Title
MOVING GOODS, MOVING AMERICA: LABOR, TECHNOLOGY, POLICY, DEVELOPMENT &
THE STRUGGLE OVER NORTH AMERICA’S LARGEST PORT-LOGISTICS NEXUS

Author
Halvorsen, Jesse Ronald

Publication Date
2021

Peer reviewed|Thesis/dissertation

UNIVERSITY OF CALIFORNIA
SANTA BARBARA

MOVING GOODS, MOVING AMERICA: LABOR, TECHNOLOGY, POLICY, DEVELOPMENT & THE STRUGGLE OVER NORTH AMERICA'S LARGEST PORT-LOGISTICS NEXUS

A dissertation submitted in partial satisfaction of the

requirements for the degree Doctor of Philosophy

in History

by

Jesse Ronald Halvorsen

Committee in charge:

Professor Nelson Lichtenstein, Chair

Professor Alice O'Connor

Professor Kate McDonald

Professor Shane Hamilton, University of York

March 2022

The dissertation of Jesse Ronald Halvorsen is approved.

Kate McDonald

Alice O'Connor

Shane Hamilton

Nelson Lichtenstein, Committee Chair

December 2021

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LABOR, TECHNOLOGY, POLICY, DEVELOPMENT &
THE STRUGGLE OVER NORTH AMERICA'S LARGEST PORT-LOGISTICS NEXUS

by

Jesse Ronald Halvorsen

ACKNOWLEDGEMENTS

Though writing itself is a solitary exercise and the product of countless hours of toil alone, this dissertation would not have been possible without the help of several individuals and institutions. Without them, I could not have completed this work.

My research and writing benefited from the generosity and support of several institutions. The Center for the Study of Work, Labor, and Democracy at UCSB provided funding and support early on in my graduate studies. The Department of History and the Writing Program at UCSB gave me employment opportunities which made my graduate studies possible. I will always look fondly on my time as a teacher and instructor for my undergraduate students, from whom I learned a great deal. They helped me to grow as a person and as a scholar. The Institute for Research on Labor and Employment at the UCLA provided critical funding and support in my research on motor carrier deregulation and wage theft in Southern California's drayage industry. The History Associates at UCSB provided numerous funding opportunities, which made the bulk of my research for this dissertation possible. The Department of History at UCSB also provided funding for research trips, to attend conferences, and gave me much needed time to write. The Tobin Project not only provided funding during my time as a graduate student fellow, their commitment to interdisciplinary scholarship benefited portions of my dissertation at their graduate student workshop and gave me the opportunity to connect with scholars I might not have otherwise.

My work also benefited from feedback from individuals in a wide array of settings. I am grateful for the comments and direction I received from the participants of the Bay Area Labor History Workshop, especially Harvey Schwartz and Reuel Schiller. UCLA's IRLE provided me the opportunity to present my work alongside Scott Cummings, Victor Narro, and Sanjukta Paul to an audience at UCLA's Luskin School of Public Affairs. Elizabeth Tandy Shermer proved to be an ideal moderator and gave valuable feedback for my paper at the Policy History Conference. My work also benefited from the insightful critiques from the high caliber of scholars at UCSB's Center for the Study of Work, Labor, and Democracy, especially Mary Furner, Nelson Lichtenstein, and Alice O'Connor. Christopher Endy gave me important comments on my work at the GWU-UCSB-LSE International Graduate Student Conference on the Cold War. Participants at the Social Movements Workshop at the Department of Sociology at UCSB, particularly Dick Flacks and Ben Manski, helped place my work on motor carrier deregulation in a broader political context. My work also benefited from feedback from the participants and discussants at the Tobin Projects' graduate student workshop, especially my commentor Jonathan Gould and the program's director John Cisternino.

Since history depends on archival collections to build a narrative of the past, archivists are the critically important people behind the scenes who make our work possible. My research trips to the many archives I visited around the United States will remain among my most cherished experiences as a graduate student. I was fortunate to work through archival material from the Hoover Institution at Stanford University, the Labor Archives and Research Center at the J. Paul Leonard Library at San Francisco State University, the Urban Archives at the Oviatt Library at the California State University – Northridge, the International Brotherhood of Teamsters Labor History Research Center at the Gelman Library at George Washington University, the Robert E. Ellingwood Model Colony History Room at the City of Ontario Public Library, the Richard Nixon Presidential Library and Museum, the Gerald Ford Presidential Library, and the Jimmy Carter Presidential Library and Museum. Numerous times, archivists at these institutions helped guide me to collections or materials I may have otherwise overlooked. The librarians and staff at the Davidson Library at the University of California – Santa Barbara also provided unending support and deserve special recognition.

I feel enormously privileged to have studied at one of the great public higher educational systems in the United States. The University of California – Santa Barbara was an ideal place to pursue my graduate studies and provided a picturesque setting to read, write, and teach. I was fortunate to have an office that was a ten-minute walk to the lagoon, campus point, and the beautiful beaches of Isla Vista where I could go for walks to clear my head and think things through. My teachers and the faculty at UCSB also deserve recognition as they all played an important role in my graduate studies. I benefited from coursework with Eileen Boris, Mary Furner, Pekka Hämäläinen, Laura Kalman, Nelson Lichtenstein, Patrick McCray, Kate McDonald, Alice O’Connor, and Paul Sonnino. UCSB Department of History staff also deserve special recognition, especially Darcy Ritzau and Rhiannon Parisse, as they helped me navigate the byzantine structures of the administrative side of graduate school.

Comments from my dissertation committee helped me craft a clearer and more focused dissertation. Alice O'Connor pushed me to consider where my dissertation fit within a broader historiography and helped me forge stronger links between the three parts of my overall narrative. Kate McDonald helped me to clarify the broader structure and framework of the overall dissertation. Both Alice and Kate helped identify areas of my dissertation that were extraneous to my narrative. Shane Hamilton helped me recognize surprises and contradictions in broader supply chains. Both Kate and Shane urged me to consider the ways in which workers experience time space compression that are seemingly at odds with the ruthless efficiency of logistics.

Nelson Lichtenstein proved to be the ideal mentor and advisor. I will always remember my campus visit to Santa Barbara. There, he took me and my partner, Sarah, on a hike to Inspiration Point which overlooks downtown Santa Barbara and the ocean while we talked academics and graduate school. It is at that point I knew I wanted to study at UCSB. When we arrived, Nelson and Eileen Boris opened their home and lives to us and made us feel at home as we traded the East Coast for the West. Aside from his critical insights and incisive feedback on my work, Nelson was unwavering in his support, endlessly patient, extremely generous with his time, and always available to talk. I will forever be grateful of this experience and my time with him.

I will forever remember the friendships I made along the way. My work was made stronger by the interactions I had with them and my life as a graduate student was all the richer. Tim Paulson, James White, Andrew Elrod, and David Baillargeon

proved to be the ideal officemates at various points in my time as a graduate student. I will always look fondly on the time I spent with David Baillargeon, Heather Berg, Sasha Coles, Sienna Cordoba, Andrew Elrod, Joe Figliulo-Rosswurm, Brian Griffith, Hanni Jalil-Paier, Neil Johnson, Seonghee Lim, Ben Manski, Jessica Marter-Keynon, Moraag Murphy, Will Murphy, Kurt Newman, Tim Paulson, Caitlin Rathe, Kristoffer Smemo, Samir Sonti, Cody Stephens, Brian Tyrrell, Kali Yamboliev, and Jackson Warkentin, whether it was academic discussions, reading groups, on picket lines, walks on the beach, workout and yoga sessions, gleaning citrus for the Santa Barbara Food Bank, lunches, barbeques, picnics, camping trips, or weddings. Night hikes with Santa Barbara's Sierra Club gave me the opportunity to explore the region's excellent hiking in greater Santa Barbara and the Los Padres National Forest. It was a deep honor to serve the members of UC Student Worker Union, UAW Local 2865, in various roles. I value the time I spent on union matters and the numerous individuals I met along the way. They do the hard work to make work as a graduate student tolerable.

After my undergraduate at the University of Wisconsin – Madison, I was fortunate enough to land a job at the Department of History at Harvard University. There, I met wonderful and engaging scholars and students. The Department's Director of Administration, Janet Hatch, sent numerous opportunities my way. I am particularly indebted to Sven Beckert and Lisa McGirr. Coursework with them helped me sharpen my academic skills before I entered graduate school and I will forever be grateful of their support.

Lastly, I am grateful for the support, patience, and love of my family. My sister Heather Halvorsen and her partner Nick Smiar and my sister Shannon Halvorsen and her partner Gary Firman are ideal siblings. Though we all live far apart, they always make me feel at home when visiting and I cherish the time we spend together. I am also thankful for the love and support of my extended family, especially my grandmother Ilene Trautlein. I am grateful to my parents, Mary Halvorsen and David Halvorsen for all of their love and support. They played an important role in shaping my values and helped make me into the person I am today. Finally, I am forever grateful to my wonderful partner, Sarah Siobhan Johnson, her family, and our cats Pigou and Scarlett. I cannot state in words how much her unconditional love, unwavering support, and unending patience meant to me while I was in graduate school and while I went through some of the most difficult times in my life. This dissertation is dedicated to her.

CURRICULUM VITA OF JESSE RONALD HALVORSEN
DECEMBER 2021

EDUCATION

UNIVERSITY OF CALIFORNIA – SANTA BARBARA
Ph.D. in United States History, expected 2021.
Dissertation title: Moving Goods, Moving America: Labor, Technology, Policy, Development, & the Struggle Over North America's Port-Logistics Nexus.
M.A. in United States History, 2014.
UNIVERSITY OF WISCONSIN – MADISON
B.A. United States and Modern History, 2007.

TEACHING & RESEARCH INTERESTS

History of Capitalism; Labor History; Business History; History of Economic Thought; Policy History; Urban History; History of Technology; History of Slavery & Reconstruction; East Asian Political Economy; Historiography; Economic Geography.

TEACHING EXPERIENCE

Instructor of Record, Department of History, UCSB, spring quarter 2017.
- Designed and taught Labor Research & Internship Seminar for the Labor Studies minor.

Teaching Assistant, Writing Program, UCSB, 2015-2016, academic year.
- Designed and taught Writing 2: Academic Writing.

Teaching Assistant, Writing Program, UCSB, 2014-2015, academic year.
- Designed and taught Writing 2: Academic Writing.

Teaching Assistant, Department of History, UCSB, 2013-14, fall & winter quarters.
- History 17A: U.S. History - Colonial to Jacksonian Era; History 17B: Sectional Crisis to 1920.

Teaching Assistant, Department of History, 2012-2013, academic year.
- History 7: Issues in Public Policy; History 2A: Ancient-1,000 CE; History 4C: Western Civ. 1750-present.

FELLOWSHIPS & AWARDS (PARTIAL LIST)

UCSB – Department of History, 2018 spring quarter.
- Dissertation Fellowship.

The Tobin Project, 2017-2018.

- Graduate Student Fellow.

UCSB – Department of History, 2016.
- Conference Grant.

UCSB – Department of History, 2016.
- Travel Grant.

UCSB – History Associates, 2016.
- History Associates Award.

UCLA – Institute for Research on Labor and Employment (IRLE), 2015.
- Funding and support for research on wage theft in Southern California's drayage industry.

UCSB – History Associates, 2015.
- Van Gelderen Fellowship.

UCSB – Center for the Study of Work, Labor & Democracy, 2011-2012.
- Pre-Doctoral Fellowship.

PROFESSIONAL ACTIVITIES & SERVICE (PARTIAL LIST)

UAW, Local 2865, UC Student Workers' Union, 2017-2018.
- Financial Secretary, Executive Board member, and member of the Joint Council.

UCSB, Department of History – Senior Honors Thesis, 2016.
- Commenter for Jacob Weeks, "No One Reads This Rag: Punk Rock and the Zine-Scene Dynamic"

UAW, Local 2865, UC Student Workers' Union, 2015-2017.
- Unit Chair UAW 2865 – Santa Barbara, and member of the Joint Council.

UCSB, Department of History, Summer 2012.
- Graduate Student Researcher for Nelson Lichtenstein, UCSB, Department of History. Work for summer 2012 resulted in *A Contest of Ideas: Capital, Politics, & Labor* (2013).

Center for the Study of Work, Labor, and Democracy, 2011-2014.
- Administrative Assistant for Nelson Lichtenstein, Director. Work included assistance for the *Symposium on the New History of Cesar Chavez & the United Farm Workers* (UFW) (2011); and the *Port Huron at 50 Conference* (2012).

Harvard University, Department of History – Research Assistant, 2010-2011.
- Assistant for Sven Beckert, Harvard University, Department of History & Katherine Stevens, Harvard University, History & Literature Program with the publication of *Harvard & Slavery: Seeking a Forgotten History* book and website (2011).

American Historical Association – Executive Director Search, 2010-2011.

- Assistant for Laurel Ulrich, AHA President, 2011; Harvard University, Department of History. Resulted in successful search for the AHA's Executive Director James Grossman.

Harvard University, Thomas T. Hoopes Class of 1919, Senior Thesis Prize, 2010.

- Assistant for Lisa McGirr, Prize Committee Chair; Department of History, Harvard University.

PUBLICATIONS

Research & Policy Brief: "Driven to Poverty: Misclassification & Wage Theft in Southern California's Short Haul Trucking Industry," UCLA's Institute for Research on Labor and Employment, (May 2015) No. 33.

TALKS, CONFERENCES, PANEL DISCUSSIONS, & WORKSHOPS (PARTIAL LIST)

TOBIN PROJECT, GRADUATE STUDENT FELLOWS WORKSHOP

- September 13-15, 2017.

MOVEMENTS FROM ABOVE; STRUGGLES FROM BELOW: THE DOUBLE & COUNTER-DOUBLE MOVEMENTS OF DEMOCRATIZATION & DEREGULATION IN LATE 20TH CENTURY U.S.A.

- Joint talk with Ben Manski, UCSB Sociology, Social Movements Workshop. May 18, 2017.

DEREGULATION DISCOURSES & REGULATORY REFORM IN AMERICAN TRANSPORTATION, 1974-1979

- UCSB, Colloquium on Work, Labor, & Political Economy. December 2, 2016.

THE VEXING HISTORY OF DEREGULATION: DANIEL O'NEAL, THE ICC, & THE ROOTS OF REGULATORY REFORM, 1974-1977

- Policy History Biennial Conference, Nashville, TN. June 2, 2016.

MOVING GOODS, MOVING AMERICA: LABOR, TECHNOLOGY, POLICY, & THE STRUGGLE OVER NORTH AMERICA'S LARGEST PORT-LOGISTICS NEXUS, 1948-1988

- Bay-Area Labor-History Workshop (BALHW). April 17, 2016.

LA & LONG BEACH'S PORT TRUCKERS: EXPLOITATION & RESISTANCE

- University of California-Los Angeles (UCLA)-Institute for Research on Labor & Employment, IRLE Dialogue Series at UCLA's Luskin School of Public Affairs. May 27, 2015.

ABSTRACT

MOVING GOODS, MOVING AMERICA:
LABOR, TECHNOLOGY, POLICY, DEVELOPMENT &
THE STRUGGLE OVER NORTH AMERICA'S LARGEST PORT-LOGISTICS NEXUS

By

Jesse Ronald Halvorsen

This dissertation explores developments in three discrete but interconnected areas of transportation – mechanization and modernization in West Coast longshoring, motor carrier deregulation, and innovations and development in warehousing and logistics – that collectively revolutionized the movement of goods in the United States broadly. Together, these developments radically improved productivity in longshoring, compressed time spent in transportation bottlenecks, reduced transportation costs, enabled supply and demand modeling and forecasting, and reshaped the geography of movement of goods infrastructure in transportation hubs. In this way, these innovations effectively annihilated space by time. This geographic reordering is perhaps best represented in developments in the ports of Los Angeles and Long Beach and the warehouses and distribution centers in the Inland Empire. Far from deterministic, each of these three narrative strands were a series of choices mediated through social negotiation. Aside from transforming the movement of goods industry in the United States, these developments enabled a disaggregation of the production process across vast expanses of time and space which holds global implications for the perennial labor question: who works, for whom, and under what conditions.

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INTRODUCTION

This dissertation began with a seemingly simple question from my advisor, Nelson Lichtenstein. He wanted to know why Southern California's Inland Empire became a warehousing and distribution center nexus. At first, the answer seemed relatively simple. Even though the region is located roughly fifty miles northeast from the twin ports of Los Angeles and Long Beach, the Inland Empire once had an abundance of inexpensive undeveloped and underdeveloped land. What Inland Empire economist John Husing referred to as 'cheap dirt.' This is especially true when compared to tight confines of the South Bay, the region located directly north of the twin ports that had long served as Southern California's industrial hub. Furthermore, the region is home to a large, mostly Latinx, workforce – a reserve of labor for low-waged warehouse work.[1]

[1] Edna Bonacich & Jake Wilson, *Getting the Goods: Ports, Labor, and the Logistics Revolution* (Ithaca: Cornell University Press, 2008); Jason Struna, "Handling Globalization: Labor, Capital, and Class in the Globalized Warehouse and Distribution Center," unpublished dissertation, Sociology, University of California – Riverside, 2015; Juliann Allison, Joel Herrera, & Ellen Reese, "Why the City of Ontario Needs to Raise the Minimum Wage: Earnings Among Warehouse Workers in Inland Southern California," Research & Policy Brief, Institute for Research on Labor and Employment, University of California – Los Angeles, Number 36 (July 2015); Juan De Lara, *Inland Shift: Race, Space, and Capital in Southern California* (Berkeley: University of California Press, 2018); Ellen Reese & Alexander Scott, "Warehouse Employment as a Driver of Inequality in the Inland Empire: The Experience of Young Amazon Warehouse Workers," Blueprint for Belonging Project, Othering & Belonging Institute, University of California – Berkeley (December 2019).

Location and geography also played a critical role. The Inland Empire sits due east of Los Angeles and is hemmed in by San Gabriel Mountains to the north and Santa Ana Mountains to the south. It has long functioned as a transportation artery, connecting the Southern California metropolis to parts east. Rail lines traversed this east-west corridor by the late 19th century and postwar infrastructure projects built the region's highways and freeways which furthered connections between Southern California and the urban areas of Las Vegas, Denver, and Phoenix, indeed with the rest of the United States. From the 1980s to the present, developers and firms built warehouses and distribution centers in the Inland Empire to process imports from the Pacific Rim to serve not only Southern California but these other metropolitan regions as well. However, the Inland Empire's place as a logistics nexus is entirely contingent upon the importance of the twin ports of Los Angeles and Long Beach in Pacific Rim trade.

The region's warehouses and distribution centers create a strange built environment. Sociologists Edna Bonacich and Jake Wilson describe the Inland Empire's warehouses and distribution centers as that of a "moonscape, with no visible human beings on the streets. The lack of windows contributes to the alien character of the landscape." Larger warehouses and distribution centers are typically one-million square feet or more and a site for a single building can take up to sixty acres. Industrial engineers and architects design these sprawling single-story warehouses and distribution centers, lined with truck docking bays, to efficiently process goods and to facilitate crossdocking.[2] Indeed, the very layout of these facilities is driven by function.

Whereas warehouses and distribution centers once operated as storehouses for goods, innovations in logistics and cargo handling methods transformed them into efficient transfer points in larger supply chains in which commodities remain in almost constant motion. Typically, when a containership arrives at the ports, longshore workers unload the vessel's shipping containers using towering ten-story dockside cranes. Longshore workers then use smaller mobile gantry cranes to stack them in sprawling paved staging areas and later use these same mobile gantry cranes to either affix the container to either a semitruck trailer for drayage workers to deliver to warehouses and distribution centers or place the container on double-stacked train cars when their contents are destined for more distant markets. When a truck arrives at a warehouse or distribution center, warehouse workers deconsolidate the goods and send them on conveyor belts which route the goods to the specific dock bays on other side of the warehouse. Workers then repalletize the goods, wrap them in plastic, and load the pallet into a truck which is then sent off to its ultimate destination.[3] In this way, drayage or short haul trucking, should be viewed as the connective thread between ports and warehouses.

In terms of their function within supply chains, ports, warehouses, and distribution centers are symbiotic parts of a whole, as critical goods handling

[2] Bonacich & Wilson, *Getting the Goods,* pp. 133-135; Struna, "Handling Globalization," pp. 74-75.
[3] Sociologist Jason Struna describes this process in more detail in, Struna, "Handling Globalization," pp. 72-95.

infrastructure in one particular node of a larger supply chain.[4] The Inland Empire's warehouses and distribution centers are inextricably tied to the ports of Los Angeles and Long Beach. Though the ports were considered backwaters until the 1950s, today Southern California's twin ports are collectively the largest port complex in North America and process roughly 40% of containerized imports from the Pacific Rim.[5] In this way, the built environment of the local is in a dialectical relationship with the larger economic structures and currents of global commerce. As shippers increasingly adopted containerization in the 1960s and 1970s, the volume of goods traveling by sea saw a marked increase. Trade liberalization through the General Agreement on Tariffs and Trade (GATT) and later through the World Trade Organization (WTO) reduced trade barriers and facilitated a more globally integrated economic order.[6] By 2011, the United States imported $1.73 trillion worth of merchandise through its nation's ports, a staggering eighty-fold increase from the early 1960s.[7] Though the United States ran a trade surplus from the postwar period until 1970, the balance shifted to a steadily increasing trade deficit thereafter.[8]

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[4] Supply chain is both a sociological term and business model both of which trace the path of a particular good from their point of production to their point of consumption.

[5] *Journal of Commerce* staff, "West Coast Ports," *Journal of Commerce,* https://www.joc.com/special-topics/west-coast-ports (accessed June 2021); Stephen Erie, *Globalizing L.A.: Trade, Infrastructure, and Regional Development* (Stanford: Stanford University Press, 2004).

[6] David Harvey, "Neoliberalism as Creative Destruction," *The Annals of the American Academy of Political and Social Science*, Vol. 610, (March 2007), pp. 22-44; David Harvey, *A Brief History of Neoliberalism* (Oxford: University of Oxford Press, 2005).

[7] Rose George, *Ninety Percent of Everything: Inside Shipping, the Invisible Industry That Puts Clothes on Your Back, Gas in Your Car, and Food on Your Plate* (New York: Metropolitan Books, 2013), pp. 3.

[8] J. Michael Donnelly, "U.S. World Merchandise Trade Data: 1948-2006," Congressional Research Service, Library of Congress, Report for Congress, Order Code: RS22612, February 23, 2007.

Entrepreneur Malcolm McClean first innovated and adapted containerization to shipping in the mid-1950s.[9] Though the shipping container would not see widespread use until the late 1960s and early 1970s, the technology had far-reaching effects on containerships, ports and their infrastructure, cargo handling methods, and the movement of goods the world over. Marc Levinson notes without hyperbole that "the shipping container made shipping cheap, and by doing so changed the shape of the world economy."[10] Initially, shipping concerns used containers in domestic shipments between ports in the United States, but the container saw more use in global trade when the International Organization for Standards (ISO) set international criteria for the shipping container in the late 1960s and early 1970s.[11] In 1956, McClean's maiden container voyage on the *Ideal-X,* a converted T-2 tanker, transported fifty-eight shipping containers between the ports of Newark and Houston.[12] By contrast, modern container ships can carry between 13,000 and 15,000 shipping containers. The largest containerships are typically over a quarter of a mile long and over 190 feet wide.[13]

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[9] Marc Levinson notes that there was no 'ah ha' moment in the development and application of the container, though McClean developed a captivating origins story for his role in developing the container and, as Levinson notes, "many people quite fancy the tale of McClean's dockside epiphany," when in reality "the idea that innovation occurs in fits and starts with one person adapting a concept already in use and another figuring out how to make a profit from it," which Levinson admits, "has little appeal." Refer to Marc Levinson, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger* (Princeton: Princeton University Press, [2006] 2016), pp. xi-xiii.

[10] Levinson, *The Box,* pp. 2.

[11] Marc Levinson describes this process in detail in Levinson, *The Box,* pp. 170-201; Daniel Bernhofen, Zouheir El-Sahli, & Richard Kneller, "Estimating the Effects of the Container Revolution on World Trade," Center for Economic Studies, Working Paper, No. 4136, (February 2013), pp. 1-33.

[12] Levinson, *The* Box, pp. 64-69; Brian Cudahy, *Box Boats: How Container Ships Changed the World* (New York: Fordham University Press, 2006), pp. 28-32.

[13] George, *Ninety Percent of* Everything, pp. 3; Maya Jasanoff, "A Passage from Hong Kong: Four Weeks at Sea on Board One of the World's Largest Container Ships," *New York Review of Books,* April 3, 2014; Levinson, *The Box*, pp. 5.

Though modern containerships carry far more goods than the traditional break-bulk ships they outclassed, they can be loaded and unloaded in a fraction of the time with far less labor requirements at ports. Traditional break bulk cargo handling methods employed gangs of hold workers who would stack goods on pallets or skids by hand in the hold of a ship. Winch drivers and hatch attendees would guide the skid out of the bowels of the ship with onboard cranes and would deposit the load dockside. The goods would be depalletized on the dock by lumpers and reloaded into trucks by teamsters. Discharging or loading goods onto a ship was hard work, but also required a good deal of skill, not only for personal safety, but for the balance of weight in the ship's hold. In this way, break bulk cargo handling was both an art and a science. A tight stow was the mark of an experienced gang. However, the work was dangerous and backbreaking. Though mechanization in longshoring made the work far safer and easier, containerization meant less total work for longshore workers.[14] It also meant that goods could be processed quickly at transportation bottlenecks, such as ports, so the container's contents could be worked at warehouses and distribution centers in more diffuse points in the supply chain.

Containerization has had an enormous impact on port infrastructure and their built environment. Harbors needed to be dredged to depths of over forty-five feet to accommodate massive containerships. The dredged land from the harbor is often reworked into landfill for large paved surface areas to stage the thousands of

[14] Marc Levinson describes this process in detail in a chapter titled 'Gridlock on the Docks,' in Levinson, *The Box*, pp. 21-46.

containers from containerships. While warehouses once lined wharves, containerization displaced deconsolidation sheds and warehouse storage from areas at or near ports to areas on the urban fringe, such as the Inland Empire in Southern California.[15] However, this geographical reordering was hardly limited to Southern California as most other container ports and transportation hubs have a similar geography of goods handling infrastructure.[16] Given the massive infrastructure projects and large fixed capital investments required to accommodate large containerships, port traffic became concentrated at ports able and willing to make such upgrades. In the wake of containerization, ports in dense urban areas, such as Lower Manhattan, Brooklyn, and San Francisco, increasingly fell into disuse while the ports of Elizabeth, NJ and Oakland grew in size, scale, and importance.[17]

Of course, global trade is nothing new. Ancient civilizations traded along well-defined routes and vibrant exchanges existed between empires, fiefdoms, and cities.[18] However, early forms of long-distance trade typically dealt with luxury items for elites, such as spices, silk, and precious metals or relatively rare items such as religious texts. In contrast, some scholars date globalized trade to a later period.

[15] Bonacich & Wilson, *Getting the Goods*; Struna, "Handling Globalization"; De Lara, *Inland Shift*.
[16] Markus Hesse & Jean-Paul Rodrigue, "The Transport Geography of Logistics and Freight Distribution," *Journal of Transport Geography,* Vol. 12 (2004), pp. 171-184.
[17] Michael Kuby & Neil Reid, "Technological Change and the Concentration of the U.S. General Cargo Port System: 1970-88," *Economic Geography,* Vol. 68, No. 3 (July 1992), pp. 272-289.
[18] Historian Valerie Hansen dispels the myth of the silk road that depicts caravans traveling across vast desert expanses between Rome and China. Rather than direct trade between these civilizations across vast expanses, Hansen notes trade occurred between inhabitations, trading outposts, and cities along the route, which account for Roman coins in China and Chinese silken wares in Rome. Refer to Valerie Hansen, *The Silk Road: A New History* (Oxford: Oxford University Press, 2012). Historian Janet Abu-Lughod explores trade between cities in the 13th and 14th century to disrupt the argument that the world economic systems emerged in the 16th century. Refer to Janet Abu-Lughod, *Before European Hegemony: The World System, A.D. 1250-1350* (Oxford: Oxford University Press, [1989] 1991).

World systems theorists, such as Immanuel Wallerstein, date the emergence of global capitalism to the 16th century. Capitalism, Wallerstein argues, cannot be understood without the context of a global economic system, which he defines as an economic order which gives priority to the "endless accumulation of capital" in which those in the center exploit those on the periphery.[19]

Marxists, on the other hand, define capitalism as a historically specific epoch and socioeconomic system grounded in private property and defined by the relationship between the proletariat and the capitalist.[20] Had Marx been able to finish his ambitious series of *Capital: A Critique of Political Economy* before his death, it would have included either a volume on international trade and another on the world economic system or extensive work on both of these subjects across volumes.[21] Subsequent theorists and intellectuals drew from Marx's ideas to explain the structures and contours of the global capitalist economic system and the uneven development of capitalism.[22]

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[19] Immanuel Wallerstein, *World Systems Analysis: An Introduction* (Durham: Duke University Press, 2004).

[20] Marx devotes nearly the entirety of his only finished volume of *Capital* to exploring aspects of the social relations between the proletariat and capitalist, the labor theory of value, and the inner workings of the capitalist system. Ernest Mandel explores Marx's labor theory of value in Ernest Mandel, "Introduction," Karl Marx, *Capital, Volume I: A Critique of Political Economy* (New York: Penguin, [1867] 1990), pp. 38-46. However, the labor theory of value is not limited to Marxism as other political economists, such as Adam Smith and David Ricardo, had their own iterations of the labor theory of value, though they drew very different conclusions from its implications. Refer to Adam Smith, *Wealth of Nations: Books I-III* (New York: Penguin, [1776] 1999); Adam Smith, *Wealth of Nations: Books IV-V* (New York: Penguin, [1776] 1999); David Ricardo, *On Principles of Political Economy and Taxation* (Mineola, NY: Dover, [1817] 2004).

[21] Martin Nicolaus, "Forward," in Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy* (New York: Penguin [1858] 1993), pp. 54-63.

[22] This is by no means a complete list, just a few touchstone works where some of these ideas appear. Refer to Rudolf Hilferding, *Finance Capital: A Study of the Latest Phase of Capitalist Development* (New York: Rutledge, [1910] 2006); Rosa Luxemburg, *The Accumulation of Capital* (New York: Rutledge, [1913] 2003); Vladimir Ilyich Lenin, *Imperialism, the Highest Stage of Capitalism* (Seaside, OR: Rough Draft Publishing, [1917] 2001); Leon Trotsky, *History of the Russian*

Though most people are familiar with Marx because of the inspiration he offered to the socialist parties and communist revolutions of the twentieth century, the bulk of his work explores the inner workings of the capitalist system in a more theoretical, abstract sense that is still broadly applicable to our understanding of global capitalism.[23] Marx understood that production and distribution together make up the circulation of capital; and while the circulation process itself does not create value, it enables the capitalist to realize it.[24] "The more production comes to rest on exchange value, hence on exchange," Marx wrote, "the more important do the physical conditions of exchange – the means of communication and transport – become for the costs of circulation. Capital by its nature drives beyond every spatial barrier."[25] "Thus, while capital must on one side strive to tear down every spatial barrier to intercourse, i.e. to reduce exchange, and conquer the whole earth for its market," Marx posits, "it strives on the other side to annihilate this space with time,

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Revolution (Chicago: Haymarket Books, [1930] 2008); David Harvey, "The Geography of Capital Accumulation: A Reconstruction of the Marxian Theory," *Antipode,* Vol. 7, Issue 2 (September 1975), pp. 9-21; David Harvey, "The Spatial Fix: Hegel, Von Thunen, and Marx," *Antipode,* Vol. 13, Issue 3 (December 1981), pp. 1-12; David Harvey, *Limits to Capital* (London: Verso, [1982] 2006); Neil Smith, *Uneven Development: Nature, Capital, and the Production of Space* (Oxford: Basil Blackwell, [1984] 1990); Martin Sklar, *The Corporate Reconstruction of American Capitalism, 1890-1916* (Cambridge: Cambridge University Press, 1988); Doreen Massey, *Spatial Divisions of Labour* (London: Palgrave, 1995); David Harvey, *Spaces of Global Capitalism: A Theory of Uneven Geographical Development* (London: Verso, 2006).

[23] Karl Marx and his collaborator and friend Friedrich Engels penned the Communist manifesto which had an enormous effect on communist revolutions around the world in the 20th century. Refer to Karl Marx & Friedrich Engels, *The Communist Manifesto* (New York: Penguin, [1848] 2002). Marx has several critics who argue his work is best understood as either a product of his time or that his analysis is confined to a Western European context. For arguments that Marx is best understood as a product of his time, refer to Jonathan Sperber, *Karl Marx: A Nineteenth Century Life* (New York: W.W. Norton, 2014). For arguments that Marx's analysis of capitalism is not applicable outside of its Western European context, refer to Dipesh Chakrabarty, *Provincializing Europe: Post-Colonial Thought and Historical Difference* (Princeton: Princeton University Press, [2000] 2008).

[24] Marx, *Grundrisse*, pp. 522-525, 542-544, 626-627; Karl Marx, *Capital: A Critique of Political Economy, Volume II* (New York: Penguin, [1885] 1992), pp. 225-229; Karl Marx, *Capital: A Critique of Political Economy, Volume III* (New York: Penguin, [1885] 1991), pp. 379, 382-383, 400-416, 424.

[25] Marx, *Grundrisse*, pp. 522-525, 533-534.

i.e. reduce to a minimum the time spent in motion from one place to another. The more developed the capital, therefore, the more extensive the market over which it circulates, which forms the spatial orbit of its circulation, the more does it strive simultaneously for an even greater extension of the market and for greater annihilation of space by time."[26]

Geographers have long adapted Marx's insights to understand the spatial implications of capitalism. David Harvey argued that "spatial distance then reduces itself to time because the important thing is not the market's distance in space but the speed with which it can be reached." Furthermore, Harvey suggests "as space relations alter in response to transport investments, so do the relative fortunes of capitalists in different locations. Some suffer devaluation of labour power, their fixed capital and consumption fund…while others enjoy, temporarily at least, excess profits and an upward revaluation of available means of production and consumption." "Devaluation," Harvey notes, "is always particular to a place, is always location specific."[27] For Marx, this "explains the demise of old centres of production and the emergence of new ones with changes in the means of transport and communication."[28] Writing in the 19th century, Marx applied the impact of the railroad, steamship, and the telegraph on the spatial arrangement of capital and labor. When these same insights are applied to the impact of containerization, reductions in transportation costs, innovations in cargo handling methods, and

[26] Marx, *Grundrisse*, pp. 539. Marx further explores geographic implication of improvements in communication and transportation and their effect not only on the circulation of capital, but on the built environment and cities themselves in Marx, *Capital, Volume II*, pp. 228-229, 326-331.
[27] Harvey, *Limits to Capital,* pp. 376-380.
[28] Marx, *Capital, Volume II*, pp. 326-329.

improved communication of the mid-to-late 20th century, we begin to understand the logic behind the spatial arrangement of global capital and the global division of labor of the late 20th and early 21st centuries.

A wide array of social theorists have used a variety of measures to define the emergence of a globally integrated economic system. In his mid-century masterwork, Karl Polanyi suggests markets were embedded in society, not apart from it. As Polanyi details in what he termed the Great Transformation, prominent mid-19th century political economists, such as Jeremy Bentham, Edmund Burke, and Thomas Malthus, made arguments against British Speenhamland and corn laws, collectively known as poor laws, which shielded the masses from the stark dystopia of the market. Eliminating such laws, they argued, would shift the masses off of subsistence and into wage labor and would gradually end pauperism in Great Britain.[29]

Polanyi notes that the United States stood apart in that was shielded from the harsh discipline of the market because of free land, labor, and money, what he termed as fictitious commodities.[30] However, by the end of the 19th century, people could no longer freely settle on the land at the close of the frontier, labor could no longer be replaced by endless waves of immigrant labor, and the maintenance of a gold standard tied U.S. currency to global fluctuations. All this, Polanyi suggests, exposed the global economic system to the deleterious effects of unrestrained

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[29] Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, [1944] 2001).
[30] The supposed 'free land' in North America was predicated on the marginalization and eradication of Indigenous peoples and assigning Western concepts of private property to the land.

markets and eventually led to a series of crises in capitalism which culminated in the economic catastrophe of the Great Depression and the devastation of two world wars.[31]

Other scholars employ quantitative data over qualitative measures to determine when a global economic system emerged. Economists Kevin O'Rourke and Jeffrey Williamson draw the distinction between long distance trade and globalization by defining globalization as a globally integrated economy that has a direct impact on domestic commodity prices and domestic economic activities. Though they concede that long distance trade in what they term non-competitive goods existed for centuries, they argue that the high costs of trade could be justified for expensive luxury items for elites, such as precious metals, silk, and rare spices, but had no bearing on domestic production or markets. Globalization, they argue, emerged with the rise of merchant capitalism in the early 18th century with trade in furs, tobacco, and cotton and by the 19th century traded in "basic" competing goods such as wheat and textiles. However, by the late 19th century they observe a "spectacular transport cost decline" due to technological innovations led to commodity price convergence not seen in prior periods, which they argue marked the emergence of globalization.[32]

Still other theorists and scholars argue that the globally integrated world of the late 20th, early 21st century is quite different than that of the period of relative

[31] Polanyi, *The Great Transformation*. For greater context, refer to Fred Block, "Karl Polanyi and the Writing of *The Great Transformation*," *Theory and Society,* Vol. 32, No. 3 (June 2003), pp. 275-306.
[32] Kevin O'Rourke & Jeffrey Williamson, "When Did Globalization Begin?" National Bureau of Economic Research, Working Paper 7632, (April 2000), pp. 1-33.

openness and integration of the late 19th, early 20th century advanced by Polanyi or O'Rourke and Williamson. Though geographer Peter Dicken acknowledges that quantitative data should be taken seriously as a measure, he argues that relying on those measures alone obscures the qualitative changes in the global economy.[33] "Old geographies of production, distribution and consumption are continuously being disrupted; new geographies of production, distribution and consumption are continuously being created. There has been a huge transformation in the *nature* and *degree* of interconnection in the world economy and, especially, in the *speed* with which such connectivity occurs, involving both a *stretching* and an *intensification* of economic relationships," Dicken contends. While some social critics claim that the world has moved to a 'frictionless' state to the point where the importance of nation states declines, Dicken argues that globally integrated economic order cannot be comprehended without understanding the role and importance of nation states.[34] States manage currencies, regulate financial transactions, establish rules and procedures for production and foreign direct investment, manage intellectual property and technological transfers, and control the flow and movement of people and goods, among other functions.[35]

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[33] Marc Levinson also comes to similar conclusions. Refer to Levinson, *The Box,* pp. 18-20.
[34] Emphasis and italics in the original. Peter Dicken, *Global Shift: Mapping the Changing Contours of the World Economy,* Seventh Edition (New York: The Gilford Press, 2015), pp. 1-9. Perhaps the most prominent example of a work that advances the argument that globalization 'flattened' the world is Thomas Friedman, *The World is Flat: A Brief History of the Twenty-First Century* (New York: Picador, [2005] 2007).
[35] In addition to Dicken, geographer Allen Scott comes to similar conclusions about the importance of the state in global capitalism. Refer to Allen Scott, *Region and the World Economy: The Coming Shape of Global Production, Competition, and Political Order* (Oxford: Oxford University Press, 1999).

Furthermore, Dicken argues "there has been a huge increase in both intra-industry and intra-firm trade, both of which are clear indicators of more functionally fragmented and geographically dispersed production processes. Above all, there have been dramatic changes in the operation of financial markets, with money moving electronically round the world at unprecedented speeds, generating enormous repercussions for national and local economies." "The crucial diagnostic characteristic of a 'global economy', therefore, is *the qualitative transformation of economic relationships across geographical space,* not their mere quantitative geographical spread," Dicken argues. Though technology facilitates such movements, such as communication technologies and advances in cargo handling techniques and logistics, Dicken is quick to point out that such advances are far from deterministic.[36] Rather, it is the application of such technologies that effect the speed and fluidity of global trade and finance. Furthermore, Dicken posits that "globalizing processes…are reflected in, and influenced by, multiple geographies: the local and the global are, in effect, inseparable" and in fact have a dialectical relationship.[37]

When reflecting on the circuitous route and complex, often opaque supply chains of the goods we use in everyday life, tracing their journey from the point of production to the point of consumption, the complexity of the globally integrated economic system in which we live is undeniable. Moreover, such an arrangement has immense implications for the perennial labor question: who works, for whom,

[36] Technological determinism is explored in *Does Technology Drive History?: The Dilemma of Technological Determinism,* eds. Merritt Roe Smith & Leo Marx (Cambridge: MIT Press, 1994); Paul E. Ceruzzi, "Moore's Law and Technological Determinism: Reflections of the History of Technology," *Technology and Culture*, Vol. 46, No. 3, (2005), pp. 584-593.
[37] Emphasis and italics in the original. Dicken, *Global Shift*, pp. 1-9.

and under what conditions. For example, I am writing this dissertation on a Lenovo laptop – a company headquartered in Hong Kong, with operation centers around the United States and China; research centers in the China, the United States, and Japan; and manufacturing centers in China, the United States, Mexico, India, Brazil, and Japan.[38] Samsung, the designer of my smartphone, is headquartered in Seoul, South Korea. Though Samsung once produced their phones in house, largely at production sites in South Korea and China, they have increasingly outsourced production to what are called original design manufacturers in India and Vietnam, citing lower labor costs in an effort to remain competitive with Chinese giants Huawei and Xiaomi. “This is an inevitable strategy rather than a good strategy,” noted a source familiar with Samsung operations.[39] Everlane, the company that designs and markets my shirt, is headquartered in San Francisco while the article of clothing itself is made in a factory in Sri Lanka owned by MAS Holdings.[40] A reflection of the goods around our houses or apartments, workplaces, and schools, or in stores and online, reveals similarly complex supply chains. However, the complexity of these supply chains obscure the very linkages they create, between the point of production and the point of consumption, and this complexity has an effect of erasure on the very people and processes involved along with the larger implications of the goods we use in everyday life.

[38] For a full list of sites, refer to https://www.lenovo.com/us/en/about/locations (accessed June 2021).
[39] Heekyong Yang & Hyunjoo Jin, “Made in China: Samsung Farms Out More Phones to Fend Off Rivals,” *Reuters,* November 17, 2019.
[40] https://www.everlane.com/factories/underwear (accessed June 2021).

Historian William Cronon observed similar complexity in the connections between the Chicago metropolis and the Western hinterlands of the United States in the late 19th century. “The paradox of nineteenth-century Chicago,” Cronon wrote, “was that the same market brought city and country ever closer together, giving them a common culture and fostering ever more intimate communications between them, also concealed the very linkages it was creating. The geography of capital produced a landscape of obscured connections. The more concentrated the city’s markets became, and the more extensive its hinterland, the easier it was to forget the ultimate origins of the things it bought and sold. The ecological place of production grew ever more remote from the economic point of consumption, making it harder and harder to keep track of the true costs and consequences of any particular product. Even as Chicago’s markets reshaped the landscape of the Great West, one did not ‘naturally’ place the city in that larger context. One thought instead of the busy hive, the huge building selling commodities to an entire nation from the heart of the city’s downtown. Visualizing Chicago’s markets from the opposite direction was much harder because the images were so much more diffuse: millions of families around the country with dog-eared Ward and Sears catalogs sitting at their kitchen tables, innumerable dinner conversations about possible purchases, countless gadgets in kitchens and farmyards and bathrooms and barns for making life a little easier in so many different ways. Hive and catalog were different sides of the same coin, and yet it was second nature not to see them upon their common landscape, as links in a long chain stretching from metropolis to hinterland and finally to nature itself."[41]

If we take these insights seriously and apply them to late 20th, early 21st century global capitalism, the implications are enormous. The importance of Marx's discernment of the capitalist imperative to tear down every spatial barrier and eliminate geographic space by time through improvements in transport and communications becomes clear, as does its larger consequences. These improvements in transport and communications effectively reduce the time spent in circulation and increase the speed with which capital can be realized from its initial investment to the point when the circuit of capital is complete. These tendencies have serious implications for the geography of capital and the built environment not only of the past, but for the present as well. Rather than a post-industrial society in the United States, the geography of capital shifted; some regions decline with only remnants of rusted fixed capital investments left behind, sad broken-down relics of the past; other regions are transformed into global production centers and become workshops of the world; workers join the ranks of the unemployed in one region, while former peasants lured off the land and are proletarianized in another.

This dissertation, then, explores three interrelated developments in the transportation of goods – containerization, deregulation in the motor carrier industry, and warehousing development and improvements in cargo handling methods – as aspects of greater shifts and processes that have effectively annihilated space by

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[41] William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton & Company, 1991), pp. 340.

time and reduced transport costs. Workers, however, often experience this space time compression in ways that are seemingly at odds with the ruthless efficiency of modern supply chains. Rather than treat each of these developments discretely, part of this dissertation's historiographical intervention is bringing these three streams together as a confluence of developments in the mid-to-late 20th century that hold implications for the geography of capital and the global division of labor broadly. Aside from compressing space by time, these three developments also had an enormous impact on the built environment, facilitated a more disaggregated production process, and led to a reordering of the geography of cargo handling facilities from areas at or near ports to the urban fringe. This geographic transformation is perhaps best represented by the Inland Empire's rise as a logistics nexus and its relationship with the ports of Los Angeles and Long Beach.

Far from being ancillary, the circulation of capital has been an important locus of study in history. The Organization of American Historian's (OAH) theme for their 2017 meeting was in fact circulation.[42] This dissertation also contributes to the history of capitalism, in an area what historian Seth Rockman identified as "questions of infrastructure…less in the literal sense of the roads and wires facilitating commerce and more in the sense of the submerged architecture – material, legal, and ideological – that makes a highway system or telecommunication network plausible."[43] Though the history of capitalism displaced labor history as a

[42] Nancy Cott, "OAH Presidential Address," *Organization of American Historians,* 2017 Program.
[43] Seth Rockman, "What Makes the History of Capitalism Newsworthy?" *The Journal of the Early Republic,* Vol. 34, No. 3 (Fall 2014), pp. 439-466. The history of capitalism as a field has grown from existing on the margins of U.S. history to moving to the fore and represents less a break with labor, business, and economic history than a logical continuation. Refer to Jennifer Schuessler, "In History

field in the American Historical Association's (AHA) published survey on U.S. historiography, this dissertation draws on several traditions in addition to the history of capitalism, such as labor history, history of technology, history of economic thought, policy history, and urban history, as well as contributions from the disciplines of geography, sociology, economics, and political science.[44]

Each of the three parts of this dissertation have their own narrative arc that together form an overarching narrative. Each section also has its own inflection point that proceeds chronologically: mechanization in longshoring in the 1960s and 1970s, motor carrier deregulation in the 1970s and 1980s, and warehousing development and logistics in the 1980s and 1990s. Since each of these three parts of the dissertation take place in very different places under different circumstances and contexts, this dissertation takes a multiscalar approach.[45] In doing so, I am

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Departments, It's Up with Capitalism," *New York Times,* 6 April 2013; Louis Hyman, "Why Write the History of Capitalism?" *Symposium Magazine,* 8 July 2013.

[44] Though the history of capitalism displaced labor history as a field of study in the AHA's published survey of U.S. historiographical fields, labor history is a critical aspect of the history of capitalism, as are business and economic history which are also subsumed in the history of capitalism. Refer to Sven Beckert, "History of Capitalism," in *American History Now,* eds. Lisa McGirr & Eric Foner (Philadelphia: Temple University Press, 2011), pp. 314-335. A number of other articles inform my approach. Refer to Elizabeth Fox-Genovese & Eugene Genovese, "The Political Crisis of Social History: A Marxian Perspective," *Journal of Social History,* Vol. 10, No. 2, (Winter 1976), pp. 205-220; Theda Skocpol, "Bring the State Back In," *Items,* Vol. 36 (June 1982), pp. 1-8; William Leuchtenburg, "The Pertinence of Political History: Reflections on the Significance of the State in America," *Journal of American History,* Vol. 73, No. 3 (December 1986), pp. 585-600; Charles Maier, "Consigning the Twentieth Century to History: Alternative Narratives for the Modern Era," *American Historical Review,* Vol. 105, No. 3 (June 2000), pp. 807-831; William Sewell, Jr., "The Temporalities of Capitalism," *Socio-Economic Review,* Vol. 6, No. 3 (July 2008), pp. 517-537; William Sewell, Jr., "A Strange Career: The Historical Study of Economic Life," *History & Theory,* Vol. 49 (December 2010), pp. 146-166; Jeffrey Sklansky, "The Elusive Sovereign: New Intellectual and Social Histories of Capitalism," *Modern Intellectual History,* Vol. 9, No. 1, (2012), pp. 233-248; Sven Beckert, Angus Burgin, Peter James Hudson, Naomi Lamoreaux, Scott Marler, Stephen Mihm, Julia Ott, Philip Scranton, & Elizabeth Tandy Shermer, "Interchange: The History of Capitalism," *Journal of American History,* Vol. 101, No. 2, (September 2014), pp. 503-536; William Sewell, Jr., "The Capitalist Epoch," *Social Science History,* Vol. 38, No. 1-2, (Spring/Summer 2014), pp. 1-11; Kenneth Lipartito, "The Ontology of Economic Things," *Enterprise & Society,* Vol. 21, Issue 3 (September 2020), pp. 592-621.

[45] My multiscalar approach is informed by the following: Sebouh David Aslanian, Joyce Chaplin, Ann McGrath, & Kristin Mann, "AHR Conversations: How Size Matters: The Question of Scale in History,"

attempting to reconcile criticisms that a narrative based history does not address 'big questions' while avoiding the pitfalls of a history that is constricted and made inaccessible by an overreliance on deterministic modeling, reductive statistics, and obtuse jargon. Far from distorting real events as they happened, narrative allows the historian to craft a story about the past that, one hopes, is accessible not only to members of the discipline but a wider readership as well.[46]

Part I: "On the Waterfront: The Struggle Over Mechanization and Technological Change in West Coast Longshoring" explores mechanization and modernization in longshoring. When researching this topic, I found it interesting that a leftwing union at the height of its militancy and power, the International Longshore & Warehouse Union (ILWU), came to embrace mechanization rather than fight against it. In doing so, the ILWU sought to make work easier and safer for their members while also securing a portion of the productivity gains from containerization for their members. What they termed as a 'share of the machine.' Far from deterministic, mechanization in longshoring was the product of a series of choices and social negotiation over the application of the revolutionary technology. In this

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American Historical Review, Vol. 118, Issue 5 (December 2013), pp. 1431-1472; Bernhard Struck, Kate Ferris, & Jacques Revel, "Introduction: Space and Scale in Transnational History," *The International History Review,* Vol. 33, No. 4 (2011), pp. 573-584.

[46] My thoughts on narrative and its place in history have been influenced by a number of articles and exchanges between historians. Refer to Lawrence Stone, "The Revival of Narrative: Reflections on a New Old History," *Past & Present,* No. 85 (November 1979), pp. 3-24; Eric Hobsbawm, "The Revival of Narrative: Some Comments," *Past & Present,* No. 86 (February 1980), pp. 3-8; David Carr, "Narrative and the Real World: An Argument for Continuity," *History & Theory,* Vol. 25, No. 2 (May 1986), pp. 117-131; Myles Horton with Judith Kohl & Herbert Kohl, *The Long Haul: An Autobiography* (New York: Teacher's College Press, [1990] 1997); William Cronon, "A Place for Stories: Nature, History, and Narrative," *Journal of American History,* Vol. 78, Issue 4 (March 1992), pp. 1347-1376; Thomas Bender, "Strategies of Narrative Synthesis in American History," *American Historical Review,* Vol. 107, No. 1 (February 2002), pp. 129-153; William Cronon, "Presidential Address: Storytelling," *American Historical Review,* Vol. 118, Issue 1 (February 2013), pp. 1-19.

way, Part I contributes to the historiography of labor history and the history of technology.

The narrative of Part I focuses on bargaining between the ILWU and the shipowner and stevedore contractor's organization, the Pacific Maritime Association (PMA), on the issue of mechanization and work rules and practices. Chapter One explores the early history of longshoring and the formation of the union which represents West Coast longshore workers, their relationship with the shipowners and stevedore contractors, the organization that would become the PMA, and outside pressures to do away with work rules and practices that, some argued, made longshoring inefficient. Chapter Two details the interaction between the ILWU and the PMA when negotiating the landmark Mechanization and Modernization Agreement of 1960 (M & M Agreement) which provided the contractual framework for mechanization in longshoring. The PMA also used this bargaining round to buy out several of the ILWU's hard fought work rules and practices that the union secured in the 1930s and 1940s, what the PMA referred to as restrictive or make work practices. Chapter Three explores longshoring in the wake of the M & M Agreement and the 1971-1972 West Coast longshore strike – the longest strike in ILWU history. Importantly, containerization and relaxed work rules and practices both increased productivity at a staggering rate and reduced time spent in transportation bottlenecks such as ports, which is critical to the flow of goods and connects the narrative of this section with our broader overall framework.

Part II: "The Vexing History of Motor Carrier Deregulation" follows the intellectual roots of regulatory reform and deregulation from an idea grounded in economic thought that was eventually realized in law and policy. I first approached the topic through a study of wage theft in Southern California's drayage, or short haul trucking industry. Deregulation effectively removed barriers to enter the industry and removed price controls over rates which had deep and far-reaching effects, namely a downward pressure on rates, labor costs and wages, and industry profits. Though motor carrier deregulation had an outsized impact on most sectors of the motor carrier industry and the lives and livelihoods of those involved, the decision to deregulate the industry was made quite apart from the workplace in the realm of politics and policy. Motor carrier deregulation was part of a broader political agenda to remove the active hand of government from a wide array of industries and economic sectors. The fact that both Republican and Democrat administrations pursued this political agenda disrupts red-blue political binaries and signals how an underlying faith in the market as the ultimate arbiter of the economy became hegemonic during this period. In this way, Part II contributes to the historiographical strains of the business counteroffensive, rise of the right, and the decline of liberalism in United States history in addition to the history of economic thought and policy history.

Part II consists of three chapters which explore motor carrier deregulation, from its gestation in economic thought and traces that thread until it was realized in policy and law. Chapter Four explores the formation of economic thought and arguments against regulation. Since the Interstate Commerce Commission (ICC) oversaw entry into the industry and set rates, economists latched onto the idea that such intervention in the industry created economic inefficiencies and prices higher than what could be achieve through the discipline of the market. Chapter Five explores motor carrier deregulation in the Ford Administration to the Carter Administration. Within the first two weeks of his presidency, Ford convened a Summit Conference on Inflation to address the record levels of inflation. There, economists drafted a list of twenty-two structural reforms which would remove price controls and supports and would instead subject these sectors to market-based competition which, they argued, would remove pricing rigidity, deliver lower prices, and would thus address inflation. The Ford Administration then attempted, with some success and some failure, to implement some of the twenty-two structural reforms, which included motor carrier deregulation. Chapter Six details motor carrier deregulation in the Carter Administration. Whereas the Ford Administration failed to usher in broad deregulation in a number of industries, the Carter Administration succeeded with a raft of legislation, which included deregulation of the motor carrier industry. This forms a continuity between the two administrations.

Part III: "Inland Ports, Inland Empire: Development, Warehousing, & Logistics in Southern California" returns to Southern California and explores how and why the Inland Empire became a nexus for warehousing and distribution centers. The rise of the region as a place for warehousing and logistics cannot be understood without containerization, its connection to the ports of Los Angeles and Long Beach, and the region's importance in Pacific Rim trade. While containerization allowed unitized goods to pass through transportation bottlenecks with relative ease so their contents could be worked at more diffuse points in the supply chain, drayage is the critical link between the massive fixed capital investments of ports and warehouses located fifty miles apart. The Inland Empire emerged as the premiere space for warehouses and distribution centers after decades of stagnation, deindustrialization, and decline. In this way, Part III contributes to the historiography of urban history, policy history, and the history of deindustrialization. This section also explores innovations in cargo handling methods and technological innovations in logistics, which connects this section to the history of technology.

Part III details developments in cargo handling that are critical to understanding this geography of fixed capital investments of warehouses and the history of the Inland Empire and its place as a logistics nexus in Southern California. Chapter Seven focuses on important innovations in cargo handling methods which had several deep and lasting effects on the structure of industries, their logistics operations, and the efficiency and control over supply chains. These changes not only altered the nature of materials handling, they facilitated a geographic reordering of cargo handling facilities, from areas at or near ports and transportation hubs to locations on the urban fringe. Chapter Eight explores the early history of the Inland Empire through its transformation into Southern California's premiere region for warehouses and distribution centers. Once Southern California's rural hinterland flush with citrus orchards and ranches, the postwar era ushered in defense projects, which included the Kaiser Steel mill in Fontana. Regional boosters sought to capitalize on these investments and transform this rural hinterland into an industrial hub of Southern California, only to fail in their efforts. Deindustrialization swept through the Inland Empire in the 1980s and sapped the region of jobs with decent wages and benefits and decimated municipal tax bases. This chapter then focuses on the Inland Empire's transformation from a failed place for industry into Southern California's premier location for warehouses and distribution centers. Developers and real estate consultancy groups partnered with regional planners and municipal officials and made creative use of policy to build massive goods handling infrastructure that came to define the region from the 1980s to the present.

Part I
On the Waterfront: The Struggle Over Mechanization and Technological Change in West Coast Longshoring

Introduction

As he stood by the ship *Hercules*, docked at San Diego's 10th street terminal, longshore worker Sam Vargas reflected on how dock work had changed in the face of mechanization. That day in August of 1982, he and other longshore workers loaded the ship with grain harvested from California's Imperial Valley that was ultimately destined for Italy. Whereas grain operations required sixteen workers in the past, mechanization reduced that number to five: one worker operating the 100-foot-tall loading tower, a shooter directing the flow of wheat, a safety operator watching over the equipment and work, and two longshore workers armed with shovels take care of overflow. The massive productivity gains are also reflected in the sheer efficiency of the operation. The mechanized operation processed 1,000 pounds of grain per hour.[1]

Though the operation is far more efficient, safer, and easier than work in the past, Vargas felt longshore workers lost something through mechanization. "I miss the camaraderie we used to have; we were like a team," Vargas reminisced. He had worked the waterfront since the mid-1950s, when he was just sixteen years old. "It was man-killing work in those days: you had to wrestle 500-pound bales of cotton and handle those big rolls of newsprint. I don't miss the backaches; but if I could

[1] Miles Corwin, "The Changing Face of San Diego's Port: Hard Times, Mechanization Have Darkened Mood of Dock Workers," *Los Angeles Times,* July 11, 1982.

bring back the system of men in the hold, hand-stowing cargo, I'd do it. It would be better for the guys," Vargas suggested as he recalled the close and intense bonds of solidarity formed between workers. "We literally had our lives in each other's hands."[2]

Aside from eroding the bonds formed between workers, mechanization and containerization had a corrosive effect on the workforce. In the mid-1960s, San Diego had roughly 160 members of the International Longshore and Warehouse Union (ILWU), the union that represents clerks, longshore, and warehouse workers on the West Coast and the Hawaiian Islands. By 1982, that number had been reduced to 98. Though San Diego had always been a small port, this precipitous decline in workforce was felt at other ports, large and small, as well. In 1960, before mechanization was widespread, there were roughly 14,500 registered longshore workers on the West Coast. By 1980, that number plummeted to about 8,400.[3]

This period of decline in the workforce saw a dramatic rise in tonnage over the same period, which underscores the massive productivity gains from mechanization. This also reflects the importance and centrality of waterborne trade in an increasingly globalized economy. In 1960, West Coast ports handled 19,761,461 tons of cargo. By 1970, that nearly doubled to 39,458,608 tons. By 1977, West Coast ports processed a staggering 56,498,435 tons of cargo.[4] "These young kids…hell, some of them can't get much work at all. How can you feel part of the

[2] Ibid.
[3] William Finlay, *Work on the Waterfront: Worker Power and Technological Change in a West Coast Port* (Philadelphia: Temple University Press, 1988), pp. 5.
[4] Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley & Los Angeles: Institute of Industrial Relations, University of California Press, 1979), pp. 395-396.

waterfront when you work only two days a week?" Vargas asked as he reflected on the limited work opportunity for the casual workforce.[5]

Though mechanized operations require training to work mechanical equipment, such as dockside cranes for shipping containers, sociologist William Finlay argued that break-bulk hold work required a great deal of skill. Hold work, Finlay noted, required a longshore worker to handle irregular shaped goods and a 'tight stow' reflected the mastery of break-bulk cargo handling. It required gangs of workers to labor in a concerted effort to load or discharge a vessel. Dockworkers also had to build evenly distributed loads on lift boards and pallets. Winch drivers and hatch tenders carefully and skillfully loaded or discharged cargo from the bowels of a ship.[6] Break-bulk hold work, as Finlay noted, is physically arduous, backbreaking, and dangerous work which required a great deal of "experience, endurance, and strength," compared to a mechanized operation, which he noted is marked by "care, precision, and speed."[7] The standardized shapes of shipping containers on a ship or dockside staging area makes the work relatively straightforward, Finlay suggests.

However, shipping interests had been initially slow to mechanize. While shipping firms quietly introduced some labor-saving innovations around the time of World War II, such as pallet jacks, grain shoots, magnets for scrap iron, and strapped lumber packs, only two firms, Matson and Sea-Land, offered container

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[5] Miles Corwin, "The Changing Face of San Diego's Port: Hard Times, Mechanization Have Darkened Mood of Dock Workers," *Los Angeles Times,* July 11, 1982.
[6] Ibid.
[7] Finlay, *Work on the Waterfront*, pp. 4.

service by 1960. This is in part due to the requirements necessary to accommodate the shipping container and in part due to the variety of interests involved in shipping. Reworked berths, dredged deep water ports, sprawling container staging areas, hulking dockside cranes, and massive container ships all required enormous amounts of capital and radically reworked port infrastructure. Container staging areas also displaced dockside warehouses and storage areas from areas at or near the port to the urban fringe. The fact that these investment projects were needed at both ends of a shipping route only complicated the matter. Moreover, containerization required the cooperation of several parties, such as shipping firms, stevedoring contractors, port authorities, and labor unions.

It is not hyperbole to say that mechanization in longshoring, embodied in the shipping container, the deceptively simple 40-foot-long rectangular aluminum box, revolutionized the shipping industry and longshore work. Containerization replaced what Marc Levinson described as “gridlock on the docks” and Finlay characterized as “disorganized clutter” and the “haphazard and chaotic world of waterborne transportation” of break bulk cargo handling with an “imposed order and regularity” and ruthless efficiency wrought by containerization.[8] As the shipping container radically improved productivity, it effectively reduced time spent at transportation bottlenecks, such as ports. While ships employing break bulk methods spend roughly one week at any given port, container ships typically spend less than twenty-

[8] Marc Levinson, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger,* Second Edition (Princeton: Princeton University Press, [2006] 2016), pp. 21-46; Finlay, *Work on the Waterfront*, pp. 3-4.

four hours in port.[9] Thus, containerization not only dramatically improved longshore productivity, it held enormous implications for global trade. Understood this way, containerization effectively annihilated space by time. However, the container was but one of several innovations designed increase productivity in longshoring in the mid-20th century.

Far from deterministic, mechanization and modernization in West Coast longshoring took place through carefully mediated negotiations between the ILWU and the Pacific Maritime Association (PMA), the organization which represents and bargains for shipping firms and stevedoring contractors operating in West Coast ports. Though the pathbreaking Mechanization and Modernization Agreement (M & M Agreement) of 1960 was built around technological change in longshoring and was designed to improve productivity, it was not necessarily negotiated with the container in mind. In fact, the word container does not appear in the 1960 agreement nor the 1966 renewal and would only appear in the Container Freight Station Supplemental Agreement of 1969 when the ILWU attempted to recoup work opportunity and expand their jurisdictional claims over working the contents of the shipping container.[10] Rather than fight against technological change, which they saw as inevitable, the ILWU embraced mechanization as a way to make longshore work safer and less onerous for their members.

[9] Finlay, *Work on the Waterfront*, pp. 4-5.
[10] ILWU-PMA, "Pacific Coast Longshore Agreement," July 1, 1966-July 1, 1971, California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley.

Moreover, the union well understood the broader implications of productivity gains that would be wrought by a program of mechanization and modernization. Given that, the ILWU sought to preserve work opportunity and employment security for their members and were determined to secure a portion of the productivity savings for their workforce, what they called a “share of the machine.” This goal of security materialized in a no layoffs and hours guarantees that the ILWU secured during the 1960 bargaining round. While the PMA sought to mechanize longshore operations to improve productivity and reduce labor costs, they also sought to do away with what they termed ‘make work’ practices and ‘restrictive’ work rules which, they argued, created inefficiencies and waste in the industry. Though the ILWU built up several work rules and practices during the height of their militancy and power in the 1930s and 1940s, the union’s negotiating committee agreed to modify or in some cases eliminate some of these hard-fought work rules and practices during negotiations for the M & M Agreement of 1960.

The context in which the ILWU and PMA negotiated the M & M Agreement is critical to understanding how both parties approached the issues of mechanization and modernization in longshoring. Forged in the violent struggle of the 1934 West Coast longshore strike, the characteristics of the what came to define the ILWU emerged during the 1930s and 1940s, marked by rank-and-file militancy, union democracy, and a deep commitment to leftwing politics. Though the shipowners and employers suppressed union organizing throughout the late 19th and early 20th centuries, their acrimonious relationship was replaced by more amicable labor relations between the two parties in what was termed the ‘new look’ in the wake of the 1948 longshore strike – a strike which cost both sides dearly. This marked change in labor relations is critical to understanding the context in which the ILWU and PMA negotiated the M & M Agreements.

By the late 1960s, shipping interests use of the revolutionary container technology was widespread and its implications were clear. In response, the ILWU sought to expand jurisdiction over container work as a way to maintain work opportunity for their members. However, since containerization upended several work rules and practices built around break-bulk handling, which carefully demarcated jurisdictional boundaries and claims to work, the attempt to recoup some of this work brough the ILWU into conflict with the Teamsters. The struggle to assert jurisdictional claims over container work and attempts to undo some of the ill effects of the M & M Agreement took shape in the negotiations for the Container Freight Station Supplemental Agreement of 1969 and erupted in the 1971-72 West Coast longshore strike, which broke a remarkable twenty-three-year peace between the ILWU and the PMA. While the ILWU secured a guarantee that container work within a fifty-mile radius would fall under the union's jurisdiction, subsequent court decisions effectively limited the ILWU's jurisdictional reach to the docks while the container itself facilitated ease of movement through transportation bottlenecks, such as ports, so the container's contents could be worked at more diffuse points in the supply chain. In Southern California, this was the Inland Empire. Far from exceptional, this geographic reordering of cargo handling facilities occurred at most ports and transportation hubs.[11]

Part I of this dissertation, "On the Waterfront: The Struggle Over Mechanization and Technological Change in West Coast Longshoring," explores developments with containerization and longshoring in the wake of technological change. Chapter One explores the early history labor organizing efforts, struggles over working conditions, strikes, and labor relations between what would become the ILWU and the PMA in West Coast shipping and longshoring, and details mounting pressure from both the PMA and the state to improve productivity in longshoring in the mid-1950s as critical context surrounding the M & M Agreements. Chapter Two focuses on the union discourse, framing, intellectual underpinnings, arguments, and counter arguments around the issues of mechanization and modernization in the ILWU's caucuses in 1959 and 1960, which are critical to understanding the union's stance on technological change and modifications to longstanding work rules and practices. Chapter 3 details the broader effects of mechanization in the wake of the M & M Agreements, the M & M Agreement of 1966, technological change in longshoring, the Container Freight Station Supplemental Agreement of 1969, and the 1971-72 West Coast longshore strike.

[11] Markus Hesse & Jean-Paul Rodrigue, "The Transport Geography of Logistics and Freight Distribution," *Journal of Transport Geography,* Vol. 12 (2004), pp. 171-184.

Chapter One
Longshoring on the West Coast, From the 'Shape-Up' to the 'New Look'

To fully understand the International Longshore and Warehouse Union's (ILWU) approach to technological change in longshoring in the Mechanization and Modernization Agreements (M & M Agreements) of 1960 and 1966, the contract negotiations which paved the way for mechanization in longshoring and ultimately containerization, necessitates an overview of the union's early history, how it was forged in the bloody struggle in the 1934 strike, their commitment to instituting work rules and practices to make longshore work safer and less onerous, their leftwing ideological underpinnings, and their commitment to union democracy. The union's firm commitment to leftwing ideology is also important to understand how left-led unions, such as the ILWU, were isolated and estranged from the broader labor movement after the rightward political shift and anti-Communist hysteria that followed World War II.

Equally important is the about face change in labor relations between the ILWU and the what became the Pacific Maritime Association (PMA), the association which represents shipowners and stevedoring contractors, in the wake of the devastating and costly 1948 strike. Whereas shipping interests tried to fight the very legitimacy of the union during the late 19th and early 20th century, the employers came to recognize the ILWU as legitimate following the strike. The previous acrimonious relationship between the two groups was replaced by more conciliatory relations which labor mediators dubbed the 'new look.' This is best embodied in the working relationship between PMA President J. Paul St. Sure and ILWU President Harry Bridges, which was marked by a sense of trust, honesty, and mutual respect.

Though shipowner interests waged an almost ceaseless war on longshore labor organizing efforts in the late 19^{th} and early 20^{th} century, the Pacific Coast District of the International Longshore Association (ILA), the labor organization which predated the ILWU, secured significant advances for their workforce in the wake of the brutal and violently bloody strike of 1934. Through awards from Franklin Roosevelt's National Longshoremen's Board, government supervised arbitration, and on the job action and labor militancy, the union secured a number of gains for their workforce in the wake of the strike. This included manning requirements and rules built around longshore gang size, sling load limits, jointly run hiring halls, and contract language which defined jurisdictional claims and demarcated boundaries for longshore work. This included first place of rest, which was the point at which longshore jurisdiction ended when goods hit the 'skin of the dock' and where teamster jurisdiction began.

The ILWU was also able to institute a number of extracontractual practices during the 1930s and 1940s, many of which were adopted at ports up and down the West Coast. This included the four-on four-off practice wherein four members of an eight-member hold gang would work while the other four rested. It also included practices such as late starts and early quits. Since most shipping interests contract longshore work from stevedoring contractors who operate on a cost-plus basis, they largely capitulated to demands from workers rather than tie up operations, since any delay in work proved to be quite expensive.

The state's broader interest in improving productivity in longshoring and eliminating bottlenecks in transportation converged with the PMA's longstanding desire have a free hand to mechanize longshoring operations and eliminate so-called 'make-work' work rules and 'restrictive' work practices in the mid-to-late 1950s. Congress explored these issues during the Bonner Committee hearings in 1955, which included perspectives from both Bridges and St. Sure. The Departments of Commerce and Defense also took an interest in improving longshore productivity through the Maritime Cargo Transportation Conference (MCTC), a research body formed through the National Academy of Science – National Research Council that explored bottlenecks at ports and studied possible changes to longshoring work in their studies from the mid-1950s until the mid-1960s. This included both break bulk handling methods, as well as a variety of possibilities for mechanization in the industry.

It is important to note that containerization was one of several technological innovations or methods to improve longshore productivity during this period. Researchers with the MCTC explored containerization as a way to improve longshore productivity, but concluded that less costly methods, such as amended work rules and practices and minor technological changes, could achieve a similar effect with far fewer capital requirements and logistical headaches. This is largely because of the varied interests of the parties in involved, such as unions, employers, shipowners, and ports. Containerization also necessitated massive capital requirements for reworked berths, dredged harbors, paved container stating areas, towering dockside cranes, and massive containerships. The fact that these accommodations were needed at both ends of a shipping route only compounded the complexity around this issue. Therefore, the ILWU, the PMA, and the MCTC all thought mechanization in longshoring would proceed slowly.

This chapter will discuss the early history of the shipping industry and longshoring on the West Coast and the struggles which shaped both organizations. This will include the 1934 strike, shipping and longshoring during World War II, and the broader rightward political shift and the ILWU's estrangement from the labor movement which followed. Next, the chapter will explore the effects of the 1948 strike, which created the conditions for the 'new look.' The chapter will conclude with efforts by both the employers and the state to improve productivity in longshoring in the 1950s and 1960s and how these inquiries shaped the ILWU's response to technological change and set the tone in labor relations which culminated in the M & M Agreements.

Early History of the West Coast Longshore Industry

The early history of longshoring on the West Coast is filled with strife, volatility, and struggle. It is also a story of union organizing and radicalism. Longshore work was dangerous, backbreaking, and precarious. Though San Francisco was the first fully unionized seaport in the world, West Coast maritime unions rose and fell in the decades after 1850, with several significant strikes, organizing efforts, and employer crackdowns during this time.[1] Employers also organized and formed associations, some affiliated with the conservative anti-labor National Manufacturers Association (NAM), the Los Angeles based Merchant and Manufacturers Association, the Los Angeles Chamber of Commerce, or the Shipowners' Association of the Pacific Coast. Numerous public officials at the state and municipal level also battled against unions and fought to make West Coast port cities open shop towns.[2]

While longshore work has a long history of being dangerous and skill intensive work, longshore and waterfront warehouse workers were once a 'casual' workforce. This meant that workers were hired on a day-by-day basis rather than directly employed by a shipper, stevedoring contractor, or warehousing firm. Prospective workers would arrive on the docks in the early morning for what was called the 'shape up.' There, employers would select some of the assembled men for work that day.[3] The process was rife with kickbacks to employers, discrimination, and favoritism. Union organizers and other so-called troublemakers were often blacklisted. The most productive workers were often given preference, which encouraged workers to engage in speed-ups and led to dangerous and unsafe

[1] International Longshore and Warehouse Union, *The ILWU Story: Two Decades of Militant Unionism* (ILWU, San Francisco, 1955), pp. 1-3, California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley.
[2] International Longshore and Warehouse Union, *The ILWU Story: Two Decades of Militant Unionism* (ILWU, San Francisco, 1955), pp. 1-3, California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley; Louis Perry & Richard Perry, *A History of the Los Angeles Labor Movement, 1911-1941* (Berkeley: University of California, Institute of Industrial Relations, 1963), pp. 163-164; John Lasslett, *Sunshine was Never Enough: Los Angeles Workers, 1880-2010* (Berkeley: University of California Press, 2012), pp. 43-46.
[3] At this period in time, only men worked in longshoring.

conditions.[4] ILWU President Harry Bridges likened the experience to "a slave market in some of the Old World countries of Europe."[5] Demand for longshore and warehouse workers also fluctuated on a day-by-day basis and was entirely dependent on port traffic, which was highly variable and unpredictable.

In 1904, West Coast longshore workers sent delegates to the International Longshoremen's Association (ILA), the union for longshore workers in East Coast, Gulf Coast, and Great Lakes ports. There, the West Coast delegates persuaded the convention to establish the Pacific Coast District Council, No. 38. District officers were given the authority to grant local charters and negotiate agreements. The lack of oversight from the international union gave district officials significant independence in union matters, which allowed them to eventually make the coast into one bargaining unit. While the ILA in New York cultivated a friendly relationship with employers and engaged in racketeering and pilfering, West Coast employers, who organized as regional Waterfront Employers' Unions, went on the offensive against labor organizers, which created a deep rift between workers and their employers and further radicalized West Coast longshore workers according to sociologist Howard Kimeldorf.[6]

Since longshore workers were hired on a day-to-day basis, workers found employment in a number of industries, such as the shipping, cannery, and lumber

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[4] Bruce Nelson, *Workers on the Waterfront: Seamen, Longshoremen, and Unionism in the 1930s* (Urbana: University of Illinois Press, 1990), pp. 2.
[5] Harvey Schwartz, *The March Inland: Origins of the ILWU Warehouse Division, 1934-1938* (Los Angeles: Institute of Industrial Relations, University of California, 1978), pp. 3.
[6] Charles Larrowe, *The Shape-Up and Hiring Hall: A Comparison of Hiring Methods and Labor Relations on the New York and Seattle Waterfronts* (Berkeley: University of California Press, 1955), pp. 88-90.

industries, in addition to other forms of temporary work. According to Kimeldorf and historian Bruce Nelson, these ‘drifters’ were exposed to a wide array of ideas and people. This was especially true of seamen, who would travel the world working aboard ships, which Nelson and Kimeldorf argued, made them among the most cosmopolitan workers in the world. Traveling the world made these workers aware of poverty on a worldwide scale, which helped shape their consciousness as workers.[7] This proved to be the case for a young Harry Bridges who observed the abject poverty of London’s dockworkers on a voyage.[8] Though these workers were geographically mobile, their lives were usually confined to camps in the case of lumberjacks and aboard ships in the case of seamen. This, Kimeldorf suggests, dissolved the boundaries between work and life and helped these nomadic workers forge solidaristic bonds with one another.[9]

Drifters from lumber camps and ships also brought their radical ideologies with them as they traveled in search of work. Workers would talk about everything from sports and politics to working conditions and labor theory. The anarcho-syndicalist International Workers of the World (IWW), or Wobblies, found a sizeable following in these Pacific Northwest lumber camps and San Pedro docks in the early 20th century. Loggers, who were employed in camps for anywhere from fifteen to thirty days, would sometimes follow the flow of logs from lumber camps to ports and could then find work on the docks stowing lumber in ships. In other instances, these

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[7] Nelson, *Workers on the Waterfront*, pp. 11-38.
[8] Nelson, *Workers on the Waterfront*, pp. 2; Robert Cherny, “The Making of a Labor Radical: Harry Bridges, 1901-1934,” *Pacific Historical Review,* Vol. 64, No. 3 (August 1995), pp. 372-374.
[9] Howard Kimeldorf, *Reds or Rackets: The Making of Radical and Conservative Unions on the Waterfront* (Berkeley: University of California Press, 1988), pp. 20-27.

migratory workers secured jobs aboard ships or at other ports. As they traveled, they brought their experiences and ideological propensities with them. One West Coast shipowner complained that "every time a steam schooner comes in from Eureka…a flood of IWW literature descends upon San Pedro."[10] Some of these drifters would travel to work by the season, finding lumber work in the Pacific Northwest in the summers and dock work in San Francisco or San Pedro in the winters.[11]

Throughout the 1910s and 1920s, longshore workers struggled to assert some measure of control over working conditions with shipowners and stevedore contractors. During this period, longshore workers fought to establish a rotational system of hiring as a way to reform the shape-up system through a series of strikes at various ports on the West Coast. Employers, however, balked at the rotational system of hiring that gave "the radical or inefficient worker equal opportunity for employment with the conservative or steady man."[12] In some West Coast ports, employers established their own employment offices, what the union referred to as 'fink halls.' In others, employers established their own 'blue book' unions. This gave employers the opportunity to exert even more control over the hiring process and could thereby weed out union activists and organizers.[13]

In these conflicts over hiring and working conditions, employers often brought in strikebreakers, police, and members of the National Guard who often resorted to levels of extreme violence to brutally suppress strikes. Employers also often

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[10] Kimeldorf, *Reds or Rackets*, pp. 26-27.
[11] Nelson, *Workers on the Waterfront*, pp. 62-64.
[12] Kimeldorf, *Reds or Rackets*, pp. 27-30.
[13] Larrowe, *The Shape-Up and Hiring Hall*, 89-90.

partnered with chambers of commerce, newspapers, and employer associations. Some cities passed anti-picketing ordinances to curb labor organizing techniques.[14] This tense worker versus employer dichotomy helped syndicalist tendencies take root in workers' consciousness and were embodied in direct action, labor solidarity, challenges management's prerogatives, and calls for worker control – all key strategies developed and cultivated by the Wobblies.[15]

However, employers successfully suppressed labor organizing efforts in the strikes of 1919 and 1920. In the wake of the strikes, employers established their own hiring halls and blue book unions, the shape-up system of hiring returned, working conditions deteriorated, and speed-ups and unsafe working conditions became the norm. This shipowner backlash against unionism effectively ended union drives on the docks for the next thirteen years.[16] Indeed, this broader offensive against labor organizing in the 1920s was part of the so-called 'American Plan,' a concerted effort by employer associations, newspapers, police departments, the American Legion, and other groups to suppress and snuff out labor organizing efforts.[17]

However, the Wobblies and labor radicals instilled ideas of worker control, union power, and union democracy in West Coast longshore workers. Nearly all of the demands for improved working conditions and hiring practices that the union would make in the 1930s – union run hiring halls, manning requirements, sling load limits, and rotational hiring – had their roots in IWW demands. Moreover, several

[14] Larrowe, *The Shape-Up and Hiring Hall*, pp. 89-90.
[15] Larrowe, *The Shape-Up and Hiring Hall*, pp. 89-90; Kimeldorf, *Reds or Rackets*, pp. 27-28; Nelson, *Workers on the Waterfront*, pp. 52
[16] Larrowe, *The Shape-Up and Hiring Hall,* pp. 91; Nelson, *Workers on the Waterfront*, pp. 53.
[17] Nelson, *Workers on the Waterfront*, pp. 67-74.

veteran Wobblies, such as Bridges, would come to play a critical role in the longshore workers' struggle to reestablish longshore unions on the West Coast during the 1930s.[18]

Labor Radicalism on the Docks

The Great Depression brought the harsh inequities generated from unrestrained free market capitalism into stark relief. Economic devastation cascaded through several industries and the lives of working people. Between 1929 and 1933, gross domestic product declined by a staggering 29 percent.[19] By 1933, one out of every three wage earners in the U.S. were out of work. Families lost their homes. People went without food. Suicides climbed. The country was awash in human misery.[20] These conditions were no better on the docks or aboard ships.[21] San Francisco longshoreman Germain Bulcke recalled that "if you got into any kind of argument with the boss or if he didn't like you, he'd point and say: 'Look, if you don't shape up there are fifty men out there waiting to take your job,' which was true."[22] These economic conditions and the desperation it wrought, coupled with the shape up, company blue book unions, speed ups, and low wages, proved to be fertile ground for labor radicals and Communists to take root on the docks.

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[18] Nelson, *Workers on the Waterfront*, pp. 6-10.
[19] Nelson Lichtenstein, *The State of the Union: A Century of American Labor* (Princeton: Princeton University Press, 2002), pp. 24-25.
[20] Irving Bernstein expertly details the impact of the Great Depression in Irving Bernstein, *The Lean Years: A History of the American Worker, 1920-1933* (Chicago: Haymarket Books, [1969] 2010).
[21] Nelson, *Workers on the Waterfront*, pp. 80-81, 103.
[22] Kimeldorf, *Reds or Rackets*, pp. 81.

In 1930, the Communist Party of the United States of America (CPUSA) dispatched small cells of organizers to the New York and San Francisco waterfronts. To build a radical cadre of workers on the docks and peel more radically inclined longshore and waterfront workers away from the AFL, the CPUSA formed the Marine Workers Industrial Union (MWIU) in 1930.[23] This dual unionism approach, however, initially made few inroads.[24] Even Sam Darcy, leader of the CPUSA's District 13 (California, Nevada, and Arizona), would come to the conclusion that "it would have been suicide to take the handful of militants away from the general stream of the movement."[25] By attacking speed-ups, low wages, and poor working conditions, Harry Bridges noted that Communists who recruited on the waterfront "had the sympathy of the men right away," but workers remained skeptical of the party as a vehicle to confront these conditions and improve their lives.[26]

To build a relationship with the workers, Darcy formed an 'initiating' group in late 1932. By December, the MWIU began publishing *The Waterfront Worker,* a newsletter aimed at longshore workers, which sold briskly on the docks. However, most of the writers were either MWIU organizers or party figures with little to no experience with longshoring or dock work and, according to Kimeldorf, "had only the vaguest notions about the sources of discontent on the docks."[27] As such, Darcy and

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[23] Bruce Nelson explores the early history of Darcy, the MWIU, and other party functionaries in far more depth than is within the scope of this chapter. Refer to Bruce Nelson, *Workers on the Waterfront*, pp. 108-112.
[24] Bruce Nelson, "Unions and the Popular Front: The West Coast Waterfront in the 1930s," *International Labor and Working-Class History,* No. 30 (Fall 1986), pp. 57-78.
[25] Ibid, pp. 62.
[26] Kimeldorf, *Reds or Rackets*, pp. 83-84; Harvey Schwartz, *Solidarity Stories: An Oral History of the ILWU* (Seattle: University of Washington Press, 2009), pp. 14-16; Nelson, *Workers on the Waterfront*, pp. 114.
[27] Kimeldorf, *Reds or Rackets*, pp. 85; Schwartz, *Solidarity Stories*, pp. 14-16.

others struggled to build an organic relationship with dock workers. Given these obstacles, Darcy decided to abandon the dual unionism approach, despite pushback from the CPUSA's general secretary Earl Browder.

To build a cadre of militant workers, Darcy began recruiting some longshoremen into a study group, Albion Hall, named after the German workman's hall on Albion Street in San Francisco where the group met every Sunday.[28] This group included Henry Schmidt, who belonged to the German workman's society, and the Australian Harry Bridges, who had been working on the San Francisco waterfront since 1920 and cut his teeth in earlier labor struggles.[29] Darcy's decision to move away from the dual unionism approach was partly influenced by an uptick in interest in the ILA. Labor organizing also found political support in New Deal initiatives.

Influenced by the Keynesian idea of a working-class consumption driven economy, the Roosevelt Administration ushered in the National Industrial Recovery Act (NIRA) in 1933 as a central plank of the New Deal.[30] This importantly included Section 7a, which stated that "employees shall have the right to organize and bargain collectively through representatives of their own choosing…free from the interference, restraint, or coercion of employers."[31] Though provisions in the NIRA

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[28] Kimeldorf, *Reds or Rackets*, pp. 86-87; Cherny, "The Making of a Labor Radical," pp. 385-388.
[29] Historians Bruce Nelson, Robert Cherny, and economist Charles Larrowe cover Bridges' personal history that is largely outside the scope of this chapter. Refer to Cherny, "The Making of a Labor Radical," pp. 363-388; Nelson, *Workers on the Waterfront*, pp. 112-114; Charles Larrowe, *Harry Bridges: Rise and Fall of Radical Labor in the United States* (New York, Lawrence Hill & Company, 1972).
[30] Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York: Vintage, 1995), pp. 65-71.
[31] Lichtenstein, *The State of the Union*, pp. 24-25.

proved difficult to enforce and it was ultimately declared unconstitutional by the Supreme Court in 1935, Section 7a revitalized labor organizers' attempts to reshape the workplace with workers' interest in mind and strengthened their demand for industrial democracy.[32] This newfound political support, coupled with horrible working conditions on the docks, led to longshore workers' efforts to rebuild and reinvigorate the ILA in San Francisco.[33]

Within ten days of the NIRA, longshoremen Lee Holman chartered the San Francisco ILA from ILA president Joe Ryan. Though Holman previously advocated for the radically tinged Riggers and Stevedores Union, he had been concerned with the growing presence of Communism on the docks since the early 1930s. As such he positioned the ILA as an alternative to both the employer's blue book union and the Communist agitators on the docks.[34] Since Darcy moved away from the dual union approach, members of Albion Hall, which had grown to roughly fifty members, started to operate as a militant group within the structures of the ILA. Albion Hall members also reworked the *Waterfront Worker* and transferred editorial responsibilities to longshoremen, some of whom would emerge as rank-and-file leaders in the 1934 strike, such as Bridges and Schmidt.[35] This caused a shift in the paper's content and tone and spoke more directly to the working conditions and lives of the longshore workers.

