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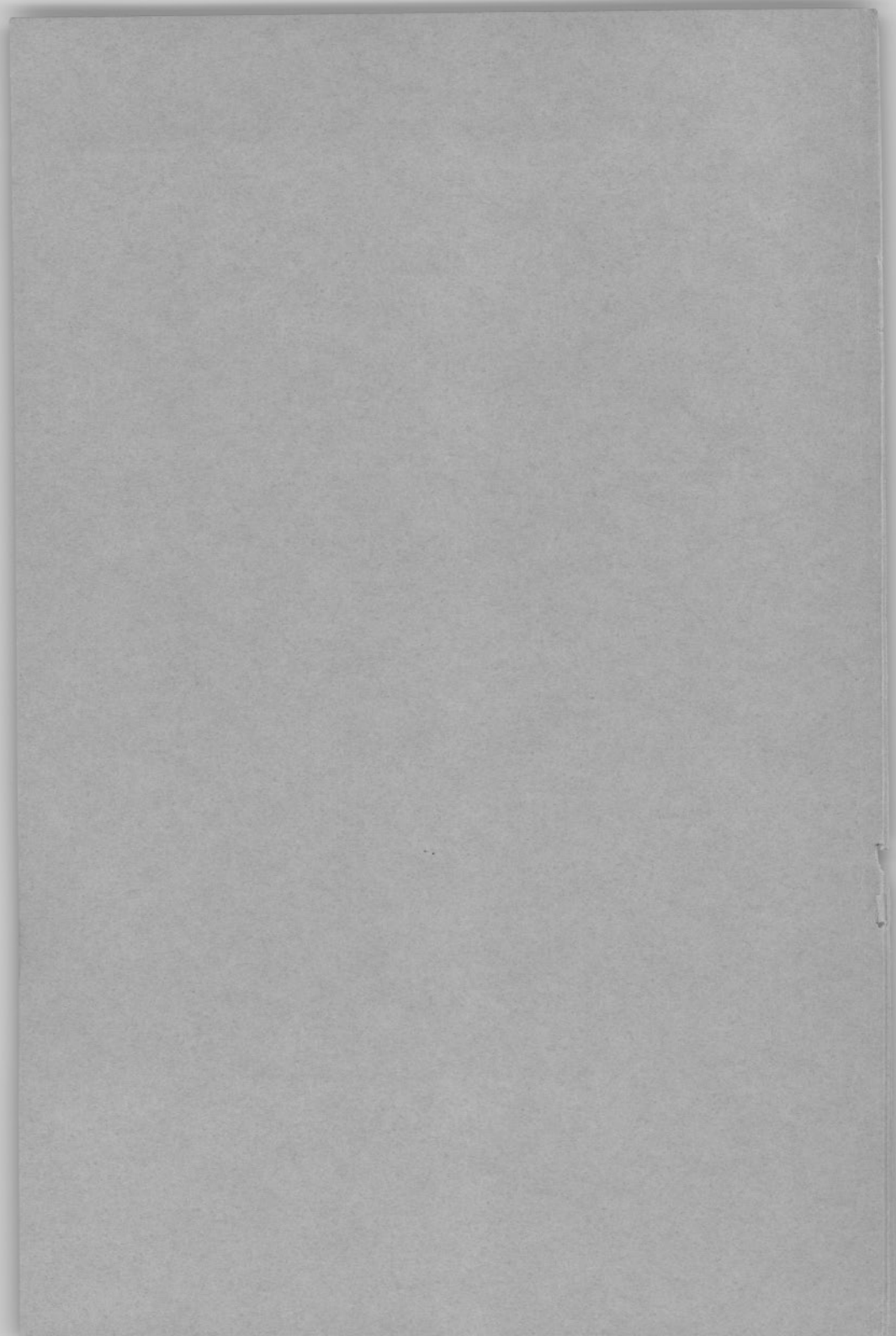
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Annual Report

Waterfront Commission of New York Harbor



1955-1956



Waterfront Commission of
New York Harbor



ANNUAL REPORT

FOR THE YEAR ENDING JUNE 30, 1956



Annual Report
The Waterfront Commission of
New York Harbor

For Year Ending June 30, 1956



To the HONORABLE AVERELL HARRIMAN, *Governor*,
and the Legislature of the State of New York:

To the HONORABLE ROBERT B. MEYNER, *Governor*,
and the Legislature of the State of New Jersey:

The provisions of the Waterfront Compact between the States of New York and New Jersey under which the Waterfront Commission operates were put into effect on December 1, 1953. The first fiscal year of the Commission ended June 30, 1954. This report covers the period of the third fiscal year ending June 30, 1956. The Commission has now been in operation for about two and one-half years.

