

# What happened to warehousing?

By Craig Merrilees

When the *Dispatcher* reported last month that a settlement had been reached for the Northern California Warehouse Master Agreement, there was news about raises for workers—along with some painful health benefit reductions for spouses and retirees. But behind that report lies a deeper story about the future of the ILWU and the warehouse industry.

It's no secret that the ILWU's role in the Bay Area warehouse industry has been declining for several decades, as revealed through falling membership numbers, fewer union shops, and lower union density within the industry—factors that make it difficult for the ILWU and other unions to maintain good contracts for Bay Area warehouse workers—despite the hard work and dedication of ILWU members and officials.

## LOCAL 6 HAS BEEN HIT HARD

The numbers at Local 6 illustrate a local that has been reeling from plant closures and run-away shops for decades. Membership peaked just after WWII when nearly 17,000 workers were employed in hundreds of union shops and dominated much of the regional coffee, beverage, paper, and food service industries. Most of these shops were covered by standard agreements or the Northern California Master. When Fred Pecker joined Local 6 in the mid-1980's, there were less than 10,000 members, and today there around 3,000. The Master now covers approximately 600 ILWU workers in a handful of shops, plus some Teamster members who are covered by the jointly-negotiated agreement. While contracts in some shops are still patterned and influenced by the Master, many are the only remaining union shops within their region or industry—making for hard bargaining because the competition is predominantly non-union and operating with lower costs.

## INDUSTRY THRIVES WHILE UNIONS DECLINE

Ironically, the warehouse industry is thriving—but most of the growth is outside the Bay Area and non-union. Several factors explain why the warehouse industry has changed, leaving the ILWU and other unions with declining membership, low density, and eroding contracts. Some of the forces that devastated the ILWU's presence in warehousing are the same ones that ravaged industrial unions across America and the industrialized world. The most important factors in the decline of union warehousing include:

- ✓ Skyrocketing land costs that have made it too expensive for most warehouses to continue operating near the docks and in cities with ILWU locals. Warehouse managers who owned their buildings and land were tempted to sell their property, pocket huge gains, and relocate

ies. In San Francisco, Oakland, and Emeryville, many old warehouses where ILWU members once worked have been closed, sold, and dismantled or transformed into luxury condos, retail, or commercial office space.

- ✓ City congestion, growth in the suburbs, and new freeway systems made it more efficient for warehouses to relocate outside cities along fast-moving interstate routes. The exodus of warehousing from the cities paralleled the post-World War II move toward suburbs, sparked by decades of post-war prosperity (shared by most union members), massive public spending on the interstate highway system (initially conceived as a cold war military asset), and the creation of FHA and Fannie-Mae loan programs that aided single-home ownership and the real-estate industry.

- ✓ The growth of the trucking industry allowed warehouses to operate further from the docks. Trucking grew quickly in the 30's—along with creative organizing tactics developed by radical union leaders in Minneapolis who won another famous strike in 1934 that laid the foundation for a Teamsters' National Master Freight Agreement in 1964. At the same time, containerization transformed the waterfront, increasing efficiency, reducing the workforce, and creating greater dependence on trucking. Deregulation of the trucking industry in 1981 slashed transportation costs further and devastated the Teamsters Union when 183 unionized carriers were driven out of business within one year and 30 percent of freight handling Teamsters were left unemployed. The remaining union carriers leveraged concessions in wages, pensions, health benefits, speed-ups, and "flexible workweeks" that included weekends. Deregulation—supported by Republicans, Democrats, and President Carter—quickly transformed one of the most powerful unions and high-union-density economic sectors into the predominantly low-wage, low-cost, non-union industry it remains today.

