Chapter 5 The Battle for New York’s Port For the Port of New York Authority, which was providing Pan-Atlantic a home, the arrival of containerization was a godsend. For New York City, it proved to be a disaster. City officials wasted enormous sums in a futile attempt to keep the city at the center of a shipping industry whose changes New York could not possibly accommodate. Despite their costly efforts, the local economy was left devastated as new technology made the nation’s largest port obsolete. In the early 1950s, before container shipping was even a concept, New York handled about one-third of America’s seaborne trade in manufactured goods. New York’s role was even larger when measured in dollars, because the port had increasingly come to specialize in high-value freight. This success was not easily earned, for the city had some important disadvantages as a port. The city’s piers— 283 of them at midcentury, with 98 able to handle oceangoing vessels— were strung out along the Manhattan and Brooklyn water-fronts. The main railroad connections, however, were across the harbor and across the Hudson River, in New Jersey. Freight trains arriving from points north, south, and west were sent to the rail roads’ large yards located inland, where the cars were sorted by destination and moved by switch engine to one of the railroad terminals that lined the New Jersey side of the harbor. Each railroad owned a fleet of lighters, barges pushed by tugboats, to carry its freight cars across the harbor, either to or from its own New York terminal or to the dock being used by an oceangoing ship. Getting tires from Akron to a Europe-bound vessel thus entailed repeated shunting and shifting. It was economically viable only because the Interstate Commerce Commission, the federal regulator, required railroads to charge the same rates to Brooklyn and Manhattan as to New Jersey; in effect, they were forced to throw in the lighter trip across the harbor for free to keep New York competitive with other East Coast ports. 1 The growth of the trucking industry starting in the 1920s made the inadequacy of New York’s piers even more apparent. By midcentury, about half the cargo headed to or from the docks traveled by truck rather than by train. After coming through the Lincoln or Holland Tunnel, truckers had to navigate dockside streets so congested that, in 1952, the city barred all but pier-bound vehicles from Twelfth Avenue, the waterfront street in midtown Manhattan. If they were headed to the Brooklyn docks, truckers coming from the west had to fight their way through Manhattan to cross one of the East River

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 76-77). Princeton University Press. Kindle Edition. bridges. Trucks normally waited in line an hour or two just to enter a pier to pick up or deliver at a transit shed, a warehouse adjacent to the dock. The transit sheds were usually designed with truck (or, in some cases, rail) loading docks on one side of the structure and access to ships on the opposite side. Outbound cargo would be taken off the truck with a forklift or by hand, stored in the transit shed until the ship arrived, and then handled again to get it onto the dock, with each operation adding yet more expense. 2 Delivering by truck meant engaging a “public loader,” a type of enterprise unique to New York. A public loader was a gang that claimed the sole right to load and unload trucks on a particular pier, backed by the muscle of the International Longshoremen’s Association, the dockworkers’ union. Shipping interests, mayors, governors, and the Teamsters union, which wanted its members to handle the work, had tried for decades to get rid of public loaders. The men who did the loading were members of a thoroughly corrupt ILA branch, Local 1757, and were ostensibly owners of the “cooperative” for which they worked. In reality, however, the public loaders were secretly controlled by leaders of the ILA, which had joined forces with a trucking organization to create a “Truck Loading Authority” that published “official” rates for loading— 5 ½ cents per 100-pound bag of almonds or marble chips; 6 ½ cents per 100 pounds of auto parts, tires, or fish guts; 8 cents per 100 pounds of canned beer— with all hours after 5 p.m. paid at time-and-a-half. Other firms that sought to handle unloading encountered vandalism and outright violence. Shippers that tried to circumvent the public loaders’ illicit monopoly by using their own workers to unload were liable to find that the ship would sail with their cargo sitting on the pier. Even after the newly established Waterfront Commission banned public loaders in December 1953, thugs continued to control access to the docks. 3 The port was a vastly important source of jobs in New York City. In 1951, as operations were returning to normal after the war, more than 100,000 New Yorkers were employed in water transportation, trucking, and warehousing, not counting railroad employees and workers in the municipal ferry system. Another 14,000 New Yorkers worked in “transportation services,” such as brokerage and freight forwarding, handling the complexities of international trade in an age when each leg of a complicated journey had to be arranged, and paid for, separately. More than one-third of all “transportation services” workers nationally were located in New York. About three-fourths of the nation’s wholesale trade in the early 1950s was transacted through New York, even if the goods did not always pass through the city. Across the country, about 1 in 25 private-sector workers (excluding railroad employees) worked in merchant wholesaling in 1951, but the ratio in New

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 77-79). Princeton University Press. Kindle Edition. Then there were the factories situated on the waterfront for ease of shipping. Food-processing plants had located along the Hudson River and the Brooklyn waterfront during the first quarter of the twentieth century, and dozens of factories making dyes, paints, pharmaceuticals, and specialty chemicals dotted the shore from Long Island City in Queens to Bay Ridge in Brooklyn. At midcentury, New York’s expanding manufacturing sector occupied more than 33,000 chemical workers, 78,000 workers in food processing, and thousands more in shipbuilding and electrical machinery, industries that needed inexpensive freight transportation. In 1956, according to a conservative estimate, 90,000 manufacturing jobs within New York City were “fairly directly” tied to imports arriving through the Port of New York. 5 Marine construction and ship repair employed thousands more. Add in the lawyers, bankers, and insurance brokers who serviced the shipping business, and the livelihoods of half a million workers may have depended directly on the port. The area near Bowling Green, in lower Manhattan, was thick with shipping company offices, served by the insurers a few blocks away on John Street. Brooklyn, the most populous borough, had less shipping-related office work but more waterfront employment, with 13 percent of all jobs in the borough located directly on the docks. 6 TABLE 3 Port-Related Employment in New York City, 1951 This powerful economic engine was already beginning to miss a few strokes in the years after World War II. Its location had helped the Port of New York gain market share during the war, as the re fineries and military terminals in Brooklyn and along the New Jersey waterfront dispatched thousands of ships across the North Atlantic. In 1944, when it moved nearly one-third of all U.S. waterborne exports, New York handled twice as much cargo as in 1928 and five times as much as

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 79-80). Princeton University Press. Kindle Edition. in the worst Depression year, 1933. Even during the war, though, experts were warning of the parlous state of the docks. Those warnings seemed to be confirmed after the war, as cargo traffic slumped owing to the lack of imports from a prostrate Europe. Although European recovery briefly boosted exports, the Korean War put the U.S. economy back on a war footing and devastated foreign trade. The total value of imports and exports at all U.S. ports sank from $ 18.5 billion in 1951 to $ 15.6 billion three years later, with exports hit particularly hard as factories switched production from consumer goods to war matériel. 7 New York was losing the battle for that export traffic. World War II had stimulated economic growth in the West and the South, and factories in Dallas and Los Angeles were much less likely to ship through the Port of New York than were plants in Rochester and Cleveland. The impending opening of the St. Lawrence Seaway in 1956 would permit direct steamship traffic between Great Lakes ports and Europe, with one forecast predicting that it would divert 8 percent of New York’s exports and 3 percent of its imports by 1965.8 High land freight rates were a further handicap. New York officials were prone to complain that the railroads unfairly favored Philadelphia, Baltimore, or Norfolk, but the truth was that railroads and truckers could serve those points at lower cost; railcars could reach the piers without being floated across the harbor, and truckers faced much less congestion. New York’s rate disadvantage was even larger for truck freight than for rail freight, as sending a load by truck from Cleveland to the New York docks could cost four dollars more per ton than sending it to Baltimore. Truckers frequently sought to add the cost of New York port delays to customers’ bills, charging sixty to eighty cents per ton more to deliver to the piers than to other Manhattan locations and generating a flood of complaints to the Federal Maritime Board. 9 Many of the port’s other problems, however, were of its own making. After three decades of labor peace from 1915 to 1945, labor turmoil became routine after the war. Some or all of the docks were closed by strikes in 1945, 1947, 1948, 1951, and 1954. Between 1945 and 1955 the International Longshoremen’s Association, the legally recognized union throughout the port, battled with the Communist-backed National Maritime Union and with the American Federation of Labor, which ejected the ILA on corruption charges in 1953 and then set up a new American Federation of Longshoremen in an effort to supplant it. With the demise of public loaders, the Teamsters union sought to claim the right to load and unload trucks on the piers, precipitating violent clashes between Teamsters and Longshoremen in 1954. Wildcat strikes on individual piers were common until the ILA, abetted by shipping interests that

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 80-82). Princeton University Press. Kindle Edition. preferred one corrupt but reliable bargaining partner to constant conflict among competing unions, won a series of elections and regained control late in the decade. Throughout the 1950s, the high risk of labor disruption encouraged shippers to use other ports. 10 Crime drove shippers away from New York as well. Cargo theft was rampant; most goods were packaged in small boxes or crates, so stealing wristwatches, liquor, or almost anything else was not particularly difficult. The bistate Waterfront Commission, created in 1953 after urgings from New York governor Thomas E. Dewey, made inroads against racketeering by banning public loaders and taking control of pier hiring. It deliberately sought to reduce the workforce and thereby raise longshoremen’s incomes in hopes that they would have less need to steal. Even after the Waterfront Com mission barred 670 ex-convicts from longshore jobs, though, one in five longshoremen had a criminal record. Cargo theft remained a massive problem— so much so that both the Port Authority and the City of New York refused to cooperate with the filming of a comedy starring James Cagney lest the title, Never Steal Anything Small, give moviegoers the wrong impression. 11 And if land-transport costs, labor concerns, and crime were not enough to deter businesses from shipping through New York, there were the port’s decrepit facilities. The East River pier at Roosevelt Street dated to the 1870s, the Hudson pier at West Twenty-sixth Street to 1882. The city-owned pier at Christopher Street had been built in 1876. These piers, and dozens like them, were narrow fingers protruding into the harbor, designed for the days when ships would turn ninety degrees from the channel, point their bows to ward the shore, and tie up to the dock for days on end. Some piers were not even wide enough for a large truck to turn around. For the privilege of leasing one of these obsolete facilities, ship lines paid between $ 0.96 and $ 2.00 per square foot per year, three to six times the going rate in other East Coast ports. The city had launched a program to renovate and fireproof its piers in 1947, but officials judged the cost of building new piers to be prohibitive. Many piers were literally collapsing into the water. Abandoned pilings and floating debris from fallen piers were obstacles to navigation as well as an eyesore. “By 1980, it will be hard to find space in a whaling museum for piers that met the requirements of 1870 and were condemned as obsolete as long ago as 1920,” Port Authority executive director Austin E. Tobin commented in 1954.12 Despite its name, the Port of New York Authority was a latecomer to maritime affairs. The major activity of the bistate agency since its founding in 1921 had been building and operating bridges and tunnels; after its early efforts to rationalize the tangle of rail lines and terminals in the New York region were beaten back by the