[32] Lichtenstein, *The State of the Union*, pp. 24-25, 30-36.
[33] Nelson, *Workers on the Waterfront*, pp. 114-119.
[34] Ibid, pp. 119-120.
[35] Ibid, pp. 114-118.

Albion Hall members also engaged in job actions. “We were letting our presence be felt on the docks where we regularly worked,” Bridges recalled. “We were the ones who received complaints from the men and relayed them to the foremen. We took specific action against the speed up by slowing up at the winches and in the hold…Other men on the docks watched and saw that we were getting away with it and began to imitate us.”[36] Flush with success with on-the-job actions, Albion Hall moved to take on the port’s largest employer, Matson, over a dispute on unpaid dues to the company’s blue book union and staged a successful walkout.[37] Having earned respect from the rank-and-file longshore workers and strengthened their position in the ILA, Albion Hall members then moved to take on ILA leadership.

At an ILA convention in early 1934, members elected Holman as president. However, members also elected Bridges, Schmidt, and Eugene ‘Dutch’ Detrich, among others, to the Executive Council.[38] Furthermore, rank-and-file militants were able to push through several strong demands – union-controlled hiring halls, a thirty-hour work week, wage increases, and a coast wide contract.[39] The shipowners were livid and refused to bargain over the union’s demands, incensed that the union was infiltrated and influenced by Communists. Negotiations broke down after each side

[36] Kimeldorf, *Reds or Rackets*, pp. 88.
[37] Kimeldorf, *Reds or Rackets*, pp. 88-90; Schwartz, *Solidarity Stories*, pp. 14-18; Nelson, *Workers on the Waterfront*, pp. 122-124; Henry Schmidt, "Henry Schmidt: Secondary Leadership in the ILWU 1933-1966," Interview by Miriam Stein and Estolv Ethan Ward in 1974, 1975 and 1981, Oral History Center, The Bancroft Library, University of California, Berkeley, 1983, pp. 67-68; Harry Bridges, “Harry Bridges: Worker, Founder, Visionary: The Union Takes Hold and the Coming of the Big Strike, 1933-1934,” ILWU Oral History Project, Vol. IV, Part II, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder2.htm (accessed September 2020).
[38] Schmidt, "Henry Schmidt,” pp. 55, 68-73.
[39] Nelson, *Workers on the Waterfront*, pp. 125.

refused to give ground and some twelve-thousand ILA workers up and down the West Coast went out on strike on May 9, 1934.[40]

The Big Strike

The 1934 strike, in many ways, formed the basis of what would emerge as the ILWU. Forged in violent struggle, rank-and-file workers emerged with a militant spirit, strong sense of solidarity, and a commitment to leftwing politics and union democracy in the wake of the strike. Several key individuals in the strike, such as Bridges and Schmidt, would also emerge as leaders for the ILWU during this period. During the strike, scores of strikers were wounded in violent clashes with the police and some of the striking waterfront workers were ultimately killed in bloody struggle by forces aligned with the shipowners.[41]

By late May, ILA International president Joe Ryan flew in from New York in an attempt to gain control of the situation and bring an end to the strike. Ryan, along with several members of the ILA, worked out an agreement in which the employers would recognize the ILA, but would bargain on a port-by-port basis. The agreement

[40] Kimeldorf, *Reds or Rackets,* pp. 90.

[41] The history of the 1934 strike is extremely significant, but a detailed history of the labor actions and bloody conflict is ultimately outside the scope of this paper. Germain Bulke, "Germain Bulke: Longshore Leader and ILWU-Pacific Maritime Association Arbitrator," an oral history conducted by Estolv Ethan Ward, 1983, Regional Oral History Office, The Bancroft Library, University of California – Berkeley, 1983, pp. 112; Kimeldorf, *Reds or Rackets*, pp. 100-102; Nelson, *Workers on the Waterfront*, pp. 127-132; Schwartz, *Solidarity Stories*, pp. 21-22; Harry Bridges, "Harry Bridges: Worker, Founder, Visionary: The Union Takes Hold and the Coming of the Big Strike, 1933-1934," ILWU Oral History Project, Vol. IV, Part II, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder2.htm (accessed September 2020).

also would have formed hiring halls at the employers' expense, under the employers' control, and would dispatch both union and non-union workers. Unsurprisingly, West Coast ILA rank-and-file members voted this agreement down. Ryan then negotiated and signed what became known as the June 16th agreement in the office of the mayor of San Francisco. While the striking maritime workers were made up of a variety waterfront trades, Ryan's agreement only pertained to the longshore workers in an effort to divide the striking workers.[42] However, longshore workers also rejected the agreement and Ryan promptly left town, furious over his inability to cow the dissident Pacific Coast District and enraged over the Communist influence in the union.[43]

With the June 16th agreement voted down and Ryan no longer in charge of negotiations, the Pacific Coast District formed the Joint Marine Strike Committee (JMSC). Bridges was elected chair and the JMSC took over negotiations for the union. The JMSC stated flatly that none of the striking workers would return to work until their demands were met.[44] However, forces aligned with the shipowners, such as police and the National Guard, took action to violently suppress striking workers and root out Communist elements at ports up and down the West Coast in several

[42] Schwartz, *Solidarity Stories*, pp. 22; Schmidt, "Henry Schmidt," pp. 88-90; Harry Bridges, "Harry Bridges: Worker, Founder, Visionary: The Union Takes Hold and the Coming of the Big Strike, 1933-1934," ILWU Oral History Project, Vol. IV, Part II, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder2.htm (accessed September 2020).
[43] Schwartz, *Solidarity Stories*, pp. 23-24; Nelson, *Workers on the Waterfront*, pp. 143-145; Harry Bridges, "Harry Bridges: Worker, Founder, Visionary: The Union Takes Hold and the Coming of the Big Strike, 1933-1934," ILWU Oral History Project, Vol. IV, Part II, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder2.htm (accessed September 2020).
[44] Larrowe, *The Shape-Up and Hiring Hall*, pp. 100.

bloody skirmishes.[45] In the end, several strikers were injured and a number lay dead from pitched battles up and down the West Coast.[46] On July 5th, police fired tear gas and beat striking workers with clubs in a violent effort to reopen the Port of San Francisco. The bloody conflict left scores of striking workers injured and two dead.[47] The infamous violent conflict in San Francisco became known as Bloody Thursday, a day which the ILWU observes annually in memory of the sacrifices workers made to secure better working conditions and livelihoods for maritime workers.[48]

On July 16th, almost two weeks after Bloody Thursday, San Francisco erupted in a general strike. Striking maritime workers were joined by workers from a variety of unions and trades and members of the community.[49] Finally, after eighty-three days, the violent and bloody strike came to an end when the dispute was submitted to Roosevelt's National Longshoremen's Board for arbitration on July 31st. Though some issues were left unresolved, the tenor of labor relations on the docks changed in favor of the workers. Employer representative Paul Eiel noted that shipowners "were faced with a revolution in the thinking of their men." The employers that "attempted to operate as they had in the past found a new and militant spirit" instilled in the workers.[50]

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[45] United Press, "Gov. Merriam Explains Why Guard Called," July 6, 1934, Museum of the City of San Francisco, http://www.sfmuseum.org/hist4/maritime11.html (accessed December 2020);
[46] Nelson, *Workers on the Waterfront*, pp. 147-149; Larrowe, *The Shape-Up and Hiring Hall*, pp. 100-102.
[47] Kimeldorf, *Reds or Rackets*, pp. 105-106.
[48] Schmidt, "Henry Schmidt," pp. 93-107; Harry Bridges, "Harry Bridges: Worker, Founder, Visionary: Victory in the 1934 Strike," ILWU Oral History Project, Vol. IV, Part III, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder3.htm? (accessed September 2020).
[49] One of the best accounts of the Big Strike remains Mike Quin, *The Big Strike* (Olema: Olema Publishing Company, 1949).
[50] Kimeldorf, *Reds or Rackets*, pp. 111.

The conflict radicalized a generation of maritime workers, who became known as ’34 men, and forged deep and lasting bonds of solidarity among the workers. Moreover, the strike galvanized support for the more radical and militant leaders, who were able to displace the more conservative leaders of the ILA’s Pacific Coast District. Bridges defeated a conservative opponent by a three to one margin for presidency of the San Francisco local and several more radical candidates were swept into office.[51] Longshore work was decasualized.[52] Scabs were fired. The union also reached out to workers who did not go out on strike. This included a contingent of black longshoremen who were initially brought in as strikebreakers for the 1919 strike and had worked the docks since.[53] Rather than deepen the divisions, the union brought in black workers, company loyalists, and other workers who did not participate in the strike.[54]

By October 12th, the National Longshoremen’s Board reached a decision. Though the strike had concluded on July 31st, longshore workers engaged in numerous work stoppages between the end of the strike and the arbitration award.[55] Most importantly, the Board determined that the hiring halls would be jointly operated and funded and would be staffed by union dispatchers in Section V of the

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[51] Kimeldorf, *Reds or Rackets*, pp. 111; Schmidt, "Henry Schmidt: Secondary Leadership in the ILWU 1933-1966," pp. 115.
[52] Schmidt, "Henry Schmidt," pp. 113-114.
[53] Bruce Nelson, “The ‘Lords of the Docks’ Reconsidered: Race Relations Among West Coast Longshoremen, 1933-1961,” in *Waterfront Workers: New Perspectives on Race and Class,* eds. Calvin Winslow (Urbana: University of Illinois Press, 1998), pp. 157.
[54] Historian Bruce Nelson explores the 1934 Big Strike and its implications far more thoroughly than is within the scope of this chapter. Refer to Nelson, *Workers on the Waterfront*, pp. 127-155, 259-260. Schwartz, *Solidarity Stories,* pp. 29-30; Harry Bridges, “Harry Bridges: Worker, Founder, Visionary: Victory in the 1934 Strike,” ILWU Oral History Project, Vol. IV, Part III, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder3.htm? (accessed September 2020).
[55] Nelson, *Workers on the Waterfront*, pp. 157-158.

award.[56] Hiring and firing decisions would be made jointly by the employers and the union. Section II gave workers the right to choose their own jobs. Workers who refused employment or were fired from a job would not be deregistered, which allowed workers to exert a great deal of control over available work and the work process. This also enabled what became known as the 'quickie' strike, an on-the-job action which would force the employer to cede to the workers' demands through temporary work stoppages.[57]

Since time at port was costly, employers were quick to settle these workplace issues. An arbitrator noted that the quickie "was a weapon almost cost free in the eyes of the men but wickedly effective in the eyes of the employers."[58] According to Max Kossoris of the Bureau of Labor Statistics, "the West Coast had over 20 major port strikes, more than 300 days of coast-wide strikes, about 1,300 local 'job action' strikes, and about 250 arbitration awards" between 1934 and 1948, as workers implemented extracontractual agreements, enforced sling load limits, exerted control over the pace of work, and challenged the authority of foremen and employers.[59] In this sense, rank-and-file longshore workers leveraged their somewhat unique position in a transportation bottleneck to slow or halt the flows of commerce which allowed them to effectively assert control over space and time arrangements in

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[56] Ibid, pp. 163.
[57] Schmidt, "Henry Schmidt," pp. 120-122; Harry Bridges, "Harry Bridges: Worker, Founder, Visionary: Victory in the 1934 Strike," ILWU Oral History Project, Vol. IV, Part III, interviewed by Noriko Sawada Bridges in 1978, edited by Harvey Schwartz, Curator of the ILWU Oral History Project, ILWU Local 19, online at: https://www.ilwu19.com/history/founder3.htm? (accessed September 2020).
[58] Kimeldorf, *Reds or Rackets*, pp. 112.
[59] Max Kossoris, "Working Rules in West Coast Longshoring," *Monthly Labor Review* (January 1961), pp. 1; Kimeldorf, *Reds or Rackets,* pp. 112; Schwartz, *Solidarity Stories*, pp. 37.

broader supply chains.

There is Power in a Union

As a result of the shift in power from the employers to the workers, productivity fell off sharply. This was the result of drastically reduced sling loads, elimination of the pressure to engage in speed-ups, quickie strikes, and manning requirements. Al Langley, a longshoreman from San Pedro, noted that longshore workers “were taking over the waterfront. The employers didn’t have no say at all. We just said: ‘Look, that’s the way it is and that’s the way it’s gonna be.’ And we had enough power to enforce it.” Whereas longshore workers were once forced to engage in dangerous speed ups to ensure they were selected at the shape up, workers were able to enforce a safer pace of work in the wake of the strike. Workers also secured sling load limits in several ports.[60] Strengthened by their success on the docks, the ILA Pacific Coast District turned their attention to freight handlers and warehouse workers at uptown warehouses in their ‘March Inland’ campaign in the Bay Area.[61]

While some warehouse workers were employed in a shape-up system some, particularly inland warehouse workers, were hired as regular employees. Given these employment conditions, employers and foremen pushed workers to handle goods as quickly as possible. Speed ups in warehousing were common. While Teamsters organized freight handlers in other regions, such as Seattle, Bay Area

[60] Kimeldorf, *Reds or Rackets*, pp. 113.
[61] Historian Harvey Schwartz expertly details this campaign in, Schwartz, *The March Inland*.

warehouse workers were “almost untouched by organization until they were recruited in the mid-1930s” by the ILA, according to historian Harvey Schwartz.[62] The ILA was able to leverage its place in the supply chain to refuse to handle ‘hot cargo’ from non-union warehouses, and thus apply economic pressure against recalcitrant employers with the especially effective secondary boycott technique. The campaign was remarkably successful. During the March Inland campaign from 1934 to 1937 some 8,500 warehouse workers were unionized by the ILA.[63]

By September 1936, the Pacific Coast District ILA entered into contract negotiations with the Coast Committee for the Shipowners, which shipowners and stevedore contractors formed earlier that year to represent their interests. Bridges had been elected as president of the Pacific Coast District of the ILA in 1935.[64] The two parties were deadlocked over control over the hiring hall and the six-hour day. The ILA demanded full control over dispatching at the hiring halls, while the employers demanded the right to select employees of their own choosing and demanded neutral dispatchers rather than ILA dispatchers. When both parties reached an impasse, the employer group suggested the matter be submitted to arbitration. The ILA held a coastwide referendum vote on the matter of arbitration, which was voted down by a significant margin, and the union set a strike date for October 28th. Unlike the violent and bloody 1934 strike, the 1936 strike was comparatively peaceful.[65]

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[62] Schwartz, *The March Inland*, pp. 9.
[63] Ibid, pp. 10-11.
[64] Schmidt, "Henry Schmidt,” pp. 157.
[65] Larrowe, *The Shape-Up and Hiring Hall*, pp. 108; Schmidt, "Henry Schmidt: Secondary Leadership in the ILWU 1933-1966," pp. 185.

The strike wore on for months and finally came to an end on February 4, 1937. Though the ILA did not gain full control over the hiring hall, they retained control over the dispatchers. Moreover, the union won the six-hour day and instituted a sling load limit of 2,100 pounds.[66] Following the strike, both sides regrouped. The shipowners and stevedore contractors formed the Waterfront Employers Association of the Pacific Coast (WEA) with Almon E. Roth, a former comptroller of Stanford University, as its president. At an ILA Pacific Coast District convention in 1937, delegates voted to accept overtures from John L. Lewis, joined his Congress of Industrial Organizations (CIO), and changed their name to the International Longshoremen and Warehousemen's Union (ILWU).[67] As a condition, Bridges was appointed as the CIO's Western Regional Director.[68]

After the United States entered World War II following the bombing of Pearl Harbor in December 1941, the ILWU and the WEA worked together and recruited more longshore workers, increased productivity, and removed bottlenecks in shipping to support the war effort. This proved critical as longshore workers met the significant uptick in port traffic for military shipments. However, the employers attempted to institute changes to hiring and dispatching through the National War Labor Board, such as the right to steady workers, the ability to shift workers from job to job, greater leeway to discipline workers, and dispatchers hired through the Joint Labor Relations Committee rather than those staffed through the ILWU. However,

[66] Schmidt, "Henry Schmidt," pp. 189.
[67] Four small ports in Washington – Tacoma, Port Angeles, Anacortes, and Olympia voted to remain in the ILA. Olympia would later defect to the newly formed ILWU.
[68] Nelson, *Workers on the Waterfront*, pp. 237; Larrowe, *The Shape-Up and Hiring Hall*, pp. 110-111; Kimeldorf, *Reds or Rackets*, pp. 117; Schmidt, "Henry Schmidt," pp. 214.

the employers were largely unsuccessful and the Board held the status quo in most cases.[69]

WEA president Frank Fossie used this wartime effort to attempt to dismantle several gains the ILWU made after the 1934 strike, what the employers referred to as ‘restrictive’ work practices. Fossie’s complaints on the inefficiencies on the docks was further supported by Captain Joseph Tipp of the War Shipping Administration. Before a Congressional subcommittee meeting on this issue in March 1943, Bridges pledged to increase productivity at the docks and work to eliminate bottlenecks in shipping. After hearing testimony from shippers and union officials, committee chairman Senator Sheridan Downey found that Fossie’s complaints about inefficiencies were largely baseless.[70]

As what historian Nelson Lichtenstein characterized as the “ideological point man for the Communist oriented wing of the CIO,” Bridges adopted an accommodationist stance on several issues during the war. Bridges not only supported the no strike pledge for the duration of the war, he championed the concept of a permanent tripartite order of labor, employers, and government with a no strike pledge and compulsory arbitration to ensure industrial peace in the post war order. This put Bridges at odds with even some of the more conservative members of the CIO, who bristled at such a proposal that would defang labor of their most potent economic weapon.[71] Even Earl Browder, who was jailed for his

[69] Larrowe, *The Shape-Up and Hiring* Hall, pp. 115-118.
[70] Kimeldorf, *Reds or Rackets*, pp. 132-133.
[71] Nelson Lichtenstein, *Labor’s War at Home: The CIO in World War II* (Philadelphia: Temple University Press, [1982] 2003), pp. 212-214; Kimeldorf, *Reds or Rackets*, pp. 138.

opposition to World War I, strongly advocated for the American-Soviet war against fascism, urged class collaboration, supported the no strike pledge, and eventually dissolved the party itself, which was replaced by the Communist Political Association.[72]

However, wartime accommodation did not necessarily reflect the sentiments of the militant rank-and-file. Longshore workers in Seattle, San Francisco, and San Pedro fought to retain sling load limits, despite pressure from employers. Since hold work loading military cargo of irregular shape proved difficult to stow efficiently, eight-worker hold gangs began to practice a four-on, four-off method of work. Essentially four workers would stow goods while the other four would rest since it proved difficult for all eight workers to work at the same time in the tight confines of the hold. Moreover, the work was backbreaking and workers needed to rest after stowing or loading heavy goods. Stevedore contractors largely capitulated to this practice since they operated on a cost-plus basis and secured contracts with the War Shipping Administration. Over time, four-on, four-off and other extra contractual practices became institutionalized at most West Coast ports.[73]

Whereas the war effort drained several unions of their cadre of militants forged in the strikes of the 1930s, the ILWU's membership was comparatively undisturbed, due in part to the critical position longshore work played in military logistics and their draft exemption as essential workers.[74] Still, demand for longshore labor during the war saw an influx of waterfront workers at Pacific Coast ports drawn

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[72] Kimeldorf, *Reds or Rackets*, pp. 129.
[73] Ibid, pp. 137-138.
[74] Ibid, pp. 139-144.

from a diverse mixture of individuals from leftist movements, people from rural areas, agricultural workers, and black longshore workers largely from the Gulf Coast. For black longshore workers, their reception was mixed and dependent on the attitudes of longshore workers which varied from port to port. With its commitment to leftwing politics and significant Communist influence, San Francisco's Local 10 welcomed black longshore workers into their ranks.[75] Elsewhere, black longshore workers faced discrimination and blatant racism, such as in Portland's Local 8 or San Pedro's Local 13.[76]

The 1948 West Coast Longshore Strike and the 'New Look'

After the war, any ideas of industrial peace were put to rest. In 1946, the ILWU set about organizing the longshore, sugar, and pineapple industries in the Hawaiian Islands. The ILWU, like so many other unions in other industries, went out on forty-eight-day strike in 1946.[77] The reactionary wing of the WEA, represented by president Frank Fossie and WEA's legal counsel Gregory Harrison, felt emboldened by the rightward political shift symbolized by the 1946 Congressional elections and the expectation that New York Governor Thomas Dewey would defeat Harry Truman in the 1948 presidential election.

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[75] Nelson, "The 'Lords of the Docks' Reconsidered," pp. 158-160.

[76] Kimeldorf, *Reds or Rackets*, pp. 144-146. Nelson, "The 'Lords of the Docks' Reconsidered," pp. 158, 161-184; Schmidt, "Henry Schmidt," pp. 225-235; Seonghee Lim, "Automation and San Francisco Class 'B' Longshoremen: Power, Race, and Workplace Democracy, 1958-1981," unpublished dissertation, Department of History, University of California – Santa Barbara, 2015, pp. 80-81. ILWU member Bill Chester recounts his experience and the experience of other black longshore workers during this period in Schwartz, *Solidarity Stories,* pp. 39-45.

[77] Larrowe, *The Shape-Up and Hiring Hall,* pp. 118-120.

The Taft-Hartley Amendments to the Wagner Act, which Congress passed over Truman's veto in 1947, both served as a check on labor's unprecedented gains in the 1930s and portended a rightward political shift in favor of employers. In particular, Taft-Hartley contained provisions which curtailed several of labor's most potent economic weapons, such as the secondary boycott, and gave the President powers to intervene and enjoin a strike which threatened national health or safety. Fossie and Harrison felt this broader political shift would give them leverage as they tried to regain control over the hiring hall and undo some of the ILWU's gains made during the 1930s and 1940s.[78]

The Fossie-Harrison wing of the WEA had also notoriously red-baited the left-led ILWU since its origins in the 1934 general strike.[79] Taft Hartley's most ideological driven portions required union officers to sign affidavits which stated that they did not belong to a Communist organization or ascribe to Communist beliefs.[80] At this point, the CIO's president Phillip Murray stood behind dissident unionists and had personally refused to sign a loyalty pledge.[81] Leadership in left-led unions, such as the ILWU, also refused to sign non-Communist affidavits.[82] However, redbaiting the left-led union was hardly a new practice.

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[78] Nancy Quam-Wickham, "Who Controls the Hiring Hall? The Struggle for Job Control in the ILWU during World War II," in *The CIO's Left-Led Unions,* ed. Steve Rosswurm (New Brunswick: Rutgers University Press, 1992), pp. 47-67.
[79] Nelson, *Workers on the Waterfront*; David F. Selvin, "An Exercise in Hysteria: San Francisco's Red Raids of 1934," *The Pacific Historical Review*, Vol. 58, No. 3 (Aug., 1989), pp. 361-374.
[80] Lichtenstein, *State of the Union*, pp. 114-18.
[81] Larrowe, *Harry Bridges,* pp. 297-301.
[82] Ibid, pp. 293-95.

After several investigations into his relationship with the CPUSA in the mid-1930s, Bridges stood trial for deportation hearings under the Alien Act in 1939. The Dean of Harvard Law School, James Landis, presided over the case and found that Bridges was not a CP member or affiliate. In 1941, Bridges faced another deportation hearing under the Hobbs Bill. Judge Sears ordered Bridges deportation on the basis of testimony from two witnesses. The case would be appealed several times throughout the 1940s and would eventually be heard by the Supreme Court who overruled previous decisions by the District Court, Circuit Court, and the Attorney General.[83] After Bridges became a naturalized citizen in 1945, he would be tried in again in 1949 along with ILWU vice president J.R. Robertson and Henry Schmidt, for perjury during his naturalization hearings. This case would be appealed and would again end up before the Supreme Court which ruled in Bridge's favor.[84] Bridges would be tried a fifth time in 1955, though presiding Judge Goodman found that there would be no basis for opening this case again.[85]

Aside from taking advantage of the recent rightwing labor legislation, the Fossie-Harrison wing of the WEA felt they could exploit growing fissures between

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[83] For a lengthier discussion of trials against Bridges, refer to Larrowe, *Harry Bridges*, pp. 293-95; *The ILWU Story*, pp. 51-61; Norman Leonard, "Life of a Leftist Labor Lawyer," Interview Conducted by Estolv Ethan Ward in 1985, Regional Oral History Office, Bancroft Library (University of California – Berkeley, 1986), pp. 82-90.

[84] Leonard, "Life of a Leftist Labor Lawyer," pp. 63-69; Bridges-Robertson-Schmidt Defense Committee, "Press releases relating to court trials and conviction of ILWU officials Harry Bridges, J.R. Robertson, and Henry Schmidt on charges of 'perjury' and 'conspiracy to commit perjury'," 18 scattered issues, 1950-1953 (San Francisco: International Longshoremen's and Warehousemen's Union, 1953), California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley.

[85] International Longshore and Warehouse Union, *The ILWU Story*, pp. 51-63, California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley.

the CIO and the ILWU to their benefit in the 1948 bargaining round.[86] In particular, the ILWU leadership had taken positions at odds with the CIO's support for Democratic Party candidates and policies.[87] In part, relations between the federation and the ILWU became strained with the union's decision to rescind their support of the Marshall Plan after countries in the Soviet bloc rejected this form of aid.[88] Relations between the federation and the union were further stressed by the ILWU's endorsement of Progressive Party candidate Henry Wallace over Harry Truman in the 1948 presidential election.[89] Though the CIO had been initially supportive of its left-led unions, the tense political climate of the Cold War amplified anti-Communist hysteria and further strained these relationships. In 1948, Murray had gone as far as to remove Bridges as West Coast Director of the CIO. By 1950, Murray expelled the ILWU from the CIO, one of eleven Communist-led unions expelled from the CIO during this period.[90]

These larger tensions permeated the 1948 bargaining round. Labor arbitrator Clark Kerr recalled that Fossie began negotiations by stating, "we do not know what you are going to demand, but, by God, the answer is no." To which Bridges replied, "to tell you the truth, Mr. Fossie, we have not yet finally decided on our demands,

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[86] Fairley, *Facing Mechanization*, pp. 31.
[87] Larrowe, *Harry Bridges*, pp. 293-95.
[88] Though the ILWU initially supported the broader aims of the Marshall Plan, the dissident union rescinded its support after it was revealed that aid would only go towards states not aligned with the Soviet Union. Refer to Ronald Schatz, "Phillip Murray and the Subordination of the Industrial Unions to the United States," in *Labor Leaders in America,* eds. Melvyn Dubofsky & Warren Van Tine (Urbana: University of Illinois Press, 1987), pp. 234-57; Leonard, "Life of a Leftist Labor Lawyer," pp. 82-90; Larrowe, *Harry Bridges,* pp. 297-301.
[89] Leonard, "Life of a Leftist Labor Lawyer," pp. 82-90. See also, Lichtenstein, *Labor's War at Home*, pp. 234-35.
[90] Leonard, "Life of a Leftist Labor Lawyer," pp. 82-90; Schmidt, "Henry Schmidt," pp. 334-335.

but, by God, we will never take no for an answer."[91] Tensions and anticipation of a crippling and prolonged strike ran so high that the Truman Administration issued an 80-day 'cooling off' period in the first days of the strike, an intervention made possible by the Taft-Hartley Amendments to the National Labor Relations Act, also known as the Wagner Act.[92] The strike resumed eighty days later when, in a stunning show of solidarity, not a single vote was cast by roughly 27,000 ILWU members on the employers final offer in an NLRB election.[93]

But the 1948 strike cost both sides dearly. As the strike wore on, individual shippers suffered significant losses, some to the point of bankruptcy. These economic losses from the strike strained relationships between WEA leadership and the individual shippers who they represented. Given these conditions, shippers increasingly pressured WEA leadership to end the strike. Shippers, such as Matson's Randolph Sevier, then worked to remove Fossie from his position as WEA president, successfully argued against using lawyers in negotiations, such as Harrison, and advocated a more conciliatory relationship with the union in the wake of the strike.[94]

Indeed, the bitter ninety-five-day strike served to replace the adversarial labor relations between the WEA and the ILWU with a more amicable relationship. As the labor mediators Lloyd Fischer and Clark Kerr prophetically put it in a 1949 article in

[91] Clark Kerr, *The Gold and the Blue: A Personal Memoir of the University of California, 1949-1967, Vol. 1 Academic Triumphs* (Berkeley: University of California Press, 2003), pp. 137.
[92] Lichtenstein, *State of the Union,* pp. 114-18; Christopher Tomlins, *The State and the Unions: Labor Relations, Law, and the Organized Labor Movement in America, 1880-1960* (Cambridge: Cambridge University Press, 1982), Chapter 8: the Taft Hartley Act.
[93] Leonard, "Life of a Leftist Labor Lawyer," pp. 82; Larrowe, *Harry*, pp. 294.
[94] Larrowe, *Harry Bridges,* pp. 298.

The Atlantic, "What made December, 1948, a date more memorable than other dates in longshore labor history was that it may have marked the 'end of a war.'"[95] This proved to be the case both on the docks and at the bargaining table. Several factors contributed to Kerr and Fischer's apt assessment of labor relations in longshoring, which would be termed 'the new look.'

In the wake of the strike, shippers dissolved the WEA, reformed the association as the Pacific Maritime Association (PMA), and installed O.W. Pearson, Vice president of the Marine Terminals Corporation, as president. "Instant arbitration" had also come to modify the existing grievance process, which had been notoriously inefficient and ended in several cases going into costly arbitration.[96] In exchange for instant arbitration and an employer no lockout clause, the union agreed to a no strike clause for the duration of the contract.

By 1952, J. Paul St. Sure took over as PMA president and worked to further the amicable relations between the PMA and the ILWU. In particular, Bridges and St. Sure formed a working relationship built on trust and mutual respect. Reflecting on this shift in labor-management relations, St. Sure remarked to ILWU Secretary

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[95] Clark Kerr & Lloyd Fischer, "Conflict on the Waterfront," *The Atlantic Monthly* (September 1949). To be sure, this is not to say there existed a 'labor-management accord.' Rather, this proved to be one of the first instances in the ILWU's fourteen-year history where management came to recognize the union as legitimate, and the point where the union accepted a no strike pledge for the duration of a contract in exchange for more routinized procedures for grievances and arbitration in exchange for a no strike pledge for the duration of the contract. Refer to Lichtenstein, *State of the Union* for arguments against a labor-management accord. For a counterpoint, refer to Tomlins, *The State and the Unions* and Lichtenstein, *Labor's War at Home*.

[96] While 'quickies,' or small-scale strikes used to tie up a ship in harbor, and labor actions punctuated the first fourteen years of ILWU-WEA relations, 'instant arbitration' allowed ILWU walking bosses or foremen to resolve issues at the worksite, which helped dramatically decrease work stoppage. The jointly run Coastal Labor Relations Committee handled grievances, settling them prior to costly arbitration, while jointly appointed area arbitrators were in place to quickly mediate grievances which went to arbitration. Refer to Clark Kerr & Lloyd Fischer, "Conflict on the Waterfront," *The Atlantic Monthly* (September 1949).

Treasurer Louis Goldblatt "that when the revolution came, I wasn't going to be concerned; I thought I was smart enough to be on the first committee of the workers," St. Sure recalled stating. Goldblatt, a committed leftist, responded "when that time comes, they'll probably hang your kind." No smile. I think he meant it," St. Sure recalled.[97]

This critical shift in the relationship between the ILWU and the PMA also helps explain why the union was amenable to labor saving technologies and calls to improve productivity at the docks in the mid-to-late 1950s.[98] But labor relations embodied in the 'new look' are only partially responsible for the union's approach to automation in the mid-to-late 1950s. The ILWU's relative isolation from the labor movement, growing pressure to end so-called restrictive work practices, and an understanding that mechanization could help make work easier and safer also helps explain why the ILWU was receptive to mechanization in the 1950s. Furthermore, the union largely saw mechanization as inevitable and sought to secure something for their members in return.[99]

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[97] "Transcript of an interview J. Paul St. Sure with the Institute of Industrial Relations, University of California, conducted on March 7, 21, 29, April 4, 11, and June 13, 21, 1957," Box 4, Folder 18, Sidney Roger Papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.

[98] Jennifer Winter, "Thirty Years of Collective Bargaining Joseph Paul St. Sure: Management Labor Negotiator 1902 – 1966," unpublished thesis, California State University – Sacramento, 1991.

[99] Finlay, *Work on the Waterfront,* pp. 57-58.

THE INEVITABLE MARCH OF PROGRESS?

At the close of the Korean War, the Departments of Commerce and Defense requested that the National Academy of Sciences – National Research Council form a research body with the aim of researching methods to "provide guidance on means and techniques of increasing the efficiency of ocean transport and improving ship turnaround." To that end, they formed the Maritime Cargo Transportation Conference (MCTC). From roughly 1953 until 1963, the MCTC partnered with government officials, engineers, academics, and representatives from both industry and labor to conduct numerous extensive studies to improve cargo handling methods, lessen ship turnaround time, and reduce transportation bottlenecks in the maritime industry.[100]

Though "we concentrate our research on industry," Rear Admiral Edwin G. Fullinwider noted, "defense interest in commercial transportation and in a healthy merchant marine is very real."[101] While the MCTC's mandate was clear, initial studies tended to focus on break bulk cargo handling techniques, rather than explore unitized cargo handing techniques and systems, such as containerization or the roll on roll off method.[102] For instance, early studies, such as *The S.S. Warrior*, drew

[100] Charles Denison, "Maritime Administration Research Plans," *Recent Research in Maritime Transportation: Proceedings of the Second Symposium Convened by the Maritime Cargo Transportation Conference*, February 13, 1958, Washington DC, (Washington: National Academy of Sciences - National Research Council - publication 592, 1958); William Gomberg, "The Job as Property," *The Nation,* November 26, 1960, pp. 410-412.
[101] Edwin G. Fullinwider, "Introduction," *Recent Research in Maritime Transportation: Proceedings of the Second Symposium Convened by the Maritime Cargo Transportation Conference*, February 13, 1958, Washington DC (Washington: National Academy of Sciences - National Research Council, publication 592, 1958).
[102] *The S.S. Warrior: An Analysis of an Export Transportation System from Shipper to Cosignee* (Washington: National Academy of Science – National Research Council, publication 339, 1954);

data from ‘break bulk’ cargo handling practices at the ports of New York and Bremerhaven, Germany largely to function as a comparative benchmark for later studies on unitized cargo and to identify bottlenecks and inefficiencies at the harbor.[103]

By 1955, researchers at the MCTC began conducting studies on unitized cargo, cranes and equipment, and job safety with the overarching goal of reducing a ship’s time at a terminal or harbor.[104] Although the U.S. Military had been using the Conex container to transport personal possessions of military personnel since the Korean War, only two private sector shipping firms, Sea-Land and Matson, offered container service by 1960.[105] While Sea-Land’s proprietor Malcolm McLean pioneered advances in container service largely in intercostal trade in the United States, Matson relied on their near monopoly trade between Hawaii and the ports of Los Angeles and San Francisco to conduct research into unitized cargo before they launched container service to the Hawaiian Islands in the late 1950s.[106]

But even into the early 1960s, the methods and technologies around unitized cargo was still very much an open question. The shipping container was one of several options for improving longshore productivity. Moreover, the container

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Cargo Ship Loading: An Analysis of General Cargo Loading in Selected U.S. Ports (Washington: National Academy of Science – National Research Council, publication 474, 1955).

[103] *The S.S. Warrior.*

[104] R.P. Delrich, “The Principles of Trailership Operation,” paper presented at the ‘Roll-On, Roll-off Sea Transportation’ symposium, November 19, 1956, Washington, DC (Washington: National Academy of Science – National Research Council – Publication 471, 1957).

[105] Major H.A. Ablett, “A Search for Optimum Container Size,” paper presented at the Second Symposium Convened by the Maritime Cargo Transportation Conference, February 13, 1958, Washington DC (Washington: National Academy of Science – National Research Council – Publication 592, 1958); Levinson, *The Box,* pp. 170-171.

[106] Levinson, *The Box*, pp. 65-66.

required sizeable fixed capital investments in retrofitted or new container ships, dockside cranes, reworked berths, and paved staging areas for containers. As economist Marc Levinson details, the diversity of size and shape of containers and lack of standardization posed a particular problem which was initially addressed by the various arms of the state including the United States Maritime Association, the American Standards Association's Material Handling Sectional Committee 5, and the National Defense Transportation Association. By 1961, the International Organization for Standardization (ISO) set about the imposing task of working towards international container standards – a task which would play out through the 1960s until the ISO set international standards in 1970.[107] Though the shipping industry quietly introduced some laborsaving devices during World War II, such as magnets for scrap iron, shoots for grain, and strapped lumber packs, the ILWU did not contest these innovations since they made the job far safer and easier to perform, despite the loss of work opportunity from increased productivity. Moreover, the massive uptick in shipping during World War II partially obscured the impact these labor-saving devices had on longshore productivity and jurisdiction.

By 1955, however, union practices and work rules, which maintained longshore work and served to demarcate jurisdictional boundaries between unions, increasingly came under scrutiny. This, coupled with a sizable growth in subsidies for the American merchant marine, attracted the attention of Congress. To ensure the American merchant marine remained competitive with foreign flag vessels, Congress subsidized their operations. In 1947, this amounted to $15 million. The

[107] Levinson, *The Box*, pp. 170-201.

amount requested for 1956, however, ballooned to $115 million. Since labor costs made up 87% of these subsidies, labor relations and union practices in longshoring were of particular concern.[108]

To confront these issues and explore solutions, the House of Representatives Committee on the Merchant Marine and Fisheries convened a series of hearings in late June and early July 1955 in Washington, D.C. and held follow up hearings in Los Angeles in October 1955, what came to be known as the Bonner Committee hearings. Chairman Herbert Bonner, a House Democrat representing North Carolina, opened the hearing by stating that "particular emphasis has been laid upon the development of objective understanding of labor-management relations in the [longshore] industry, the adequacy of existing legislative machinery to resolve maritime disputes, and the matter of wage and other operating costs in the industry."[109] PMA president J. Paul St. Sure testified early on in the hearings and gave the Committee the perspective from ship owners and management, while Bridges represented the ILWU's position.

Though St. Sure identified a number of factors which he felt created a somewhat exceptional situation with waterfront unions and various industries, he defended some of the ILWU's contractual gains and identified some contributing factors to labor costs and areas he felt could be improved. In particular, St. Sure argued that the jointly run ILWU-PMA hiring halls, which were a hallmark of the

[108] "Labor-Management Problems of the American Merchant Marine," Hearings Before the Committee on Merchant Marine and Fisheries, House of Representatives, Eighty-Fourth Congress, First Session, June 20, 21, 22, 23, 24, 28, 29, 30, and July 6, 7, 8, 11, 12, 13, 14, 18, 19, and 20, 1955, (Washington: U.S. Government Printing Office, 1955), pp. 1-2.
[109] Ibid.

ILWU's strength and a celebrated win from the 1934 strike, "is certainly something which cannot and should not be changed."[110] St. Sure also suggested that a lack of uniform contract expiration dates, not only with West Coast waterfront unions, but also with their East Coast, Gulf Coast, and Great Lakes counterparts, the ILA, created a whipsaw effect with each union attempting to mirror or outdo contractual gains in their subsequent bargaining rounds. This proved to be particularly jarring for both unions and management with annual contract openers on wages and benefits.[111]

In part, St. Sure felt the somewhat unique situation in ports had to do with the number of competing interests, both public and private, and the mix of complex relationships between shippers, stevedore contractors, drayage, warehouse firms, and various waterfront unions. For example, the ILWU president Harry Bridges was at loggerheads with the rabidly anti-Communist head of the International Seaman's Union Harry Lundeberg. These divisions and rivalries were also mirrored in the employers' ranks. Some ship owners formed relationships with Lundeberg, while some favored working with the avowed leftist Bridges.[112] These divided loyalties and relationships worked their way into various side deals and agreements, which had an impact on labor relations as a whole. "Continuation of these difficult labor conflicts on the Pacific Coast," St. Sure lamented before the Committee, "the end of which we

[110] Ibid, pp. 50.
[111] Ibid, pp. 47-50, 57-68.
[112] Ibid, pp. 51-56.

have not seen and indeed we see no immediate prospect of their being improved."[113]

St. Sure also bemoaned what the employers termed restrictive work practices. In particular, St. Sure raised the issue of the nettlesome four-on, four-off practice. At times, when a stevedore contractor or shipping agent ordered a hold gang of eight workers, four would work cargo in the ship's hold while four 'observed' or 'witnessed' the work being done or, at times, would not even be on the job site at all and would rotate after working half the day.[114] Since the contract did not specifically provide breaks or periods of rest, workers felt justified in maintaining this extra-contractual practice for backbreaking hold work.[115] The ILWU, however, was well aware of the PMA's position on the issue prior to the 1955 hearings.

In an August 27, 1954 letter to Bridges, St. Sure firmly stated the PMA's position on such work practices. "We are once again planning to embark upon a program of conformance and performance in an attempt to correct particular abuses, specifically: the so-called four-on four-off practice, and late starts and early quits." "Your approach should be that this is no roll back of conditions but is only to see that the Employers receive just what they are entitled to under the contract – no more – no less. All men are to work."[116]

In a letter to ILWU membership, which also contained copies of St. Sure's letter, Bridges outlined the PMA's position and suggested what the union could

[113] Ibid, pp. 47-50.
[114] Ibid, pp. 56-57.
[115] Fairley, *Facing Mechanization*, pp. 38-39.
[116] Ibid, pp. 38.

expect from the program of conformance and performance. “We are convinced that the PMA means business. We are convinced that the union is on extremely weak and unstable ground and that the PMA’s business-like approach to the problem – whether we like it or not – is a sound one and has an objective we would find difficult, if not unwise to combat. The International officers and the Coast Committee recommend that all locals take steps to eliminate these practices” since, Bridges conceded, the PMA intended to “use the full power of the law, if necessary, to attempt to reimburse themselves for the cost of enforcing their program.”[117] Despite these warnings and the firm position of ILWU and PMA leadership, these and other practices persisted on the local level.

When he addressed the committee regarding work practices, St. Sure asked, “’Why do you do this?’ The answer is that if you do not do it the operation goes down and so you pay a form of blackmail.”[118] When faced with this issue on the job, St. Sure stated that ship owners and stevedore contractors often acquiesced to work practices rather than tie up their ship in a dispute while waiting for response from the ILWU-PMA Coast Labor Relations Committee, since the wait time itself proved to be quite costly. Though some ports phased out the four-on four-off practice by the time of the Bonner Committee hearings, this tradition persisted in several ports, in particular the twin ports of Los Angeles and Long Beach. James Sinclair, president and general manager of Luckenbach Steamship Company went as far to state that the “Los Angeles situation is a class by itself.”[119]

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[117] Ibid, pp. 39-40.
[118] "Labor-Management Problems of the American Merchant Marine," pp. 56-57.
[119] Ibid, pp. 167-169.

Though the longshore gang shortage situation in Southern California was hardly unique, there had been an unusual uptick in ship traffic in June and July of 1955, which attracted the attention of the Congressional Subcommittee. After the committee heard complaints of times when six gangs were ordered from the dispatch hall and only one or two would show up, or none at all, chief counsel for the Bonner Committee Ralph Casey asked St. Sure to explain these difficulties. St. Sure responded that both the ILWU and PMA were aware of gang shortages in Los Angeles and Long Beach, but stated that the committee had to understand that there were peaks and valleys in demand for longshore workers and demand was difficult to predict.[120]

Though these fluctuations were normally supplemented by the casual longshore workforce, the B men and casuals, aberrations occurred. Whereas normal daily port traffic handled between eight and fifteen ships, Southern California's twin ports had thirty-eight ships arrive on a single day. However, both the ILWU and PMA understood that demand outstripped the availability of workers in San Pedro. Since both parties had to agree to add or withdraw registered longshoremen from any given port, the ILWU and PMA jointly decided to add 200 workers to the B list and moved 100 workers from the B list to the A list to address these shortfalls in Southern California.[121]

The committee also focused on so-called 'make-work' practices. In particular, the committee honed in on a work rule that stated that cargo first had to hit the 'skin

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[120] Ibid, pp. 68-69, 166-167.
[121] Ibid, pp. 68-69, 166-167.

of the dock' before it would be handled by longshore workers. This meant that when a teamster would arrive on the dock with a truckload of goods, those goods would be unloaded from the trucks onto the docks by the teamster and would first hit 'the skin of the dock' before those goods would be handled by longshore workers. Though employers charged this practice as 'double handling,' this work rule served to draw a distinct jurisdictional boundary which demarcated longshore work and teamster work. Eliminating or changing this practice meant that longshore workers, along with teamsters, would have to both agree to these jurisdictional changes and potentially cede their claims to some of this cargo handling work. The problem was made more complex by local agreements or practices which varied from port to port.[122]

Though various technological improvements designed to increase productivity in longshoring existed by the 1955 hearing, from lifts to palletized and unitized loads such as cribs, vans, and containers, few steamship companies employed methods with large capital investments, such as containerization, partly due to the complexity of interests and partly due to large fixed capital investment of dockside cranes, retrofitted or new ships, and reworked berths and staging areas.[123] When he addressed the industry's approach to mechanization Randolph Sevier, president of

[122] "Study of Harbor Conditions in Los Angeles and Long Beach," Hearings Before the Special Subcommittee on Port Conditions Los Angeles and Long Beach Harbors, of the Committee on Merchant Marine and Fisheries, House of Representatives, Eighty-Fourth Congress, First Session, October 19, 20, 21, 1955, (Washington: U.S. Government Printing Office, 1955), pp. 355-364.
[123] Robert E. Wilson, "Productivity and Mechanization in the Pacific Coast Longshore Industry," Graduate School of Business Administration, University of California – Berkeley, Fall 1959, California and West Coast Labor and Industrial Relations, Institute for Research on Labor and Employment Collections, University of California – Berkeley.

Matson Navigation Company, stated that “technologically speaking, we [shipping operators] are unwilling, and hopelessly old fashioned.”[124]

In his testimony before the Bonner Committee, Bridges outlined the ILWU’s position on mechanization. “The ILWU does not oppose technological improvements. We recognize these as inevitable and as desirable, particularly when they serve to make the backbreaking work of longshoring any easier.” Bridges then referenced Section 14 of the ILWU-PMA contract, which gave employers the right to introduce new equipment, provided they discuss the proposed technological changes with the union. “Our position,” Bridges continued, “is simply that the men should not suffer because of mechanization or rationalization of work methods. In an industry like ours where there is a relatively fixed pool of workers, the appearance of an important labor-saving device is bound to look like a threat to the men…To meet this situation our concern has always been to try, through collective bargaining, to see that the benefits of mechanization are, in part, shared by the men in the form of higher earnings.”[125] The idea that the workers should share in productivity gains would come to be a guiding principle in the ILWU’s approach to mechanization in the Mechanization and Modernization Agreement of 1960.

The Bonner Committee hearings held significance in that pressure to end so-called restrictive work rules and make-work practices received greater attention then they had in the past and that added pressure to change practices came not only from the PMA and shipping firms but also from Congress. This situation informed the

[124] "Labor-Management Problems of the American Merchant Marine," pp. 192-194.
[125] "Labor-Management Problems of the American Merchant Marine," pp. 734.

ILWU's strategy going forward. Moreover, this experience crystalized the PMA's position with regards to work rules and practices and helped strengthen their resolve for a program of conformance and performance for an end of extracontractual practices. Bridges and other ILWU officials took what Lincoln Fairley, the ILWU's Research Director, called a fatalistic approach in regards to mechanization – that they could not simply hold the line and "fight progress."[126]

These experiences were reflected in the Negotiating Committee's report at the March 1956 ILWU caucus. "Much of our past effort has gone into a somewhat unsuccessful attempt to retard the wheels of industrial mechanization progress. In many cases, these efforts have only resulted in our eventual acceptance of the new device, accompanied by our loss of jurisdiction over the new work involved…We believe that it is possible to encourage mechanization in the industry and at the same time establish and reaffirm our work jurisdiction..."[127] Rather than take the intractable position on mechanization in the Luddite tradition, the ILWU came to view some form of mechanization as inevitable. This only strengthened their resolve to secure something in exchange for accepting mechanization in longshoring.

[126] Fairley, *Facing Mechanization*, pp. 54.
[127] Ibid, pp. 54.

Chapter Two

"Men and Machines" the Mechanization and Modernization Agreement[1]

At first glance, it may seem odd that a militant and powerful union would embrace mechanization, rather than fight against it. However, the International Longshore and Warehouse Union's (ILWU) approach to mechanization fits within their underlying leftwing ideology and could be seen as the culmination of the more conciliatory labor relations between the ILWU and the Pacific Maritime Association (PMA), dubbed the 'new look,' which was born out of the devastating and costly 1948 West Coast longshore strike. Indeed, the ILWU was acutely aware of the mounting pressure to mechanize and came to view some form of mechanization as inevitable. Rather than expend their power and strength fighting against technological change which reduced work opportunity, the ILWU embraced automation as a way to make work safer and less onerous for their members.

Indeed, in informal talks between the ILWU and PMA in the mid-to-late 1950s both parties affirmed their commitment to mechanization in longshoring and desire to improve productivity. The employers saw this as an opportunity to not only reaffirm their right to mechanize longshoring, they also leveraged their bargaining strength to 'buy out' several contractual gains and 'restrictive' work rules and practices that the ILWU secured and built up during the height of their militancy in the 1930s and 1940s. Importantly, the PMA recognized the ILWU had material claims on contract

[1] Title taken from the publication *Men and Machines: A Story About Longshoring on the West Coast Waterfront,* photo story by Otto Hagel, text by Louis Goldblatt, Introduction and Conclusion by Harry Bridges & J. Paul St. Sure (San Francisco: ILWU & PMA joint publication, 1963).

provisions and work rules and practices, rather than take the unbending stance that mechanization and its inherent benefits were solely within management prerogatives.

The ILWU was well aware of the mounting pressure to end ‘make-work’ practices and a significant portion of members felt that they had become increasingly indefensible. Work rules and practices came under scrutiny during Congressional hearings on longshore productivity in the mid-1950s and also drew the attention of the Maritime Cargo Transportation Conference (MCTC), a state-sponsored research body which studied bottlenecks at ports and in inefficiencies in shipping. Though the ILWU embraced mechanization as a way to improve longshore working conditions, they also recognized mechanization would have a combined effect of improving productivity and reducing work opportunity in longshoring. As such, the ILWU sought to secure a portion of the productivity gains from automation, what they called a ‘share of the machine.’ The ILWU’s demands were also rooted in security for their members and had the PMA agree to an hours guarantee and protection against layoffs during these informal discussions in the mid-to-late 1950s.

It is important to note that, while containerization was widespread by the late 1960s, only two shipping firms, Matson and Sea-Land, offered container service by 1960 when the ILWU and the PMA negotiated the Mechanization and Modernization Agreement. Moreover, the shipping container was one of several technological innovations to improve productivity in longshoring. Findings from the MCTC recommended less capital-intensive innovations than full scale containerization and posited that alterations to work rules and practices could greatly improve longshore productivity. Furthermore, the ILWU, PMA and MCTC all anticipated technological change and automation in longshoring would proceed slowly.

Given the ILWU's commitment to union democracy, most of their policy is set in caucuses. There, delegates representing various ILWU locals discuss, amend, and eventually adopt their union's policy decisions and bargaining strategy, among other functions. While officers and various committees issue reports and recommendations for strategy, delegates ultimately determine their approach to each issue through a democratic process. Though the ILWU came to embrace mechanization, opinion on trading hard won work rules and practices proved to be more contentious. These disagreements surfaced during caucus meetings, were reflected in broader referendum votes by membership as a whole, and highlights alternatives and paths not taken. Moreover, disagreements over modernization underscores how there could be broad agreement over mechanization but significant disagreement over trading work rules and practices in a quid pro quo manner.

Developing an Approach to Mechanization

The ILWU and PMA developed their stance on mechanization and work rules in informal discussions in the mid-to-late 1950s. These aims are reflected in the ILWU-PMA 1956 *Statement of Purpose* and the initial demands during the 1956 bargaining round. While the ILWU sought to make work less onerous while maintaining security for their members, the PMA worked toward eliminating restrictive work rules and practices. To preserve work opportunity for their members, the ILWU sought to reduce the 9-hour shift to an 8-hour shift without a corresponding decrease in take home pay.[2] The PMA again took a firm stance on conformance and performance, which included an end to four-on four-off, late starts and early quits, and other extracontractual practices, and reiterated their desire to improve productivity and reduce ship turnaround time.

Writing to ILWU locals prior to a referendum vote on the 1956 *Statement of Principles*, the Negotiating Committee stated that in order to make progress on an hours reduction, "many practices now indulged in by the local members must be modified or eliminated completely." Moreover, the Committee suggested that "the use of job action, abuse of the safety code, and seeking to avoid or misconstrue provisions of the agreement and work rules, has reached the point of diminishing returns."[3] Though membership voted to adopt the 1956 ILWU-PMA *Statement of Principles,* a significant margin of the membership voted the measure down. 5,303 members voted in favor and 3,508 voted against, and membership at the three largest locals – Seattle, San Francisco, and Los Angeles – voted in favor by even slimer margins.[4] The ILWU's Research Director, Lincoln Fairley, stated that this relatively narrow margin should have served as an indicator to ILWU leadership that a significant minority was unwilling to give up these practices, even in exchange for a shorter workday or other contractual gains.

[2] Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley: Institute of Industrial Relations, University of California Press, 1979), pp. 49-50.
[3] Ibid, pp. 49-50.
[4] Ibid, pp. 51.

Perhaps as a gauge of the desire to continue such work practices, the ILWU officers found it difficult for membership at the local level to comply with the contract, which undermined the ILWU's bargaining position. Indeed, conformance and performance proved to be a sticking point for the employers during the 1956 and 1957 negotiations when the contract opened on wages and other benefits. Given these difficulties, the PMA flatly refused to entertain the ILWU's demand for a reduction in the workday without a corresponding decrease in wages since, they argued, the ILWU failed to live up to the contract they bargained for.[5]

At an ILWU caucus in 1956, the Coast Committee recommended that the assembled delegates adopt their recommendations for a quid pro quo strategy that would allow the PMA to 'buy out' work rules and practices in exchange for some of their desired gains, such as security and work opportunity for their members. When Bridges addressed the caucus, he addressed the problem of mechanization bluntly. "We are fighting a losing battle and have for some time." The Coast Committee's report stated that "if we are to successfully gain a shorter work day now, which perhaps can only be accomplished by more readily accepting automation, then we must reexamine our entire approach to this problem."[6] To that end, the caucus delegates authorized ILWU officials to engage the PMA in informal talks on mechanization. Since the contract already allowed the employer to mechanize, Bridges suggested that the union put their bargaining power and strength into

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[5] Ibid, pp. 83-84.
[6] Ibid, pp. 58-67.

security and maintaining jurisdiction over work, which had slipped away in some instances.

ILWU caucus delegates and officials understood that they had lost jurisdiction over some of the work that had been mechanized or in some cases had moved away from the dock. At an Executive Board meeting, Coast Committee member L.B. Thomas noted that Los Angeles warehouses formerly used for cotton storage on the docks were repurposed for palletizing work. “If we don’t get the work in these warehouses that are springing up all over this port,” Thomas warned, “we will lose most of the palletizing and dock work.” ILWU Local 13 members Morris Turek, Jimmy Gutierrez, and Wally Amavisca stated that Teamsters do most of the palletizing work in San Francisco, rather than longshore workers.[7] While the ILWU made significant inroads in organizing warehouse workers in Bay Area during their March Inland campaign during the 1930s, they ran into jurisdictional battles with the Teamsters, who also laid claim to this type of work.[8]

At a stop work meeting, Gordon Giblin noted that almost all shipments from Seattle to Alaska were in vans and cribs packed uptown by Teamsters.[9] At another stop work meeting, Bridges warned that they were “chasing work away and it is going to get worse. The work will be moved off the dock and other workers will do it,

[7] Minutes of the special Executive Board meeting, June 20, 1956, Box 8, Folder 2, "Executive Board Meetings: Minutes, Jan 12 - Dec 27, 1956, Vol. 24-A,” International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.
[8] Harvey Schwartz, *The March Inland: Origins of the ILWU Warehouse Division, 1934-1938* (Los Angeles: Institute of Industrial Relations, University of California, 1978).
[9] Vans are another word for shipping container. Minutes of stop work meeting, June 28, 1956, Box 8, Folder 3, "Regular Meetings: Minutes, Jan 5 - Dec 20, 1956, Vol. 24-B,” International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.

not us."[10] Though the problem of eroding jurisdiction over work was easily identified, a solution, however, proved elusive. Through informal talks with the PMA, ILWU officials found that the employers were willing to entertain the idea of sharing productivity gains from mechanization with the ILWU, rather than take the obstinate position that automation fell entirely within the realm of management prerogatives, as was the case in several other mechanized industries.[11]

Indeed, automation in several industries was the result of struggle over control over the work process and a series of choices, rather than an inevitable or technologically deterministic outcome.[12] In steel, management sought to eliminate clause 2B from the steelworker's contract so that they could make changes to the work process without investing in new machinery and expensive fixed capital investments.[13] In auto, while workers at Ford's River Rouge made demands for a reduction of the workweek without a corresponding drop in pay to offset productivity gains wrought by automation, the United Auto Workers (UAW) president Walter Reuther held faith that government policy and a Keynesian demand driven economy would be enough to manage worker displacement wrought by automation.[14] In the machine tools industry, MIT perfected a system of 'numerical control' that transferred

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[10] Minutes of stop work meeting, March 28, 1956, Box 8, Folder 3, "Regular Meetings: Minutes, Jan 5 - Dec 20, 1956, Vol. 24-B," International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.
[11] Fairley, *Facing Mechanization*, pp. 74-75.
[12] Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, [1974] 1998).
[13] Kristoffer Smemo, Samir Sonti, & Gabriel Winant, "Conflict and Consensus: The Steel Strike of 1959 and the Anatomy of the New Deal Order," *Critical Historical Studies,* Vol. 4, No. 1 (Spring 2017), pp. 39-73.
[14] Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York: Basic Books, 1995), pp. 290-291; Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996), pp. 130-138.

control over programing and production from the skilled hands of workers to management and programmers.[15] These struggles over automation formed the backdrop of the ILWU-PMA negotiations.

Though the 1956 caucus made some headway in developing the ILWU's bargaining strategy for mechanization and work rules, the 1957 ILWU caucus in Portland solidified the union's approach. In the initial informal talks with the PMA, ILWU officials noted that the employers were not only willing to share productivity gains from mechanization, they indicated a willingness to agree to guarantees against layoffs, speed-ups, and onerous work. However, these concessions came with a price. In exchange for security and a share of the productivity gains from mechanization, the PMA again demanded conformance and performance with the contract and that the ILWU phase out work practices and contractual rules which dealt with first place of rest, manning requirements, and sling load limits. Though some ILWU delegates discussed holding the line against technological change and trying to recoup some of the work lost off dock, in some cases refusing to work mechanized operations and unitized loads, the caucus as a whole voted unanimously in favor of the Coast Committee's report after two days of intense discussion.[16]

The Coast Committee's report also painted a picture of glacial and limited technological change in the industry, not because of lack of methods or machinery,

[15] David Noble, *Forces of Production: A Social History of Industrial Automation* (Oxford: Oxford University Press, 1986).
[16] Fairley, *Facing Mechanization,* pp. 74-79; Paul Hartman, *Collective Bargaining and Productivity: The Longshore Mechanization Agreement* (Berkeley: University of California Press, 1969), pp. 85-86.

but due to competing interests and logistical difficulties in developing something like container service, since such a path opened questions on capital investments, parties of interests, and widespread adoption. "The fact of disorganization means that operational changes are certain to come slowly," the Coast Committee's report noted and assured ILWU delegates that "there won't be any sudden automation in longshoring."[17] This view, however, was hardly limited to the ILWU. This assessment of slow and gradual technological change in longshoring was also put forth by the PMA and the MCTC.[18]

Whereas earlier MCTC studies focused largely on break bulk handling, researchers made significant progress when they studied longshore productivity with the San Francisco Port Study. From 1957 to 1963 the MCTC ran extensive studies at commercial piers in San Francisco and the Naval Supply Center in Oakland. Rather than explore innovations on individual ships, routes, or commodity classes as earlier studies had, the San Francisco Port Study sought to explore a variety of technological innovations and treated the port, labor, and shipping concerns as a tangled web of interrelated interests within the closed system of a port.[19] Dr. Peter Buck noted that "earliest Port Study data indicated that waterfront labor and management had the capability of improving break-bulk operations so as to reduce

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[17] Fairley, *Facing Mechanization*, pp. 72-75.
[18] At the Bonner Committee hearings in 1955, Matson's Randolph Sevier noted that "technologically speaking, we [shipping operators] are unwilling, and hopelessly old fashioned." "Labor-Management Problems of the American Merchant Marine," Hearings Before the Committee on Merchant Marine and Fisheries, House of Representatives, Eighty-Fourth Congress, First Session, June 20, 21, 22, 23, 24, 28, 29, 30, and July 6, 7, 8, 11, 12, 13, 14, 18, 19, and 20, 1955, (Washington: U.S. Government Printing Office, 1955), pp. 192-194.
[19] Peter Buck, "The Port as a System," *Presentations on the San Francisco Port Study,* November 1, 1962, San Francisco (Washington: National Academy of Science – National Research Council, 1962).

the total system cost significantly" and urged shippers to consider innovations to improve productivity "with far less additional capital costs" than those that would be required for containerization or roll on, roll off methods.[20]

Reflecting on the 1957 collective bargaining sessions, St. Sure noted the change in Bridges and the ILWU's strategy toward mechanization. St. Sure mused that Bridges "knows that unless something is done to correct the situation on the docks, there isn't going to be any work for longshoremen. I think he's in the mood right now to try to do something about it."[21] Other members shared Bridges' view. In a Local 13 membership meeting, Coast Committeeman L.B. Thomas cautioned that, although the ILWU could "continue our present program, a continued resistance against mechanization, with the employers nibbling away with little losses to us here and there," they "would be extremely foolish to continue this way. The work is disappearing and we are getting nothing out of it," Thomas argued.[22]

Though mechanization and relaxing work rules and practices were often discussed together, some members drew a sharper distinction between the two. At a stop work meeting, Gordon Giblin noted "what the employers are really talking about is not only mechanization but the point of rest and what is referred to as double handling. The employers feel they can institute these changes without spending one

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[20] Ibid.
[21] Jennifer Marie Winter, "Thirty Years of Collective Bargaining Joseph Paul St. Sure: Management Labor Negotiator 1902 – 1966," Masters of Arts in History – Thesis, California State University – Sacramento, Spring 1991. Published online: https://apps.pmanet.org/?cmd=main.category&id_category=58 (accessed 20 August 2020).
[22] Minutes of regular meeting, September 5, 1957, Box 8, Folder 5, "Regular Meetings: Minutes, Jan 3 - Dec 19, 1957, Vol. 25-B," International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.

cent, whereas they are only going to mechanize as they can afford to and make a profit of it."[23] Thus, the ILWU entered negotiations on mechanization determined to hold onto jurisdiction over longshore work and an understanding that the PMA would pressure the ILWU to give up work rules and practices.

Following the 1957 ILWU Portland caucus, the PMA and ILWU released a joint *Statement of Principles,* which was a culmination of the informal discussions on mechanization. To address the downtick in West Coast shipping, both parties agreed employers should be encouraged to develop new methods of operation, accelerate cargo handling, and reduce ship turnaround time. Furthermore, employers agreed to preserve the basic workforce, subject to normal attrition, share productivity gains from mechanization with workers, and that both parties would work to remove so-called restrictive work practices and contractual restrictions. Both parties also agreed that these innovations were to be accomplished without speedups, onerous work, or compromised safety. Additionally, the union sought to reduce the workday without a corresponding decrease in wages.[24]

Following the *Statement of Principles,* the ILWU proposed that they should establish a fund for the union's share in productivity gains from mechanization and relaxed work rules and restrictions. The fund was set to accumulate from productivity gains made after June 15, 1958. To accommodate the varied interest of shipowners and stevedoring contractors, the union suggested that for every hour saved, one

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[23] Minutes of stop work meeting, October 3, 1957, Box 8, Folder 5, "Regular Meetings: Minutes, Jan 3 - Dec 19, 1957, Vol. 25-B," International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.
[24] Fairley, *Facing Mechanization*, pp. 77-82; Hartman, *Collective Bargaining and Productivity,* pp. 89.

hour of straight time pay would be placed into the fund. This would benefit the ILWU, since the fund would grow for each hour lost to mechanization and would benefit shipowners since they would not have to pay shift or skill differentials or overtime. This proposal also allowed shipowners, such as Matson, to move ahead with further mechanization and ensured that stevedoring contractors, who operated on a cost-plus basis and had little interest in mechanizing, would not be financially hurt or bankrupt by such a proposal.[25]

Though the PMA was charged with measuring productivity gains, this proved to be more difficult and time consuming than initially assumed. To collect data from shipping firms, the PMA surveyed member companies who reported tonnage, cargo, and workhours. This data was broken down by commodity type and detailed productive hours, unproductive hours, time spent palletizing, among other dock and clerical work. However, less than half of the ship owners and stevedore contractors furnished data.[26] Fairley noted that some employers were concerned that their data would be shared with competitors while others expressed skepticism that the ILWU would indeed give up work practices.[27]

Some ILWU members assumed the PMA was stalling in developing measures for productivity gains and had concerns that any such gains, which were supposed to be shared with the union, would not be made retroactive. Nevertheless,

[25] Fairley, *Facing Mechanization*, pp. 77-82.
[26] Hartman, *Collective Bargaining and Productivity*, pp. 93.
[27] Memo to: Coast Labor Relations Committee, from: Lincoln Fairley, subject: current status of development of measure of longshore productivity, date: February 3, 1958, Box 7, Folder 5, Harry Bridges papers, Series 3: Correspondence, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.

the PMA did not have a system of measurement by the 1958 bargaining round.[28] To help develop a system to measure productivity gains, the PMA engaged Max Kossoris, Regional Director of the Bureau of Labor Statistics, who took a leave of absence to assist with this project in early 1959.[29] While measuring productivity in longshoring proved to be particularly elusive, the ILWU and PMA made some headway during the 1958 bargaining session.

After struggling to secure a reduction in shift from nine-hours to a guaranteed eight-hour shift, the ILWU finally won this concession during the 1958 bargaining round. However, this concession came at a price. In exchange for the reduction, the ILWU agreed to the PMA's demand of a five-hour third shift. Furthermore, though they secured the hours reduction, there would not be a proportional increase in wages to offset the loss of hours. Since the hour reduction proved to be quite controversial with the rank-and-file, the ILWU took a referendum vote on that issue separate from approval of the contract as a whole. On the hour reduction, 5,655 members voted yes and 5,431 members voted no and two large ports voted down the measure entirely. The vote for the contract itself was also close. 6,693 members voted yes and 4,352 members voted no. Since the shift reduction did not mean a wage differential to make up for the reduction in take home pay, it would take until

[28] Fairley, *Facing Mechanization*, pp. 80-82; Hartman, *Collective Bargaining and Productivity*, pp. 93-94.
[29] Fairley, *Facing Mechanization*, pp. 97.

1962 to make up the lost wages. But the eight-hour shift, once implemented, proved to be popular with rank-and-file members.[30]

On the East Coast, Gulf Coast, and Great Lakes, the ILA took a very different approach to mechanization than the ILWU. On November 18, 1958, the ILA held its first stop work meeting at Madison Square Garden with some 21,000 longshore workers, clerks, and other waterfront workers in attendance. This meeting was called in direct response to a demand by the employers to reduce gang size on mechanized operations. Instead of acquiescing to the employer demand, ILA members overwhelmingly endorsed a strategy to hold the line on gang size and manning requirements, even on containerized operations.[31]

While most parties agreed that mechanization would proceed slowly, the ILWU sought to solidify their position on mechanization and work rules to strengthen their bargaining position and build support for such a program with rank-and-file members. At an October 1958 stop work meeting, Bridges clarified the union's approach to mechanization. "No matter how good the negotiating committee is they cannot negotiate a good contract without the unity and understanding of the members and their willingness to back up the committee if need be." Furthermore, Bridges argued their approach "requires a democratic union where membership is

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[30] Fairley and Hartman's vote tallies slightly differ on the eight-hour guarantee and the contract as a whole. This paper uses Fairley's tally. Fairley, *Facing Mechanization*, pp. 86-89; Hartman, *Collective Bargaining and Productivity*, pp. 90-91.
[31] Fairley, *Facing Mechanization*, pp. 94-95.

made aware of what the program is, a chance to discuss it and above all a chance to vote on it."[32]

Whether in bargaining sessions or discussing the mechanization program with membership, Bridges made the distinction between a share in productivity gains and profits when discussing the ILWU's approach to mechanization. "Let's not get mixed up with Mr. Reuther. We are not talking profits. We don't want to fool around trying to figure out what share of profits. We have already made up our minds that no matter how long we go or how tough we are, we will never get a big enough share of the profits."[33] Furthermore, Bridges made the distinction that "all wealth is created by working people. Labor is prior to and independent of capital, without workers, we'd be nothing," Bridges asserted. "We intend to present our point of view as workers, understanding the simple economics of the situation, the social system and claim our share of wealth we create."[34]

Whereas Reuther remained committed to a strong state apparatus to manage some key industries and Keynesian state policy and deficit spending to ameliorate economic downturn and unemployment in specific economic sectors, through unemployment benefits and public works programs, he remained committed to the idea that the profits of some industries, such as the automobile industry, should be managed more like a public utility rather than under the sole province of

[32] Minutes of the stop work meeting, October 28, 1958, Box 9, Folder 1, "Regular Meetings: Minutes, Jan 2 - Dec 22, 1958, Vol. 26-B," International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.
[33] Fairley, *Facing Mechanization*, pp. 85.
[34] Minutes of the stop work meeting, October 28, 1958, Box 9, Folder 1, "Regular Meetings: Minutes, Jan 2 - Dec 22, 1958, Vol. 26-B," International Longshoremen's and Warehousemen's Union (ILWU), Local 13 Records, Part I, Urban Archives, Oviatt Library, California State University – Northridge.

management, the board of directors, and shareholders. In this line of thought, Reuther felt that profits should be shared and distributed to consumers in the form of lower prices, to shareholders as dividends, and to workers in the form of wages in a delicate balance. As historian Nelson Lichtenstein notes, "in advancing these ideas Reuther remained a moralist and a Veblenite who argued that unemployment and unused capacity represented not only human misery but an irrational and unpatriotic abdication of their responsibility by the nation's political and industrial elite."[35]

Bridges line of thought, however, was grounded in the Marxist concept of the labor theory of value. This theory holds that workers sell the only commodity they have, their labor, to the capitalist who is then able to extract surplus value that the worker creates. This informed the ILWU's approach to mechanization and what they termed a 'share of the machine,' that longshore workers, clerks, and dockworkers would claim a share of the wealth they create, rather than a portion of the profits from the enterprise. The ILWU was also fully aware that mechanization and relaxed work rules would come at the expense of workers in the form of diminished work opportunity. While there was some disagreement over whether their approach should be a reduced work week without a commensurate decrease in pay or should come in the form of early retirements, the labor theory of value undergirded the ILWU's approach to modernization and mechanization developed at ILWU caucuses.

[35] Lichtenstein, *The Most Dangerous Man in Detroit*, pp. 352.

The union's approach also must be understood in the wider political context of the 1957-58 recession. The Eisenhower administration in particular was warry of economic stimulus which could contribute to inflation. In collective bargaining, firms used this context to argue against wage gains for what they termed 'wage push' inflation, the idea that wage increases would drive up prices, stimulate demand, and would thus contribute to inflation. The Eisenhower administration's approach dampened demand and left the problem of unemployment unaddressed. Furthermore, firms used the recession as a pretext to attack so-called 'make work practices' and 'featherbedding.'[36] This was true of longshoring, which attracted attention of the state in their work rules and practices in the form of the Bonner Committee hearings and the MCTC studies which studied productivity in longshoring, and a number of other industries. These issues also became a point of contention when the shipowners demanded an end to what they termed 'restrictive work practices.'

A SHARE OF THE MACHINE

Since negotiations were set to resume on May 21, 1959, the ILWU and the PMA continued to iron out details related to mechanization in informal discussions prior to their bargaining sessions. The negotiations for the 1959 bargaining round were also set to follow the ILWU's Caucus, which took place from April 11-15, 1959 in Seattle. This gave the delegates ample time to develop a bargaining strategy for

[36] Ibid, pp. 350.

the Negotiating Committee.[37] The 1959 bargaining round proved to be important, not only because it would lay the groundwork for the Modernization and Mechanization Agreement of 1960, but it would be the first time the contract would be fully open since 1951. Bridges was concerned about the union's relative bargaining strength and, as part of the Coast Committee's recommendations, requested that the Caucus authorize the Negotiating Committee to take a strike vote in the event that such an action would be necessary.[38]

At the April Caucus, the Coast Committee report urged the delegates to give the Negotiating Committee "maximum flexibility" so they would "be able to pursue the problem unhampered by hard and fast instructions" rather develop specific demands for negotiations and the mechanization fund.[39] However, some delegates expressed concern. Delegate Gordon Giblin of Local 13 cautioned that "there is so much flexibility afforded to the Negotiating Committee that almost anything is conceivable." Moreover, Giblin expressed concern over engaging the employer in a quid pro quo approach to bargaining away work rules and practices, which Giblin

[37] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 175-181, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[38] Fairley, *Facing Mechanization*, pp. 102.
[39] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 181-186, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

argued, “have been dear to us for many, many years” and “well worth a considerable amount of return from the Employers before we relinquish these items.”[40]

While some delegates agreed with Giblin, others were resigned to concessions because they felt that some of the work rules and customs had become increasingly become indefensible. Delegate Bailey stated that “if we don’t make some kind of change along the lines recommended, we are going to lose things anyway. So it is not a matter of horse trading.” Some delegates understood this pressure in part because Bridges made delegates aware of the mounting political pressure to end ‘restrictive’ work practices.[41]

Though discussed in conjunction with mechanization, lost jurisdiction over warehouse and palletizing work proved to be a concern easily identified but not easily answered. Local 13 member George Kuvacas stated that “the warehousing companies down south are spending millions of dollars building warehouses…They are building pre-palletized loads. They are banding and strapping them. Instead of using a six-man dock gang they are using two men. They are loading the vans right under our nose.” Caucus Chairman L.B. Thomas took a far more fatalistic assessment when he discussed attempts to recoup lost work in Seattle and San Pedro. “We have not been able to find a way to prevent the employer from taking

[40] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 3, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959,” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[41] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 3, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959,” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

this work uptown. There is no way in the world to stop it. Nobody else has figured out a way to stop it." Kuvacas responded "if there is nothing else that we can do, let's organize these warehouses as they put them up," which members met with applause.[42] Since a renewal of the March Inland campaign was sure to bring the ILWU into conflict with the Teamsters, Bridges offered an alternative solution.

Bridges had already met with Jimmy Hoffa, who became president of the Teamsters in 1957, to discuss the potential of a unified transport union in the United States, one modeled after the powerful and influential Transport and General Workers' Union in the United Kingdom. Bridges and Hoffa felt a unified transportation union would have the power to address the interrelated issues of mechanization and union jurisdiction. "Because the truth of the matter is that if you want a real, fighting solution to the problem of our work, so called, going uptown, it is a combination of trade union strength," Bridges asserted as he presented the idea to ILWU caucus delegates. "It is my opinion that the time will come in this country when we will be forced to draw organizational lines that there will be one union of longshoremen, and that one union might be part of an overall Transport Union of the United States."[43]

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[42] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 186-210, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[43] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

Hoffa also suggested that a larger transport union or federation might answer some of the open questions on jurisdiction and mechanization. “Where there is going to be containerization,” Hoffa suggested, “we recognize it will do away with some of the work. We [the Teamsters, ILA, and ILWU] are concerned with where the displaced men will go and how we can best avoid displacing any more men at a given time than is needed.”[44] Robert Kennedy, then special counsel for the McClellan Committee, expressed concern that “the prospect of a transport super-union headed by Mr. Hoffa is far, far more dangerous to the United States and its economy than all the Mafia and secret criminal organizations combined.”[45]

Though Bridges recognized the power that a larger transportation union could have over the currents of commerce, there were several other issues that called such a plan into question. Rank-and-file ILWU members were wary of association with the Teamsters and the ILA, not only because of raiding and jurisdictional issues, but over union corruption, undemocratic practices, and a general conservatism woven into the fabric of both unions. ILWU members were also concerned with what level of autonomy a longshore division would have within such a structure. While Bridges’ and Hoffa’s concept of a larger transportation union could have solved some jurisdictional issues around claims to work and could have coordinated labor

[44] *Wall Street Journal* staff, “Teamsters Move to Coordinate Operations with East, West Coast Dockworker Unions,” *Wall Street Journal,* July 7, 1959.
[45] *Wall Street Journal* staff, “Hoffa Unveils Formal Plan for Super Transport Union, Stirs Congress’ Ire, Faces Opposition from AFL-CIO,” *Wall Street Journal,* July 7, 1958. Robert Kennedy expressed his vendetta against Hoffa in Robert Kennedy, *The Enemy Within: The McClellan Committee’s Crusade Against Jimmy Hoffa and Corrupt Labor Unions* (Boston: Da Capo Press, [1960] 1994).

actions in transportation on a larger more impactful scale, the plan was quite controversial.

While corruption and criminal elements in some labor unions were known in some circles, the McClellan Committee hearings, a U.S. Senate select committee that held hearings from 1957 until 1960, largely functioned as a public forum to bring these practices to the attention of the general public through the committee's close relationship with the press. Whereas members of the press were limited by journalistic practices, the Committee could subpoena union records and gain access to materials a journalist may not have had access to. Historian David Witwer states that members of the press could encourage "the committee to pursue a particular story" and "a reporter could transform what might amount to no more than a collection of suspicions and innuendo into a bona-fide news item. In this way, journalists benefited from the fact that all congressional testimony enjoyed immunity from libel suits. Unsupported allegations, if first made public at a hearing, no longer constituted libel or slander." Committee members, such as John McClellan and Robert Kennedy, also published their accounts of the hearings in widely read magazines such as *The Saturday Evening Post* and *Life.*[46]

While convened with the express purpose of bringing instances of criminality and undemocratic practices in unions to light, the McClellan hearings also served as a catalyst for legislation which several committee members felt would function as a check on the power of organized labor. Conservative Dixiecrat from Arkansas and

[46] David Witwer, *Corruption and Reform in the Teamsters Union* (Urbana: University of Illinois Press, 2004), pp. 185-186.

Chair of the committee, John McClellan, stated that his “criticism of labor leaders is directed only at those who drive for national power at the expense of the rest of society.” Committee member and Republican Senator from Arizona, Barry Goldwater, stated that while “unionism in its proper sphere, accomplishes good for the country,” Goldwater contended that “the pendulum has now sung too far in the opposite direction and we are faced…with the stern obligation to halt a menacing misappropriation of power.” Republican Senator from Nebraska, Carl Curtis, stated flatly that “unions pose a serious economic threat because they are large and wealthy organizations.” Though most members of the committee held particularly anti-union views, some of the committee members held more moderate views or, in the case of Democratic Senator from Michigan, Patrick McNamara, who only served for one year on the committee, could be considered pro-union.[47]

While the committee members investigated corruption, Witwer suggests that several committee members conflated union power with corrupt practices and held a genuine fear of the growing power of organized labor. Goldwater stated that the “graft and corruption are symptoms of the illness that besets the labor movement, not the cause of it. The real cause is the enormous economic and political power now concentrated in the hands of union leaders.” Special Counsel Robert Kennedy also felt that union power concentrated in the Teamsters generally, but Hoffa in particular, posed an existential threat to the nation. “The Teamster Union…as it is operated now by Mr. Hoffa, because of its control over transportation, is probably the

[47] Witwer, *Corruption and Reform*, pp. 186-187.

most powerful institution in the United States next to the government," Kennedy contended.[48]

The McClellan hearings ultimately led to a powerful check on organized labor in the form of the Landrum-Griffin Act of 1959. For the Teamsters and transportation unions in particular, the act strengthened the Taft-Hartley Act's provision against secondary boycotts and 'hot cargo' techniques, which had been important strategies that union organizers employed to apply economic pressure to non-union firms in an effort to unionize that firm. In a statement issued by the AFL-CIO, the labor federation stated that the Landrum-Griffin Act "was not a vote on the issue of corruption. It was a vote to punish honest labor." "Twelve years of anti-labor propaganda and politicking have paid off for the anti-union forces determined to make Taft-Hartley even worse."[49] Faced with these restrictions, Hoffa sought uniform contract expiration dates and multi-employer bargaining as a way to intensify the power of the strike. To circumvent 'hot cargo' prohibitions in Landrum-Griffin, Hoffa added contract language that stated that an employee would not in violation of their contract if they observed a picket line.[50] While Hoffa and Bridges both sought a unified transport union to strengthen their control over the flow of goods and commerce, Bridges framing of around the ILWU's approach to mechanization is important to understanding the union's strategy on the contentious issue of automation.

[48] Witwer, *Corruption and Reform,* pp. 192.
[49] Joseph Loftus, "House Approves Labor Bill Urged by the President," *New York Times,* August 14, 1959.
[50] William Gomberg, "Hoffa…A Study in Power," *The Nation,* June 17, 1961, pp. 512-515.

When Bridges addressed the issue of the mechanization fund, the Coast Committee's report, and their recommendations in caucus meetings, he framed the problem of mechanization in the Marxist concept of the labor theory of value.[51] "Our approach, just so it doesn't scare you, is a Marxist approach. We are dealing with surplus of values. Surplus of values are created by labor power, which is the sweat of labor, added to the use of the machine. Our approach is that the machine is our slave and we are not the slave of the machine. That is where our approach is different to the approach of practically every other union in the land…too many unions and too many labor leaders have accepted the idea that the worker is the slave of the machine. We don't agree. The machine is our slave. It is a tool, it is an instrument, that is conceived and brought about by the ingenuity of working people to make a better life for people living today."[52] This line of thought proved to be a guiding principle in the ILWU's approach to mechanization and their demand to secure a share of the machine.

Bridges also framed the ILWU's approach to the issue of mechanization in the context of American capitalism. "All wealth in this world is created by the worker," Bridges stated before the April 1959 ILWU caucus. "This is the basic premise on which we are working. And believe me, it is a complicated and it is strange to our way of living, or the so-called 'American way of life.' Because the American way of

[51] Karl Marx discusses the labor theory of value and its broader place in capitalist social relations at length in Karl Marx, *Capital: A Critique of Political Economy, Vol I* (New York: Penguin Books, [1867] 1990).

[52] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

life puts money first. The American way of life gives prestige and power and everything else to the person who gets money and has a lot of it. The way he gets it is secondary. Even a bank robber becomes a big man if he can get away with it. Never mind the corporation heads and the ones of that kind…unless we have at least this much understanding in our minds as we go at this problem, we won't understand any of it…We know we are right in general principles," Bridges assured the assembled delegates, "as to whether we are right in the way that we are going at it, that deserves examination, maybe even change. But it boils down to the same thing, no matter what you call it or what method you use: a share. Maybe not even a rightful share, but a share of wealth created by the machine."[53]

To address the issues of mechanization and jurisdiction, the Coast Committee advocated for an approach to bargaining grounded in security and stability for their members. In particular, delegates agreed with the proposal for a fund for the union's share of productivity gains. The uses of the fund, however, would be left up to a subsequent caucus. This allowed the caucus to focus on securing the fund before they decided how to use it. In addition to a mechanization fund, the delegates also agreed to a negotiating strategy set to secure a wage increase and a full shift guarantee. Inasmuch, the delegates voted unanimously in favor of the Coast Committee's report and approach to the 1959 bargaining round. The delegates also set a special caucus for July to coincide with the ILWU-PMA

[53] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 2, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

bargaining sessions. All of this helped set the strategy and tone for the 1959 bargaining round.[54]

THE LEADUP TO THE MODERNIZATION AND MECHANIZATION AGREEMENT OF 1960

The ILWU and PMA began the 1959 bargaining round on May 21, 1959. The ILWU's initial demands included establishing a mechanization fund that would accrue the union's share of the productivity gains from mechanization and a demand that new equipment would be operated by longshore workers and clerks. St. Sure was well aware of the union's anxiousness around the issue of the union's share of productivity gains from mechanization and relaxed work rules and sought to allay those concerns. He stated that the PMA felt that "it will be years before the present workforce will be affected at all by mechanization." To make his case, St. Sure noted that in 1955, PMA companies handled 23 million tons with 27 million hours worked and in 1958 they handled 23 million tons with 27.4 million hours worked.[55] But the extent of mechanization in longshoring was still extremely limited in the mid-to-late 1950s.

After twenty-two negotiating sessions, the ILWU and PMA signed a *Memorandum of Understanding* on July 3, 1959, in which the PMA agreed to the ILWU's demand for an eight-hour guarantee that sought to address declining work

[54] Fairley, *Facing Mechanization*, pp. 102; Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, April 11-15, 1959, Seattle, WA, New Washington Hotel, pp. 211-337, Box 47, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Apr. 11-15, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[55] Fairley, pp. 103-108.

opportunity and provided security for rank-and-file members in the face of mechanization. Equally as important, the PMA reaffirmed the ILWU's right to share in productivity savings from mechanization.[56] Since the PMA did not have a measurement system for productivity at the time of the 1959 bargaining round, the ILWU suggested a tax of $1 per ton to finance existing fringe benefits and to build the mechanization fund. The PMA rejected the idea of a tax and instead agreed to the ILWU's demand to maintain the 1958 workforce with normal attrition provided that the union would work to remove what they termed restrictive work rules and practices. The two parties also came to an agreement on the PMA's contributions to the newly formed mechanization fund, which would accrue $1.5 million for the period between the 1959 and 1960 negotiations. Though the ILWU sought a no layoff guarantee, the Negotiating Committee felt bargaining away work rules and practices was too great a price to pay, at least at that juncture.[57] Bargaining was also set to overlap an ILWU special caucus, which took place from July 23-25, 1959 at the ILWU headquarters in San Francisco.

