacing technology such as automated stacking cranes at 29 West Coast ports.

The contract, obtained by the Seattle P-I, has yet to be ratified, but by the end of September, votes from more than 15,000 union members and the association's 71 members, including cargo carriers and terminal operators such as Seattle-based SSA Marine, should be tallied.

"The ILWU wants to move into the future with the shipping carriers and bring more cargo to the West Coast," said ILWU Local 19 President Herald Ugles, who was on the negotiating committee and said the contract "sends a message to the whole shipping world: If you want to invest big bucks, this is the place."

The contract contains important concessions made by the Pacific Maritime Association, whose negotiating

Page 1 of 3

team agreed to allow Longshoremen to install, maintain, repair and operate the forthcoming robotic cargo-handling equipment.

"We want to make them a whole bunch of money while we keep our slice of the pie," Ugles said. "It is an acknowledgment by both sides that we need to work together. Why spend time fighting when we can figure out how to make the terminals work better?"

The majority of major terminals at Seattle and Tacoma and at Oakland, Los Angeles and Long Beach in California are either fully or partially "red-circled," meaning that Longshoremen do not maintain or repair the equipment there. In a small bit of local controversy, ILWU workers will not be allowed to maintain or repair cargo-handling equipment at Terminal 30 in Seattle, which after five years as a cruise terminal is being converted back into a container terminal for about \$56 million.

Ugles estimated that the contract affects 51,000 people, including more than 15,000 registered union members, about 11,000 nonunion dockworkers known as "casuals," retired union members, widows and dependents.

Chief among the union's concerns this time around was negotiating for a wage increase, beefed-up pension benefits and maintaining their health care. The wage increase, if ratified, would total \$5 per hour over the next six years and occur in 50-cent and \$1 hourly increments. The average Longshoreman's wages currently range from \$30.68 per hour for the most basic skill level to \$36.48 per hour for chief supervisors and supercargo operators. Those wages can vary dramatically according to the workers' level of experience and the time of day in which their shift occurs.

Depending on their retirement date, retirees will get \$1 to \$4 more per year of service per month. Base monthly pension rates that once totaled \$80 to \$150 per year of service would increase to a base amount of \$89 to \$180 by July 1, 2013. By that time, Longshoremen or clerks who retire after July 1, 2008, could earn a maximum pension of \$6,660 per month if they have 37 or more years of service and retired at age 62 or later.

Longshoremen at all levels said that taking care of those who had come before was paramount. "We are where we are because of the sacrifices they made," said Dabula Getahun, who said he has been a Longshoreman for 14 years. Harkening to those past seemed to be a theme of the contract, which Ugles said "builds on the M&M Agreement in the '60s" -- the Mechanization and Modernization Agreement, which ushered in containerization, set a 35-hour workweek for Longshoremen and created a pension fund -- "and what we did in 2002 to allow information technology to move along," Ugles said.

Harry Bridges, president of the ILWU from 1937 to 1977, led the union through that M&M agreement, saying that the union "should accept mechanization and start making it work for us, not against us."

But in 2002, the Pacific Maritime Association called for just that -- a new M&M Agreement -- at the inception of contract negotiations that fell apart amid bitter divisions about technology and job jurisdiction. The intractability of both sides in 2002 led to an 11-day employer lockout along West Coast ports, which President Bush brought to a close by invoking the Taft-Hartley Act. Though coordinated by the employers, the lockout caused ships to pile up along the West Coast.

The 2002 contract opened the docks to bar scanners, automated manifest systems and GPS technology, which PMA spokesman Steve Getzug said improved productivity and security while cutting idling time and

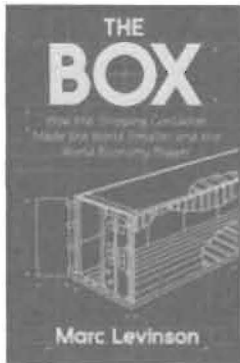
"There was a concern back in 2002 that if you bring technology on the docks, it will eliminate jobs," Getzug d. "But what is important about technology is that it allowed the waterfront to stay ahead of loads, and jobs grew. ... There are ports on the East Coast and other parts of the world that are modernizing and becoming much more productive."