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 82-83). Princeton University Press. Kindle Edition. rail roads, the Port Authority retreated from involvement in freight transportation. 13 But, as political scientists Wallace S. Sayre and Herbert Kaufman noted in 1960, the independence and broad political support enjoyed by New York’s public authorities, including the Port Authority, encouraged them to “seek out new outlets for their energies.” In the 1940s, the governors of both New York and New Jersey asked the agency to get involved with shipping, for entirely different reasons. New York governor Dewey thought that the Port Authority might be able to push organized crime off the docks. New Jersey governor Walter Edge wanted it to develop piers on the New Jersey side of the harbor. Tobin and Port Authority chairman Howard Cullman jumped at the opportunity, calculating that taking on some port projects could build support for the Port Authority’s expansion into the business they most wanted it to enter: airports. 14 In 1947, the New York World Trade Corporation, a new state authority backed by key business leaders, proposed to take over all of the city’s docks and later to acquire all private docks and waterfront warehouses as well. New York mayor William O’Dwyer rejected the plan and asked the Port Authority to look at the city’s piers. After a three-month study, the Port Authority offered to sell $ 114 million of revenue bonds and build thirteen new steamship berths, four rail road carfloat terminals, and a 1.5-million-square-foot produce terminal, while paying the city $ 5 million per year in rent. This would have been no small undertaking: the amount involved, the equivalent of almost $ 900 million in 2004 consumer prices, was more than the city had spent on its docks over decades. The proposal quickly encountered heavy fire. The ILA was opposed. So was the city’s Department of Marine and Aviation, which ran the docks; it had waged a bitter and unsuccessful battle to keep the Port Authority from taking over the city’s two main airports in 1947, and it did not want to give up another of its functions. Most of all, city politicians did not want the Port Authority on their turf. City officialdom was convinced that the piers were a potential gold mine, not a badly outdated piece of infrastructure. As Robert F. Wagner, then Manhattan borough president and a member of the city’s governing Board of Estimate, asked later, “The piers were making money; why didn’t they take over the sanitation department instead?” The Board of Estimate rejected the Port Authority’s offer in 1948 and turned down a revised proposal in 1949.15 While New York officials thought they could modernize the city’s piers without the Port Authority’s involvement, the financially troubled city of Newark, New Jersey, had no such illusions. Its money-losing municipal docks were in a state of physical collapse. Newark agreed to lease its docks (and its airport) to the Port Authority late in 1947. Between 1948 and 1952 the agency spent $ 11 million to

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 83-84). Princeton University Press. Kindle Edition. dredge channels and rebuild wharves. It then announced construction of the biggest terminal yet on the New Jersey side, designed for the Waterman Steamship Company, which would be moving across the harbor from Brooklyn. The Waterman terminal would have a fifteen-hundred-foot wharf running parallel to the shore for faster docking and easier loading— a feature no New York City pier could match. Watching the construction in Newark and the defection of a major steamship operator, New York’s city controller suggested that perhaps the city should give up its docks after all. “For some time the Port Authority dock control plans have looked good to us,” editorialized the New York World-Telegram. “Continued rejection can mean only that the city wants to hang on to waterfront control for political purposes.” A Port Authority spokesman declared that the agency was not inclined to begin negotiations with New York City again. 16 Late in 1953, as the Waterman terminal neared completion, the Port Authority first heard of McLean Trucking’s desire to build a terminal on New York Harbor. A trucking company was an odd candidate to lease prime waterfront land, and its plan to drive trucks aboard ships was even odder. The timing, however, could not have been better. Port Authority officials were eager to draw additional business to build upon Port Newark’s success, and the agency was uniquely positioned to serve McLean Trucking’s needs. On the Newark waterfront it could offer space to marshal trucks, nearby rail lines, and easy connections to the newly built New Jersey Turnpike. Thanks to its ability to issue revenue bonds, the Port Authority had the means to finance any new facilities that would be required. All of these were advantages that New York City could not match. Malcom McLean and A. Lyle King, the agency’s director of marine terminals, quickly struck a deal. 17 The Port Authority proceeded to exercise its new waterfront muscle. After signing McLean, it proposed to build a terminal for rubber importers at Port Newark— a terminal whose prospective tenants would relocate from cramped quarters in Brooklyn. In mid-1955, it finally got a toehold on the New York side of the harbor by purchasing two privately owned miles of Brooklyn waterfront, wharves that it had declined to acquire twice previously but now found politically opportune to buy. Proclaiming its interest in Brooklyn provided cover for another investment in New Jersey: a $ 9.3 million, four-berth terminal at Newark for Norton Lilly & Co. in November 1955, which led to that ship line’s move from Brooklyn to the New Jersey side of the harbor. 18 Then came the most aggressive move of all. On December 2, 1955, New Jersey governor Robert Meyner announced that the Port Authority would develop a 450-acre tract of privately owned tidal marsh just south of Port Newark. The new Port Elizabeth, the largest port project ever

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 84-86). Princeton University Press. Kindle Edition. undertaken in the United States, was planned eventually to accommodate twenty-five oceangoing vessels at once, enabling New Jersey to handle more than one-fourth of all general cargo in the Port of New York. Previously, the Port Authority had shown little interest in Elizabeth’s marshlands. McLean’s idea of putting truck trailers on ships changed that view entirely. Now, port planners foresaw a resurgence of coastal shipping, and the new Port Elizabeth would have ample wharf and upland available for “the proposed use of large shipping containers on specially adapted vessels.” There might not even be a transit shed, the most expensive part of pier construction. The first containership had yet to set sail, but the Port Authority was making clear that the future of container shipping would be in New Jersey, not in New York. 19 The frenzy of activity on the New Jersey side of the harbor caused alarm in New York City. In the past, the New Jersey docks had been notable for their lack of activity; the modest traffic through Port Newark, mainly lumber, accounted for only a couple of percent of the port’s nonoil cargo through the 1940s. As ship operators relocated from New York, however, its share would surely grow. With the amount of general cargo flat, every ton handled in New Jersey meant one ton less handled in New York, draining jobs from the city. 20 This simple calculus was a problem for New York politicians. Robert F. Wagner, familiar with the docks from years as Manhattan borough president, had been elected mayor in 1953 after assembling an unusually broad coalition of labor unions and ethnic groups. The one major bloc he failed to capture was the Italians, who voted overwhelmingly for incumbent mayor Vincent Impellitteri. Gaining sup port from the group that supplied most of New York’s dockworkers may have been part of Wagner’s motivation in boosting Department of Marine and Aviation outlays to $ 13.2 million, more than double the previous level, in his first capital budget, announced in late 1954. Verbal weapons were soon unsheathed. In the summer of 1955, city marine and aviation commissioner Vincent O’Connor charged the Port Authority with trying to “sabotage” city efforts, in the face of “a growing City determination to meet the challenge of its waterfront without yielding its precious waterfront properties to Port Authority control.” O’Connor, a lawyer, was close to the ILA, and he shared its concern about the loss of jobs. That September, Mayor Wagner made pier reconstruction one of his top four capital-spending priori ties, along with education, transit, and pollution control. 21 Concern about the docks reached to Albany as well. New York governor Averell Harriman was sensitive to city objections that the Port Authority was promoting New Jersey at New York’s expense, but he also knew that the city lacked the money to rebuild its piers. A week after the plans for