- ✓ Avoiding unions and searching for lower labor costs has long been a powerful motivator for warehouses to flee the coast and seek refuge in California's central valley or move farther into "right-to-work" states, including Nevada, Arizona, Colorado, Utah, and Idaho. Passage of the Taft-Hartley law in 1947 weakened unions in many ways, including establishing the "right-to-work" scheme that allowed states to prohibit "union shops" and replace "card-check recognition" in every state with Labor Board elections that gave management the right to campaign and coerce workers to vote against the union.

- ✓ Concentration and consolidation in the retail and warehouse industry, combined with de-industrialization, off-shoring and outsourcing have resulted in more warehouses that are larger in size, and more likely



Craig Merrilees

Donations from longshore workers helped nearly 300 Local 6 members who honored the Teamster lock-out in July 2007.

to be linked with a major corporation. Outsourcing production within the U.S. has meant relocating warehouses to the south or other non-union regions. As offshoring shifted more industrial production to Asia, the containers unloaded on the west coast now move quickly inland, past old ILWU warehouses to modern facilities in the central valley, high desert, or nearby states. Leveraged buy-outs in the 80's, and private equity hedge funds today put more pressure on firms to cut costs, raise returns for investors, and squeeze workers.

- ✓ The use of new technology (computers, scanners, gps, automated pick and sorting devices) combined with just-in-time production and distribution methods, have transformed the nature of work in many warehouses and increased productivity. But most modern warehouses are now non-union, so workers have not shared in those productivity gains, while older warehouses (more likely to be union shops) often lack this new technology and are left at a competitive disadvantage.

The result is a modern warehouse and distribution industry that is:

- ✓ more concentrated and integrated with shipping companies and retailers.
- ✓ more vulnerable to disruption at any point along a global supply chain
- ✓ more dependent on higher technology, yet still labor intensive.
- ✓ largely non-union.

The challenges can seem overwhelming. Individually, any of these factors would be difficult to overcome, but combined they can feel overwhelming to leaders at Local 6 in the Bay Area, Local 17 in Sacramento, Local 9 in Seattle, and Local 26 in Los Angeles that once represented workers in hundreds of warehouses.

"For every job we gain through organizing, we seem to lose another," says Local 6 Secretary-Treasurer Fred Pecker. "We've lost so many shops and members that it feels like a war zone around here. We were fighting this war against closures and concessions before I started here twenty-two years ago," he adds, "and it hasn't stopped."

"For decades, our focus has been on negotiations and contract enforcement," Pecker explained. "The pressure to deal with current conditions, and our struggle with limited resources meant that it didn't seem like we could afford to put the same effort into organizing. The loss of our membership has put us in a downward spiral where it becomes harder and harder to maintain our existing contracts," says Pecker.

Pecker's observations are similar to problems that many other unions have been facing since membership peaked in the late 60's or early 70's. Figuring out a strategy for growth—

and marshalling the organizational commitment and resources—has been a challenge throughout the labor movement.

## HISTORY HOLDS CLUES

The history of the ILWU offers some interesting examples of how the union has addressed this problem in the past, that included organizing campaigns during both good and bad times. History also shows that the fate of both longshore and warehouse workers has been closely linked.

The union's famous "march inland," occurred after the first waterfront contracts were won in 1934 when there were only about 500 warehouse workers in the union. But within two years, nearly 4,000 warehouse workers had joined the union; providing some much-needed bargaining power that was tested in 1936 when a 3-month strike shut the ports as longshore and warehouse workers joined forces to win better contracts together. Employers were refusing to pay union members over .60 cents an hour while there were so many men willing to work for .40 cents. Longshore picketers left their comfort zone at the docks and went to organize workers in nearby warehouses and shops. The strike was won when warehouse workers reached a settlement first, then contributed desperately needed funds to help their longshore brothers survive longer on the picket lines and eventually win their contract.

By 1938 there were 8500 ILWU members working in San Francisco warehouses—just in time for a city-wide lockout that was settled when the union and employers established the first Master Warehouse Agreement. Ten years later, longshore workers were on strike in 1948 and warehouse workers provided funding and support to help their brothers again. Warehouse workers had big strikes in 1967 and 1976, when longshore members offered support.