When presenting the Negotiating Committee's report to the July caucus, Bridges stated that the report would be either voted up or down as a package, not item by item. Over the course of the initial bargaining sessions, the Negotiating Committee secured the eight-hour shift guarantee, but also agreed that an employer would have the right to shift a gang to other work once they were finished with a job. If the employers could not find work for the gang, the workers would still get paid for

[56] Ibid, pp. 96.
[57] Ibid, pp. 96-99.

their eight-hour shift.[58] While delegates spoke about the shift guarantee at length, largely as a way to protect work opportunity, the idea of shifting workers from job to job did not sit well with several delegates who felt this practice would undermine the importance of the hiring hall and dispatch system.[59]

Both parties agreed that the 1958 workforce would be preserved and that there would not be layoffs, only normal attrition.[60] The ILWU and PMA also created the category of a partially registered workforce, the B men, in 1957 intended to cover peaks in shipping through a workforce that was more reliable than the casual system. However, unlike fully registered A men, B men were excluded from union membership and direction of union policy, though the ILWU bargained for their working conditions and terms. This gave shipowners and stevedore contractors access to a disciplined available workforce with far more certainty than the casual system. Given the uncertainty over work opportunity in the face of mechanization, the ILWU and PMA froze promotion of B men into the fully registered A men category during negotiations. Given that a large percentage of B men were black

[58] Hartman, *Collective Bargaining and Productivity*, pp. 94-95; Seonghee Lim, "Automation and San Francisco Class 'B' Longshoremen: Power, Race, and Workplace Democracy, 1958-1981," unpublished dissertation, Department of History, University of California – Santa Barbara, 2015, pp. 106-107.
[59] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, July 23-25, 1959, San Francisco, ILWU headquarters, pp. 94-136; 212-291; 262-322; 337-350; 360-380; 389-390; 398-405; 416-444; 514-515, Box 47, Folder 5, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, July 23-25, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[60] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, July 23-25, 1959, San Francisco, ILWU headquarters, pp. 11-22; 58-65, Box 47, Folder 5, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, July 23-25, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

meant that the potential lost work opportunity from mechanization would fall disproportionately on black longshore workers.[61]

Though delegates expressed some concern over technological advancements, most felt the ILWU was on the cusp of achieving something revolutionary in labor. Coast Committeeman Thomas stated that the concept of workers securing a share of productivity gains from mechanization was “the greatest step in labor history that has been made in a century.” Delegate Anderson of Local 10 felt that the ILWU was “pioneering something that was unheard of before; something that the other unions will take time to follow in our footsteps.”[62] Secretary Treasurer Goldblatt noted “that what we have so far is revolutionary and a tremendous gain for all of American industry as well as ourselves: a bite out of that machine.”[63] At this point, in the late 1950s, the outcome of the ILWU’s and PMA’s bargaining sessions could be seen as the culmination of the more conciliatory labor relations embodied in ‘new look.’

After a lengthy day of discussion over the eight-hour shift guarantee, the PMA’s demand for shifting workers, and the mechanization fund, the assembled delegates voted in favor of the Negotiating Committee’s report and

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[61] Lim, “Automation and San Francisco Class ‘B’ Longshoremen,” pp. 104-105.

[62] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, July 23-25, 1959, San Francisco, ILWU headquarters, pp. 65-70, Box 47, Folder 5, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, July 23-25, 1959,” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

[63] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, July 23-25, 1959, San Francisco, ILWU headquarters, pp. 145-156, Box 47, Folder 6, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, July 23-25, 1959,” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

recommendations.[64] Rather than have the bargaining session take place behind closed doors, the ILWU's Negotiating Committee, the assembled delegates, and their spouses met with the PMA at the ILWU headquarters to iron out the final unresolved items for the negotiations. This pioneering approach came to be known as the 'fishbowl' negotiations, something that other unions would come to emulate. Bridges and the negotiating committee were particularly interested in holding open negotiation sessions in part to have the assembled delegates, especially dissidents from Local 13 in San Pedro, commit to a program of conformance and performance. After sessions with St. Sure and the PMA's Negotiating Committee, the ILWU delegates met one last time before the caucus was dissolved. There, Bridges had delegates pledge to conformance and performance, which was met by cries of 'yes' by delegates.[65]

By April 1960, the ILWU met in San Francisco for a caucus to determine the negotiating strategy for the 1960 bargaining round and uses for the $1.5 million mechanization fund that the ILWU secured during the 1959 negotiations. Prior to reporting the Coast Committee's recommendations, Coast Committeeman Thomas outlined the union's objectives from the 1959 *Memorandum of Understanding* with the PMA, which formed the basis the mechanization fund. The union sought to guarantee a share of productivity savings for workers from technological innovations in longshoring and relaxed work rules. Furthermore, the union demanded that 1958

[64] Transcript of the 1959 Longshore, Ship Clerks, and Walking Bosses Caucus, July 23-25, 1959, San Francisco, ILWU headquarters, pp. 517-530, Box 48, Folder 1, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, July 23-25, 1959," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[65] Fairley, *Facing Mechanization,* pp. 108-111.

fully registered workforce be maintained with a no layoff guarantee, subject to normal attrition. Thomas also suggested the central thrust of the union's objectives was to also to ensure a reasonable level of work opportunity and earnings for fully registered members.[66]

However, delegates disagreed over uses of the fund. Several delegates and members they spoke with had an understanding that the fund would be distributed as a cash payment to fully registered longshore workers. While delegates disagreed over uses of the fund, opinion coalesced around the idea of security for the broader membership. Thomas countered the idea of a simple cash payout by stating that "the responsibility of the caucus delegates, is to develop a program that is in the long range best interests of the membership" "Every time we are going to make an advance for working people," Thomas remarked, "it is the most difficult thing in the world to make clear what in the hell you are trying to do."[67]

Though the two-fold purpose of the April 1960 caucus was to determine uses for the mechanization fund and to develop a bargaining strategy for the 1960 bargaining round, delegates spent an inordinate amount of time discussing the former while they spent less time on the latter. Chairman Lawrence warned delegates that the PMA would likely pressure the Negotiating Committee on ending

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[66] Transcript of the April 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, April 4-6, 1960, San Francisco, ILWU headquarters, pp. 123-130, Box 48, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, April 4-6, 1960 (Vol. 1, pp. 101-275)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

[67] Transcript of the April 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, April 4-6, 1960, San Francisco, ILWU headquarters, pp. 172-174, Box 48, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, April 4-6, 1960 (Vol. 1, pp. 101-275)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

the status quo freeze on work rules during the upcoming bargaining round. “If you will recall, the employers were breathing down our necks and it took us a long time to convince them in the last negotiations that ‘now is not the time to eliminate double handling,’” Lawrence warned. “If not this year, the employers will come in the next year…asking that we eliminate double handling. So, if we have to agree to eliminate double handling, then we have to put a price” on this and other work rules and practices. These concessions, Lawrence cautioned, would eliminate jobs and work opportunity. Given this context, he urged delegates to adopt the Coast Committee’s report and recommendations and argued that a program grounded in security was “necessary.”[68]

Bridges also stressed the importance of the freeze on work rules and practices while the PMA developed a measurement system for productivity gains. The Coast Committee’s report and recommendations stated “not only that the fund should be added to but the present so-called ‘freeze’ on operations continues.” However, Bridges warned “we don’t know how long that freeze can continue with the changes that are taking place and we don’t want to be giving things up piecemeal. But it certainly is in there and we will keep it there for bargaining purposes.”[69] Data from Kossoris’s study would not be available until the first quarter of 1961. As such,

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[68] Transcript of the April 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, April 4-6, 1960, San Francisco, ILWU headquarters, pp. 295-305, Box 48, Folder 4, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, April 4-6, 1960 (Vol. 1, pp. 276-450),” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

[69] Transcript of the April 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, April 4-6, 1960, San Francisco, ILWU headquarters, pp. 344-369, Box 48, Folder 4, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, April 4-6, 1960 (Vol. 1, pp. 276-450),” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

the ILWU April 1960 caucus decided to extend the PMA's time to develop a productivity measurement program by another year while continuing the freeze on work rules. For that one-year period, the union formed a demand of a $3 million contribution to the mechanization fund.[70]

After the ILWU's April caucus, several top executives from steamship companies met in Palo Alto to develop their strategy for the 1960 bargaining round. Matson's Randolph Sevier called the private unpublicized meeting, with George Killion, president of American Presidential Lines; T.E. Cuffe, chairman of the board and president of Pacific Far East Lines; J.R. Dant, president of States Steamship Company; and PMA president J. Paul St. Sure and a number of staff in attendance. According to the ILWU's research director Lincoln Fairley, the employers were generally optimistic about the 1960 bargaining round. This is in part because of the fruitful informal talks with the union over mechanization and relaxed work rules. The union also largely complied with employer's ability to shift workers from job to job as part of the eight-hour guarantee, which the PMA secured in the 1959 negotiations. Furthermore, the employers were finally able to achieve some level of conformance and performance with contract enforcement.[71] This general optimism was reflected in the PMA's tenor during negotiations and their initial demands.

[70] Max Kossoris, "Working Rules in West Coast Longshoring," *Monthly Labor Review,* (January 1961), pp. 5; Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley: Institute of Industrial Relations, University of California Press, 1979), pp. 128.
[71] Fairley, *Facing Mechanization*, pp. 118-121.

The Modernization and Mechanization Agreement of 1960

At the first bargaining session on May 17, 1960, St. Sure made clear the PMA's firm position on mechanization and modernization and their decision to not base their contributions to the mechanization fund on productivity gains from mechanization and relaxed work rules. Not only would the PMA scrap their attempts to measure productivity gains from the impact of labor-saving devices and relaxed work rules and practices for the basis of their contributions to the ILWU's mechanization fund, they demanded that these 'restrictive' work rules and practices, which included first place of rest, sling load limits, manning requirements, dispatching rules, in addition to others, would be negotiated out during the 1960 bargaining round.[72]

However, the PMA's decision to end attempts to measure productivity gains was somewhat perplexing and the result of a constellation of factors and represents a significant shift in the employer's views on their contributions to the mechanization fund. Despite Kossoris's workable measurement for productivity gains from mechanization and relaxed work rules, the PMA abandoned this approach for contributions to the ILWU's mechanization fund. The PMA never explained to the ILWU's Negotiating Committee why they dropped a system of measurement for productivity gains during the course of negotiations.

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[72] Kossoris, "Working Rules in West Coast Longshoring," *Monthly Labor Review,* pp. 5-6; Fairley, *Facing Mechanization,* pp. 122-125.

However, there are several reasons for this shift in approach. Some PMA members were uncertain if the steamship company or the stevedore contractor would have to pay clerks to record the extra data. Moreover, a number of member companies were concerned with the fact that the clerks who would record data were ILWU members. Stevedore firms were also uncomfortable with published data on labor costs and productivity. Furthermore, though such an approach would measure productivity gains, such a measurement would not account for the capital expenditures for mechanization and would not differentiate between gains made from labor-saving technologies or reworked work rules and practices. Though the PMA abandoned productivity gains as a basis for the mechanization fund, they engaged engineer Joseph Cox to record productivity gains using Kossoris's methods for a three-year period beginning in 1960 for their private use.[73]

While steamship operators initially agreed to share productivity gains in early talks with the ILWU in the late 1950s, by early 1960 several steamship operators from larger companies were uneasy with sharing productivity gains with the union since they felt such decisions should fall exclusively under management prerogatives. Reflecting on the Modernization and Mechanization Agreement in 1964, Pres Lancaster, the Research Director for the PMA, explained the shift in the PMA's thinking. Productivity "gains should not be distributed through any automatic 'socialistic' mechanism which might give the workers a special claim on industry earnings with none of the attendant responsibilities or risks. The earlier thinking had been born of the industry's mistrust of what could be accomplished, and it was now

[73] Fairley, *Facing Mechanization,* pp. 128-131.

put aside."[74] This significant shift in philosophy represents a complete break with how the ILWU framed the PMA's contributions to their mechanization fund. Rather than a 'share of the machine' or a proportional contribution to the mechanization fund based on productivity gains, shipowners felt their contributions should be a lump sum, which allowed them to conceal the extent to which mechanization and modernization impacted longshore productivity.

In this light, PMA members viewed the 1960 bargaining round more as an opportunity to buy out restrictive work rules and practices and to reaffirm their right to mechanize operations rather than an opportunity to share productivity gains with the union.[75] Given pressure from the PMA, the ILWU agreed to give up work rules and practices for a price. In this context, negotiations largely centered on the price to negotiate out work rules and practices, the contract language around these concessions, and the length of the contract. Though this represents a significant philosophical break with the ILWU's concept of a 'share of the machine,' the union accepted a fixed sum rather than a complex statistical measurement with an ambiguous dollar amount since they felt that latter would have been hard to convey to the rank-and-file.[76]

While negotiations on mechanization were underway, a dispute over manning on a containership surfaced in San Pedro. Though Matson's containership *Hawaiian Citizen* had been operating out of the Bay Area, it made its first arrival in San Pedro and the situation quickly reached a boiling point. San Pedro longshore gangs

[74] Ibid, pp. 130.
[75] Ibid, pp. 128-131.
[76] Ibid, pp. 128-131.

refused to work the ship using manning requirements that were determined in San Francisco. The PMA put its 'grieved ship' action into place which effectively shut down the port for fourteen days. Contract negotiations ended abruptly. The Los Angeles City Council threatened to send in civil servants to do longshore work. St. Sure pressured the Coast Committee to bring the recalcitrant local into compliance. After languishing under a situation of lost work, the San Pedro local requested that the Coast Committee come to an agreement with the PMA. Finally, on August 25th, the Coast Committee reached an agreement with the PMA, which the ILWU's Research Director Lincoln Fairley called a complete surrender and one that Local 13 members decried as a yellow dog contract. Not only would the local live up to the contract, the PMA could penalize gangs and local union officers for walking off the job or for refusing to work as directed.[77] This incident underscores the significance of the ILWU's decision to bargain away hard-won work rules and practices and highlights the severe divisions in this approach.

At the ILWU caucus, which began on October 3rd at ILWU headquarters in San Francisco, ILWU president Harry Bridges outlined the Negotiating Committee's report and recommendations – the culmination of five months of negotiations. Bridges made the point that the employers could make changes to operations in the event they used new machinery or methods under Section 14 of the contract without additional contributions to the mechanization fund. Bridges also made clear that at this stage in the negotiations, the freeze on work rules and practices would come to an end as part of the mechanization and modernization program. "They are gone,

[77] Fairley, *Facing Mechanization,* pp. 131-134.

changed, amended or revised," Bridges stated. "It means that the way we have lived in the last 25 years is going to go overboard, gone, by this Contract."[78] However, Bridges was quick to defend the Coast Committee's recommendations. "We are not giving up anything; we are not losing anything. We are proposing that some changes be made for a price. The price? A share of the machine. A share of the machine in addition to, first, the basic security guarantee: you can't be laid off if you are a registered man because of the machine."[79]

At the first set of negotiations that overlapped with the ILWU caucus, St. Sure pointed out the union backpaddled on what they previously agreed to and accused them of bargaining in bad faith.[80] In efforts to reach more of a consensus among the Negotiating Committee members and represent the minority position, they inserted the language "as it applies to mechanization," thus limiting changes to work rules and practices to mechanization. St. Sure flat out rejected this subtle, but impactful change in language as it was the employers' position that, as part of their agreement for the mechanization fund, work rules and practices centered on gang requirements, sling loads, and multiple-handling would also be negotiated out during this bargaining round. To support his claim, St. Sure pointed to minutes of past negotiations which dated back to August 9th where the Negotiating Committee

[78] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 49-63, Box 49, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 1, pp. 1-100)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[79] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 49-63, Box 49, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 1, pp. 1-100)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[80] Fairley, *Facing Mechanization*, pp. 142-144.

agreed to bargain away work rules and practices apart from mechanization. St. Sure stated that the union's change came as "a very severe shock" and found "it difficult to understand why such a major change was adopted at this stage of negotiations."[81] However, Bridges was sympathetic towards the PMA's position.

When the ILWU caucus regrouped the next day, Bridges pointed out the difficult position they were in. The PMA accused the ILWU of bargaining in bad faith, and Bridges noted "they happen to be telling the truth." "And this is the last time it is going to happen," Bridges asserted, "because we are at the end of the road." When he addressed the sweeping changes to work rules and practices, Bridges noted that "we have agreed to make the changes in this document, and the document is built around making those changes. Gang size will be cut, sling loads will be increased, and the lid will be taken off – with exceptions." "We are changing the rules for a price," Bridges noted, "and that price is five million a year." "So these are the changes. And it is foolish and wrong if any delegate here doesn't understand what this program is about."[82]

After a lengthy discussion over several days, the caucus decided to resubmit the union's contract language which again limited the scope of changes to work rules and practices to mechanization. On the morning of the sixth day, Bridges again

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[81] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 93-94, Box 49, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 1, pp. 1-100)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge. Fairley, *Facing Mechanization,* pp. 139-144.

[82] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 127-154, Box 49, Folder 4, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 1, pp. 101-299)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

met with the PMA. After the meeting, he addressed the caucus. “We have had five months of negotiations – and never, never has our bargaining strength been in a lower position than it is right now. Yet my orders are to go in and spar across the table here with the head of this Association,” Bridges noted in frustration. Bridges stated that he did not want to resubmit a document which St. Sure called a ‘pony’ rather than a ‘horse,’ meaning they were trying to sell something different than he expected and previously agreed to. After postponing the meeting with the employers, the delegates engaged in heated conversation over their inability to reach a consensus on contract language.[83] Delegate Lawrence of Local 13 and member of the Negotiating Committee maintained his minority position against bargaining away work rules and practices. Though very much in the minority, there was a strong contingent of delegates who supported Lawrence’s strategy and views on retaining some elements of work rules and practices.

As the caucus wore on into its fourteenth day, delegates made headway on some of the more contentious issues. While the employers’ proposal determined that the last point of rest, or the point when longshore workers no longer had jurisdiction over the work was when the load hit the dock, the union took the position that if goods were on the dock, no one but longshore workers could handle those goods. Delegate Giblin of Local 13 raised concerns over potential lost work. “You will recall the other day I got up here and objected pretty strenuously to the fact that we were

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[83] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 421-432, Box 49, Folder 6, “Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 1, pp. 400-562),” ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

creating a new industry in every warehouse and shed away from the waterfront for people to be unloading longshore lift boards, longshore cargo." Other delegates largely agreed and once again Bridges had to present the union's language on first place of rest which the PMA previously rejected. Once again, the PMA said no.[84]

International Secretary-Treasurer Louis Goldblatt addressed the issue in frustration. "Any idea on the part of this Caucus or anybody up and down this Coast that, on one hand, you are going to take a bite out of the machine and hold onto certain obvious makework practices is utterly ridiculous and everybody knows it." Further, Goldblatt remarked that "when the Committee agreed unanimously that a consignee could take the entire longshore board as is and move it uptown, it made no nevermind, and it doesn't, as to whether or not that cargo later on needed sorting in a warehouse."[85] While Goldblatt acknowledged that jurisdictional issues around working the contents of a shipping container, he felt that the two unions could work out these disagreements since they were on relatively good terms.

After meeting with the PMA on the morning of Monday, October 17th, Bridges presented the Negotiating Committee's report and recommended that the caucus finally move to adopt. Though first place of rest proved to be a contentious issue, the Negotiating Committee, like the rest of the caucus, accepted that they would have to

[84] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 1275-1290, Box 50, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 3, pp. 1139-1259)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.
[85] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 1303-1309, Box 50, Folder 3, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 3, pp. 1139-1259)," ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

give up work related to sorting cargo on and off the docks. This not only meant that the union would give up palletizing and sorting work, but this language could also apply to working the contents of a shipping container. Though a significant portion of delegates voted against the Negotiating Committee's report and recommendation, most felt that after six months of negotiations and a grueling two-week caucus, the issue of voting up or down the contract should be turned over to members.[86]

After the caucus voted to approve the recommendation from the Negotiating Committee to accept the draft contract from October 16th, Bridges then met with the PMA to solidify the agreement. Though initially slated to last one year, the PMA and the ILWU's Negotiating Committee agreed to extend the contract to five years, though portions of the contract would be open for annual reviews. Furthermore, the PMA's contributions to the mechanization fund would be $5 million per year for the five and a half years of the contract. The caucus delegates voted to approve the Negotiating Committee's recommendation and Bridges then met with the PMA a final time to cement the agreement before the issue would be put before membership.[87]

Though the *Memorandum of Agreement* was finalized on October 18, 1960, ILWU members would not vote to ratify the contract until January 1961. This gave

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[86] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 1447-1448; 1463-1472, Box 50, Folder 5, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 3, pp. 1350-1487) end" ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

[87] Transcript of the October 1960 Longshore, Ship Clerks, and Walking Bosses Caucus, October 3-8, 1960, San Francisco, ILWU headquarters, pp. 1474-1487, Box 50, Folder 5, "Longshore, Ship Clerks, & Walking Bosses Caucus Proceedings, Oct 3-8, 1960 (Vol. 3, pp. 1350-1487) end" ILWU Part I, Series IV: Longshore, Ship Clerks, and Walking Bosses Caucus, 1959-1965, Urban Archives, Oviatt Library, California State University – Northridge.

the ILWU officers time to line up rank-and-file support behind the contract. However, there was a significant faction against the agreement. Several members of Local 13 in San Pedro used the time before membership voted on the contract to launch a campaign against the Modernization and Mechanization Agreement. During the referendum vote on the contract in January 1961, the dissident local narrowly voted down the agreement, while Seattle membership narrowly voted in favor of the agreement. However, membership on the whole voted to adopt the Mechanization and Modernization Agreement with 7,882 members voted in favor and 3,695 voted no.[88]

Reaction to the Mechanization and Modernization Agreement

After the bargaining round and contract ratification, there was a flood of opinion and comment on the landmark Mechanization and Modernization Agreement (M & M Agreement). The ILWU and the PMA jointly hailed the agreement as "epochal in the annals of industrial relations."[89] In his "On the Beam" column in *The Dispatcher,* ILWU president Harry Bridges stated that he felt that the M & M Agreement was "the greatest achievement of the union – and the greatest step

[88] Charles Killingsworth, "The Modernization of West Coast Longshore Work Rules," *Industrial Relations Review,* Vol. 15, No. 3 (April 1962), pp. 295-306.
[89] ILWU staff writer, "$5 Million a Year for the Machine: 'Epochal' Dock Agreement on Mechanization and Modernization will go to Referendum Ballot; No Layoffs and Earnings Guaranteed," *The Dispatcher,* October 21, 1960, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

forward since the establishment of the hiring hall, decasualization and union security after the 1934 strike."[90]

The agreement also attracted considerable attention not only from industrial relations specialists but the broader public. In the *Monthly Labor Review,* Director of the Western Branch of the Bureau of Labor Statistics, Max Kossoris, praised the agreement as the result of "peaceful, intelligent discussions across the negotiating table" without the need of a third party.[91] Writing in *Industrial and Labor Relations Review,* Michigan State's Charles Killingsworth hailed the agreement as the product of a "spirit of mutual acceptance" and "common understanding of their mutual problems."[92] The ILWU's Research Director Lincoln Fairley covered the history leading up to the agreement, details of the bargaining sessions, and contract specifics in an article for the *Labor Law Journal*.[93] Harvard Business School Professor Thomas Kennedy included a chapter on the agreement in his 1962 book, *Automation Funds and Displaced Workers.*[94]

Outside of industrial relations circles, opinion on the agreement was decidedly mixed and did not cut neatly across ideological lines. Interestingly enough, those on the far left and the far right criticized the agreement. At a meeting in Palo Alto, the Marxist Professor of Economics at Stanford, Paul Baran, told Bridges and Goldblatt

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[90] Harry Bridges, "On the Beam," *The Dispatcher,* October 21, 1960, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[91] Kossoris, "Working Rules in West Coast Longshoring," pp. 10.
[92] Killingsworth, "The Modernization of West Coast Longshore Work Rules," pp. 306.
[93] Lincoln Fairley, "The ILWU-PMA Mechanization and Modernization Agreement," *Labor Law Journal* (July 1961), pp. 664-680.
[94] Thomas Kennedy, *Automation Funds and Displaced Workers* (Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1962); Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley: Institute of Industrial Relations, University of California Press, 1979), pp. 167-169.

that the M & M Agreement was a project born of class collaboration. Though the accusation stung, Bridges conceded Baran's point, but defended the agreement since it provided security for workers in the face of what he saw as inevitable mechanization.[95]

Writing in the left-wing publication *Dissent,* social commentator Harvey Swados argued that the agreement suppressed militancy and the autonomy of locals in favor of centralizing power with the International Officers. To make his case, Swados pointed to a clause in the contract which stipulated that the PMA's payments into the fund shall be abated up to $13,650 per day in the event of work stoppages in violation of the contract. "Here is a five year built-in insurance that hotheads and militants, whether 'phoney' or not, will think twice before depriving their older union brothers, the men who built this organization, of the negotiated rights of their declining years," Swados asserted. Furthermore, he observed that the brunt of the loss of work opportunity would fall on the B men and the casual workforce, who were excluded from parts of the agreement and from membership in the union and would likely be squeezed out of the industry as work opportunity declined.[96] The fact that a significant number of black longshore workers made up the ranks of the B men added a dimension of race to the issue and further

[95] Sidney Roger, *A Liberal Journalist on the Air and on the Waterfront: Labor and Political Issues, 1932-1990*, an oral history conducted in 1989 and 1990 by Julie Shearer, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1998, pp. 623.
[96] Harvey Swados, "West Coast Waterfront – The End of an Era," *Dissent* (Fall 1961), pp. 448-460.

problematized the difficult situation around work opportunity in the face of automation.[97]

Right-wing press also criticized the agreement for encroaching too far on what were considered sacred management prerogatives. A scathing editorial in the *Wall Street Journal* opined that “Union Boss Harry Bridges and his friends have every reason to be jubilant at the fat price they got for something that never really belonged to them. All the union will give up in return for the employer’s tribute is a worn out featherbed of ridiculous antiquated and expensive ‘work rules,’ by which the union has long smothered the freedom of ship owners to handle cargo in the best and most efficient way.” “The really striking thing about this strangely one-sided pact is the additional proof it furnishes of the ability of monopoly unions to gain a stranglehold on any industry and enforce whatever they want in the way of a payoff.”[98] Though such an opinion was to be expected in the *Wall Street Journal,* it reflected some of the PMA member’s views on the issue of sharing productivity gains with workers.

The liberal press also heralded the landmark agreement as a breakthrough in labor relations and a potential solution to the troublesome issue of automation. The *San Francisco Chronicle* called the agreement “a significant contribution to

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[97] This is a vast and important topic on longshore workers excluded from union membership, B men and casuals, where a significant number of black longshoremen found employment, and the subject of an entire dissertation. Refer to Seonghee Lim, “Automation and San Francisco Class ‘B’ Longshoremen.” Sociologist Stan Weir, who had also worked the San Francisco docks as a B man for nearly a decade, details the precarious situation of B men and their decades long struggles against deregistration in court cases in an essay titled “New Technology: A Catalyst for Crises in Collective Bargaining, Industrial Discipline, and Labor Law” in Stan Weir, *Singlejack Solidarity* (Minneapolis: University of Minnesota Press, 2004), pp. 39-67.

[98] *Wall Street Journal* editorial staff, “Payoff on the Waterfront,” *The Wall Street Journal,* October 21, 1960.

economic history."[99] Writing for *The Nation,* William Gomberg of the Wharton School of Finance and Commerce noted that "the significance of this agreement is the rational way it treats the problem of worker displacement by the frank recognition of the workers' property right in his job."[100] While the Modernization and Mechanization Agreement attracted considerable attention and a range of opinion across the ideological spectrum, the agreement was largely hailed as a breakthrough in labor-management relations over the issue of automation.

[99] *Los Angeles Times* staff, "Stevedores Eye Automation Pact: Pacific Coast Longshore Union Leaders Try to Sell 15,000 Members New Program," *Los Angeles Times,* October 23, 1960.
[100] William Gomberg, "The Job as Property," *The Nation,* November 16, 1960, pp. 410-412.

Chapter Three
"Time to Tone Up the Muscles"
Longshoring in the Wake of Technological Change

With the exception of a few detractors on the right and the left, the Mechanization and Modernization Agreement (M & M Agreement) was widely hailed as a great step forward in labor relations. The *Christian Science Monitor* noted that "this is a significant accomplishment at a time when labor and management everywhere are groping for some way to mechanize and automate and still protect the workers' job. This problem is at the very heart of present-day labor-management difficulties."[1] Indeed, both the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) hailed the landmark agreement "epochal in the annals of industrial relations," which could be seen as the culmination of the more conciliatory relationship between the two parties dubbed the 'new look.'[2]

While labor unions throughout the United States struggled to preserve work opportunity for their members in the face of automation, employers often took the intractable position that decisions related to mechanization fell entirely within management prerogatives. This was not the case for the PMA as they recognized the ILWU had material claims to contract provisions and work rules and practices. The ILWU was also well aware of labor's struggles over automation in steel, auto,

[1] Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley: Institute of Industrial Relations, University of California Press, 1979), pp. 111.
[2] ILWU staff writer, "$5 Million a Year for the Machine: 'Epochal' Dock Agreement on Mechanization and Modernization will go to Referendum Ballot; No Layoffs and Earnings Guaranteed," *The Dispatcher,* October 21, 1960, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

and mining and were determined to win some level of security for their members.[3] The ILWU-PMA contract negotiations in 1959, which laid the foundation for several contract demands during the negotiations for the M & M Agreement of 1960, took place against the backdrop of the largest steel strike in U.S. history over this very issue.[4]

Specifically, the M & M Agreement upended several longstanding work rules built around break-bulk handling methods. Issues around gang size and manning requirements, sling load limits, and elimination of first place of rest altered longshore operations and brought the ILWU into jurisdictional battles with other unions that also laid claim to the disputed work, such as the Teamsters. Though the M & M Agreement reaffirmed PMA members right to mechanize operations and would clear the way for containerized operations, technological advancements in longshoring were limited when the Agreement was first negotiated in 1960. In fact, the word container does not appear in the initial 1960 agreement nor the 1966 renewal. However, the broader effects of mechanization were partly obscured by a large uptick in shipping in the wake of the agreement. The no layoff and wage guarantees, which were essential to the ILWU's bargaining strategy in 1960, were never needed in the five years of the contract. These initial experiences working under the M & M

[3] For automation in auto, refer to Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York: Basic Books, 1995), pp. 290-291; Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996), pp. 130-138. For coal, refer to Melvyn Dubofsky & Warren Van Tine, *John L. Lewis: A Biography* (Urbana: University of Illinois Press, [1977] 1986), pp. 357-359.
[4] Kristoffer Smemo, Samir Sonti, & Gabriel Winant, "Conflict and Consensus: The Steel Strike of 1959 and the Anatomy of the New Deal Order," *Critical Historical Studies,* Vol. 4, No. 1 (Spring 2017), pp. 39-73.

Agreement informed the ILWU and PMA's bargaining strategy for the 1966 renewal of the M & M agreement.

Though the shipping container revolutionized longshoring and shipping, widespread use of the labor-saving technology was hardly deterministic. When assessing technological change in longshoring, the ILWU, PMA, and the Maritime Cargo Transportation Conference (MCTC) all felt containerization would be adopted slowly due to the variety of interests and logistical complexity. However, by the mid-to-late 1960, several shipping firms recognized the massive productivity gains that could be realized through containerization and moved to adopt the technology. But as work opportunity dissipated, the ILWU sought to recoup work for their members by laying claim to working the contents of the container wherever it was moved or stored. This strategy, however, brought the ILWU into a jurisdictional dispute with the Teamsters, who also laid claim to this work. The unresolved issues around containerization would come to a head in the 134-day West Coast longshore strike of 1971-1972, which broke a remarkable twenty-three-year peace between the ILWU and the PMA.

Though the ILWU won jurisdiction over container work within a fifty-mile radius of ports in the wake of the strike, arbitration and court decisions effectively confined the ILWU's organizational reach to the docks. As massive infrastructure projects for containerization displaced warehouses from areas at or near ports to the urban fridge, these facilities that processed the contents of shipping containers came to rely on a mix of non-union labor and workers hired through temp agencies. This arrangement provided a reserve of labor to replace workers shunted out of the industry due to injury and weeded out those who management identified as unproductive or troublemakers. This made organizing these precarious workers extremely difficult in a way not dissimilar to the shape up in the early history of longshoring. In Southern California, this geographic transformation and labor arrangement is perhaps best represented by the Inland Empire's rise as a warehousing and distribution center nexus within broader supply chains.

Beyond the ILWU, the shipping container held enormous implications not only for shipping and longshoring, but for industry and work broadly conceived. The revolutionary technology radically reduced longshore labor costs and dramatically reduced time at port. This not only provided shippers with the boon of massive productivity gains, it made shipping itself far less expensive and far more predictable. This enabled manufacturers and retailers to more easily build international supply chains for their goods and for their workforce, a geographic arrangement the shipping container facilitates to a remarkable degree. In this way, mechanization and modernization in longshoring held enormous implications beyond longshoring and effectively collapsed space by time which held ramifications far beyond shipping.

This chapter will detail the experience of longshoring in the wake of the landmark M & M Agreements as well as the ILWU's attempt to recoup lost work opportunity from the massive productivity gains wrought by containerization. Though the M & M Agreement provided the framework for mechanization in longshoring, containerization held numerous unintended consequences. The labor struggles in the late 1960s and early 1970s can be viewed as the ILWU's attempt to confront issues related to containerization and an attempt to provide security and work opportunity for their members. The chapter will end with a section on the West Coast longshore strike of 1971-72, the longest strike in ILWU history.

Longshoring in the Wake of the Mechanization & Modernization Agreement

Since the M & M Agreement had such an outsized impact on work rules and practices, several jurisdictional issues surfaced after the agreement went into effect. Perhaps the most significant issue was over the place of rest, which previously served to demarcate the jurisdictional boundaries of longshore and teamster work. Before the 1960 agreement, longshore jurisdiction ended when goods from a ship hit the 'skin of the dock.' In this way, winch drivers, aided by hatch tenders, removed goods from the hatch with onboard cranes, placed them on the dock, and dockworkers would depalletize the goods. Only after the goods were removed from longshore boards and placed on the dock could teamsters handle the goods. The reverse held true for loading a ship.

Though the M & M Agreement did away with first place of rest, the M & M Agreement stated that all work on the docks belonged to longshoremen. However, this left open the question of what set of workers would have jurisdiction over the work of loading goods into or off of trucks on the docks. The ILWU contented that since the work was on the docks, it fell to longshore workers while the Teamsters laid claim to such work. The Teamsters struck over the issue and the PMA suspended enforcement of the portion of the contract which dealt with multiple handling.[5] The issue would remain unresolved until July 20, 1961, when the Director of the Western Conference of Teamsters Einar Mohn and ILWU president Harry Bridges signed a memorandum of understanding with the PMA's J. Paul St. Sure as witness. The agreement between the Teamsters and the ILWU conceded that longshore workers would not load or unload trucks, even when such work was performed on the docks. An issue related to this would surface again when containerization was more widespread.[6]

Another jurisdictional issue surfaced in Seattle only three days after the M & M was signed. This highlighted the unresolved question of what set of workers had claim to work dockside cranes for loading and unloading shipping containers. The M & M Agreement obligated the PMA to employ longshore workers when using new equipment and to train longshore workers to use such equipment at the employer's expense. In Seattle, however, longshore workers refused to handle goods loaded and discharged by the operating engineers who worked the dockside cranes. The disagreement ended up before the National Labor Relations Board (NLRB) which agreed that this work fell under longshore jurisdiction. As a result, the PMA set up programs to train skilled workers, largely to operate dockside cranes. The ILWU also agreed to a concession that the employers would be able to hire skilled crane operators on a steady basis, rather than have the workers dispatched from the hiring

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[5] Charles Killingsworth, "The Modernization of West Coast Longshore Work Rules," *Industrial Relations Review,* Vol. 15, No. 3 (April 1962), pp. 302.
[6] Einar Mohn, *Teamster Leader: An Oral History,* oral history conducted by Corrine Lathrop Gilb, Berkeley: University of California, Institute of Industrial Relations, 1970, pp. 622; Fairley, *Facing Mechanization,* pp. 181-190.

hall on a day-by-day basis.[7] This arrangement proved contentious since some longshore workers argued that this undermined the hiring hall.

Issues over the M & M Agreement were hardly limited to jurisdictional disputes. Since the agreement upended sling load limits, stevedore contractors had longshore workers build loads that exceeded previous limits of 2,100 pounds. Though the agreement provided that the 2,100-pound sling load limit would apply to operations that were unchanged from when the sling load limit was initially negotiated in 1937, the issue became a point of contention between the union and the employers and was the subject of several grievances. Most employers who challenged such an interpretation argued that conditions were not the same as they existed in 1937, and they could therefore build loads larger than the limit. Moreover, employers interpreted that load limits did not apply to palletized loads, since they also represented a change in operation from conditions in 1937.[8]

Though the contract protected against onerous work, speed-ups, and unsafe work, the onus was on the individual worker to make such a case. While B men and casuals preformed a large portion of hold work, they were hesitant to raise such issues since they desired A men status. Working conditions in hold work deteriorated to the point where 200 B men in San Francisco voluntarily left the longshore industry within the first three years of the agreement. The majority of the B men who remained on the job and endured the conditions were younger black men,

[7] Fairley, *Facing Mechanization*, pp. 181-190.
[8] The issues related to sling loads are explored at length in Fairley, *Facing Mechanization*, pp. 193-221; see also Seonghee Lim, "Automation and San Francisco Class 'B' Longshoremen: Power, Race, and Workplace Democracy, 1958-1981," unpublished dissertation, Department of History, University of California – Santa Barbara, 2015, pp. 140-143.

a large percentage of whom migrated to the Bay Area from the South and the Gulf Coast. B men had to bear the brunt of lost work opportunity that came with productivity gains from relaxed work rules and practices, namely the four-on-four-off practice.[9] The union sought to rectify these problems during annual contract reopeners and demanded that the employer either use more workers or machines on such operations, but nothing came of it until the contract was fully opened in 1966. Bridges lamented that "here is one place in the contract we didn't tinker up well enough…we did not make men and machines mandatory."[10]

With the M & M Agreement in place and management's right to introduce new technologies in longshoring reaffirmed, some shipping lines invested in containerization and ports made significant upgrades to handle the relatively novel technology in the wake of the 1960 agreement. While the ports of Oakland and San Pedro accommodated containerization on the West Coast for some time, Seattle spent $14 million to demolish six old piers which they replaced with a super terminal and set aside numerous acres for a container staging area.[11] Olympic-Griffiths Lines commissioned two container ships for West Coast intercoastal trade in 1961.[12] Matson expanded their container service to three of Hawaii's islands and initiated container service between the Hawaiian Islands and Portland and Seattle in the mid-1960s.[13] Meanwhile, Sea-Land established container service between Seattle and

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[9] Lim, "Automation and San Francisco Class 'B' Longshoremen," pp. 122-136, 144-148.
[10] Fairley, *Facing Mechanization,* pp. 200-207.
[11] "Seattle Waterfront Gets a Facelift," *The Dispatcher,* February 24, 1961, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[12] "Container Craft Planned on Coast," *The Dispatcher,* February 10, 1961, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[13] "Matson Plans Greater Use of Containers," *The Dispatcher,* September 7, 1962; "Matson Containers Set for Northwest," *The Dispatcher,* October 18, 1963; "Matson Begins Service," *The*

Alaska in 1964.[14] Portland began construction on a $4.5 million containerization project in 1964.[15] Despite all of this activity, containerization was limited to only a few firms by the early 1960s. Containerized cargo operations were also limited on the Great Lakes, East and Gulf ports. Even on the West Coast, containerized operations represented two percent only of total shipping by 1962.[16]

Interest in the Mechanization & Modernization Agreement

Over the course of several months in 1963, the U.S. Senate's Subcommittee on Employment and Manpower held hearings on automation and worker displacement.[17] Along with a wide swath of current and former state officials, academics, and representatives from the business community and organized labor, Bridges and St. Sure both testified. Over the course of their respective accounts, Bridges and St. Sure both agreed that the Modernization and Mechanization

Dispatcher, January 10, 1964, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[14] "Sea-Land All Van Service from Seattle to Alaska," *The Dispatcher,* March 6, 1964, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[15] "Plan New Portland Container Dock," *The Dispatcher,* December 11, 1964, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[16] Marc Levinson, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger* (Princeton: Princeton University Press, [2006] 2016), pp. 202.

[17] The issue of automation, worker displacement, and unemployment had been the focus of other Congressional hearings. In 1961, the Subcommittee on Unemployment and the Impact of Automation of the Committee on Education and Labor of the House of Representatives held hearings throughout March and April and featured statements from a wide array of individuals from labor and industry in the fields of textiles, steel, auto, and consumer electronics. While the individuals from the ILWU or the PMA were not present, the record included copies of the ILWU-PMA Memorandum of Understanding from 1957 and the Mechanization and Modernization Agreement of 1960. Refer to "Impact of Automation on Employment," Hearings Before the Subcommittee on Unemployment and the Impact of Automation of the Committee on Education and Labor of the House of Representatives, Eighty-Seventh Congress, First Session, (Washington: U.S. Government Printing Office, 1961).

Agreement was the result of a careful assemblage of factors which created the conditions wherein both sides were able to recognize and acknowledge the interest of each party.

St. Sure told the subcommittee that the PMA wanted a free hand to introduce labor saving devices in longshoring and sought to do away with restrictive work rules and practices. Bridges conceded that he felt the ILWU would have lost several hard-fought work rules and practices through arbitration and felt automation was inevitable. Moreover, the union wanted to use mechanization to make longshoring an easier and safer for their members. Since worker displacement was the likely outcome, above all else the union sought security for the lives and livelihoods of their rank-and-file. However, this level of security was largely reserved for A men, or fully registered longshore workers. B men and casuals ultimately would have to bear reductions in work opportunity, increases in sling loads, and an end to the four-on-four-off practice. The fact that a large contingent of black longshore workers made up the ranks of B men added a dimension of race to the issue of working conditions and practices.

During the hearing, Bridges made clear that the union understood the employers' position on work rules and practices and mechanization and how that undergirded their approach to negotiations. "We recognize that our employers, like employers in all industries, introduced new machines and new methods to reduce costs and to make more profits. We recognize, too, that the inevitable, and even the necessary, result of new machines and new methods is the displacement of workers." Given these circumstances, the ILWU sought to overcome rank-and-file fears of displacement, lost work opportunity, and diminished livelihood – all of which were reflected in the M & M Agreement.[18] Bridges also noted that the M & M Agreement could not have happened "without a flexible approach and without genuine good will on both sides." The employers, too, recognized that they had to make concessions to the union if they were to bargain away hard-fought work rules and practices. "They did not insist on management's prerogative to make changes unilaterally," Bridges remarked "and, from the beginning of our discussion, agreed that the men were entitled to a share in the benefits of increased productivity."[19]

St. Sure noted that the M & M Agreement was the outgrowth of what was termed the 'new look' embodied in more amicable labor-management relations between the ILWU and the PMA. Beginning in the mid-1950s, the employers engaged the union in informal talks about increasing efficiency and productivity in longshoring. The ILWU's Coast Labor Relations Committee explored the issue and presented their report and recommendations to an ILWU caucus in October 1957. There, the union decided their approach of 'intermittent guerilla warfare' reached a point of diminishing returns and instead asked the ILWU caucus if they should "adopt a more flexible policy in order to buy specific benefits in return?"[20] To that end, the ILWU caucus approved the Coast Committee's approach to engage the PMA in informal discussions on mechanization in the mid-to-late 1950s.

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[18] "Nation's Manpower Revolution," hearings before the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare – United States Senate, Eighty-Eighth Congress, First Session, Part V (Washington: U.S. Government Printing Office, 1963), pp. 1708-1710.
[19] Ibid, pp. 1708-1710.
[20] Ibid, pp. 1723-1750.

Pressure to end so-called make work practices and featherbedding grew in the mid-1950s in the form of the House of Representatives' Bonner Committee hearings on longshore productivity and the Maritime Cargo Transportation Conference (MCTC), a program from the National Academy of Sciences – National Research Council, which studied a variety of approaches to improve longshore productivity from the mid-1950s to the early 1960s. The MCTC estimated that dock work made up nearly one-third of total longshore work and, with the impact of relaxed work rules and practices, would likely reduce dock work by a third, which would equate to a total of one-ninth reduction in total work opportunity. The Coast Committee's report to the 1957 ILWU caucus also recognized that "disorganization [in the shipping industry] means that operational changes are certain to come slowly" and that "there won't be any sudden automation in longshoring."[21] Bridges and St. Sure then discussed the approach to mechanization and relaxed work rules and what each party sought out of negotiations.

St. Sure outlined the impact the M & M Agreement had on the shipping industry. Tonnage had remained relatively constant since the end of World War II, averaging between 25 and 30 million tons of cargo annually. By 1961, manhours had been reduced by 1.5 million. The no-layoff guarantee, which the ILWU fought for and won in negotiations for the M & M Agreement, ensured workers that would leave the industry through their own volition, early retirements, or death rather than layoffs or severance. Though the industry could utilize more unitized loads and containerized cargo, St. Sure was quick to point out that the "industry has been very

[21] Ibid, pp. 1723-1750.

slow to take advantage of the things that have been available to it by reason of this agreement."[22] Though St. Sure noted that Matson adopted containerized transport for its Hawaiian routes, "new design of vessel and pier and equipment" with other shippers was "slow in coming." However, St. Sure noted that aside from reduced labor costs, containerization permitted a faster turnaround time for the ship itself. Whereas vessels loaded and unloaded with break bulk handling took roughly five to six days, containerships could be in and out of port in less than twelve hours with a fraction of labor costs.[23]

While St. Sure reported on the impact of these changes on the industry, Bridges highlighted what the union gained through the M & M Agreement. Though the union could have fought against change, Bridges noted that instead the union sought something in return for relinquishing work rules and practices and accepting mechanization. "We had to face up to the fact that change was here," Bridges noted. "We recognized we could struggle along and fight along for some years, but we probably would be fighting a losing battle." Moreover, since the union sought a share of productivity gains in the form of a payment into a mechanization fund, they sought to avoid what could have been a costly strike which may have strained employers' profits and therefore they could have been potentially hesitant to buy out work rules and practices. "So you didn't want to kill completely the goose that lays the golden egg?" Senator Clark asked. "We will kill the goose that lays the golden egg if we figure it's worth our while to do it," Bridges was quick to retort. "We are not doing

[22] Ibid, pp. 1723-1750.
[23] Ibid, pp. 1723-1750.

anybody any favors, I want to point this out." However, Bridges argued that they were only able to achieve the gains which protected workers and secured a share of productivity gains because of the strength of their union and their rank-and-file militancy.[24]

At a luncheon address before the Maritime Cargo Symposium in Long Beach, California in 1964, Bridges noted that several of the union's concerns over mechanization had not come to fruition. "When we signed the M & M Agreement, in October 1960, we hoped that productivity increases would not exceed the rate of attrition, so that there would be no need to fall back on the wage guarantee which is an added protection for the men. What has happened is that while there has been an undoubted and substantial rise in tons handled per man hour, more men have retired than we anticipated, at the same time there has been an increase in tonnage handled. So, we found ourselves needing more men, not fewer. The wage guarantee has never been used," Bridges noted. To cover this labor shortage, Bridges remarked that some five-hundred B men were moved into fully registered A men status in Los Angeles and Long Beach alone.[25] Similar shifts happened at the larger West Coast ports. These initial experiences with longshoring in the wake of technological change and relaxed work rules and practices embodied in the M & M Agreement informed both the ILWU's and the PMA's approach to the 1966

[24] Ibid, pp. 1723-1750.
[25] Harry Bridges, Luncheon address before the Maritime Cargo Symposium, Long Beach, California, September 17, 1964, California and West Coast Labor and Industrial Relations, selected publications, Institute for Research on Labor and Employment Collections, University of California – Berkeley.

bargaining round.

THE MECHANIZATION & MODERNIZATION AGREEMENT OF 1966

Since the PMA and ILWU were satisfied with the M & M Agreement, both parties sought to renew the agreement during the 1966 bargaining round. The employers gained significant productivity increases from relaxed work rules and more leeway to mechanize operations to the extent that even vocal critics within the PMA realized these gains offset their contributions to the ILWU's mechanization fund. According to the extensive study of productivity gains under the M & M Agreement by University of Illinois economist Paul Hartman, most initial productivity increases came not from mechanization, which proceeded slowly during the initial five years of the agreement, but from relaxed work rules and practices, namely from the end of multiple handling for dock work, reduced manning requirements, and upended sling load limits. Large gains were also made in handling of bulk goods, though this represented a small portion of shipping.[26]

This is not to say that shipping firms did not mechanize during this period. While containerized shipments only accounted for 500,000 tons of cargo in 1960, it represented 3.5 million tons by 1965.[27] These productivity gains also coincided with a large uptick in military shipments to South East Asia as the United States pursued

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[26] Paul Hartman, *Collective Bargaining and Productivity: The Longshore Mechanization Agreement* (Berkeley: University of California Press, 1969), pp. 129-141; Fairley, *Facing Mechanization,* pp. 222-226.
[27] Fairley, *Facing Mechanization*, pp. 230.

their strategy of containment in the Vietnam War.[28] Tonnage handled by West Coast ports increased from 18.8 million tons in 1961 to 26.7 million tons by 1966, which contributed to high profits for nearly every major shipping company operating on the West Coast. However, productivity gains were reflected in the relatively stable amount of labor hours during this same period, despite this uptick in shipping, reduced manning requirements, and diminished gang sizes.[29]

Though the union's approach to modernization and mechanization had been one grounded in security, a large number of early retirements and the significant increase in shipping negated the union's need for the wage and no-layoff guarantees. Indeed, the vested sum of $7,920, which each retired longshore worker received upon retirement after twenty-five years of service from the union's mechanization fund, induced roughly 2,880 retirements during the five and a half years of the initial M & M Agreement.[30] Given the high levels of retirement and the increase in shipping, roughly 3,500 longshore workers were added to the A and B categories between 1960 and 1966.[31] Furthermore, since the no layoff and work guarantee were not needed during the first M & M Agreement, the union sought to trade those protections for commensurate wage increases. The ILWU also sought to clarify manning requirements and gang sizes.[32] Though the ILWU offered up these

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[28] Marc Levinson's work focuses more on development and use of the shipping container and covers expanded containerized shipments in South East Asia in general and Vietnam in particular far more extensively than is within the scope of this paper. Refer to Levinson, *The Box*, pp. 230-254.
[29] Fairley, *Facing Mechanization*, pp. 225-227.
[30] Ibid, pp. 227-230.
[31] Joseph Goldberg, "Containerization as a Force of Change on the Waterfront," *Monthly Labor Review,* Vol. 91, No. 1 (January 1968), pp. 8-13.
[32] Fairley, *Facing Mechanization,* pp. 233-234.

concessions in exchange for wage increases, the PMA found the union's intransigence on gang size unacceptable.

Though the PMA demanded that the employers would determine manning for any particular job, the ILWU agreed that employers could eliminate what the employers deemed unnecessary workers. The 1960 contract established a basic gang consisting of a gang boss, two to three deck workers, two sling workers, and four hold workers for general unmechanized work. The employers, however, could eliminate unnecessary workers from mechanized operations. The union also acquiesced to the PMA's demand for two skilled lift drivers on the basic hold gang. The PMA won further concession on the employer's ability to hire skilled steady workers without limits on the number of steady workers or on the length of time an employer could retain them. Since the employers paid for training these workers, the employers wanted to retain trained workers who built up familiarity with new equipment, such as dockside cranes for containerized operations. These workers would report to the same employer day in day out, rather than be dispatched through the hiring hall.[33]

The contract received moderate support from the ILWU's membership. 6,488 members voted in favor of the contract and 3,985 voted against. Membership in three of the four largest ports – Los Angeles, Portland, and Seattle – voted against the contract.[34] After the M & M Agreement was renewed, the employers were

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[33] Norman Leonard, "Request for Exemption to Pay Board Guidelines," no date, likely early 1972, pp. 9-10, Box 86, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University. See also Fairley, *Facing Mechanization*, pp. 240-251.

[34] Fairley, *Facing Mechanization,* pp. 253-254.

unsatisfied with implementation of aspects of the contract, namely that several ILWU locals fought against the steady men clause, section 9.43 of the contract. Though steady men had been employed at various points prior to the 1966 agreement, namely through the 1962 Crane Operator Supplement, several locals instructed longshore workers to not take steady jobs since they felt it undermined the union's control over work through the hiring hall. The issue proved to be quite contentious. At a stop work meeting, Local 13 members in San Pedro voted to adopt a strategy to have workers turn down steady men jobs. Members of Local 10 in San Francisco visited several steady men and convinced them to quit and return to the hiring hall. Given these pockets of resistance, the PMA accused the ILWU of not living up to the contract, and subsequently threatened to hire non-ILWU members for crane work and refused to make use of machines compulsory while the union undermined the steady men clause.[35]

While implementing aspects of the M & M Agreement plagued both the ILWU and the PMA, shippers made a far more of a concerted effort to accommodate containerization after the 1966 agreement. This delay to adopt containerization was partly due to the prohibitively high cost, difficulties of standardization, and enormous infrastructure projects required at both ends of shipping routes.[36] Containerships with a full allotment of containers ran roughly $23,500,000 and reworked berths cost

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[35] ILWU research director Lincoln Fairley devoted an entire chapter to the steady men issue. Refer to Lincoln Fairley, *Facing Mechanization,* pp. 255-270.

[36] "Containerization: Its Cost Advantages," *Fairplay: International Shipping Journal,* September 14, 1967, pp. 5-7; "Uniform Containerization of Freight: Early Steps in the Evolution of an Idea," *The Business History Review,* vol. 43, no. 1 (Spring 1969), pp. 84-87; Lincoln Fairley makes this point in Fairley, *Facing Mechanization*, pp. 271-273.

approximately $4,500,000 and take up roughly fifteen acres for container staging.[37] While Matson operated container service between Hawaii and California since 1958, it took until September 1966 to establish routes to Japan and form agreements with the large Japanese shipping lines Showa Kaiun and Nippon Yusen Kaisha.[38] By August 1968, the first Japanese containership reached West Coast ports on a joint service with Matson.[39]

Likewise, while Malcolm McLean's Sea-Land operated containerized shipments in intercostal trade in the United States and routes to and from Puerto Rico since the mid-1950s, they had only established routes to between New York and Europe by April 1966, the same year Sea-Land contracted with the Department of Defense to service a route between West Coast ports and Okinawa.[40] Sea-Land also took a leading role in delivering containerized U.S. military cargo to Vietnam after Malcolm McLean convinced the U.S. Navy's Military Sea Transportation Service that container service would address their significant logistical difficulties.[41] By the end of 1967, twenty shipping lines offered trans-Atlantic container service largely on conventional ships, with nine shipping firms or consortiums operating

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[37] Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154; Matson Research Corp., "The Impact of Containerization on the U.S. Economy, Vol. 1," A report to the Maritime Services, Department of Commerce, Contract MA-4903, Project 370-101, September 1970.
[38] Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154.
[39] "Moving Goods in the 1970s," *The Economist,* 14 September 1968.
[40] Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154.
[41] Levinson, *The Box*, pp. 230-254; "Moving Goods in the 1970s," *The Economist,* 14 September 1968.

ships for full container service by the end of 1968.[42] By 1968, containerized shipments represented ten percent of all cargo at West Coast ports.[43]

While most shipping firms were initially slow to adopt technologies to improve productivity, by the mid-to-late 1960s several shipping firms undertook massive investments in containerization. Sea-Land invested $350 million in container service and slated another $70 million by June of 1968. Matson doubled their $80 million investment. Five other major U.S. shipping lines spent or allocated to spend $160 million on containerized operations by 1967. In Europe, six shipping lines formed a cartel, the Atlantic Container Line, and invested $206 million for the operation. Nine British lines spent $162 million into two consortia, Overseas Container and Associated Container Transport. Six Japanese lines – Nippon Yusen Kaisha, Mitsui O.S.K., Kawasaki Kisen, Japan Line, Yamashita-Shinnion, and Showa Kaiun – formed a shipping group and had six container ships built at an expense of $48 million.[44]

Shipping interests and ports also invested significant sums facilitate containerized operations. The United States had thirty-six container berths on the Atlantic and Gulf Coasts with forty more under construction or planned by 1967. Whereas traditional shipping terminals require roughly two acres, a container staging

[42] Historian Marc Levinson expertly details how ports undertook massive modernization projects to accommodate containerization in Levinson, *The Box*, pp. 254-284; "Moving Goods in the 1970s," *The Economist,* September 14, 1968.
[43] Phillip Ross, "Waterfront Labor Response to Technological Change: A Tale of Two Unions," *Labor Law Journal* (July 1970), pp. 414.
[44] Levinson, *The Box,* pp. 254-284; Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154.

area required between ten to twenty acres.[45] Ports operations located within dense urban areas, such as New York and San Francisco, moved to areas with more available land such as Elizabeth, NJ or Oakland, CA. The New York Port Authority spent $72 million with another $103 million slated for its facilities in Elizabeth, New Jersey and $8 million at the Port of Newark by 1967. In the Bay Area, the Port of Oakland undertook a $35 million project for container service in 1967.[46] The Port of Los Angeles announced a $6.5 million project to transform the West Basin into what Mayor Samuel Yorty deemed a "harbor of the future."[47] In 1969, the Los Angeles Harbor Department also authorized construction of a $10 million fifty acre facility on Terminal Island to accommodate Matson's $57 million expansion for trade with East Asia, which was slated to handle more than one million tons of cargo per year.[48] In 1969, the Long Beach Harbor Commission approved a $30 million 120 acre container terminal for Sea-Land to handle its container service.[49]

Shipping firms and ports across the globe undertook equally as ambitious plans to rework their facilities to accommodate containerized operations. In Japan, the ports of Tokyo, Kobe, Osaka, and Yokohama allocated $145 million for projects to accommodate containerized operations in 1967. The Port of London spent more

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[45] Joseph Goldberg, "Containerization as a Force of Change on the Waterfront," *Monthly Labor Review,* Vol. 91, No. 1 (January 1968), pp. 8-13.
[46] Levinson, *The Box*, pp. 254-284; Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154.
[47] *New York Times* staff, "Modern Port Set for Los Angeles: A $6.5 Million West Basin Project is Announced," *New York Times,* May 10, 1967.
[48] Jerry Ruhlow, "Terminal to Net City $1 Million Yearly at Port," *Los Angeles Times,* October 30, 1969; *Los Angeles Times* staff, "Port Facility for Container Cargo Gets OK," *Los Angeles Times,* 20 March 1969.
[49] Jerry Ruhlow, "$30 Million Long Beach Container Terminal OK," *Los Angeles Times,* December 23, 1969.

than $40 million on its container port in Tilbury in 1967.[50] Ports nationalized under the British Transport Docks Board processed 31,991 containers in 1966, which grew to 55,244 in 1967. The Port of London handled 16,600 containers in 1966, which ballooned to 48,805 in 1967. And Rotterdam invested $60 million to transform its port to accommodate containerized shipments in 1967.[51] In 1967, Rotterdam was able to handle 1,600 containers per week; by 1968 this increased to 2,500.[52] These reworked port areas for containerization required significantly more land than conventional break bulk handling, but radically reduced time at port and labor needed to load and discharge ships. To accommodate containerization, shippers needed large paved container staging areas. Sea-Land used one hundred acres for their container operations in Elizabeth, NJ.[53]

As ports reworked their infrastructure to accommodate containerization, warehouses and deconsolidation sheds located at or near the harbor were displaced to undeveloped or underdeveloped areas with transportation connections, typically to areas located on the urban fringe. Containerization also coincided with a shift in the structure and function of warehousing. Whereas warehouses once stood as a place to store goods awaiting eventual sale, changes in the movement of goods, such as cross docking, transformed their function into conduits for goods. To accommodate these changes, the very design of warehouses changed. While warehouses were once multi-story buildings with low ceilings, modern warehouses

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[50] "Moving Goods in the 1970s," *The Economist,* September 14, 1968.
[51] Harold B. Meyers, "The Maritime Industry's Expensive New Box," *Fortune,* November 1967, pp. 151-154.
[52] Levinson, *The Box*, pp. 254-284; "Moving Goods in the 1970s," *The Economist,* September 14, 1968.
[53] Goldberg, "Containerization as a Force for Change on the Waterfront," pp. 8-13.

are single story buildings with high ceilings to accommodate vertically stacked pallets and are lined with docking bays on either side of the facility to facilitate cross docking. Typically, such facilities have a large footprint and need to be located in areas with highway and freeway access. These developments changed the geography of goods handling infrastructure broadly.

Jurisdictional Disputes and Longshoring in the Age of the Container

As the shipping container saw more use in the mid-to-late 1960s, labor had to confront several issues related to shippers' rapid conversion to containerization. A traditional break-bulk operation takes roughly five to five and a half days to discharge and load, with roughly eight day gangs of twenty workers and five night gangs of twenty workers, which amounts to approximately 8,000 hours in total. Whereas a container ship with roughly the same tonnage could be discharged and loaded in twenty-four hours with significantly fewer manning requirements for a sum of approximately 260 to 270 hours. This amounts to staggering productivity gains of almost 30:1; other estimates put this at 20:1.[54] Thus, as the container saw more widespread use in the mid-to-late 1960s, this significant loss of work opportunity from the massive productivity gains from containerization became an increasingly pressing concern for the ILWU.

To regain some of their lost work opportunity, both the ILWU on the West Coast and the International Longshore Association (ILA) on the East and Gulf

[54] Fairley, *Facing Mechanization,* pp. 273-274.

Coasts sought to expand their jurisdiction over working the contents of the container, what West Coast longshore workers referred to as 'stuffing' and 'unstuffing' and East and Gulf Coast longshore workers referred to as 'packing' and 'unpacking.' Though some of this work was performed by longshore workers at or near the docks, a sizable portion of container work was done by the Teamsters or non-union workers employed by freight forwarders or drayage companies who consolidated or sorted containerized freight at facilities away from the docks.[55]

When their negotiations began in September 1968, the ILA demanded that all container work within a fifty-mile radius from the port would fall under their jurisdiction, in addition to their demand for an annual guarantee of 2,080 hours for each longshore workers, regardless of work opportunity.[56] The ILA won both demands after a strike on the East Coast, Gulf Coast, and Great Lakes, though the fifty-mile radius rule was eventually struck down by the NLRB and courts.[57] The ILWU was also acutely aware of the issue. In his column in the ILWU newsletter *The Dispatcher*, ILWU Vice president J.R. Robertson, who had warned of work loss from ceded jurisdiction for several years, noted that the ILWU was "losing a lot of work,

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[55] Louis Goldblatt, "Louis Goldblatt: Working Class Leader in the ILWU, 1935-1977, Volume II," Interview by Estolv Ethan Ward in 1978 and 1979, Oral History Center, The Bancroft Library, University of California, Berkeley, 1980, pp. 1010-1020.

[56] Phillip Ross, "Waterfront Labor Response to Technological Change: A Tale of Two Unions," *Labor Law Journal* (July 1970), pp. 407-408; Andrew Herod, "Discourse on the Docks: Containerization and Inter-Union Work Disputes in US Ports, 1955-1985," *Transactions of the Institute of British Geographers* (June 1998), pp. 177-191; Harry Bridges, "On the Beam," *The Dispatcher,* 5 September 1968, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[57] Harry Bernstein, "East, Gulf Dock Strike Issue Loom for West: Container Handling, Gang Shortage Pose Peril to Busy Ports," *Los Angeles Times,* January 20, 1969; *Wall Street Journal* staff, "Dock Strike Continues as Bargainers Stumble Over Containerization," *Wall Street Journal,* February 4, 1969; "Court Upholds Longshoremen's Rights to Container Work," *The Dispatcher,* July 1, 1970, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017). See also Fairley, *Facing Mechanization*, pp. 296-304.

especially in marshalling areas where freight is assembled for handling in and out of vans."[58] To address the issue, the ILWU called a special caucus to meet in October 1968.[59]

Though the ILWU recognized they needed to secure contract language to gain jurisdiction over working the contents of shipping containers, they understood that they would be bargaining from a weakened position since their contract did not expire until July 1, 1971. Additionally, since the work at container freight stations (CFS), which are warehouses or areas for consolidating and deconsolidating containerized freight, could be performed by a wide array of workers depending on the facility, expanding jurisdiction over this type of work brought the ILWU into conflict with the Teamsters. To address the issue, the ILWU engaged Matson in informal talks. Initially, Matson indicated that not only would the Pacific Coast Longshore and Clerks' Agreement (PCLCA) not cover container work at CFS, they demanded that workers at CFS would be employed on a steady basis rather than dispatched from the hiring hall, that work would not include clerks, checkers, or walking bosses, and that CFS workers would be employed at a lower wage scale than workers under the PCLCA.[60]

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[58] J.R. Robertson, "On the March: Protect and Expand ILWU Jurisdiction," *The Dispatcher,* September 13, 1968, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[59] "West Coast Caucus set for October 21," *The Dispatcher,* September 27, 1968, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).

[60] "West Coast Caucus set for October 21," *The Dispatcher,* September 27, 1968, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017). See also, Fairley, *Facing Mechanization*, pp. 281-283.

Reaction from the ILWU delegates was mixed. Some felt that by agreeing to a lower pay scale, longshore workers who were already doing container work would be shifted to this this newly created category and lower pay scale. After eight days of discussion, the caucus agreed on a strategy for the Coast Committee to pursue – that CFS work should be performed by longshore workers under the PCLCA. The Coast Committee therefore engaged the PMA in negotiations over CFS work. However, due to the complexity around the issue, negotiations wore on for months. Talks began in November 1968, but broke off on March 17, 1969 when the ILWU selectively struck several container ships up and down the West Coast in the broader attempt to recoup work lost to containerization.[61]

The selective strike idled between 10% and 15% of containerized cargo on the West Coast.[62] In Oakland, ILWU members quit work on the Japanese freighter *American Maru*; four workers were fired after refusing to work the ship and roughly one hundred other longshore workers walked off the job in sympathy. In Portland, a crane operator refused to load Matson's *Hawaiian Refiner*. The work stoppage spread to San Pedro's twin ports where workers refused to work the *Sealand Warrior* and the *Hong Kong Bear*. And in San Francisco, longshore workers refused to work the *Washington Bear*.[63] The selective work stoppage reflected rank-and-file

[61] Harry Bernstein, "Ports on Brink of Strike Over Loading Rights," *Los Angeles Times,* March 18, 1969; Fairley, *Facing Mechanization*, pp. 285-287.
[62] Harry Bernstein, "Longshoremen Ordered to End Dock Boycott," *Los Angeles Times,* April 7, 1969.
[63] Harry Bernstein, "Dockers' Strike Idles Six Ships on West Coast," *Los Angeles Times,* March 19, 1969.

understanding of the need to retain jurisdiction over container work in the face of lost work opportunity.[64]

During the conflict, ILWU president Harry Bridges penned a particularly impassioned “On the Beam” column in the March 21st issue of *The Dispatcher* which outlined the ILWU’s view on jurisdiction over container work. “Our conception of these containers is that they are an integral part of the ship. In other words, this section of the ship, this hunk of the hatch, is being moved away from the ship. Therefore, that section of the ship should be handled by longshoremen.” However, Bridges conceded that “neither party to the contract looked far enough into the future to anticipate present developments…To put it bluntly, we have resolved that we cannot wait until 1971 to adapt ourselves to the vast new changes that have taken place.”[65] But this line of thought opened the ILWU to a host of issues.

As the ILWU sought to expand their jurisdictional reach over container work, this brought them into direct conflict with the Teamsters who also claimed jurisdiction over container work. Tim Richardson, head of IBT Local 85 in Oakland, stated the Teamsters’ position on the issue definitively. “This is our work. We will not give it up. We are telling our people to go ahead and do their work that has historically been done by Teamsters.”[66] Since the contract was not set to expire until July 1, 1971, the

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[64] Letter to: members of the Coast Negotiating Committee, from: William Ward, date: March 19, 1969, Box 111, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.
[65] Harry Bridges, “On the Beam,” *The Dispatcher,* March 21, 1969, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017). Geographer Andrew Herod also details how the ILA on the Great Lakes and East and Gulf Coasts also viewed the container as an extension of the hold of a ship, and thus longshore workers could claim jurisdiction over the disputed container work. Refer to Herod, “Discourse on the Docks,” pp. 177-191.
[66] Harry Bernstein, “Ports on Brink of Strike Over Loading Rights,” *Los Angeles Times,* March 18, 1969

PMA brought the issue to area arbitrator Sam Kagel, who ordered the ILWU to end its boycott and return to work by April 6, 1969.[67] The ILWU appealed the decision to a Federal Court and argued that the Norris-LaGuardia Act of 1932 expressly forbade a court from ordering workers back to work against their will.[68] Kagel's decision, however, was upheld by U.S. District Judge Robert Peckman.[69]

Negotiations then resumed after a heated nine-day ILWU caucus and a six-day ILWU convention and continued until the ILWU and PMA reached a tentative agreement in July 1969.[70] However, the agreement did not take effect until January 5, 1970.[71] Negotiations between the ILWU and the PMA wore on for seven months for a number of reasons. While some PMA members embraced containerization, other member companies invested in converted ships and still relied on a significant amount of break bulk handling. Still others pursued alternative forms of unitized cargo handling methods such as roll on, roll off. Some shippers and stevedoring contractors had little to no interest in investing in unitized loads or costly labor-saving technology. Both parties also worried about jurisdictional battles over claims to container work with the Teamsters.[72]

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[67] "Negotiating Committee Reconvened," *The Dispatcher,* April 4, 1969, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[68] Harry Bernstein, "Dockmen Expected to Ignore U.S. Work Order," *Los Angeles Times,* April 1, 1969.
[69] Harry Bernstein, "Longshoremen Ordered to End Dock Boycott," *Los Angeles Times,* April 7, 1969.
[70] "Container Talks Re-Open After Nine Day Caucus," *The Dispatcher,* May 2, 1969, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[71] Letter to: James Robertson, PMA Secretary, from: William Forrester, ILWU Negotiating Committee, date: July 14, 1969, Box 111, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.
[72] Fairley, *Facing Mechanization*, pp. 271-290.

After PMA member companies began to shift container ‘stuffing’ and ‘unstuffing’ work to CFS worked by ILWU members, the Teamsters took action. By August 1969, Pacific Motor Trucking transferred their container work to a CFS in Oakland. In response, on August 21st Teamster Local 70, the large East Bay local, picketed the CFS facility. By August 22nd Teamster Local 85 set up similar pickets on the San Francisco side of the Bay to contest the ILWU’s jurisdiction over placing or removing containers from truck chassis. The jurisdictional dispute eventually ended up before the National Labor Relations Board (NLRB) who ruled the ILWU had historic claims to both types of the contested work.[73]

Though the several members from the ILWU and the Teamsters formed a subcommittee to work out issues over container jurisdiction and the CFS Supplemental Agreement, the parties remained in disagreement over the geographic limits of the ILWU’s jurisdictional reach. Since the ILWU and the PMA were engaged in negotiations while the ILWU-Teamster subcommittee was trying to work out jurisdictional issues, the Teamsters felt that the ILWU’s actions in bargaining undercut the purpose and intent of their joint subcommittee.[74] William Ward stated that the ILWU’s jurisdictional reach was “limited to the waterfront” and assured the Teamsters that they were not “about to haul containers on the road and highways as we recognize this as your work.” However, the Teamsters Tim Richardson pressed

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[73] Brotherhood of Teamsters & Auto Truck Drivers, Local No. 85, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America *and* Pacific Maritime Association and International Longshoremen’s and Warehousemen’s Union, 238 NLRB No. 136, (1974), pp. 1011-1017.

[74] Letter to: Joe Perkins, IBT Local 692, from: William Ward, co-chair of the ILWU-IBT subcommittee, date: September 15, 1969, Box 111, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.

the ILWU to clarify the geographic limits on work in terms of CFS "adjacent to" the docks, which the ILWU claimed. [75]

While jurisdictional disputes continued over what union could lay claim to container work, the CFS Supplemental Agreement clarified some ambiguities. In the agreement, shipping firms were to have container 'stuffing' and 'unstuffing' performed at CFS, which was defined as locations at or near the docks used for the express purpose of consolidating or sorting goods from shipping containers, and would be worked by ILWU members. The Agreement created the position of the CFS utility worker who could perform cargo handling work and could operate machinery at CFS. The Agreement also allowed employers to hire steady CFS workers, though the employer could still order additional workers from the hiring hall to cover peak periods of cargo sorting as needed.[76]

THE 1971-72 WEST COAST LONGSHORE STRIKE

Both the ILWU and the PMA entered negotiations for the 1971 bargaining round with the intent of addressing some of the unresolved issues with mechanization and modernization. Though the effects of containerization were not widespread when both parties last negotiated the M & M Agreement in 1966, the

[75] Meeting minutes, ILWU-IBT subcommittee meeting, Burlingame, CA, September 8, 1969 - October 9, 1969, Box 111, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.
[76] Letter to: J.R. Robertson, ILWU Negotiating Committee, from: William Forrester, PMA Secretary, date: July 14, 1969, Box 111, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University; Fairley, *Facing Mechanization,* pp. 290-295.

effects of the revolutionary technology made their mark shortly thereafter. In spite of a $.50 wage increase over five years, PMA members enjoyed massive productivity gains and a 30% decrease in labor costs per ton. For the most part, PMA member companies' investments required for containerization, such as reworked berths, dockside cranes, and container ships, were offset by their productivity gains largely from relaxed work rules and practices. Understood this way, it could be argued that the productivity gains from relaxed work rules and practices funded mechanized operations.[77]

For the ILWU, however, these large productivity gains ate into work opportunity. While West Coast longshore hours held at 26.7 million in 1966, that number plummeted to 19.7 million hours by 1970, despite a massive uptick in military shipments for the Vietnam War. This had a direct impact on longshore work opportunity. While A men worked an average of 1,867 hours in 1966, that number declined to an average of 1,513 by 1970, which meant commensurate decline in earnings. B men lost even more work opportunity than the fully registered A men and bore the brunt of work lost from mechanization.[78] These conditions formed the backdrop for the 1971 contract negotiations.

To formulate a bargaining strategy, the ILWU convened a caucus on October 5, 1970. Rather than extend the M & M Agreement, the Coast Committee recommended that they end the program in an effort to secure significant wage and pension increases and to once again secure a wage guarantee, which they had

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[77] Fairley, *Facing Mechanization,* pp. 254, 305-310.
[78] Ibid, pp. 305-310.

bargained away in the 1966 round. Caucus delegates also insisted that the steady worker contract provision be limited to a one worker one job rule, which meant that an employer would not be able to shift a steady worker from job to job, and that steady workers could not be ordered for lift, jitney, or winch work.[79]

Though the ILWU fought hard for their share of the machine a decade earlier, most rank-and-file workers favored pension and wage increases in lieu of payouts upon retirement from a mechanization fund. Caucus delegates also sought to expand jurisdiction over container work that initially began with the CFS Supplemental Agreement. Delegates embraced recommendations from an ILWU delegation to the ILA in New York, which recommended that the ILWU secure a rule modeled after the ILA's contract provision that all container work within fifty miles of the dock would be performed by longshore workers.[80] Thus protection of wages, pensions, and container jurisdiction largely formed the ILWU's bargaining strategy.[81]

Since the M & M Agreements that proceeded the 1971 bargaining round removed restrictive work rules and practices and gave PMA members a freer hand in introducing labor saving technologies, the PMA wanted to impose qualifications on the ILWU's demand for a wage guarantee and sought to shore up what they saw as deficiencies in the steady man portion of the contract. Moreover, the PMA sought complete control over registration, which had long been jointly decided by the union

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[79] Norman Leonard, "Request for Exemption to Pay Board Guidelines," no date, likely early 1972, Box 86, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.
[80] Fairley, *Facing Mechanization,* pp. 311-314.
[81] Louis Goldblatt, "Louis Goldblatt: Working Class Leader in the ILWU, 1935-1977, Volume II," Interview by Estolv Ethan Ward in 1978 and 1979, Oral History Center, The Bancroft Library, University of California, Berkeley, 1980, pp. 1027-1034.

and the employers. Finally, the PMA demanded that they alone would decide manning requirements for any particular job, with the union able to challenge onerous, unsafe, or sped-up work.[82] While there were disagreements over these issues, both parties shared concerns over potential jurisdictional issues with the Teamsters over container work.

The initial PMA-ILWU bargaining session for the 1971 bargaining round took place on November 16, 1970, shortly after the caucus concluded, but wore on for several months.[83] During the negotiations, the ILWU demand that all container work be brought to container freight stations worked by ILWU labor.[84] In the final days before the contract ended, both parties met day and night in grueling bargaining sessions in an effort to avoid a strike.[85] Longtime ILWU Secretary Treasurer Louis Goldblatt conceded that "early in those negotiations it became pretty apparent that nobody could stop the strike."[86] Given that neither side was willing to compromise their position in several areas, notably their inability to reach agreement on wages or resolve issues related to jurisdiction over container work, a strike seemed inevitable.

After a tense set of negotiations, an overwhelming number of ILWU rank and file voted to go out on strike when the contract expired on July 1, 1971 – the first

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[82] Lincoln Fairley, *Facing Mechanization: The West Coast Longshore Plan* (Berkeley: Institute of Industrial Relations, University of California Press, 1979), pp. 314-316.
[83] Norman Leonard, "Request for Exemption to Pay Board Guidelines," no date, likely early 1972, Box 86, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University. See also, Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
[84] Harry Bridges, "On the Beam," *The Dispatcher,* 7 May 1971, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[85] Norman Leonard, "Request for Exemption to Pay Board Guidelines," no date, likely early 1972, Box 86, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.
[86] Goldblatt, "Louis Goldblatt," pp. 1072.

major work stoppage for the West Coast dockworkers in twenty-three years. The vote was not even close. 9,317 members voted to go on strike and a mere 343 voted against the action.[87] While the PMA pressured the ILWU to resume negotiations, the union stood firm on their desire to clarify jurisdictional issues over container work. The union and the employers also disagreed over issues related to steady men, or section 9.43 of the contract. Furthermore, the ILWU sought assurance that they would be able to secure their wage increase demands which had been decimated by inflation.[88]

Bridges' report to the ILWU's Executive Board staked out the union's position on container jurisdiction. "No satisfactory agreement settling the longshore strike…can be negotiated unless and until this matter of containers is resolved, nor can the strike be considered won without the ILWU getting this work."[89] In an effort to smooth out jurisdictional disputes, Bridges spoke almost daily with Teamster president Frank Fitzsimmons in late August.[90] Following a meeting between ILWU and Teamster officers in San Francisco, Fitzsimmons suggested that the issue be submitted to for mediation and eventual arbitration.[91] Given that the PMA and the

[87] Fairley, *Facing Mechanization,* pp. 318.
[88] Harry Bernstein, "Bridges Warns of Continued Dock Tie-Up if U.S. Bars Pact," *Los Angeles Times,* August 31, 1971; "Strike Enters 5th Week: Container Work is Main Issue," *The Dispatcher,* July 30, 1971, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[89] Harry Bridges, "On the Beam," *The Dispatcher,* July 30, 1971, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org (accessed June 2017).
[90] Harry Bernstein, "Dock Union May Agree Today to Move Cargo, *Los Angeles Times,* August 24, 1971.
[91] Harry Bernstein, "Teamsters Suggest Outside Mediator in Dock Stalemate," *Los Angeles Times,* August 28, 1971; *Wall Street Journal* staff, "Teamster Union Urges Mediation, Arbitration on Container Handling," *Wall Street Journal,* August 30, 1971.

ILWU could not come to an agreement on wages, container jurisdiction, or the steady man issue, the strike wore on through July and into August.

Though the strike had an immense effect on commerce, the issue over containers proved to be a critical unresolved piece in PMA-ILWU negotiations. PMA president Edmund Flynn, who replaced J. Paul St. Sure after he retired in 1966, urged Bridges to resume negotiations in late July and stated that both Secretary of Commerce Maurice Stans and Alaska Governor William Egan were especially concerned about the strike. Bridges responded that they would resume negotiations only after the PMA agreed to continue the CFS Supplemental Agreement in full force and effect.[92] However, Flynn and the PMA found the conditionality of Bridges' terms "unacceptable" given the unresolved issues on jurisdiction over container work.[93]

Though the strike had a significant impact on imports and exports, shippers diverted cargo to other ports and the ILWU still handled military cargo through West Coast ports. While some ships were diverted to Vancouver, Canada or Ensenada, Mexico, both ports had limited facilities for containers. Some other shipments were diverted to Gulf and East Coast ports. While ports in Hawaii and Alaska remained open, the West Coast ports that served them did not.[94] Washington Governor Dan

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[92] "Strike Enters 5th Week: Container Work is Main Issue, *The Dispatcher,* July 30, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[93] "Coast Body Urges Locals to Step-Up Talks," *The Dispatcher,* August 13, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[94] Harry Bridges, "On the Beam," *The Dispatcher,* July 16, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

Evans also expressed concern over the state's wheat harvest, 85% of which was destined for export.[95]

Over the course of July and August, several governors, senators, representatives, and trade associations called on the Nixon Administration to intervene in the strike. The Nixon Administration responded to each request with a letter that called on them to pressure members of Congress to pass Nixon's Emergency Public Interest Protection Act, first introduced in February 1970, and later named the Crippling Strikes Prevention Act. If passed, the legislation would have given the Executive Branch more latitude when they intervened in transportation strikes.[96]

In an effort to pressure the ILWU back into negotiations, the PMA took out a full page ad in the *Seattle Press Intelligencer* which decried the economic impact of the strike and drew attention to the 300 million bushels of wheat that was set to be harvest in Washington, Oregon, Idaho, and other neighboring states in late August, the majority of which was destined for export.[97] The Hearst owned *San Francisco Examiner* penned a scathing editorial asserting that workers should not be afforded

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[95] Mike Layton, "Evans May Ask Congress to End Dock Walkout: Calls for Talks by Week's End," *Seattle Press Intelligencer,* August 11, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[96] Various letters and telegrams, Box 19, Folder, "7/1/1971-7/31/1971" & "8/1/1971-8/15/1971," 6-37 Transportation Equipment, EX LA Labor-Management, White House Central Files, Richard Nixon Presidential Library and Museum. Nixon decried Congressional inaction, despite the 'high priority' he assigned to the legislation. Refer to letter to: Mike Mansfield, Senate Majority Leader, from: Richard Nixon, date: September 25, 1970, Box 32, Folder, "Telephone-Trucking," Business-Economic (BE), White House Central Files, Richard Nixon Presidential Library and Museum.

[97] Pacific Maritime Association, "Anchored," *Seattle Press Intelligencer,* August 11, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

public aid, food stamps, or other forms of assistance while on strike.[98] In mid-August, Nixon's Labor Secretary James Hodgson stated that "the administration believes the situation is critical, but it does not yet qualify as a national emergency," and therefore they would not invoke a Taft-Hartley injunction at that point.[99]

By mid-to-late August, however, direct and indirect actions from the Nixon Administration impacted the strike. In an effort to bring rampant inflation under control, the Nixon Administration issued a ninety-day freeze on wages and prices as Phase I of the Economic Stabilization Act.[100] Director of the Federal Mediation and Conciliation Service J. Curtis Counts urged labor and management to cooperate by returning to the bargaining table.[101] Bridges responded to the wage and price freeze in a scathing rebuke. "The fact of the matter has been that companies have been raising their prices over the past few years whenever they can get away with it. We are with you in your desire to stop inflation in our country, but it is wrong to pick on the workers who suffer first and most from inflation," Bridges asserted. "The exorbitant profits of the last five years and the continuous rise in prices prevents

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[98] "Dock Strike Leader Blasts 'Let 'Em Starve' Editorial," *The Dispatcher,* August 13, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[99] *Seattle Times* staff, "U.S. Not Entering Dock Strike," *Seattle Times,* August 11, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[100] "Nixon Freezes Wages, Prices, Maps Path to 'New Prosperity,'" *Seattle Post Intelligencer,* August 16, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[101] "Nixon Asks Unions to Halt Strikes, Avoid New Ones: Anti-Walkout Action Hinted," *Seattle Post Intelligencer,* August 18, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

organized labor from catching up with what has been lost through inflation, let alone improve the standard of living of the American people."[102]

After a tense period in July and August, with little time spent at the bargaining table, the ILWU and the PMA resumed negotiations in September. As negotiations wore on in September, Counts joined the negotiations on September 15th at the behest of President Nixon.[103] Given the tense situation, Nixon met with the ILWU president Harry Bridges and PMA president Edmund Flynn in Portland, Oregon on September 26th. Negotiators also met with Counts, Hodgson, and Director of the Office of Management and Budget George Schultz. Though officials in the Nixon Administration were convinced both sides understood the sense of urgency, they noted that negotiators were still far from agreement. Nixon used the impasse to again promote the Crippling Strikes Prevention Act.[104]

On the East Coasts, negotiations between the New York Shipping Association (NYSA) and the ILA stalled over the hours guarantee and by October the ILA went out on strike – the seventh strike for the ILA since World War II.[105] With the Great Lakes, East Coast, Gulf Coast, and West Coast longshore workers all on

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102 "Strike Continues on All Items, Including Wages; ILWU Oppose Pay Freeze," *The Dispatcher,* August 27, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
103 Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
104 Don Irwin, "Nixon Meets with Dock Negotiators," *Los Angeles Times,* September 26, 1971.
105 *Seattle Press Intelligencer* staff, "East Coast, Gulf Dockmen on Strike After Talks Fail: Thousands of Workers Off Job in N.Y., Baltimore," *Seattle Press Intelligencer,* October 1, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020); Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).

strike at once, the Nixon Administration moved to invoke Taft-Hartley's injunction after Counts reported that the PMA and the ILWU remained at an impasse.[106] By October 6th, U.S. District Judge Spencer Williams issued the eighty-day 'cooling off' injunction under the Taft-Hartley Act and work on West Coast docks resumed by October 9th under the terms of the expired PCLCA, which included the CFS Supplemental Agreement.[107] At the time of the injunction, both parties were in agreement over wages, hours guarantee, and pensions, but remained in disagreement over a cost cap on the hours guarantee, container jurisdiction, manning requirements, and steady men.[108]

Back on the Bricks: 1971-72 West Coast Longshore Strike Resumes

While work on the docks resumed relatively quickly after the Taft-Hartley injunction, negotiations did not. On December 1st, as required by the Taft-Hartley injunction, the PMA submitted their final settlement offer.[109] On December 4th,

[106] Harry Bernstein, "President Expected to Use Taft-Hartley as Dock Talks Fail," *Los Angeles Times,* October 4, 1971.
[107] "Now It's Taft-Hartley!: Nixon Uses Strike Break Act, *The Dispatcher,* October 8, 1971; "Taft-Hartley Injunction: 80 Days – To Cool Off?," *The Dispatcher,* October 22, 1971; *Seattle Press Intelligencer* staff, "Nixon Invokes Taft-Hartley, Moves to End Dock Strike: Inquiry Board is Created," *Seattle Press Intelligencer,* October 6, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020); Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020); Harry Bernstein, "West Coast Shipping Will Resume Saturday," *Los Angeles Times,* October 8, 1971.
[108] Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
[109] Jerry Bergsman, "Maritime: Longshoremen Ready for Vote," *Seattle Times,* December 4, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

negotiations resumed with Counts participating.[110] The NLRB then conducted a vote for ILWU membership on the PMA's final offer, which differed little from the package the PMA offered when negotiations deteriorated in October. As such, ILWU officers recommended a 'no' vote.[111] Rank-and-file members voted down the offer definitively; 10,072 members voted against the offer and a scant 746 voted in favor.[112] Negotiations then continued in late December.[113] Counts noted that both parties were "exerting every possible effort to reach a settlement of their dispute" and felt that the ILWU and PMA made progress toward a settlement. Though the Taft-Hartley injunction ended on December 26th, the ILWU moved to have the terms of the contract extended first to January 10th and later to January 17, 1972.[114]

Bridges used the time in the stalled negotiations to meet with both the ILA and the Teamsters in further talks of a possible affiliation or merger. On January 4th, the ILWU's Negotiating Committee flew to New York for a three-day meeting with ILA officers to discuss the issue. ILA president Teddy Gleason was not interested in a merger where the ILWU would operate autonomously and talks of a merger

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[110] Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
[111] "Parties Resume Talks," *The Dispatcher,* December 7, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[112] "Thumbs Down on 'Final Offer': 93.1% Vote No: New Talks as Deadline Approaches," *The Dispatcher,* December 22, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[113] Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
[114] *Seattle Times* staff, "Dockers Will Stay on Job Until Jan. 10," *Seattle Times,* December 23, 1971, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020); Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).

collapsed when the ILA signed an agreement with the NYSA.[115] By January 12th, Bridges flew to Washington, DC to meet with Fitzsimmons to iron out issues related to container jurisdiction and discuss a potential merger or affiliation.[116] However, most rank-and-file members and locals of the leftwing ILWU opposed a merger with an organization with a conservative bent and a history of corruption, such as the ILA or the Teamsters, and feared a that a merger or affiliation would limit their autonomy. Goldblatt also noted that his relationship with Bridges began to sour during this period, especially since Goldblatt was seen as Bridges' natural successor which Bridges found unacceptable. Bridges used these talks of a potential merger as a way to rejoin the broader labor movement and plan for a future for the ILWU after he retired.[117]

When negotiations broke off on January 17th after twenty-three straight hours of negotiations, the ILWU resumed their strike.[118] With the prospect of the strike resuming, West Coast shipping had declined by 50%.[119] Though the ILWU and PMA made some progress on several issues, most notably both parties agreed on a work guarantee of 36 hours per week guarantee for A men and an 18 hour per week

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[115] Harry Bernstein, "Merger of Dock Unions Opposed," *Los Angeles Times,* January 5, 1972; Harry Bernstein, "Teamster-Dockers Merger in Works," *Los Angeles Times,* January 15, 1972.

