

## Labor Market Deregulation and Climate Change

By David Bensman

Expanding global trade has been central to the neo-liberal project for the past thirty years. Advances in logistics have brought down the costs involved in transporting goods across the globe, and therefore have contributed to the expansion of global trade and the fulfillment of the neo-liberal project. While the container revolution and associated technological advances in ship and crane design have been central to these advances in logistics, deregulation of labor markets has also been central to the logistics revolution. Throughout the global logistics chain, from sea-faring, where flags of convenience replaced national regulatory regimes, through longshoring, and onto trucking and warehousing, deregulation, often marketed as liberalization of port services, has been at the forefront of the neo-liberal agenda for the expansion of global trade. If you doubt this, take a look at the Port Reform Tool Kit advertised on the World Bank's web site.

[http://rru.worldbank.org/Documents/Toolkits/ports\\_fulltoolkit.pdf](http://rru.worldbank.org/Documents/Toolkits/ports_fulltoolkit.pdf)

While the push to deregulate has taken different forms along the logistics chain, the underlying logic has been consistent: unleash market forces to eliminate local and national regulatory frameworks that set standards for labor and service providers. In some cases, this has resulted in a dramatic reduction in labor power and employment standards; seafarers were in this category during the neo-liberal era, and truck drivers serving the ports of Los Angeles, Pusan, Shenzhen and Mumbai also experienced dramatic reductions in wages and labor standards as neo-liberal orthodoxy swept away the regulatory regimes of the past. The effort to liberalize has not always been uniformly successful; as Peter Turnbull has documented in a brilliant series of articles, European port workers' unions developed new repertoires of power, including but not limited to the ability to coordinate demonstrations and lobbying

across the Continent, in order to defeat port liberalization measures proposed by the European Union Directorate on two separate occasions.

In the United States, the movement to reregulate ports has taken on a blue-green coloration. Beginning in the ports of southern California, in Los Angeles and Long Beach, efforts to restore employment standards for truck drivers have drawn strength from an unprecedented alliance between labor advocates on the one hand, and environmental , environmental justice, and public health advocates on the other. <http://www.cleanandsafeports.org/>

This alliance just won an important victory on August 26, when a Federal District Court Judge ruled in favor of a plan devised by the Port of Los Angeles, to require trucking companies doing business at the port of Los Angeles to employ their drivers, rather than contract with them, as had been the practice for the past thirty years since trucking was deregulated.<sup>i</sup> The Port of Los Angeles had argued, in defending its plan in court proceedings, that it was necessary to require trucking companies to employ their drivers, rather than contract with them, because contracted drivers earned too little to afford the clean, new diesel engines that the port deemed necessary if it were to meet the environmental standards imposed by the state of California's Clean Air Resources Board.

There is an important lesson to be learned from this California struggle, I believe. When markets are unregulated, and the balance of power between market forces is decidedly unequal, the consequences extend to more than employment standards. Quality of products and services are often affected, for example, which is why we have food and drug laws and airline and highway safety regulations. Unregulated markets often create inefficiencies which harm the public, which is why railroads have long been subject to government regulation. Economists have long known that in unregulated or poorly regulated markets, enterprises often pass on part of their cost of doing business onto the public. These external costs, or externalities, in the case of unregulated or poorly regulated

trucking industries, take the form of road wear and tear, accidents and congestion, and air pollution that contributes to climate change.

In the case of port trucking in Los Angeles, it was the externality of excessive diesel emissions that drove environmentalists, environmental justice activists, and public health advocates to join together with labor unionists to push for a plan to reregulate the port its trucking sector. Since the deregulation of trucking in 1980, port trucking, or drayage, had become a degraded labor market, where drivers competed desperately in a vicious race to the bottom.<sup>ii</sup> Functioning as owner operators of their truck cabs, the drivers contracted with trucking companies that were essentially brokers, who gave them orders to haul a load from a port terminal to a warehouse or vice versa. The trucking companies were virtually assetless, and had to compete for orders with beneficial cargo owners and ocean carrier fleets that were growing ever larger in the last thirty years. In order to earn a profit in the highly competitive drayage market, the trucking companies squeezed the so called “independent contractor” by shifting on to them all the costs of running a trucking business, including buying fuel, paying the truck lease, maintaining and repairing the engine, replacing tires, road taxes, tolls and so on. The drivers, squeezed by the companies on whom they depended for orders, cut costs to the minimum, by skimping on maintenance and repairs and by operating the cheapest trucks they could find. Port trucking became known as the place where old trucks go to die. The average truck in use in New Jersey was eleven years old at the time I surveyed drivers in 2007.<sup>iii</sup> Old trucks have old engines which do not meet current emissions standards, and which produce fine diesel particles covered by poisonous, carcinogenic substances.<sup>iv</sup> Until the Port of Los Angeles adopted its Clean Air Action Plan, under pressure from the blue-green alliance, fine diesel emissions were causing hundreds of premature deaths, and thousands of cases of asthma, cancer, lung and heart disease<sup>v</sup>. Together, labor its green allies were able to convince the Harbor Commission that unless the labor market was reregulated, and trucking companies were