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 86-87). Princeton University Press. Kindle Edition. Port Elizabeth were announced, Jonathan Bingham, a top Harriman aide (and former campaign speechwriter for Wagner) called Matthias Lukens, Tobin’s deputy, and Howard Cullman, the agency’s chairman, to report that the governor was “disturbed” about Norton Lilly’s move from Brooklyn to New Jersey. “He also expressed the opinion he was not sure that we should be spending such money to take business away from New York City,” Lukens reported in a confidential memo for his files. Ac cording to Cullman, “[ Bingham] said he understood completely that the New York piers were in shocking condition, but he did not think the Governor should come out publicly and say the Port of New York Authority should run them.” 22 The container was not yet reality in 1955, and given Malcom McLean’s status as a shipping-industry outsider, his plans had so far drawn little attention. With Mayor Wagner committed to keeping shipping in New York, O’Connor came forth with a six-year plan to build new piers and transit sheds, and the city began to pump large amounts of money into the docks. The 1956 capital budget included $ 14.8 million for waterfront construction as the initial installment on a port program that was estimated to cost $ 130 million. The plans were state-of-the-art for the mid-1950s, with piers parallel to the shoreline, separate terminal levels for passengers and freight, and paved patios that allowed trucks to back up to high loading docks on the land side of the transit sheds. There would be five new warehouses to handle rail freight lightered across the harbor and a big new terminal for Cunard’s transatlantic passenger liners. The crown jewel, clearly intended as a slap in the Port Authority’s face, was a $ 17 million pier with a cargo and passenger terminal for Holland-America line. After sixty-six years in New Jersey, that company would buck the trend that the Port Authority had unleashed and would move to Manhattan. 23 After decades of inflation, the raw numbers are inadequate to convey the scope of the city’s plans. Mayor Wagner’s proposed six-year port reconstruction scheme was to cost $ 130 million in 1956 dollars— the equivalent of $ 800 million in 2004 dollars. Across the country, the growing Port of Los Angeles had spent $ 25 million on construction over the ten-year period from 1945 to 1954; Wagner proposed to spend two-thirds of that amount on the Holland-America terminal alone. None of these proposals, of course, could do much about the underlying problems of the city’s docks. Costs were simply uncompetitive with those at other ports. The fundamental geographic disadvantages remained. The new lighter terminals might make it easier to handle rail freight destined for New York, but rail freight in tended for an outbound ship would still have to be lightered across the harbor, off-loaded onto a pier, and then reloaded onto an ocean going vessel. Trucks headed for

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 87-88). Princeton University Press. Kindle Edition. the docks would still have to fight traffic in the Holland and Lincoln tunnels and along the waterfront. And, of course, rebuilt wharves would do nothing about the port’s labor problems, problems so severe that the reopening of one of the first piers rebuilt by the city was delayed by a dispute over which ILA members would receive priority in hiring. O’Connor told ILA leaders directly in the summer of 1955 that the union’s practices were “a stumbling block for the city in its efforts to rent good piers in certain areas.” 24 Wagner’s own City Planning Commission was skeptical of O’Connor’s port projects and recommended that the city restart negotiations to transfer its docks to the Port Authority; it “felt the Port Authority could assure greater development and utilization of the port with benefits to the City’s economy.” The mayor was unresponsive. Large-scale building was a hallmark of Wagner’s tenure, and he had no intention of ceding waterfront reconstruction to an agency over which he had no control. Wagner was close to organized labor, and the city’s labor leaders rightly feared that a Port Authority takeover would mean abandonment of some of the docks. Wagner’s lack of an ethnic base in New York politics—“ There weren’t too many German-Americans who voted in New York,” re called Thomas Russell Jones, an influential black politician of the era— made it essential for him to seek support in black, Irish, and Italian neighborhoods reliant on waterfront jobs. In this he succeeded: in his first reelection campaign, in 1957, Wagner captured about half the Italian vote, a big improvement over 1953. Business backed the port renovation effort as well. The Downtown-Lower Manhattan Association, a new civic group started by David Rockefeller of Chase National Bank, urged that all piers in lower Manhattan, save four on the East River, be retained for commercial ship ping. “We support the present program of the Department of Marine and Aviation to continue to seek suitable piers in this area and for their modernization and rental on a self-sustaining basis,” the association said in its initial plan, released in 1958.25 Port spending took on unprecedented proportions. In September 1957, Mitsui Steamship Company agreed to move to a new $ 10.6 million city-owned terminal in Brooklyn, and Holland-America signed a twenty-year lease for the new terminal in Manhattan. By 1957, O’Connor was envisioning $ 200 million of waterfront investment by 1962— the equivalent of $ 1.4 billion in 2004 dollars. Talk of selling the piers to the Port Authority subsided. For their part, Tobin and King were now convinced that the container was the future, and the Port Authority lost interest in taking over city piers that would never have the acreage or transport connections for containers. Although the Port Authority was proceeding with plans to turn twenty-seven outmoded piers in Brooklyn into twelve modern ones, the agency understood

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 88-89). Princeton University Press. Kindle Edition. that it was in a race to recover its in vestment before container shipping made the reconstructed piers obsolete. “We already knew that we were building something [in Brooklyn] that would pay itself back, but it wasn’t the future,” re called Guy F. Tozzoli, then the Port Authority’s head of port planning. The agency’s greater concern was that the city was unleashing a subsidy war that could depress pier rents. Tobin attacked the “utter inadequacy” of the city’s lease with Holland-America, contending that it involved a city subsidy of $ 458,000 a year, creating a “new policy of undercutting established pier rental levels by subsidizing private shippers.” O’Connor fired back that the “port octopus” was exerting “all its propaganda efforts to thwart the City in the desire of New York to keep its waterfront under the control of its citizens rather than yield it to a bi-state group which thrives on its lack of direct responsibility to the public.” 26 The City Planning Commission, meanwhile, was promoting the view that the port might not be the city’s economic future after all. It wanted new office and residential buildings along the East River in lower Manhattan, and suggested in 1959 that rebuilding derelict piers for shipping was not the best use of precious waterfront land. O’Connor responded by enlisting the support of Robert Moses, the city’s powerful parks commissioner and a member of the Planning Commission, and then by attacking the Planning Commission itself. Wrote O’Connor: “The assertion, elaborately made by the Commission, that the potential of the Port of New York must be judged by its recent past, rather than by an affirmative anticipation of its future, is an example of negative, rather than constructive planning. It would appear to be inconsistent with the dynamism of New York.” 27 Left unsaid was that much of the city’s investment was already going to waste. In 1955, when O’Connor first proposed building five new terminals to handle cross-harbor lighter traffic, lighters moved 9.5 million short tons of cargo between New Jersey and the New York City docks. By 1960, after the city had spent $ 10 million on new lighter terminals, one-third of that traffic had vanished, and the trend was inexorably downward. The rebuilt Pier 57 on the Hudson River, custom-designed for Grace Line’s combined passenger and freight service, was modern enough, but the rapid expansion of air travel had made it obsolete almost before it opened. New piers alone clearly would not be enough to preserve the pattern of port commerce in New York City. The container, hardly noticed by New York officials, was about to become the final nail in the coffin. 28 Within six months of its start, Pan-Atlantic’s container service was carrying 120 containers a week between Newark and Houston. The Pan-Atlantic terminal in Newark had become a busy transshipment hub where longshoremen consolidated smaller shipments into full containers. In

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 89-91). Princeton University Press. Kindle Edition. early 1957, after barely nine months of operation, Pan-Atlantic leased six additional acres in Newark, twelve times its original space, to store containers and chassis. After a government-sponsored study found that container shipping cost 39 percent to 74 percent less per ton than conventional shipping, the Propeller Club, the association of top shipping company executives, devoted a full day of its 1958 convention to containers. No one could doubt that conventional shipping would soon be in trouble. 29 As container traffic surged, so did Port Newark’s fortunes. New ark’s cargo tonnage doubled between 1956 and 1960 while tonnage on the New York side declined slightly, taking New Jersey’s share of total port traffic from 9 percent to 18 percent in just four years. Pan-Atlantic, renamed Sea-Land Service in 1960, accounted for more than one-third of Newark’s general cargo and 6 percent of all general cargo in the Port of New York. All of this was achieved in the once moribund domestic trade, which had now shifted almost entirely out of Manhattan. 30 A stone’s throw to the south of Sea-Land’s Newark terminal, dredges and bulldozers were beginning to shape Port Elizabeth. After two years of planning and after overcoming protests from wary local officials, the Port Authority had embarked in 1958 on a massive construction project: a 9,000-foot channel, 800 feet wide and 35 feet deep, directly opposite Port Newark; thousands of feet of wharf frontage; rail lines; and roadways up to 100 feet wide. Port Authority planners projected that Elizabeth would handle 2.5 million tons of container traffic each year, four times the level then being handled in Port Newark. The differences from New York’s dock reconstruction were plain. In a 1961 speech discussing New York City’s port redevelopment, marine and aviation commissioner O’Connor did not utter the word “container,” and the piers he was building were meant to serve vessels carrying mixed freight, passengers, and baggage. Port Elizabeth, by contrast, was designed from the start as a port for containers. Fortuitously, building on marshland required the Port Authority to start by dredging a channel, filling the wharf area with dredged spoil, and then allowing the fill to settle. Wharves and roadways did not get under construction until 1961, by which time Malcom McLean’s container concepts were even further developed. As eventually built, Port Elizabeth’s first berths each had about eighteen acres of paved area alongside, to cut down on the cost of moving containers from storage to ship. The design, the Port Authority’s magazine explained, “permits a continuous flow of trailers to shipside in ‘assembly line’ fashion.” 31 The new Sea-Land terminal at Port Elizabeth, opened in 1962, operated on a scale that was inconceivable in New York City. McLean won government permission to sail from Newark to the West Coast through the Panama Canal, and Sea-Land’s

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 91-92). Princeton University Press. Kindle Edition. traffic soared: the Port of New York handled more domestic general cargo in 1962 than in any year since 1941. Almost all of this cargo moved across the Sea-Land pier in New Jersey. Almost none of it moved through New York City. The leisurely port calls of the early 1950s were becoming a memory. A mixed load of containers and breakbulk freight— the kind of load New York City’s new piers were built to handle— was an economic drain, because the cost of extra port time to handle noncontainerized cargo ate up the savings from containerization. With no room to store thousands of containers and chassis and no way to handle the hundreds of trucks and railcars coming to meet every ship, New York City’s docks were in no position to compete. For the port as a whole, containerization still remained a sideshow in 1962. Containers accounted for only 8 percent of the Port of New York’s general cargo, entirely in domestic trades. None of the port’s international traffic, which remained in Manhattan and Brooklyn, was in containers. Yet the trend was ominous. As Sea-Land expanded in the Caribbean, the island traffic that had once flowed through Bull Line’s pier in Brooklyn moved to Sea-Land’s complex in Elizabeth. New Jersey’s share of the port’s general cargo reached 12 percent in 1964. Despite yet more huge investments by the city, including a $ 25 million pier to handle high-speed ships on order by United States Lines, prospects for the city’s piers grew dimmer by the day. The Department of Marine and Aviation requested another $ 40 million for pier construction in 1964– 65. The ILA, desperate to fend off competing claims to use of the urban shoreline, proposed that new waterfront developments in Manhattan should combine piers with apartments. But the combative O’Connor was gone, and the City Planning Commission was not afraid to take on his successor, Leo Brown, in the Wagner administration’s waning days. “We believe it is neither necessary, desirable, nor indeed feasible to ‘turn back the clock’ and attempt to rebuild two more miles of Manhattan water front for cargo piers,” the commission warned in 1964. In any case, fundamental problems had not been solved. Shipping executives continued to complain about petty corruption on the docks and about the “chaotic conditions that exist in the transfer of cargo between land and water carriers along the waterfront.” New concrete was not enough to make ship lines want to dock in New York. 32 The Port of New York Authority was expanding without cease as container shipping became an international business. By 1965, half a dozen ship lines announced plans to launch container services to Europe in 1966, and dozens of new ships were on order. There was no longer any question of handling this business in Manhattan, or even in Brooklyn. Only Port Elizabeth had the space to accommodate the surging demand for container facilities.