[116] Don Page, "Teamster, ILWU Merger in the Works?: Pact May Save Coast from New Dock Tieup," *Seattle Press Intelligencer,* January 15, 1972; "Dockers Near Showdown: January 17 Strike Deadline; Bridges Talks to Teamsters," *The Dispatcher,* January 14, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[117] Harry Bernstein, "Teamster-Dockers Merger in Works," *Los Angeles Times,* January 15, 1972; Goldblatt, "Louis Goldblatt," pp. 918-921, 927-939.

[118] "Back on the Bricks: Talks Will Resume on January 31," *The Dispatcher,* January 28, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[119] Harry Bernstein, "West Coast Shipping Off 50% as New Dock Strike Looms," *Los Angeles Times,* January 14, 1972.

guarantee B men, resolution of the manning requirements, steady men, and container jurisdiction issues proved elusive. To address container jurisdiction, the ILWU sought to enact their own jurisdictional rule modeled after the ILA's, which would give them jurisdiction over container work within fifty miles of ports or be subject to a $1 per ton tax.[120] Though the PMA agreed with such a rule, the two parties could not reach agreement on uses for the funds generated from such a tax. While the union desired control over the fund, the PMA wanted to use the first $6 million generated from such a tax to finance the work guarantee.[121] John MacAvoy, the PMA's Assistant Director for Southern California, remarked that it was a "ridiculous, messy situation because the differences that separate us and the union are so small that it could be resolved easily."[122]

However, both the PMA and the Nixon Administration used the strike as an opportunity to further longstanding goals. The Nixon Administration once again used the West Coast longshore strike as a way to press Congress into action on the Crippling Strikes Prevention Act. "In terms of progress" in the bargaining sessions, Counts remarked, "there hasn't been any."[123] However, Counts noted that "the remaining issues in dispute are ones which can and should be promptly settled."[124] Counts also warned that the Nixon Administration was prepared to pressure

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[120] *Seattle Press Intelligencer* staff, "Dock Strike Hits Seattle and Coast," *Seattle Press Intelligencer,* January 18, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[121] Harry Bernstein, "West Coast Shippers to Cut off Vietnam Cargoes Next Week," *Los Angeles Times,* January 19, 1972.
[122] Harry Bernstein, "Strike Again Shuts West Coast Docks," *Los Angeles Times,* January 18, 1972.
[123] *Los Angeles Times* staff, "Dock Strike Near as Talks Continue," *Los Angeles Times,* January 17, 1972.
[124] Harry Bernstein, "West Coast Shippers to Cut off Vietnam Cargoes Next Week," *Los Angeles Times,* January 19, 1972.

Congress to pass the Crippling Strikes Prevention Act, which would force a binding settlement.[125] House Republican Minority Leader Gerald Ford noted that it would be "a week at the most" for Congress to pass "some kind of emergency legislation" to address the strike.[126]

In an ill-advised attempt to press Congress into action, the PMA planned an embargo on military shipments out of West Coast ports on January 17th. In 1971, West Coast ports processed 2.3 million tons of military cargo, which was used primarily in the Vietnam War. A Congressional source noted that "if the employers were doing this deliberately, it could stir up quite a hornets' nest" but doubted that it would resolve the issues at the bargaining table.[127] While members in the Nixon Administration were aware of the PMA's embargo on military cargo, they did not discourage it since they felt the boycott would press Congress into action over Nixon's Crippling Strikes Prevention Act. PMA president Edmund Flynn suggested that working military cargo during the strike "acted as substitutes for strike benefits" for ILWU members and wanted to leverage the embargo to end the strike. Assistant Secretary of Defense Barry Shillito urged Flynn and the PMA to drop the embargo because such an action was "contrary to the best interests of our national defense"

[125] *Seattle Press Intelligencer* staff, "U.S. to Act if Dockers Walk Out," *Seattle Press Intelligencer,* January 16, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[126] Harry Bernstein, "Strike Again Shuts West Coast Docks," *Los Angeles Times,* January 18, 1972.
[127] Harry Bernstein, "West Coast Shippers to Cut off Vietnam Cargoes Next Week," *Los Angeles Times,* January 19, 1972.

and would “thus imperil the national safety.”[128] By the 19th, the PMA rescinded their embargo on military cargo.[129]

On February 2nd, Nixon addressed Congress over concerns with the West Coast dock strike. As he implored Congress to act on either the Crippling Strikes Prevention Act or S.J. Resolution 187, which would have ended the strike under binding arbitration, Nixon suggested “the dock strike on the West Coast continues to impose a cruel and intolerable burden on the American people.” “The American public is rightly frustrated today,” Nixon suggested, “by the inaction of Congress in ending the West Coast dock strike. Some crops are rotting while others are stalled in their bins, export customers are looking for more dependable trading partners, and jobs and businesses are threatened with extinction.”[130]

To make a case for radically reworked labor law in transportation, Nixon couched his argument for the pending legislation as a way to benefit the general polity. “Without doubt,” Nixon argued that the Crippling Strikes Prevention Act “would tip the present scales back in the direction of greater protection for the public…The scales, in fact, have been heavily weighted against the public,” Nixon posited. He further argued that the pending legislation would “not only correct the balance but would also preserve and enhance the process of collective bargaining.” Under Taft-Hartley, the President could appoint a Board of Inquiry when a labor action

[128] Harry Bernstein, “Ship Firms Cancel Ban on Viet Cargo,” *Los Angeles Times,* January 20, 1972.
[129] Pacific Maritime Association, “Strike of 1971,” https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).
[130] Richard Nixon, “Special Message to the Congress Urging Passage of the West Coast Dock Strike Resolution and the Crippling Strikes Prevention Act,” address before Congress, February 2, 1972, Public Papers of the Presidents of the United States, Richard Nixon, 1972: January 1 to December 31, 1972 (Washington: U.S. Government Printing Office, 1972), pp. 138-142.

threatened national health or safety. The President could then direct the Attorney General to petition a Federal District Court to enjoin such a strike for an 80 day 'cooling off' period, as was done in October 1971 for the West Coast dock strike.[131]

The Crippling Strikes Prevention Act would have amended that process and would have given the President three additional weapons to resolve transportation strikes. First, the 'cooling off' period could be extended by 30 days. Second, the President could require partial operation of the industry in question during the strike. Third, the President could invoke a 'final solution' procedure whereby the employer and the union would submit their final offers to a neutral party appointed by a Board of Inquiry, and that party would then select what they determined to be the 'most reasonable' offers for a binding contract settlement.[132] By February 4th, both Bridges and Flynn were summoned to Washington to testify before House and Senate labor committees.[133]

The broader labor movement quickly condemned Nixon's Crippling Strike Prevention Act. The San Francisco Central Labor Council and the Building Trades Council immediately decried compulsory arbitration. The Teamster's International Executive Board stated that "we always have been and still are opposed to the principles of settling labor disputes by the process of agreements imposed by the will

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131 Richard Nixon, "Special Message to the Congress Urging Passage of the West Coast Dock Strike Resolution and the Crippling Strikes Prevention Act," address before Congress, February 2, 1972, Public Papers of the Presidents of the United States, Richard Nixon, 1972: January 1 to December 31, 1972 (Washington: U.S. Government Printing Office, 1972), pp. 138-142.
132 Richard Nixon, "Special Message to the Congress Urging Passage of the West Coast Dock Strike Resolution and the Crippling Strikes Prevention Act," address before Congress, February 2, 1972, Public Papers of the Presidents of the United States, Richard Nixon, 1972: January 1 to December 31, 1972 (Washington: U.S. Government Printing Office, 1972), pp. 138-142.
133 Pacific Maritime Association, "Strike of 1971," https://apps.pmanet.org/?cmd=main.content&id_content=2142586624 (accessed July 2020).

of the government rather than by the agreement of the parties directly involved. We believe that the basic principles of industrial democracy can be preserved only through direct agreement of the parties or through procedures to which the parties have agreed voluntarily." The United Electrical Workers' (UE) president sent a telegram to the chairpersons of the House and Senate labor committees which stated that the UE "sharply protest President Nixon's proposed legislation that would use Congress as a strike breaker to order striking West Coast longshoremen back to work." And "also sharply condemn the proposal for compulsory legislation of the issues of the strike as unprecedented interference with the rights of union members and free collective bargaining."[134]

Some governors from Western states urged Congress to pass the controversial legislation. Washington Governor Dan Evans suggested that "Congress…would act promptly if this was an East Coast strike." California Governor Ronald Reagan lamented "the foot dragging that is going on in Congress" and suggested that "the President has done all he can, it is now up to Congress." Both Governors pressed members of Congress to pass the proposed legislation. However, Labor Secretary James Hodgson offered a more pragmatic view and said the possibility of the proposed legislation becoming law fell "somewhere between dim and remote."[135]

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[134] "Supports Pours in for Renewed Coast Strike," *The Dispatcher,* January 28, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[135] "Congress Scored on Dock Delay," *Seattle Press Intelligencer,* February 2, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

In mid-February, however, the Senate came within three votes of passing the Crippling Strikes Prevention Act. Instead, both Senate and House passed a joint resolution which gave the President emergency power to intervene in this particular strike, set procedures to develop an agreement which would be written under compulsory arbitration, and would bar strike action and lockouts for eighteen months.[136] Nixon pledged not to sign the special resolution, which he brought with him on a trip to China, until membership from both parties had a chance to ratify the agreement.[137] Though the proposed Crippling Strikes Prevention Act did not pass, the mere attempt and close vote in the Senate illustrates actions from powerful political forces aligned against labor and highlights the political possibilities of compulsory arbitration in labor disputes in transportation that were proposed but ultimately did not come to fruition.[138]

After lengthy negotiation sessions with Coast Arbitrator Sam Kagel mediating, the ILWU and the PMA signed a *Memorandum of Understanding* on February 10, 1972. The ILWU's Negotiating Committee then presented the settlement to the ILWU's caucus, which convened on February 12th at the ILWU building in San Francisco and lasted until February 15th. Though some delegates were disappointed over the steady man issue and some were concerned over potential jurisdictional

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[136] Richard Halloran, "Congress Speeds Dock Bill Despite Tentative Accord," *New York Times,* February 9, 1972; Richard Halloran, "Congress Votes Dock Strike Arbitration," *New York Times,* February 10, 1972.
[137] *Los Angeles Times* staff, "Moves to End Dock Strike," *Los Angeles Times,* February 13, 1972; *Wall Street Journal* staff, "Teamsters Won't Block Dock Settlement, See Merger as Container Issue Solution," *Wall Street Journal,* February 14, 1972; Joan Sweeny, "Dock Strike Ends; Crews Back Today," *Los Angeles Times,* February 20, 1972.
[138] Historian Julian Zelizer suggests that a subsection of policy history which deals with lost alternatives and failed policy is an important area of policy history in, Julian Zelizer, "Clio's Lost Tribe: Public Policy History Since 1978," *Journal of Policy History,* Vol. 12, Issue 3 (July 2000), pp. 369-394.

fights with the Teamsters, the delegates voted in favor of the Coast Negotiating Committee's Report.[139]

Attrition and Losses in the Wake of the 1971-72 West Coast Longshore Strike

In the end, the ILWU's Negotiating Committee secured significant contract gains for their members. Wages were set to increase by $.72 to a total of $5 per hour, which was made retroactive to December 25, 1971, and was set to increase again to $5.40 per hour by July 1, 1972. The ILWU also won the hours guarantee of 36 hours per week for A men and 18 hours per week for B men. The pay guarantee would disperse from a fund which would accumulate $5.2 million every year with any remaining funds used to meet pension and other unfunded liabilities. Pensioners would also be paid $500 per month and compulsory retirement was reduced from 68 to 65, effective January 1, 1973.[140] Both parties agreed to submit the unresolved issue over steady men to binding arbitration overseen by Sam Kagel.[141]

Importantly, the ILWU also secured jurisdiction over container work within a fifty-mile radius of the ports or be subject to a $1 per ton container tax, which would

[139] Minutes from the ILWU Longshore, Clerk, and Walking Bosses Caucus, San Francisco, CA, February 12-15, 1972, Box 8, Folder 13, Sidney Roger papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.

[140] "Coast Dock Agreement: Caucus to Meet; Then Coast Votes," *The Dispatcher,* February 11, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

[141] Joan Sweeny, "Dock Strike Ends; Crews Back Today," *Los Angeles Times,* February 20, 1972; *New York Times* staff, "Dockers on Coast Approve Contract After Long Tie-Up," *New York Times,* February 20, 1972.

be used to fund the hours guarantee.[142] However, this rule brought the ILWU into conflict with the Teamsters who also claimed jurisdiction over container work. Albert Brundage, an attorney for the Teamsters, stated that “the issue is far from resolved as long as our members face a loss of jobs.”[143] At a press conference, Director of the Western Conference of Teamsters, Einar Mohn, stated that the ILWU’s fifty-mile rule was a “contrived situation” in an effort to “force work to come to dock workers.” However, Mohn stated that the Teamsters were “willing and ready to accept a merger” since they felt a merger would “help solve a lot of problems such as the containerization issue.”[144]

On February 19th, ILWU members ratified the contract. 6,803 members voted in favor of the contract and 2,761 members voted the agreement down. The agreement also contained a clause whereby, in the event that the Pay Board did not approve the wage gains in the agreement, either side could cancel the agreement and would be free to take actions, which included resuming the strike.[145] By February 20th, ILWU members returned to work.

After the ILWU’s and PMA’s respective memberships ratified the contract, the ILWU submitted a request for exemption to the Pay Board. They made the argument

[142] “Coast Dock Agreement: Caucus to Meet; Then Coast Votes,” *The Dispatcher,* February 11, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).
[143] *Los Angeles Times* staff, “Moves to End Dock Strike,” *Los Angeles Times,* February 13, 1972.
[144] *Wall Street Journal* staff, “Teamsters Won’t Block Dock Settlement, See Merger as Container Issue Solution,” *Wall Street Journal,* February 14, 1972; Harry Bernstein, “Longshoremen, Teamsters Seek an Early Merger,” *Los Angeles Times,* February 19, 1972.
[145] “Coast Dock Agreement: Caucus to Meet; Then Coast Votes,” *The Dispatcher,* February 11, 1972; “Strike is Over: Ranks OK Contract by 71%,” *The Dispatcher,* February 24, 1972, The Waterfront Workers History Project, Harry Bridges Center for Labor Studies, University of Washington, http://depts.washington.edu/dock/1971strike_news_coverage.shtml (accessed July 2020).

that, in the context of the massive productivity gains wrought by mechanization and relaxed work rules and practices over the course of the M & M Agreements, the wage gains in the ILWU-PMA contract would in no way contribute to inflation. The ILWU, joined with the Teamsters, the UAW, and the AFL-CIO and took out full page articles in the *New York Times* and the *Washington Post* which made this case.[146] The ILWU was able to draw on data from the 1969 work by economist Paul Hartman, *Collective Bargaining and Productivity: The Longshore Mechanization Agreement,* which studied the productivity gains from mechanization and relaxed work rules and practices enabled by the M & M Agreements.[147] Using that data, the ILWU pointed out that from 1959 to 1971 longshore unit labor costs declined by 31.5% while private sector labor costs per output increased by 31.8% during that same period.[148]

By March 1972, the Pay Board, which consisted of a tripartite structure of five representatives each from labor, business, and the general public, reviewed the wage increases in the ILWU-PMA contract. Both the ILWU and the PMA argued for the Board to make an exception and the Board noted that the wage settlement might meet "the test of uniqueness." The Pay Board determined that PMA member companies saved roughly $1 billion over the ten years of the M & M Agreements,

[146] *New York Times* staff, "Labor Bids the Pay Board Approve West Coast Pact," *New York Times,* March 13, 1972.
[147] Hartman, *Collective Bargaining and Productivity.*
[148] Norman Leonard, "Request for Exemption to Pay Board Guidelines," no date, likely early 1972, Box 86, Folder 1, Norman Leonard papers, Labor Archives and Research Center, J. Paul Leonard Library, San Francisco State University.

which dwarfed the $60 million in payments made to the ILWU for their share of the machine.[149]

The editor for the ILWU's newsletter *The Dispatcher* Sidney Roger confronted Bridges about Pay Board's report on the PMA's productivity savings. "Here you've got absolute proof of what you've been saying all the time," Roger recalled saying in a conversation with Bridges. "PMA and the shipowners, all these people, have made a lot more money over these years – more money than ever made before. Even Nixon's Price Board research people say that they've made an extra billion dollars." Roger recalled that Bridges responded "That's impossible. If they said a hundred million or fifty million, I'd understand. But it couldn't be close to a billion dollars. That's phony…There's something wrong here…Don't even mention it in *The Dispatcher.*" Roger felt that Bridges wanted to conceal the PMA's massive gains because he would have faced criticism for giving away too much in the M & M Agreements, though the PMA's $1 billion figure received attention in the broader press.[150]

Though the Pay Board considered making an exception for the ILWU wage settlement, given that their case might have met the 'test of uniqueness,' the Board ultimately decided to mitigate some of the ILWU's wage gains. While the Pay Board

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[149] Phillip Shabecoff, "Pay Board Staff Backs Coast Dock Raise Above Limit," *New York Times,* March 15, 1972.

[150] Sidney Roger, "Sidney Roger: A Liberal Journalist on the Air and on the Waterfront: Labor and Political Issues, Volume 1 & Volume 2," an oral history conducted in 1989 and 1990 by Julie Shearer, Regional Oral History Office, The Bancroft Library, University of California – Berkeley, 1998, pp. 913-939. The $1 billion figure was cited in Phillip Shabecoff, "Pay Board Staff Backs Coast Dock Raise Above Limit," *New York Times,* March 15, 1972; Thomas Foley, "Dock Union and Shippers Urge Pay Board to Approve Contract," *Los Angeles Times,* March 15, 1972.

could and did make exceptions to the 5.5% wage increase benchmark, and considered making an exception given the massive productivity gains in the wake of the M & M Agreements, they felt that the ILWU's 20.9% wage increase over the course of their two-year agreement far exceeded the 5.5% annual threshold and reduced the ILWU's total wage gains to 14.9% over the two-year agreement.[151]

This decision proved to be quite controversial. In response four of the five labor representatives on the Pay Board – AFL-CIO president George Meany, I.W. Abel of the United Steel Workers, Floyd Smith of the International Association of Machinists and Aerospace Workers, and Leonard Woodcock of the United Auto Workers – resigned from their positions on the Pay Board in protest.[152] Meany charged that there was "no hope for fairness, equity, or justice in the Pay Board," and that the burden of the controls fell disproportionately on the working class while business was able to maintain exorbitant profits and could raise prices with impunity. Furthermore, Meany charged that "the so-called public members are neither neutral nor independent." Nixon's Press Secretary Ronald Ziegler responded to the resignations and stated that labor leaders represented a "fraction" of the nation's 80 million workers and would not "be allowed to sabotage the nation's fight against inflation."[153]

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[151] "On the Waterfront," Federal Reserve Bank of San Francisco, *Monthly Review*, October 1972; Phillip Shabecoff, "Pay Board Staff Backs Coast Dock Raise Above Limit," *New York Times,* March 15, 1972; AFL-CIO Executive Council, "Text Statements by the AFL-CIO Council, Pay Board and the White House," *New York Times,* March 23, 1972.
[152] Paul Steiger, "Meany, 2 Others Leave Pay Board: Charge Panel has Become Tool of Administration, Big Business," *Los Angeles Times,* March 23, 1972.
[153] Paul Steiger, "Meany, 2 Others Leave Pay Board: Charge Panel has Become Tool of Administration, Big Business," *Los Angeles Times,* March 23, 1972.

Though the ILWU's wage settlement proved to be a breaking point for labor representatives on the Pay Board, their criticisms of Nixon's economic policies cut much deeper and pointed to systemic problems with price controls. "While the Administration permits this rising tide of price increases, its Pay Board persists in holding down workers' wages," Meany asserted in a statement from the AFL-CIO Executive Council. "Yet profits are free to rise, without even the pretense of controls…Reports indicate that the nation's 100 largest corporations scored a sensational 76 percent rise in profits last year."[154] Woodcock charged that Nixon's wage and price controls were "so scandalous and unfair that the UAW calls upon Congress for a prompt and full investigation." "The Board has been misused to rigidly control wages while prices and corporate profits soar," Woodcock bemoaned.[155] Aside from issues related to the Pay Board's decision to limit the ILWU's wage gains, the longshore union was dealt a blow over container jurisdiction.

Though the ILWU won jurisdiction over container work within a fifty-mile radius from the ports, the issue would be challenged and tied up in courts throughout the 1970s and 1980s. In 1971, non-PMA member California Cartage, a drayage firm that operated in Southern California and employed Teamsters, filed an unfair labor practice with the NLRB after the ILWU refused to load containers worked with non-ILWU labor. California Cartage contended that the CFS Supplemental Agreement violated the 'hot cargo' clause of the National Labor Relations Act. Moreover, they

[154] AFL-CIO Executive Council, "Text of Statements by AFL-CIO Council, Pay Board and the White House," *New York Times,* March 23, 1972.
[155] David Kraslow, "Nixon Scores Meany Walkout, Cuts Pay Board to 7 Members: Promises 'Fight to Finish' for His Economic Policies; Woodcock Also Quits Panel With Call for Investigation," *Los Angeles Times,* March 24, 1972.

asserted that the ILWU waived rights to containerized cargo work with the M & M Agreements of 1960 and 1966.[156]

The NLRB decided the case in 1974 and agreed with California Cartage insofar as the agreement violated the 'hot cargo' clause and thereby exempted non-PMA member companies from the rule. The board further instructed ILWU and PMA members companies to load containers worked by non-PMA members and non-ILWU labor, in California Cartage's case containers worked by the Teamsters Local 692. However, the Board disagreed with California Cartage's contention that the ILWU ceded rights to work containers with the M & M Agreements, given that use of containers was limited when the agreements were negotiated and that the word container did not appear in the M & M Agreements. The NLRB further ruled that the ILWU did not have historic claims to the disputed container work.[157]

Then in 1986, a U.S. Court of Appeals upheld the CFS Supplemental Agreement and instructed the NLRB to reconsider its decision to exempt non-PMA members from the Agreement.[158] A 1986 Federal Maritime Commission ruling upheld the CFS Supplemental Agreement that container work for PMA companies within fifty miles of the port fell within ILWU jurisdiction.[159] At this point, however,

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[156] International Longshoremen's and Warehousemen's Union; Local 13, International Longshoremen's and Warehousemen's Union; and Local 63, International Longshoremen's and Warehousemen's Union *and* Robert A. Curry (California Cartage Company, Inc.). ILWU; Local 13, ILWU; Local 63 ILWU and PMA *and* California Cartage Company, Inc. and Pacific Motor Trucking Company. ILWU; Local 10, ILWU; Local 34, ILWU and PMA *and* International Cargo Services, Inc. and Richmond Export Services, Inc. 208 NLRB 130, (1974), pp. 994-1010.

[157] Ibid, pp. 994-1010.

[158] The 50-mile rule was negotiated in the 1971 bargaining round. California Cartage Co. v. N.L.R.B, 822 F.2d 1203 (D.C. Cir. 1987). "Court Says CFS Pact is Legal," *The Dispatcher,* July 23, 1987, The International Longshore and Warehouse Union Library and Archives, http://archive.ilwu.org.

[159] Bill Mongelluzzo, "West Coast Box Rule Decision Keeps Business Status Quo Calm FMC Ruling," *Journal of Commerce,* June 29, 1989. Geographer Andrew Herod also makes a point about the

warehousing work migrated to the outskirts of cities and the ILWU's reach was effectively confined to the docks.

geographic dispersal of work from the waterfront to the hinterland of ports. Refer to Herod, "Discourse on the Docks," pp. 177-191.

Part I
On the Waterfront: The Struggle Over Mechanization and Technological Change in West Coast Longshoring

Conclusion

While it may seem odd that a powerful militant union embraced mechanization as a way to make work safer and easier, even as it meant less work opportunity for their members, the International Longshore and Warehouse Union's (ILWU) approach to technological change fits within the broader context of labor relations with the Pacific Maritime Association (PMA) and was in line with their commitment to leftwing ideology grounded in the labor theory of value. Though the early history of both organizations is filled with violent struggle and brutally repressed strikes, the two parties made an about face change following the lengthy and costly 1948 West Coast longshore strike. The more conciliatory labor relations that followed, dubbed the 'new look,' are key to understanding how both parties approached the issue of mechanization and modernization in longshoring in the 1950s and 1960s.

By the mid-1950s, ILWU was well aware of pressure to improve productivity and mechanize longshoring and came to view some form of mechanization as inevitable. The Maritime Cargo Transportation Conference (MCTC), a government research body formed by the National Academy of Science – National Research Council, explored ways to increase productivity in longshoring and reduce transportation bottlenecks at ports in the mid-1950s until the mid-1960s. The Bonner Committee hearings in Congress in 1955 also explored ways to improve productivity in longshoring, reduce labor costs, and brought so-called ‘make work’ practices under scrutiny. Furthermore, the ILWU sought to avoid some of the pitfalls of how other industries, such as auto, steel, and mining, responded to mechanization and automation. Rather than secure generous wage gains for the workers who remained and severance packages for those squeezed out of the industry, the ILWU’s demands were grounded in security for their workforce and a share in the productivity gains.

To develop their approach to mechanization, the ILWU engaged the PMA in informal talks in the mid-to-late 1950s. These discussions laid the groundwork for the M & M Agreement of 1960, the collective bargaining agreement which reaffirmed the employers’ right to mechanize and also did away with longstanding work rules and practices that the ILWU secured at the height of their militancy in the 1930s and 1940s. In the informal talks, the ILWU had the PMA agree to several key demands grounded in security for their members, namely the no-layoff and hours guarantees. The ILWU also had the PMA agree that the workers had a material claim on a portion of the productivity savings from mechanization and modernization, what they called a ‘share of the machine.’ Over the course of negotiations, however, the PMA shifted their view on sharing productivity savings with the ILWU and instead opted for lump sum payments into the ILWU’s mechanization fund, which the ILWU ultimately agreed to. This allowed PMA member companies to conceal the extent of productivity savings from relaxed work rules and practices and containerization.

In the mid-to-late 1950s and early 1960s, ILWU, PMA, and the MCTC all predicted mechanization in longshoring would proceed slowly. This is in part from the various groups who would need to accommodate containerization, such as the shipping industry, labor unions, and port authorities. Furthermore, mechanization required massive capital investments, such as reworked berths, paved container staging areas, dredged harbors, dockside cranes, and containerships. That these modifications were needed at both ends of a voyage only complicated the matter. This tangled web of interests and immense logistical difficulties informed the ILWU's approach to mechanization. However, eliminating several work rules and practices built around break-bulk handling had a number of unintended consequences.

Since a portion of work rules and practices were built around break-bulk handling methods, removal of these rules posed a number jurisdictional issues over claims to work. For example, the first place of rest rule demarcated where longshore work ended and teamster work began. When the ILWU bargained away first place of rest in 1960, it left open the question of where to draw these boundaries. Furthermore, technological improvements, such as containerization, posed the thorny problem of which set of workers had claim to work the contents of the shipping container. The ILWU tried to resolve this problematic issue with the Container Freight Supplemental Agreement (CFS Agreement) of 1969 and won a demand that all container work within fifty miles of a port fell to the ILWU in the wake of the 1971-72 West Coast longshore strike.[1] However, the CFS Agreement brought the ILWU's jurisdictional claim over container work into conflict with the Teamsters

[1] The ILWU's fifty-mile rule was modeled after the ILA's 'Rules on Containers' which extended longshore workers' jurisdictional reach over containers worked within fifty-miles of a given port. Refer to Andrew Herod, "Discourse on the Docks: Containerization and Inter-Union Disputes in U.S. Ports, 1955-1985," *Transactions of the Institute of British Geographers* (June 1998), pp. 181-182.

who also laid claim to this work. The fifty-mile rule would be challenged and tied up in arbitration and court rulings until the issue was resolved in the mid-1980s. By then, the ILWU's organizational reach was largely confined to the docks.

However, there were some paths not taken that could have addressed the questions over container jurisdiction and work. In the mid-1950s, ILWU president Harry Bridges and the Teamsters' general president Jimmy Hoffa conceived of a unified transportation union or federation modeled after the influential and powerful Transport and General Workers' Union in the United Kingdom. The idea was to bring transportation unions together – the International Longshore Association (ILA), the ILWU, and the Teamsters – into one large union or federation. Through coordinated action, uniform contract end dates, and multiemployer bargaining across the longshoring, trucking, and warehousing sectors the amalgamated union or federation could have been able to leverage its unique position in transportation to exert a good deal of control over the flow of goods and commerce.

However, the idea of an amalgamated transportation union consisting of the Teamsters, the ILA, and the ILWU proved to be quite controversial. ILWU rank-and-file member were concerned not only over the potential for a loss of autonomy in a larger bureaucratic structure, they were also concerned with the ILA's and Teamsters' history of corruption, undemocratic practices, ties to organized crime, and general conservatism, all of which ran counter to the ILWU. As such, the plan for unified transportation union never materialized outside of talks between Bridges and Hoffa. Though it is impossible to speculate how this plan would have played out in practice, the unified transportation union may have may have been able to address the open question of what set of workers would work the contents of shipping containers, wherever that work was performed. As it stands, infrastructure for containerization displaced most dockside warehouses and deconsolidation sheds and most container work migrated out to warehouses and distribution centers in more geographically diffuse areas performed by non-union labor and workers dispatched through temp agencies.

Though containerization radically altered shipping and longshoring, its ubiquity was anything but certain. When the ILWU and PMA negotiated the terms for the M & M Agreement in 1960, only two shipping firms, Sea-Land and Matson, offered container service on limited routes. In fact, the word container is never mentioned in the M & M Agreement of 1960 nor the 1966 renewal. When the MCTC explored various ways to improve productivity in longshoring, several studies concluded that less costly methods and altered work rules and practices would have a similar effect with far fewer capital requirements. However, as international standards were set and the implications of containerization on longshore productivity became clear, shippers and ports came to accommodate containerization in the late 1960s and early 1970s.

Without question, containerization revolutionized shipping and longshoring. Whereas shipping operations processed .837 tons per hour in 1960, containerized operations processed 5.498 tons per hour by 1980. Even with significant wage gains, cost per ton dropped from $4.94 to $3.60 over this same period. The massive productivity gains from containerization also had a direct impact on work opportunity and the longshore workforce. In 1960, there were roughly 14,500 longshore workers across West Coast ports. By 1980, that number plummeted to just 8,400.[2] Though this precipitous decline in registered longshore workers is quite dramatic, the deleterious effects of mechanization had an even larger impact on partially registered longshore workers who performed most dock and hold work, the B men, where a large number of black longshoremen found work.[3] By 1980, nearly half of all shipments were containerized, with break bulk handling methods making up less than 10%.[4] But the effects of containerization have implications beyond productivity and the longshore workforce.

Containerization has had a revolutionary effect not only on the shipping industry, but cargo handling generally and the geography of goods handling infrastructure. As geographers Michael Kuby and Neil Reid have shown, rather than utilize numerous ports, shippers tend to focus all of their general cargo operations on one or two ports for each region of a given country.[5] This has led to a tendency to concentrate port traffic to ports near large markets. Overall port traffic has increased at larger ports and declined at smaller ports. The spatial requirements for containerization, namely dredged deep water harbors, massive container staging areas, led to a decline of ports in dense urban areas while ports in areas with more plentiful land near large markets saw a marked increase in size, scale, and importance. This is best embodied in the decline of the waterfronts of San Francisco

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[2] William Finlay, *Work on the Waterfront: Worker Power and Technological Change in a West Coast Port* (Philadelphia: Temple University Press, 1988), pp. 5-6.
[3] Seonghee Lim, "Automation and San Francisco Class 'B' Longshoremen: Power, Race, and Workplace Democracy, 1958-1981," unpublished dissertation, Department of History, University of California – Santa Barbara, 2015.
[4] Finlay, *Work on the Waterfront,* pp. 5-6.
[5] Michael Kuby & Neil Reid, "Technological Change and the Concentration of the U.S. General Cargo Port System: 1970-1988," *Economic Geography,* Vol. 68, No. 3 (July 1992), pp. 272-273.

and New York's port facilities in Lower Manhattan and Brooklyn, which were formerly the largest ports in the United States. This decline is matched by growth in the deep-water container ports of Los Angeles and Long Beach; Elizabeth, NJ; Oakland, CA that were able and willing to accommodate containerization.

Aside from the container itself, there have been numerous technological advances in cargo handling. Larger containerships, such as the 'post-Panamax' ships, require deep water ports and cannot use routes such as the Panama Canal or the St. Lawrence Seaway.[6] These limitations have led to what is referred to as land-bridge shipping operations, wherein a shipper will offload cargo at a larger port and the goods will be routed to their ultimate destination by truck or rail. This, Kuby and Reid note, vastly extends what can be considered the ports' hinterland and fundamentally alters the geography of cargo handling work.[7]

Kuby and Reid also argue that containerization, combined with deregulation in trucking, has also reshaped the geography of cargo handling facilities in larger container ports. Geographer Andrew Herod also explores how technological innovations, coupled with jurisdictional disputes mediated by courts, has led to the geographic dispersal of cargo handling work from areas at or near the harbor to the urban fringe. In traditional break bulk handling, warehouses were typically located at or near port facilities and railheads. Containerization has facilitated a shift to warehouses and cargo handling facilities inland where cheap land is plentiful.[8]

[6] Ibid, pp. 279.
[7] Ibid, pp. 280.
[8] Herod, "Discourse on the Docks," pp. 180-183. Herod also explores these issues in Andrew Herod, *Labor Geographies: Workers and the Landscape of Capitalism* (New York: Guilford Press, 2001),

Sociologists Edna Bonacich and Jake Wilson explore how innovations in warehousing and logistics led to a geographic reordering of cargo handling facilities. Older multi-story warehouses located at or near docks effectively became obsolete with containerization, whereas modern warehouses and logistics facilities tend to be sprawling single story of a million or more square feet lined with truck docking bays to facilitate cross-docking.[9] In Southern California this is best represented in the relationship between the ports of Los Angeles and Long Beach and the Inland Empire, the region's premiere warehouse and distribution center nexus located fifty miles northeast of the twin ports. Drayage, or short haul trucking, functions as the connective thread between these two critical centers of goods handling infrastructure. Though containerization had an enormous impact on shipping, longshore work, port and warehousing infrastructure, and the built environment, some social commentators observed that containerization has had an impact on the more ephemeral qualities of longshore work.

Some social theorists and longshore workers have posited that mechanized operations led to a shift of control over work from the worker to management and is also responsible for a loss of militancy, solidarity, and consciousness with longshore workers. A former president of Local 13 in San Pedro argued that "the appreciation, the intensity to appreciate the past has been lessened somewhat, and because they

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Chapter Four "Spatial Sabotage: Containerization, Union Work Rules, and the Geography of Waterfront Work," and Chapter Five, "Scales of Struggle: Labor's Rescaling of Contract Bargaining in the U.S. East Coast Longshore Industry."

[9] Sociologists Edna Bonacich and Jake Wilson explore the interconnected nature of ports, trucking, and warehousing and logistics in Southern California. For warehousing, refer to Edna Bonacich & Jake Wilson, *Getting the Goods: Ports, Labor, and the Logistics Revolution* (Ithaca: Cornell University Press, 2008), pp. 123-156.

have it a lot easier, there's no real concept of struggle." Referencing the high wages longshore workers now command, the same former president noted that the "effect of that earnings compacity has turned some of them around so that they are not working-class mentality anymore, but middle class, almost white-collar mentality."[10]

Former longshoremen and sociologist Stan Weir argues that mechanized operations eroded close bonds of solidarity and camaraderie formed between a gang of longshore workers who toiled in a ship's hold or worked on the dock.[11] Weir also notes that attendance at union meetings and participation in union functions dropped to the point where quorums had to be adjusted.[12] However, Weir contends that the leftwing origins of the ILWU had a lasting effect on the union that is critical to understanding its history as well as its structure, shape, and governance. In particular, Weir argues the influence of the International Workers of the World (IWW) in the formative years of struggle imprinted the lasting ideas of union power, worker control, and a commitment to union democracy that still guide the ILWU to this day.[13]

Herbert Mills, the former Secretary Treasurer of San Francisco's Local 10, notes that longshore workers are subject to routinized and monotonous of nature of mechanized operations and are continuously monitored, supervised, and controlled.[14] Mills suggests that steady men, or workers who are employed by one

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[10] Finlay, *Work on the Waterfront,* pp. 174-175.
[11] Stan Weir, "Informal Workers' Control: The West Coast Longshoremen," Series 247, (Urbana-Champaign: University of Illinois, 1975), pp. 57-67.
[12] Ibid, pp. 51-54.
[13] Ibid, pp. 57-67.
[14] Herbert Mills, "The San Francisco Waterfront: Labor Management Relations: On the Ships and Docks, Part I: 'The Good Old Days,'" Institute for the Study of Social Change, University of California – Berkeley, 1978, pp. 2-4.

employer over a long period of time rather than dispatched daily from the hiring hall, has eroded the union's control over the hiring process and the hiring hall, which was a celebrated victory of earlier struggles.[15] Mills also observes how containerization altered methods for resolving workplace disputes.

Mills argues that the collapse of the steward structure in the mid-1960s is directly attributable to the decline of the gang structure of hold work and dock work. This led to a bureaucratic way of dealing with contract enforcement through business agents rather than through union stewards.[16] Historian Seonghee Lim also asserts that the collective bargaining process and contract enforcement has led to a somewhat bureaucratic means of addressing workplace disputes that tends to suppress rank-and-file militancy and creates the conditions for business agents and union officers to enforce the letter of the contract rather than represent the interests of the workers.[17] However, not everyone agrees with these assessments.

Sociologist William Finlay rejects the idea of a 'embourgeoisement' of the longshore workers, and instead posits that longshore workers, crane operators in particular, can be very militant when defending their interests. A crane operator remarked that "when you say 'no' to an employer, it's like a revolt, it's a miniature revolution."[18] Finlay explains that the loss of homogeneity and relative isolation in longshore communities near the docks, along with an end to preferential hiring,

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[15] Herbert Mills, "The San Francisco Waterfront: Labor Management Relations: On the Ships and Docks, Part II: Modern Longshore Operations," Institute for the Study of Social Change, University of California – Berkeley, 1978, pp. 14-21.
[16] Ibid, pp. 21-63.
[17] Lim, "Automation and San Francisco Class 'B' Longshoremen," pp. 115-120.
[18] Finlay, *Work on the Waterfront,* pp. 175-180.

makes it seem as if the close bonds of solidarity have disintegrated. Finlay also notes that unlike their militant class-conscious forebearers who had little alternative to settle disputes outside of work stoppages and strikes, longshore workers can now use the bureaucratic means of contract enforcement to settle workplace issues and Finlay suggests that action itself is a form of militancy. Sociologist David Wellman goes further to state that workers still exert a good deal of militancy in contract enforcement and that far from exceptional or a product of their leftwing origins most longshore workers, he argues, are simply typical American workers.[19]

Regardless, containerization has revolutionized shipping and longshore work, the implications of which are felt far outside of the shipping industry. Indeed, containerization has reduced time goods spend in circulation and in that way have effectively compressed of space by time. Coupled with trade liberalization, this holds implications where goods can be viably produced, what labor markets can be tapped, and facilitates ever increasingly complex supply chains. In this way, containerization contributed to a reordering of the geography of capital and a disaggregation of production broadly.

[19] David Wellman, *The Union Makes Us Strong: Radical Unionism on the San Francisco Waterfront* (Cambridge: Cambridge University Press, 1995), pp. xi-xvii.

PART II
THE VEXING HISTORY OF MOTOR CARRIER DEREGULATION

INTRODUCTION

"Shouting obscenities and waving his picket sign, the Teamster stood with his chest pressed against the large truck's massive chrome grill. The grim-faced non-union driver eased his foot off the air brakes and the truck jerked forward – slightly. The Teamster, shouting louder, nimbly stepped back – slightly. The truck driver finally won the skirmish of nerve[s], … [broke through the picket line, and drove] into the harbor container freight terminal as two pickets beat on the cab with their signs," reported Harry Bernstein, the labor journalist for the *Los Angeles Times*, in his piece on the Teamsters' port trucking campaign at the ports of Los Angeles and Long Beach.[1] "I'm not a violent man, but if this keeps up, I'm gonna get violent," shouted an unnamed trucker, who casually remarked that several truckers carried guns and large tools in their cabs for protection as they attempted to break through the Teamsters' picket line.[2] Although gunshots did not ring out, and crowbars, tire irons, and other makeshift weapons remained in trucker's cabs, tensions between the Teamsters and their non-union counterparts boiled over in numerous fist fights during this tense campaign. The stakes could not have been higher.

The Western Conference of Teamsters developed their port trucking campaign in 1981 at Southern California's twin ports as a way to rebuild union

[1] Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981.
[2] Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981.

membership and collective power in port trucking that, like other sectors of the motor carrier industry, had faltered by the early 1980s in the wake of regulatory reform and eventual motor carrier deregulation. During the height of the Teamsters' power, in the 1960s and 1970s, union membership in port trucking, otherwise known as drayage, hovered around 50%. By 1981, that number plummeted to roughly 10%.[3] The campaign also served as a barometer to measure the effectiveness of organizing drayage workers at the nation's ports.[4] Western Conference of Teamsters president M.E. Anderson went so far as to state that "if we can win our objectives in Los Angeles-Long Beach, we can win anywhere in any port on the West Coast."[5] But the campaign had to overcome nearly insurmountable obstacles. In order to have reached their goal, the Teamsters would have had to organize a significant number of the non-unionized drayage sector of roughly 2,500 port truckers in Southern California, the vast majority of whom worked independent owner-operators.[6]

At the time of the Teamsters' port trucking campaign, a significant number of drayage firms shifted their workforces from directly hired employees to contracted work through independent owner operators as a way to cut labor costs, improve

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[3] Michael Belzer, *Sweatshop on Wheels: Winners and Losers of Trucking Deregulation* (Oxford: Oxford University Press, 2008); Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981. Nationwide the figures were similar.
[4] Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981.
[5] "Teamsters Flood L.A., Long Beach Ports, *Southern California Teamster,* 24 June 1981; Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981.
[6] "Teamsters Flood L.A., Long Beach Ports, *Southern California Teamster,* 24 June 1981; Harry Bernstein & Robert Gore, "Teamsters Press Port Campaign: Seek to Break Hold of Non-Union Truckers, Regain Lost Strength," *Los Angeles Times,* 23 October 1981.

profit margins, prevent unionization, and transfer expenses and liabilities from the firm to the trucker.[7] This phenomenal transformation was largely the result of deregulation of the motor carrier industry. Prior to deregulation, owner operators worked almost exclusively in trucking sectors exempt from Interstate Commerce Commission (ICC) regulation, primarily in the agricultural goods sector.[8] With barriers to entry effectively removed, owner operators and trucking firms were able to enter markets which had been tightly controlled by regulation. Deregulation also introduced competition on shipping rates, which were previously set by industry staffed rate bureaus. In this newly deregulated economic landscape, firms able to trim labor and incidental costs and operate on thin margins could undercut their competition on shipping rates in an effort to gain a larger share of the market and edge out their competitors. Though deregulation radically altered the economic landscape of most sectors of the motor carrier industry, the significant difference in labor costs between directly hired truckers and owner operators is rooted in their employment classification.

While owner operators often do exactly the same work as directly hired hourly or salaried truckers, they are not considered employees. Rather, they are considered independent business agents who enter into a contractual agreement with a firm for an agreed upon project. In drayage, this would typically be a haul from a point of origin, such as a loading terminal at a port or railhead, to a destination,

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[7] The same held true for other geographic regions and sectors of trucking.

[8] Shane Hamilton expertly details the history of the agricultural exemption and growth of the owner operator sector in the gaps of motor carrier regulation, detailing the rural roots of neoliberalism in, Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton: Princeton University Press, 2008).

which would typically be a warehouse or distribution center. Though the details of a contractor's project are determined when entering into an agreement with a firm, the contractor retains the right to work on that project without specific instructions from the employer. This degree of freedom means that contractors and owner operators are free to subcontract work out to other parties or enter into agreements with other clients, such as an owner operator contracting work from multiple drayage firms.[9]

However, independent contractors and owner operators are excluded from key pieces of labor law, which make it extremely difficult for a union to organize or gain leverage in sectors where they operate. Though any employee can form or join a union of their own choosing, owner operators and contractors are considered independent business agents and are thus barred from concerted action under antitrust law, which includes unionization.[10] A firm entering into an agreement with independent contractors or owner operators is under no obligation to bargain over contract terms as they would during collective bargaining with a union. Independent contractors and owner operators are also not protected from employer reprisal during a strike as outlined in the National Labor Relations Act. This exclusion is particularly devastating since withholding labor during a strike is one of organized labor's strongest demonstrations of collective power and their most effective economic weapon.

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[9] For a history of employment classifications, refer to Jean-Christian Vinel, *The Employee: A Political History* (Princeton: Princeton University Press, 2013). For work specifically on the effects of deregulation, refer to Belzer, *Sweatshops on Wheels*.

[10] Scott Cummings, "Preemptive Strike: Law in the Campaign for Clean Trucks," *University of California-Irvine Law Review,* Vol. 4, No. 3 (December 2014), pp. 942. Scott Cummings explores this in greater depth in Scott Cummings, *Blue and Green: The Drive for Justice at America's Ports* (Cambridge: MIT Press, 2018).

Firms contracting work through owner operators also benefit from a number of exemptions. As independent business agents, owner operators and contractors are paid on a per-contract rather than hourly basis for their labor. Firms contracting work through owner operators do not have to comply with wage and hour provisions in the Fair Labor Standards Act (FLSA), such as minimum wage or overtime.[11] Therefore, owner operators, rather than firms, have to bear the cost for lengthy wait times at terminals or warehouses and time spent on the road for the same agreed upon fee, regardless of time spent on the job. Firms hiring contractors do not have to adhere to employment discrimination policy outlined under Title VII, grant leaves under the Family Leaves Medical Act, or provide accommodations and access standards set by the Americans with Disabilities Act.

Firms able to contract work out to a pool of owner-operators are also able to shift some of their incidental costs and liabilities from the firm to the independent driver. Contractors and owner operators report their own social security withholdings, provide their own health insurance, and report self-employment tax as opposed to payroll tax. Firms also do not need to provide unemployment insurance or workers compensation for owner operators or contractors.[12] Independent owner operators are also responsible for their own rigs, maintenance, fuel, and other expenses. The net effect of these exclusions between these two types of workers – who often do exactly the same type of work – makes it extremely difficult for a

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[11] Belzer, *Sweatshops on Wheels,* pp. 42-47.

[12] For more on the struggle for labor rights and policies for working people in 20th century U.S., refer to Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton: Princeton University Press, 2002).

unionized firm with directly hired employees to remain competitive and profitable when their labor and incidental costs are significantly more than their non-union competition. Moreover, the lines between an employee and an owner operator can be blurred at times, which have led to numerous cases of employment misclassification and wage theft. Though the National Labor Relations Board (NLRB) has considered independent truckers to be employees of trucking firms in some cases, these decisions depend largely on the makeup of the NLRB and are considered on an ad-hoc basis. As economist Lafayette Harter, Jr. noted, there is little standardization in the NLRB's jurisprudence and "different panels of the NLRB can lead to different results."[13]

Much of this ambiguity hinges on indices of control the firm holds over the independent contractor, which the NLRB or other public labor boards consider when determining if whether a worker is a contractor or employee. Harter identified that historically "in a number of cases the NLRB ruled that *the degree of control* involved was insufficient for the owner-operators to be considered employees."[14] Chief Judge Bazeon also expressed concern over the inconsistency in the Board's rulings. "On consideration of that issue [whether owner operators are independent or employees], I find myself in a maze of precedents with few standards for decision discernible. I, of course, note that Congress has quite clearly commanded that common law definitions of 'independent contractor' be the basic guide for

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[13] Lafayette G. Harter, Jr. "Are They Employees or Independent Contractors?" *Labor Law Journal* (December 1978), pp. 784. See also James Gross, *Broken Promise: The Subversion of U.S. Labor Relations Policy, 1947-1994* (Philadelphia: Temple University Press, 2003).
[14] Harter, Jr. "Are They Employees or Independent Contractors?" pp. 781. Emphasis by the author, not in the original text. Legal historian James Gross also explores the shifting terrain of the NLRB in Gross, *Broken Promise*.

distinguishing between employees and independent contractors. This does not mean that confederations of labor policy are irrelevant but that they may be considered in light of the common law test of 'control.' Under this test, the degree of control which an employer exercises over a worker determines whether the worker is an employee or an independent contractor. *How great a degree of control must exist,* now that control is to be quantified, and how various indices of control are to be weighted comparatively *are questions left unanswered by Congress and the Board (NLRB) in its various efforts in this area*."[15] Often, Harter noted, the onus was on the employee to demonstrate the degree of control to the NLRB, which places an enormous burden on the worker in question.

While motor carrier deregulation had an enormous effect on the motor carrier industry and the lives of those involved in it, the impetus to deregulate trucking, along with other industries and economic sectors, began as an academic movement in economics with mild public and political support until stagflation of the 1970s provided the economic conditions for these ideas to move from the academy into the realms of law, policy, and politics.[16] Indeed, persistent stagflation of the 1970s – the combination of high unemployment and high inflation – presented economists and policy makers with a thorny political quandary that then dominant economic theory

[15] Harter, Jr. "Are They Employees or Independent Contractors?" pp. 785. Emphasis by the author, not in original text.

[16] For lack of public and business support for deregulation in the early-to-mid 1970s, refer to Vera Hirschberg, "Transportation Report / Congress Plods Through Complex Arguments Over Transportation Regulation," *National Journal,* May 6, 1972, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library; Memo to President Ford, from: Edward Schmults and Paul MacAvoy, subject: Regulatory Reform – Problems, Perspectives, and Opportunities, date: 2 February 1976, in Box 30, Folder, "DCRG – Agendas [2]," Edward Schmults (Counsel to the President), Gerald R. Ford Library.

and models failed to explain. These economic conditions problematized some foundational macroeconomic theories built on Keynesian assumptions, most notably the Phillips Curve.[17]

Simply stated, the Phillips Curve is an econometric model where the rate of inflation is inversely related to rate of unemployment. That is to say, when the unemployment rate is high the abundant labor pool which would push wages down, would curb demand, cause prices to drop, and ultimately have a deflationary effect. This theory holds that the inverse is also true. A low unemployment rate and general labor scarcity would cause wages to rise which would cause an increase demand, cause prices to increase, and thus have inflationary effect. The Phillips Curve posits that there exists an equilibrium in the relationship between the rate of unemployment and the rate of inflation that, when achieved, would stabilize prices and wages and would keep inflation in check.

Under these assumptions, policy makers would use a combination of fiscal, monetary, and economic policy to either stimulate or stifle economic activity and growth to ultimately achieve a level of economic stability that are considered acceptable rates of unemployment and inflation.[18] Though economic policy that would stifle economic activity and ultimately would cause a recession is usually seen as too extreme, Paul Volcker, the Chairperson of the Federal Reserve under Jimmy

[17] For Keynesian economic theory, refer to John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York: Palgrave-McMillian, 1936).
[18] For more on the Phillips Curve, refer to William Phillips, "The Relation between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom 1861–1957," *Economica*, vol. 25, no. 100 (November 1958), pp. 283-299; Paul Samuelson & Robert Solow, "Analytical Aspects of Anti-Inflationary Policy," *The American Economic Review*, Vol. 50, No. 2, Papers and Proceedings of the Seventy-second Annual Meeting of the American Economic Association (May, 1960), pp. 177-194.

Carter, would use monetary and fiscal policy to induce a recession to bring an end to the rampant stagflation of the 1970s.[19] Stagflation of the 1970s ultimately called the Phillips Curve and most macroeconomic theory and policy informed by it into question. This in turn provided an opening for microeconomic theories which identified institutions, policies, or other factors that interfered with market forces and could therefore cause prices or wages to be inflexible or rigid, to gain traction as a way to explain why high inflation persisted in spite of high rates of unemployment throughout most the 1970s.[20]

Since motor carrier regulation created imperfect markets by design and essentially cartelized the motor carrier industry, through barriers to entry and industry-set shipping rates it, along with other regulatory agencies, regulated economic sectors, and various price controls and supports became the subject of several studies that weighed the economic cost of regulation against its social and societal benefit. These studies helped forge the idea that government policy and institutions which interfere with general competition in the marketplace, such as regulation, ultimately contribute to higher costs than would be delivered through market-based competition, and thus had an inflationary effect.[21] The idea that government policy itself could have an inflationary effect gained traction just as faith in the idea that the free market, rather than government policy, could most effectively manage the economy found an increasing number of disciples in academic,

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[19] Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010), pp. 234-237; Leo Panitch & Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London: Verso, 2012), pp. 168-183.
[20] Daniel Rodgers, *Age of Fracture* (Cambridge: Belknap Press of Harvard University, 2012), pp. 48-50.
[21] Ibid, pp. 60-63.

intellectual, and policy circles to the point where this line of thought became hegemonic.[22] Though these ideas proved foundational for deregulation of the motor carrier industry specifically, policy makers applied this line of thought to arguments against regulation and state management of the economy generally.

Part II of the dissertation will explore the early history of the Teamsters and the motor carrier industry, how arguments against regulation formed in the academy and think tank circles, how these ideas influenced the Ford Administration's approach to inflation, how the press took up arguments against regulation which helped move these ideas from academic and policy circles into mainstream discourse, and how regulators, such as the ICC's Daniel O'Neal, responded to mounting criticisms and political pressure against regulation by instituting a number of administrative reforms short of full-scale deregulation as a way stave off deregulation through legislation. By focusing on how arguments for deregulation took shape and influenced policy from individuals within the academy, think tanks, and government positions, we gain a better understanding of the politics of deregulation, and how regulators themselves responded to and attempted to undercut mounting political pressure and damning criticisms against regulation by advancing reform within their respective agencies.

For their part, regulators at various regulatory bodies instituted a number of administrative reforms in an effort to allay criticisms against regulatory institutions, such as the ICC. Some of these internal reforms did in fact increase competition in

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[22] Intellectual historian Daniel Rodgers argues that general support for market-based solutions eclipsed the concept of a state managed economy in the 1970s and 1980s. Rodgers, *Age of Fracture*, Chapter Two, "Rediscovery of the Market."

the tightly controlled motor carrier industry. However, the combination of damning economic critiques and mounting political pressure from individuals within the Nixon, Ford, and Carter Administrations, along with extensive press coverage on the inflationary effect of regulation, generated enough public backlash and political momentum for lawmakers to advance legislation as one of several policy perceptions to check the decade long battle against stagflation. Though the effects of deregulation on the trucking industry has been the subject of several scholarly works, the process in which the ideas of deregulation moved from the realm of economic thought into policy and law has received much less attention. Part II of this dissertation, then, will focus on this latter, less understood process.

Part II: The Vexing History of Motor Carrier Deregulation consists of three chapters. Chapter Four will explore the early history of the Teamsters union and the motor carrier industry and will then explore the origins of arguments against regulation in academic, think tank, and policy circles in the 1960s and 1970s. Chapter Five will explore deregulation in the Ford Administration. Importantly, Ford convened a summit conference on inflation within the first two weeks of his presidency to explore solutions to the nettlesome problem of stagflation. The ideas generated there built upon academic theory and advanced possible policy prescriptions, which the Ford Administration then took up to address inflation. Chapter Six will focus on deregulation during the Carter Administration. Interestingly, Carter retained Ford's Council of Wage and Price Stability (CWPS), relied on jawboning to achieve compliance with wage and price benchmarks, and also sought to rein in inflation through deregulation, which forms a strange continuity between the two administrations and underscores how faith in the free market to most effectively and efficiently manage economic sectors became hegemonic during this period.

Chapter Four
The Motor Carrier Industry and the Intellectual Roots of Deregulation

When Congress passed the Motor Carrier Act of 1935, they brought stability to what had been a chaotic industry rife with cutthroat competition and chronic failure. Though early iterations of what became the International Brotherhood of Teamsters (IBT) established tight control over craft trades in localized sectors of trucking, by asserting control over rates and market entry, the innovation of the automobile and improvements in roads and highways dramatically changed the industry and brought long haul trucking into direct competition with rail. Given the low barriers to entry and lack of control over shipping rates, truckers undercut their rail competitors often to their own detriment. In the economic desperation of the Great Depression, truckers often would contract for work in an unsustainable manner. It is under these conditions Congress intervened and placed interstate trucking under the auspices of the Interstate Commerce Commission (ICC).

Motor carrier regulation essentially cartelized the trucking industry by controlling entry, shipping rates, and shipping routes. Aided by what would become a stable industry and energized by labor's support in New Deal policy and a general labor upsurge, the Teamsters grew at a tremendous rate from the 1930s to the 1970s and became one of the most powerful unions in the United States. The union also benefited from extremely talented organizers in the Midwest and the West Coast, albeit with very different political ideologies and approaches to unionism, who built powerful organizational bodies in their respective regions. These structures allowed the Teamsters to coordinate labor action and organizing across trades and crafts and helped the IBT expand their organizational reach into long haul trucking.

Though motor carrier regulation had an enormous impact on the trucking industry and the lives and livelihood of those who worked in the industry, the intellectual origins for motor carrier deregulation developed in the academic discipline of economics and gestated in think tanks before it moved into policy and political circles. While the arguments against regulation were relatively simple, they had a dramatic effect on economic thought and economic policy broadly. Specifically, economists reasoned that economic regulation caused rigidities in pricing and thus delivered prices and rates higher than would be achieved through the discipline of the free market. They also reasoned that the economic costs of regulation should be weighed against their social and societal benefit. Though these ideas originated in academic circles and think tanks, stagflation in the 1970s, the unhealthy mix of high unemployment and high inflation, provided the economic conditions for these ideas to move from the academy into mainstream public discourse and thought.

This chapter will first detail a history of the trucking industry and the Teamsters union. This will be followed by a section on how various arguments against regulation formed in the academy and think tanks. This chapter will then cover early political attempts to dismantle regulatory structures in the motor carrier industry and detail how regulators in the ICC responded to mounting arguments against regulation. Though early attempts to dismantle motor carrier regulation ultimately failed in the 1960s and the early 1970s, they formed the intellectual groundwork and functioned as a political catalyst for these arguments to take root and eventually be realized in policy by the late 1970s and early 1980s.

Brief History of the Teamsters, the Trucking Industry, and Motor Carrier Regulation

Both the motor carrier industry and the International Brotherhood of Teamsters (IBT) trace their roots to what were called waggoneers or teamsters – individuals who drove a team of draft animals and operated wagons, carts, or carriages. These operations took the form of employers who owned several teams and employed a number of drivers, drivers who owned their own team and equipment, and drivers who worked as hired employees. Over time, employers joined together and formed associations to exert control over rates and establish exclusive claims to work. In mid-to-large cities these associations, and the locals that would follow, were built around a particular craft in the industry, such drayage workers, brewery drivers, ice drivers, or milk haulers, among others. In smaller cities, locals covered nearly all sectors of the industry rather than one particular craft.

Since employers, rather than their hired employees, dominated the governance of these associations, they were more concerned with shipping rates than they were with employee wages during this period. Workers, however, formed organizations to provide benefits to their distressed, aged, and infirm members. In the period before most labor law was codified, most teamster associations used strikes, pickets, boycotts, and violence, threat or otherwise, to adopt and enforced sets of extralegal rules so they could assert control over market entry, pricing, and working conditions. Teamster associations and their business agents employed these tactics and used their position at bottlenecks in the movement of goods to assert a good deal of control over the flow of commerce. Since rail and barges covered most long-distance travel at the time, most associations' reach and geographic scope was limited to cities in which they were located and rarely extended beyond their immediate craft.[1]

In 1899, eighteen largely employer dominated locals with a total of some 1,200 drivers in the Detroit region formed the first national teamster union, the Team Drivers' International Union (TDIU), which was chartered by the American Federation of Labor (AFL). Shortly thereafter, an employee dominated faction of Chicago teamsters challenged TDIU and effectively split from the union to form Teamsters' National Union of America. The AFL helped these two warring factions resolve their disputes and differences to jointly form International Brotherhood of Teamsters (IBT) in 1903. At their first convention, the IBT elected Cornelius Shea of Chicago to serve as their president and established their headquarters in Indianapolis.[2]

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[1] Robert Leiter, *The Teamsters Union: A Study of Its Economic Impact* (New York: Bookman Associates, 1957), 15-16; Donald Garnel, *The Rise of Teamster Power in the West* (Berkeley: University of California Press, 1972), 33-45. Andrew Wender Cohen, *The Racketeer's Progress: Chicago and the Struggle for the Modern American Economy, 1900-1940* (Cambridge: Cambridge University Press, 2004), 1; David Witwer, *Corruption and Reform in the Teamsters Union* (Urbana: University of Illinois Press, 2004), 7-60.

[2] Leiter, *The Teamsters Union,* pp. 28-57; Garnel, *The Rise of Teamster Power in the West,* pp. 37-40; Witwer, *Corruption and Reform,* pp. 7-60.

Disputes between these two factions resurfaced when the dissident employee dominated Chicago locals went on a sympathy strike in 1905 in violation of their contracts. Shea and a number of other officers were arrested on charges of conspiracy for their role in the strike. With these charges pending, Shea was narrowly reelected as president. As a result of the election, a number of locals broke from the IBT which caused the union to hemorrhage both members and operating funds. It is in this weakened state that Shea's successor, Daniel Tobin, a Boston area business agent, was elected president of the IBT in 1907.[3]

When Tobin assumed his new role as president, most of the union's power was decentralized and held by largely autonomous locals with entrenched power structures, most of which formed prior to the national organization. Some locals even had well-established connections with criminal organizations or engaged in criminal activity themselves, such as racketeering.[4] However, the extent and nature of racketeering, corruption, and criminal activity in the Teamsters and other unions is contested in the historical literature. Early labor historians, such as John Commons and Robert Leiter emphasize the heavy criminal elements woven into the very fabric of the teamsters' trade. Commons states that "actual or expected violence is looked upon by employers and teamsters as a matter of course" and that not before 1903 could the Chicago Teamsters "be studied as an economic rather than a criminal

[3] Leiter, *The Teamsters Union,* pp. 28-57; Garnel, *The Rise of Teamster Power in the West,* pp. 37-40; Witwer, *Corruption and Reform,* pp. 7-60.
[4] *Trade Unionism and Labor Problems,* ed. John Commons (Boston: Ginn & Company, 1905); Leiter, *The Teamsters Union*; Garnel, *The Rise of Teamster Power in the West*.

phenomenon.” Tobin also withstood numerous attempts on his life from criminal elements in the union intent on keeping power decentralized and held by locals.[5]

More recent labor historians, such as David Witwer and Andrew Wender Cohen, place the Teamsters’ penchant for violence and criminal activity in the historical context of the violent attacks on labor from employers, strikebreakers, police forces, and the state at large. Wender Cohen argues that this was part of labor and society’s violent struggle for rules and order in the late 19th, early 20th century, rather than the more mundane search for order thesis advanced by historian Robert Wiebe.[6] Witwer argues that though criminal elements existed in the Teamsters, they were largely confined to specific locals and not nearly as widespread as earlier accounts depicted. Furthermore, Witwer argues that the picture of the Teamsters as a crime ridden organization is largely the product of the union corruption hearings in the 1950s, known as the McClellan Hearings, which led to the Landrum-Griffin Act of 1959, and the numerous trials against Jimmy Hoffa in the 1960s, both of which influenced accounts that followed, scholarly or otherwise.[7]

In the IBT’s early history, even communication or coordination between locals of a similar trade did not extend beyond the cities where their locals operated. As such, the strength of locals varied a great deal from city to city, as did the local’s control over the market or working conditions. At times, the Teamsters clashed with other unions over jurisdiction and claims to work, such as with the Brewery

[5] *Trade Unionism and Labor Problems,* ed. John Commons (Boston: Ginn & Company, 1905), pp. 42, 57; Leiter, *The Teamsters Union*, pp. 21; Garnel, *The Rise of Teamster Power in the West,* pp. 39.
[6] Robert Wiebe, *Search for Order, 1877-1920* (New York: Hill & Wang, 1966).
[7] Wender Cohen, *The Racketeer’s Progress*; Witwer, *Corruption and Reform*.

Workers.[8] This led to union raids in an effort to claim jurisdiction over a particular type of work. In spite of a decentralized power structure, Tobin was able to assert control over the IBT's treasury and formed the Teamsters' Joint Council structure, which served to coordinate efforts of the various IBT locals in a particular city and their immediate vicinity. Both the union and industry grew at a rapid pace during Tobin's lengthy tenure as president.[9] Innovations in transportation methods, however, radically reshaped the movement of goods industry and the Teamsters union.

Though automobiles revolutionized transportation methods as they replaced wagons and carriages as the primary means of moving goods and people in the 1920s and 1930s, the cartage industry and the Teamsters transitioned to these new methods with relative ease. Initially, automobiles were limited to short distance transportation needs, limited largely by lack of highways and poor road conditions. Innovations, such as the pneumatic tire and improvements and expansion of roads and highways, helped the automobile move from a form of localized transport to a viable form of long-distance travel for both people and goods.[10]

Trucking firms that operated long distance service between cities formed outside these localized industry niches and craft locals. Given the insular nature of Teamster locals, most made no attempt to organize highway trucking as the industry emerged, with the exception of a few locals, most notably those in Seattle. The

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[8] Leiter, *The Teamsters Union,* pp. 81-105.
[9] Leiter, *The Teamsters Union*, pp. 28-57; Garnel, *The Rise of Teamster Power in the West*, pp. 33-47. Wender Cohen, *The Racketeer's Progress*; Witwer, *Corruption and Reform*, pp. 7-60.
[10] Garnel, *The Rise of Teamster Power in the West*, pp. 45, 54-60.

development and growth of highway trucking, however, brought the industry into direct competition with rail.[11] While railroads had been regulated by the Interstate Commerce Commission (ICC) since 1887, motor carrier regulation, largely a product of Progressive Era reforms, was limited to state level and usually mediated through the state's public utility commissions.[12] This left a patchwork of regulatory oversight at the state level and a lack of regulation at the federal.[13]

In the largely unregulated and non-union segments of the motor carrier industry, namely highway trucking and the agricultural goods sector, owner-drivers and firms both faced intense competition, unsustainable price gouging, and chronic failure. While the Teamsters and the industry held wages, rates, and market entry relatively stable in their particular craft, unemployed or underemployed owner-drivers flooded the unorganized and unregulated sectors and long-distance routes. The economic devastation of the Great Depression only exacerbated these issues. Economist Richard Farmer noted that during the 1930s some "500 carriers per months entered and withdrew from the market," a stunning statistic to be sure.[14] This

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[11] Legal scholar John George referred to this heightened competition and price gouging as the truck 'wars.' John George, "Federal Motor Carrier Act of 1935," *Cornell Law Review,* Vol. 21, No. 2 (February 1936), pp. 249-275.

[12] In California, for example, policy makers placed the trucking industry under the auspices of the state's Public Utilities Commission in 1917, which oversaw rates and controlled market entry. California was one of several states to enact a regulation at the state level during the period from the Progressive Era to the New Deal. Richard Farmer, "Motor Trucking in California," *Transportation Journal* (Summer 1965), pp. 36.

[13] George, "Federal Motor Carrier Act of 1935," pp. 250-251. In 1994, the House of Representatives' Subcommittee on Surface Transportation of the Committee on Public Works and Transportation held a hearing on draft legislation to preemptively prevent motor carrier regulation at the state level, specifically their oversight in rates, routes, and services. Even by 1994, some 42 states still retained some measure of regulation over the motor carrier industry. See "Legislation to Preempt State Motor Carrier Regulations Pertaining to Rates, Routes, and Services," Hearing before the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation – House of Representatives, One Hundred Third Congress, second session," July 20, 1994, (Washington: U.S. Government Printing Office, 1994).

[14] Farmer, "Motor Trucking in California," pp. 34.

was due in part to the relatively low capital required to become an owner-driver – one simply needed a truck – and a particularly flooded labor market due record rates of unemployment during the Great Depression. In this competitive environment owner-drivers tended to underbid one another in an effort to secure work. In doing so, they drove rates so low that often little remained for basic repairs, fuel, and maintenance, let alone basic living expenses. This cutthroat environment not only produced a highly unstable industry rife with unsustainable trucking rates and safety issues, it also severely undercut rail rates.[15]

It is in this hyper competitive environment that Congress passed the Motor Carrier Act of 1935 in an effort to bring order to the chaotic industry and ensure the public had access to efficient, equitable, and safe transportation services at reasonable rates.[16] Lawmakers also wanted to insulate the rail industry from the comparatively low rates in trucking. To regulate intrastate trucking, Congress extended the ICC's jurisdiction to the trucking industry, which gave the nation's oldest regulatory body oversight on market entry, shipping rates, and shipping routes in the motor carrier industry.[17] By controlling rates and market entry, these regulatory structures brought stability to the industry and limited competition with rail.

There were, however, several exemptions built into the act, notably an exemption for the transport of agricultural commodities.[18] This caused a patchwork

[15] Farmer, "Motor Trucking in California."
[16] George, "Federal Motor Carrier Act of 1935," pp. 252-253.
[17] George, "Federal Motor Carrier Act of 1935," pp. 249-275.
[18] Shane Hamilton expertly details how owner-operators worked between these gaps in regulation. Refer to Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton: Princeton University Press, 2008); George, "Federal Motor Carrier Act of 1935," pp. 253.

of regulatory oversight where some sectors developed in a highly structured and controlled environment while unregulated sectors grew in the regulatory gaps. While the industry stabilized in the wake of the Motor Carrier Act of 1935, New Deal labor legislation, along with ambitious organizing efforts, transformed the Teamsters from a loose confederation of disparate locals into a highly organized and well-coordinated union with a regional conference structure and multi-employer bargaining.[19] Organizers in Minneapolis and Seattle built two very different structures, independently from one another, in the wake of New Deal labor law and union upsurge.

Building Union Power in the Teamsters

In Minneapolis, a group of Trotskyist Teamsters, led by Ferrell Dobbs, the Dunn brothers Miles, Vincent and Grant, and Carl Skoglund, transformed the relatively weak Teamster Local 574 into a highly organized, powerful, militant union. To do so, they organized a series of strikes in 1934, which cumulated in the 1934 Minneapolis general strike, despite Tobin's strong opposition.[20] Through these lengthy, bloody, and violent strikes the union developed a cadre of militant trade unionists and broke the façade of Minneapolis's open-shop status. More broadly, the strikes served as a catalyst for labor organizing efforts in the Midwest. Initially a coal

[19] For New Deal labor legislation and the concepts of the labor question, industrial peace, industrial democracy, refer to Irving Bernstein, *The Turbulent Years: A History of the American Worker, 1933-1941* (Chicago: Haymarket Books, 2010, 1970); Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton: Princeton University Press, 2002), passim.
[20] The 1934 Minneapolis general strike was part of a series of general strikes in 1934, namely the general strikes in San Francisco and Toledo.

hauler local, Local 574 expanded its jurisdictional reach to include workers associated with trucking, such as platform workers and warehouse workers, into one large industrial union, rather than a local centered on a particular craft.[21]

Dobbs used this larger and more inclusive structure to develop a highly effective over the road strategy for organizing highway drivers. To build power and organize beyond the confines of Minneapolis, the union leveraged its strategic position in the movement of goods to exert control over the flow of commerce and organized transportation workers at points along trucking routes. Organizers and unionized truckers used secondary boycotts, pickets, and 'hot cargo' techniques to apply economic pressure to non-union firms or non-union drivers by halting or refusing cargo deliveries at terminals. They also used unionized highway drivers to organize other non-union workers and shops along their routes. These highly effective organizing techniques both expanded the scope of the union's organizing strategy and increased its geographical reach. Eventually these organizing techniques led to the Central States Drivers' Council. Though Tobin limited the scope of the Council to highway drivers, the organization coordinated union activity of several locals on a regional level and provided the structure needed for multi-employer bargaining and uniform wage rates.[22]

[21] Farrell Dobbs, *Teamster Rebellion* (New York: Pathfinder Press, 1972); Farrell Dobbs, *Teamster Power* (New York: Pathfinder Press, 1973); Brian Palmer, *Revolutionary Teamsters: The Minneapolis Truckers Strike of 1934* (Chicago: Haymarket Books, 2014); Kristoffer Smemo, "The Politics of Labor Militancy in Minneapolis, 1934-1938," unpublished Master's thesis, Political Science, University of Massachusetts – Amherst, 2011, pp. 16-43.

[22] Ralph & Estelle James, *Hoffa and the Teamsters: A Study of Union Power* (Princeton: D. Van Nostrand Company, Inc., 1965), pp. 89-101; Dobbs, *Teamster Rebellion*; Dobbs, *Teamster Power* Palmer, *Revolutionary Teamsters*; Smemo, "The Politics of Labor Militancy in Minneapolis," pp. 16-43.

Despite the effectiveness of the organizing strategy developed by Dobbs and the Dunne brothers, Tobin's deep-seated fear of Marxist influences in the labor movement, along with the IBT's failure to exert control over this militant local, led to numerous clashes between the two. Moreover, Tobin feared autonomous power structures that formed outside of the established International and Joint Council structure. In 1938, Tobin attempted to weaken the radical local by setting up a rival local to siphon off members. However, Tobin underestimated the Trotskyist's support from the rank and file and leadership in the Joint Council. The Trotskyists retained control of the local even after Tobin merged the two locals in an effort to dilute the leadership's power. Though Dobbs left the Teamsters to work for the Socialist Workers' Party in 1939, the Dunnes and Skoglund continued to hold leadership positions in what became Local 544.[23]

By 1941, tensions between Tobin and the Trotskyists reached a breaking point over support for the war effort. Additionally, a group of dissident socialists turned Stalinists called upon the International to rid the union of its Trotskyist influence. After the International threatened trusteeship, union members of Local 544 voted nearly unanimously to split from the Teamsters and the AFL to join the rival Congress of Industrial Organizations (CIO). The International responded to the split by dispatching hundreds of Teamsters to Minneapolis to regain control of the situation, which included a young Jimmy Hoffa. Despite being mentored and deeply

[23] James, *Hoffa and the Teamsters,* pp. 89-111; Dobbs, *Teamster Rebellion*; Dobbs, *Teamster Power*; Garnel, *The Rise of Teamster Power in the West,* pp. 283; Smemo, "The Politics of Labor Militancy in Minneapolis," pp. 16-43; Palmer, *Revolutionary Teamsters*.

influenced by Dobbs and the Dunne Brothers Hoffa, along with a number of other Teamsters, complied with the International's orders and assisted with the purge.[24]

By late June of 1941, the Department of Justice (DoJ) intervened and the Federal Bureau of Investigation (FBI) raided the Socialist Workers' Party headquarters. Twenty-nine party leaders, including Dobbs, the Dunnes, and other 544 officers and members were indicted, convicted, and imprisoned under the Sedition Act and the Smith Act for conspiring against the government. Though most sentences were roughly a year, their imprisonment effectively purged the Trotskyist influences from the Midwestern Teamsters. This left a power vacuum in this highly structured organization which Hoffa would come to occupy as he rose to power.[25]

Though Teamsters in the West developed organizing strategies similar to those of the left-led Central States Drivers' Council, they sharply diverged on organizing tactics and political ideology from their Midwestern counterparts. Unlike the comparatively dense East Coast and Midwest, Teamster power in the West was largely limited to the Bay Area and Seattle. Through years of bargaining and negotiation, most West Coast locals built close relationships with employers, employer associations, and in some cases with local politicians. Historian Donald Garnel argues that these relationships gave West Coast Teamster locals a sense of security and strength and this, he argues, gave rise to an ideologically conservative brand of unionism that still retained a modicum of militancy. In the Bay Area, Mike

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[24] James, *Hoffa and the Teamsters,* pp. 102-111.
[25] James, *Hoffa and the Teamsters*, pp. 102-111; Farrell Dobbs' review and assessment of the James's work can be found in Farrell Dobbs, "Hoffa and the Teamsters," *International Socialist Review,* vol. 27, no. 3 (summer 1966), pp. 121-126.

Casey presided over a powerful Teamster local, but had little desire to organize highway drivers or expand power beyond the immediate region. However, Dave Beck of Seattle's Local 566, had grand plans for coordinated organizing efforts on a large scale and worked to build a centralized power structure in the West.[26]

Early on, Beck emerged as a competent organizer with an almost preternatural knowledge of and respect for the industry. Needless to say, his approach to bargaining was quite business-like. He viewed unions and management as two similar organizations representing different constituencies. Beck viewed Teamster wage and benefits, along with operating costs and profits, as part of a firm's total expense. If a firm protested a proposed wage gains during bargaining, he would show how they could accept higher wages while they also increased their profitability through higher shipping rates while still remaining competitive. Though Beck would employ violence as a tactic to break the will of a recalcitrant firm he, along with other West Coast locals, were against striking generally and viewed it as a leverage tactic that should be employed only as a measure of last resort.[27]

Along with his intimate knowledge and close relationship to the industry, Beck frequently extolled his deep admiration for the free enterprise system and capitalism. This was seemingly at odds with his firm belief in the need for barriers to entry, his desire for industry collusion, and his unwavering support for government regulation – all of which he viewed as necessary for stability in the motor carrier industry. Due in

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[26] Garnel, *The Rise of Teamster Power in the West,* pp. 61.
[27] Ibid, pp. 64-73.

large part to his conservative ideology and respect for management, Beck commanded a great deal of respect from the business community.

For the business community, Beck's deep-seated hatred of socialism was a welcomed alternative to radical politics of Harry Bridges and Lou Goldblatt's left-led Westcoast longshore workers' union, the International Longshore and Warehouse Union (ILWU). Though both unions respected each other's pickets at the waterfront, tensions between the two unions erupted in numerous jurisdictional disputes and raids as they both sought to organize the warehouse sector during the mid-to-late 1930s. While the ILWU successfully organized warehouses in the Bay Area during their March Inland campaign in the mid-to-late 1930, the Teamsters contained the ILWU's jurisdictional reach to the waterfront in the Seattle and Southern California regions during this period of struggle.[28]

While Beck ascended the Teamsters' ranks during the 1930s and 1940s, he centralized power, developed a team of talented organizers, and built the organizing strategy and structure for Western Teamsters. Early on, Beck developed a mentorship program that produced extremely talented organizers, namely Einar Mohn of Los Angeles and later Oakland and Homer 'Dutch' Wexberg of Oregon. By the mid-1930s, Teamster organizers and strategists came to view highway drivers as central to their efforts to expand the power of the Teamsters in the West beyond

[28] Louis Perry & Richard Perry, *A History of the Los Angeles Labor Movement, 1911-1941* (Berkeley: University of California, Institute of Industrial Relations, 1963), pp. 469-476; Einar Mohn, *Teamster Leader: An Oral History,* interviews conducted by Corinne Lathrop Gilb, Berkeley: University of California, Institute of Industrial Relations, 1970, pp. 100-107; Garnel, *The Rise of Teamster Power in the West*, pp. 64-73; Harvey Schwartz, *The March Inland: Origins of the ILWU Warehouse Division, 1934-1938* (Los Angeles: Institute of Industrial Relations, University of California, 1978).

their local enclaves.[29] Beck first focused his attention on organizing highway drivers traveling to and from the Bay Area.

To organize Bay Area highway drivers, the Teamsters would use spotters to track non-union drivers as they made their way into the city. Organizers from Bay Area Local 70 or Local 85 would respond by sending as many as fifty individuals to form so-called ‘goon squads’ as a welcoming party to meet non-union drivers at loading terminals. Though this proved somewhat successful, spotters had a difficult time determining the destination of any given truck. To remedy this, Teamsters set up barriers at truck stops in routes to and from San Francisco and Oakland to conduct membership checks. At these chokepoints, Teamsters resorted to measures of violence and would at times fill crank cases with sand, puncture tires, attack non-union drivers with bats, and could go as far to overturn trucks. Though this proved somewhat successful, owner operators were prone to economic failure and were often unreliable as members who dropped in and out of the union. The Teamsters’ alternative strategy was an attempt to eliminate this type of operation. To do so, organizers would pressure employers not to hire owner-drivers, a strategy which came to be known as ‘organizing from above.’[30]

These very successful organizing strategies led to the Highway Drivers Council of California and multi-employer bargaining. These organizational structures helped harmonize wages and rates for highway drivers in the Bay Area. However, under Mike Casey’s tenure, the Highway Drivers Council held little power outside of

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[29] Garnel, *The Rise of Teamster Power in the West,* pp. 107-116.
[30] Ibid, pp. 107-116.

the immediate Bay Area. When Casey died in 1937, Beck moved in to direct the Council. Tobin also named Beck International Vice president of the West over San Francisco's John McLaughlin. With the Bay Area adequately organized, Westcoast Teamsters turned their focus to the open shop bastion of Southern California.

Outside of a few crafts, the Teamsters held little power in the virulently anti-union town of Los Angeles in the 1930s. However, there were exceptions. Local 399 movie studio haulers, Local 208 cartage, and Local 692 drayage were well-established and held a good deal of control over their respective crafts. However, the Merchants & Manufacturers Association and the Los Angeles Area Chamber of Commerce were highly organized and especially fierce in their anti-union efforts. To break Los Angeles, Teamster strategists targeted the largest carrier, Pacific Freight Lines (PFL), that dominated the industry and the Motor Truck Association of California (MTA). Strategists reasoned that once the largest carrier was unionized, organizers could then pressure smaller firms to fall in line. To apply economic pressure through the Highway Drivers Council, organizers made use of the secondary boycott and 'hot cargo' techniques to halt delivers to PFL that originated from or were destined for the highly organized Bay Area. Finally, after a violent and lengthy campaign without support from Tobin or the International, PFL acquiesced in 1937. As predicted, several other employers fell in line and signed on with the union after PFL was unionized.[31]

[31] Ibid, pp. 143-164, 181.

By 1937, Beck formed the Western Conference of Teamsters (WCT) as an organizing body to coordinate efforts of locals and joint councils across the West. Though Tobin and the Executive Board was initially suspicious of any coordinated effort outside of the International, Joint Councils, or Locals, he approved of the organization after attending one of their meetings in 1938. Early on, the WCT formed trade divisions centered on a particular craft so locals could coordinate efforts in their particular craft or trade across geographic expanses. The vastness of the West, however, made coordination difficult and limited the effectiveness of tactics which proved so successful in organizing Southern California. Though Beck sought uniformity in wages and working conditions and multiemployer bargaining, he and the WCT made little progress initially.[32]

Due in part to New Deal labor legislation, innovative organizing strategies both in the Midwest and the West, and regulatory stability in the industry, the Teamsters grew tremendously from the 1930s to the 1970s. In 1933, the Teamsters had less than 100,000 members. By 1945 that number ballooned to over 595,000. The Teamsters were not alone. Organizing efforts and militant struggle during World War II more than doubled union members and strengthened labor organizations.[33] Five short years later, the Teamsters claimed over one million members and would double again to two million members by the 1970s. Regulation was also strengthened during this period. In 1948, Congress passed the Reed-Bulwinkle Act

[32] Garnel extensively covers organizing strategy and collective bargaining in the West. Refer to Garnel, *The Rise of Teamster Power in the West,* pp. 169-320.
[33] Nelson Lichtenstein, *Labor's War at Home: CIO During World War II* (Philadelphia: Temple University Press, [1982] 2003), pp. 233.

over Truman's veto, which extended anti-trust immunity to industry-staffed rate setting bureaus in the motor carrier industry. This effectively established the regulated sectors of the industry as a legalized cartel.[34] Both industry and labor favored the cartel like structure since it created a uniformity in rates and wages, which made what had been a chaotic and unpredictable industry quite stable.