Today, it's the Longshore Division locals that have the strong financial resources and a booming membership—but the spirit of solidarity still lives. Consider what happened when 300 low-wage workers from Local 6 honored the Teamster lock-out at Waste Management for 30 days this past July. Longshore locals contributed over \$50,000 to help workers who were mostly women, many of whom were recent immigrants.

"The support we got from all over the union, especially longshore, was sobering," said Pecker. "Workers who are making good money and benefits can have a hard time understanding what low-wage workers face, but the support we felt during the lock-out made us all proud to be part of a union where there are brothers and sisters who still understand the power and urgency of solidarity."

continued on page 8



Local 6 members collect for the longshore strikers in 1946.

Library

# ILWU Book & Video Sale

Books and videos about the ILWU are available from the union's library at discounted prices!

## BOOKS:

**Harry Bridges: The Rise and Fall of Radical Labor in the United States** By Charles Larrowe: A limited number of copies of this out-of-print and useful biography are now available through the book sale by special arrangement with Bolerium Books in San Francisco, which specializes in rare publications and documents about radical and labor history. **\$10.00**

**The ILWU Story:** unrolls the history of the union from its origins to the present, complete with recollections from the men and women who built the union, in their own words, and dozens of rare photos of the union in action. **\$5.00**

**The Big Strike** By Mike Quin: the classic partisan account of the 1934 strike. **\$6.50**

**The Union Makes Us Strong:** Radical Unionism on the San Francisco Waterfront By David Wellman: the important new study of longshoring in the ILWU. **\$20.00 (paperback)**

**A Terrible Anger: The 1934 Waterfront and General Strike in San Francisco** By David Selvin: perhaps the most comprehensive single narrative about the San Francisco events of 1934. **\$16.50**

**The March Inland: Origins of the ILWU Warehouse Division 1934-1938** By Harvey Schwartz: new edition of the only comprehensive account of the union's organizing campaign in the northern California warehouse and distribution industry. **\$9.00**

**NOTE:** TWO IMPORTANT BOOKS ARE NO LONGER AVAILABLE TO THE ILWU LIBRARY AT A SIGNIFICANT DISCOUNT, BUT MAY BE PURCHASED FROM BOOKSTORES, INCLUDING THE ILWU LOCAL 5 WEBSITE (powellunion.com)

**Workers on the Waterfront: Seamen, Longshoremen, and Unionism in the 1930s** By Bruce Nelson: the most complete history of the origins, meaning, and impact of the 1934 strike.

**Reds and Rackets: The Making of Radical and Conservative Unions on the Waterfront** By Howard Kimledorf: A provocative comparative analysis of the politics and ideology of the ILWU and the International Longshoremen's Association.

## VIDEOS:

**We Are the ILWU** A 30-minute color video introducing the principles and traditions of the ILWU.

Features active and retired members talking about what the union meant in their lives and what it needs to survive and thrive, along with film clips, historical photos and an original musical score. DVD or VHS version **\$5.00**

**Life on the Beam: A Memorial to Harry Bridges** A 17-minute DVD of the original video production by California Working Group, Inc., memorializes Harry Bridges through still photographs, recorded interviews, and reminiscences. Originally produced for the 1990 memorial service in San Francisco. DVD **\$5.00**

**NOTE:** "A Life on the Beam" is now available in DVD format through the book sale at this greatly reduced price by special arrangement with the Working Group, and includes a bonus feature on the building of the Golden Gate Bridge.