forced to recognize their drivers as employees, with all the legal rights and protections embodied in that legal status, it would be impossible for the port to significantly reduce diesel emissions and clean the air.

At a time in history when the power of labor unions is generally declining, this case is worth examining. Early on in the campaign, it was apparent that labor could not win this fight on its own against the combined power of the shipping interests. Allying with environmentalists, environmental justice activists and public health advocates changed the power dynamics quickly and decisively. Suddenly, as far as the public was concerned, the issue was no longer whether or not it would be good for labor's power at the ports to increase; instead, it was whether or not it would be good to clean up the dirty air. The shipping interests conceded on the environmental arguments very quickly; almost as soon as the Port of Los Angeles' Clean Air Action Plan was announced, the shipping industry announced that it supported not only the clean air goals, but also the regulations banning old trucks and encouraging the introduction of new, cleaner trucks into the drayage fleet. Once the shippers conceded the need for environmental reform, they were on the defensive in the court of public opinion.

In the United States, there are signs that labor activists and environmentalists are recognizing the potential for a broader alliance. Under the leadership of the Steelworkers' Dave Foster, a formal Blue-Green Alliance has been organized to bring together several international labor unions with some of the leading environmental organizations. <http://www.bluegreenalliance.org/home> Together, they have been mobilizing support for comprehensive energy legislation to avert climate change. Out of their joint effort has sprung the Apollo Alliance, which advocates federal investment in a clean energy economy, with the slogan "Clean Energy, Good Jobs." <http://apolloalliance.org/> At a time when the U.S. economy is so weak, and the holders of capital are so reluctant to invest in new capacity, a campaign to spur federal investment in a renewable energy future offers the best hope for a progressive response to the economic crisis.

Furthermore, the challenge posed by global warming looms as a central challenge to the American economy, whose growth has been based on energy-intensive patterns of suburban sprawl and personal consumption. If the labor movement can develop a strategic partnership with environmentalists, the possibilities of a progressive response to the challenges of climate change are enhanced immeasurably.

The Blue Green Alliance not only offers labor movements around the world a strategy that puts them on the progressive side of the struggle against climate change, it also offers labor movements a great opportunity to point out the weakness of neo-liberal ideology. Neo-liberalism's blindness to market failures has no better symbol than the excessive greenhouse gas emissions responsible for global warming. When unions warn against the danger of unregulated markets, and of markets distorted by gross inequalities in bargaining power, they can easily make the case that poorly regulated markets produce not only bad jobs and economic distress, but also problems in the realm of environmental health and public safety. This argument can be a powerful instrument in labor's ongoing effort to create global institutions and agreements that limit the power of capital, create decent jobs, encourage global justice, and, all at the same time, save the planet.

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<sup>i</sup>"Judge Rules Los Angeles Port's Clean Truck Program Can Proceed," *The Trucker*, 8-27-2010.  
[www.thetrucker.com/.../JudgerulesLosAngelesPortscleantrucksprogramcanproceed.aspx](http://www.thetrucker.com/.../JudgerulesLosAngelesPortscleantrucksprogramcanproceed.aspx)

<sup>ii</sup> David Bensman, *Port Trucking Down the Low Road*, Demos, July 2009.

<sup>iii</sup> David Bensman and Yael Bromberg, "Report on Drivers' Survey at New Jersey Ports," Jan. 29, 2009.

<sup>iv</sup> California Air Resources Board, "Fact Sheet: The Toxic Air Contaminant Identification Process – Toxic Air Contaminant Emissions from Diesel-Fueled Engines," 1998.

<sup>v</sup> California Air Resources Board, "Quantification of the Health Impacts and Economic Impacts of Air Pollution from Ports and Goods Movement in California," Appendix A to "Emission Reduction Plan for Ports and Goods Movement," March 21, 2006.