After Tobin resigned from his long tenure as IBT president in 1952, Beck, who was already seen as his natural successor, successfully ran for president of the International. Unlike Tobin, who was largely content with decentralized power, Beck sought to centralize power and build upon the conference structure he developed in the WCT. Hoffa also had a meteoric rise in the Teamsters during this period. In 1937, he was elected president of Local 299 of Detroit. In 1943, Tobin appointed him as a trustee for the International. By 1946, Hoffa was elected president of Joint Council 43 of Detroit. Like Beck, Hoffa held an intimate knowledge of the industry, which earned the respect of employers and trade unionists alike.[35]

GROWTH AND CHANGE

This is not to say the Teamsters did not face significant setbacks or made questionable decisions during this period of tremendous growth. As part of a general backlash against organized labor after the 1945-1946 strike wave following World War II, Congress passed the Taft-Hartley Amendments to the Wagner Act in 1947

[34] Marc Allen Eisner, *Regulatory Politics in Transition* (Baltimore: Johns Hopkins University Press, 2000), pp. 191.
[35] Leiter, *The Teamsters Union,* pp. 28-57, 106-131.

over Truman's veto. In particular, the Act banned the use of secondary boycotts, which were central to the Teamster's very effective organizing strategy.[36] The Teamsters also famously endured a sustained inquiry into union practices in the McClellan Hearings during the late 1950s. These hearings consisted of high-profile corruption cases and inquiry into the extent of mob influence in Teamster led by Robert Kennedy, who acted as chief counsel and investigator.

Though the McClellan hearings, which ran from 1957 until 1959, focused on several unions, investigators exposed numerous instances of racketeering, extortion, jury tampering, misuse of pension funds, rigged elections, and notoriously inefficient work rules. The result was the Landrum-Griffith Act of 1959 which further restricted picketing, increased penalties for secondary boycotts, and established strict procedures for union elections and finances. The AFL-CIO expelled the Teamsters in 1957 as these scandals came to light.[37] After admitting he took a $300,000 interest free loan from the Teamsters operating funds that he never repaid, Beck would be convicted and imprisoned for Federal tax evasion in 1959.[38]

Though Hoffa faced intense scrutiny during the hearings, Beck's legal entanglements provided the opening Hoffa needed to ascend to presidency of the IBT. With the McClellan Hearings uncovering union corruption and mob influence,

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[36] For more on the shifting historiographical terrain of the New Deal order, labor-management relations, liberalism, and the broader struggle for rights in the postwar era, refer to Nelson Lichtenstein, *Labor's War at Home,* pp. vii-xxviii, 233-245; Christopher Tomlins, *The State and the Unions: Labor Relations, Law, and the Organized Labor Movement, 1880-1960* (Cambridge: Cambridge University Press, 1985), pp. 247-328.

[37] Kenneth Noble, "Teamsters Asked to be Allowed in AFL-CIO," *New York Times,* 23 October 1987.

[38] Ronald Sullivan, "Dave Beck, 99, Teamsters Chief, Convicted of Corruption, Is Dead," *New York Times,* December 28, 1993.

combined with Robert Kennedy's intense vendetta against the Teamsters generally and Hoffa in particular, Hoffa faced several criminal trials during the 1960s.[39] To further weaken the Teamster's power and influence in the trucking industry, the Kennedy Administration attempted to deregulate the motor carrier industry in 1962. Needless to say, the Teamsters endorsed Nixon over JFK in the 1960 Presidential Election.

Eventually, in 1964, a federal district court jury convicted Hoffa of jury tampering during his 1962 conspiracy trial in Nashville and sentenced him to eight years in prison and a $10,000 fine. Hoffa's acting replacement was Frank Fitzsimmons, who led the union though Hoffa retained the role of president. Under Fitzsimmons leadership, the Teamsters infamously allied with agricultural growers in California and signed sweetheart contracts with employers as part of a broader raid and attempt to suppress Cesar Chavez's United Farm Worker organizing attempts in the 1970s. Critical of their predatory 'organizing from above' strategy and the cozy relationship Teamster leadership formed with employers, Chavez stated that "the Teamsters don't organize workers. They organize employers. They're very successful at organizing employers but very bad at organizing workers."[40]

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[39] Kennedy's experience during the hearings and his opinion on Hoffa is best represented in Robert Kennedy, *The Enemy Within: The McClellan Committee's Crusade Against Jimmy Hoffa and Corrupt Labor Unions* (New York: Harper Row, 1960).

[40] Quote from David Harris, "The Battle for Coachella Valley: Cesar Chavez and United Farm Workers vs. Teamsters," *Rolling Stone,* September 13, 1973. For more on the United Farm Workers, refer to Frank Bardake, *Trampling Out the Vintage: Cesar Chavez and the Two Souls of the United Farm Workers* (London: Verso, 2012); Miriam Powel, *The Union of Their Dreams: Power, Hope, and Struggle in Cesar Chavez's United Farm Workers* (New York: Bloomsbury, 2009).

Despite setbacks, controversies, questionable alignments, and restrictive labor law which curtailed the Teamsters' most successful organizing strategies, the Teamsters were extremely successful at building the union's power and growing membership in the 1960s. Under Hoffa's leadership in particular, the Teamsters established a nation-wide 'solidarity wage,' a strategy which focused on harmonized wages across vast geographic regions through multi-employer contracts. This helped mitigate regional wage variations and brought further stability to the industry. Throughout the 1950s and 60s, this strategy raised the lower wages found in the Mountain and Southern regions to the comparatively high rates in the East, the Midwest, and the West.[41]

Eventually, this led to Hoffa's crowning achievement - the Master Freight Agreement, a nationwide agreement with nearly 300 trucking firms in 1964.[42] By the 1960s and 1970s, Teamsters members were among the highest paid blue-collar workers. Even investors came to appreciate the industry's stability. A. Joseph Debe of Chase Manhattan Bank noted the considerable uniformity of wage rates and freight rates across regions not only brought stability to the industry but "provide incentive for well-managed companies to exceed the profitability of their particular

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[41] Michael Belzer, *Sweatshop on Wheels: Winners and Losers in Trucking Deregulation* (Oxford: Oxford University Press, 2000), pp. 27.
[42] Belzer, *Sweatshop on Wheels*, pp. 27. By the 1979 Teamsters bargaining session with Trucking Management, Inc. The number of firms grew to 600, and the contract would negotiate wages and benefits for nearly 300,000 trucking and warehouse workers. Associated Press, "Teamsters Seek 14.4% Wage Hike: Three-Year Demand Asks 50% Rise in Overall Wage, Benefits Package," *Los Angeles Times,* March 9, 1979.

regions through superior service and efficient utilization of labor" which, he argued, made investment in the motor carrier industry a sound decision.[43]

Fitzsimmons and the Teamsters had a complicated relationship with the Nixon Administration. Nixon's approach to transportation deregulation was largely informed by the Stigler Taskforce on Productivity and Competition and the Ash Council report on regulatory bodies.[44] Both studies criticized existing regulatory structures and urged Nixon to work towards policy which would remove controls in favor of an industry mediated by the free market. In his February 1971 address to Congress, Nixon echoed these assessments and urged lawmakers to "review our economic institutions to see where the competitive market mechanisms that has served us so well can replace the restrictive arrangements originally introduced in response to conditions that no longer exist," by which Nixon meant the cutthroat competition and economic desperation of the Great Depression.[45] Nixon's 1972 State of the Union address went further when he suggested that increased competition and flexibility in rates in the motor carrier industry "could save the American people billions of dollars in freight costs every year" which, he argued, would "curb inflation, expand employment, and improve our balance of trade."[46]

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[43] A. Joseph Debe, "Investment Aspects of the Trucking Industry," *Financial Analysts Journal* (July-August 1965), pp. 73.

[44] George J. Stigler; Ward S. Bowman; Ronald H. Coase; Roger S. Cramton; Kenneth W. Dam; Raymon H. Mulford; Richard A. Posner; Peter O. Steiner; Alexander L. Stott, "Report of the Task Force on Productivity and Competition," *Antitrust Law & Economics Review*, Vol. 2, No. 3 (Spring 1969), pp. 13-36.

[45] Quote from Office of the White House Press Secretary, "Fact Sheet: Administration's Regulatory Reform Program," November 13, 1975, Box 51, Folder 'Regulatory Reform [1],' Council of Economic Advisors, Gerald R. Ford Library.

[46] Quote from Vera Hirschberg, "Transportation Report / Congress Plods Through Complex Arguments Over Transportation Regulation," *National Journal,* May 6, 1972, Box 70, Folder,

To that end, the Nixon Administration introduced the Transportation Regulatory Modernization Act. Though both the Department of Transportation and Brock Adams, Chair of the House Budget Committee, introduced legislation to reform ICC regulation, the chairman of Nixon's Council of Economic Advisors (CEA), Herbert Stein, admitted in private that "the Administration's original bill has no chance of enactment." Since "the Adam's bill is not the best alternative," Stein suggested that "it would be best to have no bill, and attempt to get a reform bill next year"[47] CEA staff member Alan McAdams stated that since the Adam's bill left entry restrictions and rate bureaus largely intact, the House bill "would be a disaster of the first order."[48] This largely spelled the end for transportation deregulation during the Nixon Administration.

During the period of the Nixon Administration's Wage and Price Controls from 1971-74, Fitzsimmons infamously remained the only labor representative on the Pay Board after all other labor representatives resigned. This mass resignation was labor's political response to the Pay Board's decision to roll back the ILWU's substantial wage gains, which were the result of their lengthy and difficult strike against Pacific Maritime Association (PMA) in 1971-72.[49] Nixon also commuted

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"Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.

[47] "Memo to: President Nixon, from: Herbert Stein, date: no date, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.

[48] Memo to: Herbert Stein and Marina Whitman, from: Alan McAdams, subject: Regulatory Modernization Act, date: June 7, 1972, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.

[49] "Fitz Elects to Remain on Board; Fight from Within," *Southern California Teamster,* March 29, 1972; "4 Unionists Walk Out on Pay Board," *Southern California Teamster,* March 29, 1972; "Nixon Re-Election Campaign Running Hard Against Labor," *Southern California Teamster,* March 29, 1972, in IBT0031, Box 9, Folder 4, March 29, 1972, IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

Hoffa's sentence in December 1971, on the condition that the storied labor leader resign as president and refrain from any dealings with the Teamsters until 1980. Despite these tensions, Fitsimmons and the Teamsters Executive Board endorsed Nixon over McGovern in the 1972 presidential election.[50] With Hoffa effectively barred from the Teamsters, Fitzsimmons would go onto replace him as president. In July 1975, Hoffa met mafia members at a restaurant outside of Detroit. Hoffa then disappeared under suspicious circumstances and later was presumed to be dead. It is under these turbulent conditions that the Teamsters faced attempts to deregulate the trucking industry in the mid-to-late 1970s.

IDEAS THAT SHAPE POLICY

While regulatory reform and deregulation gained political traction in the mid-to-late 1970s, criticisms against regulation were hardly new.[51] Early attempts to deregulate transportation industries can be traced to the individuals in the Kennedy Administration who relied the "Report on Regulatory Agencies to the President Elect" by John Landis, a Harvard educated lawyer, seasoned bureaucrat of several administrations, and longtime friend of the Kennedy family, to inform their approach

[50] "IBT Board Endorses Nixon; Blasts 'Political Marriages,'" *Southern California Teamster,* August 2, 1972, in IBT0031, Box 9, Folder 4, August 2, 1972, IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.
[51] For early critiques of regulation, refer to John Meyer, Morton Peck, John Stenason, and Charles Zwick, *The Economics of Competition in the Transportation Industries* (Cambridge: Harvard University Press, 1959); Richard Caves, *Air Transport and Its Regulators* (Cambridge: Harvard University Press, 1962); Harvey Averch & Leland Johnson, "Behavior of the Firm under Regulatory Constraint," *American Economic Review*, vol. 52 (December 1962), pp. 1052-1069.

to regulation.[52] In an address before Congress in 1962, Kennedy echoed concerns raised in the Landis report when he called for a "greater reliance on the forces of competition and less reliance on the restraints of regulation" and called for an end to the "chaotic patchwork of inconsistent and often obsolete legislation and regulation."[53] Though Congress failed to pass the Kennedy's proposed Transportation Acts Amendments of 1962 and 1963, the Administration's support for transportation deregulation legitimized arguments against regulation and expanded the political possibilities for deregulation.[54]

Following the Kennedy Administration's attempt to usher in transportation deregulation, the Ford Foundation provided a sizable grant to the Brookings Institution to study the economic effects of transportation regulation.[55] To that end

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[52] Kennedy's criticisms of transportation regulation largely stemmed from the Memo to: Senator John F. Kennedy, From: James M. Landis, Date: December 21, 1960, "Report on Regulatory Agencies to the President-Elect," Security and Exchange Commission Historical Society, https://www.sechistorical.org/collection/papers/1960/1960_1221_Landis_report.pdf and "Special Study Group on Transportation Policies in the United States," *National Transportation Policy,* Preliminary Draft of a Report Prepared for the Senate Committee on Interstate and Foreign Commerce (1961), referred to as the Doyle Report. An argument can be made that Truman's veto of the Reed-Bulwinkle Act of 1948, which Congress overrode, and Eisenhower's Administrative Conference on regulatory bodies were earlier attempts to reform regulation or limit its scope, the Kennedy Administration, however, attempted legislation. Office of the White House Press Secretary, "Fact Sheet: Administration's Regulatory Reform Program, November 13, 1975, Box 51, Folder, "Regulatory Reform [1]," Council of Economic Advisors, Gerald R. Ford Library.

[53] John F. Kennedy: "Special Message to the Congress on Transportation," April 5, 1962. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=8587 (accessed May 2015).

[54] Transportation Acts Amendments, 1962, Hearings before the house Committee on Interstate and Foreign Commerce, 87th Congress, 2nd session; Transportation Acts, 1963, Hearings before the House Committee on Interstate and Foreign Commerce, 88th Congress, 1st session. Ann Friedlaender makes the point that legislation failed largely due to an overrepresentation of regulated industry and labor, out of the forty-three persons who testified in 1962, only six represented shipping and consumer interests. In 1963, only eight out of sixty represented interests favorable to consumers and shippers. Refer to Ann Friedlaender, *The Delima of Freight Transportation* (Washington: Brookings Institute, 1969), pp. 163-64.

[55] Martha Derthick & Paul Quirk, *Politics of Deregulation* (Washington: Brookings Institution, 1985), pp. 36-39, 56. Though the Johnson Administration did not introduce legislation which would have deregulated the motor carrier industry, the Neal Taskforce on Antitrust Law urged the Johnson Administration to work toward elimination of entry barriers and rate controls. Johnson echoed these

Brookings, and later the American Enterprise Institute (AEI), held conferences, published studies, and provided institutional support for economists and policy experts to study the costs and effects of transportation regulation. This spurred academic activity, which helped build the intellectual groundwork for arguments against regulation.[56] Moreover, the outpouring of scholarly works on regulation garnered attention from a wide array of well-positioned individuals in both industry and government, including policy makers, bureaucrats, and administrators in regulatory agencies.

But the legislative failure of significant regulatory reform in the 1960s and early 1970s indicates that arguments for market mediated, rather than state managed approach, remained a political impossibility until stagflation of the 1970s provided the economic conditions that ultimately called into question the then dominant Keynesian macroeconomic theory and provided the opening for these ideas to move from the academy into mainstream discourse through support from those in academic and policy circles and were aided by favorable coverage from the

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sentiments in an address before Congress, where he argued that, "the costs of a transportation paralysis in the years ahead are too severe. The rewards of an efficient system are too great. We cannot afford the luxury of drift--or proceed with 'business as usual.'" Lyndon B. Johnson: "Special Message to the Congress on Transportation," March 2, 1966. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=28114 (accessed May 2015).

[56] For example, "Issues in Freight Transportation Policy," conference held at Brookings Institute, December 14-15, 1967; "Regulatory Reform: A Conference on Government Regulation," conference held at the American Enterprise Institute, Washington, D.C., September 10-11, 1975; "Symposium on Deregulation," *Indiana Law Journal*, vol. 51, issue 3 (1976). See also Derthick & Quirk, *Politics of Deregulation,* pp. 36-39; Ann Friedlaender, *The Dilemma of Freight Transport Regulation* (Washington: Brookings Institution, 1969), pp. vii-viii, 175-189; *Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on September 10-11, 1975* (Washington: American Enterprise Institute, 1976). The American Enterprise Institute conference on regulatory reform included a wide array of outspoken advocates of deregulation across the political spectrum such as Ralph Nader, Hendrick Houthhakker, Paul MacAvoy, James Miller III, Thomas Gale Moore, Ann Friedlaender, Daniel O'Neal, Ronald Reagan, and Antonin Scalia.

press.[57] As the number of scholarly works critical of regulation grew, proponents of deregulation were then able to draw from a wide array of works from economists and legal scholars to frame and advance arguments against regulation.

In his foundational 1960 piece for *The Journal of Law and Economics*, "The Problem of Social Cost," then University of Virginia and later University of Chicago law professor, Ronald Coase, argued that any imposed cost, what economists term an externality, should be viewed as the total social and economic costs borne by both parties.[58] In terms of regulation, Coase argued that the economic cost of a particular regulation should be weighed against its social and societal benefit. Coase drew from a wide array of case, tort, and common law to challenge Arthur Cecil Pigou's then dominant theory of welfare economics.[59] To illustrate his point, Coase used an example of a factory producing smoke.

Under Pigouvian theory of welfare economics, a factory responsible for harmful smoke would be liable for health issues that could arise from individuals living in a nearby residential district. Coase states that this unidirectional view of liability considers only the effected party and ignores the social harm and economic costs that the health complaint would impose on the business. In this respect, Coase argued that both parties ultimately suffer, the individual for their ill health and the

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[57] For deregulation as one of several policy prescriptions to rein in inflation during the Carter Administration, refer to Derthick & Quirk, *Politics of Deregulation*; *The Carter Presidency: Policy Choices in a Post New Deal Era,* eds. Gary Fink & Hugh Davis Graham, (Lawrence: University of Kansas Press, 1997); Marc Allen Eisner, *Regulatory Politics in Transition* (Baltimore: Johns Hopkins Press, 2000), pp. 170-92, 199-200; *The Oxford Encyclopedia of American Business, Labor, and Economic Policy, Vol. 1,* ed. Melvyn Dubofsky, (Oxford: Oxford University Press, 2013), pp. 198.
[58] Ronald Coase, "The Problem of Social Costs," *The Journal of Law and Economics,* Vol. III (October 1960), pp. 1-44.
[59] Arthur Cecil Pigou, *The Economics of Welfare* (London: Macmillan, [1920] 1932).

factory for the economic costs and social harm from the health claim. Furthermore, Coase states that though regulation or policy may limit liabilities, regulation can impose economic costs greater than could be determined on a case-by-case basis as infractions arise. Coase's line of thought proved particularly important for arguments against regulation which weighed the public and societal benefit of any given regulation against the economic cost borne by society.[60]

Ann Friedlaender's work on freight transportation regulation emerged as one of the first important studies to quantify the economic cost of transportation regulation and weigh it against its social and societal benefit. Friedlaender, then a professor of economics at Boston College, produced her study for a two-day Brookings conference on regulation held in 1967.[61] In her paper, Friedlaender estimated that a "policy that ended all rate regulations" would reduce transportation costs by roughly "$500 million a year." However, she cautioned against complete deregulation because of the ancillary social and economic fallout that could follow. "Trucking firms would be particularly hard hit," she warned, and "at best, many trucking firms would be forced into the relatively unprofitable short-haul, small size, irregular route service; at worst, many would be forced out of business."[62]

[60] Ronald Coase, "The Problem of Social Costs," *The Journal of Law and Economics,* Vol. III (October 1960), pp. 1-44.
[61] At this point, Friedlaender was a professor at Boston College. She would later move to MIT's Economics Department, where she would serve as professor and Chair, before eventually serving as Dean of Humanities and Social Sciences. Friedlaender served on a variety of posts at the American Economic Association, including Chair of the Committee on the Status of Women in the Economics Profession in the AEA. Friedlaender also served on the boards of the RAND Corporation and Conrail.
[62] Friedlaender, *The Dilemma of Freight Transport Regulation,* pp. 164-65.

While Friedlaender's work contained a caveat on who would ultimately bear the costs of deregulation, she remained committed to the idea that regulation ultimately added unnecessary economic costs. "The existing regulatory framework and policies," Friedlaender argued, "have led to inefficiencies and social costs arising from a misallocation of transport resources that must be corrected." However, Friedlaender cautioned against policy that could have a negative effect on regulated sectors, noting that "the losses accruing to specific income groups from such a correction must be minimized."[63] Though Friedlaender's study argued for regulatory reform and cautioned against full deregulation, her work advanced Coase's cost-benefit analysis of policy generally. Moreover, her study also identified economic inefficiencies within a regulated sector, which helped undermine faith in regulatory institutions themselves. Some scholars went further and put forth theories on the behavior of regulated firms and labor and relationships they built with the regulatory agencies they were ultimately accountable to.

University of Chicago economist George Stigler's groundbreaking 1971 essay, *Theory of Economic Regulation,* posed some thorny questions concerning the behavior of the regulators, firms, and organized labor operating within a regulatory framework and the effect that these relationships had on competition, prices, and service within regulated industries. [64] Stigler theorized that once

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[63] Friedlaender, *The Dilemma of Freight Transport Regulation,* pp. 174.

[64] Stigler's main contribution here is a more articulated theory of regulatory capture. George Stigler, "Theory of Economic Regulation," *Bell Journal of Economics and Management Science*, Vol. 2, No. 1 (Spring, 1971), pp. 1-21. For other important works in this vein, refer to Alfred Kahn, *The Economics of Regulation* (Cambridge: MIT Press, 1971); Richard Posner, "Theories of Economic Regulation," National Bureau of Economic Research, Working Paper Series, No. 41 (May 1974); Richard Posner, "The Social Costs of Monopoly and Regulation," National Bureau of Economic Research, Working Paper Series, No. 55 (September 1974); Sam Peltzman, "Towards a More General Theory of

"regulation is acquired by the industry," firms would use their power and influence in those relationships to design and implement regulation "primarily for its benefit."[65] In this way, Stigler advanced an early iteration of what would become the regulatory capture theory, or the concept that regulated firms would use their relationships with regulators to secure favorable regulatory protections which would ultimately serve their own interests.[66]

Since ICC regulation created imperfect markets by design, through restricted entry and set rates, and since the industry, labor, and regulators formed close working relationships through multi-employer bargaining, regulatory oversight, and industry staffed rate bureaus, a relationship that has been termed the iron triangle, motor carrier regulation became a focus for regulatory capture theory.[67] Though Stigler and most other critics admitted that barriers to entry and rate setting proved necessary to protect the both trucking and rail during the Great Depression, they argued that these protections had long since passed their usefulness as the industry matured. "No even ostensibly respectable case for restriction can be made on grounds of economies of scale," Stigler argued, and most problematic for economists, rate bureaus "achieve more than competitive rates of return" than would

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Regulation," National Bureau of Economic Research, Working Paper Series, No. 133 (April 1976); *Chicago Studies in Political Economy,* ed. George Stigler (Chicago: University of Chicago Press, 1988); Sam Peltzman, "George Stigler's Contribution to the Economic Analysis of Regulation," *Journal of Political Economy,* Vol. 101, No. 5 (October 1993), pp. 818-832.

[65] Stigler, "Theory of Economic Regulation," pp. 3.

[66] *Preventing Regulatory Capture: Special Interest Influence and How to Limit It,* eds. Daniel Carpenter & David Moss (Cambridge: Cambridge University Press, 2013).

[67] Marc Allen Eisner, *Regulatory Politics in Transition* (Baltimore: Johns Hopkins University Press, 2000), pp. 191; Mark H. Rose, Bruce E. Seely, & Paul F. Barrett, *The Best Transportation System in the World: Railroads, Trucks, Airlines and American Public Policy in the Twentieth Century* (Philadelphia: University of Pennsylvania Press, 2010), pp. 112-13.

be realized through market-based competition.[68] Thus, Stigler argued, regulation not only allowed the industry to effectively be cartelized, it also allowed labor and industry to collude to set rates, prices, and labor costs well above those that would be set through the competitive market pressures of the free market. Though antecedents certainly exist in capture theory, Stigler put forth this articulation at a time when faith in institutions was at its nadir and an underlying faith in the efficiencies of the free market was nearly hegemonic.

While Friedlaender put forth a rather modest estimate on the costs of transportation regulation, then Michigan State University economist, Thomas Gale Moore, drew upon historical data to advance a particularly damning critique of motor carrier regulation. Moore's paper, first circulated at 1971 Brookings Institution conference on regulation, relied on data from a U.S. Department of Agriculture (USDA) study which examined the economic effects of a court ruling that temporarily exempted frozen fruits, vegetables, and poultry from ICC regulation in the 1950s. According to USDA study, shipping rates for frozen fruits and vegetables declined by 19% while rates for frozen poultry declined by 33%.[69]

This USDA study provided data which Moore then used to put forth an estimate on the total costs of ICC regulation. Moore estimated that "if regulation [in the motor carrier field] were abolished…trucking rates would decline on average of

[68] Stigler, "Theory of Economic Regulation," pp. 4-6.
[69] Thomas Gale Moore, *Freight Transportation Regulation, Surface Freight, and the Interstate Commerce Commission* (Washington: American Enterprise Institute, 1972), pp. 72-73. At this point, Moore was a professor of economics at Michigan State University. He later moved to Stanford's Hoover Institute where he would serve as a senior fellow. Moore was also affiliated with the American Enterprise Institute. Later, Moore served on a variety of posts in the Reagan Administration, including a position on Reagan's Council of Economic Advisors from 1985-1989.

20 percent."[70] To determine a total cost of motor carrier regulation, Moore extrapolated rate reductions from the USDA study to the sum of ICC regulated shipping rates. Moore concluded that "it would not be unreasonable to expect that elimination of [surface freight] regulation would result in a savings to the economy, in terms of resources, as high as $10 billion a year."[71] Since Moore's study drew from historical data, his estimate held a bit more gravity than Friedlaender's comparatively modest estimate of a savings of $500 million.

Whereas Friedlaender cautioned against the potential detrimental effects that industry and labor both would face in a deregulated environment, Moore viewed the effects of heightened competition as a benefit. While Moore conceded that "profits could only absorb a small portion of the decrease," he theorized that "cost reductions [in rates] would have to absorb most" of the remaining $10 billion.[72] According to Moore, deregulation would cause rates to decline which would benefit the consumer, shipper, and industry, while the motor carrier industry would have to make do with heightened competition and lower profit margins. Moore's picture of deregulation, however, seemed to gloss over the relationship between shipping rates, profit margins, and a firm's variable costs, which includes labor, equipment, and maintenance. Under Moore's competitive market system, firms would likely gain an edge over their competition by their ability to trim costs and run on thin margins,

[70] Moore, *Freight Transportation Regulation,* pp. 73, 79.
[71] Moore, *Freight Transportation Regulation,* pp. 79; Friedlaender, *The Dilemma of Freight Transport Regulation,* pp. 165.
[72] Moore, *Freight Transportation Regulation*, pp. 79.

rather than a competitive edge from equitable service and fair compensation to employees.

FROM THE IVORY TOWER TO K-STREET

Though Moore's study initially served as a policy brief in support transportation deregulation generally, it also functioned as a foundational scholarly work for the Nixon Administration's ill-fated Transportation Regulatory Modernization Act of 1972.[73] As a result of their work on deregulation, Harvard economist and member of Nixon's Council of Economic Advisors, Hendrik Houthakker, called on both Friedlaender and Moore to offer testimony on the economic effects of transportation regulation in hearings before Congress for the legislation.[74] While the industry and labor largely advanced arguments for regulation under the guise of protecting consumer interests by maintaining a transportation system grounded in equity, service, and stability, market-oriented economists tended to frame their arguments for deregulation in terms of excessive costs, inefficiencies, and waste.

Though Administration officials argued transportation deregulation would save billions of dollars each year, some folded when pressed on the issue.[75] When

[73] Memo to: Herbert Stein and Marina Whitman, CEA, from: Alan McAdams, subject: Economic Relationships in Transportation, date: June 20, 1972, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.
[74] Memo to: Marina Whitman, CEA, from: Alan McAdams, subject: Economists' Testimony at the Hearings on the Regulatory Modernization Act, date: May 9, 1972, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.
[75] Memo to: Peter Flanigan, Assistant to the President, from: Sam Peltzman, CEA, subject: 'Economic Effects of Deregulation Bill," date: July 14, 1971, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.

Congresspersons asked how the potential savings would be generated from transportation deregulation, James Beggs of the DoT simply responded "we don't know. But we are not risking very much to allow this to happen."[76] Though Nixon's Transportation Regulatory Modernization Act ultimately failed, largely due to lack of public interest, complexity of the issue, and uncertainty about the effects of deregulation, the idea that regulation imposed a cost on society which outweighed its social benefit garnered attention from a wide array of bureaucrats and policymakers, particularly from those who held an underlying faith in the free market.[77]

However, public opinion on the harms or benefits of regulation was somewhat neutral. The need for public support was not lost on those ideologically opposed to regulation. As Houthakker noted, "once consumer interests are adequately represented, the advantages of regulation to the regulated industries themselves may well disappear, and the basis for an extension of competition, which is the ultimate protector of consumer interests, may be laid."[78] However, arguments for deregulation did not solely come from economists and policy makers.

While the belief in the free market as the ultimate arbiter of economic costs had adherents from economists, policy makers, and public intellectuals on the right

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[76] Quote from Vera Hirschberg, "Transportation Report / Congress Plods Through Complex Arguments Over Transportation Regulation," *National Journal,* May 6, 1972, Box 70, Folder, "Transportation Legislation, January – August 1972 [2]," Council of Economic Advisors, Gerald R. Ford Library.
[77] Moore, *Freight Transportation Regulation,* pp. 86-93; Derthick & Quirk, *Politics of Deregulation,* pp. 37-38; Albert Karr, "Relaxing Regulation: A Broad Transportation 'Program of Nixon's Would Aid Rails, Trucks, and Perhaps Consumers," *Wall Street Journal,* August 2, 1971. Moore testified before Congress during hearings on the DoT's Transportation Regulatory Modernization Act.
[78] Staff Reporter, "Nixon Adviser Urges Consumers to Tackle Regulated Industries," *Wall Street Journal,* April 21, 1970.

of the ideological spectrum, arguments against regulation and hard economic controls in favor of free market competition were advanced from those left of center as well. Left leaning historian Gabriel Kolko advanced an argument not dissimilar to Stigler's theory of regulatory capture in his 1965 work *Railroads and Regulation, 1877-1916.* In this work, Kolko argued that the regulated industries, such as railroads, ultimately sought regulation to limit competition, set rates, and maintain a cartel like structure for their own benefit.[79] Consumer advocate Ralph Nader also advanced a view critical of what he viewed as ultimately corrupt dealings between industry, regulators, and union bosses facilitated by regulation which, he argued, created monopolistic tendencies in regulated industries at the public's expense.[80]

The New Left also generally held negative views of what they termed 'business unionism,' a top-down structure in which union bosses ultimately served business rather than serve the needs of their members and the general public. The New Left's skepticism of large impersonal bureaucracies and callous government policies developed at a time when the underlying faith in large organizations, particularly government institutions and labor unions, was shaken in part by union corruption hearings in the late 1950s and early 1960s, the state's approach to the Vietnam War, and the sordid details of the Watergate scandal. Moreover, the New Left felt that these bureaucratic structures were detached, uncaring, and

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[79] Gabriel Kolko, *Railroads and Regulation, 1877-1916* (Princeton: Princeton University Press, 1965).
[80] Mark Green & Ralph Nader, "Economic Regulation vs. Competition: Uncle Sam the Monopoly Man," *Yale Law Journal,* vol. 82, no. 5 (April 1973), pp. 871-889.

unresponsive to the needs of the people at large, all of which ran counter to their animating belief in participatory democracy.[81]

Regulators were all too aware of the outpouring of criticisms against regulation. “During my years I spent with Senator Magnuson’s Senate Commerce Committee, the Committee was confronted with no issue that generated more heat and less light than the continuing controversy over whether to deregulate, expand regulation, or otherwise change course in our regulation of interstate transportation,” noted ICC Commissioner Daniel O’Neal in an address before the ICC Practitioners meeting in 1973. “This debate, vital as it is, has been waged in relative obscurity,” O’Neal noted, “out of the hearing and viewing range of the vast majority of Americans – even of many whose daily lives are largely involved with transportation.”[82] And while O’Neal acknowledged that “a number of respected members of the academic community have endorsed the principle of deregulation” their views, O’Neal suggested, “have been given strength and form through positions advocated by the President’s economic advisors,” along with individuals in the Anti-Trust Division of the Department of Justice (DoJ) and DoT.[83]

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[81] Sociologist and member of the New Left’s organizational vehicle, Students for a Democratic Society (SDS), Dick Flacks, confirmed the views against regulation held by members of the New Left in discussion at “Movements from Above, Struggles from Below: The Double and Counter-Double Movements of Deregulation and Democratization,” a joint talk by Ben Manski, UCSB Sociology, and Jesse Ronald Halvorsen, UCSB History, at UCSB’s Sociology Department on May 18, 2017.

[82] Daniel O’Neal, Speech before ICC Practitioners – Third Annual Meeting, Box 2, Folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973,” A. Daniel O’Neal Papers, 1973-1979, Hoover Institution Archives.

[83] Daniel O’Neal, Speech before ICC Practitioners – Third Annual Meeting, Box 2, Folder, “ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973,” A. Daniel O’Neal Papers, 1973-1979, Hoover Institution Archives. Aside from his address to Congress, Nixon fell short of offering anything but nominal support for the DoT’s legislation. Both labor and industry wielded a great deal of influence and organizational strength during the Congressional hearings on the proposed legislation. The some of the most vocal support came from the DoT’s John Volpe, the

Given that arguments against regulation started to gain traction in academic and policy circles, O'Neal warned fellow regulators against taking a hardline position when discussing regulation. He noted that as public officials, their agency "should only exist to the extent that it benefits the public" and should generally be receptive to criticism, rather than double-down on an indefensible position.[84] O'Neal's somewhat pragmatic approach to regulation indicates that he was attuned and sensitive to mounting criticisms and more willing to enact reforms than those he described as his more "conservative colleagues in the ICC."[85]

Eight months after delivering a "rather coolly" received address before the American Enterprise Institute's (AEI) Conference on Federal Transportation Policy in April 1974 titled, 'No Clamor for Deregulation – Should There Be?' O'Neal noted that his position "no longer seemed as solid."[86] Though O'Neal remarked that the "strong collective advocacy of continued regulation" of most regulated carriers made him "a

CEA's Hendrik Houthakker, and the special economics assistant to the Attorney General of the DoJ's Anti-Trust Division, George Eads, a vocal critic of regulation.

[84] Daniel O'Neal, Speech before ICC Practitioners – Third Annual Meeting, Box 2, Folder, "ICC Practitioners – Third Annual Meeting, Hotel Washington, Nov. 16, 1973," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

[85] Albert Karr, "The Regulators: Proposals to Reform Federal Commissions Are Heard More Often," *Wall Street Journal,* November 12, 1974; Derthick & Quirk, *Politics of Deregulation,* pp. 71-73. Derthick & Quirk note that once O'Neal succeeded George Stafford as Chairman of the ICC, he made deregulation an ICC goal. While the author agrees with this view to an extent, Derthick & Quirk ignore the ways in which O'Neal remained committed to some form of regulation, while he faced mounting pressure from President Carter and well-positioned persons within his Administration, members of Congress, and well-connected economists and policy experts all of whom advanced the position of reduced regulation as a potential solution to inflation. Thus, it appears Stafford was conservative in the sense he resisted structural change, while O'Neal took a more pragmatic approach to regulation and was open to reform. O'Neal's successor, Darius Gaskins, was ideologically opposed to any and all forms of regulation and government intervention in the free market.

[86] Letter from: Henry A.S. Van Daalen of the Common Carrier Conference, to: Daniel O'Neal, date: April 8, 1974 Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives; Public statement noted in a memo date: December 3, 1974, Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

little uneasy," the 38-year-old commissioner centered his criticisms on the slew of ideologically charged studies on the costs of regulation which, O'Neal noted, served as an "article of faith for many economists."[87]

While economists' studies tended to have a singular focus on what they perceived as economic waste over efficiencies that could be achieved through the competitive discipline of the free market, O'Neal stated that this line of argument generally failed to understand how regulation considers an "examination of the entire economy" and also failed to account for deregulation's broader effects on "plant dislocation, employee displacement, [and] social costs."[88] O'Neal reiterated his concerns in a letter to Wisconsin Senator William Proxmire, where he noted that "most economists concentrate their attention on improving carrier efficiency, and while this is one of the concerns of regulation, it is only one concern."[89] Rather than pursue a program of full-scale deregulation, O'Neal favored regulatory reform through administrative action at the ICC. But O'Neal's somewhat pragmatic approach to regulatory reform failed to win many converts.

At the same AEI conference, economist and special economics assistant to the Attorney General of the DoJ's Anti-Trust Division, George Eads, noted in a somewhat frustrated tone, "if reduced regulation is ever to become more than a

[87] Daniel O'Neal speech before AEI Conference, 'Federal Transportation Policy,' Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[88] Daniel O'Neal speech before AEI Conference, 'Federal Transportation Policy,' Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[89] Letter from: Daniel O'Neal, to: William Proxmire, U.S. Senate, date: April 16, 1974, Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

gleam in economists' eyes, it must have the strong support of both the shippers and the traveling public…what is required," he argued, "is a slow but systematic attempt to undermine the notion that regulation in some way protects the consumer from big business."[90] Eads evoked Stigler's *Theory of Regulation* when he added that "the public has to be shown over and over again that regulation primarily serves the interests of the regulated and that whatever equity it produces usually is purchased at a high cost to the consumer."[91]

By shifting criticisms of regulation from an inefficient system mired with bureaucratic red tape that primarily benefited organized labor and regulated industries, to a cost the consumer ultimately must bear allowed those in favor of deregulation to garner attention from policy makers, the press, and the general public. Moreover, this rhetorical shift allowed proponents of deregulation to couch their argument as a cost measure that could save consumers billions of dollars per year over what could be achieved through market-based competition, and therefore would rein in inflation.

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[90] George Eads, "Economists versus Regulators," speech presented at Perspectives in Federal Transportation Policy, American Enterprise Institute, February 14-15, 1974, Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives. Eads would later serve as director for the Council on Wage and Price Stability.

[91] George Eads, "Economists versus Regulators," speech presented at Perspectives in Federal Transportation Policy, American Enterprise Institute, February 14-15, 1974, Box 2, Folder, "AEI Conference, 'Federal Transportation Policy, 2/15/1974," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives. Richard McLaren, head of the Justice Department's Anti-Trust Division, also a vocal critic of regulation. Staff reporter, "Anti-Trust Chief Lashes ICC, Urges an End of Regulation Over Most Transportation," *Wall Street Journal,* July 29, 1971.

CHAPTER FIVE
STAGFLATION, DEREGULATION, AND THE PUBLIC INTEREST: MOTOR CARRIER DEREGULATION FROM THE FORD ADMINISTRATION TO THE CARTER ADMINISTRATION

While the Ford Administration ultimately failed to pass motor carrier deregulation during Ford's short two-year term as President, their efforts towards that end helped cement the idea that government policy generally and regulation specifically ultimately delivered higher prices than would be achieved through the competitive discipline of the free market and thus contributed to inflation. Economists advanced these ideas at Ford's Summit Conference on Inflation, convened within weeks of Ford's term as President. Interestingly enough, at the conference several economists who held positions in Republican and Democratic administrations reached a consensus on a list of twenty-two reforms that, they argued, would make inflation more responsive to macroeconomic policy. Though the list contained a wide array of recommended reforms, six recommendations specifically dealt with Interstate Commerce Commission (ICC) regulations.

Though public opinion on deregulation as a policy prescription for inflation was initially lukewarm, the press helped circulate arguments against regulation and brought these ideas from the academy and policy circles into mainstream public discourse and helped build a constituency for deregulation. Regulators, such as the ICC's Daniel O'Neal, were acutely aware of the growing chorus clamoring for deregulation and, as a result of political pressure, instituted a number of administrative reforms in an effort to stymie criticisms. Specifically, this slate of regulatory reforms lowered barriers to entry, introduced rate flexibility, and expanded the geographic regions exempt from ICC regulation in commercial zones and terminal areas. Though these reforms did in fact achieve their intended effect, they did little to stem the political tide of deregulation.

Though Carter's presidential run ended Ford's short presidency, Carter continued a number of policies developed during the Ford Administration that provided a strange continuity between the two. Whereas the Nixon Administration attempted to control inflation through hard wage and price controls, the Ford Administration created Council of Wage and Price Stability (CWPS) to set voluntary wage and price benchmarks which they enforced through jawboning, or the use of political pressure to achieve compliance. Carter retained the CWPS and relied on jawboning to achieve compliance with the voluntary benchmarks to address inflation. Carter also remained committed to dismantling regulatory structures in favor of economic sectors disciplined by the competitive pressures of the free market.

This chapter will first survey Ford's Summit Conference on Inflation. Several recommended reforms generated at the meeting contributed to the Ford Administration's approach to inflation. This will be followed by a section on how the press helped move these ideas from the academy and think tanks into the newspapers and television sets of the general public which helped shape public opinion and discourse on regulation. The next section explores ways in which regulators at the ICC responded to mounting political pressures and unfavorable press coverage by instituting a number of reforms to make the motor carrier field more competitive. Finally, this chapter will detail the 1976 presidential campaign and early economic policy of the Carter Administration. Whereas Ford failed to usher in deregulation in the airline and motor carrier industry, Carter succeeded in deregulating a number of industries.

The Ford Administration's Summit Conference on Inflation

Immediately following Nixon's resignation on August 9, 1974, President Gerald Ford took action on the troublesome issue of stagflation. Initially, Ford's economic policy was informed by his transition team.[1] While the Nixon Administration attempted to rein in inflation through a variety of means, from the dramatic economic intervention of wage and price controls to failed attempts at deregulation, the Ford Administration took a far more ideologically pure approach to inflation, grounded in an underlying faith in the sanctity and efficiency of the free market.

Within the first month of his presidency, the Ford Administration successfully ushered legislation through Congress which established the Council on Wage and Price Stability (CWPS). Charged with the task of monitoring inflation, the CWPS reviewed concentrated or monopolistic sectors of the economy, set voluntary benchmarks for wages and prices, and surveyed programs, policies, and activities of government agencies, such as regulatory bodies and regulation itself, and assessed

[1] Roger Porter, *Presidential Decision Making: The Economic Policy Board* (Cambridge: Cambridge University Press, 1980), pp. 3, 30-56.

their potential impact on inflation.[2] Ford also established his Economic Policy Board (EPB), a powerful and active advisory body that made recommendations and helped shape the Ford Administration's economic policy. The EPB met over an astonishing five-hundred times during its brief two-year existence. Ford later called the EPB "the most important institutional innovation" of his Administration.[3]

By September 1974, President Ford convened the Summit Conference on Inflation. The conference took place over multiple weeks and held separate meetings for labor and economists to explore the problem of inflation and generate potential solutions. At the economists' first meeting on September 5th, there was near unanimous agreement that inflation was not responding to traditional macroeconomic policy or fiscal and monetary measures. Economist Thomas Gale Moore, who had recently taken up a post at Stanford University's Hoover Institution, suggested a number of reforms that could "improve the supply picture and reduce costs and prices. The government," Moore continued, "is instrumental in a number of ways of holding up prices."[4] To make his case, Moore identified a wide array of government policies and bodies which, he felt, created price rigidity and therefore contributed to inflation.

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[2] The Ford Administration drew up the Council on Wage and Price Stability Act, which was introduced in the Senate on August 15, 1974, passed through the Committee on Banking, Housing and Urban Affairs in four short days. The Senate voted 83 to 3 in favor, passed the House by a vote of 369 to 27, and was signed into law by Ford on August 24, 1974. https://www.congress.gov/bill/93rd-congress/senate-bill/3919 (accessed May 2019).
[3] Porter, *Presidential Decision Making,* pp. 3.
[4] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.

In addition to transportation deregulation, Moore suggested that import quotas, some financial and banking regulations, retail price maintenance, and prevailing wage policies, among others, all had the effect of inflating prices beyond what could be achieved through market-based competition. The result, Moore posited, was billions of dollars in economic waste extracted by industries, labor unions, and special interests at the consumer's expense. Hendrick Houthakker expanded on Moore's point and offered up his own list of forty-five structural reforms which, he theorized, would remove "a number of rigidities [that] have been built into the economy, mostly by obsolete [regulation]" which "seriously impair the effectiveness of other anti-inflationary policies."[5]

Several other prominent economists at the Summit Conference agreed with the general thrust of Moore's and Houthakker's assessment. University of Minnesota economist, chairperson of Kennedy's Council of Economic Advisors (CEA), and the key architect of Lyndon Johnson's War on Poverty, Walter Heller, suggested that economists at the Summit should "broaden…[their]…perspective from the demand side to the supply side." To make macroeconomic policy more responsive, Heller suggested that policy makers should "slaughter many of those 45 sacred cows Hank Houthakker has spoken about."[6] University of Chicago economist, rightwing ideologue, and former president of the Mont Pelerin Society, Milton Friedman, agreed with "Houthakker and others who have called for action on the micro-level to

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[5] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.
[6] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.

remove obstacles of the free market."[7] Harvard economist, public intellectual, and seasoned veteran of numerous governmental posts which spanned several administrations, John Kenneth Galbraith, wryly interjected to remind the economists and policy makers present that inflationary policy "is not an ideological question but the remedies are about the same for liberals and conservatives, would be about the same for Bolsheviks and the devoted followers of Dean [sic] Rand, if there are any such present."[8] However, the re-imposition of hard economic controls, which Galbraith hinted at, was unpalatable for nearly all attendees.

University of Virginia economist and chairperson of Nixon's CEA during the period of wage and price controls, Herbert Stein, expanded on the viable options to rein in inflation. Stein suggested that perhaps the "government has been too timid" or "has not been sufficiently courageous to do the things that were necessary to do because it misunderstood the sentiment of the public and the willingness of the public to stand for the consequences of a truly anti-inflationary policy with consequences measured in unemployment, high interest rates and rejection of certain Federal expenditure programs." Rather than shock the economy out of the

[7] Angus Burgin, *The Great Persuasion: Reinventing Free Markets Since the Great Depression* (Cambridge: Harvard University Press, 2012), pp. 152-185. Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.

[8] The author assumes there was an error in transcribing the discussion and that Dean Rand likely meant Ayn Rand. Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.

inflationary crisis with a recession, Stein suggested that “there is only one alternative to that as a way of restraining inflation and that is the control system.”[9]

Stein admitted if a policy of hard controls was pursued, such a system would have to be implemented permanently to effectively control inflation. When faced with that choice, Stein suggested that “it seems to be obvious” which path was preferable. In this light, Stein reasoned that “there is a real basis for pushing the Moore-Houthakker program because if we are going to tell people that they should accept living by roles of the market then, of course, we must have a legitimate market and do everything we can to make it a true competitive market.”[10] The AFL-CIO’s economist and labor’s sole representative at the Summit Conference for economists, Nathaniel Goldfinger, offered a divergent view.

Goldfinger argued that the root causes of what the AFL-CIO viewed as an “inflationary recession” were complex and multi-varied. Labor interpreted the 1972 grain deal with the Soviet Union as the catalyst of the inflationary crisis. The outflow of agricultural commodities in general, he argued, caused an inflationary spike in food prices. Devaluation of the dollar, outflow of manufactured goods, speculation and profiteering in the commodities market, a significant rise in corporate profits, and the surge in oil prices, Goldfinger asserted, furthered and deepened the inflationary crisis of the mid-1970s. Tight fiscal and monetary policy, coupled with high interest

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[9] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, “Summit Conference on Inflation, September 5, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.

[10] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, “Summit Conference on Inflation, September 5, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.

rates, Goldfinger contended, exacerbated these issues and ultimately had the effect of raising prices rather than their intended deflationary effect of slowing economic growth. “The continuation of these policies,” Goldfinger contended, “now poses the threat of deepening recession, the threat of widespread business failure, and certainly the immediate threat and reality of high unemployment.”[11]

Goldfinger did, however, share the sense of urgency with economists over the stagflation crisis. Inflation, Goldfinger continued, was “undermining living standards” and caused “a decline not only in purchasing power but also in real consumption,” a burden that fell disproportionately on the poor and working class. This decline in purchasing power and consumption, Goldfinger noted, caused a decline in retail sales and a contraction in housing development, construction, and sales. To correct course and ease the economic pain caused by stagflation, labor argued for loosened monetary and fiscal policies. Additionally, they argued for a revamped tax structure with a focus on “the elimination of…major loopholes…in the Federal tax structure, and the adoption of excess profits tax.” Furthermore, labor argued for more public service employment programs, additional public works projects, and expanded unemployment benefits. Goldfinger also argued against further tax cuts for business, a policy suggestion that several economists raised at the meeting.[12] But Goldfinger’s views were very much in the minority.

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[11] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, “Summit Conference on Inflation, September 5, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.
[12] Transcript of Summit Conference on Inflation – Economists, September 5, 1974, Box 52, Folder, “Summit Conference on Inflation, September 5, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.

In his summary report on the first economist's summit meeting for President Ford, Yale economist and former chairman of Lyndon Johnson's CEA, Arthur Okun, included Thomas Moore's memo of "22 structural measures that would improve economic efficiency and the cost and price structure of the economy."[13] Out of the twenty-two policies, which ranged from eliminating retail price maintenance to some financial deregulation, six recommendations addressed ICC regulation. Specifically, Moore's program called for the elimination of the ICC's commodity restrictions, rate bureaus, controlled entry, anti-trust exemptions, and operating authorities.[14]

To give Moore's suggested policy more weight, the memo was endorsed by nearly every economist at the Summit Conference. This included luminaries in the field across the ideological spectrum, such as Milton Friedman, Paul Samuelson, Paul McCracken, Herbert Stein, Hendrick Houthakker, and Walter Heller, among others. Several of these economists were fairly influential and several served on the CEA under various Democratic and Republican administrations in the 1960s and 1970s. This broad-based bipartisan support for deregulation as a policy prescription for stagflation represents a shift away from Keynesian macroeconomic policy and hard economic controls in favor of a general retreat of state intervention and an economy disciplined by the competitive forces of the free market.[15] Only John

[13] Arthur Okun, Summary of Meeting of Economists, September 23, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.

[14] Arthur Okun, Summary of Meeting of Economists, September 23, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library. Ford's Consumer Goods Pricing Act of 1975 repealed the Miller-Tydings Act of 1937 and the McGuire Act of 1952 effectively eliminating retail price maintenance. Regulation Q was slowly phased out throughout the early 1980s with Carter's Depository Institutions and Deregulatory Monetary Control Act.

[15] Historian Daniel Rodgers makes this point in Daniel Rodgers, *Age of Fracture* (Cambridge: Belknap Press of Harvard University, 2012), Chapter Two: Rediscovery of the Market.

Kenneth Galbraith and the Nathaniel Goldfinger refused to sign on, as Goldfinger noted that the structural measures in Moore's memo were "irrelevant to the problem of inflation."[16] Galbraith agreed and stated that the suggested reforms had "no relation whatever to the problem with remedying inflation."[17]

At labor's meeting for the Summit Conference on Inflation on September 11, 1974, labor reiterated several of the recommendation Goldfinger raised at the economists meeting. Unsurprisingly, there was unanimous agreement that wages were not the cause of inflation, what economists termed wage-push inflation. AFL-CIO president George Meany suggested that the inflationary crisis of the 1970s was "not caused by excessive demand…too many dollars chasing too few goods." Rather, Meany and other labor representatives argued that continued tight monetary and fiscal policy only compounded stagflation and "choke an economy that needs to grow."[18]

Labor was also nearly unanimous in their opposition to the re-imposition of wage and price controls. Though Leon Stein of the International Ladies' Garment Workers' Union was willing to concede that the re-imposition of hard controls may again be necessary, he argued that labor disproportionately bore the costs of wage and price controls during the Nixon Administration. "You can't have [controls]," Stein

[16] Arthur Okun, Summary of Meeting of Economists, September 23, 1974, Box 52, Folder, "Summit Conference on Inflation, September 5, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library. See also, James Gannon, "Uphill Battle: Ford's 'Summit' Faces a Staggering Array of Economic Problems," *Wall Street Journal,* September 4, 1974.
[17] Transcript from Summit Conference on Inflation – Economists, September 23, 1974, Box 54, Folder, "Summit Conference on Inflation September 23, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.
[18] Transcript of Summit Conference on Inflation – Labor, September 11, 1974, Box 52, Folder, "Summit Conference on Inflation, September 11, 1974 – Labor," Council of Economic Advisors, Gerald R. Ford Library.

argued, “unless you have controls on profits, interest, dividends, executive salaries, and all that entails.”[19] Under a control system, wage increases are set by a fixed percentage, while controls on prices were assessed through the consumer price index (CPI) and composed of the much more amorphous components which constitute the prices of goods, such as wages, profits, executive compensation, rents, materials, and other variable costs. This ambiguity made prices far more difficult to effectively assess, monitor, and control. Labor, however, did not suggest deregulation and less government intervention in the economy as a policy prescription for controlling inflation.

At the economists’ second meeting on September 23, 1974, opinion coalesced around the microeconomic structural reforms advanced by Houthakker and Moore. However, Goldfinger and Galbraith doubled down in their opposition. “Why did you not go on to the National Labor Relations Act?” Galbraith asked. “Is that out of sensitivity to Mr. Goldfinger?” “Hardly,” Moore responded. “What about the…Fair Employment Practices Act?” Galbraith continued. “I touch on that on the B list,” Moore sarcastically quipped.[20] While drafting his list of his suggested structural reforms, Moore recognized the political impossibility of some of his more controversial suggestions, and created two separate lists of suggested policy to remove rigidities and improve pricing on the microeconomic scale.

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[19] Transcript of Summit Conference on Inflation – Labor, September 11, 1974, Box 52, Folder, “Summit Conference on Inflation, September 11, 1974 – Labor,” Council of Economic Advisors, Gerald R. Ford Library.
[20] Transcript of Summit Conference on Inflation – Economists, September 23, 1974, Box 54, Folder, “Summit Conference on Inflation, September 23, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.

Moore's A list contained the twenty-two structural measures he felt would have near unanimous agreement and could potentially gain enough political traction to be enacted into law. The far more controversial B list contained measures Moore felt would be too contentious to marshal political support, let alone a consensus from the economists gathered for the Summit. The B list included policy to repeal any legislation that would raise the minimum wage, a repeal of prevailing wage law, and suggested a ban on union hiring halls. The B list also suggested a shift from mandatory to voluntary auto safety regulations for seat belts and airbags and repeal of price stabilizing legislation on natural gas and oil, among other policies that, Moore argued, interfered or intervened with the workings and efficiency of the free market.[21]

Arthur Okun suggested that for the structural reforms to be effective, they would need to be packaged as a comprehensive slate of reforms. To that end, Hendrik Houthakker suggested an omnibus bill. "Without structural reform," Houthakker claimed, "it is unlikely that monetary and fiscal policy will get rid of inflation in the foreseeable future."[22] The problem Okun identified, which had widespread agreement from those present, was that even though these suggested policies had the support of the economists gathered for the Summit, they would be met with stiff opposition from Congress, the motor carrier industry, and labor. Congressman Broyhill interjected and noted that in addition to opposition from

[21] Transcript of Summit Conference on Inflation – Economists, September 23, 1974, Box 54, Folder, "Summit Conference on Inflation, September 23, 1974 – Economists," Council of Economic Advisors, Gerald R. Ford Library.
[22] Hendrik Houthakker, "Tentative Outline of an Omnibus Anti-Inflation Bill," Box 54, Folder, "Summit Conference on Inflation – Sept. 1974 – Economists. September 23, 1974 [4]," Council of Economic Advisors, Gerald R. Ford Library.

strong, organized, vested interests, each reform would have to make it through the quagmire of the committee structure in Congress. “George Ziegler sometimes asks the question, ‘Do economists matter?’” remarked Walter Heller, as he reflected on the enormity of the task at hand. “Some of the very things we are trying to do today that Tom Moore has suggested and the inaction of those fronts,” Heller lamented, “suggests that maybe economists don’t matter all that much, a very painful conclusion.”[23]

The final meeting of the Summit Conference on Inflation took place on the 27th and 28th of September, and brought together economists, politicians, and labor leaders to relay ideas generated in their respective meetings and solidify a program to rein in inflation for the Ford Administration. In his summary of the economists meeting, Harvard economist and member of Lyndon Johnson’s CEA, Otto Eckstein, reiterated the urgency of the Moore – Houthakker package of structural reforms. “In particular,” Eckstein noted, “we first recommend a thorough overhaul of our regulatory policies particularly in the fields of transportation and energy. Second,” Eckstein continued, “we should repeal obsolete laws that raise the costs and require industries to operate inefficiently,” such as fair trade and price discrimination laws. “Rather than trap our economy once more in price and wage controls, we should strengthen competition, let the market do it rather than the government.” “Therefore,” Eckstein maintained, “we urge you to recommend a comprehensive program of

[23] Transcript of Summit Conference on Inflation – Economists, September 23, 1974, Box 54, Folder, “Summit Conference on Inflation, September 23, 1974 – Economists,” Council of Economic Advisors, Gerald R. Ford Library.

structural reform of many regulatory policies."[24] The majority of those present agreed.

"Our political body," noted Texas Republican Senator John Tower, "superimposed massive social costs upon the normal workings of our free enterprise system. Such costs are now coming home with the buyer and the consumer." "At long last," Walter Heller stated, "we need to purge the federal laws of the inflationary provisions…by which the government chokes off competition and milks the consumer." Milton Friedman agreed and stated that "the best thing Government could do to improve productivity would be to eliminate that whole collection of wasteful interferences with the American economic structure that was condemned by most of the economists and which has been referred to over and over again."[25]

As was the case with the first economists meeting, Galbraith and Goldfinger both raised concerns over this market-mediated approach to the economy and questioned the underlying faith in the free market. "Alfred Marshall once said nothing should be so much mistrusted as the majority view in economics," John Kenneth Galbraith interjected. "I would like to suggest that that principle still holds." Revered MIT economist Paul Samuelson observed that "we have heard much about the old-

[24] Transcript of Summit Conference on Inflation, September 27-28, 1974, Box 54, Folder, "Summit Conference on Inflation – September 1974 – Washington, September 27-28, 1974," Council of Economic Advisors, Gerald R. Ford Library.
[25] Transcript of Summit Conference on Inflation, September 27-28, 1974, Box 54, Folder, "Summit Conference on Inflation – September 1974 – Washington, September 27-28, 1974," Council of Economic Advisors, Gerald R. Ford Library.

time religion [economics], but too often we have simply had a replay of the old-time ideology. Ideology," Samuelson continued, "won't solve the stagflation, however."[26]

The president of the American Trucking Association, Bill Bresnahn, raised concerns over the effects that deregulation would have on the trucking industry and addressed claims that regulation made the industry non-competitive. "It is claimed that it is too difficult to enter the trucking business," Bresnahn noted, "but in fiscal 1973" the ICC approved 80% of applications for operating authorities. Furthermore, Bresnahn argued that regulation prevented concentration in the motor carrier industry. "In most of the other major industries, there are five or six giants as you know, who control the field. On the other hand, there are about 18,000 transportation companies of all kinds under the Interstate Commerce Act including 11,380 trucking companies with gross revenues under $300,000 a year."[27] These figures and findings indicate that some regulatory policy, such as rate floors, had an anti-monopoly effect that allowed smaller firms to thrive. Despite some skepticism on the effect that a broad policy of deregulation would have on macroeconomic policy, Moore and Houthakker's suggested slate of reforms – the twenty-two items from Moore's A list – informed the Ford Administration's program to control inflation.

[26] Transcript of Summit Conference on Inflation, September 27-28, 1974, Box 54, Folder, "Summit Conference on Inflation – September 1974 – Washington, September 27-28, 1974," Council of Economic Advisors, Gerald R. Ford Library.
[27] Transcript of Summit Conference on Inflation, September 27-28, 1974, Box 54, Folder, "Summit Conference on Inflation – September 1974 – Washington, September 27-28, 1974," Council of Economic Advisors, Gerald R. Ford Library.

By late 1974, early 1975, the Ford Administration's inflation program began to solidify, sculpted by recommendations from Summit Conference on Inflation and a series of Executive Department studies.[28] One month after the Summit Conference on Inflation, Ford issued Executive Order 11821 which required "that all major legislative proposals, regulations, and rules emanating from the executive branch of the Government include a statement certifying that the inflationary impact of such actions on the Nation has been carefully considered."[29] Here, it is important to note that Democrats controlled both chambers of Congress at this time.

Ford's EPB invoked Houthakker's language and suggested that "the time is right to request concrete proposals for substantive change in Government regulation in order to eliminate or modify some of the sacred cows which protect special interests at the cost of the public interest." Along with suggestions to urge Congress to take action on the then pending Securities Trade Act and the Financial Institutions Act, the EPB also advised the administration move forward with a wide range of policy which included legislation which would effectively deregulate the trucking, rail, and airline industries, legislation to repeal the Federal anti-trust exemption which

[28] Stanley Morris, Office of Management and Budget, "Regulatory Reform – Problems and Perspectives," to: Edward Schmults, Paul MacAvoy, Paul Leach, Lynn May, Jonathan Rose, date: January 8, 1976, Box 106, Folder, "Domestic Council Review Group [3]," Council of Economic Advisors, Gerald R. Ford Library.

[29] The inflationary impact statements would be extended by Executive Order 11949 in 1976. Gerald R. Ford: "Executive Order 11821 - Inflation Impact Statements," November 27, 1974. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=23905 (accessed May 2015). Executive Order 11949 extended the Inflation Impact Statements until December 31, 1977. The Carter extended and expanded the Inflationary Impact Statements. Jimmy Carter: "Anti-Inflation Program Statement Outlining Administration Actions," April 15, 1977. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=7356 (accessed May 2015).

enabled states to pass fair trade laws under the McGuire Act, and legislation to end prohibitions on price discrimination under the Robinson-Patman Act – all of which were included in Moore's list of twenty-two structural reforms.[30]

Significant reform in transportation regulation was a central part of the EPB's recommendations to address inflation. The EPB recalled estimates from Moore and other economists when they suggested that "these restrictions [market entry, rate settting, and anti-trust immunities] result in an overall cost to the consumer estimated to be $4 - $10 billion annually." While the EPB acknowledged that past attempts at deregulation failed because of a combination of powerful lobbies, opposition from both the industry and labor, and lukewarm public and private sector support, they postulated "that the political and economic climate is now different." "Consumer groups and increasing media interest" in government regulation and policy and the idea that they contributed to inflation, the EPB noted, "have helped to educate the public." "Because of the current economic and political conditions," the EPB observed the Ford Administration had the "unique opportunity to marshal widespread consumer support and create strong Republican leadership for crucial reform in the regulatory process."[31]

The Ford Administration went on to introduce legislation that would have effectively deregulated the trucking, rail, and airline industries in 1975. Though the Ford Administration's bills to deregulate the trucking and airline industries stalled out

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[30] Memo to: President Ford, from: no author, but document originated from the EPB, date: no date, Box 57, Folder, "EPB – January 1975," Council of Economic Advisors, Gerald R. Ford Library.
[31] Memo to: President Ford, from: no author, but document originated from the EPB, date: no date, Box 57, Folder, "EPB – January 1975," Council of Economic Advisors, Gerald R. Ford Library.

in Congress, only a compromised version of the Railroad Revitalization and Regulatory Reform became law. The press, for their part, played a critical role in forging the link between government policy and inflation and disseminated these ideas to shape public opinion and discourse and build a constituency for deregulation.

Throughout the mid-to-late 1970s, the press ran articles and stories in newspapers, magazines, and on television programs on how regulation and government policy costs consumers billions of dollars per year, and thereby contributed to inflation. This significant press coverage brought the discussion on regulation from academic and policy circles to the general public. As sociologist Monica Prasad observed, press coverage played a significant role in shaping public opinion on regulation's effect on consumer purchasing power and business's ability to remain competitive.[32] The January 1975 edition of *Readers' Digest* included a scathing article by Mark Fraizer titled, "Highway Robbery – Via the ICC." In addition to citing Moore's estimates of a 20% drop in shipping rates based on the 1950's USDA study, the article recalled Moore's estimates on the cost of regulation when, Fraizer wrote, "that ICC edicts cost consumers from $5 billion to $10 billion a year in higher prices…as much as $200 a year for the average U.S. family." "The effort [to deregulate transportation] will die, however, unless enough citizen support steps forward," Faizer pleaded with the reader.[33] On February 1, 1975, ABC ran an hour-

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[32] Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago: University of Chicago Press, 2006). Gregg Easterbrook, "Ideas Move Nations: How Conservative Think Tanks Have Helped to Transform the Terms of Political Debate," *The Atlantic,* January 1986.
[33] Mark Fraizer, "Highway Robbery – Via the ICC," *Readers' Digest* (January 1975), WHCF – FG 150, Box 160, Folder, "Interstate Commerce Commission," Gerald R. Ford Library.

long program titled, “Washington Regulators: How They Cost You Money.” Though, as staff economist for the CWPS James Miller III lamented, the program ran counter to the highly rated CBS programs All in the Family and The Jeffersons.[34]

Between February 1975 and April 1975, over 180 articles and editorials critical of regulation appeared in newspapers across the United States. This ranged from national papers such as the *New York Times, Washington Post,* and *The Wall Street Journal* to smaller regional and local papers across the country. United Press International circulated a large number of these articles and drew heavily from conservative ideologue and Washington University economist Murray Weidenbaum’s study “Government Mandated Price Increases,” which was published and circulated by the American Enterprise Institute (AEI).[35] In addition to press organizations, The AEI also distributed Weidenbaum’s study to members of Congress. Republican Senator John Tower of Texas and Republican House member John Rousselot of Southern California went as far to cite parts of the study in session and entered Weidenbaum’s 112-page essay into their respective Congressional records.[36]

Perceptive regulators, like the ICC’s Daniel O’Neal, addressed unfavorable press in talks and remained acutely aware of public perception. In an address before

[34] Memo to: Alan Greenspan, GS, JD, AP, RZ MR, LL, from: James Miller III, date: no date, Box 22, Folder, “Miller, James III, Aug 1974 – Sept 1975 [1],” Council of Economic Advisors, Gerald R. Ford Library.
[35] Copies or citations of articles critical of regulation are collected in Box 30, Folder, “Cost of Regulation Clippings [1],” Edward C. Schmults (Counsel to the President), Gerald R. Ford Library.
[36] Congressional Record – House, March 11, 1975 & Congressional Record – Senate, March 5, 1975, Box 30, Folder, “Cost of Regulation Clippings [1],” Edward C. Schmults (Counsel to the President), Gerald R. Ford Library.

the Transportation Club of New England in February 1975 in Boston, O'Neal noted that "the almost unbelievably rapid slide in consumer confidence and expectations…has implications for the regulated transportation industry and those that depend on it for service."[37] Later in his talk, O'Neal connected the slide in consumer confidence and loss of faith in government institutions to unfavorable coverage in the press.[38] O'Neal observed that proponents of deregulation suggested that "transportation regulation costs the consumer a lot of money. If not deregulation, we need less regulation. That point," O'Neal continued, "has been made by metropolitan daily newspapers almost everywhere and is being made increasingly in the smaller weeklies. The *Reader's Digest* has echoed it and ABC television news has put it in living color."[39]

Thomas Gale Moore's studies on transportation regulation also received considerable press coverage and attention as one of the key scholarly works against transportation regulation. In 1975, the Brookings Institution included Moore's "The Feasibility of Deregulating Surface Freight Transportation" in their 1975 collected volume titled, *Competition and Regulation.*[40] This piece once again brought Moore's work on deregulation to the fore. In a scathing eight-page cover story on regulation in a May 1975 issue of *Business Week,* the author observed that Moore's estimates

[37] Daniel O'Neal, Transportation Club of New England, Boston, MA, February 18, 1975, Box 4, Folder, "Transportation Club of New England, Boston, MA February 18, 1975," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[38] To be sure, the combination of Nixon's Watergate Scandal, the prolonged Vietnam War, and the New Left's criticisms of bureaucracy all helped undermine the public's faith in government.
[39] Daniel O'Neal, Transportation Club of New England, Boston, MA, February 18, 1975, Box 4, Folder, "Transportation Club of New England, Boston, MA February 18, 1975," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[40] Thomas Moore, "The Feasibility of Deregulating Surface Freight Transportation," in *Competition and Regulation,* ed. Almarin Phillips (Washington: Brookings Institution, 1975).

were "quoted so many times and in such high places, including by the Council of Economic Advisors and by Senator Taft, that they have gained much credence."[41]

O'Neal also took note of Moore's oft cited statistics and extensive coverage and called into question the soundness of his data and findings. In a letter to the Senior Agricultural Economist for the USDA, Robert Bryne, O'Neal noted that "Thomas Moore has gained nationwide attention and obtained incredible mileage out of that piece of work which doesn't make the slightest effort to place in context the work of others which he relied upon totally without any or very little original research of his own. Instead, he has made some gross assumptions…on the basis of limited information contained in studies which have some basic data problems."[42] However, O'Neal was not alone in his assessment of Moore's estimates.

Even noted economists in favor of deregulation generally questioned the soundness of Moore's work. Harvard economist John Meyer remarked that he had "to hand it to Tommy; he keeps his name in the headlines…But I really can't see where he comes up with that much waste. I don't think there's anything like it."[43] Indiana University economist George Wilson noted that Moore's study "uses widely different and highly suspect techniques, woefully inadequate data, heroic assumptions and a series of guesses more or less 'educated.'" Wilson went on to note that he was "painfully aware that these estimates may be well off the mark; that

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[41] staff writer, "Transportation: Freedom from Regulation?" *Business Week,* May 12 1975, pp. 74-86.
[42] Letter from: Daniel O'Neal, to: Robert Bryne, Senior Agricultural Economist – Transportation, US Department of Agriculture, date: February 20, 1976, Box 5, Folder, "American Movers Conference – Annual Convention, New Orleans, LA," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[43] staff writer, "Transportation: Freedom from Regulation?" *Business Week,* May 12, 1975, pp. 78.

they result from several largely phony estimates based upon questionable techniques and assumptions."[44]

In an address before the annual meeting of the Motor Carriers Lawyers' Association held in Montreal in May 1975, O'Neal reiterated his views on unfavorable press coverage. "Unless you've been on a nine month leave in Saigon you are aware of a flood tide of criticism running against regulation…One can only lament that the media has generally failed to take the time to understand or at least publish much objective news about regulation. The media, having discovered another institution to attack, pointed in that way by economists attempting to explain away an inflation they couldn't understand and couldn't stop, has made it very uncomfortable to be a regulator. At least two of the television networks in their all knowing all perceiving way have given the ICC a pretty good working over in living color."[45] NBC's Tom Brokaw and Floyd Kalber and ABC's Harry Reasoner ran lengthy segments on the cost of regulation in 1974-75.[46] Despite deregulation's unfavorable press coverage, even those in the Ford Administration held skepticism over the effects microeconomic reforms and deregulation would have on inflation.

At luncheon address for the Conference on Regulatory Reform hosted by the AEI in September 1975, economist and member of Ford's CEA, Paul MacAvoy, was willing to concede that "it is not at all apparent that microeconomic regulation is a

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[44] George Wilson, "Economic Consequences of Motor Carrier Regulation," paper delivered in Washington, D.C. April 21, 1975, Box 5, Folder, "Puget Sound Traffic Association Annual Meeting, Seattle, WA, October 22, 1975," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[45] Daniel O'Neal speech before Motor Carrier Lawyers Association Annual Conference, Montreal, Canada, May 23, 1975, Box 5, Folder, "Motor Carrier Lawyers Association Annual Conference, Montreal, Canada, May 23, 1975," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[46] Vanderbilt University Television News Archive, http://tvnews.vanderbilt.edu/ (accessed May 2015).

major cause of inflation" but scholarly studies, press coverage, and vocal support from proponents of deregulation "heightened awareness of prices has produced a suspicion of regulatory mechanism by which prices are determined."[47] Though "the economic arguments for total deregulation are appealing," MacAvoy noted, "immediate deregulation has not…been able to muster enough political support to be reflected in new legislation." The political power wielded by those who benefited from regulation, a risk averse public, opposition in Congress, and the very divisive nature of deregulation all served to stall the legislative possibilities of what MacAvoy and other like-minded economists had hoped would become realized in law and policy. Despite the political obstacles, MacAvoy noted that "regulatory reform through internal changes should not be passed up."[48]

By the close of 1975, the Ford Administration made some progress in their program to control inflation on the legislative front. In retail and wholesale, the Administration was able to usher in legislation to repeal the anti-trust exemption for fair trade with the Consumer Goods Pricing Act of 1975. In finance, Ford signed the Securities Act of 1975. Though not as far reaching as many hoped, the Railroad Revitalization and Regulatory Reform Act of 1975 relaxed some of the regulatory structures governing rail. The Administration also introduced bills to deregulate the motor carrier and airline industries in late 1975. In a November 1975 address before Congress, Ford stressed that "the importance of regulatory reform to improve our

[47] "Regulatory Reform: Highlights of a Conference on Government Regulation, held in Washington, D.C. on September 10-11, 1975," edited by W.S. Moore (Washington: American Enterprise Institute, 1976), pp. 12. The other noteworthy participants include Ann Friedlaender, Hendrik Houthakker, James C. Miller III, Thomas Gale Moore, Ralph Nader, Daniel O'Neal, Ronald Reagan, Antonin Scalia, and Gary Seevers.
[48] "Regulatory Reform," pp. 13.

transportation system cannot be overemphasized."[49] In addition to legislation and policy, the Ford Administration also pursued a strategy to pressure commissioners from regulatory agencies to enact regulatory reforms through administrative action with the intention of increasing competition in their respective areas.

REGULATORY REFORM AT THE INTERSTATE COMMERCE COMMISSION

With the Motor Carrier Reform Act before Congress, the Ford Administration moved ahead with its program to pressure commissioners of regulatory agencies to deregulate through administrative action. At a meeting with the commissioners of ten independent regulatory agencies, Ford urged the commissioners to better represent of customer interests and called for the elimination of what he referred to as outdated regulations, asked for a reduction in regulatory delays, and wanted a firmer understanding of the economic costs of their respective agencies' regulations weighed against their social and societal benefit.[50] Following the meeting with Ford, then ICC Chairman George Stafford strategized to determine the best course to limit the ICC's potential inflationary effects and bring the ICC in line with the President's directives.

The result was the ICC's Blue-Ribbon Committee, a body which consisted of administrative law experts and ICC staff charged with identifying areas of ICC

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[49] Transcript of President Ford's message before Congress, date: November 13, 1975, WHCF – SP 2-3-82, Box 17, Folder, "SP 2-3-69 Motor Carrier Reform Act 11/13/1975," Gerald R. Ford Library.
[50] Memo to: Department and Agency Officials, from: Edward Schmults and Paul MacAvoy, date: February 25, 1976, Box 51, Folder, "Regulatory Reform [1]," Council of Economic Advisors, Gerald R. Ford Library.

regulation which could be reformed through administrative action with the intended goal of increased competition in the industry. The Blue-Ribbon Committee completed their study in 1977 and recommended thirty-nine administrative reforms, which included suggestions to increase competition through eased barriers to entry and reforms to introduce greater flexibility in rates. To that end, the ICC initiated several internal reforms. Throughout the mid-to-late 1970s, the ICC approved an unprecedented number of new entrants, introduced flexibility in rates within a zone of reasonableness of up to 20%, and significantly expanded commercial zones and terminal areas.[51] Transportation law experts Daniel Baker and Raymond Greene noted that expanding commercial zones and terminal areas was “one of the more significant and controversial decisions that has been issued by the Interstate Commerce Commission.”[52]

Commercial and terminal areas date back to the Motor Carrier Act of 1935. These geographic areas functioned as zones exempt from ICC oversight. Since Congress charged the ICC with the task of regulating interstate and foreign commerce, they created zones exempt from ICC regulation which were roughly the geographic bounds of a particular city, usually cities that were home to a major port or functioned as a transportation hub.[53] This exemption was put into place to facilitate ease of international trade and foreign commerce. Though larger motor

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[51] Memo to: Paul MacAvoy, from: Harry Watson, date: August 25, 1976, Box 21, Folder, “MacAvoy, Paul, June 1975 – October 1976, Council of Economic Advisors, Gerald R. Ford Library.
[52] The ICC issued Ex-Parte No. MC-37 (sub-no. 26) to significantly expand commercial zones and terminal areas. Daniel Baker & Raymond Greene, “Commercial Zones and Terminal Areas: History, Development, Expansion, Deregulation,” *Transportation Law Journal,* vol. 10 (1978), pp. 171.
[53] John George, “Federal Motor Carrier Act of 1935,” *Cornell Law Review,* vol. 21, issue 2 (February 1936), pp. 253; Baker & Greene, “Commercial Zones and Terminal Areas,” pp. 171-200.

carriers offered support in favor of expanded commercial zones and terminal areas during hearings before the ICC, Baker and Greene noted that “short haul carriers argued that the proposed expansion would be tantamount to deregulation which would open the expanded exempt areas to rigorous competition and to the financial detriment of existing, authorized carriers.”[54]

Expanded commercial zones and terminal areas, coupled with near open competition through reduced barriers to entry and flexibility in rates, exposed what was once a regulated transportation sector, drayage or short haul trucking, to heightened competition. As early as 1978, Baker and Greene noted that, “the most immediate and expected reaction is growth and expansion of unregulated local carrier service in deregulated zones” who gained a competitive edge through their use of non-union labor. Non-union firms paid wages roughly “sixty percent of …regulated short-haul carriers employing union drivers.”[55] Regulators, for their part, introduced reforms informed by the Blue-Ribbon Committee with the understanding that if the reforms did indeed make the industry more competitive, their reforms may stave off full-scale deregulation.

FROM FORD TO CARTER

The 1976 presidential race pitted the embattled incumbent Gerald Ford against the little-known Governor of Georgia, Jimmy Carter. Aside from the well-

[54] Baker & Greene, “Commercial Zones and Terminal Areas,” pp. 186.
[55] Ibid, pp. 186.

known arch segregationist and Governor of Alabama, George Wallace, and the left leaning Oklahoma Senator Fred Harris, little was known about other candidates. Nevertheless, Carter had supporters. George McGovern's former campaign manager, Frank Mankiewicz, stated that "people don't know what Jimmy Carter will do, but they sense he'd do it well."[56] During the primaries, Carter maintained this air of vagueness, emerged from a crowded slate of candidates, and picked up several key early wins during the primaries which, as candidates dropped out of the race, gave him the political momentum to secure the nomination.

As the Democratic primary wore on in 1976, Carter's air of vagueness dissipated and his more moderate and right leaning positions emerged. For the rightwing and centrists in the Democratic Party, Carter was a welcomed change and far more palatable than the leftwing politics of McGovern and his disastrous loss to Nixon during the 1972 presidential election.[57] Carter's Southern roots also proved to be important in both the primaries and the general election. His bona fide Dixie roots allowed the Georgian to pick up key southern states, such as Florida, that might have otherwise gone to Wallace. Though Carter fell to the right of the political spectrum on several issues, he tended to be somewhat malleable and, when pressed, would reassess and change his position on key issues.

Though Carter was initially against dispensing federal aid to New York to avoid default and was against pardoning draft dodgers during the Vietnam War, he

[56] Christopher Lydon, "All the Candidates Fall Short on Defining Issues: An Epidemic of Vagueness," *New York Times*, January 11, 1976.
[57] Christopher Lydon, "All the Candidates Fall Short on Defining Issues: An Epidemic of Vagueness," *New York Times*, January 11, 1976.

changed his position on both issues when pressured by the leftwing flank of the Democratic Party.[58] Early on, Carter also took a stance against full employment, which had been an animating issue within the Democratic Party for decades, and stated that such a policy "would be extremely expensive" for taxpayers and would ultimately have an inflationary effect.[59] Furthermore, Carter felt that the private sector, rather than government, should be looked to for hiring and expanding employment opportunities.[60] Eventually, after facing significant political pressure, Carter shifted his stance and offered support for full employment legislation.[61]

Carter also took a right of center stance on several other issues. In terms of race and segregation, Carter took a stance against busing as a strategy to combat de-facto segregation and admitted that he felt that there was "nothing wrong with ethnic purity being maintained" in neighborhoods.[62] In terms of regulation, Carter took an almost identical stance as Ford. It was Carter's firm belief that there should be "minimal intrusions of government in our free economic system."[63] Carter also stated that, as President, he would reorganize and reduce the size of what he saw as "the horrible, bloated, confused bureaucracy" of government as he had done for Georgia as Governor.[64] One of Carter's aides suggested that Carter had a

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[58] Historian Kim Phillips-Fein details the City of New York's fiscal crisis in Kim Phillips-Fein, *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics* (New York: Metropolitan Books, 2017).
[59] David Rosenbaum, "Carter and Two Rivals Differ on the Economy," *New York Times,* April 2, 1976.
[60] James Wooten, "The Well-Planned Enigma of Jimmy Carter," *New York Times,* June 6, 1976.
[61] Charles Mohr, "Carter, With Long List of Campaign Promises, Now Faces the Problem of Making Good on Them," *New York Times,* November 15, 1976.
[62] James Wooten, "The Well-Planned Enigma of Jimmy Carter," *New York Times,* June 6, 1976; David Rosenbaum, "Carter and Two Rivals Differ on the Economy," *New York Times,* April 2,1976.
[63] Thomas Mullaney, "The Economic Scene: Questions About Carter," *New York Times,* July 18, 1976.
[64] Charles Mohr, "Carter, With Long List of Campaign Promises, Now Faces the Problem of Making Good on Them," *New York Times,* November 15, 1976.

"chastened liberalism, with a sense of knowing there are limitations on what we can do." To appease labor and civil rights groups, Carter selected Minnesota Senator Walter Mondale as his pick for vice president.[65]

Any remaining air of vagueness around Carter's policies quickly dissipated during his 1976 presidential campaign against Ford. Carter campaigned rigorously and gave 1,495 speeches and hundreds of interviews during his tireless twenty-one-month presidential campaign.[66] But the difference between the candidates formed more on ephemeral qualities. Whereas Ford ran a campaign which emphasized that his policies were indeed working in terms of reining in inflation, despite the troublesome problem of recession and high unemployment, Carter ran on a reformist platform and emphasized rather nebulous concepts such as decency, integrity, honesty, competence, and transparency that he would bring to the Oval Office.[67] The Carter campaign did this to draw contrast with Ford, who was seen largely as a continued legacy from the scandal ridden and duplicitous Nixon Administration.

Ford's negative image and strong links to the Nixon Administration was compounded by Watergate, Ford's immediate pardon for Nixon after his resignation, the fall of South Vietnam and the disastrous experience of the Vietnam War, and the 1974-75 recession.[68] Though a self-styled fiscal conservative, Carter blasted Ford

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[65] Thomas Mullaney, "The Economic Scene: Questions About Carter," *New York Times,* July 18, 1976.
[66] Charles Mohr, "Carter, With Long List of Campaign Promises, Now Faces the Problem of Making Good on Them," *New York Times,* November 15, 1976.
[67] Christopher Lydon, "All the Candidates Fall Short on Defining Issues: An Epidemic of Vagueness," *New York Times*, January 11, 1976; Tom Wicker, "Jimmy Carter's Appeal," *New York Times,* April 25, 1976.
[68] Tom Wicker, "Jimmy Carter's Appeal," *New York Times,* April 25, 1976.

for his insensitivity to high unemployment after Ford vetoed a $6 billion public works program and subsequently vetoed of a $4 billion scaled down version.[69] This allowed Carter to draw further contrast with his GOP rival. During the general election, Carter was able to secure key states in the Northeast and Midwest and, with the exception of Virginia, was able to secure the entirety of the South. Though Ford won nearly the entirety of the Mountain states and the West, he picked up only a few states in the Northeast and Midwest which ultimately cost him the election.

Stagflation and the Early Years of the Carter Administration

Since Carter entered office with the rate of inflation somewhat tempered and rate of unemployment high but stable, he was able to focus attention on other issues, such as foreign policy, conservation and energy, and human rights during his first two years of office.[70] While Ford failed to deregulate natural gas Carter, with his focus on energy and conservation, saw this legislation realized during his presidency. This success, however, seemed to be an aberration. Though Carter declared the energy crisis “the moral equivalent of war” in a televised address on April 18, 1977, the energy bill did not hit his desk until October 1978. Moreover, the legislation that made it through Congress was heavily compromised.[71] The energy

[69] Leonard Silk, “Carter’s Economics: Advisors Say Georgian Will Aim for Wide ‘Achievable’ Social Goals,” *New York Times,* July 14, 1976.
[70] Tom Wicker, “Carter’s Economic Act,” *New York Times,* November 13, 1976.
[71] Hendrick Smith, “Problems of a Problem Solver,” *New York Times,* January 8, 1978. For more on the Carter Administration’s approach to energy conservation and natural gas deregulation, refer to Meg Jacobs, *Panic at the Pump: The Energy Crisis and the Transformation of American Politics in the 1970s* (New York: Hill & Wang, 2016).

bill emerged from the House stripped of a gas tax and, as gas and oil lobbies pressured the Senate, and the legislation that emerged from committees was thoroughly gutted.[72]

On other legislative fronts, Carter struggled with Congressional relations. Speaker of the House Tip O'Neill and Senate Majority Leader Robert Byrd had to contend with Carter's lack of priorities in his glut of proposals. Vice President Walter Mondale suggested Carter's proposals suffered from fratricide, a term used to describe the act of unintentionally killing those on one's own side during war. Additionally, Carter was uncomfortable with horse-trading and compromise which were hallmarks in Washington deal-making. Jim Wright of Texas stated that Carter had "the instinctive aversion to patronage" and added that Carter "came to office thinking there was something a bit corrupt and sordid about the political give and take of Washington."[73] Moreover, Carter's priorities and policies suffered from the lack of a Chief of Staff during his early presidency. Instead, Carter relied on his chairman of the CEA, Charles Schultze, and Stuart Eizenstat, his Domestic Affairs advisor, for economic and domestic policy.