This time around, negotiations began early and took place against a backdrop of spiraling fuel costs, a collapsing credit market and a plummeting housing market. The potential for disruption was great: Despite coast-wide declines in imports, cargo handled by the 29 ports in Washington, Oregon and California accounts for about 11 percent of the U.S. gross domestic product.

The contract's length -- again six years, as opposed to three -- gives the West Coast shipping industry some stability. The PMA's Web site describes the ILWU members' benefits package as costing more than \$50,000 per employee, including fully paid health care with no premiums or deductibles.

P-I reporter Kristen Millares Young can be reached at 206-448-8142 or kristenyoung@seattlepi.com.

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**The Box:
How the Shipping Container Made the World Smaller and the
World Economy Bigger**

Marc Levinson

Cloth | April 2006 | \$24.95 / £15.95 | ISBN: 0-691-12324-1
392 pp. | 6 x 9 | 2 line illus. 7 tables.

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Chapter 1 [[HTML](#)] or [[PDF format](#)]



[Watch video interview
with Marc Levinson](#)

In April 1956, a refitted oil tanker carried fifty-eight shipping containers from Newark to Houston. From that modest beginning, container shipping developed into a huge industry that made the boom in global trade possible. *The Box* tells the dramatic story of the container's creation, the decade of struggle before it was widely adopted, and the sweeping economic consequences of the sharp fall in transportation costs that containerization brought about.

Published on the fiftieth anniversary of the first container voyage, this is the first comprehensive history of the shipping container ever written. It recounts how the drive and imagination of an iconoclastic entrepreneur, Malcom McLean, turned containerization from an impractical idea into a massive industry that slashed the cost of transporting goods around the world.

But the container didn't just happen. Its adoption required huge sums of money, both from private investors and from ports that aspired to be on the leading edge of a new technology. It required years of high-stakes bargaining with two of the titans of organized labor, Harry Bridges and Teddy Gleason, as well as delicate negotiations on standards that made it possible for almost any container to travel on any truck or train or ship. Ultimately, it took McLean's success in supplying U.S. forces in Vietnam to persuade the world of the container's potential.

Drawing on previously neglected sources, economist Marc Levinson shows how the container transformed economic geography, devastating traditional ports such as New York and London and fueling the growth of previously obscure ones, such as Oakland. By making shipping so cheap that industry could locate factories far from its customers, the container paved the way for Asia to become the world's workshop and brought consumers a previously unimaginable variety of low-cost products from around the globe.

Marc Levinson is an economist in New York and author of three previous books. He was formerly finance and economics editor of the *Economist*, a writer at *Newsweek*, and editorial director of the *Journal of Commerce*.

Review:

"One of the most significant, yet least noticed, economic developments of the last few decades [was] the transformation of international shipping.... The idea of containerization was simple: to move trailer-size loads of goods seamlessly among trucks, trains and ships, without breaking bulk.... Along the way, even the most farsighted people made mistakes and lost millions.... [A] classic tale of trial and error, and of creative destruction."--Virginia Postrel, *The New York Times*

"Like much of today's international cargo, Marc Levinson's *The Box* arrives 'just in time.'... It is a tribute to the box itself that far-off places matter so much to us now: It has eased trade, sped up delivery, lowered prices and widened the offering of goods everywhere. Not bad for something so simple and self-contained."--Tim W. Ferguson, *The Wall Street Journal*

"Mr Levinson. . . . makes a strong case that it was McLean's thinking that led to modern-day containerisation. It altered the economics of shipping and with that the flow of world trade. Without the container, there would be no globalization."--*The Economist*

Endorsements:

"An excellent piece of work."--Bruce Nelson, Dartmouth College

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Video interview with Marc Levinson

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<p>Clip 1. Why has something as common as the shipping container not been written about before? (1:05)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
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<p>Clip 5. Was there opposition from those dedicated to shipping the old-fashioned way? (1:31)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
<p>Clip 6. Who were the leaders in making container shipping succeed? (2:20)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
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<p>Clip 8. How did the Vietnam War demonstrate the efficiencies of containerization? (2:22)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
<p>Clip 9. What larger economic changes did container shipping bring about? (2:55)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
<p>Clip 10. What would Marlon Brando's character in <i>On the Waterfront</i> think? (0:41)</p> <hr/> <p>QuickTime: Dial-up Broadband WindowsMedia: Dial-up Broadband</p>
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Longshoremen and mechanization

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Arthur Donovan

Arthur Donovan teaches maritime history at the U.S. Merchant Marine Academy, Kings Point, New York. Before taking up his current position twelve years ago, he taught at the University of Illinois, West Virginia University, and Virginia Polytechnic Institute and State University, where he was founding director of the Centre for the Study of Science in Society. Most of Donovan's research and publication has been in the history of science and technology. His books include 'Philosophical Chemistry in the Scottish Enlightenment' (Edinburgh University Press, 1975), and 'Antoine Lavoisier' (Cambridge University Press, 1993). For the past several years Donovan has been working on two maritime history books in collaboration with Andrew Gibson, a former shipping executive and federal maritime administrator. The first, 'The Abandoned Ocean - A History of U.S. Maritime Policy', is published by the University of South Carolina Press in its Maritime History Series. The second, which is now being drafted, is a history of the container revolution in maritime shipping.

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Longshoremen and mechanization

A tale of two cities

Journal Issue: December 1999

[Arthur Donovan](#)

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Charles Dickens' *A Tale of Two Cities* is set in Paris and London in the age of the French Revolution, an historical era and two cities rich in the kinds of characters and events Dickens describes so memorably. The cities with which I am concerned, San Francisco and New York, also evoke powerful mythic images, while the era with which I am concerned, 1950 to 1975, witnessed the early stages of the container revolution in maritime shipping. But since the container revolution does not offer novelistic opportunities comparable to those Dickens perceived in the French revolution, I will present an historical account rather than engaging this subject as a novelist. I offer this tale in the hope that retelling the story of longshoremen and containerization in San Francisco and New York will illuminate several issues of concern to students of maritime labor.

The container revolution emerged from the interaction of a particular innovation in cargo handling, the use of reinforced truck-trailer-sized boxes as cargo containers, and a more general and concurrent drive for increased efficiency in maritime shipping. The compelling fact about containerization is that in the past 40 years it has profoundly altered how general cargoes are packed and moved worldwide. This paper focuses exclusively on how containerization transformed work alongshore in the United States, where the container revolution began. Like London and Paris in the age of the French Revolution, San Francisco and New York had much in common in the 1950s to 1970s, yet while similar in being the premier seaports on America's Pacific and Atlantic coasts, they differed in many ways as well. The longshore workforces in each of these cities were organized by different unions, and the similarities and differences in the ways these two unions responded to the increasing mechanization of cargo handling is a central theme in this narrative.

Today containers play such a dominant role in surface freight transportation that it seems natural to explain the container revolution as a result of the invention and utilization of the container itself. There are, however, at least two good reasons not to do so. In the first place, the use of standardized shipping containers was not 'invented' in 1956; indeed, it had been attempted decades earlier by the Pennsylvania Railroad and had long been successfully utilized by the Seatrain steamship company. In the second place, anyone having even a passing acquaintance with history knows that the actual outcomes of historical transformations are seldom intended or foreseen by those who participate in them. Certain events are only recognized as revolutionary when time reveals they had consequences of extraordinary importance. When Malcom McLean began shipping cargoes in truck-trailer-sized containers in April 1956, no one anticipated that his initiative, which traditional ocean carriers considered utter folly, would transform the packing and carrying of general cargoes worldwide. Thus to explain how McLean's use of containers brought about a revolution in transportation, we must look not to the container itself, but rather to the circumstances and processes that made its use revolutionary. And to explain how this innovation in the handling of cargoes transformed work on the waterfront, we need to look first at the interests and organization of longshore labor in the earlier 'breakbulk' era.