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 92-93). Princeton University Press. Kindle Edition. The Port Authority rushed expansion at Port Elizabeth late in 1965, with five new piers and sixty-five acres of paved storage areas. At the time, no fewer than seven steamship lines expressed interest in moving across the harbor from the outmoded docks in New York City. Just ten months later, the agency moved ahead with yet another expansion, which would enable Port Elizabeth to handle twenty containerships at a time. The container tide was running so strong that the Port Authority no longer needed to pretend that Manhattan and Brooklyn would recover their places in the maritime universe. “[ A] s we go through the next ten years in the Port of New York there’s no question in our minds but that a lot of the cargo will have to go from the center part of the harbor where the big city buildings are over to the Newark-Elizabeth location,” Port Authority maritime director Lyle King told a television audience. “As a matter of fact, they are talking that way now, with the plans for new container ships.” When New York officials demanded that the Port Authority build container terminals in Brooklyn and Staten Island in return for permission to erect the World Trade Center, they won only promises that the Port Authority would take a closer look. So far as New York City’s opinion-makers were concerned, it had become perfectly acceptable for the Port of New York to be located in New Jersey. “The Port Authority, a bistate body, must view New York harbor as an entity and locate its facilities on the basis of geography and economics, not politics,” intoned the New York Times. 33 The numbers tell the tale of New York’s port. In 1960, with only Sea-Land allowed to ship containers under the ILA contract, containerized freight accounted for less than 8 percent of the port’s general cargo tonnage. More than three-quarters of all general cargo still came into Brooklyn and Manhattan. In 1966, with Port Elizabeth’s first phase up and running, nearly one-third of the port’s general cargo was crossing the docks in New Jersey, and 13 percent was being shipped in containers. “The Port of New York— America’s container capital” became the Port Authority’s advertising slogan around the world. Financial interests began to speak openly of other “worthwhile activities” that could be located on Manhattan’s waterfront, such as apartment complexes and marinas. Manhattan’s docks had fallen so silent that one ILA official accused city marine and aviation commissioner Leo Brown of doing “a fine job as a parking-lot operator.” 34 New York City dockers and politicians fought back by seeking to block the World Trade Center and picketing city hall. “If [the Port Authority] can put money into Elizabeth and Newark, why can’t they spend some in New York, to help create some permanent jobs to replace those lost by the moving of the Brooklyn Navy Yard?” asked Robert Price, deputy mayor under John V. Lindsay, in 1966. The problem, he said, was simple unfairness. “New York City handles two thirds of the

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 93-94). Princeton University Press. Kindle Edition. deep-sea cargo and has gotten only one third of the Port Authority’s investment.” All the Port Authority could offer in response was the promise that the relatively modern Brooklyn docks would continue to handle breakbulk cargo, although, “[ w] ith breakbulk operations diminishing, it is unlikely that new conventional piers will be built in the near or distant future.” 35 The Lindsay administration’s public bluster notwithstanding, officials now recognized that the Manhattan docks had no future. In 1966, parks commissioner Thomas Hoving requested permission to convert Pier 42 in Greenwich Village to recreational use; over its protestations, the Department of Marine and Aviation was forced to cede the pier’s upper story. By the following year, a dozen carriers had placed their first orders for new vessels meant to carry nothing but containers, both in their holds and on deck. No fewer than sixty-four of these gigantic ships were under construction, and the Port Authority touted a study showing that 75 percent of the Port of New York’s general cargo could move in containers. When the ILA’s Manhattan locals sought a meeting with Lindsay to demand that the city build new piers to save their jobs, even the new marine and aviation commissioner, Herbert Halberg, advised that “to build marine terminals in Manhattan, in the quantity requested, is not at present good economic planning based on the needs of the marine industry, nor good city planning.” 36 The union made a last-ditch effort to preserve the old port by hiring Vincent O’Connor, Wagner’s marine and aviation commissioner, to lobby for pier construction. O’Connor delivered a plan for a combined ship/ rail/ truck terminal in lower Manhattan with an airplane landing strip on the roof. Another scheme called for a “vertical pier” over the East River, using technology developed for auto mated parking garages to lift containers from shipboard to storage places high in the sky. Such fantasies were of no use. “With few exceptions, all of the major ocean carriers operating containerships at the Port of New York are berthing at Elizabeth,” the Port Authority reported in 1969. When proposals for a new passenger ship terminal reached the front burner in 1970, Lindsay decided to get the city out of the port business at long last. “Dear Austin,” he wrote Port Authority chief Tobin in language unthinkable a few years earlier, “After considering the alternatives available to us, I am convinced that the entity best able to construct and operate the terminal is the Port Authority.” The passenger terminal would eventually be built in Manhattan— but the agency, soon to be renamed the Port Authority of New York and New Jersey, had no further opposition from city government as it developed a vast new port well away from its geographic roots. 37 As containers supplanted conventional ships, New Jersey’s share of the port’s general cargo reached 63 percent in 1970.

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 94-96). Princeton University Press. Kindle Edition. Two years later, 549,731 containers crossed the New Jersey docks. In New York City, though, only destruction was visible. Tonnage at the Port Authority’s Brooklyn docks fell 18 percent between 1965 and 1970. “The container is digging our graves and we cannot live off containers,” ILA president Thomas Gleason complained, and he was not far wrong. In 1963– 64, Manhattan employers used 1.4 million days of longshore labor. Hirings slid below a million in 1967– 68, breached 350,000 in 1970– 71, and dropped to 127,041 in 1975- 76— a 91 percent decline in longshore employment in twelve years. Total employment at marine cargo-handling businesses in Manhattan, including office work, fell from 19,007 in 1964 to just 7,934 in 1976. The situation in Brooklyn was better thanks to the Port Authority’s investments, but not for long. Two years after Manhattan’s longshore employment began its protracted decline, Brooklyn’s followed, dropping from 2.3 million hirings in 1965– 66 to 1.6 million in 1970– 71 and to just 930,000 in 1975– 76. By the time the Waterfront Commission closed its hiring hall at the Bush Docks in 1971, employment there and at the adjoining Brooklyn Army Terminal had fallen 78 percent in a decade. Brooklyn’s once mighty cargo-handling industry was just a shadow of its former self. 38 On the New Jersey side, meanwhile, growth exceeded all forecasts. Stevedores and ship lines were complaining of a labor short-age. Forty ship lines were operating from Port Newark and Port Elizabeth in 1973. The new port’s relentless expansion led to a 30 percent increase in hirings between 1963 and 1970, despite the efficiencies of containerization. By the middle of the 1970s, the New York docks were mostly a memory. Lighters carried a grand total of 129,000 tons of freight to waiting ships in 1974— less than one-tenth of the load moved in 1970, one-fiftieth as much as in 1960. Some shipping remained in Brooklyn, but Piers 6, 7, and 8, fully rebuilt in the late 1950s and known as “Little Japan” for their tenants, emptied out as five Japanese carriers moved to New Jersey. Bull Line, whose Puerto Rico business was a mainstay of the Brooklyn docks, shrank drastically before closing altogether in 1977. The four-pier complex on the Hudson River north of Fourteenth Street, reconstructed as a state-of-the-art terminal for United States Lines in 1963, stood vacant and unrentable, a monument to the city’s costly unwillingness to accept that its time as a port was over. When new tenants finally appeared, years later, the Chelsea Piers reopened for an entirely different use: recreation. 39 The decline of the docks reverberated through New York City’s economy, most strongly in the poorest neighborhoods of Brooklyn. In 1960, there were only 23 census tracts, of the 836 in the borough, in which at least 10 percent of the labor force worked in the trucking and maritime industries. On a map, these tracts form a