To monitor inflation, Carter relied on the Council of Wage and Price Stability (CWPS) as an alternative to hard price and wage controls. Rather than establish a price and wage board and hard economic controls as Nixon had done, Ford relied on voluntary wage and price benchmarks and used a technique called jawboning, or the threat of political action to keep prices and wages within the administration's

[72] Hendrick Smith, "Problems of a Problem Solver," *New York Times,* January 8, 1978.
[73] Ibid.

voluntary guidelines. Carter continued this practice after the general policy of wage and price deceleration proved to be “too vague,” according to Carter’s Economic Policy Group, to the point that it was rendered “ineffective.”[74] When the CWPS adopted a fixed percentage for wage and price increases, labor strongly objected.

While wage rates could be set quite easily with a fixed percentage increase, prices, labor argued, consisted of the more nebulous components of profits, dividends, rents, interest, executive compensation, professional fees, labor, materials, and other variable costs, which made it far more difficult to assess. The AFL-CIO’s Executive Council “concluded that the price guidelines” were “so flexible as to be nonexistent” and were further rendered ineffective “without enforcement” mechanisms.[75] The CWPS also continued the practice of a cost-benefit analysis of proposed policy and review of existing regulation. Additionally, the CWPS was charged with reviewing government programs which could potentially add to higher costs for the consumer and thus contributed to inflation. To this effect, the CWPS published inflation impact statements for proposed legislation and issued recommendations on possible policy reforms or deregulation. For his part, Carter remained committed to deregulation as part of a broader program to control inflation.

During a 1977 town hall meeting in Clinton, Massachusetts, the vice president of New England Independent Trucking Association, George J. Olberg, questioned Carter’s platform commitments to deregulation. What Olberg described as “ending

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[74] Memo to President Carter, from: Economic Policy Group, subject: Strengthened Anti-Inflation Program, date: September 6, 1978, Box 10, Folder, “Policy Options [2],” Special Counselor on Inflation – Strauss, Jimmy Carter Library.
[75] Undated letter, from AFL-CIO, estimated to be 1978, Box 3, Folder, “Labor,” Special Counselor on Inflation – Strauss, Jimmy Carter Library.

the mountainous and burdened and outdated regulation." Carter responded and stated that his "staff has begun to assess the need for deregulation of the transportation industry as much as possible." This largely echoed Carter's 1977 address to Congress, when he asserted that "Forty years of tight government controls have not done enough to bring us competitive prices, good service, and efficient use of fuel."[76] Carter assured Olberg that his Administration intended to "consider measures to bring more competition into the motor carrier field."[77] While efforts to clear perceived excessive regulation and restore competition to regulated industries fit within the broader framework of the 1970s struggle to rein in inflation, Carter's staff held reservations concerning the viability of realizing deregulation legislation in the motor carrier industry.

After several months of meetings in late 1977, an interagency taskforce comprised of members from the Department of Transportation (DoT), the CEA, the CWPS, the Office of Consumer Affairs, and the Office of Management and Budget (OMB) determined that, although Carter ran on a platform of deregulation in favor of a market-governed economy, motor carrier deregulation legislation should not be pursued as it would be met with stiff resistance. Moreover, the taskforce observed "that a substantial constituency for deregulation does not now exist" and that "since the general public does not perceive a major problem, the movement for large scale

[76] Jimmy Carter: "Clinton, Massachusetts Remarks and a Question and Answer Session at the Clinton Town Meeting," March 16, 1977. Online by Gerhard Peters and John T. Woolley, The American Presidency Project. http://www.presidency.ucsb.edu/ws/?pid=7180 (accessed May 2015).
[77] Penny Girard, "They Keep on Trucking Old Way but Reforms Loom: Shifts in Government and Industry May Force Change," *Los Angeles Times,* February 26, 1978.

reforms has less of a constituency than past efforts on railroads and airlines."[78] Given these obstacles, the group then suggested that "a major effort (perhaps over several years) is probably needed to focus public attention on the issues, and to build support which is necessary for significant reform."[79]

Though members of the DoT and Carter's domestic policy staff favored internal administrative reform, which would be dependent on ICC commissioners to implement, over what they perceived to be politically impossible legislation, Barry Bosworth of the CWPS recommended a stronger approach. Bosworth pointed to the experience with the Railroad Revitalization and Regulatory Reform Act passed during the Ford Administration, which relied on the ICC's commissioners to implement some of the regulatory change.[80] For Bosworth, ICC regulatory reform in rail did not go far enough. However, Carter's Secretary of Transportation, Brock Adams, felt that the ICC's Daniel O'Neal made "great strides" in deregulation through administrative action.[81] To marshal support for motor carrier deregulation, Bosworth suggested a stronger focus on the cost of regulation to consumers, which

[78] Memo to: Charles Schultze, from: Barry Bosworth, subject: options for motor carrier reform, date: December 6, 1977, Box 88, Folder, 'Transportation Deregulation [1],' Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.
[79] Memo to: Charles Schultze, from: Barry Bosworth, subject: options for motor carrier reform, date: December 6, 1977, Box 88, Folder, 'Transportation Deregulation [1],' Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.
[80] Memo to: Charles Schultze, from: Barry Bosworth, subject: motor carrier regulatory reform, date: February 10, 1978, Box 88, Folder, 'Transportation Deregulation [1],' Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.
[81] Memo to: President Carter, from: Brock Adams, subject: form of surface transportation deregulation options paper, date: December 6, 1978, Box 88, Folder, "Transportation Deregulation [1]," Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.

he argued could be billions of dollars per year – an estimate he drew from economist Thomas Moore's work.[82] However, Moore's estimates were contentious.

After a thorough study of Moore's work on transportation regulation, ICC commissioners and staff questioned the soundness of Moore's findings. In a letter to Senior Agricultural Economist at the USDA Robert Bryne, the Director of the ICC's Bureau of Economics, Ernest Olsen, questioned Moore's estimates and findings. Olsen suggested that Moore "made gross assumptions as to the meaning and basis of limited information contained in studies which contain substantial basic data problems. For this and many other reasons," Olsen continued, "he has devised a deregulation scenario which is highly suspect."[83] Daniel O'Neal also continued to sow doubt over the soundness of Moore's findings.

In a speech before the American Movers' Conference in 1975, O'Neal noted that the 1950s USDA study Moore drew from to generate his estimates "did not look at actual rates but relied entirely on reports from those surveyed." O'Neal also noted that "market conditions fluctuated dramatically during this period." Furthermore, O'Neal suggested that the study contained several "arithmetic errors [and] overstated regulation rates in some markets by 13%."[84] Nevertheless, the CWPS used Moore's study as a basis for their argument that regulation inflates shipping

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[82] Memo to: Charles Schultze, from: Barry Bosworth, subject: motor carrier regulatory reform, date: February 10, 1978, Box 88, Folder, 'Transportation Deregulation [1],' Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library. Most referenced Thomas Gale Moore's work and estimates which were found in, Moore "Deregulating Surface Freight Transportation."
[83] Letter from: Ernest Olsen, to: Robert Bryne, date: January 6, 1976, Box 5, Folder, "American Movers' Conference – Annual Convention, New Orleans, LA," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[84] Daniel O'Neal, speech before the American Movers Conference – Annual Convention, Box 5, Folder "American Movers' Conference – Annual Convention, New Orleans, LA," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

costs by anywhere between, “$6.5 billion a year to $15.2 billion per year.”[85] Some individuals in the Carter Administration also held doubts about their general approach to stagflation.

In a letter from Carter’s Deputy Director of Issues, Al Stern, to Carter’s Domestic Affairs Advisor, Stuart Eizenstat, Stern admitted that economic theory was somewhat deficient in explaining the nettlesome problem of stagflation. Stern asserted that “economic theory has had (in the past decade) a notoriously bad track record for predicting behavior of the economy…If the announced policy has been irrelevant to the performance of the economy, we look like either fools or villains. Nevertheless, we promulgate policy and insist on its efficacy, therefore the administration takes either blame or credit. Economic news is usually mixed, so in the political arena we take credit for the good news (unemployment) and our critics try to blame us for the bad news (inflation). In this regard, our problems as an administration are threefold: (a) the adequacy of economic knowledge, (b) the effectiveness of our economic policies, and (c) the ability to maintain credibility.” Regardless, to rein in inflation Stern suggested a multitude of policies, which ranged from “increasing anti-trust activity and deregulation (inflation by oligopoly)” to a multitude of other policies such as holding down wage increases for Federal employees, reducing deficits, creating and manipulating stockpiles, and decreasing

[85] Milton Kafoglis, “A Report from the Council of Wage and Price Stability on the Value of Motor Carrier Operating Authorities,” Council of Wage and Price Stability, June 9, 1977, pp. 5.

dependence on foreign oil. “The present inflationary rate,” Stern continued, “is a result of a multitude of causes, and that one cannot attack it piecemeal.”[86]

Despite their difficulties with Congress, Carter signed legislation to deregulate airlines in 1978. Jimmy Carter and Walter Mondale, who were both impressed with Alfred Kahn’s record as head of the New York State Public Utilities Commission, persuaded Kahn to accept a position as head of the Civil Aeronautics Board (CAB).[87] Kahn, no fan of opaque language, sought to eliminate what he termed “bureaucratese” and “gobbledygook” at the CAB.[88] Despite a lack of industry knowledge or a background with airline regulation, Kahn adapted quickly to an industry he described as “marginal costs with wings.”[89] Though the Kahn advanced deregulation through administrative reforms at the CAB in a more extreme approach compared to that of Daniel O’Neal’s efforts at the ICC, the Airline Deregulation Act became law that October. Nevertheless, Kahn held doubts about his own intellectual background and the Administration’s inflation program.

In a speech before Carter’s cabinet members, Alfred Kahn admitted “there are no easy solutions to inflation – period. We don’t have all the answers – nobody does.” In addition to limiting the Federal Budget, reducing the deficit, and slowing

[86] Memo to: Stuart Eizenstat, from: Al Stern, subject: inflation, date: April 4, 1978, Box 9, Folder, “Inflation Articles + Ideas [6740],” Special Counselor on Inflation – Strauss, Jimmy Carter Library.
[87] Historian Thomas McCraw has an excellent intellectual history of Alfred Kahn and what shaped his thoughts and approach to regulation in, Thomas McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge: Harvard University Press, 1986). Robert Hershey, jr., “Alfred E. Kahn Dies at 93; Prime Mover of Airline Deregulation,” *New York Times,* December 28, 2010.
[88] Quoted from Susan Lang, “Economist Alfred Kahn, 'father of airline deregulation' and former presidential adviser, dies at 93,” *Cornell Chronicle,* December 27, 2010.
[89] Robert Hershey, jr., “Alfred E. Kahn Dies at 93; Prime Mover of Airline Deregulation,” *New York Times,* December 28, 2010.

down on wage increases for Federal employees, Kahn assured those present that "attacking the problem of government regulations" would "administer a healthy dose of competition to our economy."[90] Despite these assurances, Kahn held doubts. "One of the drawbacks of my having been plunged into this job without having the kind of professional familiarity with the literature on inflation that I would have wanted," Kahn noted in a letter to Carter's 'Deputies,' "is that I have had to accept a great deal of conventional wisdom about inflation much of which may be of questionable validity."[91] Nevertheless, Carter, impressed with Kahn's work at the CAB, made Kahn his special advisor on inflation. Despite the uncertainty regarding economic policy, the Carter Administration continued their dual approach to deregulation as a policy response to inflation by pursuing legislation, which faced political difficulties, and by pressuring commissioners at regulatory agencies to enact internal administrative reform in a way not dissimilar to the Ford Administration's approach.

[90] Alfred Kahn, "Speech on Inflation for Cabinet Members," date: October 24, 1978, Box 5, Folder, "Anti-Inflation – General, 10/78 – 8/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[91] Memo to: 'Deputies' from: Alfred Kahn, subject: The assumption that 'the necessities' have accounted disproportionately for inflation, date: May 8, 1978, Box 46, Folder, "Kahn, Alfred [3]," Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.

CHAPTER SIX
FROM POLITICAL IMPOSSIBILITY TO LAW: MOTOR CARRIER DEREGULATION DURING THE CARTER ADMINISTRATION

Though the Carter Administration would not realize motor carrier deregulation until July 1980, it remained a commitment from Carter's initial campaign for president until he signed the bill into law. Indeed, deregulation remained an important aspect of the Carter Administration's response to inflation. In doing so, Carter retained several aspects of the Ford Administration's policy approach to inflation. Specifically, Carter retained the Council of Wage and Price Stability (CWPS) and the technique of jawboning to keep wages and prices in line with voluntary benchmarks. By 1979, the CWPS intervened in the Teamster's negotiations with Trucking Management, Inc. over the National Master Freight Agreement (NMFA). Carter's special advisor on inflation, Cornell University economist Alfred Kahn, felt that a settlement within the guidelines would set a pattern for bargaining in other industry, would uphold the CWPS's benchmarks, and would lend legitimacy to the Carter Administration's broader approach to inflation.

Though the Teamsters went out on strike when the NMFA expired, the union ultimately fell in line with the CWPS guidelines. However, there were significant problems with the voluntary benchmarks. While it was easy to set a fixed percentage for wage gains, prices were far more difficult to police since they were made up of a variety of costs from a firm. This, combined with record profits and a completely ineffective strategy to control prices, ultimately rendered the Carter Administration's approach to inflation ineffective on the price side and undermined the legitimacy of the voluntary benchmarks generally.

The Carter Administration also pursued a strategy similar to the Ford Administration's approach to deregulation in a wide array of industries, including trucking, as a way to make pricing and rates more responsive to market pressure in their respective industries. Both administrations took a two-pronged approach to deregulation, by pressuring commissioners at various regulatory bodies to enact several administrative reforms, essentially deregulating from within, while simultaneously pursuing deregulation through legislation. Though regulators, such as the Interstate Commerce Commission's (ICC) Daniel O'Neal, did in fact institute a number of reforms which made the motor carrier industry far more competitive, the Carter Administration nonetheless pursued deregulation through legislation without assessing the effectiveness of internal reforms regulators instituted.

This chapter will first survey the Carter Administration's ideological stance and their embrace of what they called a 'new' liberalism. Though several key Democrats identified as liberals, they embraced a faith in the free market over government management in some economic sectors. This will be followed by a section on regulatory reform and the policies pursued by the ICC and the Carter Administration's approach to commissioners at the ICC. Whereas policymakers intervened with hard wage and price controls in the first half of the 1970s, these same economic conditions provided the pretext for broadscale deregulation in a number of industries and economic sectors by the end of the 1970s. The following section will cover the negotiations over the NMFA and the CWPS's inflation program. Finally, this chapter will detail events leading up to the Motor Carrier Act of 1980.

THE CARTER ADMINISTRATION AND THE EMERGENCE OF A 'NEW' LIBERALISM

After signing the Motor Carrier Act of 1980, legislation which effectively deregulated the trucking industry, President Jimmy Carter evoked the idea that government policy generally, and regulation specifically, ultimately added costs in excess of what could be achieved through market-based competition, and thus had an inflationary effect. "This…historic legislation," Carter stated in his address before Congress, will "remove 45 years of excessive and inflationary government restrictions and red tape. It will have a powerful anti-inflationary effect, reducing consumer costs by as much as $8 billion each year." Motor carrier deregulation, Carter continued, "will bring the trucking industry into the free enterprise system, where it belongs."[1]

Carter's rhetorical link between regulation and inflation is important to note given that the economic conditions of stagflation – the combination of high unemployment and high inflation – persisted throughout the 1970s. In the first half of the decade, stagflation prompted dramatic government intervention in the way of the Nixon Administration's wage and price controls.[2] That is to say, a government body

[1] Jimmy Carter: "Motor Carrier Act of 1980 Statement on Signing S. 2245 Into Law." July 1, 1980. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=44689 (accessed May 2015)

[2] For Nixon's Wage and Price Controls, refer to Herbert Stein, *Presidential Economics: The Making of Economic Policy from Roosevelt to Reagan and Beyond* (Washington: American Enterprise Institute, 1994), pp. 164–68, 176–80; Allen Matusow, *Nixon's Economy: Booms, Busts, Dollars, and Votes*

with wage and price boards in a tripartite structure composed of heads of industry, labor, and the public that oversaw and intervened in wage and price increases in an effort to curb inflation. In turn, these same economic conditions worked as a catalyst for ideas and policies centered on the state's retreat from economic intervention towards an economy governed by the competitive forces of the free market, a philosophical position, process, and approach to policy and politics otherwise known as neoliberalism, in the latter half of the decade.[3]

To deregulate trucking and other industries, the Carter Administration had to overcome the general public's "lukewarm" response to deregulation as a policy prescription for inflation.[4] By the late-1970s, however, deregulation initiatives marshalled broad-based bi-partisan support for what Cornell University economist and Carter's chief inflation tsar Alfred Kahn stated was "the elimination of burdensome (and often just silly) government restrictions that impose costs on the economy far greater than their benefits."[5] While Senators Howard Cannon and Edward Kennedy, both Democrats, helped usher through sweeping deregulation legislation through Congress with the Aviation Deregulation Act of 1978, the

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(Lawrence: University of Kansas Press, 1998), Chapters 8-10; Benjamin Waterhouse, "Mobilizing for the Market: Organized Business, Wage & Price Controls, and the Politics of Inflation, 1971-1974," *Journal of American History,* vol. 100, no. 2 (2013), pp. 454-78; Benjamin Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton: Princeton University Press, 2014), Chapter 4.

[3] Intellectual historian Daniel Rodgers makes this point in Daniel Rodgers, *Age of Fracture* (Cambridge: Belknap Press, Harvard University, 2012), Chapter Two, "Rediscovery of the Market." Though the term neoliberalism has been employed by scholars in numerous ways, in this paper neoliberalism roughly means a retreat from state oversight and management in the economy in favor of a market-governed economy or laissez faire approach to economic sectors.

[4] Memo to President Ford, from: Edward Schmults and Paul MacAvoy, subject: Regulatory Reform – Problems, Perspectives, and Opportunities, date: February 2, 1976, in Edward Schmults (Counsel to the President), Box 30, Folder, "DCRG – Agendas [2]," Gerald R. Ford Library.

[5] A. Daniel O'Neal Papers, 1973-1979, box 16, folder, "ICC Federal / State Motor Carrier Workshop, Reston, VA October 22-24, 1979," Hoover Institution Archives. Bracketed text in original.

Staggers Rail Act of 1980, and Motor Carrier Act of 1980, the political possibilities for such legislation had failed in earlier attempts in previous administrations, despite similar economic conditions, a wealth of academic studies and research to draw from, extensive and favorable media coverage, and support from well-positioned vocal critics of regulation in the academy and in government. This development is made more complex given that some of the key architects of deregulation legislation, such as Kahn, Cannon, and Kennedy, among others, viewed themselves as liberal Democrats, yet advocated for neoliberal policy rather than consider hard economic controls and state economic intervention to rein in inflation.

If anything, this unstable, shifting political terrain and eventual bipartisan support for deregulation and neoliberal policies in the 1970s suggests a far more nuanced history of politics and policy than explanations offered by the decline of liberalism, business counteroffensive, or conservative ascendance theses.[6] Historian Judith Stein contended that, "the weakness of the liberalism of the 1960s was not its

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[6] For business counter offensive, refer to Howell Harris, *Right to Manage: Industrial Relations Policies of American Business in the 1940s* (Madison: University of Wisconsin Press, 1982); Elizabeth Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (Urbana: University of Illinois Press, 1994); Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (New York: The New Press, [1999] 2001); Kim Phillips-Fein, *Invisible Hands: The Businessman's Crusade Against the New Deal* (New York: W.W. Norton Press, 2009); Waterhouse, *Lobbying America*. For conservative ascendance, refer to Lisa McGirr, *Suburban Warriors: Origins of the American Right* (Princeton: Princeton University Press, 2001); Matthew Lassiter, *The Silent Majority: Suburban Politics in the Sunbelt South* (Princeton: Princeton University Press, 2006); *Rightward Bound: Making America Conservative in the 1970s,* eds. Julian Zelizer & Bruce Schulman (Cambridge: Harvard University Press, 2008); Elizabeth Tandy Shermer, *Sunbelt Capitalism: Phoenix and the Transformation of American Politics* (Philadelphia: University of Pennsylvania Press, 2015). For decline of liberalism, refer to *The Rise and Fall of the New Deal Order, 1930-1980,* eds. Steve Fraser & Gary Gerstle (Princeton: Princeton University Press, 1989), Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York: Basic Books, 1995); Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism* (Chapel Hill: University of North Carolina Press, 1998); Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010); Leo Panitch & Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London: Verso, 2012).

ambitious social goals, as has so often been asserted." Rather liberalism, Stein argued, "lacked an economic blueprint to match its social agenda."[7] Historian Matthew Lassiter further problematizes these historiographical trends and suggested that political historians have conflated the rise of the right and business counteroffensive narratives with the fall of the New Deal order, and in doing so, flattened some of the dynamics and nuances of political economy of the 1970s.

In doing so, Lassiter suggests that "the interpretations of political history have tracked too closely to the red-blue binaries of journalism and punditry; that the literature has taken the contradictions and fragmentation of liberalism as given but smoothed over similar weaknesses and fissures within conservatism; that the recent pendulum swing has overstated the case for a rightward shift in American politics by focusing too narrowly on partisan narratives and specific election cycles rather than on the more complex dynamics of political culture, political economy, and public policy."[8] "What really destroyed the New Deal order," Lassiter posits, "was the widespread discrediting of Keynesian economics during the long recession of the 1970s, the bipartisan embrace of the financial sector and the deregulatory turn that accelerated during the Carter administration, and liberalism's subsequent failure to uphold the promises of security and upward mobility at the heart of the postwar social contract."[9]

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[7] Stein, *Running Steel, Running America,* pp. 198.
[8] Matthew Lassiter, "Political History Beyond the Red-Blue Divide," *Journal of American History,* Vol. 98, No. 3 (2011), pp. 760-61.
[9] Ibid, pp. 760-61.

Alfred Kahn represents this significant shift in liberalism and eclipse of a state-managed approach to domestic economy policy in favor of a market-governed economy. In a letter to Senate Democrat from Massachusetts, Paul Tsongas, Kahn stated that he “paraded” his “professed liberalism, while attempting to confront the thesis – which,” Kahn felt, “has a great deal of validity – that our chronic problems with inflation is in large measure a consequence of the humanization of capitalism, as Helibroner has eloquently argued.” To that end, Kahn “called for a new synthesis – a new liberalism – that would somehow reconcile the preservation of our humanitarian and egalitarian values with restraint and efficiency.”[10] Understood in this way, it is not that self-proclaimed liberals lacked an economic blueprint for domestic economic policy, as Stein suggests, rather they embraced and pursued domestic economic policies which were nearly indistinguishable from ideas and approaches to economic thought and policy found to the right of the political spectrum. If anything, these developments and political realignments in the 1970s indicate that this rightward shift permeated the Democratic Party far earlier than the right leaning ‘New Democrats’ who emerged in the 1990s and underscores how an underlying faith in the free market as the ultimate arbiter of economic sectors, rather than government intervention or oversight, became hegemonic during this same period.[11]

[10] Letter to: Paul Tsongas, from: Alfred Kahn, date: July 7, 1980, Box 9, Folder, “Congressional Correspondence, 6/80 – 7/80,” Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[11] Iwan Morgan, “Jimmy Carter, Bill Clinton, and the New Democratic Economics,” *The Historical Journal,* Vol. 47, No. 4 (December 2004), pp. 1015-1039. Several academics have explored the rightward shift with the Carter Administration in, *The Carter Presidency: Policy Choices in the Post New Deal Era,* eds. Gary Fink & Hugh Davis Graham (Lawrence: University of Kansas Press, 1998).

By deregulating the trucking industry, the Carter's Administration accomplished what proved to be a legislative impossibility during the Kennedy, Johnson, Nixon, and Ford Administrations. This significant shift from political impossibility in the 1960s and first half of the 1970s, to widespread bipartisan support for deregulation as a policy response to inflation by the end of the 1970s suggests that support for neoliberal policies and a general market-mediated approach to policy took time to gestate in academic, intellectual, and policy circles before the press helped move these ideas into mainstream discourse in the mid-to-late 1970s, which helped these ideas gain political traction and support from key Democrats and Republicans. Though earlier legislative attempts to deregulate the motor industry ultimately failed, the mere attempt drew attention theories and academic works on the economic effects of regulation, advanced the idea that the economic cost of regulation and policy should be weighed against its social and societal benefit, and built important intellectual groundwork used to advance deregulation as a political response to stagflation.

The Motor Carrier Industry and Regulatory Reform

Before the Common Carrier Conference in October 1978, ICC Chairman Daniel O'Neal addressed the then recent controversial changes to the ICC's regulatory structure. "I know many truckers are not going to agree with me," O'Neal noted, "but in my judgment, the Commission has not moved precipitously to scrap the existing regulatory system. However," O'Neal continued, "there has been a movement. The Commission has in the past two years interpreted its existing regulations and precedents to favor easier entry into the trucking industry."[12] While O'Neal believed the ICC's regulatory structures should be altered by reducing barriers to entry and introducing flexibility in pricing, he still favored some form of regulation and oversight.

By the mid-to-late 1970s, however, the ICC's regulatory reforms through administrative action radically altered the economic landscape for the motor carrier industry. O'Neal, an ICC commissioner since the Nixon Administration and Chairman of the ICC after Carter nominated him for the position in 1977, took the lead in advancing regulatory reforms through administrative action. By the mid-to-late 1970s, the ICC's reforms regulatory reforms increased competitive pressures and significantly altered what had been a tightly regulated industry. In particular, the ICC eased entry in the motor carrier industry and approved an unprecedented number of applicants, introduced flexibility in shipping rates, removed some backhaul restrictions for private carriers, and expanded commercial zones and terminal areas – all of which intensified competition and altered the economics of the trucking industry.

Though entry restrictions were not entirely done away with, the ICC approved a larger number of entrants. By 1979, the ICC approved 96.7% of all petitions for

[12] Daniel O'Neal, "Regular Common Carrier Conference Board of Governors & Members, New York, NY, October 31, 1978," Box 14, Folder, "Regular Common Carrier Conference Board of Governors & Members, New York, NY, October 31, 1978," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

entry into the industry, up from a 77% approval rate in 1976.[13] Though proponents of deregulation argued against entry restrictions of any kind, since they claimed it led to a concentrated industry, a comprehensive report on the motor carrier industry by the Department of Labor (DoL) noted that "carrier size and location depict a fairly competitive and decentralized industry."[14] Indeed, the National Master Freight Agreement (NMFA) represented a nationwide contract and local supplemental agreements between 350,000 Teamsters and some 14,000 mostly small trucking firms. Though the NMFA set wages, benefits, and working conditions for Teamsters who worked as over the road drivers, in local cartage, as platform workers, or as warehouse workers, the NMFA negotiations had a ripple effect on some additional 200,000 – 250,000 Teamsters covered by local or special agreements.[15] Moreover, negotiations for the NMFA set a pattern for other industries in the 1979-81 bargaining round which, depending on the outcome, would have either validated or shattered the CWPS's voluntary wage benchmarks of 7%.[16]

However, by the mid-to-late 1970s the effects of heightened competition in the trucking industry had already begun to take its toll. By 1979, the NMFA covered

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[13] "1979 Trucking Industry Negotiations," Division of Industrial Relations Services, Office of Labor-Management Relations Services, February 28, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library. James Miller III, "Grappling with the Costs of Trucking Regulation," Box 12, Folder, "American Enterprise Institute – Meet the Regulators Series, Washington, DC, Jan 19, 1978," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[14] "1979 Trucking Industry Negotiations," Division of Industrial Relations Services, Office of Labor-Management Relations Services, February 28, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[15] Master Freight Background Paper, no author, no date (likely to be early 1979), Box 28, Folder, "Labor, Teamsters 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[16] Lena Bolton, "Heavy Bargaining Returns in 1979," *Monthly Labor Review,* (December 1978), pp. 15-24; Memo to: Alfred Kahn, cc. Eizenstat, Butler, Schultze, from CWPS, subject: Master Freight Negotiations: Timetable, date: November 13, 1978, Box 28, Folder, "Labor, Teamsters 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

roughly 350,000 truckers, down from a height of 450,000 in 1967. This decline coincided with a 135% upsurge in private carriers over the decade and the proliferation of owner operators which doubled from 100,000 in 1973 to 200,000 by 1979.[17] Though the Teamsters continued to organize newly formed non-union trucking firms, they only won elections covering roughly 37% of all eligible workers by the mid-1970s.[18] Firms and organized labor alike also had to confront the influx of owner-operators in regulated sectors as the ICC eased barriers to entry through regulatory reforms.

Initially, owner operators were largely confined to the agricultural goods sector, an area of trucking exempt from ICC regulation.[19] However, as the ICC approved more and more entrants to the industry, owner operators increasingly came to contract work in regulated sectors. Labor costs for non-union owner operators, the DoL's report noted, were roughly half that of their unionized counterparts.[20] This vast difference in labor costs gave non-union firms contracting work with owner-operators a significant competitive advantage over their unionized competitors.

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[17] "1979 Trucking Industry Negotiations," Division of Industrial Relations Services, Office of Labor-Management Relations Services, February 28, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library. Master Freight Background Paper, no author, no date (likely to be early 1979), Box 28, Folder, "Labor, Teamsters 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

[18] Master Freight Background Paper, no author, no date (likely to be early 1979), Box 28, Folder, "Labor, Teamsters 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

[19] Historian Shane Hamilton expertly details how this unregulated sector of trucking grew in the cracks of New Deal policy, shows how conservatism took root in rural America, and challenged regulatory structures, such as controlled entry into the industry and competition on shipping rates. Refer to Hamilton, *Trucking Country*.

[20] "1979 Trucking Industry Negotiations," Division of Industrial Relations Services, Office of Labor-Management Relations Services, February 28, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

Indeed, the ICC's regulatory reforms had a profound impact on the trucking industry. In 1965, non-union irregular route carriers hauled 24.5% of the nation's freight. By 1976 that climbed to 28%. During that same period, the percentage of freight hauled by unionized regular route carriers fell from 34% to 26.5%. And the total number of unionized truckers fell 25% over the course of the 1970s.[21] To be sure, the ICC's regulatory reform through administrative action in the mid-to-late 1970s had a profound impact on the economics of the trucking industry and the lives and livelihoods of people engaged in this type of work. By instituting several reforms intended to increase competition in the motor carrier industry and reduce bureaucratic red-tape, O'Neal's somewhat pragmatic approach significantly altered the economic landscape in the motor carrier industry. As a result, O'Neal won support from those in favor of deregulation. These significant alterations to the motor carrier industry, however, did not stem the political tide for motor carrier deregulation.

Though O'Neal instituted several regulatory reforms through administrative action, some members of the Carter Administration felt the reforms did not go far enough. The DoT's John Fearnsides felt O'Neal "moved in the direction of reform," but in terms of deregulation at the ICC, Fearnsides felt "there is much more to be done." Following O'Neal's reforms, Fearnsides recommended that the Carter Administration move forward with its dual strategy of pressuring commissioners of regulatory agencies to enact internal administrative reform while simultaneously

[21] "A Moderate Teamsters' Pact?," *Business Week,* August 21, 1978, in Box 3, Folder, "Trucking Negotiations [0/A 6738]," Special Advisor – Inflation – Strauss, Jimmy Carter Library.

advancing the case for legislation as these two paths "complement each other and should move forward in tandem."[22] Thus, the Carter Administration pursued full scale deregulation even as the ICC instituted several reforms which lowered barriers to entry and made the motor carrier industry far more competitive.

Carter held a meeting with commissioners from ten regulatory agencies on November 7, 1978 to increase the pressure on commissioners to enact deregulation through administrative action at their respective agencies. Carter's staff noted that they "expect that the ICC will continue, perhaps at an accelerated pace, its present policy of chipping away at regulatory restrictions through relatively minor revisions in policy." Though O'Neal preferred an approach to deregulation through administrative action over full-scale deregulation through legislation, he had "lack of support among the Commissioners" for some of his more controversial proposals.[23] By December 1978, O'Neal initiated a meeting with the members of the Carter Administration to discuss deregulation through administrative reforms and pending commissioner appointments at the ICC.

Mary Schuman, a member of Carter's Domestic Policy staff, encouraged Stu Eizenstat to question O'Neal over commissioner appointments during their meeting. Though the ICC could have up to eleven commissioners, Shuman noted that "there has been a trend in recent years to hold the number [of commissioners] to a more

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[22] Memo to: William Nordhaus, from: John Fearnsides, date: November 15, 1978, Box 88, Folder, "Transportation Deregulation [1]," Charles Schultze – Subject Files, Council of Economic Advisors, Jimmy Carter Library.
[23] Memo to: Alfred Kahn, Barry Bosworth, from: Tom Lenard, Beth Pinkston, subject: ICC motor freight deregulation goals, date: November 14, 1978, Box 25, Folder, "Interstate Commerce Commission 9/78," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

manageable size, usually around seven members." Schuman also pointed out that O'Neal "would like to keep the number [of commissioners] as small as possible." This allowed O'Neal to marshal support for his proposals from a smaller number of commissioners and helped him overcome opposition from potential dissidents. In terms of new appointments, Shuman noted that "it is generally agreed that we will select pro-deregulation candidates."[24]

At a meeting with Jimmy Carter in late January 1979, the President advised O'Neal to "get the actions going now on regulatory reform." Carter stated that "the management team is now in place to bring about regulatory reform." O'Neal's handwritten note from the meeting suggests he felt that "seven commissioners works fine especially with two additional articulate supporters." O'Neal's marginalia also raised the question, "Don't we benefit the President more by continuing the present deregulation process?" But O'Neal's notes also questioned the Administration's general approach to domestic economic policy. O'Neal noted that "presently it really doesn't sound as if anyone knows what they are talking about and the President is not keeping a firm hand on policy."[25] Though O'Neal's internal administrative reforms attracted some support from vocal proponents of deregulation, the ICC's reforms also worked as a catalyst for legislative change that served the Administration's dual approach to deregulation.

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[24] Memo to: Stu Eizenstat, from: Mary Schuman, subject: meeting with Chairman Dan O'Neal, date: December 11, 1978, Box 138, Folder, "Trucking Deregulation, 11/22/78 – 1/22/79," Chief of Staff – Landon Butler, Jimmy Carter Library.

[25] Daniel O'Neal's handwritten notes from a January 30, 1979 meeting with Jimmy Carter, Box 24, Folder, "President Meetings," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

Since ICC commissioners served terms, which the sitting president could renew, there was the opportunity and incentive to reshape the constituency of commissioners' regulatory agencies, such as the ICC. The CWPS senior staff economist, Milton Kafoglis, cautioned that "an effort to 'pack' the Commission to nine or eleven members would seem unwise, especially since the Administration's objectives can probably be fulfilled within the seven-member organization." While O'Neal had support from commissioner Betty Jo Christian, who Kafoglis noted had become "increasingly forceful on deregulation," commissioners George Stafford, Robert Gersham, and Rupert Murphy usually contested O'Neal's more controversial and far-reaching reforms. Commissioner Robert Clapp essentially functioned as an unpredictable swing vote.[26] However, this balance would change.

After serving as an ICC Commissioner since the Eisenhower Administration, Murphy resigned. Kafoglis recommended that Virginia Mae Brown, whose term was up, be replaced with someone in favor of deregulation. According to Kafoglis, Brown, "does not know the issues, and is not committed to any particular point-of-view."[27] Though the Teamsters voiced support for Brown, Schuman suggested filling her vacancy with committed deregulator and former member of the CAB, Darius Gaskins, "would put out a signal that we are serious about deregulation."[28] "This

[26] Memo to Barry Bosworth and Tom Hopkins, from: Milton Kafoglis, subject: ICC Membership, date: August 17, 1978, Box 25, Folder, "Interstate Commerce Commission 9/78," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[27] Memo to Barry Bosworth and Tom Hopkins, from: Milton Kafoglis, subject: ICC Membership, date: August 17, 1978, Box 25, Folder, "Interstate Commerce Commission 9/78," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[28] Memo to: Stu Eizenstat, Alfred Kahn, from: Mary Schuman, subject: Dismissal of ICC Commissioner Brown, date: April 26, 1979, Box 28, Folder, "Trucking, 6/78 – 2/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

opportunity [expired terms and retirement]," Roy Niernberg noted in a memo to the CWPS's Barry Bosworth, "might be used to appoint commissioners interested in deregulation."[29] Though deregulation through administrative action had support of some of the ICC's commissioners, key members of the Carter Administration, and some segments of the business community, there was a significant assemblage against the ICC's regulatory reform, namely from individuals from the motor carrier industry, the Teamsters, and some Congressional leaders.

In a memo to Stu Eizenstat, Mary Schuman noted that since O'Neal's reforms were generally "bolder" than past action, some members of Congress felt that by pursuing deregulation through administrative action, ICC commissioners circumvented Congressional action and directive. "The opposition in Congress," Schuman noted, "seems to be more fierce than expected."[30] House Democrat from California and Chair of the House Public Works Committee, Harold Johnson, and House Democrat from New Jersey and Chair of the Surface Transportation Subcommittee, James Howard, responded to O'Neal's regulatory reforms at the ICC and stated definitively that "the adoption and implementation of far-reaching policies that alter and reverse the scope of economic regulation are clearly matters of congressional policy and must be decided by Congress."[31]

[29] Memo to: Barry Bosworth, from: Roy Niernberg, subject: the composition of the Interstate Commerce Commission, data: August 3, 1978, Box 25, Folder, "Interstate Commerce Commission 9/78," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[30] Memo to: Stu Eizenstat, from: Mary Schuman, subject: Secretary Adams' Trucking Options Paper, date: no date, but attached memo is dated December 11, 1978, Box 138, Folder, "Trucking Deregulation, 11/22/78 – 1/22/79," Chief of Staff – Landon Butler, Jimmy Carter Library.
[31] No author listed, "O'Neal is told Congress, not ICC, will make future regulatory policies," no date, Box 88, Folder, "Transportation Deregulation [4]," Charles Schultze – subject files, Jimmy Carter Library.

This proved to be a significant obstacle to legislation since Johnson and Howard chaired key House committees which the proposed motor carrier deregulation legislation would have to pass through. However, the situation in the Senate was markedly different. “Although Senator [Howard] Cannon…is not as opposed as Bizz Johnson and Jim Howard,” Schuman observed that Cannon was “nervous about truck and Teamster opposition to the ICC’s recent action.”[32] Massachusetts Senator Edward Kennedy, who played a leading role in airline deregulation, also became a vocal proponent of motor carrier deregulation.

By January 1979, Teamsters’ president Frank Fitzsimmons called on Jimmy Carter to ask for Daniel O’Neal’s resignation. For Fitzsimmons and the Teamsters, O’Neal and his regulatory reforms at the ICC had an “unmistakable anti-labor, anti-worker bias.”[33] Furthermore, Fitzsimmons argued that O’Neal’s reforms would “severely disrupt or destroy the livelihoods of union members and others working in the trucking industry.”[34] Fitzsimmons suggested that the owner operators, who the Teamsters and the motor carrier industry felt would flood the labor market once the industry was deregulated, were more caviler about safety and truck maintenance than the regulated sectors. Fitzsimmons also criticized O’Neal’s regulatory reforms in public forums.

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[32] Memo to: Stu Eizenstat, from: Mary Schuman, subject: Secretary Adams’ Trucking Options Paper, date: no date, but attached memo is dated December 11, 1978, Box 138, Folder, “Trucking Deregulation, 11/22/78 – 1/22/79,” Chief of Staff – Landon Butler, Jimmy Carter Library.
[33] Teamster News Service, “Carter reacts to IBT attack on ICC head,” IBT0005 Series 1, Box 1, Folder, “Teamster News Service,” IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.
[34] Teamster News Service, “Carter reacts to IBT attack on ICC head,” IBT0005 Series 1, Box 1, Folder, “Teamster News Service,” IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

In his address before Syracuse University's Salzberg Transportation Institute on May 18, 1979, Fitzsimmons voiced his concerns over Daniel O'Neal's regulatory reform at ICC under his tenure as Chairman. "I see by your programs that yesterday you heard the Chairman of the Interstate Commerce Commission," Fitzsimmons remarked before his audience. "It is no secret that his view of deregulation and mine are at opposite ends of the spectrum. If you doubt that for a moment, consider that I called upon the President of the United States to ask for the resignation of Daniel O'Neal." Fitzsimmons went on to note that "In the opinion of our union, even if there were some solid basis for deregulation, the risk to the lives and livelihood of our members, and for that matter, the lives of anyone using intercity highways, is so great that deregulation by legislation should be rejected and the ill-advised deregulation by administrative action should be rolled back."[35] Carter responded to Fitzsimmons' call and stated that O'Neal "continues to enjoy my full confidence."[36]

Though O'Neal's administrative reforms did in fact expose the motor carrier industry to increased competition, his response to the mounting criticisms throughout the mid-to-late 1970s can be seen not necessarily as an individual interested in full-scale deregulation, rather he instituted reforms largely to mitigate criticisms in a somewhat pragmatic manner short of full-scale deregulation. In some cases, O'Neal

[35] Frank Fitzsimmons, "Remarks from Frank Fitzsimmons, General President of the Teamsters," paper delivered at the Salzberg Conference, New York, NY, May 18, 1979, Box 15, Folder, "Salzberg Transportation Institute, New York, NY, Syracuse University Salzberg Conference, May 17-18 1979," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[36] Teamster News Service, "Carter reacts to IBT attack on ICC head," IBT0005 Series 1, Box 1, Folder, "Teamster News Service," IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

advocated for expanding and strengthening regulation and ICC oversight.[37] Along with deregulation through administrative action, the threat of possible trucking deregulation legislation loomed large over the 1979 NMFA negotiations.

JAWBONING AND THE NATIONAL MASTER FREIGHT AGREEMENT

The Teamsters entered negotiations with Trucking Management, Inc. for the NMFA in January 1979, with the expectation that bargaining would continue after the contract expired on March 31st with the distinct possibility of a strike. Fitzsimmons stated that they would enter negotiations "with just one thing in mind, to obtain every penny our membership needs to survive in a badly managed economy." "Labor has no choice," Fitzsimmons continued, "but to attempt to negotiate increases which will keep workers' incomes high enough to pay for energy, to pay high taxes, to meet high medical bills, to pay high interest rates for credit, to pay arbitrary price increases, and to pay welfare costs for workers thrown out of work by unfair foreign trade."[38] Nevertheless, the Carter Administration sought to keep the Teamsters wage increases within the CWPS guidelines.

[37] Before an audience of owner-operators at a conference sponsored by *Overdrive* magazine in 1978, O'Neal noted that the ICC had been working with Congress to draft legislation to combat some of the problems faced by the independent contractor, namely the problem of weight-bumping and lumpers. Daniel O'Neal, remarks before Overdrive/Truckers Convention, Washington, D.C., July 28, 1978, Box 15, Folder, "Overdrive/Truckers Convention, Washington, D.C., July 28, 1978," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

[38] Teamsters News Service, "Fitzsimmons says: Master Freight Talks to Aim for Best Possible Pact in 79," June 9, 1978, IBT0005 Series 1, Box 1, Folder 5, "Teamsters News Service," IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

To ensure the NMFA fell within the CWPS's 7% wage benchmarks, members of the Carter Administration used the threat of deregulation through legislation as a jawboning technique to pressure the Teamsters during negations. The Teamsters, however, bristled at CWPS guidelines. "The first time the Government intervenes in our negotiations," the Fitzsimmons warned, "we will negotiate from a strike position."[39] In private communications, Carter's staff noted that they "should make a strong effort to reform trucking regulations next year" and that "this effort should be made regardless of the outcome of the Teamsters' negotiations."[40] Because of the expected opposition from the Teamsters and from the industry, Mary Schuman suggested that they should "not wait until the March 31st deadline has passed [for the NMFA]. If we wait until then," Schuman noted, "we will be accused of a 'stab in the back.'"[41]

By 1979, the rate of inflation surged to double-digits, which made the outcome of the NMFA and the credibility of the Administration's voluntary wage and price guidelines all the more acute. "The master freight negotiations," the CWPS noted in a November 1978 memo to Alfred Kahn, "are crucial to the success of the anti-inflation program." Though in private communications the Administration was committed to trucking deregulation regardless of the outcome of the NMFA, the CWPS warned Kahn that "no threats should be made that will antagonize

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[39] *New York Times* staff, "'Fitz,' Tough Negotiator for Teamsters," *New York Times,* January 7, 1979.
[40] Memo to: Alfred Kahn, Barry Bosworth, from: Tom Lenard, Beth Pinkston, subject: ICC motor freight deregulation goals, date: November 14, 1978, Box 25, Folder, "Interstate Commerce Commission 9/78," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[41] Memo to: Stu Eizenstat, from: Mary Schuman, subject: Secretary Adams' Trucking Options Paper, date: no date, but attached memo is dated December 11, 1978, Box 138, Folder, "Trucking Deregulation, 11/22/78 – 1/22/79," Chief of Staff – Landon Butler, Jimmy Carter Library.

Fitzsimmons, but it should be made clear that failure to comply with the anti-inflation program could influence Administration policies toward the trucking industry."[42] However, as negotiations wore on Kahn threatened to "play a leading role [in trucking deregulation] if they [the Teamsters] break the standards."[43] Kahn also warned that the proposed trucking deregulation would be "more drastic" if the Teamsters breached the CWPS's wage and price guidelines.[44] Given the ICC's regulatory reforms, however, the Teamsters viewed this threat as "a moot issue" since they felt the "industry already has been deregulated" through administrative action at the ICC.[45]

As the March 31st deadline loomed, talks between the Teamsters, Trucking Management, Inc., and Carter Administration broke down over the Teamsters demands and the 7% wage benchmark. The Teamsters recognized that inflation ate away at their membership's wages and asked the CWPS to factor in their cost-of-

[42] Memo to: Alfred Kahn, cc. Eizenstat, Butler, Schultze, from: CWPS, subject: Master Freight Negotiations: Timetable, date: November 13, 1978, Box 28, Folder, "Labor, Teamsters, 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[43] William Eaton, "Kahn Tells Teamsters Not to Exceed Wage Guidelines: Speaking for President, Adviser Says White House Would Call for Deregulation of Trucking Industry," *Los Angeles Times,* March 16, 1979; William Eaton, "Blunt Warning to Teamsters: Action Planned if Pay Rules are Broken," *Los Angeles Times,* March 16, 1979; William Eaton, "Carter Sees Anti-Inflation Victory in Teamsters' Pact," *Los Angeles Times,* April 12, 1979.
[44] Penny Girard, "They Keep on Trucking Old Way but Reform Looms: Shifts in Government and Industry May Force Change," *Los Angeles Times,* February 26, 1978; Lean Bolton, "Heavy Bargaining Returns in 1979: Wage Negotiations in Trucking, Auto, and other key industries will test Federal efforts to curb inflation, when contracts covering 3.7 million workers expire in 1979," *Monthly Labor Review* (December 1978); William Eaton, "Kahn Tells Teamsters Not to Exceed Wage Guidelines: Speaking for President, Adviser Says White House Would Call for Deregulation of Trucking Industry," *Los Angeles Times,* March 16, 1979; William Eaton, "Blunt Warning to Teamsters: Action Planned if Pay Rules are Broken," *Los Angeles Times,* March 16, 1979; William Eaton, "Carter Sees Anti-Inflation Victory in Teamsters' Pact," *Los Angeles Times,* April 12, 1979; Ernest Connie, "See Jimmy in His Freight Wig: Rather Than Admit Wage-Price Failings, He Hints of Depression in Noncompliance," *Los Angeles Times,* November 20, 1978.
[45] Philip Shabecoff, "Teamsters Demands Reported to Exceed Guidelines: Request at 7 Percent Report Questions Answered by Heavy Contract Year," *New York Times,* March 9, 1979.

living adjustments semiannually rather than annually when calculating their wage increase. Initially, the Carter Administration refused. The Teamsters then responded by demanding even more in wages and benefits, which caused management to break off negotiations.[46] By March 19th, Teamster locals to started to take strike authorization votes.[47] Regardless, Kahn used this threat of deregulation legislation to pressure the Teamsters to keep the NMFA settlement within the Administration's benchmarks.

Several individuals in the Carter Administration felt that the outcome of the NMFA would either bolster confidence in the CWPS wage and price benchmark or ruin their credibility. "I believe voluntary standards will be destroyed if the Teamsters settlement significantly exceeds the pay limitation," the CWPS's Barry Bosworth admitted in a letter to Alfred Kahn and Charles Schultze. "No other major union can be expected to comply if the Teamsters do not." Bosworth continued and noted that "deregulation is not a credible threat because Fitzsimmons believes that it will come in any case." The effectiveness of the CWPS's efforts at moderating prices was also in question, which further eroded credibility of the Administration's inflation program generally and their wage and price standards specifically. "We have not succeeded in effectively restraining price increases," Bosworth admitted. "Our inability to provide

[46] Philip Shabecoff, "Top U.S. Mediator to Join Teamster Contract Talks," *New York Times,* March 13, 1979.

[47] *New York Times* staff, "Teamster Locals Told to Take Strike Votes," *New York Times,* March 20, 1979.

evidence of price restraints has sharply reduced our leverage on the Teamsters' negotiations."[48]

Privately, individuals in the Carter Administration admitted that jawboning had little effect on the business community's compliance with the CWPS's price benchmarks. Bosworth remarked that "many smaller and intermediate-sized firms have ignored the standards and acted on their expectations of future controls" and while "large firms generally have complied" many "sought out every potential loophole." "We essentially have all of the problems of evasion that exist with mandatory controls," Bosworth noted, "plus the added complication that, within a voluntary program, firms calculate their own price standards, and some have liberally interpreted the historical records in doing so." Additionally, Bosworth confided that "the CWPS is currently failing to identify non-complying companies beyond a token level." "The program can limp along for a short period with problems on one side," Bosworth lamented, "but if we have violations of both the pay and price standards, the program will fade away." "In taking action to respond to the problem of non-compliance," Bosworth noted, "we run the risk of increasing expectations of future controls."[49]

For their part, labor offered to assist the CWPS in their price data collection efforts. Since organized labor played a critical role in several past experiences with

[48] Memo to: Alfred Kahn, Charles Schultze, from: Barry Bosworth, subject: Teamsters and the Inflation Program, date: March 14, 1979, Box 27, Folder, "Labor, AFL-CIO, 3/79 – 4/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[49] Memo to: Alfred Kahn, Charles Schultze, from: Barry Bosworth, subject: Teamsters and the Inflation Program, date: May 14, 1979, Box 27, Folder, "Labor, AFL-CIO, 3/79 – 4/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

wage and price controls, the AFL-CIO's President George Meany and Leo Perlis of the AFL-CIO's Community Services offered to assist the CWPS with price monitoring.[50] Throughout, labor remained critical of the Carter Administration's voluntary wage and price benchmarks since prices were more difficult to assess and monitor than wage increases, which were limited to a fixed percentage. To assist the CWPS with price monitoring, the AFL-CIO launched Operation Price Watch and relied on methods previously employed during the period of the Nixon Administration's wage and price controls.

Though the CWPS thanked the AFL-CIO for their efforts in Operation Price Watch, privately members of the Carter Administration admitted the weakness in their price monitoring program and the uselessness of the data that labor furnished. While Alfred Kahn told Perlis the data the AFL-CIO forwarded to CWPS was "most helpful," in private Kahn and the CWPS were more forthcoming about the AFL-CIO's involvement in the Carter Administration's inflation program. Kahn and CWPS staff noted that the data from the AFL-CIO's Operation Price Watch "has not been useful. The question is, do we tell him so?"[51] Kahn responded that he was "not yet persuaded we should tell Perlis the truth." However, Kahn noted that if CWPS discontinued the AFL-CIO's involvement "on the basis that the data provided is useless" they would be set up for "considerable and needless criticism." "If reporting

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[50] Letter to: Alfred Kahn, from: George Meany, date: February 9, 1979, Box 28, Folder, "AFL-CIO, 4/80 – 11/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library; Letter to: Alfred Kahn, from: Leo Perlis, date: June 27, 1979, Box 28, Folder, "AFL-CIO, 4/80 – 11/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

[51] Letter to: Leo Perlis, from: Alfred Kahn, date: July 13, 1979, Box 28, Folder, "AFL-CIO, 4/80 – 11/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library; Memo to: Alfred Kahn, from: Missy Mandell, Julie Clark, date: August 17, 1979, Box 28, Folder, "AFL-CIO, 4/80 – 11/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

price data is a way to ease the inordinate frustration the public feels, then the exercise is valuable…or at the very least therapeutic," Kahn suggested.[52]

The Department of Labor's Ray Marshall also expressed concern over the effectiveness of the Administration's voluntary wage and price benchmarks and the impact that would have on the credibility of the Carter Administration's inflation program during the Teamsters' NMFA. "It is very difficult to ask workers to continue to accept wage increases of only 7% in the face of sharply rising consumer costs and corporate profits," Marshall suggested. "Without a forceful response on the part of the Administration…the Teamsters are likely to settle for a wage increase substantially above the guidelines," Marshall asserted. "Unless we are extremely lucky and inflation diminishes more rapidly than expected," Marshall lamented, "the current policy will become an obvious failure. We will then be faced with the alternatives of either imposing mandatory controls, accepting a recession, or hoping that inflation will cure itself."[53]

Since compliance with the CWPS's wage and price benchmarks was unlikely to influence the negotiations for the NMFA, the Carter Administration threatened the Teamsters and Trucking Management, Inc. with motor carrier deregulation if the two parties breached the wage benchmarks. If the Carter Administration could not rein in the Teamsters wage increases during the 1979 NMFA, Marshall suggested that they

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[52] Memo to: Alfred Kahn, from: Missy Mandell, Julie Clark, date: August 17, 1979, Box 28, Folder, "AFL-CIO, 4/80 – 11/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library; Kahn's comments are included in an attached hand-written note.

[53] Memo to: Charles Schultze, Stu Eizenstat, Alfred Kahn, Mike Blumenthal, from: Ray Marshall, date: May 16, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

"pass deregulation legislation." To that end, Marshall noted that the DoL was already "working with CWPS, FMCS, and others to develop a coordinated effort" for motor carrier deregulation legislation. To salvage the Administration's inflation program, Marshall recommended that the CWPS take "decisive action to cut back on excessive price increases. Widespread price increases and surging profits," Marshall continued, "make it clear that action is needed to restrain the price manipulation that is taking place."[54]

Indeed, there was a deluge of evidence that the business community generally was not complying with the CWPS's price benchmarks. Corporate profits reported for the final quarter of 1978 were 26% more than those reported in the final quarter of 1977. Corporate profits also rose an astonishing 44% from the third to fourth quarter in 1978.[55] Alfred Kahn expressed his concerns about the inflation program in light of massive gains in corporate profits in a letter to President Carter. "I feel obliged to report to you my strong feeling…that the anti-inflation program is in serious trouble."[56] "We simply have no way of knowing as yet how uniformly companies that are large but not among the top 500, not to mention the ones that are medium sized and small, are in fact complying."[57] "Recent additional increases in prices, coupled with increasing reports of windfall profits and the recent Teamsters'

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[54] Memo to: Charles Schultze, Stu Eizenstat, Alfred Kahn, Mike Blumenthal, from: Ray Marshall, date: May 16, 1979, Box 28, Folder, "Labor Dept., 11/78 – 3/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[55] Philip Shabecoff, "Teamster Chief Ties Union's Wage Gains to Business Profits: Fitzsimmons Indicates He Will Not Observe Guideline," *New York Times,* March 22, 1979.
[56] Letter to: President Carter, from: Alfred Kahn, date February 21, 1979, Box 46, Folder, "Kahn, Alfred [2]," Council of Economic Advisors – Charles Schultze – subject files, Jimmy Carter Library.
[57] Letter to: President Carter, from: Alfred Kahn, date February 21, 1979, Box 46, Folder, "Kahn, Alfred [2]," Council of Economic Advisors – Charles Schultze – subject files, Jimmy Carter Library.

demand," Kahn noted in a letter to Carter, "provide for perhaps the most unhealthy atmosphere to date for voluntary compliance with the anti-inflation program."[58] AFL-CIO president George Meany called the reported corporate profits "the grossest demonstration of profit gouging since the opening days of the Korean War."[59] In a letter the following week, Kahn informed Carter that the recent consumer price index (CPI) increased 10.4% "indicate that the voluntary standards have not been effective on the price side."[60]

Despite an anemic inflation program and ineffective price guidelines, Bosworth recommended that the CWPS continue using whatever shred of credibility the they could still command. To pressure the Teamsters to settle within the Administration's wage guidelines, Bosworth suggested that "there must be a series of actions that precipitate an atmosphere of crisis prior to the resolution of the Teamsters' settlement."[61] Bosworth recommended that Carter meet with Fitzsimmons so he could "be informed, flatly and with no indication of potential actions, that a settlement above the guidelines will be unacceptable and that the

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[58] Memo to: President Carter, from: Alfred Kahn, Stu Eizenstat, Anne Wexler, subject: Presidential Involvement in the Anti-Inflation Program, date: March 21, 1979, Box 46, Folder, "Kahn, Alfred [2]," Council of Economic Advisors – Charles Schultze subject files, Jimmy Carter Library.
[59] Philip Shabecoff, "Teamster Chief Ties Union's Wage Gains to Business Profits: Fitzsimmons Indicates He Will Not Observe Guideline," *New York Times,* March 22, 1979.
[60] Memo to: President Carter, from: Alfred Kahn, subject: Modifications in the Price Program, date: March 28, 1979, Box 46, Folder, "Kahn, Alfred [2]," Council of Economic Advisors – Charles Schultze subject files, Jimmy Carter Library.
[61] Memo to: Alfred Kahn, Charles Schultze, from: Barry Bosworth, subject: Teamsters and the Inflation Program, date: May 14, 1979, Box 27, Folder, "Labor, AFL-CIO, 3/79 – 4/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

President will do everything in his power to prevent it."[62] As negotiations stalled in March, however, the Teamsters threatened to strike.

Once the NMFA contract expired on March 31st, the Teamsters went out on a nation-wide strike. Though the dissident faction Teamsters for a Democratic Union (TDU) pushed for a more aggressive strike strategy, Teamster leadership limited the strike to seventy-three targeted firms and continued to haul agricultural goods, food, and other perishable items, largely to ensure the President did not intervene in the strike with the Taft-Hartley Act's 'cooling off' clause. After the limited ten-day strike, the Teamsters and Trucking Management, Inc. came to an agreement for the NMFA, but only after Carter Administration officials capitulated and agreed to calculate their cost of living adjustments semiannually.[63] By May 18th, rank and file Teamsters ratified the NMFA with 73.5% of the membership casting their ballots in favor of the agreement.[64] Though the Teamster settlement fell within the Administration's wage guidelines, Kahn continued to wrestle with motor carrier deregulation.

In private conversation, Kahn was more forthcoming about the Administration's inflation program, the NMFA, and motor carrier deregulation. "I have, of course, been suffering for many months over this dilemma about the

[62] Memo to: Alfred Kahn, Charles Schultze, from: Barry Bosworth, subject: Teamsters and the Inflation Program, date: May 14, 1979, Box 27, Folder, "Labor, AFL-CIO, 3/79 – 4/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[63] Philip Shabecoff, "Trucking Industry and Teamsters Agree on a Pact: 30% Rise Over 3 Years; Teamsters and Truck Industry Reach a Tentative Pact Cost of Living Was Key 'Defense Shutdown,'" *New York Times,* April 11, 1979.
[64] Associated Press, "Teamsters Ratify Contract, 3 to 1: 73.7 Percent Back Contract Benefits Are Described," *New York Times,* May 19, 1979.

relative importance of trucking deregulation and a Teamster settlement within the standards, and the extent to which it is worth bargaining anything of the first in order to achieve the second." For Kahn, the course of action was clear. "The first [deregulation] is more important than the second [NMFA]," Kahn continued, "and should not in any way be sacrificed to it." However, for Kahn the political possibilities following the NMFA were more opaque. "What do I do? Argue for deregulation. Point out that the Teamster settlement, while within the guidelines as we redefined them and better than we would have gotten otherwise, is still far from non-inflationary; that it still reflects very great market power in the hands of the union, which has prospered in a regime of government-enforced cartelization. But be prepared to accept the likelihood that change, if we get any at all," Kahn lamented, "is likely to be gradual."[65] Almost immediately after Teamsters members ratified the NMFA, a federal court ruling limited the CWPS's power and credibility.

In late May 1979, a ruling from a Federal District Court eliminated the use of sanctions to enforce the voluntary wage and price program, further weakening the Carter Administration's voluntary wage and price guidelines through the CWPS. "The court decision eliminating the sanction is a potentially fatal setback not just because (assuming no reversal) the major threat behind the guidelines has now been removed," Alfred Kahn and Stu Eizenstat conceded in a memo to Carter's Economic Policy Group, that "the entire anti-inflation program is now almost

[65] Memo to: Esther Peterson, from: Alfred Kahn, subject: Trucking Regulatory Reform and Teamster Negotiations," date: April 18, 1979, Box 27, Folder, "Labor, AFL-CIO, 3/79 – 4/79," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

universally seen as all but officially dead."[66] Rather than see this as an overall defeat, Kahn and Eizenstat suggested that "the court's decision should be seized by us as an opportunity to do a number of things we have not previously been able or willing to do." With the court ruling, coupled with an annual rate of inflation at 12% - 14%, Kahn and Eizenstat suggested that "the public, as well as the Congress and other opinion leaders, expect us to take bold action now."[67] Roughly one month after rank-and-file Teamsters ratified the NMFA, the Carter Administration indeed took bold action and introduced motor carrier deregulation legislation in the Senate.

THE MOTOR CARRIER ACT OF 1980

In his June 21, 1979 address before Congress, which accompanied motor carrier deregulation legislation, Jimmy Carter suggested that regulation subjects the trucking industry "to a mindless scheme of government interference and control." "Since regulation permits price-fixing and stifles competition," Carter posited that "consumers are unnecessarily paying billions of dollars in higher transportation prices. During these inflationary times," Carter continued, "government policies that needlessly raise costs cannot be tolerated."[68] Though the Administration's motor carrier deregulation legislation had the full support of individuals in the Carter

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[66] Memo to: EPG steering group, from: Stu Eizenstat and Alfred Kahn, subject: anti-inflation legislation, date: June 2, 1979, Box 207, Folder, "Anti-Inflaiton," Council of Economic Advisors – George Eads, subject files, Jimmy Carter Library.
[67] Memo to: EPG steering group, from: Stu Eizenstat and Alfred Kahn, subject: anti-inflation legislation, date: June 2, 1979, Box 207, Folder, "Anti-Inflaiton," Council of Economic Advisors – George Eads, subject files, Jimmy Carter Library.
[68] Jimmy Carter, address before Congress, June 21, 1979, Box 89, Folder, "Trucking Deregulation," Council of Economic Advisors – Council of Economic Advisors – Charles Schultze, subject files, Jimmy Carter Library.

Administration, some detractors questioned some of the anticipated economic effects of motor carrier deregulation.

During the press briefing on the legislation, a reporter asked Kahn to break down the expected $5 billion savings for consumers and show where the savings would come from. Kahn responded flatly that "it is not possible to do that." When the reporter asked Kahn where the estimates came from, Kahn pointed to "a large number of studies by Professor Moore, by Peck, by John Meyer and others" that estimated that "10% to 20% rates will be lower in the presence of more competition" which, when applied to the total costs of shipping in the motor carrier industry, put the estimated savings in the multi-billions. But for Kahn, the "most convincing evidence" was not the numerous studies on the economic effects of transportation regulation that he could reference, rather Kahn stated that "all the people who have a chance of being free of the benefits of regulation – that is, all the consumers – are dying to be free of it."[69] Kahn also reiterated this point in his testimony before the Senate.

In his 26th June testimony before the Senate Committee on Commerce, Science, and Transportation, Kahn stood firm on his expectations for the economic effects of motor carrier deregulation and the general effect that the proposed legislation would have on inflation. "I can think of no piece of legislation in recent years, proposed or enacted, that is closer to the heart of this Administration's concerns – or mine." Kahn suggested that motor carrier deregulation was important

[69] Transcript of press briefing by Alfred Kahn, Howard Cannon, Charles Percy, and Brock Adams, June 21, 1979, Box 137, Folder, "Testimony: Senate Commerce Committee (trucking deregulation)," Council of Economic Advisors – Charles Schultze – Briefing Books, Jimmy Carter Library.

not only because it would “free the trucking industry from the straightjacket of government regulation and restore it to the free enterprise system,” it was also “a vital component of the Administration’s campaign to fight inflation.”[70] “Mr. Chairman, and members of the committee, we have an opportunity here to make history – in fighting inflation, in removing the dead and unproductive hand of government, in restoring a free, competitive enterprise system.”[71]

In private communications, members of the Carter Administration were more forthcoming about the origins of the estimated savings from motor carrier deregulation. “Various estimates have been made of the costs of transportation (or conversely, the potential savings from deregulation), but all that we know of stems from Thomas Gale Moore’s article, “Deregulating Surface Freight Transportation,” [in Almarin Phillips, ed., *Promoting Competition in Regulated Markets* (Washington: Brookings Institution, 1975)].”[72] Though those in favor of deregulation often relied on Moore’s work and his estimate based on the USDA study from the 1950s.

However, in various forums, those against deregulation questioned the soundness of Moore’s estimates and Kahn’s and Carter’s claims for the potential savings from motor carrier deregulation. In a response letter to Neil Goldschmidt, Carter’s replacement for the Secretary of Transportation after Brock Adams

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[70] Alfred Kahn, testimony before Senate Committee on Commerce, Science, and Transportation, June 26, 1979, Box 68, Folder, “Testimony before Senate Committee on Commerce, Science, and Transportation, 6/26/79,” Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[71] Alfred Kahn, testimony before Senate Committee on Commerce, Science, and Transportation, June 26, 1979, Box 68, Folder, “Testimony before Senate Committee on Commerce, Science, and Transportation, 6/26/79,” Special Advisor – Inflation – Kahn, Jimmy Carter Library.
[72] Memo to Alfred Kahn, from: Tom Hopkins and Beth Pinkston, subject, potential savings from trucking deregulation, date: May 22, 1979, Box 50, Folder, “Trucking, 3/79-6/79,” Special Advisor – Inflation – Kahn, Jimmy Carter Library.

resigned, the president of the American Trucking Association (ATA) Bennett Whitlock, jr. questioned the accuracy of Goldschmidt's estimated $5 billion in reduced shipping costs, a claim he made in his interview with the *U.S. News and World Report.* "This figure, which has been used by Dr. Kahn, OMB, and others, originated with Professor Thomas Gale Moore and is entirely without basis," Whitlock asserted[73] In addition to questioning the validity of presumed economic effects of deregulation, those arguing against deregulation pointed to the broader effects that deregulation would have on the motor carrier industry.

In his testimony before the Senate Committee on Commerce, Science, and Transportation in July 1979, Frank Fitzsimmons warned Congress of the potential dangers of motor carrier deregulation. "We oppose vigorously tampering with the most efficient transportation industry in the world, because it would destroy most of the companies from which our members and their families derive their livelihood."[74] Furthermore, Fitzsimmons noted that "deregulators are almost cavalier in their attitude about the effect of flooding highways with tens of thousands of independent truckers, responsible to no one, and under extreme economic pressure to avoid the expense of keeping equipment in safe condition."[75] To support this claim, Fitzsimmons referenced a study of the trucking industry by Daryl Wyckoff of the

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[73] Letter to: Neil Goldschmidt, from Bennett Whitlock, jr., date: October 26, 1979, Box 50, Folder, "Trucking, 8/79-8/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

[74] Statement of Frank Fitzsimmons before Congress Committee on Commerce, Science, and Transportation, no date, IBT0008 Series 2, Box 7, Folder 1, "General Executive 1979 July 24-26," IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

[75] Statement of Frank Fitzsimmons before Congress Committee on Commerce, Science, and Transportation, no date, IBT0008 Series 2, Box 7, Folder 1, "General Executive 1979 July 24-26," IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

Harvard Business School that concluded that regulated carriers have the best safety record; exempt drivers, however, were the most unsafe.[76] Despite these warnings, the Carter Administration pursued a vigorous campaign for motor carrier deregulation.

The DoT's Alan Butchman outlined the Carter Administration's strategy to mobilize support for motor carrier deregulation legislation in an interagency memo. In the memo, Butchman acknowledged that the Teamsters and the ATA undertook a "rather substantial grassroots effort in opposition to the trucking legislation." The Carter Administration, however, could call upon "supporters and potential supporters" who they could "harness to promote" their position. Butchman suggested that they concentrate their efforts on the constituencies of members serving the Senate Commerce Committee and the Surface Transportation Subcommittee of the House Public Works Committee. To further that aim, Butchman recommend that the Administration focus on building support from "major trucking firms" and "large shippers" since they would "benefit from the provisions in the Administration bill."[77]

To mobilize additional support, Carter's Domestic Policy Staff, Carter's Chief of Staff Hamilton Jordan, and Carter's Special Assistant for Public Outreach Anne Wexler, targeted major shippers, businesses, agricultural groups and asked that they contact Senators and Congressional representatives to voice their support for

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[76] Statement of Frank Fitzsimmons before Congress Committee on Commerce, Science, and Transportation, no date, IBT0008 Series 2, Box 7, Folder 1, "General Executive 1979 July 24-26," IBT Labor History Research Center, The Estelle and Melvin Gelman Library, George Washington University.

[77] Memo to: inter-agency taskforce on trucking legislation, from: Alan Butchman, subject: strategy for securing support for trucking legislation, date: June 25, 1979, Box 186, Folder, "Trucking Deregulation, n.d.," Chief of Staff – Stephen Selig, Jimmy Carter Library.

the Administration's bill. Additionally, the Carter Administration sent the largest employers in key districts and states mailers that contained a letter signed by the Secretary of Transportation, a copy of the proposed legislation, and an explanation on how it could benefit their firms.[78]

The Carter Administration's plan for motor carrier deregulation also involved mobilizing the press and initiating a series of speeches to shape and mobilize public opinion. Butchman suggested that the Carter Administration should "initiate our own speaking program, analogous to the one which worked successfully on the aviation regulatory reform bill" which would help the Administration gain "exposure to local civic, business, and fraternal organizations." Butchman also suggested that "mounting a press effort" would be "critical" to the success of the bill.[79] Don Bryne, of the trade publication *Traffic World,* reported that the Administration's "major 'lobbying' effort stops short of being illegal" only by not specifically asking for support for the bill.[80] Throughout the latter half of 1979, members of the Carter Administration continued to make strong claims in favor of motor carrier deregulation.

Before the ICC Federal-State Motor Carrier Workshop in October 1979, Alfred Kahn reiterated the importance of his role as inflation tsar. "I accepted my present

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[78] Memo to: inter-agency taskforce on trucking legislation, from: Alan Butchman, subject: strategy for securing support for trucking legislation, date: June 25, 1979, Box 186, Folder, "Trucking Deregulation, n.d.," Chief of Staff – Stephen Selig, Jimmy Carter Library.
[79] Memo to: inter-agency taskforce on trucking legislation, from: Alan Butchman, subject: strategy for securing support for trucking legislation, date: June 25, 1979, Box 186, Folder, "Trucking Deregulation, n.d.," Chief of Staff – Stephen Selig, Jimmy Carter Library.
[80] Don Bryne, "DOT Using Mailings to Gain Support for Motor Carrier Deregulation Effort," *Traffic World,* September 3, 1979, Box 187, Folder, "Trucking Deregulation, 7/30/79 – 10/16/79," Chief of Staff – Stephen Selig, Jimmy Carter Library.

job because regulatory reform is one of the principal elements of the President's anti-inflation plan, and promoting it is one of my central responsibilities…I have taken full advantage of the license the President gave me to roam the entire economic landscape in search of areas marked by costly, senseless regulation; among them I can think of none in which the opportunities for doing some real good are as exciting as in motor carriers today – thanks in important measure to the pioneering efforts the ICC has already undertaken under Chairman O'Neal's excellent leadership." Kahn also drew upon economist Thomas Moore's work on the economic effects of transportation regulation to solidify his point about the relationship between regulation and inflation. Kahn reiterated this link when he noted that "it seems to me unconscionable at any time, but particularly in these times, for government regulation to contribute to inflation."[81]

The Chairman of the Senate Committee on Commerce, Science, and Transportation, Howard Cannon, had a different appraisal of Daniel O'Neal's work at the ICC. In his address at the same conference, Cannon remarked that "there is a widespread belief that the Federal Bureaucracy is completely out of touch with the rest of the country and oblivious to the wishes of Congress. I can assure you," Cannon continued, "that within Congress there is a deep sense of frustration about our ability even to keep appraised of what the massive Federal Bureaucracy is doing, much less provide adequate guidance along the way."[82] Cannon then turned

[81] Alfred Kahn, "Remarks before the Federal/State Motor Carrier Workshop," on October 23, 1979, Box 16, Folder, "ICC Federal/State Motor Carrier Workshop, Reston, VA 22-24 October 1979," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.
[82] Howard Cannon, "Speech before the ICC Conference," Box 16, Folder, "ICC Federal/State Motor Carrier Workshop, Reston, VA 22-24 October 1979," A. Daniel O'Neal Papers, 1973-1979, Hoover Institution Archives.

attention to the ICC specifically, and noted that he had “a very real idea of the frustration that the Interstate Commerce Commission must feel in having to administer a statute that has been virtually unchanged in the past 44 years.” When he remarked on the ICC’s recent administrative changes, Cannon stated that he did “not believe that the ICC should embark upon a course of action to redefine completely and unilaterally our national transportation policies.” However, Cannon and other proponents of deregulation found “the more recent trend of the Commission…to be a positive one.” Perhaps most telling of the significant shift in political alignment and broad based bi-partisan support for deregulation was Cannon’s commitment to have legislation on Carter’s desk by June 1, 1980.[83]

By January 1980, rumors circulated that the Teamster president Frank Fitzsimmons began cancer treatment.[84] After undergoing several months of treatment, Fitzsimmons stated that he was cancer free and would again run for general president of the Teamsters. Most reports noted that Teamster vice president and chair of the powerful Central States Conference, Roy Williams, was Fitzsimmon’s likely replacement in the event that his health condition worsened.[85] In the midst of Fitzsimmon’s health concerns and uncertainty surrounding his replacement, the Carter Administration’s motor carrier deregulation bill made it

[83] Howard Cannon, “Speech before the ICC Conference,” Box 16, Folder, “ICC Federal/State Motor Carrier Workshop, Reston, VA 22-24 October 1979,” A. Daniel O’Neal Papers, 1973-1979, Hoover Institution Archives.
[84] William Serrin, “Health rumors on Union Chief Stir Speculation: Teamster Leader's Likely Successor Noncommittal Nation's Largest Union to California for Rest,” *New York Times*, 11 January 1980.
[85] William Serrin, “Health rumors on Union Chief Stir Speculation: Teamster Leader's Likely Successor Noncommittal Nation's Largest Union to California for Rest,” *New York Times*, 11 January 1980.

through the Senate. Immediately following this development, Carter set a meeting with the House's Harold Johnson and Jim Howard.

Though motor carrier deregulation made it through the Senate, the Carter Administration anticipated some push back from Congressional members in the House of Representatives. "Both Howard and Johnson are in tough reelection fights," Carter's meeting notes indicated. Carter's note suggests that Howard and Johnson "are feeling tremendous pressure from truckers and Teamsters." The note begrudgingly admitted that their "supporters have had a hard time matching the intense anti-reform lobbying effort." The note also suggested that Carter should acknowledge the industry and the Teamsters efforts, but should also emphasize support for deregulation from the National Manufactures' Association (NAM), the National Federation of Independent Business, consumer groups, and support from "virtually all the editorials on the subject."[86]

To survey the variety of opinions and positions from a wide array of individuals and groups on the issue of motor carrier deregulation, the House's Committee on Public Works and Transportation held numerous hearings across the country from August 1979 until March of 1980. Some of the witnesses lodged concerns over potential loss of motor carrier service to rural areas. While a few questioned whether deregulation would indeed deliver lower rates, several witnesses forcefully argued that deregulation would deliver lower rates which would ultimately benefit the consumer and address inflation. Still others argued that the

[86] Meeting notes for meeting with Harold Johnson and Jim Howard, Oval Office, April 30, 1980, Box 50, Folder, "Trucking, 8/79 – 8/80," Special Advisor – Inflation – Kahn, Jimmy Carter Library.

economic conditions in which motor carrier regulation was initially regulated in 1935, meaning cutthroat competition and instability in the trucking industry during the Great Depression, no longer existed. Various testimony from Teamsters warned of cutthroat competition, reduced safety on the road, higher prices, and isolation for rural communities.[87] Eventually, the Motor Carrier Act of 1980 made it through the House and Jimmy Carter signed the bill into law on July 1, 1980.

Recognizing the impact that deregulation would have on the motor carrier industry, the Teamsters attempted to push far more toothless deregulation legislation by bribing Nevada Senator Howard Cannon, Chair of the Senate Commerce Committee. Roy Williams, along with mob entangled Teamster members and affiliates Allen Dorfman, Joseph 'Joey the Clown' Lombardo, Thomas O'Malley, and Andrew 'Amos' Massa, helped facilitate Cannon's purchase of a 5.8 acre holding at the Las Vegas Country Club which was owned by the Teamsters' Central State's Pension Fund.[88] Ultimately, the plan backfired and helped push Frank

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[87] "Examining Current Conditions in the Trucking Industry and the Possible Necessity for Change in the Manner and Scope of its Regulations," Part I, Hearings Before the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation, House of Representatives, Ninety-Sixth Congress, First Session, Denver, CO August 20, 21, 1979, Boston, MA, September 22, 1979, Harrisburg, PA October 4, 1979, Savannah, GA October 5, 1979, Harrisburg, PA October 27, 1979, San Diego, CA, November 20, 1979, San Francisco, CA December 28, 1979 (Washington: U.S. Government Printing Office, 1980); "Examining Current Conditions in the Trucking Industry and the Possible Necessity for Change in the Manner and Scope of its Regulations," Part II, Joint Hearings Before the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation, House of Representatives and the Committee on Commerce, Science, and Transportation, United States Senate, Ninety-Sixth Congress, First Session, Chicago, IL, November 16, 17, 1979 (Washington: U.S. Government Printing Office, 1980).

[88] William Rempel, "Cannon Denies Getting Teamster Bribe, Testifies He Did Not Give Special Treatment to Bill Union Opposed," *Los Angeles Times,* November 30, 1982; William Rempel, "Teamsters Chief, 4 Others Guilty, Jury Finds Plot to Cheat Fund, Bribe a Senator," *Los Angeles Times,* December 16, 1982.

Fitzsimons's replacement, Roy Williams, from his relatively brief tenure as Teamsters president and ended Cannon's four term career in the Senate.[89]

Though Cannon denied bribery charges, surveillance from FBI wiretaps indicated the Senator accepted bribes in exchange for a more moderate deregulation of the industry by introducing a restrained flexibility in shipping rates within a 'zone of reasonableness' of 10% margin without ICC approval, rather than the 35% margin pushed by proponents of deregulation.[90] One particularly incriminating phone conversation played for the jury in the 1982 trial had Williams stating that Cannon "did everything he said. I'm not going to forget it, 'cause we sat right there and committed ourselves."[91] Though several individuals committed to motor carrier deregulation were pleased with the idea that the controversial legislation was finally realized in law, some felt the legislation did not go far enough.

Darius Gaskins, Jr., O'Neal's replacement as Chairman of the ICC after he resigned, told the Senate Commerce Committee that he was, "personally disappointed that the bill [Motor Carrier Act of 1980] does not rely more on a competitively oriented approach to motor carrier reform."[92] But the Motor Carrier Act of 1980 did prove to be quite radical. It eased entry requirements for new carriers to

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[89] David Stout, "Howard Cannon, 90, Senator Who Served Four Terms, Dies," *New York Times,* March 7, 2002. Cannon also played a crucial role in ending the Southern Democrat's filibuster on the Civil Rights Act of 1964, and made a name for himself with airline deregulation.
[90] Associated Press, "ICC Critical of Trucking Reform Bill: Agency Calls for Stronger Deregulation Opens Congress Panels' Debate," *Los Angeles Times,* February 22, 1980.
[91] William Rempel, "Cannon Denies Getting Teamster Bribe, Testifies He Did Not Give Special Treatment to Bill Union Opposed," *Los Angeles Times,* November 30, 1982; William Rempel, "Teamsters Chief, 4 Others Guilty, Jury Finds Plot to Cheat Fund, Bribe a Senator," *Los Angeles Times,* December 16, 1982.
[92] Associated Press, "ICC Critical of Trucking Reform Bill: Agency Calls for Stronger Deregulation Opens Congress Panels' Debate," *Los Angeles Times,* February 22, 1980.

a simple financial fitness test, removed restrictions on the types of commodities a carrier could haul, removed back haul restrictions, and expanded flexibility on shipping rates. Thus, the bill should be viewed more as a culmination of efforts throughout the 1970's over multiple administrations of policy makers, market-oriented and efficiency-minded economists, consumer groups, independent owner-operators, and the press – all who sought to open the motor carrier industry to the competitive forces of the free market. While most of the Motor Carrier Act's provisions would not take effect until 1981, the trucking industry had already changed significantly throughout the mid-to-late 1970s from regulatory reform and administrative action at the ICC.

The Teamsters 1982 collective bargaining round, the last of Williams' brief two-year tenure as the Teamster's president, confirmed the Teamsters' fears over the effects of regulatory reform and deregulation of the motor carrier industry. While the NMFA in 1979 represented roughly 500 carriers employing some 350,000 truckers, competitive pressures, mergers, and bankruptcies caused the number of firms to plummet to only 284 by 1982. By 1985, the NFMA included fewer than 40 carriers.[93] Instead of securing wage and benefit gains for the 1982 contract as they had done during the 1979 bargaining round, the Teamsters sheepishly accepted largescale wage and work rule concessions and agreed to contract reopeners as they faced tremendous pressure from the tenuous unionized firms which were

[93] Michael Belzer, *Sweatshop on Wheels: Winners and Losers in Trucking Deregulation* (Oxford: Oxford University Press, 2000), pp. 112-113.

operating in a rapidly changing, volatile, and highly competitive industry.[94] While competitive pressures from deregulation continued to play out nation-wide throughout the 1980s, regulatory reform and deregulation of the motor carrier industry took its toll on independent truckers and firms engaged in localized transport.

[94] Associated Press, "Teamsters, Trucking Firms Reach Tentative Agreement," *Los Angeles Times,* January 17, 1982; Associated Press, "Teamsters, Freight Firms Reach Accord: Tentative Pact May Feature Concessions by Transport Union," *Los Angeles Times,* January 15, 1982.

Part II
The Vexing History of Motor Carrier Deregulation

Conclusion

"You're at the poverty level," noted Bob Aguilar's accountant after they calculated his 1983 tax return. Aguilar, a third-generation trucker, decided to become an independent owner-operator in the 1970s after working on diesel trucks. There, he swapped stories with other truckers and, after hearing that he could earn between $1,000 to $1,500 a week, he found the allure of the open road, the freedom of being your own boss, and the then high blue-collar wage too alluring to ignore. "Sometimes you put the clutch in and take it out of gear, and you can hear the whole outdoors, even the woosh of the ocean off in the distance," Aguilar mused. "Up north, there's a full change of seasons, and animals standing at the side of the road, and scenery like you can't believe."[1]

But Aguilar, like many other independent truckers, felt the competitive pressures of an unregulated market in the wake of deregulation. "In 1981, before deregulation, I grossed $90,000 a year," he noted, "but last year [1983] the gross was down by one-third, to $61,000." Competitive pressures in the trucking industry, coupled with the high unemployment of the early 1980s recession, made for what Aguilar called "a kind of dog-eat-dog competition." "Say you were getting $375 for a

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[1] Marshall Berges, "In the Long Haul, A Bumpy Road for a Couple of Married Truckers…" *Los Angeles Times,* September 3, 1984.

haul up north. Somebody else comes in and offers to do it for $350, and then $325, and then $300. So, in order to keep working, you take in less and less money."[2]

This downward pressure on contracts, combined with higher insurance rates and the increasing cost of incidentals, like fuel and repairs, made the bad situation worse. "My insurance used to be $750 a year, but it's now $5,000," explained Aguilar. "Once I bought a new set of tires for under $500, but now a decent set is $3,000. My fuel bill last year was $29,000 – or nearly half my entire gross take." Faced with declining income Aguilar, like many other independent truckers, often had to decide between putting food on the table for his family or maintenance on his rig. And in a desperate effort to save for a house in the San Fernando Valley for their infant son, Bob and his wife Kathy decided to open their own short-haul trucking company with two trucks.[3] But the Aguilar family's story was hardly atypical.

In a deregulated competitive environment, trucking firms like the Aguilar's quickly became acutely aware of costs due to heightened competition. Prior to deregulation, rate making agencies, like the Interstate Commerce Commission (ICC) at the federal level or the California Public Utility at the state level, set rates for carriers, controlled market entry, and oversaw the commodities a carrier could transport. Under a regulated environment, carriers competed for customers through service rather than through competitive pricing structures. And under the regulated structure, most firms passed rate increases through collective rate making bureaus to accommodate wage and benefit costs increases. After deregulation, however,

[2] Ibid.
[3] Ibid.

motor carrier firms and independent truckers undercut competitors through unsustainable pricing wars.[4] As Victor Wisser, chief of the Transportation Division of the California Public Utilities Commission, noted by 1983, between 2-3,000 carriers entered and left the market each year.[5] Though firms passed these savings onto customers in the form of lower rates, both truckers and firms bore the brunt of these cuts. Indeed, low barriers to entry – the trucking industry has notoriously low capital requirements – created a hyper competitive environment, filled with high firm failure rates, a marked decline in profitability, and a shift from directly-hired drivers to contracting work with independent owner-operators.

This cutthroat competition had a profound impact on how firms operated in the wake of deregulation. Firms in California and elsewhere were forced to cut expenses or perish in this bleak competitive market. A spokesman for California Motor Express noted, "(deregulation) has forced us to analyze our costs. Before (deregulation), we didn't have a great handle on our costs because our rates were set for us. Our entire pricing structure got kind of distorted." Indeed, in the first nine months of 1980, California Motor Express experienced a 14% decline in profits, which reflected the slimmer margins and competitive environment in which carriers competed.[6]

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[4] Shane Hamilton shows how the exempt sectors of trucking grew alongside the regulated sectors. Operating outside the regulatory structures fostered an anti-authoritarian breed of independent truckers, who were not overly fond of the bureaucratic structures of government or unions. See Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton: Princeton University Press, 2008), for more on the longer history of independent truckers.