The economics of maritime shipping long worked against the best interests of longshoremen. Before containerization the work of loading and unloading ships was intermittent, highly localized, and intensely pressed. In the long era of breakbulk shipping, steamship operators considered the wages paid to dockworkers as a variable cost and longshoremen were only hired when there were cargoes to be moved. Shipowners wanted their dock workers available on short notice, at the pier



*Cargo containers
(1990s)D8205_E © National
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where the ship to be worked had docked, and for as long as it took to unload the incoming cargoes and load the outgoing. Ships were considered a fixed cost, and since ships only produce revenue when carrying cargoes between ports, time in port and the variable costs associated with cargo handling were to be minimized.

Labor economists describe the traditional arrangement for hiring longshoremen as a casual labor market. In great seaports with large pools of under-employed laborers, many men made themselves available for the heavy physical work involved in moving and stowing cargoes. Longshore gangs were filled by selecting workmen from a milling crowd seeking employment at the morning 'shape-up' or 'call'. Henry Mayew described how this process was used to assign work in his 1861 book, *London Labour and the London Poor*: 'He who wishes to behold one of the most extraordinary and least-known scenes of this metropolis, should wend his way to the London Dock gates at half-past 7 in the morning. There he will see congregated within the principal entrance masses of men of all grades, looks, and kinds . . . Presently you know, by the stream pouring through the gates and the rush toward particular spots, that the "calling foremen" have made their appearance. Then begins the scuffling and scrambling forth of countless hands high in the air, to catch the eye of HIM WHOSE VOICE MAY GIVE THEM WORK.' (As quoted in Bernstein, p.254, emphasis added.) Sixty years later another observer said of the men competing for longshore work in Seattle that they 'bore the burden of a beach flooded with a great surplus, seeking uncertain work from dock to dock, under continuous labor excitement.' (Larowe, *Shape-Up*, p.92, n.13.) In 1954, yet another generation later, the classic feature film about organized labor in New York, *On the Waterfront*, provided a shocking visualization of the shape-up and how it degrades those seeking employment.

The 'decasualization' of longshore labor required decades of struggle and was most fervently championed by labor organizers. (Jensen, *Hiring of Dock Workers*; Jensen, *Decasualization*; Lascelles and Bullock, *Dock Labour*; Couper, *New Cargo-Handling Techniques*; Larowe, *Shape-Up*.) In a shape-up the foreman, 'him whose voice may give them work' in Mayhew's sonorous phrase, controls access to work, and those not selected naturally resent his authority and their rejection. The antagonisms created by the shape-up long poisoned labor relations up and down the line and gave rise to repeated strikes and job actions. These disruptions inevitably damaged the interests of the operators too, since any delay in sailing imposed significant additional costs on the shipowners. But it was the longshoremen who suffered most from the shape-up through chronic underemployment and inadequate annual incomes. In situations in which state or local authorities provided unemployment compensation and poor relief, casual labor markets also created a burden on publicly-funded social programs as well. (Keller, *Decasualization*, p.vii.) There was thus considerable consensus on the need to reconstruct the market for longshore labor, but how the new system should be organized and who should operate it were questions that generated a great deal of contention.