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 96-97). Princeton University Press. Kindle Edition. employment change in Manhattan and Brooklyn had mirrored national trends in these sectors from 1964 to 1976, the two boroughs would have added 200,000 jobs, most of them suitable for manual or clerical workers. Instead, New York lost more than 70,000 jobs in these port-related industries, while similar employment nationally rose 32 percent. The changes in transport costs induced by containerization hit manufacturing, too, eliminating not only factory-floor jobs but also related trucking and distribution work as plants moved out of New York. Factory employment in New York City had begun to fall in the mid-1950s, a decade before the container came into widespread use, yet the city retained a surprisingly robust factory sector into the 1960s. In 1964, New York’s five boroughs were home to just over 30,000 manufacturing establishments employing nearly 900,000 workers. Almost two-thirds of the city’s manufacturers were located in Manhattan, where the apparel and printing industries dominated. The factory sector held steady through 1967, then abruptly collapsed. Between 1967 and 1976, New York lost a fourth of its factories and one-third of its manufacturing jobs. The scope of this deindustrialization was shockingly widespread, with forty-five of forty-seven important manufacturing industries experiencing double-digit declines in employment. 41 How much of the loss of industry can be blamed on the container? There can be no definitive answer, as containerization was only one of many forces affecting manufacturers during the late 1960s and the first half of the 1970s. This period saw the completion of expressways that opened up suburban acreage to industrial development. New York’s high electricity costs pushed out some factories. The general shift of population to the South and West accelerated, leaving New York factories poorly situated to serve expanding markets. The economic downturn of the early 1970s contributed to a fall in manufacturing employment nationwide, and New York’s outmoded factories, often housed in antiquated buildings with little land on which to expand or rebuild, bore the brunt of this shrinkage. There can be no doubt, however, that containerization eliminated one of the key reasons for operating a factory in New York City: ease of shipment. A New York City location had long offered transport-cost advantages for factories serving foreign or distant domestic markets, as local plants could get their goods loaded on ships with much less handling than could factories inland. The container turned the economics of location on its head. Now, a company could replace its crowded multistory plant in Brooklyn or Manhattan with a modern, single-story factory in New Jersey or Pennsylvania, could enjoy lower taxes and electricity costs at its new home, and could send a container of goods to Port Elizabeth for a fraction of the cost of a

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 98-99). Princeton University Press. Kindle Edition. plant in Manhattan or Brooklyn. This is exactly what occurred: while industry fled the city, 83 percent of the manufacturing jobs that left New York between 1961 and 1976 ended up no further away than Pennsylvania, upstate New York, or Connecticut. 42 In 1962, the Brooklyn waterfront was still lined with piers crowded with ships, vast transit sheds, and large, multistory factory buildings literally a stone’s throw from the docks. The shift of shipping to New Jersey through the 1960s, combined with the closing of the Brooklyn Navy Yard in 1966, helped destroy the industrial base of one of the largest manufacturing centers in the country. Long known for having a disproportionately large share of the New York region’s manufacturing, Brooklyn was remarkable for its disproportionately small share of manufacturing activity by 1980. Economic conditions were so bad that Booklynites abandoned the borough in droves. The population fell 14 percent between 1971 and 1980. Inflation-adjusted personal income fell for eight consecutive years. Not until 1986 did Brooklyn workers regain the income level they collectively enjoyed in 1972.43 The container was not the sole cause of the surprising and painful economic changes of the 1960s and 1970s, but it was an important cause. Container technology developed far more quickly and affected transportation industries far more significantly than even its most ardent proponents had imagined. New York was only the first established shipping center whose economy would be transformed in ways that were unimaginable before the container arrived on the scene.

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 99-100). Princeton University Press. Kindle Edition.

Chapter 6 Union Disunion The dislike between Teddy Gleason and Harry Bridges was almost visceral. Gleason, a voluble Irish-man born hard by the New York docks, held together the International Longshoremen’s Association, the union representing dockworkers from Maine to Texas, with a combination of personal charm, warm humor, endless patience, and more than occasional tolerance of corruption. Bridges was an Australian-born ascetic, a man whose role in the brutal battles that brought the International Longshoremen’s and Ware-housemen’s Union (ILWU) to power in Pacific ports made him a legend among his members. The two men disagreed about almost everything, including how their unions should respond to the threat that automation posed to longshoremen’s jobs. For a decade beginning in 1956, they struggled with very similar issues in very different ways. Both leaders understood from the outset that automation could put tens of thousands of jobs at risk and transform shoreside labor— their members’ labor— into almost an incidental expense. They ended up finding different ways to win extraordinary benefits for their members— in return for allowing the container to reshape the long-established pattern of life on and around the docks. It was in New York, where Gleason had run a local ILA union and then become the chief deputy to “Captain” William Bradley, the international president, that automation first arose as a major labor-relations issue. The New York Shipping Association, the group of stevedoring companies and ship lines that negotiated the local contract with the ILA, offered an unusual proposal in 1954. Shippers were starting to send their export cargo to the dock already tied on wooden pallets, intending that the entire pallet be transported as a single unit. Since pallets were easy to move with forklifts on the pier and to stow with forklifts inside the ship, the Shipping Association asked the union to handle them with gangs of only 16 men at each hatch, rather than the normal complement of 21 or 22. The ILA quickly did the math: the companies’ proposal could mean the loss of up to 30 jobs on a vessel with five hatches. The union objected, and the Shipping Association retreated. 1 Pan-Atlantic’s venture at Port Newark two years later initially attracted little attention from the union. Port Newark, like all parts of New York harbor, operated under ILA contracts. Gleason knew Malcom McLean— the ILA had organized some McLean Trucking warehouse workers in 1939— and the union agreed to handle Pan-Atlantic’s containers when the Ideal-X first

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 101-102). Princeton University Press. Kindle Edition. set sail in 1956. Some union leaders made clear their distaste for the container, but the ILA had a host of more pressing concerns: it was in internal turmoil; it faced yet another attempt to oust it as the sole union on New York’s docks; its portwide contract was set to expire on September 30, 1956; and its top bargaining demand, a single contract covering the entire Atlantic and Gulf coasts, was meeting strong management resistance. Members at Port Newark were worried about preserving their system for assigning work, which sought to equalize their earnings. In the grand scheme of things, two small ships carrying a few containers were not a priority at union headquarters on West Fourteenth Street in Manhattan. Besides, as an ILA official later told Congress, Pan-Atlantic’s was a new operation that added longshore jobs rather than removing existing jobs. The servicing of Pan-Atlantic’s containerships, along with the work of consolidating small shipments into full containers at Pan-Atlantic’s terminal, was divided between two ILA locals, one black and one white, on the understanding that most of the twenty-one men in each gang were not needed for loading and unloading and would stay out of the way. 2 Automation became a serious issue when the ILA negotiated new contracts in the fall of 1956. After observing McLean’s container operation, the New York Shipping Association sought freedom for employers to hire only as many longshoremen as they wanted “for any type of operation not practiced at this time.” An even more ominous issue arose in New Orleans, where the employers wanted to define longshore work as moving cargo from a point of rest on the wharf to the ship— language that would have shut the ILA out of work loading or emptying containers or moving them within the terminal area. Both proposals were eventually dropped, and after a ten-day strike the union achieved much of its main goal, winning a single contract covering wages and pensions from Maine to Virginia. Gleason, the union’s chief negotiator in New York, gave absolutely no ground on the automation-related demands, but the battle lines had been drawn. As a presidential board of inquiry noted dryly after the strike, proposals for smaller gang sizes “were a bone of contention with the union.” 3 By 1958, the ILA had seen off competing unions in New York and was free to turn its full attention to automation. The first returns on container shipping were in, and they were alarming. “A containership can be loaded and unloaded in almost one-sixth of the time required for a conventional cargo ship and with about one-third of the labor,” McLean Industries told shareholders after two years of operation. Other ship lines were examining containers, and, unlike Pan-Atlantic, they wanted to move consolidation of small shipments away from the docks to inland sites, where it would be out of the ILA’s

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 102-103). Princeton University Press. Kindle Edition. jurisdiction. The match was lit by Grace Line, a company specializing in the South America trade. In November 1958, Grace docked its new Santa Rosa on the Hudson. The vessel was designed such that workers could load containers and mixed cargo by rolling them through doors in the side rather than hoisting them through hatches in the deck. Citing the ease of loading, Grace asked to hire only five or six men for each hatch. ILA Local 791 promptly refused to work the ship. When the company held firm, the ILA announced a boycott of all containers, except Pan-Atlantic’s, unless they had been filled by ILA members. Fred Field, head of the council of New York ILA locals, angrily accused the ship lines of “soliciting freight in prepackaged containers.” 4 With tensions mounting, the ILA stopped work on November 18 and convened twenty-one thousand longshoremen at Madison Square Garden to hear about the threat of mechanization. Union leaders demanded that employers “share the benefits” and insisted that they would not accept smaller gang sizes. The issue was critical to the union: if Grace Line had its way, far fewer men would be needed on the docks. Intense negotiations led to a temporary compromise in December: the ILA agreed that companies using containers before November 12, 1958— including Grace— could continue to use them, so long as they hired twenty-one men for each hatch. On December 17, the port’s labor arbitrator declared, “The problem of containers is well on the road to an amicable solution by both parties.” 5 It was not. Negotiations over container use resumed in January 1959 but got nowhere. The issue festered until August, the start of bargaining on new contracts for all East Coast and Gulf Coast ports. At the most important talks, covering New York Harbor, the ILA demanded that ship lines “spread the fruits of automation.” It offered to eliminate one or two longshoremen from each gang. In return, it sought a six-hour workday and a requirement that every container, whatever its origin, be “stripped and stuffed”— that is, emptied and then reloaded— by ILA members on the pier. Stripping and stuffing, of course, were entirely make-work, and would have eliminated any cost savings from containerization. A few days later, the New York Shipping Association countered with a general concept: employers would protect the jobs of regular longshoremen in return for unlimited freedom to automate. 6 In a conventional labor-management relationship, a management proposal to guarantee jobs in return for the right to automate would have led to intense negotiations. Negotiating with the ILA, however, meant an endless series of distractions. With almost no warning, the union scheduled a membership vote for September 14— two weeks ahead of contract expiration— on whether the ILA should affiliate with the national AFL-CIO labor federation, six years after the old