[5] Joint Committee on the State's Economy, "Transcript from Hearing on The Effects of Transportation Deregulation on the California Economy," November 9, 1983 (Sacramento: State of California, 1983), pp. 33. This number includes both trucking firms and independent owner-operators.

[6] Patrick Boyle, "Deregulation Forcing Truckers to Survive in Strange World of Competition," *Los Angeles Times,* February 1, 1981.

California Motor Express's experience mirrors findings from economists Thomas Corsi and Curtis Grimm in their 1987 study of the effects of deregulation on the motor carrier industry. In particular, Corsi and Grimm note that though firms tended to shift labor and variable costs from company drivers to owner operators, carriers "could not translate savings associated with owner-operator use into better operating ratios, due to competitive rate pressure." Cost cutting strategies quickly became industry standards as firms faced an adapt-or-perish economic landscape. Indeed, Corsi and Grimm warned that "the pursuit of a low-cost/low-price strategy, at least one implemented through the greater use of owner-operators, may not be the most profitable management strategy in the new competitive market."[7] And like California Motor Express's experience, several firms either shifted their labor force to an owner operator model or exited from short-haul trucking all together.

In 1985, California Cartage Company, a longtime fixture in Southern California's drayage industry, decided to end its trucking operations after forty years. Though the company retained its' warehousing and containerized freight operations, the unionized firm noted it could not continue to compete in the hyper competitive market. "It's very difficult," remarked Robert Curry, Cal. Cartage's president. "But you have to do the things that the economics dictates in today's market." Curry briefly considered asking his unionized workforce for concessions to make their trucking division viable, but ultimately decided against it. "We didn't feel there was any possibility they could give us enough to make it viable," Curry lamented. "There are

[7] Thomas Corsi & Curtis Grimm, "Changes in Owner-Operator Use, 1977-1985: Implications for Management Strategy," *Transportation Journal* (Spring, 1987), pp. 4-16.

just too many other non-union truckers on the road underselling us." Carlos Valdez, business agent for the Teamsters' Local 208, pointed out that "the freight industry is really hurting right now. Cal Cartage's basic problem is profit margin. The union carrier, with his high labor costs, is having difficulty competing."[8]

Other firms and specialists came to similar conclusions. Indeed, as the economic development specialist with the California Trucking Association, Joel Anderson, noted Cal. Cartage "has a lot harbor business, which was deregulated in 1980, opening that trade to owner-operators. They don't pay wages to themselves, so how can you run a high-class operation like Curry's against competition like that? Harbor freight rates have been driven down below the bone. Deregulation took away his niche." Ken Albertson, operations manager at Custom Truck Services, Inc., noted that they reduced rates paid to owner operators hauling cargo from the harbor area by 33% just to stay competitive.[9]

These trends largely reflect the findings of economist James Peoples and transportation analyst Margaret Peteraf, who examined the effects of deregulation on both the owner operator and unionized segments of the motor carrier industry. In particular, Peteraf and Peoples noted that "with increased entry and price competition, deregulation put pressure on firms to lower costs. This served to lower company driver wages and working conditions relative to owner operator wages. By effectively reducing the union's power over wages and working conditions,

[8] John Broder, "California Cartage Co. to End Trucking Today," *Los Angeles Times,* April 5, 1985.
[9] Ibid.

deregulation also diminished its ability to attract and retain members."[10] Business manager for the Associated Independent Operators, Jim Foote, commented that "rates paid to drivers have fallen 30% since 1979, creating hardships and high turnover among truckers operating in the harbor area. So many either go bankrupt or are forced to find something better because they can't make their truck payments or pay their other bills."[11]

Testifying before the California Joint Committee on the State's Economy, Anderson blasted policymakers for the little forethought they had given on the effects of deregulation. In particular, Joel Anderson noted that "there is little doubt that the hardest hit area…has been carriers that employee unionized personnel." In particular, Anderson asked policy makers to consider the impact that regulation and deregulation had on both the carriers and truckers. "Just because we put you in a regulatory structure that made you unionized for 30 years and withdraw the regulation, that's your problem. That certainly is not very sympathetic type of feeling toward our members, many of whom are heavily unionized…and now find themselves to be callously told that well, you're inefficient. When, in fact, they may be as inefficient as any other carrier in operation – they simply have a higher labor cost." Anderson noted that there had been a "huge shakeout" in the motor carrier

[10] James Peoples & Margaret Peteraf, "Deregulation and the Competitive Fringe: Owner-Operators in the Trucking Industry," *Journal of Regulatory Economics,* Vol 7, Issue 27 (1995), pp. 30.
[11] Tim Waters, "Truckers' Roads from Harbor to Rail Yards Financially Rocky," *Los Angeles Times,* August 8, 1985.

industry since deregulation, with a large percentage of firms that once employed drivers decided to adopt an owner operator structure in its place.[12]

Charles Ramorino, board chairman of the California Trucking Association, noted the effects of regulatory reform and eventual deregulation on the trucking industry. "Bankruptcies of California trucking companies have risen 272%; the number of unprofitable carriers is up 29%; wages are down 22% and the average age of the truck fleet has risen from 4.3 years to 6.4 years," Ramorino observed. "People think deregulation is over and done with," Anderson stated, "but in California we're still struggling with it."[13] Faced with a similar situation, trucking firms and independent owner-operators, like the Aguilars, experienced slimmer profit margins largely from a noticeable decrease in rates per haul.

However, the pay structure also reflects the significant shift from the hourly wage company drivers to independent owner-operators paid on a per contract basis. As firms grappled with slimmer profit margins in a hyper-competitive market with low barriers to entry, it made economic sense to contract with independent truckers who were willing to work for less. Whereas firms using unionized company drivers, like Cal Cartage, had to several fixed costs, such as maintenance for their fleet and labor costs for their fulltime employees, which included benefits, insurance, and payroll tax, firms contracting with owner-operators simply had to pay their drivers a flat rate on a per haul basis. Aside from not having the same incidental costs, these firms

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[12] Joint Committee on the State's Economy, "Transcript from Hearing on The Effects of Transportation Deregulation on the California Economy," November 9, 1983 (Sacramento: State of California, 1983), pp. 57-58.
[13] Ibid, pp. 57-58.

could let drivers compete for lower rates, which drove cost per haul down to unsustainable levels.

As truckers lost their collective power, due in large part to the cutthroat labor market, they lost their ability to assert some measure of control over working conditions. As such, wait times at terminals increased while pay per haul decreased. Though containerization made transporting goods far more efficient and led to a compression of space by time, workers, such as owner-operators, experience the inefficiencies of this arrangement that materialize in long wait times at terminals that is seemingly at odds with the ruthless efficiency of modern supply chains. But the high turnover and cutthroat competitive environment made it nearly impossible to organize independent truckers, despite steadily deteriorating working conditions, increasing wait times, and a lower pay structure. Moreover, since owner operators are considered independent businesses, they are barred from concerted action, which includes unionization.[14] However, these conditions, deficiencies, and limitations did not stop labor's organizing efforts.

On a crisp February morning in 1985, horns blared out from a procession of big rigs as they circled City Hall in Los Angeles. Onlookers cheered on truckers and exchanged friendly thumbs up in support. The effort, led by the Owner Drivers Division of the Teamsters Local 692, involved more than 300 truckers in the noisy convoy that snaked through the 10 mile stretch between Southern California's ports at San Pedro Bay to downtown Los Angeles in an effort draw attention to

[14] Scott Cummings, "Preemptive Strike: Law in the Campaign for Clean Trucks," *University of California - Irvine Law Review,* vol. 4, no. 3 (December 2014), pp. 942.

deteriorating working conditions and lengthy wait times at cargo terminals.[15] As Southern California's ports came to play a larger role in the global economy, the amount of cargo passing through the twin ports increased dramatically. For example, $6.2 billion in imports and exports passed through the Los Angeles Custom's District in 1972. By 1985, that number had ballooned to $63.8 billion.[16]

As firms adopted an owner-operator labor structure, independent owner-operators not only felt the downward pressure on contract rates due to a hypercompetitive and oversaturated labor market, they also took on increased risk as firms shifted variable costs and risks of trucking from the firm to the trucker, such as vehicle maintenance, fuel costs, payroll taxes, and insurance. This trend, coupled with declining rates in the wake of deregulation, further immiserated short haul truckers. "We're pawns, man," noted trucker Ron Coday, "Three and a half years ago we were making twice as much for half the work. Now I've got to work six and seven days a week just to try to keep even with my bills."[17] Trucker Mike Slaughter also lamented the intense competition. "Everybody's cutting everybody's throats to get loads…they don't give a damn about nothing. Nobody but themselves."[18]

This seemingly minor change in employment classification had significant ramifications for port truckers' working conditions and take-home pay and, more

[15] Sandy Banks & Daryl Kelley, "Dock Trucker's Noisy Convoy Protests, Wage, Job Conditions," *Los Angeles Times,* February 26, 1985.
[16] Los Angeles County, *LA County Economic Resource Profile* (New York: Economic Development Corporation, 1988), pp. 15.
[17] Sandy Banks & Daryl Kelley, "300 Truckers Protest with Noisy Convoy," *Los Angeles Times,* February 26, 1985.
[18] John Kendall, "Increase in Accidents Raises Safety Questions: Image of Truckers Travels Bumpy Road," *Los Angeles Times,* March 31, 1986.

often than not, manifested in longer wait times at docks, rail yards, or warehouses since firms paid the same flat rate, regardless of the length of time for the haul. Short haul trucker Gonzales Sanchez noted, “I go from one big line to another, there are big lines down here, and there are big lines downtown at the rail yards. I spend a lot of time doing nothing but waiting.” Trucker Pascual Flores remarked, “yesterday I was at this berth and it took me an hour to get in and another hour to get out,”[19] And trucker Dennis Prosenko remarked that it was “not unusual to sit down here four and a half to five hours waiting for a load.”[20] Truckers faced the dual squeeze of declining contract rates and uncompensated wait times at loading terminals. And though these conditions gave organizers several points to connect with drivers, the fact remained that the oversaturated labor market filled with owner operators, coupled with deficiencies in labor law, made it that much more difficult to organize the industry.

Faced the insurmountable task of organizing some 2,500 truckers operating in Southern California, the Teamsters scored a victory in June of 1985. In this campaign, the Teamsters signed up roughly 900 truckers up for membership.[21] The culmination of their efforts, which began with February’s convoy, was a contract with the eleven firms called for a $102.50 per haul, up from the average of $88, and called for truckers to be reimbursed $25 per hour after the second hour they were

[19] Sandy Banks & Daryl Kelley, “Dock Trucker’s Noisy Convoy Protests, Wage, Job Conditions,” *Los Angeles Times,* February 26, 1985.
[20] Tim Waters, “Growing Numbers, Long Waits at Cargo Terminals: A Rough Road for Independents,” *Los Angeles Times,* August 18, 1985. ‘Down there’ refers to the ports of Los Angeles and Long Beach.
[21] Tim Waters, “Truckers’ Road from Harbor to Rail Yards Financially Rocky,” *Los Angeles Times,* August 8, 1985.

forced to wait at terminals for their loads.[22] In part, this helped truckers recoup a $20 per hour fee paid to truckers waiting for cargo, which port businesses eliminated in 1983.[23] But the victory proved fleeting.

Unionized carriers, those employing company drivers, faced with competition from firms who contracted independent owner operators willing to work for unsustainable rates. Alan Edelstein of California Teamsters' Public Affairs Council, noted nationally "since 1980, more than 300 companies accounting for more than $3.2 billion in annual revenues and more than 64,000 jobs have gone bankrupt." And California faced "a decrease of approximately 29.2% in employment of Teamsters" from the late 1970s to 1983.[24] Gordon Kirby, director of industrial relations for California Trucking Association noted, "since 1980 it has all turned to owner operator structure. I think you would find one unionized carrier out of 50" operating in Southern California's drayage industry.[25]

By 1985, California's Public Utilities Commission strongly considered a recommendation by one of its administrative law judges to set rates increases in trucking to help mitigate "the chaos and uncertainty which is prevalent in the for-hire motor carrier industry." In his 116-page report on the safety in the trucking industry, Judge William Turkish noted that the intense competition has led to a reduction in

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[22] Tim Waters, "Cargo Cowboys: Truckers' Roads from Harbor to Rail Yards Aren't all Lined with Gold," *Los Angeles Times,* July 28, 1985.
[23] Sandy Banks & Daryl Kelley, "300 Truckers Protest with Noisy Convoy," *Los Angeles Times,* February 26, 1985.
[24] Joint Committee on the State's Economy, "Transcript from Hearing on The Effects of Transportation Deregulation," pp. 60-62.
[25] Tim Waters, "Truckers' Road from Harbor to Rail Yards Financially Rocky," *Los Angeles Times,* August 8, 1985.

the amount of money spent on truck maintenance, which resulted in “a negative effect on highway safety.” For Turkish, “the evidence…is clear that indiscriminate and non-compensatory rate reductions…have placed carriers in a position where in order to survive and protect their investments, they feel compelled to drive long hours, operate at excessive speeds, cut back on their truck maintenance and equipment replacement program and drive on recapped or defective tires.”[26] Turkish was not alone.

According to data from the California Highway Patrol, there were 469,492 traffic accidents in the state in 1983, a 4.8% increase over the year before. However, accidents that involved trucks rose 9.3% while truck at fault accidents increased 15.8%. Not one to mince words, Charles Ramorino, boardman of the California Trucking Association noted, “My feelings never wavered in five years. Deregulation caused the problem that we are in now. There are just too many new entrants into the industry who really didn’t know what they were doing. Many of them [independent owner-operators] were pathological rate cutters, trying to get new business by cutting their rates…They didn’t know their costs and would go from here to there for a specific price without putting money aside to maintain their trucks safely or replace them. That’s what happened to safety in California.”[27]

Even the rabid anti-regulatory owner-operator activist Mike Parkhurst, head of the Independent Truckers Association, stated concern over the cutthroat competition

[26] Associated Press, “PUC Weighing New Controls on Trucking: PUC: Truck Safety Regulations Weighed,” *Los Angeles Times,* December 1, 1985.
[27] John Kendall, “Increase in Accidents Raises Safety Questions: Image of Truckers Travels Bumpy Road,” *Los Angeles Times,* May 31, 1986.

in the trucking industry. In particular, Parkhurst noted that “in the past few years, it has been almost as if the trucking industry has a death wish because of all the rate cutting.”[28] Though concerns over safety gave organizers additional evidence to make claims about the predatory nature of an unregulated trucking industry, organizers also had to work within a legal structure which made it difficult, if not impossible to unionize these workers, and address these concerns collectively.

But drayage continued to play an important role as the connective thread that connects ports to warehouses and distribution centers. In Southern California, most warehouses and distribution centers are located fifty miles northeast of the twin ports. Truckers have to not only bear the wait times at terminals, they have to brave the quagmire of traffic congestion in greater Southern California. This arrangement makes such distances and geographic dispersal of cargo handling facilities both feasible and economical since truckers, rather than drayage firms or shippers, have the same flat rate per trip regardless of time spent at terminals or on the road.

[28] Associated Press, “PUC Weighing Controls on Trucking: PUC Truck Safety Regulations Weighed,” *Los Angeles Times,* December 1, 1985.

Part III
Inland Ports, Inland Empire:
Development, Warehousing, Logistics in Southern California

Introduction

"It's a shame what's happening here," remarked rancher Matt Griffin in 1985. "When I came out here twenty-seven years ago, there were horse ranchers and dairies all around… [it] was a beautiful place."[1] The once rural agricultural area Matt Griffin pined for is the Inland Empire, the term used for a sprawling valley in Southern California nestled between the San Gabriel Mountains to the north and the Santa Ana Mountains to the south. This semi-arid region is located due east of Los Angeles County on the western edge of San Bernardino and Riverside Counties.

Prior to the late 1950s, when Griffin first moved to the Inland Empire, land use largely centered around agriculture and ranching, most notably citrus. During World War II, however, Kaiser Steel built a steel mill in Fontana to meet demand for the rapidly expanding West Coast ship building industry. By the late 1950s and early 1960s, newly constructed and expanded highways and freeways forged connections between this rural agricultural hinterland and the Los Angeles metropole.[2] Compared

[1] William Trombley, "Western Inland Empire: Seeking the Proper Mix: West End Attempts to Balance Best of Old and New," *Los Angeles Times,* August 14, 1985.
[2] For works on automobiles, freeways, urban structure and planning, and nature and development in Southern California, refer to Carey McWilliams, *Southern California: An Island on the Land* (Salt Lake City: Peregrine Smith Books, [1946] 1980); Robert Fogelson, *The Fragmented Metropolis: Los Angeles, 1850-1930* (Berkeley: University of California Press, [1967] 1993); Scott Bottles, *Los Angeles and the Automobile: The Making of the Modern City* (Berkeley: University of California Press, 1987); *The City: Los Angeles and Urban Theory at the End of the Twentieth Century,* eds. Allen Scott & Edward Soja (Berkeley: University of California Press, 1996); William Fulton, *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles* (Baltimore: Johns Hopkins University Press, [1997] 2001).

to the tight confines of Los Angeles, the Inland Empire boasted a staggering amount of available, comparatively inexpensive, undeveloped and underdeveloped land.

The combination of inexpensive land and newly constructed transportation arteries primed the Inland Empire for development. The first wave of postwar development that followed largely came in the form of sub-divisions and large-scale housing tracts. This put pressure on land prices and displaced some of the Inland Empire's agriculture and ranching, which subsequently migrated to the San Joaquin Valley, better known as California's Central Valley.[3] Since the Inland Empire had a slight influx of defense related industry in the immediate postwar period, regional boosters sought to capitalize on this growth and transform the Inland Empire into an industrial hub of Southern California.

However, regional boosters who envisioned the Inland Empire growing to become the industrial heartland of Southern California ultimately failed in their efforts. Furthermore, general economic downturn and malaise of the late 1970s and early 1980s saw several of the region's major sources of employment shutter as deindustrialization swept through the region. This wave of deindustrialization not only sapped the region of good jobs with benefits, it decimated municipal tax bases. This issue was further exacerbated by the property tax limiting measure Proposition 13 in 1978.

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[3] This trend is certainly not unique to Southern California. For works on suburbanization refer to Kenneth Jackson, *Crabgrass Frontier: Suburbanization of the United States* (Oxford: Oxford University Press, 1987); Thomas Sugrue, *Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996); Adam Rome, *The Bulldozer in the Countryside: Suburban Sprawl and the Rise of American Environmentalism* (Cambridge: Cambridge University Press, 2001).

By the early 1980s, however, several Inland Empire cities took a firm pro-growth approach to rebuild their weakened tax base and bolster the region's employment opportunities. In doing so, they partnered with developers, real estate consultancy groups, and firms. In some cases, this meant private-public partnerships, equity sharing arrangements, or a broad interpretation of redevelopment policy. The development that followed included retail, industrial parks, and warehouses. Perhaps a bellwether of this larger shift, retail giant K-Mart broke ground, in 1979, on their massive one-million square foot warehouse in Ontario, a city on the western edge of the Inland Empire.[4] Throughout the 1980s, 1990s, 2000s, and 2010s other retailers, developers, and logistics firms followed suit and built their warehouses and distribution centers in the Inland Empire.

Since most warehouses and distribution centers built during this period tended to be sprawling single-story facilities lined with truck docking bays that require thousands, even millions of square feet, developers needed large swaths of inexpensive undeveloped or underdeveloped land, which made the Inland Empire the ideal place for these forms of development. Moreover, by the 1980s, most large parcels in Los Angeles and Orange Counties had been developed.[5] Those few plots that remained went for roughly one-quarter to one-third more than comparable lots in the Inland Empire.[6] However, the cost of land was only one factor in the outmigration

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[4] *Los Angeles Times* staff, "Warehouse to be One of the Largest in Southland," *Los Angeles Times,* June 10, 1979.
[5] *Los Angeles Times* staff, "Contractor Named for Multi-Center," *Los Angeles Times,* February 2, 1980; Rick Burnham, "Developers Feel This Year May Be the Year: Lower Interest Rates Hinting at Land Boom in S.B. County," *San Bernardino Sun,* June 2, 1983.
[6] James Specht, "Cheaper Land Turns the West End into a Boom Town," *Los Angeles Times,* January 6, 1985; *Los Angeles Times* staff, "By Comparison, Land in the Inland Empire is Dirt Cheap," *Los Angeles Times,* August 13, 1985; *Los Angeles Times* staff, "Inland 'Port' Launches Phase 2:

of warehouses and distribution centers from areas at or near the twin ports of Los Angeles and Long Beach to the Inland Empire.

Prior to widespread use of unitized cargo handling techniques, such as the shipping container, warehouses and deconsolidation sheds were typically located at or near ports as part of their infrastructure. As ports undertook modernization projects to accommodate containerization, massive paved container staging areas displaced most of the warehouses and deconsolidation sheds that were located at or near the ports. Furthermore, the container facilitated an ease of movement through transportation bottlenecks, such as ports, so the actual work of 'stuffing' and 'unstuffing' the containers could be done at more geographically diffuse points. In Southern California, this was the Inland Empire.

Warehouses and distribution centers require ready access to various modes of transportation, such as highways, freeways, and rail. This is so they can both serve the region in which they are located and move goods to other large metropolitan centers, which are ideally within a day's drive. In this way, Southern California's ports and warehouses act as a point of entry for goods from the Pacific Rim to ultimately serve greater Southern California and the large metropolitan regions of Las Vegas, Phoenix, and Denver, indeed the entire United States. Since much of greater Los Angeles is hemmed in by mountain ranges and the Pacific Ocean, most east-west transportation to and from the region runs directly through

Center is Part of Long Beach Foreign Trade Zone," *Los Angeles Times,* October 20, 1985; Roberta Sabo, "Developers See No Peak to West End Boom," *San Bernardino Sun,* February 2, 1986.

the Inland Empire, which made this transportation corridor the ideal place for warehouses and distribution centers.

Though the Inland Empire is located fifty miles inland from the twin ports of Los Angeles and Long Beach, the region's warehouses and logistics facilities are inextricably tied to the ports. The two can be seen as parts of a whole rather than two discrete pieces. Or, put differently, the relationship between ports and warehouses can be viewed as two interdependent pieces of one 'node' in a vast supply chain.[7] Ports function as the point of entry for imported goods, while warehouses sort, store, and reroute those same goods.

Several technological innovations in warehousing, logistics, and communications also significantly altered the role of warehouses and distribution in broader supply chains. While warehouses once stood as storehouses for goods awaiting eventual sale, practices in lean retailing, cross-docking, and supply chain management transformed warehouses and distribution centers into efficient conduits for goods. Whereas shipping manifests and bills of lading were once done by hand on paper, technological innovations, such as the UPC and electronic data interchange (EDI), digitized these processes increased accuracy, improved productivity in materials handling, and enabled sales forecasting and modeling. While innovations in software systems facilitated vertical disintegration as some firms spun off aspects of their businesses to concentrate on core aspects of their business, supply chain management (SCM) and enterprise resource planning (ERP)

[7] Edna Bonacich & Jake Wilson, *Getting the Goods: Ports, Labor, & the Logistics Revolution* (Ithaca: Cornell University Press, 2008).

software suites gave firms incredible control over their manufacturers, suppliers, and logistics handled by contractors or a third party.

Though supply chain theory is intended to uncover and clarify the often complex and obscure path of any given product, from the point of production to point of consumption, this section of the dissertation will focus on just one part of a critical node of supply chains: warehouses and distribution centers and technological innovations which transformed the very nature of logistics.[8] While ports are geographically fixed, warehouses and distribution centers can be located nearly anywhere nearby where there are large amounts of inexpensive land with ready access to highways, freeways and rail and a low-cost labor pool.

However, this geographic arrangement of cargo handling facilities in the Inland Empire and Southern California is not exceptional. Other large port cities, such as Oakland, CA; Seattle-Tacoma, WA; New York-Elizabeth, NJ; Savannah, GA; and Charleston, SC have similar spatial arrangements for goods handling infrastructure.[9] Inland transportation hubs, such as Omaha, NE, Chicago, IL, and Memphis, TN, also locate their warehouses and distribution centers on the urban

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[8] For supply chain theory, refer to Gary Gereffi and Miguel Korzeniewicz, eds., *Commodity Chains and Global Capitalism* (Westport, CT: Praeger, 1994); Jennifer Bair, “Global Capitalism and Commodity Chains: Looking Back, Going Forward,” *Competition and Change* (June 2006), vol. 9, no. 2, pp. 129-156. For ethnographies and works in sociology which use the supply chain framework, refer to Radhika Balakrishnan, *The Hidden Assembly Line: Gender Dynamics of Subcontracted Work in a Global Economy* (Bloomfield, CT: Kumarian Press, 2002); Jane Collins, *Threads: Gender, Labor, and Power in the Global Apparel Industry* (Chicago: University of Chicago Press, 2002).
[9] Shawn G. Kennedy, “Real Estate: Warehouse Demand High in New Jersey,” *New York Times,* March 8, 1989; John Davies, “Oakland Port Lends Shippers A Hand,” *Journal of Commerce,* June 17, 1987.

fringe. These spatial arrangements had a similar effect on major ports of origin.[10] In this way, the shipping container transformed the very nature of cargo handling facilities and infrastructure at nearly every point in a supply chain. Furthermore, this trend facilitated the geographic dispersal of goods handling facilities, such as warehouses and distribution centers, from areas near ports to locations on the urban fringe. Drayage, or short haul trucking, functions as the connective thread between the ports and inland warehouses.

Part III of the dissertation will explore innovations in warehousing and distribution and detail the Inland Empire's transformation into a warehousing and logistics hub for Southern California. Chapter Seven centers on technological innovations in warehousing and logistics and explores how these innovations altered not only the industry, but warehouse work and the geography of goods handling facilities. Chapter Eight focuses on the early history of the Southern California and the Inland Empire. This will be followed by a section on regional boosters' failure to capitalize on postwar industrial buildup and transform the Inland Empire into an industrial hub. Deindustrialization swept through the region in the 1980s and shuttered factories, sapped the region of employment opportunities, and further stressed municipal tax bases. This period of decline is followed by Inland Empire's transformation into Southern California's premiere region for warehousing and logistics in the 1980s onward.

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[10] Bill Mongelluzzo, "Intermodal Stakes Rise in Asia New Projects Underway," *Journal of Commerce,* August 1, 1989; Yosuke Kondo, "Warehouses Reap Rewards of Asian Trade," *The Japan Economic Journal,* October 14, 1989.

Chapter Seven
A More Globally Connected Economy: Retail, Technology, and the Logistics Industry

As the Inland Empire transformed from an agricultural hinterland of Los Angeles into Southern California's premier location for warehousing and logistics from the 1980s onward, several technological innovations and broader economic shifts changed the very nature not only of retail and warehousing but the work itself. These technological innovations helped standardize bills of lading, enabled more precise product tracking throughout a supply chain, simplified communication and payments between retailers and their suppliers, gathered data for more accurate sales projections and modeling, and aided firms as they navigated customs paperwork, regulations, and other product requirements – all of which are critically important to what became known as lean retailing. The premise of lean retailing is similar to that of just in time production. That is to say, retailers keep minimal supply on hand to reduce inventory costs and, as they anticipate demand through models and projections, manufacturers and suppliers are set in motion to meet these sales forecasts across vast supply chains.

Whereas manufacturers once 'pushed' product through marketing, direct sales, and advertisement campaigns, retailers emerged as the predominant force in supply chains and transformed the relationship between retailers and their suppliers into a 'pull' relationship. This not only represented a shift in power dynamics between retailers, suppliers, and manufacturers, it altered product sourcing as retailers were able to wring out supply chain inefficiencies. During the 1980s and

1990s, discount retailers came to be agents of change as early adopters of the universal product code (UPC) and electronic data interchange (EDI). These innovations not only improved productivity in retail at the checkout counter and on the sales floor, they captured critical sales data which became crucial for demand forecasting, sales modeling, and procurement. These innovations also were easily adapted to materials handling in warehouses and distribution centers.

Sophisticated software suites in enterprise resource planning (ERP) and supply chain management (SCM) gave firms the ability to vertically disintegrate aspects of their business while still maintaining tight control over supply chains, contract manufacturers, wholesalers, contracted third party logistics firms, and temporary employment agencies. Though these technologies facilitated tight control through data and communications, vertical disintegration enabled firms to shift costs and liabilities from the firm to suppliers, contractors, even their employees. This disaggregating effect also further obscures the paths of any given product, from the point of production to the point of consumption, in increasingly complex supply chains. Technological innovations in warehousing and inventory control also gave firms the ability to precisely track their employees' productivity and location in a way similar to Taylorism of the early 20th century, even if the employees are hired through a third party or temp agency.

This chapter will first focus on changes and developments in warehousing. The very nature, function, layout, and structure of warehouses and distribution centers changed as firms adopted lean retailing techniques and cross-docking to accommodate containerization. This will be followed by a section on technological innovations, such as the UPC and EDI, which revolutionized retail, warehousing, and distribution. Curiously, these innovations originated in grocery before moving into retail and distribution. The next section focuses on the retail giant Wal-Mart and their role in adopting new technologies and setting what would become industry standards in retail. Finally, the chapter will end with a discussion of innovations in information technologies and disaggregated production.

FROM PUSH TO PULL

By the mid-1970s to the early 1980s, key portions of economic regulation were dismantled or rendered inert which created an environment wherein firms could compete more on pricing. The Consumer Goods Pricing Act of 1975 ended the anti-trust exemption for fair-trade laws enabled by the Miller-Tydings act of 1937 and the McGuire Act of 1952. In the mid-to-late 1970s, individuals in the Federal Trade Commission (FTC) made the decision to not enforce the Robinson-Patman Act which effectively rendered the law inert. Robinson-Patman prohibited price-based discrimination from wholesalers, distributors, and manufactures, largely to limit price-based competition and monopolistic tendencies through price floors.[1] These political

[1] Congress explored the fate of Robinson-Patman in hearings in 1975 and 1976. These hearings brought to light the decision by individuals in the FTC to not enforce the act as a matter of choice. Refer to, "Recent Efforts to Amend or Repeal the Robinson-Patman Act," Part I, Hearings before the Ad Hoc Subcommittee on Antitrust, the Robinson-Patman Act, and Related Matters, of the Committee on Small Business, House of Representatives, Ninety-Fourth Congress, first session, Washington, DC, November 5, 6, 11, 12, and 19, 1975 (Washington: U.S. Government Printing Office, 1975); "Recent Efforts to Amend or Repeal the Robinson-Patman Act," Part II, Hearings before the Ad Hoc Subcommittee on Antitrust, the Robinson-Patman Act, and Related Matters, of the Committee on Small Business, House of Representatives, Ninety-Fourth Congress, first session, Washington, DC, December 10, 11, 1975, January 26, 27, 1976 (Washington: U.S. Government Printing Office, 1976).

changes to economic regulation set the stage for big box retailers to edge out their competition through volume discounts, low priced goods, and razor thin margins in the 1980s and 1990s. The fate of Miller-Tydings, McGuire, and Robinson-Patman were part of a larger wave of deregulation in the mid-to-late 1970s and 1980s with the goal of removing 'rigidity' in pricing to intensify market-based competition, deliver lower costs to consumers, and to address inflation.[2] The removal of price-based regulations and broader deregulation meant that firms could turn greater attention to their total costs in an effort to outdo their competitors. This greater attention to firm's overall costs included reexamination of their warehousing and logistics operations.

Though most firms had a keen sense of their production costs, few had that same level of knowledge of their warehousing and distribution costs. In a 1962 article in *Fortune,* management specialist Peter Drucker identified warehousing and materials handling as "one of the most sadly neglected, most promising areas of American business." For Drucker, this was especially concerning since, as he identified, nearly half of the total costs of consumer goods were incurred *after* production.[3] "We know little more about distribution today than Napoleon's contemporaries knew about the interior of Africa," Drucker lamented. "We know it is there, and we know it is big; and that's about it."[4] Whereas industrial engineers generally focused on reducing manufacturing and labor costs in production, Drucker noted that firms rarely scrutinized costs and efficiencies in distribution, packaging,

[2] Historian Daniel Rodgers explores the pervasiveness of the market in academic, economic, social, and cultural realms in more detail in Daniel Rodgers, *Age of Fracture* (Cambridge: Harvard Belknap Press, 2011), pp. 41-76.
[3] Peter Drucker, "The Economy's Dark Continent," *Fortune,* pp. 103, 265-270. Drucker notes this included not only materials handling, but also marketing, etc.
[4] Ibid*,* pp. 103.

and shipping. Rather, distribution costs were submerged in allocations, indirect labor, administrative expenses, or burden and were seen more as a necessary evil than an aspect of business to be optimized.

While the business community general paid little attention to distribution, logistics, and supply chain management, the academy was initially slow to recognize this as a field of study.[5] Though logistics as a field was critically important to the military, businesses and management schools largely neglected this area of focus until the early 1960s. In 1961, Michigan State University offered the first college course on logistics. The first major textbook on business logistics was also published that same year.[6] By the late 1960s and early 1970s, business logistics emerged as a field of study in broader academia.

But it was not until 1964, when James Heskett, Robert Ivie, and Nicholas Glaskowsky's *Business Logistics: Management of Physical Supply and Distribution* advocated for what they called a total cost approach. This approach called on firms to focus on the entirety of a product cycle, everything from the point of production followed through to the point of consumption when the entirety of the circulation of capital was complete. However, the authors acknowledged that there was little coordination between the areas of purchasing, production, and physical distribution in businesses generally.[7] This was in part due to technological and communication

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[5] Robert Ballou, "The Evolution and Future of Logistics and Supply Chain Management," *European Business Review,* Vol. 19, No. 4 (July 2007), pp. 332-348.
[6] Ballou, "The Evolution and Future of Logistics and Supply Chain Management," pp. 332-348; Edward Smykay, Donald Bowersox, and Frank Mossman, *Physical Distribution Management* (New York: The Macmillan Company, 1961).
[7] Ballou, "The Evolution and Future of Logistics and Supply Chain Management," pp. 332-348; James L. Heskett, Nicholas A. Glakowsky, Robert M. Ivie, *Business Logistics: Management of Physical*

limitations and in part from a lack of focus on distribution as a field of business. As firms increasingly focused on warehousing and distribution costs, positions overseeing these affairs also changed significantly.

Whereas warehousing operations were generally handled by a warehouse manager, firms increasing focused their attention on warehousing and distribution costs and elevated this area of business which then fell under the purview of vice presidents or distribution directors. Salaries for logistics vice presidents and logistics directors increased at a tremendous rate from the 1970s to the 1980s commensurate with the increasing importance of the field. In the early 1970s, the equivalent of a logistics vice president was paid roughly $45,000 per year. By the mid-1980s, the salary for that position increased to $165,000 per year. Logistics directors also saw enormous increases in compensation from $37,000 in the early 1970s to $104,000 by the mid-1980s.[8] As warehousing as a field garnered more attention from the business community generally by the 1970s and 1980s, the very nature of warehousing changed significantly.

While warehouses once stood as storehouses for goods awaiting eventual sale, innovations in warehousing and materials handling transformed warehouses and distribution centers into efficient conduits for goods that sorted and rerouted

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Supply and Distribution (New York: The Ronald Press, 1964). Ballou's acknowledgement of inefficacies and lack of coordination in business runs somewhat counter to the picture of efficient vertically integrated business guided by the visible hand of management put forth by business historian Alfred Chandler in Alfred Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge: Belknap Press, 1977). Economist Ronald Coase recognized that the larger and more complex an organization could get, the more room for error, redundancy, and mismanagement could occur in transaction costs. Refer to Ronald Coase, "The Nature of the Firm," *Economica,* Vol. 4, No. 16 (November 1937), pp. 386-405.

[8] Bill Mongelluzzo, "Making a Mark in Distribution Salary, Responsibility Increasing in Logistics," *Journal of Commerce,* October 14, 1986.

products to their ultimate destination. As the very nature of warehousing and distribution changed, so too did their spatial requirements and layouts. Polymath Dimitris Chorafas acknowledged these changes in his 1974 work *Warehousing: Planning, Organizing, and Controlling and Distribution of Goods.* Chorafas noted that while warehouses were once multistory buildings with each floor roughly seven meters high, newer 'silo' style warehouses were sprawling steel framed single-story facilities with a footprint of hundreds of thousands to one million square feet or more, roughly twenty to thirty-five meters high, tall enough for cranes and forklifts to fully operate in, equipped with racks to hold vertical stacks of pallets, and lined with truck docking bays to accommodate semi-trucks and shipping containers to facilitate cross-docking.[9] These innovations in warehousing radically changed the spatial requirements and layouts of warehousing facilities, their role in supply chains, and even their physical location.[10]

THE UPC: FROM IDEA TO REALIZATION

Though the universal product code (UPC) has been ubiquitous in retail, warehousing, distribution, and logistics since the 1990s, adoption of the transformational technology was initially slow. The basis for the revolutionary

[9] Dimitris Chorafas, *Warehousing: Planning, Organizing, and Controlling and Distribution of Goods* (New York: American Elsevier Publishing Co, Inc., 1974), pp. 7-10. Other warehousing handbooks also acknowledge this same shift in form and function. Refer to *The Warehouse Management Handbook*, eds. James Tompkins & Jerry Smith (New York: McGraw Hill, 1988), pp. 1-4, 73-90, 91-114, 298.
[10] Markus Hesse & Jean-Paul Rodrigue, "Transport Geography of Logistics and Freight Distribution," *Journal of Transport Geography,* Vol. 12 (2004), pp. 171-184; Yuko Aoyama, Samuel Ratick, & Guido Schwarz, "Organizational Dynamics of the U.S. Logistics Industry: An Economic Geography Perspective," *The Professional Geographer,* Vol. 58, No. 3, (2006), pp. 327-340.

technology was first conceived by Wallace Flint in his 1932 masters' thesis which explored the idea of machine-readable product codes. Flint, then a graduate student of business administration at Harvard Business School, came from a family of wholesale grocers and was well aware of the laborious work and inefficiencies in grocery.[11]

In his grocery store built around machine readable cards, a customer would enter a grocery store filled with punch cards rather than products and would proceed to collect various cards each representing a product located in the store's onsite warehouse. After the grocery store clerk scanned all of the customers cards, warehouse workers would assemble the customer's purchase and then send it out on a conveyor belt to the customer. However, actual implementation of such an idea was subject to its own set of problems, such as customers entering the wrong code for their card or damaged or unreadable cards, which could cause problems at the checkout. The logistics of the process itself was also quite cumbersome.[12]

Then in 1948, Joseph Woodland and Bernard Silver, both lecturers at what is now Drexel University in Philadelphia, decided to leave their university appointments to further develop the idea of a machine-readable code for retail purposes. Woodland had worked on Manhattan Project at Oakridge National Laboratory in Tennessee during World War II. After the war, Woodland returned to college to complete his bachelors' degree. There, he envisioned a scanning device which

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[11] Lan Xuan Le, "Scanner Epistemologies: Meditations of the Material and Virtual," unpublished dissertation, Film & Media Studies, University of California – Santa Barbara, 2017, pp. 120-121; Emek Basker, "Raising the Barcode Scanner: Technology and Productivity in the Retail Sector," *American Economic Journal: Applied Economics,* Vol. 4, No. 3 (July 2012), pp. 3-5.
[12] Le, "Scanner Epistemologies," pp. 120-121; Basker, "Raising the Barcode Scanner" pp. 3-5.

could read coded music from a 35mm film to make elevator music less cumbersome. To develop the readable code, Woodland drew upon his experience in Boy Scouts where he learned Morse Code and had the idea for a machine-readable code which would be a series of bars of various widths, similar to the long-short-long beeps of Morse Code. Woodland and Silver then applied for a patent on the technology in 1949.[13]

However, it was not until the early 1970s when grocery industry leader Alan Haberman formed a group of food manufacturers, wholesalers, and grocers into an ad hoc committee, the Uniform Grocery Product Identification Code, to develop barcoding standards in grocery.[14] At this point, Flint was vice president of the National Association of Food Chains and Woodward was employed as an engineer at International Business Machines (IBM). Woodward in particular led IBM's efforts to develop scanning technologies at checkouts. The ad hoc committee was composed of independent grocers, cooperatives, and executives from Kroger, A & P, and Supervalu, and the project received support from the consultancy firm McKinsey & Company.[15]

Eventually, the committee adopted a design by IBM senior engineer George Lauer which became known as the UPC-A code. However, there were several problems which prevented widespread use and standardization. Though the idea for

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[13] Le, "Scanner Epistemologies," pp. 122-128. Woodland and Silver's patent: U.S. Patent US2612994A.
[14] Alan Haberman, *Twenty-Five Years Behind Bars: The Proceedings of the Twenty-Fifth Anniversary of the U.P.C. at the Smithsonian Intuition, September 30, 1999* (Cambridge: Harvard University Press, 2001).
[15] Basker, "Raising the Barcode Scanner," pp. 3-5.

scannable machine read codes existed for some time, there was general uncertainty in adopting the new technology. Grocery stores were initially hesitant to invest in costly scanners at checkouts until barcoded product reached a critical mass. Likewise, the technology required cooperation from food manufacturers who would have to alter their product packaging to accommodate the then novel technology. The technology also suffered from a lack of standardization, several stores developed in-house proprietary systems, and up to the early 1970s, scanners were prohibitively expensive.[16]

In June 1974, a clerk at a Marsh supermarket in Troy, Ohio scanned a pack of gum, which marked the first use of the UPC in a retail setting. Throughout the 1970s and the 1980s, grocers slowly adopted the new technology. The number of food manufacturers that used UPC symbols grew from roughly 2,000 in 1974 to 8,700 by 1982 and 13,000 by the end of 1984.[17] By 1984, roughly 8% of U.S. grocers had scanners installed at the checkout.[18] By 1985, 29% of supermarkets were using scanners and barcodes.[19] Initially, grocers adopted the UPC to improve productivity at the checkout counter. Grocers also realized productivity gains on the sales floor. Rather than price each individual item, stores could simply have a shelf price which would ring up at the checkout. This made price changes far easier to

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[16] Le, "Scanner Epistemologies," pp. 128-129.
[17] Basker, "Raising the Barcode Scanner," pp. 23; John Dunlop & Jan Rivkin, "Introduction," in Stephen Brown, *Revolution at the Checkout Counter: The Explosion of the Bar Code* (Cambridge: Harvard University Press, 1997).
[18] Emek Basker & Timothy Simcoe, "Upstream, Downstream: Diffusion and Impacts of the Universal Product Code," National Bureau of Economic Research, Working Paper No. 24040 (November 2017, revised August 2020), pp. 5-7.
[19] Emek Basker, "Change at the Checkout: Tracing the Impact of a Process Innovation," *The Journal of Industrial Economics,* Vol. LXIII, No. 2 (June 2015), pp. 340.

implement. However, some customers were initially wary of barcoded goods and had concerns over the inability to check the sticker price of goods against the receipt for errors.[20]

Though the UPC had an enormous impact on productivity at the checkout counter and on the sales floor, broader uses for the UPC, such as data collection of sales, inventory, or applications for modeling and projections were simply not among the initial uses envisioned for scanning technology. However, as economist Emek Basker notes, "it is a remarkable feat that chain retailers, stand alone stores, wholesalers, food manufacturers, and scanner manufacturers were able to accomplish this transformation absent any government intervention and without massive transfers or cross-subsidies across players."[21]

FROM GROCERY TO RETAIL, WAREHOUSING, AND DISTRIBUTION

By the early-to-mid-1980s, general merchandisers and retailers began to implement and use UPC and scanners for inventory control for the UPC's first uses outside of grocery. Discount retailer K-Mart began to use UPCs and scanners as a way to replenish goods on the sales floor and to account for storeroom inventory in 1981. Between 1982 and 1986, Wal-Mart started to integrate UPC and scanners at their point of sales registers. By 1983, K-Mart required apparel suppliers to place barcodes on every item to be sales floor ready. Wal-Mart did the same by 1987.[22] To

[20] Basker, "Raising the Barcode Scanner," pp. 6-18.
[21] Ibid, pp. 25.
[22] Basker & Simcoe, "Upstream, Downstream," pp. 5-7.

achieve compliance, retailers often had to pressure suppliers to include the UPC in their product design. Wal-Mart's chief information officer Bob Martin recalled that a picture of a UPC was sent to suppliers with the message, "The fastest route between the two points is a straight line." This message would be followed by one that stated: "Universal Product Codes are required for all items BEFORE ORDERS WILL BE WRITTEN." Recalcitrant suppliers were sent a follow up ultimatum that simply read, "if you don't draw the line, we do."[23]

As Frederick Abernathy, John Dunlop, Janice Hammond, and David Weil note, technological innovations, such as use of the UPC, scanners, and electronic data interchange (EDI) "rippled backward" to manufacturers and suppliers "with retailers…acting as the primary drivers of change."[24] EDI is essentially a standardized electronic shipping order form that could transmit bill of lading, sales orders, and payments, among other functions. Prior to the transformational change from lean retailing practices, information flows between retailers, suppliers, and manufacturers largely centered around product orders, typically transmitted by paper. The production to consumption cycle was also significantly longer.

In the apparel industry, retailers ordered product on the basis of estimates for each season. Orders were placed in advance with enough time for downstream

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[23] All caps text in the original, quoted from Misha Petrovic & Gary Hamilton, "Making Global Markets: Wal-Mart and its Suppliers," in *Wal-Mart: The Face of Twenty-First Century Capitalism,* ed. Nelson Lichtenstein, (New York: The New Press, 2006), pp. 118.

[24] Electronic data interchange is a standardized format for purchase orders with standards set by the American National Standards Institute. Frederick Abernathy, John Dunlop, Janice Hammond, & David Weil, "The Information Integrated Channel: A Study of the U.S. Apparel Industry in Transition," *Brookings Papers on Economic Activity: Microeconomics,* 10.2307/2534774 (1995), pp. 219. This paper forms the basis for the book, Frederick Abernathy, John Dunlop, Janice Hammond, & David Weil, *A Stitch in Time: Lean Retailing and the Transformation of Manufacturing – Lessons from the Apparel and Textile Industry* (Oxford: University of Oxford Press, 1999).

suppliers to secure the raw materials necessary to fill an order. Replenishment was difficult because retailers lacked the information on current sales and inventory in fine detail. Orders that ran out, fell short, or items that were ordered in excess of sales were typically written off as a cost of doing business. However, information technologies, such as the UPC and EDI, revolutionized these practices and with it dramatically altered the relationship between retailers and their suppliers.[25]

Between 1988 and 1992, lean retail practices moved to the fore with discount mass retailers K-Mart and Wal-Mart and national chains such as J.C. Penny as early adopters. Wal-Mart in particular led this approach, which was partly responsible for their 30.6% compound annual growth between 1983 and 1993, compared to 9.72% among other mass retailers.[26] The UPC and barcoding also facilitated more accurate sales data in real time. This allowed retailers to glean more information on consumer tastes and with it meet demand with a proliferation of styles, sizes, colors and general variety. It also gave retailers the ability to administer price changes in a far more streamlined way.

Though the typical supermarket has roughly 25,000 to 35,000 stock keeping units (SKUs), a department store typically carries between one and one-and-a-half million different SKUs.[27] This represents the proliferation of styles, variety, and greater options for the consumer. Under lean retailing practices, retailers usually

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[25] Abernathy, Dunlop, Hammond, & Weil, "The Information Integrated Channel," pp. 187, 201.
[26] Ibid, pp. 186.
[27] Torrey Byles, "New Coding System Become Latest Leap in Retail Automation," *Journal of Commerce,* 15 June 1988; Margaret Hwang & David Weil, "The Diffusion of Modern Manufacturing Practices: Evidence from the Retail-Apparel Sector," U.S. Census Bureau, Center for Economic Studies, working paper, CES-WP-97-11 (1997), pp. 3-4.

held minimal excess product beyond what was on the shelf. Sales forecasting was aided by data collection via point of sales registers and the UPC and EDI transmitted this information, often automatically, to suppliers. Under this system, replenishment is more frequent. The production to consumption cycle is significantly shorter. Lean retailing practices represent the shift from 'push' production with manufacturers responsible for advertising, marketing, and distribution of their products to a 'pull' relationship with retailers forecasting sales, ordering product, meeting consumer demand, acting as the agent of change, and often dictating terms to manufacturers and suppliers.

Suppliers were also expected to provide stores with sales floor ready product, move goods efficiently to stores or distribution centers, and place product in boxes with scannable UPCs to increase productivity in warehousing and distribution. Apparel product that was transported in barcoded boxes increased from 7% in 1988 to 32.1% by 1992.[28] Between 1988 and 1992, the percentage of apparel firms using UPCs on their products increased from 54% to 75%.[29] These changes also altered the very nature of warehousing and distribution. Whereas warehouses once stood as storehouses for goods awaiting delivery to a retail location, lean retail practices, coupled with the UPC and EDI and innovations in materials handling, such as crossdocking, helped transform warehouses and distribution centers into conduits for goods, where goods would be unloaded, accounted for, and routed throughout

[28] Abernathy, Dunlop, Hammond, & Weil, "The Information Integrated Channel," pp. 189-217.
[29] Margaret Hwang & David Weil, "The Diffusion of Modern Manufacturing Practices: Evidence from the Retail-Apparel Sector," U.S. Census Bureau, Center for Economic Studies, working paper, CES-WP-97-11 (1997), pp. 12.

the distribution center on conveyor belts, then consolidated, repalletized, and placed on a truck headed to their ultimate destination.[30] E-commerce retailers act in a similar manner but are able to cut out the physical retail location and deliver the product directly from their distribution center to the consumer either through post or their own delivery systems.

As larger chain retailers came to adopt lean retail practices, suppliers were expected to deliver product on significantly more frequent basis. Between 1988 and 1992, mass retailers that sold goods at low price points saw daily or weekly replenishment increase from 7% to 42%. National chains with goods at medium price points saw daily or weekly replenishment increase from 8% to 42%. Even department stores with high ticket items saw daily or weekly replenishment increase from 2% to 29% over the same period.[31] Between 1988 and 1992, delivery of floor ready merchandise increased from 40.6% to 50.3%. Smaller stores, however, needed less frequent replenishment since goods stay on the shelf longer and there is less turnover.[32]

The UPC also facilitated use of EDI, which became more widespread with lean retailing practices.[33] In 1988, only 4.5% of apparel manufactures had EDI capabilities. By 1992, that increased to 31.6%. Through a standardized format, EDI

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[30] Sociologist Jason Struna describes this process in greater detail and depth in Jason Struna, "Handling Globalization: Labor, Capital, and Class in the Globalized Warehouse and Distribution Center," unpublished dissertation, Sociology, University of California – Riverside, 2015, pp. 72-95.
[31] Hwang & Weil, "The Diffusion of Modern Manufacturing Practices," pp. 7.
[32] Thomas Holmes, "Bar Code Lead to Frequent Deliveries and Superstores," *RAND Journal of Economics,* Vol. 32, No. 4, pp. 708-725.
[33] Basker & Simcoe, "Upstream, Downstream," pp. 1; Emek Basker, "Change at the Checkout: Tracing the Impact of a Process Innovation," *The Journal of Industrial Economics,* Vol. LXIII, No. 2 (June 2015), pp. 340-342; Hwang & Weil, "The Diffusion of Modern Manufacturing Practices," pp. 8-12.

transmits sales data, facilitates purchase orders, allows firms to send and receive payments electronically, and easily transmit bill of lading and shipping manifests, all of which improved accuracy in shipping and receiving and logistics.[34] These innovations, coupled with portable data terminals, gave warehouse and distribution center workers and management the ability to access EDI in a handheld device. In practice, when a shipment arrived, a warehouse worker would use their handheld scanner to scan items as they came off the truck. The standardized format of EDI allows the worker to automatically check the goods received against the shipping manifest as they scan product.[35]

However, widespread use of EDI required significant coordination with both suppliers and retailers. In 1986, eighteen companies and thirty individuals formed the Voluntary Interindustry Communication Standards (VICS) committee to work towards a common interpretation of the American National Standards Institute (ANSI) X.12 purchase order. By October 1987, the committee expanded to forty-six companies and ninety-five individuals representing retailers and their suppliers. In late 1987, the committee determined that the Uniform Code Council (UCC) would administer VICS EDI.[36] The Dayton, Ohio based UCC also administers the Uniform Communication Standard, used largely in grocery, and UPC registrations.[37] By 1988,

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[34] Abernathy, Dunlop, Hammond, & Weil, "The Information Integrated Channel," pp. 189-217; Tony Seideman, "Electronics Firms Say EDI Provides Competitive Edge," *Journal of Commerce,* June 5, 1989.
[35] Torrey Byles, "Technology Puts Big Solutions into a Small EDI Package," *Journal of Commerce,* February 8, 1989.
[36] Josh Martin, "Common Language Helps Retail Based EDI Make Gains," *Journal of Commerce,* May 25, 1988.
[37] Tony Seideman, "Barcodes, Data Interchange Facilitate Tracking of Goods," *Journal of Commerce,* November 23, 1987.

VICS counted major retailers such as Wal-Mart, K-Mart, Federated Department Stores, and the Dayton-Hudson chain which included its Target stores, among its users. Several suppliers and manufacturers also adopted VICS, such as Levi Strauss & Co., Playtex, V.F. Corp and their Wrangler blue jean line, Black & Decker, Eastman Kodak, Estee Lauder, Mattel Toys, Michelin Tire, and the 3M, among others.[38]

Setting Industry Standards

Though several retailers, manufacturers, and suppliers came to use technological innovations, such as the UPC and EDI in the 1980s, the period was marked by volatility with intense competition, rapid expansions, and a surprising number of closures, consolidations, mergers, and acquisitions in retail. K-Mart, Wal-Mart, and Target all expanded operations into specialty stores during this period, only to divest from these largely unsuccessful operations by the late 1980s early 1990s. Though discounters innovated the practices of lean retailing, their operating models quickly became industry standard during this tumultuous period. By the late 1980s, as lean retailing became more widespread, the line between discounters and other retailers began to blur.[39]

Wal-Mart, perhaps more than any other retailer, embraced technological innovations in logistics and set the industry standard in warehousing, procurement,

[38] Josh Martin, “Common Language Helps Retail Based EDI Make Gains,” *Journal of Commerce,* May 25, 1988.
[39] Petrovic & Hamilton, “Making Global Markets: Wal-Mart and its Suppliers,” pp. 112-115.

and product management. An unnamed Wal-Mart executive stated definitively that "the misconception is that we're in the retail business. We're in the distribution business."[40] However, Wal-Mart's red state, rural origins imprinted a distinct business model and culture on the discount retailer that was seemingly at odds with their embrace of technology and logistics. As historian Nelson Lichtenstein notes, "Wal-Mart emerged out of a rural South that barely tolerated New Deal social regulation, the civil rights revolution, or the feminist impulse. In their place the corporation has projected an ideology of family, faith, and small-town sentimentality that coexists in strange harmony with a world of transnational commerce, stagnant living standards, and a stressful work life."[41]

Until the late 1970s, all of Wal-Mart's stores were within a day roundtrip drive of its Bentonville, Arkansas headquarters.[42] When they did expand into Texas, the Deep South, and the Plains states in the early 1980s, the discount retailer first built a distribution center and opened a flurry of stores that it would serve.[43] Though Wal-Mart grew tremendously in the late 1980s and early 1990s – it surpassed K-Mart as the second largest retailer in 1990 and became the largest retailer after they toppled

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[40] Quoted from Nelson Lichtenstein, *Retail Revolution: How Wal-Mart Created a Brave New World of Business* (New York: Metropolitan Books, 2009), pp. 35.
[41] Nelson Lichtenstein, "Wal-Mart: A Template for Twenty-First Century Capitalism," in *Wal-Mart: The Face of Twenty-First Century Capitalism,* ed. Nelson Lichtenstein (New York: The New Press, 2006), pp. 3, 16. Historian Bethany Morton also explores the strange confluence of family, faith, small-town sentimentality in Bethany Morton, *To Serve God and Wal-Mart: The Making of Christian Free-Enterprise* (Cambridge: Harvard University Press, 2009); Lichtenstein also explores these aspects of Wal-Mart in Lichtenstein, *Retail Revolution,* pp. 53-84.
[42] Lichtenstein, *Retail Revolution,* pp. 38.
[43] Lichtenstein, *Retail Revolution,* pp. 39.

longstanding retail giant Sears by 1992 – most of their stores were located in small towns and the company only operated in twenty-eight states by 1990.[44]

Though retailers came to adopt the UPC and EDI in the mid-to-late 1980s, Wal-Mart's founder Sam Walton took an early interest in sales, profit, and inventory data from his Wal-Mart stores. Even before widespread use of computers or EDI in retail, Walton had store managers collect sales data from registers, conduct periodic inventory counts by hand, and keep a record of store related expenses. Since managers collected these reports and data manually on paper in the 1970s, store managers physically mailed reports and sales data to the retailer's headquarters in Bentonville, Arkansas. However, Wal-Mart invested in computers early on and made a point of hiring computer savvy executives. By the early 1980s, managers could link to the central computer in Bentonville by phone and transmit data in a far more streamlined and efficient way.[45]

Wal-Mart also took the lead on several other technological innovations. Between 1985 and 1987, Wal-Mart launched their own private satellite network to facilitate communications between headquarters and individual stores at the immense cost of a half-billion dollars at the urging of then company president Jack Shewmaker and future president David Glass. While the cost was immense for the discount retailer, the benefit of efficient data transmission, coupled with the ability for Walton to give daily pep talks to hundreds of thousands of employees, was enough to have Wal-Mart invest in the cutting-edge technology.[46] By 1988, Wal-Mart used

[44] Petrovic & Hamilton, "Making Global Markets: Wal-Mart and its Suppliers," pp. 115.
[45] Lichtenstein, *Retail Revolution,* pp. 40-41.
[46] Lichtenstein, *Retail Revolution,* pp. 40-44, 169.

EDI to transmit daily electronic purchase orders to 700 of its largest volume suppliers. Wal-Mart also instituted a quick response inventory program with nine of its largest suppliers to directly feed data from the sales floor and point of sales registers to their suppliers. An electronic freight bill system also allowed the retailer to track the progress and status of shipments throughout their supply chains in real time.[47]

By 1990, Wal-Mart rolled out Retail Link, a data workbench software system that connected its stores, distribution centers, and suppliers.[48] This system gave vendors access to Wal-Mart's data warehouse, but did not include competitive cost information. As Lichtenstein notes, while Wal-Mart gave suppliers "access to much of the information on its suppliers books, the company was in a position to virtually dictate the terms of its contracts on price, volume, delivery schedule, packaging, and quality."[49] Moreover, large retailers such as Wal-Mart benefit from economies of scale.

Though most small retailers purchase goods through wholesalers or manufactures' representatives, large retailers such as Wal-Mart can handle massive quantities of product, which made them some of the largest outputs for manufactured goods. Moreover, Wal-Mart often purchases directly rather than through an intermediary. Walton in particular hated the idea of dealing with middlemen and jobbers. While manufacturers are supposed to sell goods at the

[47] Torrey Byles, "Wal-Mart Seeks Quick Response," *Journal of Commerce,* June 1, 1988.
[48] Emek Basker & Pham Hoang Van, "Putting a Smiley Face on the Dragon: Wal-Mart as Catalyst to U.S. China Trade," University of Missouri – Columbia, Working Paper (July 2005), pp. 6, available at SSRN: https://ssrn.com/abstract=765564 (accessed March 2020).
[49] Lichtenstein, *Retail Revolution*, pp. 52.

same price to all customers under the largely unenforced and inert Robinson-Patman Act, in practice manufacturers often 'reimburse' retailers for marketing expenses largely tied to the volume of product sold. In this way, larger buyers, such as Wal-Mart, receive what is effectively a volume discount.[50]

TECHNOLOGY, VERTICAL DISINTEGRATION, AND CONTROL

The growth, widespread use, and application of the internet, coupled with advances in software, improved communications and coordination across several actors in complex supply chains. Moreover, these innovations helped make production, product sourcing, and logistics ruthlessly efficient. However, in the late 1990s, software suites specialized in specific areas of business rather than offer a comprehensive package. This was roughly divided into enterprise resource planning (ERP) software and supply chain management (SCM) software, which itself was broken down into supply chain planning and supply chain execution.

ERP software packages, such as SAP, Oracle Corp., Baan Co., PeopleSoft Inc., centralize and standardize a company's financial details which includes invoicing, order management, and personnel operations, but initially did not venture into supply chain management. SCM planning software packages, such as Manugistics Inc. and i2 Technologies, helped firms manage long term use and distribution of materials, including distribution, manufacturing planning, product

[50] Basker & Hoang Van, "Putting a Smiley Face on the Dragon," pp. 6-7, available at SSRN: https://ssrn.com/abstract=765564 (accessed March 2020).

scheduling, demand planning and forecasting, and supply chain network design. SCM execution software packages, such as Industri-Matematik International Corp., helped firms manage the movement of goods through a supply chain that included order management, inventory control, international trade logistics, regulatory compliance, and transportation and warehouse management.[51] As of the late 1990s, Chris Jones of Synquest lamented that "no one [software firm] has a footprint yet that stretches across the supply chain end to end."[52] Tim Van Mieghem, a consultant with the ProAction Group, described the lack of continuity and discrete areas of specialization as "the unholy mess of supply chain management software."[53]

However, by the turn of the century, the lines between SCM planning and execution software suites began to blur as these software firms sought to offer a more comprehensive package. "In a fast fickle ephemeral economy that wants it now, you have to have execution in your suite," noted Chad Quinn, senior business manager for transportation at Manugistics, "execution is becoming as crucial as planning." As Manugistics moved into both planning and execution, it counted large retailers, such as Wal-Mart, and brands such as Nike and Nokia, among its users.[54] These innovations in software also coincided with changes in the relationship between retailers and their suppliers. "The customer 'pulls' things through the

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[51] Helen Atkinson, "Right Software Can Manage Movement Inside and Beyond," *Journal of Commerce,* April 29, 1999; Helen Atkinson, "In Search of Single Supply Chain System," *Journal of Commerce,* August 31, 1999.
[52] Helen Atkinson, "Shippers Search for Seamless Solution," *Journal of Commerce,* November 4, 1998.
[53] Helen Atkinson, "Consumer Demands are Pulling Retailers into the 21st Century," *Journal of Commerce,* May 25, 1999.
[54] Helen Atkinson, "Shippers Search for Seamless Solution," *Journal of Commerce,* November 4, 1998.

network, the system now is driven by demand, not supply," noted Ulf Casten Calberg of the Swedish SCM firm Industri-Matematik Intl. "This is where ERP companies don't come out so strong. They are more 'push' driven."[55]

Whereas retailers functioned as the catalyst widespread adoption of technological innovations in retail, warehousing, and distribution, such as the UPC and EDI in the 1980s and 1990s, manufacturers and suppliers tended to adopt innovations in software management suites. "The auto markets and hi-tech are mature already," remarked Peter Weiss, vice president of logistics information at ACS logistics, the logistics arm for the shipping firm American Presidential Lines (APL). "The retail side is much more in its infancy. You're seeing people like i2, SAP, Peoplesoft and so on all making huge pushes into retail. Retailers have spent relatively little on these software packages." Weiss found that retailers were less inclined to manage aspects the supply chain for manufacturing and suppliers they did not own directly, though they often dictated the terms. "They are only just now looking at the amount of money to be made and the potential efficiencies," Weiss noted. "Why are they wasting time arguing nickels and dimes at manufacturing level when the main expense is in landed cost?"[56]

Though innovations in ERP and SCM software suites helped improve communication and coordination within a firm, by the turn of the century software developers began to offer products which facilitated collaboration. "The next big

[55] Helen Atkinson, "Shippers Search for Seamless Solution," *Journal of Commerce,* November 4, 1998.
[56] Helen Atkinson, "Consumer Demands are Pulling Retailers into the 21st Century," *Journal of Commerce,* May 25, 1999.

thing is eliminating the boundaries between yourself and your trading partners, customers, and suppliers," noted Larry Lapide, service director for supply chain strategies at AMR Research in Boston. "If I understand better what my customer needs, I can do better production scheduling. Similarly on the supply side, if I can work with my supplier to find out what his capabilities are, I can tailor my demands. Also I can get input on the design of a product that I couldn't before…At the moment, people are connecting, but it tends to be one way, on an FYI basis, with no information coming back," Lapide suggested.

As their products diversified to take on more aspects of both ERP and SCM, software firms began to offer comprehensive suites that could deal with the entirety of a supply chain, from the point of production to the point of consumption. "It is no longer enough to know how much of an item is available, but also precisely where it is, its packing configuration, and how quickly it can be retrieved and delivered" Jim Coker, vice president of logistics product strategy for MK Group noted. "The same system must also 'know' the characteristics and storage requirements of items in inventory as well as the layout of the warehouse so that items can be stored to optimize space and facilitate rapid movement in daily operations," Coker asserted. "For me it goes beyond collaborative forecasting," noted Bruce Richardson, vice president of research strategy at AMR. "It's about the entire channel working together – substituting probable demand for actual demand. That means the Internet has got to weave through the planning and manufacturing…all the way to the checkout."[57]

In 2000, the German ERP firm SAP launched their Advanced Planner and Optimizer software package – their first foray into SCM.[58] By the mid-2010s, SAP emerged as one of the premiere comprehensive ERP and SCM software suites. Sociologist Jason Struna refers to SAP as the 'gold standard' of business software that enables firms to manage logistics operations across the boundaries of firms, vast geographies, and a variety of industrial segments.[59] This gives users the ability to communicate and produce documents for customs agents, freight carriers, logistics firms, banks, and security, among other features. Struna notes that "while cross-border trade is a feature of every epoch of capitalist political economy, the rapid management of complexity afforded by contemporary information technologies like SAP solutions makes the kind of transnational capitalism…possible at ever increasing efficiencies."[60]

As software suites began to offer more comprehensive software packages to control and coordinate manufacturing, product sourcing, and supply chains and logistics not only within firms but across firms, businesses found that they could more easily fragment, spin off aspects of their business, vertically disintegrate, and refocus on their business on core competencies. This is especially true in contract

[57] Helen Atkinson, "The Future Holds More Collaboration, Less Competition," *Journal of Commerce,* April 29, 1999.
[58] Helen Atkinson, "Germany's SAP Set to Offer Transport Planning Software," *Journal of Commerce,* August 27, 1999.
[59] Struna, "Handling Globalization," pp. 37.
[60] Ibid, pp. 42-44.

manufacturing, wherein an established brand contracts some or all of its manufacturing with outside firms while retaining aspects of their core business such as engineering, product design, research and development, and advertisement, among other aspects. Retailers also engage in contract manufacturing for their inhouse brands and products they source directly.[61] This fragmentation occurs with both with domestic and foreign contract manufacturers.[62] As firms increased their use and application of information technologies, they were more likely to vertically disintegrated aspects of their operations.[63]

This trend of vertical disintegration extends past contract manufacturing to several aspects of business. A survey of Fortune 500 companies from 1991 to 1994 found that nearly 40% of respondents contracted a third party for their logistics operations (3PL).[64] A 2006 survey of Fortune 100 companies found that 73% of respondents used 3PL for their logistics operations.[65] Logistics and transportation specialist Robert Leib remarked that "corporations have found that if they use a third-party operator, they can shut down expensive company-owned warehouses and no longer need to employ their own fleet of trucks."[66] "We do the consolidation,

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[61] Nelson Lichtenstein & Richard Appelbaum, "A New World of Retail Supremacy: Supply Chains and Workers' Chains in the Age of Wal-Mart," *International Labor and Working-Class History,* No. 70 (Fall 2006), pp. 106-107.
[62] Teresa Fort, "Technology and Production Fragmentation: Domestic Versus Foreign Sourcing," National Bureau of Economic Research, Working Paper 22550 (August 2016).
[63] Lorin Hitt, "Information Technology and Firm Boundaries: Evidence from Panel Data," *Information Systems Research,* Vol. 10, No. 2 (June 1999), pp. 134-149.
[64] Karen Thermer, "Use of Third Parties to Widen, Experts Say," *Journal of Commerce,* November 14, 1994.
[65] Yuko Aoyama, Samuel Ratick, & Guido Schwarz, "Organizational Dynamics of the U.S. Logistics Industry: An Economic Geography Perspective," *The Professional Geographer,* Vol. 58, No. 3 (2006), pp. 330.
[66] Karen Thermer, "Use of Third Parties to Widen, Experts Say," *Journal of Commerce,* November 14, 1994.

handle the documentation, ship the product to destination, and handle customs clearance," noted John Himoff, global marketing director at Circle International Inc. "Our customer can concentrate on selling more product and spending more time on research and development."[67]

Several 3PLs also offer value-added services. This is especially true of what is called 'bright stock' or generic merchandise that is produced through contract manufacturers, received by a 3PL, and customized for a specific brand or retailer.[68] Triangle Network of Compton, CA provides consolidation and distribution services for a number of firms, such as The Limited, Sacks Fifth Avenue, Sears, Roebuck and Co., and Neiman-Marcus, among others. At their 1.1 million square foot warehouse and distribution center, Triangle preforms several aspects of what is called value-added services, such as packaging, placing clothing on hangers, adding the retailers' tags to merchandise, they even provide quality control checks, sew and repair clothing, and press apparel – all services once performed by manufacturers.[69]

While it may seem that innovations in information technologies and reduced trade barriers would lead to what economist Sharat Ganapati describes as a "frictionless state where buyers and sellers seamlessly connect, bypassing middlemen," he found that the opposite was true. Between 1997 and 2007, sales handled through wholesalers increased by 34%, half of which was international transactions. In 1992, wholesalers accounted for the distribution of 32% of

[67] Bill Mongelluzzo, "Total Logistics Idea Grows in Transport," *Journal of Commerce,* June 14, 1995.
[68] Edna Bonacich & Jake Wilson, *Getting the Goods: Ports, Labor, and the Logistics Revolution* (Ithaca: Cornell University Press, 2008), pp. 127-129.
[69] Bill Mongelluzzo, "Demand on 3PL Keeps Rising," *Journal of Commerce,* October 5, 1999.

manufactured goods. By 2007, that increased to 42.5%.[70] While firms tended to vertically disintegrate aspects of their operations, ERP and SCM software suites facilitate an aspect of control that firms are able to exert over manufacturers, suppliers, and 3PLs even as they fragment aspects of their business.

Struna highlights this aspect of control with the relationship between Wal-Mart and Schneider Logistics Transloading and Distribution, a 3PL that handles Wal-Mart's distribution needs in Southern California. Though Schneider directly employs a base of warehouse workers, labor needs are subject to fluctuations in global procurement. To cover peaks and valleys in labor needs, Schneider contracts with the temporary employment agency Impact and Premier. SAP includes a labor management function within their Electronic Warehouse Management suite. This gives Wal-Mart productivity and output data on warehouse workers, even on workers hired either through Impact and Premier or Schneider. This software suite can also relay disciplinary action. With Wal-Mart's access to productivity data, they can weed out underperformers who do not meet quotas and benchmarks.[71] Some temp agencies even maintain offices at some warehousing facilities and essentially function as a human resources partner for the contracted warehouse or distribution center. Survey data estimates that rough 40% of all warehouse workers in Southern California are hired through temp agencies.[72]

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[70] Sharat Ganapati, "The Modern Wholesaler: Global Sourcing, Domestic Distribution, and Scale Economies," U.S. Census Bureau, Center for Economic Studies, Working Paper CES 18-49, (December 2018), pp. 1-8.
[71] Struna, "Handling Globalization," pp. 41-44, 132-166.
[72] Ibid, pp. 47-55.

Though it may seem counterintuitive that large firms contract out aspects of their business since the vertically integrated firm once stood as the pinnacle of business of midcentury capitalism, the separation itself plays an important role in vertical disintegration. Use of contract manufacturers, wholesalers, 3PLs, and temporary employment agencies effectively obscures the often complex supply chains of any given product and limits liability across several aspects of business. A phenomenon that management specialist David Weil identified as the fissured workplace.[73]

[73] David Weil, *The Fissured Workplace: Why Work Became Bad for so Many and What can be Done to Improve It* (Cambridge: Harvard University Press, 2017).

CHAPTER EIGHT
FROM CITRUS GROVES TO WAREHOUSES: THE HISTORY OF THE INLAND EMPIRE

When the Inland Empire emerged as the premiere center for warehouses and distribution centers in Southern California in the 1980s and 1990s, its transformation was anything but certain. Though some residents lamented the fading rural and pastoral character of the Inland Empire, its rustic setting was the result of a specific arrangement of capital that centered on privately held agricultural and ranch lands owned primarily by white transplants from the East and the Midwest who hired agricultural workers from subsequent waves of migrant laborers to work their fields and tend to their crops.[1] Faced with increasing value for their lands from postwar development, most of these operations sold their holdings in the Inland Empire and moved their operations to the San Joaquin Valley, better known as California's Central Valley.

The Inland Empire's transformation from an agricultural hinterland into the premier region for warehousing and distribution in Southern California by the mid-1980s was not simply due to low land prices, technological innovations in cargo handling methods, market forces in a deregulated landscape, or developments in business practices and logistics – though all of this played a critical part.[2]

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[1] Henri Lefebvre explores the social and capital spatial arrangements, what he terms the production of space, in Henri Lefebvre, *The Production of Space* (Malden, MA: Wiley-Blackwell, [1974] 1991).
[2] R. Sivitanidou, "Warehouse and Distribution Facilities and Community Attributes: An Empirical Study," *Environment and Planning A,* Vol. 28, (1996), pp 1261-1278. Sivitanidou also finds that the geography of retail, zoning regulations, warehouse labor all play a part in warehouse location. Historian William Leech and geographer Juan De Lara observe the larger economic forces that played a role in Southern California's transformation. Refer to William Leech, *Country of Exiles: The*

Developers, real estate consultancy firms, city planners, and various administrative persons of municipalities also played an active role in shaping development in the Inland Empire.

Though several municipalities in the Inland Empire, such as Ontario, Fontana, Chino, Rialto, and Rancho Cucamonga, took a firm pro-growth approach and actively sought out development during the postwar period, the region initially struggled to expand its nascent industrial base in the postwar era beyond a few key industries. By the late 1970s early 1980s, two of the region's largest employers, Kaiser Steel and General Electric's Hotpoint facility, shuttered after decades of decline in the face of foreign competition and leaner operations. While a large number of works in urban history end their narrative arc on the down note of decline in the 1970s, this chapter on warehousing and distribution in the Inland Empire will use this period of decline and economic downturn as a significant turning point for the storied narrative of reinvention and renewal that followed.[3]

Destruction of Place in American Life (New York: Vintage, 2000); Juan De Lara, *Inland Shift: Race, Space, and Capital in Southern California* (Berkeley: University of California Press, 2018).

[3] Several works of urban history tend to begin in the postwar period and end their narrative arc in 1960s and 70s decline. For works in this vein refer to Arnold Hirsh, *Making the Second Ghetto: Race and Housing in Chicago, 1940-1960* (Chicago: University of Chicago Press, 1983); Thomas Sugrue, *Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996); Robert Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton: Princeton University Press, 2005); Colin Gordon, *Mapping Decline: St. Louis and the Fate of the American City* (Philadelphia: University of Pennsylvania Press, 2008), among others. There is a growing body of works that tend to break with this tradition and carry their narratives to the period after decline. For works in this vein, refer to Howard Gillette, *Camden After the Fall: Decline and Renewal in the Post-Industrial City* (Philadelphia: University of Pennsylvania Press, 2005); Elizabeth Tandy Shermer, *Sunbelt Capitalism: Phoenix and the Remaking of American Politics* (Philadelphia: University of Pennsylvania Press, 2013); David Koistinen, *Confronting Decline: The Political Economy of Deindustrialization in Twentieth-Century New England* (Gainesville: University of Florida Press, 2013); N.D.B. Connolly, *A World More Concrete: Real Estate and the Remaking of the Jim Crow South Florida* (Chicago: University of Chicago Press, 2014); Tracy Neumann, *Remaking the Rust Belt: The Postindustrial Transformation of North America* (Philadelphia: University of Pennsylvania Press, 2016); Chloe Taft, *From Steel to Slots: Casino Capitalism in the Postindustrial City*

Quite apart from these declensionist narratives, Inland Empire cities shed what remained of their rural agricultural past and recast themselves as centers of retail, light industry, and warehousing. City managers, planners, and persons from various municipal departments in these West End Inland Empire cities utilized policy and partnered with developers, real estate consultancy firms, and private equity funds to build developments in the form of large industrial parks, hulking malls, seas of homogenous housing tracts, and sprawling warehouse and logistics facilities. The sprawl that followed was not the result of lack of planning or policy.[4] Rather, developers often worked with municipalities to form public-private partnerships, entered into equity sharing arrangements, and secured tax-breaks or other special arrangements through creative use of policy. This is not to say there was not a

(Cambridge: Harvard University Press, 2016). For works on deindustrialization, capital flight, and a post-industrial society refer to Daniel Bell, *The Coming of the Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1976); Berry Bluestone & Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (New York: Basic Books, 1982); Ruth Milkman, *Farewell to the Factory: Autoworkers in the Late 20th Century* (Berkeley: University of California Press, 1997); Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism* (Chapel Hill: University of North Carolina Press, 1998); Jefferson Cowie, *Capital Moves: RCA's Seventy Year Search for Cheap Labor* (New York: The New Press, [1999] 2001); *Beyond the Ruins: The Meanings of Deindustrialization,* eds. Jefferson Cowie & Joseph Heathcott (Ithaca: Cornell IRL Press, 2003); Steven High, *Industrial Sunset: The Making of North America's Rust Belt, 1969-1984* (Toronto: University of Toronto Press, 2003); Tami Friedman, "Exploiting the North-South Differential: Corporate Power, Southern Politics, and the Decline of Organized Labor after World War II," *Journal of American History*, vol 95, issue 2 (September 2008), pp. 323-48; Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010); Jason Hackworth, *Manufacturing Decline: How Racism and the Conservative Movement Crush the Rust Belt* (New York: Columbia University Press, 2019).

[4] There is some disagreement as to whether sprawl in greater Los Angeles was the result of policy, planning, and active decisions or the result of lack of planning and vision. For those who argue sprawl was the result of policy and active decision making, however problematic or misguided it may have been, refer to *Up Against the Sprawl: Public Policy and the Making of Southern California,* eds. Jennifer Wolch, Manuel Pastor Jr., & Peter Dreier (Minneapolis: University of Minnesota Press, 2004); De Lara, *Inland Shift,* pp. 11-12. Sociologists Edna Bonacich and Jake Wilson argue that warehouse and distribution center development in the Inland Empire was the result of unregulated economic growth in a "wild haphazard, unplanned manner," refer to Edna Bonacich and Jake Wilson, *Getting the Goods: Ports, Labor, and the Logistics Revolution* (Ithaca: Cornell University Press, 2008), pp. 152.

significant degree of pressure from developers. Nor is this to say that municipalities were not eager to court development. Rather, the truth lies somewhere in-between, with coercion, concession, and compromise.

Though most of these changes in Southern California were quite transformative, the Inland Empire is far from exceptional. Rather, it stands as a case in which these developments are almost overstated. As geographer Allen Scott remarked, "it is probably not too exaggerated a claim to describe Los Angeles and its surrounding region as one of the paradigmatic cases of late capitalist industrialization and urbanization, just as Chicago was widely taken to be the paradigmatic expression of the industrial metropolis of the 1920s."[5] This chapter will begin with a history of the Inland Empire and the struggle to expand its industrial base in the postwar era. The rest of the chapter will cover the Inland Empire's transformation into a warehousing and distribution nexus for Southern California in the 1980s, 1990s, and 2000s.

"It was the Worst Place We Had Seen Yet." The History of the Inland Empire

During the pre-Columbian era, the region now known as California was home to an estimated 500 distinct tribes and a total of 100,000 to 300,000 Indigenous

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[5] Allen Scott, *Metropolis: From Division of Labor to Urban Form* (Berkeley: University of California Press, 1988), pp. x. There is a substantial body of works that use the Los Angeles metropolitan region as the epitome of postmodern and post-fordist late capitalism. Refer to Edward Soja & Allen Scott, "Los Angeles: Capital of the 20th Century," *Society & Space,* Vol. 4, (1986), pp. 249-254; Edward Soja, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory* (London: Verso, [1989] 2011); Mike Davis, *City of Quartz: Excavating the Future in Los Angeles* (London: Verso, 1990); *The City: Los Angeles and Urban Theory at the End of the Twentieth Century,* eds. Edward Soja & Allen Scott (Berkeley: University of California Press, [1996] 1998), among others.

people, which made it one of the most culturally and linguistically diverse areas of North America. In the San Bernardino Valley, Indigenous people lived in small settlements called Rancherias, which were typically located along streams with roughly 10 to 30 dwellings.[6] Civilizations clashed when Spanish conquistadores landed in what is now California in the 18th century. While Europeans had law built around conceptions of private property, Indigenous cultures in North America had rights built around the offerings of the land, such as the right to use of the land for hunting, fishing, or foraging, rather than ownership of the very land itself.[7] Aside from imperialist aims, European contact also introduced new biological and ecological organisms to the Western Hemisphere, such as cattle and plants, but this also included diseases, which decimated Indigenous populations and forever changed this half of the globe.[8]

The Spanish conquistadores also left their mark by establishing several missions along the coastline. Many later became pueblos and cities in their own right that still exist today, such as Los Angeles, San Francisco, Buenaventura, San Diego, and Santa Barbara, among others. During this period, recipients of land grants formed massive ranches for cattle and grain, which were typically worked by

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[6] Cathy Wahlstrom, "Historic Context for the City of Ontario's Citrus Industry," City of Ontario Planning Department (February 2007), pp. 1, Robert E. Ellingwood Model Colony History Room, Ontario City Library.

[7] Though historian William Cronon's work studied Indigenous peoples and European colonists of New England, his contrast between rights to the bounty of the land versus private property holds true for Indigenous peoples of modern-day California. Refer to William Cronon, *Changes in the Land: Indians, Colonists, and the Ecology of New England* (New York: Hill & Wang, 1983).

[8] Alfred Crosby, *Ecological Imperialism: Biological Expansion of Europe, 900-1900* (New York: Cambridge University Press, [1986] 2004). See also, Alfred Crosby, *Columbian Exchange: Biological and Ecological Consequences of 1492* (Westport: Prager, [1972] 2003).

Indigenous laborers.[9] The Spanish loosely held this territory until the protracted Mexican War for Independence from 1810 to 1821, which transferred Alto-California and other Spanish holdings in the North American West to Mexico.[10]

Though there is an ongoing scholarly debate as to whether or not the United States was an empire or stood as an exception, the very nature of westward expansion and manifest destiny was predicated on the eradication of Indigenous peoples and dispossession of their land and should be viewed as imperialist in aim.[11] Westward expansion also brought the United States into conflict with Mexico in the Mexican-American War which brought to the fore questions over slavery in newly acquired Western U.S. territories.[12] Following the Mexican-American War, the Treaty of Guadalupe Hidalgo in 1848 transferred this sparsely populated northwestern Mexican territory to the United States. Within two short years, the state of California entered the union in 1850, due in large part to the hysteria around the gold rush and pressure to make claims on land. Even then, mid-19th century

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[9] Cathy Wahlstrom, "Historic Context for the City of Ontario's Citrus Industry," City of Ontario Planning Department (February 2007), pp. 1-2, Robert E. Ellingwood Model Colony History Room, Ontario City Library.

[10] "State of Work in the Inland Empire," Center for Social Innovation, University of California – Riverside (November 2018), pp. 3; Cathy Wahlstrom, "Historic Context for the City of Ontario's Citrus Industry," City of Ontario Planning Department (February 2007), pp. 3, Robert E. Ellingwood Model Colony History Room, Ontario City Library.

[11] The debate over whether or not the United States was or is an empire is ongoing. For works that argue the United States was never an empire and stood as an exception to imperialism, refer to Elizabeth Cobbs Hoffman, *American Umpire* (Cambridge: Harvard University Press, 2013). For works that argue the United States was and is an empire, refer to William Appleman Williams, *The Tragedy of American Diplomacy* (New York: W.W. Norton Press, [1959] 2009); Gindin & Panich, *The Making of Global Capitalism.*

[12] Historian James McPherson traces the beginnings of the Civil War to the Mexican-American War and the bloody struggle over whether newly acquired territories should permit slavery or be free. Refer to James McPherson, *Battle Cry of Freedom: The Civil War Era* (Oxford: Oxford University Press, 1988). Historian Stacy Smith explores this and other forms of unfree labor, racism, and xenophobia in the American West in Stacy Smith, *Freedom's Frontier: California and the Struggle over Unfree Labor, Emancipation, and Reconstruction* (Chapel Hill: University of North Carolina Press, 2013).

California remained relatively isolated from the rest of the United States, connected by meandering wagon trails and constrained shipping routes.[13]

Then in 1869, Leland Stanford drove a golden rail spike at Promontory Summit, Utah as part of a ceremony to celebrate the completion of the first transcontinental railroad in the United States. Suddenly people and goods could travel easily, cheaply, and safely across the vast expanses of the American West in a fraction of the time.[14] In this way, railroads dramatically transformed and altered the temporal and spatial arrangements of the American West.[15] As rails forged new connections to major metropolises in the Middle West and the East, they reduced the relative distance between these rail-connected metropolitan centers.[16]

This held true for other regions that were connected to broader markets by rail. Both the United States government and railroads companies played a significant role in shaping the spatial arrangements and built environment of the American West. Land grants from United States government made rail concerns some of the largest private landowners west of the Mississippi River.[17] Rail companies also engaged in land speculation along rail routes, which created boom towns and land

[13] Kevin Starr, *California: A History* (New York: Modern Library, [2005] 2007).
[14] William Cronon details the connections between the hinterlands of the American West and the large metropolitan regions, such as Chicago. Refer to William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton, 1992).
[15] William Cronon makes this point in William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton, 1992).
[16] Historian Richard White's Spatial History Project *Shaping the West* explores rails' active role in altering space and the built environment of the American West. https://web.stanford.edu/group/spatialhistory/cgi-bin/site/project.php?id=997 (accessed June 2018)
[17] For more on land grants, refer to Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton, 2011).

busts across the greater West. Southern Pacific Railroad in particular heavily promoted land ownership in California, which helped fuel land speculation.[18]

In 1873, Southern Pacific Railroad chose Los Angeles as its southern terminus, which forged connections between Los Angeles and parts north and east. By 1885, the Atchison, Topeka, and Santa Fe Railroad followed suit and selected Los Angeles as the terminus for their line. This created competition for then dominant Southern Pacific. These two competing lines engaged in price wars and drove rates to nearly unsustainable levels in an effort to gain an edge over their competition. By delivering low prices for travel, these competitive rail wars commenced growth in the Los Angeles basin.