There were basically two issues involved in decasualizing longshore labor. On the one hand the number of men competing for work had to be restricted so that most of those eligible for employment could work regularly, on the other hand, control over the assignment of work had to be regularized. Should the operators, acting through an agency of their creation, maintain the register of eligible workers and control 'him whose voice may give them work,' or should this responsibility be turned over to the longshoremen themselves acting through their union? And if neither the operators nor the union leaders could do the job in an acceptable manner, should decasualization be effected by a legislatively-created public body? These questions were answered in different ways at different times in San Francisco and New York, and how they were answered had a tremendous influence on the response to mechanization in each of these ports.

The history of American longshore labor unions is complex and heavily encrusted with heroic accounts of partisan struggle; the summary that follows is highly abbreviated. As early as 1836 longshoremen in New York City struck for shorter hours and better wages, but the city's mayor swiftly mobilized the militia and broke the strike; this alignment of interests and deployment of forces was thereafter used when necessary to suppress union-led strikes. In 1916 the International Longshoremen's Association (ILA) succeeded in establishing itself as the bargaining agent for New York dock workers; it was successful largely because its leaders were closely allied with the city's local-level Irish-American political leaders. (Larowe, *Shape-Up*, ch.1.) From the outset the ILA was forced to play the role of a middle-man, on the one hand defending the legitimacy and interests of the union against the commercial and political leadership of the city while on the other hand representing and controlling the longshore workforce. Rather than eliminating the shape-up, the ILA used it to insure that loyal union members would be favored in the assignment of work. Unhappily, this conjoining of bottom-up patronage politics and control over the assignment of scarce work encouraged both political and labor market corruption; the shape-up soon became an instrument by which union leaders exploited workers while keeping them in line. If one was in the union and did the bidding of local union leaders, one would find work on the docks. In New York City this system of labor organization and assignment of work persisted, with all its imperfections, down to the 1950s.

When San Francisco became a major port, several maritime unions, including the ILA, attempted to organize its longshoremen. During the post-World War I shipping depression the operators broke the existing unions and insisted that all longshoremen join a company union. Thus when Franklin Roosevelt became president and launched his New Deal, the stage was set for an upsurge in labor organizing. The signal event on the West Coast was the 1934 general strike in San Francisco Bay, a moment of labor unity and assertiveness that is still commemorated by the faithful. The San Francisco longshoremen were led by the fiery left-wing organizer Harry Bridges, and when the strike was over the

arbitrator ruled that all future hiring of longshoremen 'shall be through halls maintained and operated jointly [by the union and the operators], but the dispatcher shall be selected by the International Longshoremen's Association.' (Bernstein, p.295.) Thus on the West Coast, but not on the East, the shape-up was replaced by the union dominated hiring hall. In 1937, when Bridges found it impossible to work with the New York-based leadership of the ILA, he created an independent union, the International Longshoremen's and Warehousemen's Union (ILWU), which was promptly embraced by the recently organized Congress of Industrial Organizations (CIO).

With this institutional history in mind, let us now look at the organization of longshore work in New York and San Francisco in the 1950s. From the beginning of World War II through most of the 1950s, military and war-relief cargoes were plentiful, and in the absence of significant foreign competition, U.S. owners had little difficulty filling their ships. In these circumstances longshoremen, in addition to maintaining control over access to work, gained considerable control over the conduct of work as well. Assigning specific tasks and setting the pace of work gradually passed to the workers themselves and labor productivity, together with cargo integrity, was deemed less important than keeping the men on the job. Again, the film *On the Waterfront* credibly represents the casual attitudes towards work and theft that prevailed at that time.

But in the late 1950s American carriers were becoming aware that the revitalization of other nation's merchant fleets and the gradual decline of government-impelled cargoes would soon oblige them to compete for business, a threat that forced them to pay greater attention to their operating costs. They attacked the high cost of waterfront labor on two fronts. While accepting that the longshore workforce would continue to be unionized, they looked for ways to reduce labor costs through mechanization and they reorganized their negotiating associations so they would be more effective during collective bargaining. The response to these initiatives in New York and San Francisco could not have been more different, and therein lies the tale.