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 103-105). Princeton University Press. Kindle Edition. American Federation of Labor had expelled it for corruption. All other business was suspended while union leaders tried to convince members to vote yes. Only after the referendum’s narrow passage did contract negotiations resume, just a few days before the September 30, 1959, expiration date. The talks had a positive tone, and, with details unsettled a few hours before the contract expired, Gleason and New York Shipping Association president Alexander Chopin agreed on a fifteen-day extension. Field protested that the extension violated the ILA’s long-standing credo, “no contract, no work,” and his Manhattan local promptly went on strike. A few hours later, after separate negotiations covering southern ports failed, longshoremen from North Carolina to Texas walked out. Faced with two uprisings, Gleason canceled the contract extension and endorsed a strike— only to run afoul of powerful Brooklyn ILA boss Anthony Anastasia. Anastasia, a volatile Italian immigrant with no love for Gleason and the other Irishmen who dominated the ILA’s leadership, directed his own members to work and accused Gleason of backing the strike only to benefit Field. A court temporarily ended the chaos on October 6 by ordering the ports reopened for at least eighty days. 7 The employer side was no more united than the union. Every ship line had its own plans for automation, and the only company that truly understood the container business, Pan-Atlantic, was not at the bargaining table. When serious negotiations resumed at the start of November, the Shipping Association rejected the union’s proposal to strip and stuff all containers at the pier, but agreed to a container tax to compensate longshoremen hurt by containerization. The details proved sticky. The employers offered severance pay for displaced dockers. The union wanted a guarantee of dock-workers’ incomes instead; it dismissed severance pay as impractical because, in an industry where workers were hired by the day, automation was likely to mean less work for everyone rather than total unemployment for some. The outcome, in December 1959, was a three-year contract stating that New York employers would have the right to automate in return for protecting longshoremen’s incomes. Beyond that broad principle, all details were left to arbitration. “What the shippers did was give us a piece of the pie,” one ILA leader crowed. “Their savings with containers will be tremendous and they just passed on some of the cash to us.” The Shipping Association told a similar story. “The steamship industry and shippers are in a position for the first time to fully test and evaluate the economies that might result from these new developments,” Shipping Association president Vincent Barnett wrote his members. Civic boosters, long preoccupied by the decline of New York’s docks, touted the pact as the instrument of the port’s salvation. The new contract “may

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 105-106). Princeton University Press. Kindle Edition. give New York a jump on competing ports in developing the use of huge containers in international shipping,” the Herald Tribune explained. The New York Times thought that it “should open the door to a flood of containers.” 8 The flood did not come, because nothing had been agreed but generalities. Three arbitrators, including Gleason, a management representative, and a neutral third member, spent months pondering the details, trying to navigate between the ship lines’ concern that a royalty on each container would “become another long-term mortgage on the industry” and the ILA’s worry that the carriers would find ways to avoid paying royalties. Finally, in the autumn of 1960, the arbitrators ruled by a two-to-one vote that employers in the Port of New York could use container-handling equipment without restriction— in return for paying $ 1.00 per ton for every container moving on a containership, $ 0.70 per ton for each container on ships designed both for containers and mixed freight, and $ 0.35 per ton for containers being carried on conventional breakbulk ships. As a sop to the union, the arbitrators dictated that when ship lines or stevedore companies stuffed or unstuffed containers at their own terminals, they would have to employ ILA labor. 9 With the 1960 arbitration award, the Port of New York was officially open to any ship line wishing to carry freight in containers. The reality was otherwise. The arbitrators had ordered that the container royalties be paid into a fund, but they had refused to say anything about how the fund should be spent. In addition, the arbitrators had neglected to define the term “container.” Gleason, the union’s representative on the arbitration panel, predicted that these omissions would cause further union-management conflict. He was right. The ILA’s Pacific coast counterpart, the International Longshoremen’s and Warehousemen’s Union, took an entirely different tack in addressing waterfront automation. The ILWU had a long history of difficult and at times violent relations with employers in the Pacific ports. The union, then the Pacific division of the ILA, gained recognition only after a bloody coastwide strike in 1934, and staged 1,399 legal and illegal stoppages over the next fourteen years in order to assert its rights. The net result of this constant conflict was a large body of rules, both written and unwritten, governing port operations in great detail. One formal rule provided that, once assigned to a job at a particular hatch of a particular ship, a worker would do only that specific job until the ship sailed; if loading was complete at one hatch but not at another, an idle worker from the first hatch could not be shifted to help out at the second. An important “hip pocket” rule, codified nowhere but enforced by the gang foreman as required, provided that a trucker delivering palletized cargo to a pier

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 106-107). Princeton University Press. Kindle Edition. would have to remove each item from the pallet and place it on the dock. Longshoremen would then replace the items on the pallet for lowering into the hold, where other longshoremen would break down the pallet once more and stow each individual item— all at a cost so high that shippers knew not to send pallets to begin with. 10 Developing such rules, a top ILWU official admitted later, “took no end of imagination and invention.” The union regarded them as indispensable to preserve jobs and maintain uniform costs among competitors. The stevedoring firms with which the ILWU negotiated were willing to accept the rules to avoid the alternative of endless wildcat strikes. Louis Goldblatt, the union’s longtime secretary-treasurer, claimed that the stevedores actually liked many of the rules, because the ship lines paid them a premium of 30 percent for each man-hour worked. Perversely, the more man-hours required to discharge and load a ship, the more profit the stevedore could make. 11 The other reason strict work rules were accepted is that there was little choice. The stevedores’ association had attempted to loosen many of the rules in contract negotiations in 1948. Unwisely, it did so by mounting a personal attack on Harry Bridges. The union president, a political radical from his Australian youth, made no secret of his socialist sympathies, and the employers labeled him a Communist and declared that they would not deal with Communists. By so doing, they merely enhanced his reputation on the docks. The ILWU walked out when the contract expired, and the union’s leadership was so successful in promoting solidarity that members stayed out through a ninety-five-day strike. Finally, the major ship lines brought the conflict to an end by pushing aside the stevedores’ association and their own rabidly anti-Communist counsel and taking charge of negotiations. The union achieved its greatest desire: it was finally able to negotiate face-to-face with the ship operators that ultimately paid for its services, rather than with the financially tenuous middlemen at the stevedoring companies. 12 The largest of the Pacific ship lines, Matson, was facing a financial squeeze, and it persuaded the others that it was time for “a new look” in labor-management relations. The companies agreed to leave the work rules alone, in return for a contract clause allowing stevedores to use new devices and methods so long as individual workers did not face speedups. Innovation would no longer automatically trigger a strike. If a gang thought it was being asked to perform dangerous or excessive tasks, a union representative and a supervisor would try to work things out while unloading or loading continued; if no settlement could be reached at the job site, the dispute would move quickly to higher levels and, if needed, to binding arbitration. These provisions created a new openness, with the union frequently

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 107-108). Princeton University Press. Kindle Edition. bending the rules to permit new equipment and smaller gangs so long as workers received a portion of the savings. Faced with cargo volumes one-quarter smaller than before the war, the ILWU, in the words of two California labor experts, accepted that “[ r] adical measures were necessary to halt the decline in maritime commerce.” 13 The amount of cargo handled per man-hour through the early 1950s, however, remained dismally low. A congressional investigation of the ports of Los Angeles and Long Beach in 1955 uncovered such informal practices as “four-on, four-off,” a custom that had begun as a brief rest break for half of the eight holdmen in each gang and had expanded to the extent that workers often worked for only half of their shifts. The investigation left the ILWU cornered and friendless. It had long been plagued by allegations that it was a Communist front, and the government had sought repeatedly to deport Bridges, notwithstanding his status as a naturalized U.S. citizen. The Congress of Industrial Organizations, the leftist side of the labor movement, had expelled it for alleged Communist ties in 1951, and after the AFL and the CIO merged in 1955, Bridges was fearful that the Teamsters and other AFL-CIO unions would seek to challenge its jurisdiction over the docks. Even its former parent union, the ILA, wanted nothing to do with the ILWU, despite its own isolation from the rest of the labor movement; when Bridges wrote ILA president William Bradley to offer support during the 1956 East Coast dock strike, Bradley fired back that Bridges’s support was undesired. Bridges, a sophisticated tactician, was painfully aware of his union’s vulnerability to government pressure, and he knew that ending contract abuses and improving productivity were essential to keep the government out of union affairs. “You have got our promise and the employers have got our promise that we will go down there [to the rank and file] and persuade and push and do our best,” Bridges told the congressional committee. 14 The impending launch of Pan-Atlantic’s container service in the East, and the ongoing study of container usage by Matson, the largest West Coast ship line, made it clear that shipowners were intent on automating cargo handling. Although many members of his union opposed concessions of any sort, Bridges, protected by his credentials as a militant uncorrupted by his dealings with the bosses, began to argue publicly that the union needed to think ahead. “Those guys who think we can go on holding back mechanization are still back in the thirties, fighting the fight we won way back then,” he said. 15 Its origins in the West’s turn-of-the-century labor radicalism, its remarkable victories in the strikes of 1934 and 1948, and the ideology of its leaders gave the rank and file unusual power within the ILWU. A change in the union’s position on work rules and automation could not be

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 108-110). Princeton University Press. Kindle Edition. imposed from the top; it would have to be endorsed by the coastwide caucus of representatives elected by their local unions, and then approved by a vote of the entire longshore membership. The task of selling the need for a new approach fell to Bridges. He first presented the issue to the union’s negotiating committee, of which he was a member. In March 1956, as the ILWU caucus debated priorities for the upcoming contract negotiations, the negotiating committee urged that the union accept automation in return for higher wages and shorter working hours: [M] uch 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 re affirm our work jurisdiction, along with practical minimal manning scales, so that the ILWU will have all of the work from the railroad tracks outside the piers into the holds of the ships. 16 This point of view was highly controversial within the union. The 1948 contract had left the ILWU firmly in control of the docks in almost every Pacific port. All longshoremen were either full ILWU “A-men” or else “B-men” who were hired as extras when all the A-men were employed, and hoped to get enough experience to be admitted to the union as A-men themselves. Most A-men belonged to regular gangs, with the same group dispatched together from the hiring hall under their elected gang boss, who was also a union member. The handling of each ship was supervised by a walking boss, an ILWU member as well. The stevedoring companies’ superintendents, nominally in charge, understood that it was usually wiser to get along with the union than to insist on strict enforcement of the contract. This cozy arrangement, which gave the longshoremen unusual control over their workplace, seemed to be threatened by the joint “Statement of Principles” put forth by the ILWU and the Pacific Maritime Association at the start of their 1956 negotiations. The key provision read simply: “There shall be no requirement for employment of unnecessary men.” 17 Bridges put the Statement of Principles to a membership vote and received only a tepid endorsement, with 40 percent of ILWU members voting no. He clearly had no mandate to agree to changes in manning requirements. Instead, the union and the Maritime Association signed a contract dealing with normal economic matters, and arranged to address mechanization and work rules in separate talks.