By the mid-1880s, George Chaffey, Canadian engineer turned Southern Californian land booster, and his brother William, planned to make the arid region that is now the Inland Empire the premiere citrus region in California. To fulfill their vision, the Chaffeys purchased massive swaths of land in what are now the Inland Empire cities of Ontario and Upland. They hired Chinese laborers, who had previously built rail lines, to dig irrigation ditches in an effort to make the region viable for citrus.[19] The Chaffeys then successfully marketed their holdings to moderately wealthy persons from Canada, New England, the Mid-Atlantic states, and the Midwest, and sold them on the idea of owning pastoral citrus groves in a favorable climate, shadowed by the idyllic Mt. Baldy. Early 20th century journalist and

[18] Richard Orsi, *Sunset Limited: The Southern Pacific Railroad and the Development of the American West, 1850-1930* (Berkeley: University of California Press, 2005).
[19] Cathy Wahlstrom, “Historic Context for the City of Ontario’s Citrus Industry,” City of Ontario Planning Department (February 2007), pp. 3-5, Robert E. Ellingwood Model Colony History Room, Ontario City Library.

editor of *Out West* magazine, Charles Fletcher Lummis, noted that this was “the least heroic migration in history, but the most judicious … [I]nstead of gophering for gold, they planted gold.”[20]

Other boosters, such as the Los Angeles Chamber of Commerce, promoted the pastoral ideal and sold these would-be landowners on the sophistication and skill of growing citrus and marketed it as a refined form of agriculture. “Citrus fruit growers,” noted a 19th century promotional pamphlet, “will be generally marked by refinement and culture. Indeed, the successful citrus orchardist must be a student and must possess rare intelligence.”[21] At this point citrus, specifically the orange, stood as a marker of wealth, status, and class. In 1893, Ontario oranges even took first prize at the Colton Fair and the San Bernardino County World’s Fair Association sent the prized citrus to Chicago’s Citrus Fair. The industry became so lucrative for growers under the Ontario Citrus Exchange (later Sunkist) that by 1930 citrus became the second most profitable industry in California, after petroleum.[22]

Yet wealth remained concentrated with growers in their lavish Queen Anne Victorians along the wide stretches of Ontario’s Euclid Boulevard, while field workers eked out a meager existence in shanties deep in citrus groves. This arrangement was hardly atypical for California agriculture. As geographer Richard Walker noted,

[20] Quoted from Tom Zoellner, “The Orange Industrial Complex,” *Los Angeles Review of Books* (Spring 2016). See also Juan De Lara, *Inland Shift: Race, Space, and Capital in Southern California* (Berkeley: University of California Press, 2018), pp. 113-114.
[21] Quoted from *Rooted in America: Foodlore of Popular Fruits and Vegetables,* eds. David Scofield Wilson and Angus K. Gillespie (Knoxville: University of Tennessee Press, 1999), pp. 130.
[22] Cathy Wahlstrom, “Historic Context for the City of Ontario’s Citrus Industry,” City of Ontario Planning Department (February 2007), pp. 17, Robert E. Ellingwood Model Colony History Room, Ontario City Library.

California agriculture stands apart from rest of the United States in that most agricultural operations were capitalist enterprises from the beginning. Rather than small family farms, such as those found in the Northeast and the Midwest, wealthy land owners dominated California agriculture and hired waged farm hands to tend to their holdings.[23]

Citrus, no different than other agricultural industries in California, benefited from a perpetual revolving door of migrant laborers. At first Chinese workers, some of whom built the United States rail system, filled this role from the mid-to-late 19th century.[24] Then in 1882, the Chinese Exclusion Act cut off Chinese immigration, the culmination of racism and xenophobia towards Chinese migrant workers, which was particularly acute in California. Mexican, Japanese, and Filipino migrants replaced their Chinese counterparts in successive immigration waves in the late 19th and early 20th century.[25] By 1942, the Mexican Farm Labor Agreement established the bracero

[23] Richard Walker, "California's Golden Road to Riches: Natural Resources and Regional Capitalism, 1848-1940," *Annals of the American Association of Geographers*, vol. 91, (March 2001), pp. 167-199; Richard Walker, *The Conquest of Bread: 150 Years of Agribusiness in California* (New York: The New Press, 2004).

[24] Alexander Saxon, *The Indispensable Enemy: Labor and the Anti-Chinese Movement in California* (Berkeley: University of California Press, 1971); Cletus Daniel, *Bitter Harvest: A History of California Farmworkers, 1870-1941* (Ithaca: Cornell University Press, 1981); Sucheng Chan, *This Bittersweet Soil: The Chinese in California Agriculture, 1860-1910* (Berkeley: University of California Press, 1986).

[25] "Before the Wage Board, Farm Security Administration, United States Department of Agriculture, in the matter of hearings to review wages paid to Mexican nationals in citrus fruit industry, Southern California Area," Farm Security Administration, (Washington: United States Governmental Printing Office, 1943); Gilbert Gonzalez, *Labor and Community: Mexican Citrus Worker Villages in a Southern California County, 1900-1950* (Urbana: University of Illinois Press, 1994); Camille Guerin-Gonzales, *Mexican Workers and American Dreams: Immigration, Repatriation, and California Farm Labor, 1900-1939* (New Brunswick: Rutgers University Press, 1994); Matt Garcia, *A World of Its Own: Race, Labor, and Citrus in the Making of Greater Los Angeles, 1900-1970* (Chapel Hill: University of North Carolina Press, 2001); Jose M. Alamillo, *Making Lemonade Out of Lemons: Mexican American Labor and Leisure in a California Town, 1880-1960* (Urbana: University of Illinois Press, 2006); Stephanie Lewthwaithe, "Race, Paternalism, and 'California Pastoral': Rural Rehabilitation and Mexican Labor in Greater Los Angeles," *Agricultural History*, Vol. 81, (Winter 2007), pp 1-35.

program and solidified migrant farm labor in United States public policy and labor law. All of these developments contributed to Inland Empire emerging as the premiere region for growing citrus in Southern California.

The early development and growth of Southern California has a compelling history which captivated several early social commentators. "…it was the worst place we had seen yet," noted the 19th century Bostonian merchant Richard Henry Dana upon landing on the salt flats of the San Pedro Bay after a grueling two-year journey around Cape Horn and Alto-California.[26] "Without lumber and minerals, with only one natural harbor [San Diego], lacking water and fuels, and surrounded by mountains, desert, and ocean there was seemingly never a region so unlikely to become a vast metropolitan area as Southern California," noted the mid-20th century author, journalist, and social commentator Carey McWilliams. "It is an artificial region, a product of forced growth and rapid change."[27] Southern California's forced growth and rapid change that so captivated McWilliams also drew the attention of none other than Karl Marx, who wrote that "California is very important to me, nowhere else has the upheaval most shamelessly caused by capitalist centralization taken place with such speed."[28]

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[26] Richard Henry Dana, *Two Years Before the Mast* (New York: Harper Brothers, [1840] 1911). Dana's book recounts his two-year journey around Cape Horn to Alto-California chiefly to trade for cow hides from ranchers.
[27] The natural harbor McWilliams refers to is San Diego Harbor, Los Angeles and Long Beach harbors were entirely constructed on the San Pedro coastal flats and Rattlesnake Island and were only made viable after a massive dredging project and paving the Los Angeles River, which had deposited large amounts of slit in the basin; Carey McWilliams, *Southern California: An Island on the Land* (Layton, Utah: Gibbs Smith, [1946] 1973), pp. 13.
[28] Letter from Karl Marx to Friedrich Sorge, 1880, quoted in Edward Soja, Rebecca Morales, & Goetz Wolff, "Urban Restructuring: An Analysis of Social and Spatial Change in Los Angeles," *Economic Geography*, Vol. 59, No. 2, Restructuring in the Age of Global Capital (April 1983), pp. 195-230.

THE INLAND EMPIRE IN THE 'AGE OF AFFLUENCE'

Throughout the first quarter century of the postwar era, the Inland Empire slowly shed its rustic agricultural past and gradually emerged as a bedroom suburb of Los Angeles. Government investment related to military buildup during and in the wake of World War II brought industry and manufacturing to many parts of California, including the Inland Empire. This investment in turn helped the region establish a small industrial base and further developed Southern California's resources through public-private partnerships. Government policy, either directly or indirectly, worked as a catalyst in the Inland Empire's transformation. Though developers and their subdivisions would more than meet the region's housing needs by the 1960s, attempts to build a strong industrial and employment base to match fell woefully short of expectations, even as housing developments increased land prices, which put additional pressure on the region's agriculture and ranching.

During World War II, some planners and developers envisioned the Inland Empire as an ideal place for industry. In a report on untapped resources and industrial possibilities Rex Nicholson, a booster for the West and strong advocate for industrial decentralization, noted that though "iron deposits of San Bernardino County remained untouched," "the combination of war necessity and business courage made the dream [of steel production] into reality."[29] In 1942, Henry Kaiser realized this vision with the aid from a federal Reconstruction Finance Corporation

[29] Roger Lotchin, *Fortress California, 1910-1961: From Warfare to Welfare* (Urbana: University of Illinois Press, 2002), pp. 165.

(RFC) loan and built a steel mill in rural Fontana, an Inland Empire city adjacent to Ontario.[30]

Rather than build the steel mill in the South Bay, the industrial heartland of Southern California, war-time planners caved to pressure from Eastern steel concerns and made the geographical requirement that the mill be located fifty miles inland a condition of the RFC loan.[31] This followed wartime logic since planners felt critical industries, such as steel, should be located away from heavily populated urban areas for defensive and strategic measure.[32] Initially, most of the steel produced at this facility would be used in California's burgeoning ship building industry in Kaiser's seven shipyards, but Kaiser also envisioned the mill supplying steel for products to meet postwar consumer demand.[33]

The steel mill not only tapped the region's idle resources and those of the greater West, it brought employment to the region. Kaiser was the New Deal's favorite industrialist, and offered workers stable employment, decent wages, and affordable healthcare which allowed Kaiser to recruit experienced steel workers, most of whom were white, from the East Coast and the Midwest.[34] While white

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[30] De Lara, *Inland Shift,* pp. 117-120; Donna Walters, "How the Former Kaiser Companies Have Fared: Steel: Fontana mill is still operating—but a shell of its former self," *Los Angeles Times,* August 4, 1985.
[31] De Lara, *Inland Shift,* pp. 116-120.
[32] Lotchin, *Fortress California*.
[33] Lotchin, *Fortress California*; De Lara, *Inland Shift,* pp. 116-120. Historian Lizabeth Cohen explores postwar mass consumption, suburban growth, and problematizes notions of an affluent society by drawing attention to race, gender and class in Lizabeth Cohen, *A Consumer's Republic: The Politics of Mass Consumption in Postwar America* (New York: Vintage Books, 2003).
[34] De Lara, *Inland Shift*, pp. 116-120. Far from altruistic, owners and managers sought to blunt class consciousness, preempt union organizing attempts, and earn employee loyalty by offering workers generous pay, benefits, and workplace amenities. Stanford Jacoby explores these aspects of welfare capitalism in three other firms, in Stanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton: Princeton University Press, 1997).

workers were able to secure supervisory positions, Black and Latinx workers were often assigned the dirtiest of jobs at the coke ovens and blast furnaces. Kaiser made overtures to consumers by promising cheap steel for household appliances, houses, and automobiles that would transform suburbia in the postwar economic order.[35] Initially, Kaiser employed 3,000 unionized steel workers when the mill began operations in 1942. By 1960, that number ballooned to 8,000 before peaking at 10,000 at the height of the boom from the Vietnam War.[36]

Other industries also took root in the Inland Empire. In Ontario, cooking iron manufacturer Hotpoint had been in continuous operation since the turn of the century, before it was absorbed by General Electric in 1952.[37] Following this same strategic and defensive logic, some of the region's aerospace firms located their facilities in the Inland Empire. Burbank's Lockheed built its service facilities in an area adjacent to Ontario's newly paved air strips, which had been upgraded by the Works Progress Administration (WPA).[38] In nearby Riverside, Rhor built a commercial jetliner facility which employed 3,300 at the height of its production in

[35] De Lara, *Inland Shift*, pp. 116-120.
[36] Lotchin, *Fortress California,* pp. 165; Ronald Ostrow, "The Southern California Economy: Two Counties with Problems and Solutions," *Los Angeles Times,* August 2, 1962. By 1962, as the article notes, employment fell to 7,600 due to instability in the steel industry. Donna Walters, "How the Former Kaiser Companies Have Fared: Steel: Fontana mill is still operating—but a shell of its former self," *Los Angeles Times,* August 4, 1985.
[37] The Hotpoint/General Electric Collection, 1911-1975, Robert E. Ellingwood Model Colony History Room, Ontario City Library.
[38] The Works Progress Administration paved Ontario's previously dirt airstrips drawing Lockheed to its facilities. "Ontario, California" (Windsor Publishing: Woodland Hills, 1974), in Box 2, Folder 4, Berger Nielsen Collection, 1917-1988. Robert E. Ellingwood Model Colony History Room, Ontario City Library.

1960.[39] Such industrialization created thousands of jobs in a once sparsely populated region. And with employment and industry came housing.

Some developers and homeowners began to view the Inland Empire as a commuter suburb of Los Angeles. Here too, federal policy helped cultivate growth and development in the suburbs. The GI bill of 1944 and the low interest mortgages offered by the Federal Housing Administration (FHA) gave homebuyers the financial incentive and capital necessary to purchase homes. However, these loans perpetuated housing segregation by often denying loans to would be Black or Latinx home owners in predominately white neighborhoods. This also undercut the ability of Black or Latinx families to develop intergenerational wealth through homeownership. The loans, by design, were issued to reify racial segregation patterns underwritten by federal policy.[40] Federal policy also aided what little industry and manufacturing came to the region. After 1952, accelerated depreciation in the tax code gave developers an incentive to build commercial and industrial buildings on speculation by recovering a portion of their initial capital investments within a relatively short amount of time.[41]

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[39] Ronald Ostrow, “Two Counties with Problems – And Solutions,” *Los Angeles Times,* August 2, 1962.
[40] Kenneth Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (Oxford: Oxford University Press, 1985).
[41] Thomas Hanchett, “U.S. Tax Policy and the Shopping Center Boom of the 1950s and 1960s,” *American Historical Review,* vol. 101, no. 4, (October 1996), pp. 1082-1110. The argument that policy facilitated suburban development and sprawl, rather than laissiez faire approach to development, is the overarching argument in *Up Against the Sprawl: Public Policy and the Making of Southern California,* eds. Jennifer Wolch, Manuel Pastor, Jr., and Peter Dreier (Minneapolis: University of Minnesota Press, 2004).

By 1956, the Federal Highway Act set in motion the construction of the San Bernardino freeway.[42] The newly constructed highways and freeways built stronger connections between the Inland Empire, Los Angeles, the Greater West, and the rest of the United States. The freeways helped collapse relative distance and time in ways not dissimilar from the railroads. As land values rose, agricultural interests were more than happy to make a sizable profit by selling their holdings in the Inland Empire and then moved their citrus operations to the San Joaquim Valley, otherwise known as California's Central Valley. In 1962 alone, more than 11,000 acres of orange groves gave way to subdivisions in the Inland Empire.[43] Sprays and chemicals used to ward off insects often wafted into suburban developments and left splotches on their dream homes and new cars.[44] In most cases city officials sided with residents over growers. At this moment, the Inland Empire seemed poised to break from its agricultural past.

Despite the Inland Empire's ballooning population, housing construction outpaced the region's population. The 1940 census counted 161,108 persons in San Bernardino County. By 1950 that total had risen to 281,642. One decade later the population swelled to 503,591 in 1960.[45] The rapid growth remained steady through 1961, when the county added nearly 1,000 new residents each month.[46] Eager

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[42] Scott Bottles, *Los Angeles and the Automobile: The Making of the Modern City* (Berkeley: University of California Press, 1987), pp. 291.
[43] *Los Angeles Times* staff, "San Bernardino County Orange Groves Shrink," *Los Angeles Times,* January 15, 1962.
[44] "Historic Context for the City of Ontario's Citrus Industry," *Galvin Preservation Associates* (February 2007), Robert E. Ellingwood Model Colony History Room, Ontario City Library.
[45] County level data for 1950 and 1960, Historical Census Browser, from the University of Virginia, Geospatial and Statistical Data Center: http://mapserver.lib.virginia.edu/collections/stats/histcensus/index.html (accessed April 2015).
[46] "Southland: San Bernardino Country Population Rises 10,641," *Los Angeles Times,* April 28, 1961.

developers met the demand and actually exceed the region's need. So much so that First Security National Bank vice president Conrad Jamison noted that "the 1963 [housing] volume represented overbuilding."[47] Total housing construction topped one-billion dollars in 1960 and accounted for 94,000 new homes, which outpaced the growing population by roughly tenfold.[48] Overbuilding helped push the region's housing vacancy rates from the normal 3% to roughly 7% by the late 1960s.[49]

BROKEN HOPES AND SHATTERED DREAMS

Though developers met and exceeded the Inland Empire's housing needs, city officials and regional business associations failed to capitalize on their postwar grand designs of making the Inland Empire a place for industry in Southern California. As *Ontario Daily Herald* reported in 1972, "for years it has been expected that industrial and commercial development would be stepped up by the expansion of the Ontario International Airport which has yet to occur, or by the Ontario Motor Speedway which has yet to occur either."[50] Of the 10,000 acres initially zoned for the Ontario Industrial Park in 1950, only 15% was developed by 1970.

These failed attempts to build a significant industrial base caused tensions within the broader business community. Prominent Ontario developer Harold Halldin

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[47] Bob Diebold, "Brighter Outlook Seen for Housing Industry: Economists and Financers Predict More Action for the Building Field by Mid-Year," *Los Angeles Times,* January 15, 1967.
[48] "San Bernardino Tops Billion in Construction," *Los Angeles Times,* January 31, 1960.
[49] Bob Diebold, "Brighter Outlook Seen for Housing Industry: Economists and Financers Predict More Action for the Building Field by Mid-Year," *Los Angeles Times,* January 15, 1967.
[50] Dick Cooper, "Expo '81 Expected to Generate Land Boom Near OMS," *The Daily Report,* May 23, 1976, in Box 2, Folder 4, Berger Nielsen Collection, 1917-1988. Robert E. Ellingwood Model Colony History Room, Ontario City Library.

accused Berger Nielsen and the Ontario Chamber of Commerce of “not doing enough” to attract investment. [51] Ronald Ostrow of the *Los Angeles Times* noted that “both counties [San Bernardino and Riverside] lean heavily on manufacturing employment on too few large manufacturers.”[52] Faced with this failure to attract manufacturing and industrial investment, some Inland Empire cities attempted to diversify their economic base.

Tourism and entertainment was one gambit and Ontario built a huge motor speedway to these ends. Opened in 1970 and dubbed the ‘Indy of the West,’ the bond-financed race track folded in ten short years after meager attendance and a lack of interest in racing. “Truthfully, the track was in trouble before it even got started," admitted former publicity director Brian Tracy. "It was built with a $25 million bond package that was founded on a feasibility study that was way overinflated. The track was overbuilt based on crowd estimates that were much too ambitious, there were estimated television rights fees in there that were so large they wouldn't be matched until well into the 1990s. The original ownership group had to make a pair of $1 million payments each year as part of the agreement. In 1971 that was a hell of a lot of money."[53] Built to handle crowds of nearly 200,000, the inaugural race in 1971 had over 170,000 attendees.

[51] “Growth of the Industrial Park is Under Attack,” *The Daily Report,* July 10, 1972, in Box 2, Folder 4, Berger Nielsen Collection, 1917-1988. Robert E. Ellingwood Model Colony History Room, Ontario City Library.
[52] Ronald Ostrow, “Two Counties with Problems – And Solutions,” *Los Angeles Times,* August 2, 1962.
[53] Ryan McGee, “Is speedway another boulevard of broken dreams in California? Ontario Speedway died a slow death in the 1970s despite a who's who winner's list,” *ESPN Magazine,* February 23, 2008.

However, the track offered more than just racing. In April 1974, the track hosted the California Jam with roughly 200,000 attendees who packed the track to see Rare Earth; Earth, Wind and Fire; the Eagles; Jackson Browne; Seals and Croft; Black Oak Arkansas; Black Sabbath and coheadliners Deep Purple and Emerson, Lake and Palmer. Traffic backed up 13 miles on both the 10 and 60 freeways after the 42,000-car lot filled, leading many people to park in the nearby vineyards and vacant lots. The 1978 follow-up, California Jam II, drew a crowd of 300,000 to see Aerosmith; Foreigner; Heart; Mahogany Rush; Dave Mason; Ted Nugent; Rubicon; Santana; Bob Welch; and Stevie Nicks and Mick Fleetwood of Fleetwood Mac.[54] However, by 1980, NASCAR attendance plunged to an average of only 15,000. The unprofitable track was then sold off to the Chevron Development Corporation.[55] "There is no real decision as of yet," noted Dick Miescke vice president of the southern division of Chevron, "but our ultimate plan is probably to raze the facility. It has proven to be totally uneconomic as a raceway."[56]

After decades of failure to build a significant employment and tax base, Inland Empire cities were also forced to deal with other fiscal constraints in the mid-to-late 1970s. General economic malaise from 1970s stagflation – the unhealthy mix of high inflation and unemployment – combined with the public's general distrust in government following the Vietnam War and the Watergate scandal prompted a political response characterized by anti-statist, anti-regulatory, and anti-tax

[54] Dave Allen, "California Jam Festival Rocked Ontario in 1974," *Daily Bulletin,* April 4, 2014.
[55] City of Ontario Planning Records, 1980, Robert E. Ellingwood Model Colony History Room, Ontario City Library.
[56] Associated Press, "Ontario Speedway Sold," *The Sumter Daily Item,* December 18, 1980.

measures. In California, these conditions helped create the political environment for voters to approve Proposition 13 in 1978.[57]

Proposition 13 had dramatic effects on property value and taxation. Proposition 13 set the property values at their 1975 assessment value, fixed the property tax intake at 1%, and limited the increase of property value to 2%. While the overall effect achieved a cap on homeowner's property taxes, as those who mobilized behind the measure had wanted, Proposition 13 also provided a huge windfall for business. Businesses saved an estimated $2.9 billion annually, compared to homeowners' annual savings of $2.1 billion.[58] The assumption was that most business would reinvest this windfall.

Then governor Jerry Brown stated that businesses were "morally obligated" to reinvest savings in their labor pool and investments generally to create a more "buoyant economy." But property tax savings did not trickle down. For some municipalities in the Inland Empire, Proposition 13 exacerbated a difficult economic situation left by a decade of stagnation, housing overstock, and failure to attract significant industrial development.[59] The decrease in tax revenues drove cities to

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[57] Lisa McGirr, *Suburban Warriors: The Origins of the American Right* (Princeton: Princeton University Press, 2001), pp. 238-239. For a counterpoint, historian Josh Mounds situates tax limiting measures as an outgrowth of the Kennedy-Johnson tax cuts on upper income brackets and argues that the tax revolts of the late 1970s, early 1980s were in response to loopholes utilized by the wealthy for tax avoidance. Refer to Josh Mound, "Stirrings of Revolt: Regressive Levies, the Pocketbook Squeeze, and the 1960s Roots of the 1970s Tax Revolt," *Journal of Policy History*, vol 32, issue 2 (April 2020), pp. 105-150.
[58] Stephen Sansweet, "Business Bonanza: Companies' Big Savings from Proposition 13 is Slow to Reach Public," *Wall Street Journal,* February 13, 1979.
[59] Ibid.

rebuild their tax base, what some scholars termed “the fiscalization of land use.”[60] Deindustrialization and the Federal Reserve’s 1979 decision to allow interest rates to soar to induce recession only made this difficult situation worse.

Fontana’s Kaiser Steel, like other steel mills in the United States, failed to remain competitive in the face of international competition. The vice president of operations at Kaiser Barney Dagen noted that “Kaiser feels the same pinch plaguing the rest of the nation’s steel makers—a severe slump in demand, worsened by traditional summer slack.”[61] In 1978, Kaiser embarked on an ambitious $278 million modernization project, which featured the cutting-edge No. 2 basic oxygen process and caster plant in an effort to remain competitive with Japanese and German producers.[62] But this ill-fated attempt ultimately proved unsuccessful. By 1980, Chairman Edgar F. Kaiser Jr. proposed a plan to divest Kaiser from steel altogether and close its Fontana mill by 1983.[63] Though new investors purchased the facilities and kept the mill running until 1989, the mill only employed a skeletal crew of 700, a far cry from the 10,000 steel workers the facility employed at its height.[64]

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[60] Dean J. Misczynski, “The Fiscalization of Land Use,” in *California Policy Choices,* eds. John J. Kirlin & Donald R. Winkler (Sacramento: School of Public Administration, University of Southern California, 1986).

[61] Ronald Ostrow, “Two Counties with Problems – And Solutions,” *Los Angeles Times,* August 2, 1962.

[62] De Lara, *Inland Shift,* pp. 18-19. See also Stein, *Running Steel, Running America*, especially Chapter 8, U.S. Foreign and Domestic Policy in Steel: Creation of Conflict, 1945-1974.

[63] Donna Walters, “How the Former Kaiser Companies Have Fared: Steel: Fontana mill is still operating—but a shell of its former self,” *Los Angeles Times,* August 4, 1985. See also Stein, *Running Steel, Running America,* for a nuanced view of the competitive pressures facing the steel industry.

[64] Donna Walters, “How the Former Kaiser Companies Have Fared: Steel: Fontana mill is still operating—but a shell of its former self,” *Los Angeles Times,* August 4, 1985.

By the 1990s, the Chinese state-owned steel firm Shougang purchased the failing mill, dismantled the blast furnaces and cauldrons, loaded the parts onto the *Atlantic Queen* at the port of Los Angeles, shipped the deconstructed parts of the mill overseas, and rebuilt the mill as part of an addition to an existing steel mill in an industrial area outside of Beijing. Kaiser steel was one of sixteen mills in the United States and other industrialized countries that Chinese firms purchased, dismantled, and reassembled in China in the 1980s and 1990s as part of their goal to reach 100 million tons of steel per year by 2000.[65]

Foreign competition also placed pressure on other manufacturers in the Inland Empire. In a somewhat desperate move after a downturn in commercial airliner construction, Rhor diversified its operations to include the manufacture of prefabricated homes.[66] General Electric closed the doors on their Ontario Hotpoint facility in 1982 after consumer tastes shifted from Hotpoint's metal cooking irons to less expensive plastic versions produced largely in Mexico and Brazil.[67] The Hotpoint plant closure put its nearly 1,000 unionized workers out of work. This stagnation, decline, and slow decay transformed the Inland Empire into to what author and social critic Mike Davis described as a 'Junkyard of Dreams.'[68]

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[65] De Lara, *Inland Shift*, pp. 14-21.
[66] Ronald Ostrow, "Two Counties with Problems – And Solutions," *Los Angeles Times,* August 2, 1962.
[67] "G.E. Plans to Shut Down Flat-Iron Plant," *New York Times,* July 23, 1981; Alison Givens, "Fighting Shutdowns in Sunny California," *Labor Research Review,* Vol. 1, No 3, (1984).
[68] Mike Davis, *City of Quartz: Excavating the Future in Los Angeles* (London: Verso, 1990).

While the late 1970s and early 1980s represented stagnation and decline, the state of desperation set the stage for the Inland Empire to emerge as something new. To rebuild their diminished tax bases and bring much need employment to the region, boosters, developers, and real estate consultancy firms, among others, took an active role in transforming the region into Southern California's premiere region for warehouses and distribution centers. City managers, planners, and other municipal officials made creative create use of policy, entered into equity sharing arrangements, and created a developer friendly environment for this transformation to take place in the Inland Empire.

Perhaps a bellwether of these larger shifts, retail giant K-Mart built a one-million square foot warehouse on a 94-acre site purchased from Southern Pacific Industrial Development (SPID) in Ontario, California – the heart of the Inland Empire's West End in 1979.[69] K-Mart ultimately decided to locate their warehouse and distribution facility in SPID's newly developed sprawling 320-acre project, which was built in conjunction with the city of Ontario's Redevelopment Agency.[70] For K-Mart, the Inland Empire location proved to be ideal largely because of the comparatively low land costs and the region's dense transportation connections.

K-Mart's new facility served as a distribution hub for the retailer's imported merchandise, which passed through the twin ports of Los Angeles and Long Beach,

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[69] *Los Angeles Times* staff, "Warehouse to be one of the largest in southland," *Los Angeles Times,* June 10, 1979.
[70] Ibid.

and ultimately supplied stores in Southern California, Southern Nevada, and Arizona.[71] Reflecting on K-Mart's decision to build their warehousing and distribution center in Ontario, Bill Fergot, then general manager of K-Mart's distribution center, noted that the Inland Empire site was "just the right location for servicing the stores we do service…We have good rail access. The 10 freeway goes east and west into Arizona and cross country. The 15 freeway takes us into San Diego and up to the Las Vegas area."[72] Several developers and firms followed suit.

In early 1980, Jim Fullmer, vice president of his family's construction firm, built a large warehouse - distribution center on speculation in the Inland Empire. "Our activity in central San Bernardino Valley is indicative of the growth really just now getting underway in an area predicted to be the fasting growing in the Southland for the next three to five years," Fullmer noted.[73] "With land in Los Angeles totally outpriced and with the in-fill and redevelopment soaking up what little space remains [in Los Angeles's South Bay], industrial users are moving out from the [Los Angeles] basin to find less expensive land near good, affordably priced housing in communities where the labor force is available or willing to relocate."[74] Later that same year, developers broke ground on the nearby Chino Commerce Center – a 30-acre master-planned industrial park located seven miles south of the

[71] *Los Angeles Times* staff, "Warehouse to be one of the largest in southland," *Los Angeles Times,* June 10, 1979.
[72] P.G. Torrez, ""West End enjoying distribution center boom," *San Bernardino Sun,* December 7, 1987.
[73] *Los Angeles Times* staff, "Contractor named for multi-center," *Los Angeles Times,* February 2, 1980.
[74] Ibid.

Ontario International Airport. The project, also built on speculation, included several warehouses and distribution facilities for future tenants.[75]

For some developers, the blank slate of undeveloped or underdeveloped land in the Inland Empire was ideal for this style of comprehensive large-scale developments. “This city [Rancho Cucamonga] has a tremendous potential for industrial growth,” remarked Jeff Sceranka, an employee of the Lucas Land Company and chairman of the Rancho Cucamonga Chamber of Commerce Industrial Committee.[76] Recalling past failed attempts to attract a significant industrial base to the region, Sceranka noted that “the idea of turning the southern half of the town into a major industrial development has been around for at least 30 years and half of the area has been zoned for industry for about that long.”[77]

But this failure to develop land for decades not only meant that prices were rock bottom, it meant pro-growth cities in the Inland Empire were more amenable to a variety of projects in an effort to build their tax base. “We can’t stay rural,” remarked Sceranka, “we need the tax base of an industrial development so we can be self-sufficient.”[78] Sceranka was hardly alone in his views. Several developers, investors, and financiers alike predicted that the Inland Empire would become the center for warehousing and distribution for Southern California by the end of the 1980s.

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[75] *Los Angeles Times* staff, “Site work is under way on warehouse facility,” *Los Angeles Times,* March 15, 1980.
[76] *San Bernardino Sun* staff, “Group envisions city as a large industrial center,” *San Bernardino Sun,* May 13, 1980.
[77] Ibid.
[78] Ibid.

A 1981 economic analysis of Southern California by Security Pacific National Bank forecast that the Inland Empire would become “a transportation and warehouse center” within the decade.[79] Aside from the region’s inexpensive, plentiful land, the Inland Empire’s “proximity to the Los Angeles metropolitan region and its concentration of multiple freight carriers, including railroads, trucking, and air freight operations, make the county a favorable location for warehousing and distribution facilities.”[80] The bank’s prediction ultimately proved quite accurate when several developers built warehouse and distribution facilities on speculation in the early-to-mid 1980s. Kent Hindes of Cushman Wakefield estimated that roughly 60% of warehouses and distribution centers are built without a tenant lined up.[81] But the gamble paid off as most of these developments did not stay vacant for long.

As part of Dayton-Hudson’s $2.4 billion expansion in the Southwest in 1982, the retailer ultimately decided to locate their distribution center in Rancho Cucamonga to serve their Target stores.[82] Target leased the warehouse from developers O’Donnell, Brigham, & Partners, which was located in their mammoth Rancho Cucamonga Business Center.[83] Once Dayton-Hudson had signed the lease and to meet growing demand, O’Donnell, Brigham, & Partners expanded the park by

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[79] Rick Burnham, “Transportation, warehousing to play key role in area employment,” *San Bernardino Sun,* September 27, 1981.
[80] Ibid.
[81] Bonacich & Wilson, *Getting the Goods*, pp. 149.
[82] *San Bernardino Sun* staff, “Dayton-Hudson plans $2.4 billion expansion,” *San Bernardino Sun,* October 7, 1982.
[83] Ibid.

an additional 75 acres in 1983.[84] When completed, the $5 million dollar industrial park boasted two million square feet for warehousing and distribution.[85]

Despite this flurry of development, some retailers and manufacturers still located their warehousing facilities in Los Angeles's South Bay. When Japanese electronics giant Sony decided to lease a warehousing facility to distribute their imported television sets in 1982, they chose Los Angeles's South Bay. Long the industrial heartland of Southern California, the South Bay offered a prime location within the Los Angeles Basin, close proximity to the twin ports of Los Angeles and Long Beach, and freeway and highway access to other points in Southern California. But land was not cheap, costing two to three times the cost of comparable sites in the Inland Empire.[86]

Daniel Merritt, Senior consultant at the Goodglick Company, noted that a combination of aerospace, electronics, and foreign firms largely priced out and displaced much of the South Bay's warehousing and distribution facilities which more often than not moved east to Inland Empire cities such as Ontario, Rancho Cucamonga, or Fontana.[87] Moreover, innovations in warehousing and distribution meant that firms needed more space than could be offered in the tight confines of the South Bay.

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[84] *Los Angeles Times* staff, "Rancho Cucamonga area gains in industrial land," *Los Angeles Times,* November 6, 1983.
[85] Ibid.
[86] Bettye Miller, "As population rises, county seeks to attract job-providing industry," *San Bernardino Sun,* February 26, 1988.
[87] Ibid.

The Inland Empire's ties to the ports of Los Angeles and Long Beach further solidified in the early 1980s with an ambitious Foreign Trade Zone project in Ontario. In 1982, the city of Long Beach and its harbor commission created Foreign Trade Zone 50 through the Department of Commerce for $50 million in hopes of attracting light, value-added manufacturing and repackaging that could help importers avoid high tariffs.[88] A Foreign Trade Zone acts as an international territory for trade purposes. Once any given item, be it a good, part, or component enters a zone it is only subject to tariffs and fees when it leaves the zone as a finished product. But space constraints in the South Bay, coupled with the comparatively expensive land, meant that the zone had to be located elsewhere. "There isn't any inexpensive land available here," noted port traffic manager Michael Powers. "We would like to put it in Long Beach, but the zone [in Ontario] is for the entire Southern California basin."[89]

Though a somewhat novel proposition in 1982, the Ontario Foreign Trade Zone would serve as a model for others that followed. For example, by 1984 nearly every major auto manufacturer had an assembly plant in a designated subzone. This allowed an auto manufacturer to source less expensive parts internationally and have the final product, rather than the part or parts, subject to tariffs.[90] The 1,350-

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[88] David Einstein, "Enlarged Trade Zone Weighed: L.B. Port Plans Extension on 1,350 Acres in Ontario," *Los Angeles Times,* June 3, 1984; David Einstein, "Ontario Land Sought for Trade Zone: Proposed 1,350 Acres Would Allow for Duty Restrictions," *Los Angeles Times,* June 10, 1984; "Inland 'Port' Launches Phase II: Center is Part of Long Beach Foreign Trade Zone," *Los Angeles Times,* October 20, 1985.

[89] David Einstein, "Ontario Land Sought for Trade Zone: Proposed 1,350 Acres Would Allow for Duty Restrictions," *Los Angeles Times,* June 10, 1984.

[90] David Einstein, "Ontario Land Sought for Trade Zone: Proposed 1,350 Acres Would Allow for Duty Restrictions," *Los Angeles Times,* June 10, 1984; Thomas Sugrue details how small tool and die manufacturers first moved to outer lily-white suburbs in the 1950s and 1960s, following the pattern of migration of auto plants. In Sugrue, *Origins of the Urban Crisis,* pp. 140-41. Later, with the extension of Greater Detroit's Foreign Trade Zone, automobile manufacturers moved to internationally sourced

acre Foreign Trade Zone in Ontario – a space larger than the cities of Hermosa Beach, Lawndale, or Artesia – designated nearly 60 million square feet as a subzone.[91] This ample amount of space allowed multiple light assembly facilities, warehouses, and distribution centers to be built within the zone. Aside from the benefits from its designation as a Foreign Trade Zone, the Ontario Commerce Center, located entirely within the zone, offered industrial space for an average of $3.50 per square foot. This made Inland Empire sites attractive when compared to $7 to $15 per square foot near Orange County's John Wayne Airport and $25 to $30 per square foot for land near Los Angeles International Airport.[92]

This flood of speculative warehouse and distribution center construction in the Inland Empire in the late 1970s and early 1980s was a bit peculiar given the recession and the unusually high interest rates during this period. Higher interest rates typically lead to constricted credit, which normally slow investment and development. But, the construction boom in the Inland Empire in the early 1980s shows just how constricted land supply had become in the rest of Southern California and highlights how successful the Inland Empire's combination of low land cost, transportation connections, and pro-growth cities was at attracting developers. By 1983, the recession had subsided and interest rates had dropped from their

parts. Greater Detroit Foreign Trade Zone, Inc. http://www.gdftz.com/what_is_it/ (accessed July 2014).

[91] David Einstein, "Ontario Land Sought for Trade Zone: Proposed 1,350 Acres Would Allow for Duty Restrictions," *Los Angeles Times,* June 10, 1984.

[92] "Inland 'Port' Launches Phase II: Center is Part of Long Beach Foreign Trade Zone," *Los Angeles Times,* October 20, 1985.

atypical heights, from late 1970s and early 1980s, thus created easy credit and a massive Inland Empire construction frenzy in the mid-to-late 1980s.[93]

However, it was during this period, first of recession and then of land boom, that Ontario Industrial Partners broke ground on the California Commerce Center, a massive 1,350-acre development in Ontario.[94] Rick Burnham of the *San Bernardino Sun* noted that by 1981 major ‘land bankers’ purchased most of the land zoned industrial and commercial in the Inland Empire. With over 18,000 acres zoned for industrial and commercial uses in the West End cities of Ontario, Rancho Cucamonga, and Fontana, there was plenty of land set aside for warehouse and distribution center construction. Aside from inexpensive land and the dense network of freeways, highways, and rail lines, Burnham noted that the Inland Empire’s labor force – cheap, non-union, and some undocumented – also played a part in the Inland Empire boom.[95]

Even beleaguered steel manufacture Kaiser ventured into speculative warehouse and distribution center development. After posting a $24 million loss in 1983, Kaiser Chairman Stephen Girard took steps to identify and sell off some of its surplus assets.[96] That task fell to Kaiser Steel Properties Inc., a wholly owned

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[93] Rick Burnham, “Developers feel this may be the year: lower interest rates hinting at land boom in S.B. County,” *San Bernardino Sun,* June 2, 1983. For the broader effect of the Federal Reserve’s interest rate manipulation through the money supply in the late 1970s, the Volcker shock of 1979, and the recession that followed, refer to Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010), pp 227-237; Daniel Rodgers, *Age of Fracture* (Cambridge: Belknap/Harvard, 2011), pp. 54-55; Panitch & Gindin, *The Making of Global Capitalism*, pp. 167-169.
[94] 1,350 acres is just over two square miles in area.
[95] Rick Burnham, “Developers feel this may be the year: lower interest rates hinting at land boom in S.B. County,” *San Bernardino Sun,* June 2, 1983.
[96] Rick Burnham, “Kaiser Steel takes first legal step toward industrial park,” *San Bernardino Sun,* January 7, 1983.

subsidiary which Kaiser formed in 1979 to manage, lease, and sell some if its substantial holdings.[97] To that end, Kaiser began development on the 210-acre Sierra Industrial Park on part of their 1,000-acre holding located just outside Fontana in 1983. Girard noted that their "Fontana location is zoned for manufacturing and warehouse use and has excellent access to freeways [and] rail transportation."[98] Like other landowners, Kaiser was also able to offer land for light industrial uses, such as warehousing, for a fraction of the cost of comparable plots in Los Angeles's South Bay.

In 1983, the Messenger Investment Company began construction on the $28 million 300-acre Rancho Cucamonga Business Park.[99] Noting a shift in distribution and logistics Jeff Gordon, project manager for the Messenger Investment Company, remarked "with spiraling land costs in Orange County and close-in areas of Los Angeles County and rapidly increasing dealer networks in outlying areas, it makes more sense today for companies to locate in outlying areas like Rancho Cucamonga and feed their products inward as opposed to distributing outward in an inefficient circular fashion."[100] Developer O'Donnell, Bringham, & Partners followed this logic when they built three warehouse and distribution centers on speculation in the Rancho Cucamonga Business Park in 1985, a joint venture with Metropolitan Life

[97] Rick Burnham, "Kaiser Steel takes first legal step toward industrial park," *San Bernardino Sun,* January 7, 1983.
[98] Ibid.
[99] Elizabeth Christian, "Rail-served business park to be handy to L.A., Orange Counties," *Los Angeles Times,* June 3, 1983.
[100] Ibid.

Insurance.[101] This kind of arrangements between a developer and fund or investor was hardly atypical.

Developers do not always finance projects themselves when building on speculation. Moreover, investors often seek out real estate projects as investments. In these partnerships, developers enter into arrangements with large investors to ultimately fund their projects and share returns on their joint investment. Once a project was leased, the fund and the developer would receive regular returns on their investment. “Within the last six months, pension funds have begun to think about investing in warehouses,” noted Anthony J. Pierson, director of investment research at Aetna Realty Investors.[102] “Pension funds are doing economic analysis” Pierson observed and noted that the combination of “strong retail growth and expanding Pacific-Rim trade will increase demand for warehouse space.”[103]

In the Inland Empire, arrangements between developer and a private equity fund were common. The Rancho Cucamonga Business Center, built in 1985, received funding from Aetna Life & Casualty Company.[104] Developer Leed Ontario partnered with the Teachers’ Retirement System of Illinois to build the largest warehouse facility in the California Commerce Center at over 500,000 square

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[101] Russ Stanton, “O’Donnell to build three more warehouses,” *San Bernardino Sun,* July 7, 1985.
[102] Mark McCain, “Commercial Property: Warehouses; an ‘ugly duckling’ starts to get investors’ respect,” *New York Times,* November 1, 1987.
[103] Ibid.
[104] *Los Angeles Times* staff, “Industrial complexes: Mervyn’s leases space in Cucamonga Center,” *Los Angeles Times,* October 27, 1985.

feet.[105] O'Donnell, Bringham & Partners would ultimately complete the business park when they added three additional warehouses built on speculation for $4 million.[106]

Public-Private Partnerships

By the mid-1980s, the city of Fontana turned to ambitious redevelopment projects, many centered on warehousing and distribution. "Fontana is much more than Kaiser Steel and high winds on the San Bernardino Freeway," remarked Neil Stone development agency director for Fontana. "It has a 14 square mile redevelopment area — the largest single redevelopment area in California — and is involved in true joint-venture partnerships with several developers. We're pioneers in new relationships between cities and developers that have developed since Proposition 13."[107] Twenty-one out of the thirty-four square miles of Fontana's undeveloped land fell under the jurisdiction of the Stone's redevelopment authority.[108]

Though redevelopment programs were initially intended to revitalize urban slums and lift the poor out of poverty, several suburban cities, such as Fontana, broadly interpreted what could be considered a blighted area in order to create a

[105] *San Bernardino Sun* staff, "Industrial: land bought by partnership," *San Bernardino Sun,* December 29, 1987.
[106] Russ Stanton, "Black & Decker to open warehouse in Rancho Cucamonga," *San Bernardino Sun,* August 10, 1985; Russ Stanton, "O'Donnell to build three more warehouses," *San Bernardino Sun,* July 7, 1985.
[107] David Kinchen, "Development-Wise Fontana Yearns for Respect: city looks to bright future with cash flow from revitalization projects," *Los Angeles Times,* September 1, 1985.
[108] Ibid.

development friendly environment in their undeveloped or underdeveloped areas.[109] This meant unused or underused ranches, abandoned citrus groves, and otherwise idle land. According to redevelopment policy in California, blight is interpreted as areas that placed a "serious physical, social, or economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone."[110]

There were significant financial incentives to use redevelopment policy in this fashion. "As soon as a redevelopment area is designated," Ken Emmanuels legislative director for the League of California Cities explained, "the amount of property taxes the area generates to support traditional government services is frozen. As the property is upgraded and new construction gets underway, all additional taxes from the property's higher value—called the tax increment—are diverted to the redevelopment agency to finance subsidies or begin new projects."[111] Often tax revenue generated from the redevelopment authority would go towards bonds used to finance various projects within the redevelopment zone.

Several municipalities, urban and suburban alike, made use of redevelopment policy to court developers and rebuild their tax base, which had been constrained by the limitations imposed by Proposition 13. This in turn allowed the redevelopment

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[109] "History of Redevelopment in California," Los Angeles County, http://redevelopmentdissolution.lacounty.gov/wps/portal/rdd (accessed June 2014); Michael Darida, "Subsidizing Redevelopment in California," *Public Policy Institute of California* (January 1998). For the history of federal redevelopment policy, refer to Alice O'Connor, "Swimming against the Tide: A Brief History of Federal Policies in Poor Communities," *Urban Problems and Community Redevelopment,* eds. Ronald Ferguson & William Dickins (Washington: The Brookings Institute, 1999).
[110] David Kinchen, "Developer's Message: Honk if You Love Colton!: Colton Development Blossom," *Los Angeles Times,* August 12, 1979.
[111] Ibid.

authority to reinvest those tax dollars back into development. Emmanuels admitted "we basically had one substantial tool left [after Proposition 13] and we started to use it [redevelopment policy] in a lot of areas that were never envisioned."[112] "Newcomers to California may find it difficult to understand," noted attorney and developer Tom Villelli, "but redevelopment projects are a common way to finance new projects on land that bears no resemblance to traditional urban renewal areas."[113]

According to *Los Angeles Times* reporter David Kinchen, what made Fontana's use of redevelopment policy "unusual, if not unique" at the time was the equity sharing arrangements between the city and developers.[114] "In the post-Proposition 13 era, it makes more sense to share in equity and cash flow from large developments than to rely on property tax revenue," Neil Stone remarked. "While Fontana considers that it is important to provide incentives to the private sector in order to receive tax revenue, the city only considers itself a real partner when it works together with the private sector to create a new development in which both partners receive equity and cash flow."[115] In Fontana's West End Redevelopment Area, for example, the city provided the developer BD Investors with 50% of capital and in return received 25% of the cash flow and 25% of the equity.[116] This

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[112] Leo Wolinsky, "Cities Fatten Budgets on Redevelopment Law: act meant to aid poverty areas now used as a growth tool to get new revenue, subsidize growth," *Los Angeles Times,* September 23, 1984.
[113] David Kinchen, "Developer's Message: Honk if You Love Colton!: Colton Development Blossom," *Los Angeles Times,* August 12, 1979.
[114] David Kinchen, "Development-Wise Fontana Yearns for Respect: city looks to bright future with cash flow from revitalization projects," *Los Angeles Times,* September 1, 1985.
[115] Ibid
[116] Ibid.

arrangement, Stone noted, was common practice for Fontana and would become a model for other cities in public-private partnerships.

In a similar redevelopment project, Fontana secured tax-exempt bonds underwritten by the New York based securities firm Thomson McKinnon Securities, Inc. to finance a private development. This enabled the city to pass on capital to the developer at 3% to 4% lower interest than they would normally be able to secure on their own.[117] The Fontana Redevelopment Agency also assisted Tulsa based developer Realvest Incorporated when they built the Sierra Gateway Commerce Center in 1987.[118] “We don’t believe in playing games with reputable builders” stated Fontana Mayor Nathan Simon. “We tell them to bring their plans and we’ll give tentative approval in a couple weeks...this is part of our fast-track approach to quality development.”[119] These arrangements of equity sharing, financing, and accommodation that cities and developers experimented with in the 1980s would become standard practice for pro-growth cities in subsequent decades.

Several cities in the Inland Empire also offered favorable terms for developers. “The success or failure of a developer today is closely tied to how well a developer can model his or her program for development into the ability of the local government to provide services” noted Dan Hayes, principle of The Hays Company.[120] “In fact, we believe that the area of entitlements and government

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[117] Ibid.
[118] *San Bernardino* staff, “Ground Broken on Business Park,” *San Bernardino Sun,* March 18, 1988.
[119] David Kinchen, “Development-Wise Fontana Yearns for Respect: city looks to bright future with cash flow from revitalization projects,” *Los Angeles Times,* September 1, 1985.
[120] *Los Angeles Times* staff, “Developer-consultant partnership formed for commercial project,” *Los Angeles Times,* June 4, 1989.

relations is the single most important process facing developers in today's marketplace."[121] Aside from Fontana, several other Inland Empire cities also took a firm pro-growth position and catered to developers. "While many other cities are wrapped up in slow-growth movements, Corona is actively seeking new companies to invest in the community," noted George Guayante, head of Corona's Economic Development Program.[122] To that end, Corona set aside 75% of its buildable land for industrial use, which more often than not took the form of 'light industrial' for warehousing and distribution or value-added manufacturing.[123]

At times, a developer's projects could be entirely contingent upon entitlements they secured from cities. Fontana lost a warehouse project from toy retailer Child World that ultimately decided on Ontario after Fontana rejected their demand for a $900,000 subsidy.[124] "We do not subsidize distribution centers because they are not sales tax generators" remarked John O'Sullivan, Fontana's city manager. For retail, however, cities often competed for developments with the promise of large sales tax revenues. When Wal-Mart expanded into Southern California, San Bernardino, Colton, Fontana, and Rialto all competed for the project. Rialto's Mayor John Longville went as far as to offer the retail giant a portion of sales

[121] *Los Angeles Times* staff, "Developer-consultant partnership formed for commercial project," *Los Angeles Times,* June 4, 1989.
[122] David Kinchen, "Corona, with industry influx, favors growth," *Los Angeles Times,* February 2, 1989.
[123] Ibid.
[124] Graham Witherall, "Ontario may get warehouse Fontana lost," *San Bernardino Sun,* February 9, 1990.

tax revenues. “It’s revenue we wouldn’t otherwise get unless they came in. It works out very well,” Longville noted.[125]

By 1985, the Inland Empire cities of Ontario, Rancho Cucamonga, and Fontana boasted millions square feet of warehousing space, mostly built on speculation.[126] “People are finally figuring out that this area has enormous growth potential, that it will be the Orange County of the 1980s,” remarked Tim Steinhaus Assistant Redevelopment Director for Ontario.[127] “They are seeing that we have it all: housing, inexpensive land and a transportation system that is the best in Southern California.”[128] A report by Grubb & Ellis Commercial Brokerage Services noted that by 1985, the Inland Empire’s West End cities had over twenty-two million square feet of industrial space, much of it classed as light industrial, mostly comprised of warehouses and distribution centers.[129] Of that twenty-two million, ten percent was built between 1984 and 1985 and another one million was under construction in 1985. A report by realty firm Cushman & Wakefield came to similar conclusions.[130] Real estate consultancy firms would often help match prospective warehouse and distribution center tenants with available spaces that would meet the user’s needs.

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[125] Graham Witherall, “Ontario may get warehouse Fontana lost,” *San Bernardino Sun,* February 9, 1990.
[126] James Specht, “Cheaper land turns the West End into a boom town,” *San Bernardino Sun,* January 6, 1985.
[127] Ibid.
[128] Ibid.
[129] Russ Stanton, “O’Donnell to build three more warehouses,” *San Bernardino Sun,* July 7, 1985.
[130] Ibid.

This is not entirely surprising given that by the mid-1980s warehouses and distribution centers became one of the more profitable sectors of development. The National Council of Real Estate Investment Fiduciaries reported that by the third quarter of 1987, warehouses and distribution centers outpaced the profitability of every other type of property.[131] Watson Land Company, the largest industrial development company in Los Angeles County, reported $20 million in revenue and several million dollars in profit in 1986, the bulk of which they made in warehouse projects.[132] "The only reason people are building office buildings today is for their own ego. The market is terrible," quipped William Hudson, chairman and executive of Watson Land Company.[133] The promise of steady and sizable profits helped drive the Inland Empire's warehouse and distribution center building boom of the 1980s.

By the mid-to-late 1980s, large scale development ate up the Inland Empire's citrus groves, ranch land, and rural agricultural past. Once one of the largest wine producing regions of California, the city of Rancho Cucamonga saw most of its vineyards replaced by housing tracts, retail outlets, and warehouses during the 1980s building boom.[134] The town, which incorporated in 1977, had roughly 20,000 acres of vineyards during the height of wine production.[135] By 1985, that acreage dwindled to 5,000.[136] The region's lemon groves faced a similar fate. Rancho

[131] Mark McCain, "Commercial Property: Warehouses; an 'ugly duckling' starts to get investors' respect," *New York Times,* November 1, 1987.
[132] David W. Meyers, "Watson Co. Forgoes Glamour for Profits: company, founded by descendants of pioneers, successful with warehouses," *Los Angeles Times,* November 16, 1986.
[133] Ibid.
[134] William Trombley, "Western Inland Empire: seeking the proper mix," *Los Angeles Times,* August 14, 1985.
[135] Ibid.
[136] Ibid.

Cucamonga city manager Lauren Wasserman put it bluntly: “as the cost of land went up and the prices of lemons went down, it just became economically impossible.”[137]

LoElla Gramlich, assistant vice president for public affairs and research analyst for Security Pacific Bank, noted that “agriculture throughout the state is becoming a problem of profitability. Farmers will continue to grow certain crops as long as it is profitable, or as long as it continues to be profitable to use the land for that purpose.”[138] Similarly, the city of Ontario’s once plentiful cow pastures just to the south of the Ontario International Airport were threatened by development. “I visualize, in time, the cows will slowly disappear,” remarked Robert Jackson, Ontario’s Deputy City Manager and director of development.[139] To avoid that fate, the San Bernardino Board of County Supervisors set aside a 17,000-acre agricultural preserve in 1968 to protect some of the region’s agricultural land from development.[140]

Rather than mourn the passing of agriculture and the loss of the region’s rural character, several Inland Empire cities took a firm pro-growth approach to development both as a means to broaden their tax base and bring much needed employment to the region. This approach materialized in the relationship between city officials and developers. “In the 1970s we were at loggerheads with local

[137] Ibid.
[138] Rick Burnham, “Transportation, warehousing to play a key role in area economy,” *San Bernardino Sun,* September 27, 1981.
[139] William Trombley, “Western Inland Empire: seeking the proper mix,” *Los Angeles Times,* August 14, 1985.
[140] William Trombley, “Western Inland Empire: seeking the proper mix,” *Los Angeles Times,* August 14, 1985; William Trombley, “Demand for housing closes in on domain of dairymen,” *Los Angeles Times,* August 13, 1985.

government," noted Gary Brown, Executive Director of the Building Industry Association's Baldy View chapter. "There were demands for environmental impact statements. There were sewer moratoriums and demands by local water quality groups."[141] According to Brown, the relationship between developer and city fundamentally changed following the property tax limiting Proposition 13.[142] "Now [following Proposition 13] cities realize they need new development in order to finance services."[143] The Building Industry Association held "a lot of influence with our state representatives and county supervisors and now we are working hard to have the same kind of influence with local city councils, school boards, and water districts."[144]

Denis Macheski, planner with the Southern California Association of Governments, stated definitively that "the local attitude in most Inland Empire cities is pro-growth."[145] An unnamed mayor of a city in San Bernardino County interviewed by the *Los Angeles Times* stated bluntly that "the developers run the county."[146] Fontana's Economic Development Manager Byron Steinbaugh noted that "They [developers] want to know they have a cooperative city government – both in elected officials and city staff, and they want fast track service."[147] Hal Clark, Fontana's

[141] William Trombley, "Housing growth leads state: sun never sets on the 'Inland Empire' boom finally arrives in Inland Empire," *Los Angeles Times,* August 11, 1985.
[142] Ibid.
[143] Ibid.
[144] Ibid.
[145] Ibid.
[146] Ibid.
[147] Barbara Deters, "The growth of jobs in Fontana: West End city feels effects of building boom," *San Bernardino Sun,* October 31, 1988.

Planning Commissioner agreed. “It’s important for the city to be proactive, not reactive. If a problem is identified, don’t defend it, solve it.”[148]

When retailer Target built their western distribution center in 1986, they ultimately decided to locate their facilities in Fontana. Don Heide, vice president of distribution for Target noted that the, “site was selected for its fabulous location and very reasonable prices.”[149] Heide went on to say that “the city is perfect for distribution. There are seven major highways that intersect or are adjacent to Fontana. To its west is Southern California’s second busiest international airport…The ports of Los Angeles and Long Beach are within an hour’s drive.”[150]

The 1.4 million square foot facility – the largest single-story building in California at the time – was built to supply Target’s stores in California, Nevada, and Arizona.[151] Heide also noted that the distribution center “is well located to serve our western markets with 12 million customers in the Los Angeles area, the rapid population growth in the southwestern United States and the burgeoning trade with the Pacific Rim, Fontana answered all our needs.”[152] Fontana’s Economic Development Coordinator Byron Steinbaugh remarked that “there’s tremendous interest in the area. We’re in competition with everyone who has dirt to sell.”[153] Once completed, the distribution center handled roughly 14 million cartons of merchandise

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[148] Barbara Deters, “The growth of jobs in Fontana: West End city feels effects of building boom,” *San Bernardino Sun,* October 31, 1988.
[149] Dick Turpin, “Fonana on target with growth plans,” *Los Angeles Times,* June 15, 1986.
[150] Ibid.
[151] Ibid.
[152] Ibid.
[153] P.G. Torrez, “West End enjoying distribution center boom,” *San Bernardino Sun,* December 7, 1987.

annually, all of which was computer tracked and sorted on the facility's 2.5-mile conveyor system.[154]

Reflecting on the state of development and building in the Inland Empire in the 1980s, David Ariss, managing partner of the California Commerce Center, noted that the development of distribution centers in the Inland Empire was a natural progression. "The trend of companies opening distribution centers and warehouses in the [Inland Empire's] West End started as a trickle five years ago and became a real river two years ago with more and more companies realizing they needed bigger tracts of land."[155] Coldwell Banker consultant Len Santoro also noted the broader shift from manufacturing to service in the Inland Empire. "We have really seen our area become more distribution oriented than manufacturing oriented. It is harder to move a manufacturing plant. You don't just pick up and move."[156]

Despite the flurry of warehouse and distribution center construction, the vacancy rate on light industrial properties remained relatively low throughout the 1980s.[157] Kevin McKenna of Coldwell Banker noted that "the Ontario industrial market has absorbed more than 8 million square feet in 1988 and has less than a year's supply of existing space remaining."[158] Industrial construction, which included 'light industrial' uses such as warehousing and distribution, more than doubled

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[154] Dick Turpin, "Fonana on target with growth plans," *Los Angeles Times,* June 15, 1986.
[155] P.G. Torrez, "West End enjoying distribution center boom," *San Bernardino Sun,* December 7, 1987.
[156] Ibid.
[157] *San Bernardino Sun* staff, "Ontario: park attracts tenants," *San Bernardino Sun,* November 17, 1988.
[158] Ibid.

between 1986 and 1987.[159] Sixty-seven permits valued at $29.8 million were issued in 1986 and in 1987 one-hundred fifty-eight permits valued at $47.2 million were issued.[160] Phil Brown, vice president for market research at Cushman & Wakefield noted that "people want to lease in an area near the [Ontario] airport and they want to be near all the other businesses that are developing in the area. Granted, a lot of it is warehouse and distribution space which doesn't generate a lot of jobs, but we're also seeing a lot of service businesses coming in to serve our growing housing market in the area."[161]

This disparity between decent paying jobs and population growth in the Inland Empire only worsened as the 1980s faded into the 1990s.[162] "There has not been too much in good, producing kind of industries and from the long-term point of view" noted Dr. Duane Paul senior economist for Bank of America. "Balanced regional economic growth requires a balanced population and job growth."[163] Many of the jobs that have been created, Paul noted, were in the service-related areas of the economy, such as warehousing, distribution, and transportation.[164] John Jaquess, Director of San Bernardino County's Land Management Department drew conclusions similar to Paul. "We can't continue to absorb residential growth without making a real concerted effort at bringing jobs along," Jaquess noted.[165] Keith

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[159] Bettye Miller, "As population rises, county seeks to attract job-providing industry," *San Bernardino Sun,* February 26, 1988.
[160] Ibid.
[161] Carl Yetzer, "OIA area popular for leasing offices: Ontario vacancy rate lowest in nation," *San Bernardino Sun,* August 12, 1988.
[162] Carl Yetzer, "Area's economy gets 'good news, bad news' review," *San Bernardino Sun,* June 28, 1986.
[163] Ibid.
[164] Ibid.
[165] Bettye Miller, "As population rises, county seeks to attract job-providing industry," *San Bernardino Sun,* February 26, 1988.

Julian, economist for the Southern California Association of Governments, put the problem more bluntly: "the area is housing rich and job poor."[166]

Riverside county supervisor Kay Ceniceros noted that the Inland Empire city and county officials needed to concern themselves with "the social costs of having the jobs and living so divided. It hurts air quality, puts a strain on the transportation system, and weakens the family."[167] "It's nice to have the 'big boxes' [warehouses and large retail centers] but now our concern is to create jobs so we can cut down on the flow of commuters" noted Brent Hunter, manager for the Ontario Chamber of Commerce.[168] "Ontario has always had a pro-growth reputation and still does," Hunter noted. "We need these new jobs. But the town is going through some adjustments. People are asking, 'what is happening to our community?'"[169] "In some ways this is good and in some ways not so good" admitted Robert Jackson, Ontario's deputy city manager and director of development. "They [warehouses] tend to take up a lot of space, but they don't produce much tax revenue and they offer few jobs."[170] Whereas retail establishments generate sales tax revenue, some of which goes to municipalities, warehouses simply produce property taxes on the land and its improvements. This problem of quality employment opportunities afforded to Inland Empire residents persisted throughout the 1990s, 2000s, and 2010s. During this period, the Inland Empire solidified its place as Southern

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[166] William Trombley, "Housing growth leads state: sun never sets on the 'Inland Empire;' boom finally arrives in Inland Empire," *Los Angeles Times,* August 11, 1985.
[167] William Trombley, "Boom area's missing link – jobs: lack of local employment a major problem for Inland Empire," *Los Angeles Times,* August 12, 1985.
[168] Ibid.
[169] William Trombley, "Western Inland Empire: seeking the proper mix," *Los Angeles Times,* August 14, 1985.
[170] Ibid.

California's premiere location for warehouses and distribution centers which grew in a symbiotic relationship with the ports of Los Angeles and Long Beach as they became the main point of entry for goods from the broader Pacific Rim.

PART III
INLAND PORTS, INLAND EMPIRE:
DEVELOPMENT, WAREHOUSING, LOGISTICS IN SOUTHERN CALIFORNIA

CONCLUSION

"I'm still too young to feel like I'm 90 years old," remarked Candice Dixon, a former warehouse worker at an Amazon distribution fulfilment center in Eastvale, California, a city in Southern California's Inland Empire. Dixon worked as a 'stower' in a partially automated warehouse. There, she would stand in one place as automated merchandise racks would come to her. Her job as a stower was to take an item out of several boxes of merchandise from another worker called a 'water spider,' scan the item, place it in the merchandise rack, and then scan the new location of the item. Once the merchandise rack was filled, it would leave, another would replace it, and the process would begin again.[1]

However, the pace of work and the company's expectations and productivity benchmarks results in an alarmingly high rate of on-the-job injuries. Stowers often have to bend down to pick up items, some of which were especially heavy. Dixon was expected to scan more than 300 items an hour to keep pace with her productivity benchmarks. Amazon uses a proprietary software system called ADAPT to measure worker productivity and relays that information to managers. Falling short on productivity goals would result in a write up. Eventually, a critical mass of write ups results in termination. Within only two months of work that grueling pace,

[1] Will Evans, "Ruthless Quotas at Amazon are Maiming Employees," *The Atlantic,* November 25, 2019.

Dixon sustained back injuries that kept her from returning to work – bulging discs, joint inflammation, a back sprain, and chronic pain – that a doctor noted would likely be with her for the rest of her life. “For Amazon…all they care about is getting the job done and getting it out fast and not realizing how it’s affecting us and our bodies,” Dixon remarked.[2]

Tragically, Dixon’s experience is typical. Dixon was one of 422 injuries at that particular Amazon distribution center that year. Eric Guillen worked at an Amazon fulfilment center in San Bernardino, California for five years before quitting due to the unsafe conditions and productivity expectations. “There was a feeling of being expendable,” Guillen noted, “and there’s a lot of pressure to meet rates that are unattainable.” Managers and supervisors would often pressure workers to work faster. “A supervisor would always give us grief about it and post the [productivity] rates on the boards in the break rooms to incentivize us, to push us harder…It creates an unsafe work environment when you’re pushed to the limit.”[3] Unsurprisingly, these dangerous speed-ups result in injuries.

Unfortunately, this pattern of high productivity goals and high rates of injury are hardly limited to Amazon. Neither is the surveillance. The handheld scanners Dixon and Guillen used at Amazon are used widely in the field of warehousing and logistics. In his work at Schneider Logistics Transloading and Distribution, a third-party logistics firm that handles Wal-Mart’s distribution needs in Southern California, sociologist Jason Struna notes that workers were expected to scan 240 items an

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[2] Ibid.

[3] Steve Lopez, “Amazon’s a Beast, Thanks to Us; We keep feeding the monster but now people are beginning to stand up to it,” *Los Angeles Times,* December 4, 2019.

hour. At stand-up meetings at Schneider, managers would set productivity expectations for the day. There, managers would call out top performers or would reprimand the rest of the group for not hitting benchmarks. Managers also would use a technique Struna terms ‘management by stress,’ a strategy that sets unattainable goals to push a worker’s productivity to their limits to determine what can be achieved.[4]

In this way, warehouse workers experience the intensity of the compression of space through time of modern supply chains in the drive for ever increasing productivity goals that push the limits of what is achievable through the body. Intense productivity goals and ‘management by stress’ techniques push workers to the point of breaking by design. The constant churn of employees entering and leaving the industry are a feature, not a bug. The reserve of labor provided through temp agencies not only ensures that there are workers who can fill peak times, this arrangement also provides the industry a steady flow of workers who can enter the industry to perpetually replace unproductive or injured workers are shunted out in an arrangement similar to the shape-up hiring system that was once the norm in longshoring.

While the Inland Empire’s influx of light industry and service work that came with warehouses, distribution centers, malls, and industrial parks did provide some employment to a job-starved region, the quality of the employment opportunities remains questionable. Moreover, warehouses and distribution centers have a large

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[4] Jason Struna, “Handling Globalization: Labor, Capital, and Class in the Globalized Warehouse and Distribution Center,” unpublished dissertation, Sociology, University of California – Riverside, 2015, pp. 135-153.

footprint outsized to their property tax contributions. However, some see the Inland Empire's transformation from a rural hinterland to Southern California's premier location for warehouses and distribution centers as a net positive, especially after decades of stagnation.

Inland Empire economist and regional booster, John Husing, argues warehousing and distribution center work offers a path to a good career. "The whole reason why this sector is important is it's a route to the middle class for people who start out marginally educated, need to get a job, and if they stick with it can move to the middle class" Husing asserts. "All of them [managers] within that sector started on the shop floor."[5] However, not everyone sees the low waged, dangerous work, and precarious employment that comes from warehouses and distribution centers as path to a higher rung on the socio-economic ladder.

Geographer Juan De Lara complicates Husing's picture by examining the finer details within the employment sector. While Husing touts warehousing and distribution center employment as having a mean income of $45,000 annually, De Lara disaggregates this statistic. "When we control for job type and industry, we find that warehouse jobs within logistics pay a median annual income of $22,000 per year," De Lara notes. "Female workers, who account for 33 percent of blue-collar warehouse occupations, earned $19,000, roughly $4,000 less than men."[6] This wage data, De Lara observes, only give a partial picture of employment in this sector

[5] Ryan Hagen, "USC Report Questions Logistics Industry Wages in the Inland Empire," *San Bernardino Sun,* September 27, 2013.
[6] Juan De Lara, "Warehouse Work: Path to the Middle Class or Road to Economic Insecurity?," *USC Program for Environmental and Regional Equity* (September 2013), pp 4.

as the statistics only accounts for employees, not temporary workers. Workers hired through staffing agencies make significantly less. De Lara's report acknowledges this complication and notes that "it is unclear how many of the regions' roughly 30,000 temporary workers are actually employed in local warehouses."[7] A 2009 study from urban planner Deborah Helt found that logistics firms employ anywhere between 33% to 80% of their workforce from temporary workers.[8] Other estimates put this at roughly 40%.[9]

Estimates on employment data suggest that "between 15 percent (4,500) to 30 percent (9,000) of all temp workers are employed in blue-collar warehouse occupations" in Southern California.[10] These workers make significantly less than their direct hire counterparts. "Temp workers-who are hired to do the same jobs and work at least 20 hours per week-earn a median income of $10,067 per year," De Lara reports.[11] These workers on average are only employed roughly 40 weeks per year at less than 30 hours per week.[12] This puts the wage of the typical warehouse worker at approximately ten times less than the average unionized dock worker. Furthermore, warehouse workers are not entitled to the security offered by a

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[7] De Lara, "Warehouse Work." De Lara explores warehouse work in more detail in Juan De Lara, *Inland Shift: Race, Space, and Capital in Southern California* (Berkeley: University of California Press, 2018). Sociologist Jason Struna also explores warehouse work and its role in the global economy in Struna, "Handling Globalization."

[8] Deborah Helt, "Warehousing and Distribution Workers in Southern California," unpublished masters thesis, Urban Planning, University of California – Los Angeles, 2009, pp 3.

[9] Struna, "Handling Globalization," pp. 50-51. A study by Juliann Allison, Joel Herrera, and Ellen Reese explores worker demographics in greater detail in Juliann Allison, Joel Herrera, and Ellen Reese, "Why the City of Ontario Needs to Raise the Minimum Wage: Earnings Among Warehouse Workers in Inland Southern California," Research and Policy Brief, No. 36, UCLA Institute for Research on Labor and Employment (July 2015).

[10] De Lara, "Warehouse Work."

[11] Ibid.

[12] Ibid.

pension, a grievance procedure to resolve workplace disputes, or job security bargained for in a union contract, among other benefits. In spite of their precarious position, workers have fought back against some of the more egregious problems in this sector.

In May 2014, the labor activist group Warehouse Workers United settled a lawsuit against Wal-Mart who, despite contracting their warehousing and distribution services through Schneider Logistics, were considered a co-defendant according to a ruling by Judge Christina A. Snyder of U.S. District Court for the Central District of California.[13] The settlement awarded warehouse workers $21 million in back pay for wage theft from workers who were forced to wait off clock for truck shipments.[14] Though Warehouse Workers United and other labor groups and activists have had some successes in drawing attention to the exploited nature of this precarious work, the situation for most workers remains the same. This leads back to the question of the quality of development and the character of employment it may bring.

Though the Inland Empire transformed into an important nexus for warehousing and distribution centers, it is questionable who exactly benefits from this transformation and how. The increasing importance of service sector employment and the centrality of the Inland Empire's warehouses and distribution centers in global commerce does not exactly match a workers' wage. Though the

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[13] Ricardo Lopez, "Workers Reach $21 Million Settlement Against Wal-Mart, Warehouses," *Los Angeles Times,* May 14, 2014. Labor law specialist James Gross explores the shifting unstable ground of labor law, caselaw, and the NLRB in James Gross, *Broken Promise: The Subversion of U.S. Labor Law* (Philadelphia: Temple University Press, 1995).
[14] Ricardo Lopez, "Workers Reach $21 Million Settlement Against Wal-Mart, Warehouses," *Los Angeles Times,* May 14, 2014.

passing of monotonous and dehumanizing industrial factory work is hardly worth mourning, the wages, benefits, and security that came with unionized work certainly is.[15]

Given recent small but important gains by warehouse workers and port truck drivers, it is an open question whether workers and organizers can make gains to improve the lives and livelihoods of these critical supply chain workers. Like citrus before it, the Inland Empire's place in the larger global economy rests upon its role as a critical space for logistics in a node within larger supply chains. In that way, the Inland Empire's place as a center for warehouses and distribution centers in Southern California is contingent on the Ports of Los Angeles and Long Beach remaining the main point of entry for goods from the Pacific Rim. This arrangement of supply chains is, of course, contingent on the larger flows of global commerce, as is the built environment of the Inland Empire and its place in the larger global economy.

[15] This point is made by workers interviewed by sociologist Ruth Milkman in, *Farewell to the Factories: Autoworkers in the Late Twentieth Century* (Berkeley: University of California Press, 1997).

EPILOGUE

Though the Inland Empire occupies critical space as a warehousing and distribution center nexus for Southern California, its place as such is entirely contingent upon the relevance of the twin ports of Los Angeles and Long Beach in Pacific Rim trade. In this way, broader global economic currents have a dialectical relationship with the local and regional built environment. The very dimensions of containerships are constrained by the spatial boundaries and limitations of ports and canals. The Panamax ship class is so named because it is the largest class of containership that can successfully navigate the Panama Canal, prior to a 2016 modernization project. The Panamax ship, *The Hanjin Los Angeles,* is 961 feet long and 105 feet wide. When it passes through the Miraflores lock in the Panama Canal, it has only two feet of clearance on either side and twenty-five feet on either end.[1] The slightly larger neo-Panamax containerships were specifically designed to navigate the Panama Canal's upgraded locks. Post-Panamax ships, first introduced in 1988, are those too large to pass through the Panama Canal.[2]

The canal itself is a marvel of engineering. Though the French began the project in the late 19th century, they abandoned the costly project that left thousands

[1] *New York Times* staff, "New York Port Hums Again, With Asian Trade," *New York Times,* November 22, 2004.
[2] Marc Levinson, *The Box: How the Shipping Container made the World Smaller and the Economy Bigger* (Princeton: Princeton University Press, [2006] 2016), pp. 314-315.

of workers dead. By 1904, the United States took over construction and completed the project in 1914. The U.S. retained control over the canal until the turn of the 21st century when they transferred control over the canal to Panama. A series of locks on both the Pacific and Caribbean sides raise and lower ships eighty-five feet to Gatun Lake, an artificial lake that supplies Panamanians with drinking water and allows ships to pass to and from the Pacific and the Caribbean. Locomotives on either side of the canal guide ships through the series of locks. The 700-ton watertight lock gates are engineered and balanced so they can be opened or closed by an individual should power fail.[3]

Given these spatial limitations, West Coast ports receive a sizable portion of Pacific Rim port traffic for goods ultimately destined for the East Coast, the Midwest, and the South using the so-called land-bridge technique, a term used for overland transport either by train or semitruck. However, Southern and Eastern ports, such as the ports of Savannah, GA and Elizabeth, NJ, have embarked on ambitious modernization projects to accommodate large containerships in an effort to secure a greater share of Pacific Rim trade.[4] Given that the bulk of the United States population lies east of the Mississippi River, using the Panama Canal and ports on the Eastern Seaboard to serve that half of the country seems logical. However, since the largest containerships in the Pacific Rim trade are limited by the Panama Canal's

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[3] Walt Bogdanich, Jacqueline Williams, & Ana Graciela Mendez, "The New Panama Canal: A Risky Bet," *New York Times,* June 23, 2016.
[4] Keith Schneider, "Flurry of Freight Spurs New Commercial Building Construction in Georgia," *New York Times,* March 24, 2015; Joseph Goldstein, "New York to Welcome Supersize Cargo Ships into its Waters," *New York Times,* September 6, 2017.

dimensions, West Coast ports will likely to remain relevant so long as there is not another more viable option.

While supply chains are malleable and can be reworked, there are some limitations and tensions.[5] The ‘just in time’ technique of inventory control and product sourcing anticipates demand, and commodities traveling from the point of production to the ultimate end user through vast and complex supply chains are meant to be in constant motion, rather than awaiting sale in storage. This practice limits inventory costs, but makes such a system fragile and exposed to disruption. Ryan Peterson, CEO of a San Francisco based freight forwarder, notes that “the way you get fast delivery is having more inventory stashed in more places around the country. On some level fast delivery is a positive force, because it means you have more inventory, which will make supply chains more resilient in some instances. The problem is trying to merge just-in-time and fast delivery. We have a whole generation of MBAs who have been taught inventory is evil,” Peterson notes, “but just in time does contain systemic risk.”[6] In the *Harvard Business Review,* Roger Martin observes this tension that “resilient systems are typically characterized by the very features – diversity and redundancy, or slack – that efficiency seeks to destroy.”[7]

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[5] Sven Beckert explores what is perhaps the most striking example in which supply chains are reworked in the wake of the Civil War in the United States and its impact on cotton sourcing and production worldwide. Refer to Sven Beckert, “Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production in the Age of the American Civil War,” *American Historical Review*, Issue 109, No. 5, (December 2004), pp. 1405-1438; Sven Beckert, *Empire of Cotton: A Global History* (New York: Alfred Knopf, 2014).

[6] Eric Johnson, “Coronavirus Spurring New Inventory Replenishment Strategies,” *Journal of Commerce,* March 19, 2020.

[7] William Glaston, “Efficiency Isn’t the Only Economic Virtue…” *Wall Street Journal,* March 10, 2020.

Containerization, a decrease in labor costs and lower rates in drayage and trucking, and improvements cargo handling techniques and in communications all have had an outsized impact on the movement of goods in the United States. The collective sum of these changes not only transformed how commodities are moved, these innovations also radically altered both transportation costs and time spent in circulation. In this way, these developments helped collapse relative space by time. This has facilitated a geographic reordering of sites of production and the points of consumption, growth in some regions and decline in others. But the very supply chains that build these connections also obscures the path of any particular product we use in everyday life. This has had the effect of erasure of the very people engaged in these processes. And this erasure also holds implications for the labor question: who works, for whom, and under what conditions.

While some of the most egregious problems of this arrangement are easy to identify – child labor, lax regulations, dangerous working conditions, and precarity, to name but a few – rectifying these problems is difficult not because of a lack of will, rather the complexity of supply chains and the opaqueness of disaggregated production process makes these issues hard to identify. The complexity and circuitous routes of supply chains obscures from view the lives of workers involved in the production and distribution process of the goods we use in everyday life. Though most firms rely on factory inspections and worker interviews to ensure these problems do not exist with firms they contract with, inspectors can be deceived or bribed and dangerous conditions can be hidden from view.[8] Moreover, firms are ultimately beholden to their shareholders to lower costs both to remain competitive and to remain profitable, and these two aims can come into conflict with rectifying such problems.

The workers involved in the distribution and goods handling processes, the very people who transport the goods we use in everyday life, are also largely hidden from view. Moreover, the disparity between workers in the goods handling industry is stark. Since longshore workers occupy a geographically fixed place of immense capital improvements – deep water ports and dredged harbors, reworked berths with paved container staging areas, towering dockside cranes – they were able to leverage their union strength and militancy and their somewhat unique place in the transportation bottlenecks to secure a portion of productivity gains from automation and relaxed work rules and practices. What they refered to as a share of the machine. Though automation has decimated their ranks, ILWU longshore workers command an average an annual salary of $171,000, clerks average $194,000, and walking bosses average $282,000.[9] Unlike so many other transportation workers, they are unionized and are able to exert some measure of control over the work process, have protections against unsafe or onerous work, and have mechanisms in place to resolve workplace issues as they arise.

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[8] Nelson Lichtenstein, *The Retail Revolution: How Wal-Mart Created a Brave New World of Business* (New York: Metropolitan Books, 2009), pp. 161-178.
[9] Richard Read, "Longshore union on verge of bankruptcy; ILWU awaits a judge's ruling on a $94-million jury award," *Los Angeles Times,* January 28, 2020.

Elsewhere in this particular node of supply chains, workers are not only not unionized, and therefore cannot exert control over their working conditions or the work process, they face low wages, dangerous working conditions, and a level of extreme precarity. Though drayage workers occupy an important place in supply chains and their work functions as the connective thread between ports and warehouses and distribution centers, they face a competitive downward pressure on rates, have to withstand long unpaid wait times at loading terminals and warehouses and, as independent owner operators, are excluded from concerted action including unionization.[10] In this way, this set of workers experience space time compression in ways that are seemingly at odds with the ruthless efficiency of modern supply chains. Moreover, drayage firms are able to shift a number of liabilities from the firm to the truck driver. This includes fuel expense, insurance, and repairs and maintenance for their trucks. Most drayage workers are classified as independent contractors and are excluded from key aspects of the Fair Labor Standards Act, which includes minimum wage and overtime. Since they are paid for contracted work, and not for hours worked, their time on the job may push their wages below even minimum wage rates after they account for expenses.

This employment model provided a blue print for tech companies and their workers in the so-called gig economy, those working in delivery, ride share, and as shopping assistants, among other fields. Some firms, such as Amazon, carefully manage their driver's time and productivity through their surveillance app Mentor

[10] Scott Cummings, "Preemptive Strike: Law in the Campaign for Clean Trucks," *University of California-Irvine Law Review,* Vol. 4, No. 3 (December 2014), pp. 942.

and onboard cameras in their vehicles, a sort of high-tech version of Taylorism. James Meyers, a former Amazon delivery driver from Austin, TX, reported that fourteen-hour shifts were common since delivery service workers were not allowed to return undelivered packages. Under pressure to meet productivity standards, Meyers, like other Amazon delivery workers, urinated in plastic bottles in their vehicles to keep up with the grueling productivity standards. "I saw no effort on Amazon's part to push delivery service providers to allow their drivers to use the restroom on a normal human basis, leading many, myself included, to urinate inside bottles for fear of slowing down our delivery rates." Meyers continued and stated that "any time a van is off route or stops for longer than three minutes, it notifies the delivery service provider…I would personally get called by a dispatcher every time I stopped to go to the bathroom."[11] As in drayage, these workers are also responsible for incidental costs, such as fuel, insurance, and their vehicles, which can be leased. This arrangement often pushes against the line between employee and contractor to a considerable extreme.

Warehouse workers also face low wages, dangerous working conditions, and a level of precarity. Furthermore, warehouse work is physically demanding and injuries are common. The Bureau of Labor Statistics (BLS) Survey of Occupational Injury and Illness reports that warehouse workers have a higher rate of injury than workers in the fields of logging, mining, and construction.[12] Workers' productivity is

[11] Michael Sainato, "14-Hour Days and No Bathroom Breaks: Amazon's Overworked Delivery Drivers," *The Guardian,* March 11, 2021.
[12] Jason Struna, "Handling Globalization: Labor, Capital, and Class in the Globalized Warehouse and Distribution Center," unpublished dissertation, Sociology, University of California – Riverside, 2015, pp. 88-89.

monitored through their handheld scanners and the pace of work is intense. Workers who do not keep pace with productivity goals are often fired.[13] Warehouses and distribution centers typically rely on a mix of direct employees and those hired through a temp agency to handle peaks and to create a labor surplus.[14] This provides warehouses and distribution centers with a reserve of labor to cover peak needs and fill vacancies from unproductive or injured workers shunted out of the industry.

Though warehouse workers have organized walkouts and sickouts and there have been some organizing efforts, most notably through efforts by Warehouse Workers United, the precariousness of the work and the large reserve of labor has a chilling effect on labor organizing efforts.[15] "We've got this kind of permanent underclass of working people that are always on the bubble, whether they're temps at the warehouses or Amazon workers," noted Sheheryar Kaoosji, executive director for the Warehouse Worker Resource Center. "There's always this pool of people who are one step behind you. So, if you speak up or if you organize, there's a hundred temp workers right outside the door who would be able to take your job."[16]

In a conceit to the comparatively low wages of warehouse workers and rampant inequality in urban metropolitan areas, some have suggested solutions which harken back to an earlier age of stark inequality. Writing for *Bloomberg*, Conor

[13] Colin Lecher, "How Amazon Automatically Tracks and Fires Warehouse Workers for 'Productivity' Documents shows how the company tracks and terminates workers," *The Verge,* April 25, 2019.
[14] Struna, "Handling Globalization," pp. 72-95, 132-166.
[15] Juan De Lara, *Inland Shift: Race, Space, and Capital in Southern California* (Berkeley: University of California Press, 2018), pp. 90-98.
[16] Erika Hayasaki, "Amazon's Great Labor Awakening: The Future of Work," *New York Times,* 18 February 2021.

Sen asks the reader to “consider these burgeoning new places strung along the interstate and other highways leading away from urban cores, populated by warehouses and fulfillment centers that are being built to serve the needs of e-commerce customers.” Since these regions on the urban fringe are populated by warehouses, Sen suggests that low-cost apartments and affordable housing units could be created for warehouse workers to live near their places of employment with minimal pushback from homeowners since they tend to live closer to the urban core. An arrangement that Sen calls ‘factory towns.’[17] What Sen’s proposal does not acknowledge, however, is that this arrangement creates an insidious form of income stratification that geographically segregates metropolitan areas in a de facto class-based manner. Given the distance they would need to travel, these workers would be largely excluded from the amenities of the urban areas that they ultimately serve. Furthermore, workers living in such areas would have to contend with increased traffic and harmful emissions from diesel trucks.[18]

Since we live in a complex global capitalist system, what then is our role in broader society and the world at large? The very supply chains that connect far flung markets and production centers for goods we use in everyday life obscures the very linkages it creates. It also has the effect of erasure on the lives and livelihood of those involved in those very supply chains, in the complex and circuitous path from the point of production to the point of consumption. This obfuscation hides the true

[17] Conor Sen, “Amazon’s New ‘Factory Towns’ will Lift the Working Class,” *Bloomberg,* September 16, 2021.
[18] Olivia Solon & April Glaser, “’Treated Like Sacrifices’: Families breathe toxic fumes from California’s warehouse hub,” *NBC News,* April 27, 2021.

costs and consequences of any particular product we use in everyday life. Such a system has a profound effect not only on the lives of those involved, from worker to consumer, but on the built environment itself and the larger global economic currents.

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