## ORDER BY MAIL

\_\_\_ copies of **Harry Bridges** @ \$10 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **ILWU Story** @ \$5 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **The Big Strike** @ \$6.50 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **The Union Makes Us Strong** @ \$20 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **The March Inland** @ \$9 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **A Terrible Anger** @ \$16.50 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **We Are the ILWU** DVD @ \$5 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **We Are the ILWU** VHS @ \$5 ea. = \$ \_\_\_\_\_  
 \_\_\_ copies of **A Life on the Beam** DVD @ \$5 ea. = \$ \_\_\_\_\_

Total Enclosed \$ \_\_\_\_\_

### No sales outside the U.S.

We regret that U.S. Customs and postal regulations create too great a burden for our staff to maintain book sale service to our members and friends outside the United States.

Name \_\_\_\_\_

Street Address or PO Box \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make check or money order (U.S. Funds)  
payable to "ILWU" and send to

**ILWU Library, 1188 Franklin Street, San Francisco,  
CA 94109**

Prices include shipping and handling.

Please allow at least four weeks for delivery.

Shipment to U.S. addresses only

## Warehousing? *cont'd from p. 3*

### ORGANIZING IS THE OBVIOUS ANSWER, BUT...

"The problems that warehouse locals face today can only be solved like they were in 1936—by organizing more workers in the industry," says ILWU International Secretary-Treasurer Willie Adams, who has been convening meetings of the Warehouse Caucus.

"Organizing workers today is so much harder than it was in the 30's," says Adams. He says some of the challenges are the same; opposition from employers and anti-union politicians, for example, and notes that the union's Political Action Fund is crucial for addressing that problem.

But Adams also believes there are new challenges that require more discussion about what is needed from members and leaders if the union is serious about organizing new workers. He says the ILWU's organizing effort in the warehouse industry is raising many difficult issues, including:

✓ Many new warehouses are located a hundred miles or more away from the largest ILWU warehouse locals.

✓ The workforce in many warehouses includes workers who speak Spanish and other languages that many leaders don't understand.

✓ Most ILWU members haven't participated yet in an organizing campaign, although Adams believes many would find it rewarding and he feels their role is "absolutely critical."

✓ The financial resources needed to tackle today's warehouse industry—and take on the mega-employers involved—are enormous.

Adams says none of these obstacles are overwhelming, and he believes the ILWU is making progress in several areas. For example:

✓ The ILWU is now allocating a third of the International Union income to organizing—something that few other unions have matched.

✓ Some ILWU workers and officers from the Longshore Division are volunteering to help Rite Aid employees who live in the desert, almost 100 miles away from the docks and union halls of San Pedro.

✓ Many of the ILWU organizing staff speak Spanish, as do some of the volunteers who are meeting with warehouse workers that want to join the ILWU.

The ILWU's Organizing Director, Peter Olney, believes one of the biggest challenges—and opportunities—for ILWU organizing is to harness the union's existing strength on the docks, and use that power to follow the containers wherever they lead, including warehouse work.

"We have to build our organizing strategies around the opportunities that are present in the new systems and traditional links on the docks," he says. "One goal is to harness our power on the docks through thousands of longshore workers who understand that their future prosperity depends on helping other workers beyond the docks to escape poverty. That's not going to happen overnight, but we have to get moving because there are other forces at work that leave all of us vulnerable, including longshore workers."

Olney's reference to "other forces" may sound sinister, but he says it's just a question of perspective. Today's longshore workers, he says, are a critical link in the global supply chain, "but we're surrounded in all directions by a workforce that's predominantly non-union and low-wage."

Willie Adams says the existing links between longshore and warehouse are critical, and notes that the Longshore Division has provided valuable financial support for organizing and other important projects.

"Change on the docks and in warehousing is constant," he says, "and I've seen plenty of changes during my time in the industry." Adams notes that longshore is thriving now, but cautions that the future may be more difficult. "Organizing new workers down the supply chain is critical because we're at a crossroads now with warehousing, and all of us have a stake in the outcome," he says.

Adams points to the historic role played by ILWU Secretary-Treasurer Lou Goldblatt, who encouraged warehouse organizing more than half a century ago. "Lou wanted warehouse and longshore folks to work together, because workers could benefit from the experience and power of both industries; that was the strategy then, and it's our best chance for a larger and stronger union today."