On the West Coast Harry Bridges realized that steamship companies had legitimate needs and that longshoremen had legitimate obligations. While he ran his union far more democratically than most, he was unwilling to defend members who impeded work, either through unauthorized strikes or absences. When Matson Lines and other members of the Pacific Maritime Association called for conformance to the contract, Bridges supported them. What he valued above all else was control of the register of longshoremen and of the hiring hall. With these he could restrict the number of workers certified as eligible for work and assign work in strict rotation, so that all eligible longshoremen got an equal opportunity to fill the available jobs. Bridges was no pie-in-the-sky socialist who believed shipowners owed union members a free ride. Once a contract was agreed to and signed, he expected the men to abide by its terms.

In New York the prevailing attitude in the ILA was that the riches of America's greatest entrepot were there for the taking. Indeed it seemed that everyone on the waterfront was 'on the take', with longshoremen routinely being required to kick back a portion of their earnings and participate in loan-sharking and other rackets. Feather-bedding and cargo theft were commonplace and anyone who refused to play along ran the risk of being 'accidentally' injured. In this context union leaders were not overly concerned with enforcing contract obligations and the operators had to look out for themselves. Control of access to work, the assignment of specific tasks, and regulating the pace of work were levers of power jealously guarded by the heads of ILA locals, and there was no incentive to join with the owners in any attempt to increase efficiency on the waterfront.

This then was the situation in the 1950s. On the West Coast the Pacific Maritime Association (PMA), the operators' bargaining association, and the ILWU were gingerly launching what they called the 'Mechanization and Modernization Program'. The mechanization they had in mind was not containerization, which was nothing more than a cloud on the horizon, but rather, larger slingloads, palletization, mechanical conveyor belts, and other ways of using more machinery to move breakbulk cargoes. The operators asked for greater control over gang-size and the assignment of work to individuals; they also wanted a full-day's work for a full-day's pay. Bridges was inclined to accept these requests as legitimate, even though they involved giving up certain kinds of control over work then held by the union. But in return for doing so, he wanted to make sure registered longshoremen got their fair share of the benefits of mechanization. In taking this position he forthrightly declared his support for increased mechanization: like his contemporary John L. Lewis, the flamboyant leader of the coal miners, Bridges was prepared to accept a reduced workforce, and thus a smaller union membership, in return for higher pay and benefits for those who remained on the rolls. It was not a position that all his unions' members favored, but Bridges prevailed and it was this trade-off that made possible the relatively peaceful acceptance of containerization on the West Coast waterfront.

The denouement was different in New York City. The shape-up was so central to ILA control of the longshore workforce and the ILA was so mired in criminality that it was widely believed only governmental intervention could set things right. Negotiations between the New York Shipping Association (NYSA), the bargaining association for the operators, and the ILA were, as Jensen has written, so 'turbulent, unstable, [and] lacking [in] responsibility' that all negotiations had to be 'carried out in the brooding presence of government.' (Jensen, *Strife*, pp.19-20.) In 1952 the New York State Government formed a Crime Commission that immediately created a special waterfront section. When it was demonstrated that the

ILA had been thoroughly corrupted, the American Federation of Labor expelled the ILA and tried to organize a competing longshore union, thereby complicating matters considerably. By the middle of 1953 the Crime Commission issued its final report and recommendations, one of which called for setting up a State Division of Port Administration. Before the end of the year New York and New Jersey had established a joint Waterfront Commission. Since it was a bi-state venture, Congressional approval was required and promptly granted. The ILA and the Shipping Association tried to head off state intervention by proposing that they establish and run a joint hiring hall, but since they could not agree on how it would be operated, the Waterfront Commission pressed on. Its foremost concern was to register all longshoremen, get rid of the shape-up, and establish an acceptable hiring system. The reforms it instituted finally decasualized longshore labor in New York