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 110-111). Princeton University Press. Kindle Edition. Those talks began early in 1957 but quickly foundered on employers’ complaints that union members were ignoring the existing contract. J. Paul St. Sure, head of the Pacific Maritime Association, made clear that the shipowners were unwilling to trade money for elimination of work rules until they were certain that Bridges could make ILWU locals live up to whatever bargain he struck. That hard-nosed stance led to a year of intense debate among centralizers and decentralizes within the ILWU. In a surprising speech to the union’s caucus in April 1957, Bridges demanded that locals abide by contract language and improve productivity. Opposition, though, was still too strong to overcome; automation issues were referred to the Coast Labor Committee for further study. The committee, consisting of Bridges, one member from the Northwest, and one from California, reported to another union caucus in Portland in October that shippers were increasingly demanding to pack their own cargo into pallets, vans, or other loads that would be handled as single units on the docks. It estimated that up to 11 percent of longshore work hours could be lost as these practices spread. “There is nothing, except our willingness to handle them, that prevents a very considerable increase in unit loads, made up by the shipper,” the committee wrote. It painted a stark choice: “Do we want to stick with our present policy of guerilla resistance or do we want to adopt a more flexible policy in order to buy more specific benefits in return?” 18 The report opened the way to a remarkable debate among rank-and-file members at the caucus. For the first time, men from up and down the coast had a chance to learn in detail about the changes under way in the shipping industry. “Every longshoreman started talking about what can be done under mechanization and still maintain jobs and income, benefits, pensions, and so forth,” recalled a labor journalist who was on the scene. Delegates from Los Angeles and Long Beach, where practices such as needlessly unloading and reloading pallets were most entrenched, opposed any compromise. “Perhaps we have the most to lose of any local on the coast,” one Los Angeles delegate complained. Delegates from Bridges’s home local in San Francisco led the support for negotiations over automation, arguing that the union should make sure that members shared the benefits of new methods of work rather than trying to stop them. After two days of debate, a voice vote backed Bridges’s proposal to begin informal negotiations about automation. On November 19, the union wrote the Pacific Maritime Association offering to discuss new methods and elimination of work rules, with the desire “to preserve the present registered force of longshoremen as the basic work force in the industry, and to share with that force a portion of the net labor cost saving to be effected.” 19 Again, the employers were less than enthusiastic. “Many of them felt that this

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 111-112). Princeton University Press. Kindle Edition. was a form of bribing the men on the job to do the job they were hired to do in the first place,” St. Sure explained. Bridges and St. Sure, who had developed a close working relationship, decided that the automation issues were too complex to resolve before the contract expired in June 1958, so they put their immediate focus on one very fundamental change in the contract. The union had won a six-hour workday in 1934, but an unwritten rule prohibited an employer from calling a halt after six hours if loading or unloading was not finished; although the contract guaranteed a minimum of only four hours’ pay when a longshoreman was hired, a “normal” shift was nine hours— six at straight time and three at time-and-a-half. The contract Bridges and St. Sure negotiated in 1958 turned longshoring into regular, full-time work. Longshoremen were guaranteed a full eight hours’ pay each day— at straight time. This benefited some men but hurt others, because the loss of overtime hours paid at 150 percent of base wage meant less income for many workers. Only 56 percent of ILA members voted to ratify the contract. 20 The start of Matson Navigation’s West Coast-Hawaii service in 1959 made negotiations about automation urgent. “There were specialized cranes that were built specifically for Matson’s operation,” a former Los Angeles longshoreman recalled. “Well, after the worker saw that, or read about it in the Dispatcher [the ILWU newspaper], it didn’t take long to sink in that this was the coming way the cargo was going to be moved.” The leadership warned the union caucus in April of “such rapid changes in shipping that within even a few years the industry might take on a completely new appearance.” The Pacific Maritime Association, though, downplayed the risk of job loss. “We feel it will be years before the present work force will be affected at all by automation,” St. Sure told ILWU negotiators in May 1959. Bridges apparently shared that view. “Harry didn’t seem to believe that containerization was going to be that important,” said the Dispatcher’s former editor. 21 Against that background, the employers made a concrete offer in 1959: in return for the elimination of work rules, they would guarantee that all A-men who had been on the roster in 1958 would at least equal their 1958 earnings in future years, and that employment would shrink only as longshoremen quit or retired. The union produced a counteroffer in November. In return for each man-hour saved by more efficient methods of cargo handling, it asked the employers to pay one hour’s average wage into a compensation fund. Trouble was, no one knew how much money might be involved. St. Sure finally grabbed a number out of thin air and offered the union $ 1 million in compensation for all work that might be lost owing to automation prior to June 1960. Bridges naturally asked for more, making a counteroffer of $ 1.5 million, and

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 112-113). Princeton University Press. Kindle Edition. a temporary deal was struck. In return for $ 1.5 million and a guarantee that no A-men would be laid off, the union agreed that the employers had the right to change methods of work over the coming months. Negotiations on a permanent arrangement would continue. 22 Months of serious study and dialogue ensued, involving the ILWU, the Pacific Maritime Association, and a variety of dissident factions within both groups. When formal negotiations reopened on May 17, 1960, St. Sure announced that the employers would not sign another interim agreement on automation; they wanted a complete contract. The union again proposed that employers contribute to a worker compensation fund based on man-hours saved. The ship lines had supported just such a concept in 1959. Now, however, they changed their tune, offering flat annual payments to buy out the old work rules for a fixed price, with no obligation to share future cost savings. Three days later, Bridges accepted the idea in principle. The union threw a figure on the table: $ 5 million per year over four years, an amount equivalent to about twenty cents each year for each man-hour worked in 1959.23 Dozens of bargaining sessions followed before the landmark Mechanization and Modernization Agreement was finally signed on October 18, 1960. On the management side, small coastal carriers, Japanese steamship lines, and stevedoring companies all demanded exemptions from contributing to the guarantee fund, and St. Sure had to threaten resignation to obtain unanimous support from the Pacific Maritime Association’s executive committee. The political problems on the union side were even worse. The ILWU local in San Francisco had agreed to terms for handling Matson’s new containership, Hawaiian Citizen, but when the vessel called at Los Angeles in August 1960, just as the mechanization talks were reaching a critical stage, ILWU Local 13 refused to work the ship. The Maritime Association promptly shut the entire port, and several ship lines threatened to move next door to Long Beach, where a different union local held sway. The Los Angeles Board of Supervisors responded with a proposed ordinance making port employees civil servants with no right to strike, an idea that was anathema to the ILWU. Bridges was forced to crack down hard on Local 13. Port, union, and Maritime Association officials signed an unusual agreement setting out penalties for men who refused to work as directed. St. Sure and Bridges made a joint appearance before the Board of Supervisors promising to install a full-time arbitrator to deal quickly with any labor disputes in the port. The Los Angeles docks reopened within a couple of weeks, but bad feelings lingered between the ILWU’s local officials and its international leaders. 24 Two months later, when the draft Mechanization and Modernization

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 113-115). Princeton University Press. Kindle Edition. October caucus, delegates knew that it meant the end of an era. “It is the intent of this document that the contract, working and dispatching rules shall not be construed so as to require the hiring of unnecessary men,” read the key clause. The word “container” did not appear, but the language gave management the right to change working methods for all types of cargo so long as this did not result in unsafe conditions or “onerous” workloads; the union could file a grievance if it believed conditions were onerous. The ILWU retained control of cargo sorting on the dock, but containers and pallets arriving at the dock fully loaded would no longer be emptied and repacked by longshoremen. In return for near-total flexibility, the employers agreed to pay $ 5 million per year. Part of the money would support retirement: longshoremen with 25 years of service would receive $ 7,920, or approximately 70 weeks’ base pay, upon retirement at age 65, plus the $ 100 monthly ILWU pension. Workers aged 62 to 65 would be paid $ 220 a month until age 65 if they would retire early. The rest of the money guaranteed all A-men average weekly earnings equivalent to 35 hours of work, whether or not their services were needed on the docks. Anyone hired as a longshoreman after the agreement was signed would never be eligible for the guarantee because, as a union spokesman explained, “they will not have given up anything.” 25 The caucus demanded numerous changes before sending the draft for a membership vote. More than one-third of the ILWU’s members voted no. Some opponents, such as San Francisco’s famed longshoreman-philosopher Eric Hoffer, were outraged on ideological grounds. “This generation has no right to give away, or sell for money, conditions that were handed on to us by a previous generation,” Hoffer stormed. Dockers in Los Angeles, still angry that Bridges had interfered in their local labor dispute and upset about the loss of work unstuffing and restuffing containers, rejected it by nearly two to one. The local in Seattle backed Bridges; so did his home local in San Francisco, where the unusually old workforce— nearly two-thirds of San Francisco longshoremen were 45 or older— liked the retirement provisions. Members in those two cities provided most of the votes to approve the contract. 26 The Mechanization and Modernization Agreement brought surprises all around. The initial result, predictably, was a wave of retirements. With incentives encouraging older longshoremen to leave the workforce, the number over age 65 fell from 831 in 1960 to 321 in 1964, and the number between 60 and 65 dropped by one-fifth. Contrary to expectations on both sides, though, income guarantees for active dockers proved unnecessary. Rather than a labor surplus, the docks experienced a labor shortage thanks to an increasing flow of cargo. Large numbers of B-men

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 115-116). Princeton University Press. Kindle Edition.