## News and Notes *cont'd from p. 4*

the first ship to call at its new Lehigh Cement terminal in late August. The new terminal will generate more work for the union, and the Port of Everett signed a 20-year lease with Lehigh. Local 32 will also handle more cargo from Boeing, as that company imports more parts for its 787 "Dreamliner" aircraft.

### OREGON

**Local 8** has taken on Ash Grove Cement with picket lines protesting the company's failure to pay "area standard" wages and its use of ships' crew to discharge cement. U.S. law forbids seafarers doing longshore work when the ship is tied up and the union has sent photos to federal agencies documenting these violations. The company denies it. "We've been picketing since April 3. We've gone to the facility and attempted to talk to management and have been forcibly removed by the police," Secretary-Treasurer Karl Lunde said. Local 8 has vowed to keep up the pressure.

### CALIFORNIA

**The Northern and Southern California District Councils** teamed up to help pass an indoor heat safety standard that will require CalOSHA to protect workers from extreme heat at the workplace. The bill is on the Governor's desk. But key worker protections were stripped from the bill.

**The Southern Calif. Pensioners Assn.** hosted a Labor Day pre-parade breakfast at the Local 13 dispatch hall and fed 500 marchers. The pensioners donated \$4,000 for the food and Local 13 member Mike Miller led the kitchen staff.

**Local 6 members** who refused to cross the picket lines of locked-out Teamsters were honored at the Alameda County Labor Council Labor Day Picnic. More than 300 Local 6 people gave up their paychecks for a month's solidarity. For its part, the local has been sued by Waste Management and had an unfair labor practices charge filed against them by the company.

**Local 13.** The Port of Long Beach—using real-time monitoring—has completed a study of air quality at the port. Based on recommendations by Local 13 members, air monitors were set up at four locations around

the port, with an additional monitor set up near the Local 13 Memorial Hall in Wilmington, according to Local 13 Health Benefits Administrator David Beeman.

**Local 18** welcomed Steve Kioukis back to the hall after a bit of an absence—35 years, to be exact. "I left because of lack of work," Kioukis said. "I enjoyed working on the ships back then, but I'd gotten into the habit of eating at an early age! When I started in 1968 everything was hand stowed, and in the five years I was in it went to mostly mechanized."

**Local 26** ratified a contract for 130 members with American Extrusion Products. Workers will get a wage increase of 3 percent annually, President Luisa Gratz said... The Area Arbitrator ruled in favor of 18 Local 26 workers Sept. 21 in a dispute for time, and they will be paid in lieu time. The arbitrator reaffirmed the ruling Sept. 24.

**Local 29** in National City says the Port of San Diego is bringing in new work fast. So fast, in fact, that more workers may be needed to handle the additional work. The port has become a niche market for the delivery of windmill parts, and receives break bulk cargoes like cement, fertilizer, fruit, lumber and steel.

San Diego's Port Commissioners will be meeting with ILWU Local 29 and PMA officials in San Francisco on Oct 30 to discuss how to handle growth in cargo volumes at the port. Their agenda will also include talks about safety and staffing. According to the Port of San Diego, break bulk imports increased by 60 percent in fiscal year 2007, while vehicle imports increased nearly 20 percent. Overall revenues over the past year also increased by \$4 million, to \$39.4 million. In addition to growing cargo volumes, San Diego is expecting more cruise ships to call at the port this year than ever before during peak season, from October until May... There was also a change in leadership at Local 29 this summer **Abram Rodriguez** was elected President and **Anthony Soniga** was elected Secretary-Treasurer/Dispatcher.

**Local 30** in Boron announced the retirement of long-time officer **Ray Panter**, who served six terms as president. Other retirees include: Paterno Basilio, Stuart Sims, Andrea Placker, Frances Ellwood and David Ku.