Governmental intervention, which the ILA and the Shipping Association continued to resist, AFL hostility, and the dispersed geography of the docks in New York and New Jersey complicated the response to mechanization. The operators insisted on reducing gang-sizes and gaining greater control over the assignment of work. Once compulsory registration limited the number of men who worked steadily on the docks and received union wages and benefits, the employers were prepared to pay what they called a royalty to obtain union cooperation. The union remained adamant in defense of traditional gang sizes, however, and in 1960, three years after Malcom McLean began shipping containers out of Port Newark, the issue went to arbitration. Both parties presented projections of the likely consequences of increased containerization, although their estimates were little more than self-serving guesses, but they were unwilling to say how the royalty fund would be used. A formula was finally arrived at for accumulating a royalty fund by collecting a surcharge on freight passing through the port, but the agreement was at best a truce. (Jensen, *Strife*, ch.11.)

Five years later the situation in New York was somewhat less chaotic. The Shipping Association had agreed to provide a Guaranteed Annual Income (GAI) for all registered longshoremen, so long as they showed up at the hiring hall daily and accepted available jobs; the ILA was back in the good graces of the AFL; and the Shipping Association and the ILA had wrested control of the hiring hall from the Waterfront Commission. The Shipping Association was responsible for administering the Guaranteed Annual Income, a task that nearly destroyed it. The GAI was added to a long list of payments that the Shipping Association had agreed to in previous contracts and had to fund by collecting an assessment on cargo passing through the port. Arriving at an acceptable assessment formula proved as difficult as controlling claims for GAI payments, and ill-will and inefficiency continued to flourish. Had New York not had such singular locational advantages, labor-management wrangling over control of longshore work and the ILA's stonewalling on mechanization would have driven the port's business elsewhere long before containerization succeeded in capturing nearly all maritime carriage of general cargoes.

I will end this tale by offering several generalizations about the impact of containerization on longshore work. I do not claim all these generalizations are substantiated by my brief survey of events in San Francisco and New York, but several are at least exemplified by my tale. But before listing these generalizations I should acknowledge that for many people the most important consequence of containerization, and the consequence that historians should focus on, was the destruction of the longshoremen's traditional way of life and the communities it supported. I can understand this view of the subject, but I am reluctant to grant that it is the only story worth telling. The transformation of work is a common if always wrenching experience in the modern world. One need not welcome the 'creative destruction' that accompanies such transformations, but expecting that the process of industrial development will be halted at precisely the moment one finds most desirable seems to me an extremely unpromising way to address the challenge of change. But that opens up another, quite unbounded subject that is not part of my tale.

Here then are my concluding generalizations:

- Containerization of maritime cargoes was only one of the many forms of mechanization that appeared in the 1950s as ship operators struggled to reduce costs, but it turned out to be far and away the most significant, indeed revolutionary, of these innovations.
- It was the steamship operators who forced the issue of mechanization and they did so by reconstructing and re-energized their bargaining associations.
- The extent to which operators were able to bargain effectively with organized labor depended largely on their ability to state and stand by announced negotiating positions.
- Successful labor responses to mechanization depended on the prior decasualization of longshore hiring and effective union control of the hiring hall.
- Labor and management coordinated their responses to mechanization most effectively when there was no need for government intervention in collective bargaining.
- Defending inefficient work practices and feather-bedding proved to be an unsuccessful strategy for longshore unions during a period of rapid mechanization. The alternative of adapting work practices to the new

technology while insisting that the reduced labor force receive a sizable share of the benefits realized proved to be far more rewarding.

- Perhaps the most distinctive feature of the container revolution regarding longshore work was that during the period in which its originators were capturing an ever-increasing share of the breakbulk market, the returns they realized were so much greater than their operating costs that they were able to cover the capital costs of building container systems while also providing full pay for redundant longshoremen and high wages and benefits for those actually working on the docks. It was the profits flowing from an enormous increase in efficiency, when compared to the earlier system of breakbulk shipping, that enabled the operators to revolutionize the waterfront while giving labor its due.

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