

## Speech by PMA President and CEO Joseph Miniace at the Propeller Club in Long Beach

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Now that Stanford University considers Bob Dylan as part of the academic establishment, I feel I can use a quote from him to sum up what is happening in the Maritime Industry. "The times, they are a changin." We are facing a time of dramatic change. And I do mean dramatic. When, at any time in the past, could you imagine Diversity and Sensitivity Training being given to Longshore workers? And, they are asking for this training. To really get the flavor of this, try to take yourself back and try to imagine Marlon Brando and his cronies in "On the Waterfront" participating in this kind of class. Not an easy picture to conjure up, but thousands of today's longshore workers are participating, learning "Skills for a Changing Workplace." The PMA and the ILWU have worked together to develop this program – "the times, they are a changin."

Today's world economy has increased the pressure on all companies and industries to be cost effective, productive and customer focused. Although our industry has always competed on a global level, we have not had to fight for business. Again, "the time's, they are a changin."

Today, rates continue to fall and our productivity is low – a recipe for disaster. Other ports have developed elaborate marketing strategies and aggressive sales teams to recruit business; that's business being taken away from our ports. Nature has been kind to us, providing us with deep water ports and relative proximity to the majority of US trading partners. But, we have lost approximately 3% of our market share in the past three years to our competitors at other ports. Three percent may not sound like a lot, but to an industry which, historically, has had a 2% profit margin, 3% is a lot. Our deep water advantage and access to trading lanes are no longer enough. We have to do what the other ports are doing. We have to compete. To compete, you have to be productive and dependable.

Competition does not allow for inefficiencies. The first thing we must do is structure a West Coast Team. If we plan to maintain and build our market share, the ILWU and the PMA will have to work together as a team. When we do, we are a formidable team. To prove my point, just look at how we mobilized in response to the Union Pacific Railroad fiasco. The PMA and ILWU quickly joined together to build a Casual training program that has produced 1,000 new workers, who are the best trained Casuals on the Waterfront. The PMA and the ILWU also joined forces to move seasoned longshore workers from other ports to LA and Long Beach to help with the work demands. Proving to our customers that the PMA and the ILWU can work together to solve problems and to create a stable, reliable and productive workforce. Keep in mind, all of this was done in our current environment, with all of the baggage and politics of the last negotiation.

This was a big step and it must continue. It is imperative that the PMA, the ILWU and the ports stand together to keep the West Coast ports competitive in the global marketplace. We have to equally share the accountability and responsibility for our industry's survival. There are too many other ports out there looking for our piece of the pie. If we both don't change, we will both become irrelevant. The industry is changing and we need to keep pace, or it will put us out of business.

We, at the PMA, have recognized this. Our organization feared change, not questioning the status quo. We found out the hard way, through a customer opinion survey, that we needed a new approach to how we run our business. We replied by restructuring how and why we do business. As a result, we have become a customer driven organization. We are a customer service organization - period. Our employees are working harder than ever before, challenged with new tasks and responsibilities, guaranteeing that our customers' needs are being met. We understand what it is like to go through dramatic change. Every PMA employee knows how tough it can be. But again, it is crucial for all of us in this industry, companies and individuals, to adapt to this changing environment. Even if, initially, we only affect small changes, it is a sign of caring. We cannot sit back and accept the status quo.

In the next two years, the PMA and the ILWU have the opportunity to attack more substantive issues. I believe that we can negotiate a contract that will create a "win-win" for both sides. I believe in a strong union, but I also believe in strong management rights. Our companies invest an enormous amount of capital into training, terminal improvements and technological upgrades. The right to make decisions about how they run their business should be commensurate with their investment in this industry.

Unfortunately, as I have been saying over the last year, that right has been diluted to the point where workers are able to bypass jobs when they want to, even though they have been specifically trained for those jobs. Management must adhere to procedures that have not changed in 50 years. The dynamics of our industry have changed, making some of our systems obsolete. The guidelines limit a company's ability to be the most productive, competitive and reliable ports. It could be worse – players are allowed to strangle their coaches in the NBA, with little consequence. In our industry, people are not being held responsible for their productivity, dependability or actions. There is no accountability on the waterfront. And, accountability is the key to our success.

I am not suggesting that the ILWU should lose their position in our industry. As I said, I believe in a strong union. I also believe in paying good wages. The average longshore worker earns approximately \$90,000 per year, the average Clerk earns over \$105,000 and the average Foreman earns over \$139,000. To give you a frame of reference, the average family income for California is \$41,000 per year. In fact, our workers earn in the top 2 to 3% of all workers, nationwide. Not even the American Airlines pilots can claim that. They also receive the best benefits of any industry that I know of. The PMA and its member companies stand tall when it comes to wages, benefits and working conditions for the ILWU. What we want is a fair day's work for a fair day's pay. The industry can no longer afford to have productivity rates that are not commensurate with the salaries paid or the investment made.

What I am suggesting is that our industry and, specifically the West Coast ports, must move ahead and adapt, even embrace, the technological advances available to us. This is a challenge to the entire industry. Containerization was the revolution that initiated the M and M agreement which dramatically changed the face of our industry 40 years ago. Computerization is today's revolution. It can cause a quantum leap in productivity and cause a dramatic change in the way our business is done. We now have a window of opportunity that seems to come along every 40 years. Change is scary. People were scared back then and they are scared today. However, we cannot allow fear to keep us from continuing what the forefathers of modern longshoring started.

The ILWU and the PMA worked together to implement the M and M agreement and made it a success. We can't let their hard work be for nothing. We must meet this challenge together, as they did, and bring our industry to the next cutting edge of technology. As we did with containerization in the past, we must welcome technology into our industry and allow it to increase our productivity and create a safer working environment for us all.

We can continue to work the way we have been, and probably do OK for the next few years. Or, we can take the initiative to improve our technology and, therefore, our productivity and ensure we have a growing business throughout the next millennium. We can no longer push the accountability off on someone else. Each person on the waterfront must work to the best of his or her ability. These individual efforts contribute to making our ports great. We can't sit back and watch illegal strikes take place or productivity go down any further. These do nothing but hurt our industry, our reputation and our ability to compete with other ports.

I believe that competition will bring the best out of our West Coast ports. Here is an opportunity for all of us, the PMA, its member companies, the ports and the ILWU to come together, to work as a team. By joining forces we will have the best, most efficient and productive Coast. The coming years will be our chance to show off, to show what we can do when we put our minds together. The times may be changing, but we have the opportunity to change with them and, in fact, direct them. If we miss this opportunity, because of politics or inflexibility, we will all lose. Again, I turn to the academic, Bob Dylan, to sum up what will happen to us if we do not take this opportunity...we will all be "Blowin in the Wind."