

Comments by Joseph Miniace, September 29, 2002

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Good afternoon. I am here under extraordinary circumstances. I know the U.S. economy is in an extremely fragile state. Workers in America are worried about their jobs and their futures. Employees are being laid off in record numbers at companies throughout our country.

In contrast, the West Coast ports are economic powerhouses, a shining light in an otherwise bleak economic outlook. Our ports support the livelihoods of 4 million American workers, and pump a billion dollars worth of cargo every day into the economy.

We are in the midst of the peak shipping season for the holidays. The fate of thousands of companies rests on the movement of valuable cargo from our docks to their stores, factories and warehouses.

Every corner of America benefits from a healthy West Coast waterfront. The last thing this country needs is an action that would threaten the health of our ports.

Unfortunately, that is exactly what is happening. The International Longshore and Warehouse Union, representing 10,500 dockworkers from San Diego to Seattle, is waging a slowdown campaign on the waterfront. The union is engaging in a series of work slowdowns, work stoppages and targeted action against the shipping lines that employ them. This is a working strike – a strike with pay.

These work actions have brought the ports to their knees. Gridlock has overtaken the docks. Cargo isn't moving. Trucks are stuck in mile-long lines. Rail operations have screeched to a halt. As I said, this slowdown is a working strike at the heart of the intermodal process.

The purpose of the Union's assault is to inflict economic pain on their employers as a way to gain leverage in contract negotiations for a new coastwise labor agreement. Their actions will not help us get to a contract agreement. The way to get to a contract is through collective bargaining according to the laws of the land, not the law of the jungle.

The importance of these talks is enormous. The West Coast waterfront, despite its tremendous impact on the U.S. economy, finds itself in a time warp. Our ports today, though among the largest in the world, are far behind when it comes to the use of modern technology.

I'm not talking about Star Wars – I'm talking about everyday technology. Think supermarket scanners. FedEx or UPS tracking systems. Simple information management, allowing workers to be most productive. The lack of technology is creating a severe bottleneck at the ports, and there's no chance that we will be able to accommodate the expected trade growth from Asia without it.

The top ports in Asia, and in Europe, are at least a decade ahead of us. Our ports literally cannot keep up.

The PMA has been unable to reach agreement on a new contract with the ILWU because of the issue of technology. They fear that technology will eliminate jobs. PMA has guaranteed job protection for every registered worker who may be impacted by technology. Regardless of the issues that remain at the bargaining table, there is no place for the type of destructive action the longshore union is taking up and down our coast.

The Union should come to the table and continue to negotiate, and keep peace on the docks. The Union will tell you that the cargo volume is high, and that we ordered too many crews, and that's what resulted in this slowdown.

The slowdown is the result of a Union directive. Let me be really clear on this point. Productivity on the docks fell off a cliff last week on the heels of the Union's rejection of our latest technology proposal. Here's a quick summary of the chronology of events.

When talks resumed in August, it looked like we were making progress. Then, on Labor Day weekend, the union walked out on talks, and refused to extend our contract.

Normally, under the contract, slowdowns are illegal. An arbitrator has ruled against so-called "work-to-rule" activities when the union has tried them in the past. But without a contract in place, we would have no way to enforce the ruling.

Again, we returned to the table, and we made further progress. We agreed to a tentative settlement granting workers full maintenance of their health benefits – the union's stated number-one priority heading into these talks. Then we talked about technology, and were close to a framework agreement.

Last Wednesday, we had reached agreement on all but two paragraphs of very detailed contract language. I considered this big progress. The union, apparently, did not.

Their negotiating committee passed a resolution accusing us of bad-faith bargaining, then ordered longshore workers to slowdown operations. They did it under the guise of safety, but gave no explanation for what had suddenly, urgently, changed – other than their

unhappiness with the status of talks.

I suppose I need to ask: If the union has been operating the same way for three years, why did they suddenly decide that operations needed to be vastly different, on the same day they decided that talks were not moving in a direction to their liking?

The results were plain to see. Last Friday, every major port on the West Coast saw its operations crippled. 50 percent productivity was the norm. In some cases, it was much worse.

As a result, the terminals closed, from Friday night to Sunday morning, in the hope that the union would reconsider its slowdown action and return to work at its usual levels. The terminals opened this morning, and I was hopeful that normal work would resume.

Unfortunately, the union had other plans. What we saw today was the fulfillment of a Union promise – a meltdown on the waterfront.

Make no mistake, this was a targeted work-action by the union. We have seen it before, and the results are unmistakable.

It is really a strike-with-pay. I have said before, and I will say again: I will not pay workers to strike. I will only pay them to work. Yet the command from their leaders has been clear. And therefore the PMA has no choice.

In response to the Union's escalation of slowdown and strike actions on the Coast, the PMA Board made several decisions today:

1. We have cancelled all orders for labor on the Coast.
2. The terminals will re-open only when the Union signs an extension of the current contract, or a new contract.

The news media in America has published several reports about offers for mediation. Governor Davis has offered state mediation. Los Angeles Mayor James Hahn has volunteered to facilitate negotiations.

PMA has a very basic position on mediation. We support it. We have repeatedly asked the Union to agree to it. They have rejected it every time. We support a mediator, whether it comes from the government or from a private sector leader agreed to by both parties. It's that simple.

We have been in negotiations with the ILWU since May 13...over four months. The Union, at its insistence, has worked without a contract since September 2, only because it gives them the right to job action. During August, the Union took a three-week vacation from the talks.

It's time to put a contract in place, and for the Union to get back to work. A peaceful and productive West Coast waterfront is critical to the U.S. economy and to America's national security interests.

I am happy to take questions.