Chapter 7 Setting the Standard Containers were the talk of the transportation world by the late 1950s. Truckers were hauling them, railroads were carrying them, Pan-Atlantic’s Sea-Land Service was putting them on ships, the U.S. Army was moving them to Europe. But “container” meant very different things to different people. In Europe, it was usually a wooden crate with steel reinforcements, 4 or 5 feet tall. For the army, it involved mainly “Conex boxes,” steel boxes 8 ½ feet deep and 6 feet 10 ½ inches high used for military families’ household goods. Some containers were designed to be shifted by cranes with hooks, and others had slots beneath the floor so they could be moved by forklifts. The Marine Steel Corporation, a New York manufacturer, advertised no fewer than 30 different models, from a 15-foot-long steel box with doors on the side to a steel-frame container with plywood sides, 4 ½ feet wide, made to ship “five-and-dime” merchandise to Central America. Of the 58,000 privately owned shipping containers in the United States, according to a 1959 survey, 43,000 were 8 feet square or less at the base, while a mere 15,000, mainly those owned by Sea-Land and Matson, were more than 8 feet long. 1 This diversity threatened to nip containerization in the bud. If one transportation company’s containers would not fit on another’s ships or railcars, each company would need a vast fleet of containers exclusively for its own customers. An exporter would have to be cautious about putting its goods into a container, because the loaded box could go only on a single carrier’s vessel, even if another line’s ship was sailing sooner. A European railroad container could not cross the Atlantic, because U.S. trucks and railroads were not set up to handle European sizes, while the incompatible systems used by various American railroads meant that a container on the New York Central could not readily be transferred to the Missouri Pacific. As containers became more common, each ship line would need its own dock and cranes in every port, no matter how small its business or infrequent its ships’ visits, because other companies’ equipment would not be able to handle its boxes. So long as containers came in dozens of shapes and sizes, they would do little to reduce the total cost of moving freight. The United States Maritime Administration decided in 1958 to put an end to this incipient anarchy. Marad, as it was known, was an obscure government agency, but it held enormous power over the maritime industry. Marad and a sister agency, the Federal Maritime Board, dispensed subsidies to build ships,

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 127-128). Princeton University Press. Kindle Edition. administered laws dictating that government freight should travel in U.S.-flag vessels, gave operating subsidies to U.S. ships on international routes, and enforced the Jones Act, the venerable law dictating that only American-built ships, using American crews and owned by American companies, could carry cargo between U.S. ports. The wide variety among containers increased its financial risk: if a ship line took Marad’s money, built a vessel to carry its unique containers, and then ran into financial problems, Marad could end up foreclosing on a ship that no one would want to buy. Marad’s desire to set common standards was supported by the navy, which had the right to commandeer subsidized ships in the event of war and worried that a merchant fleet using incompatible container systems would complicate logistics. The situation was urgent: several ship lines were seeking subsidies to build vessels to carry containers, and if standards were not set quickly, each carrier might go off in its own direction. In June 1958, Marad named two committees of experts, one to recommend standards for container sizes and the other to study container construction. The problems the committees faced were not entirely novel. The railway industry, for example, had gone through a standardization process. The gauge— the distance between the inside faces of a pair of rails— on North American railroads varied between 3 feet and 6 feet during the nineteenth century. Trains on Britain’s Great Western Railway, with a gauge of 7 feet, could not travel on lines with the most common British gauge of 4 feet 8.5 inches. In Spain, gauges varied from 3 feet 3.3 inches to 5 feet 6 inches, and the multiplicity of gauges in Australia foreclosed long-distance rail transport well into the twentieth century. In some cases, the gauge had been chosen more or less randomly. In others, builders deliberately sought to prevent their line from interconnecting with others that might compete for traffic. Over time, these differences worked themselves out. The Pennsylvania Railroad took over lines in Ohio and New Jersey after the Civil War and converted them to its own gauge. When Prussia proposed a railway link to the Netherlands in the 1850s, the Dutch narrowed their lines so that trains could run through from Amsterdam to Berlin. 2 The railway precedent suggested that ship lines might eventually make their container systems compatible without a government dictate. Yet the analogy is misleading. The gauge that became “standard” on railways had no particular technical superiority, and standardization had almost no economic implications; the width of the track did not determine the design of freight cars, nor the capacity of a car, nor the time required to assemble a train. In the shipping world, on the other hand, individual companies had strong reasons to prefer one container system to another. The first carrier with fully

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 128-129). Princeton University Press. Kindle Edition. containerized ships, Pan-Atlantic, used containers that were 35 feet long, because that was the maximum allowed on the highways leading to its home base in New Jersey. A 35-foot container would have been inefficient for carrying canned pineapple, Matson Navigation’s biggest single cargo, because a fully loaded container would have been too heavy for a crane to lift; Matson’s careful studies showed that a 24-foot box was best for its particular mix of traffic. Grace Line, which was planning service to Venezuela, worried about South America’s mountain roads and opted for shorter, 17-foot containers. Grace’s design included small slots at the bottom for fork-lifts, but Pan-Atlantic and Matson chose not to pay extra for slots because they did not use forklifts. Each company deemed the fittings it used to lift its containers the best for loading and discharging ships at top speed. Conforming to industry standards, each line felt, would mean using a system that was less than ideal for its own needs. 3 There were two other important distinctions between standardizing rail gauges and standardizing containers. One was scope: the width of a railroad track affected only railroads, whereas the design of containers affected not just ship lines, but also railroads, truck lines, and even shippers who owned their own equipment. The other difference was timing. Railroads had been around for several decades before incompatible track gauges came to be seen as a major problem. Container shipping was brand-new, and pushing standardization before the industry developed might lock everyone into designs that would later prove undesirable. From an economic perspective, then, there was every reason to doubt the desirability of the standardization process that began in 1958. If government agencies in those days had made it a routine practice to conduct cost-benefit studies, most likely the entire process of container standardization would never have begun. 4 These concerns were unrepresented when Marad’s two expert committees held their first meetings on successive days in November 1958. Neither Pan-Atlantic nor Matson was seeking government construction subsidies, so the only two companies actually operating containerships in 1958 were not invited to join in the process of setting standards for the industry that they were creating. Controversy arose almost immediately. After much debate, the dimension committee agreed to define a “family” of acceptable container sizes, not just a single size. It voted unanimously that 8 feet should be the standard width, despite the fact that some European railroads could not carry loads wider than 7 feet; the committee would “have to be guided mainly by domestic requirements, with the hope that foreign practice would gradually conform to our standards.” Then the committee took up container heights. Some maritime industry representatives favored

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 129-131). Princeton University Press. Kindle Edition. containerized ships, Pan-Atlantic, used containers that were 35 feet long, because that was the maximum allowed on the highways leading to its home base in New Jersey. A 35-foot container would have been inefficient for carrying canned pineapple, Matson Navigation’s biggest single cargo, because a fully loaded container would have been too heavy for a crane to lift; Matson’s careful studies showed that a 24-foot box was best for its particular mix of traffic. Grace Line, which was planning service to Venezuela, worried about South America’s mountain roads and opted for shorter, 17-foot containers. Grace’s design included small slots at the bottom for fork-lifts, but Pan-Atlantic and Matson chose not to pay extra for slots because they did not use forklifts. Each company deemed the fittings it used to lift its containers the best for loading and discharging ships at top speed. Conforming to industry standards, each line felt, would mean using a system that was less than ideal for its own needs. 3 There were two other important distinctions between standardizing rail gauges and standardizing containers. One was scope: the width of a railroad track affected only railroads, whereas the design of containers affected not just ship lines, but also railroads, truck lines, and even shippers who owned their own equipment. The other difference was timing. Railroads had been around for several decades before incompatible track gauges came to be seen as a major problem. Container shipping was brand-new, and pushing standardization before the industry developed might lock everyone into designs that would later prove undesirable. From an economic perspective, then, there was every reason to doubt the desirability of the standardization process that began in 1958. If government agencies in those days had made it a routine practice to conduct cost-benefit studies, most likely the entire process of container standardization would never have begun. 4 These concerns were unrepresented when Marad’s two expert committees held their first meetings on successive days in November 1958. Neither Pan-Atlantic nor Matson was seeking government construction subsidies, so the only two companies actually operating containerships in 1958 were not invited to join in the process of setting standards for the industry that they were creating. Controversy arose almost immediately. After much debate, the dimension committee agreed to define a “family” of acceptable container sizes, not just a single size. It voted unanimously that 8 feet should be the standard width, despite the fact that some European railroads could not carry loads wider than 7 feet; the committee would “have to be guided mainly by domestic requirements, with the hope that foreign practice would gradually conform to our standards.” Then the committee took up container heights. Some maritime industry representatives favored

Levinson, Marc (2010-06-29). The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger (pp. 129-131). Princeton University Press. Kindle Edition.