This report will set out the activities and accomplishments of the Commission during the year, the problems with which it is confronted, the plans the Commission has made to cope with these problems and, where additional assistance is needed in the way of legislation, make recommendations for Your Excellencies and the Legislatures to consider.

No purpose would be served in this report by a repetitious recitation of the evils which led to the establishment of the Commission and the mandates the law has imposed upon it. These have been set forth in great detail in previous reports of this Commission and elsewhere. (See Annual Report, Waterfront Commission of New York Harbor, 1954-55, pp. 3-6 inclusive.)

This has been a year of comparative peace and prosperity on the waterfront. The only exception was the strike of September 1955. It has been a year in which total wages paid to longshoremen showed an increase of 16.4% over the previous year. Freight tonnages and passenger traffic have increased.

It has been a year in which the Commission has continued to be active in the enforcement and administration of the Waterfront Compact, and a year in which it has engaged in a more thorough evaluation of its role in the port and in an analysis of the past activities of the Waterfront Commission with the purpose of seeking means to improve its performance in the achievement of the objectives of the Waterfront Compact.

The Commission this year has passed through a phase of its existence during which it has consolidated the gains made in previous years. By its very presence as a regulatory and law enforcement agency, it is bringing about recognition of the benefits of an atmosphere of law and order in an industry once characterized as a "jungle". Up to this time a major part of the Commission's efforts have been expended in the enormous initial task of licensing. It is now ready to move forward vigorously to undertake more intensive enforcement of the Compact and the regulations adopted thereunder, and to insure that a recalcitrant minority in labor and industry fully understand that the law will be carried out and must be obeyed. A gradual change in emphasis is being accomplished by devoting less of the total force to the licensing aspects of our work and more to the investigative and enforcement duties given to us under the Compact.

During the period covered by this report there were several changes in the officers of this Commission. On November 7, 1955, Lieutenant General George P. Hays (Ret.) resigned as Commissioner for New York and John P. McGrath, Esq., was appointed in his place by Governor Harriman. The Commissioner for New Jersey, Joseph Weintraub, Esq., was sworn in as a Judge of the Superior Court of the State of New Jersey on May 15, 1955 and

this vacancy was filled by Governor Meyner's appointment of Harold Kolovsky, Esq., as Commissioner for New Jersey.

On December 1, 1955, Michael J. Murphy was appointed as Executive Director succeeding Samuel M. Lane who returned to the private practice of law. On the same day, Irving Slonim was promoted to General Counsel and Chief of Enforcement.

William R. Engesser, Secretary to the Commission, resigned on August 18, 1955 and George A. Merrill, Jr., was appointed to this position.

The Commission had come to the conclusion in late 1955, after the resignation of the then Executive Director and General Counsel, that for the more efficient operation of that office, it should be separated into its two component parts, an Executive Director and a General Counsel. Accordingly, the by-laws of the Commission were amended on November 3, 1955 to so provide.

By this amendment the Executive Director was to have charge of the Licensing and Administration Divisions of the Commission, and the General Counsel and Chief of Enforcement (new title) was to supervise the Legal and Investigation staffs. Both men were to "work closely together for the proper coordination of their respective activities and each shall report directly to the Commission".

During the period from December 1955 to April 1956 it was found that the division of responsibility and direction did not provide the Commission with maximum operating efficiency. There were too many areas wherein functions and responsibilities overlapped. On April 25, 1956 the Commission revised its by-laws to provide that the Executive Director "shall be generally in administrative charge of all Commission personnel and all Commission activities". The General Counsel and Chief of Enforcement continues in charge of legal and major investigative and enforcement matters for the Commission, under the supervision of the Executive Director.

Early in 1956, the Commission established a hearing officer's section completely independent from the office of the General Counsel. In the past, in most cases, the hearing officer was appointed from among the lawyers on the staff who had been in no way connected with the preliminary investigation in the cases they were to preside over. The present system provides hearing officers who are separate and distinct from investigating and prosecuting counsel. The hearing officers, whose offices are on a floor apart from the legal staff, are assigned cases by the Executive Director. They form their judgments solely from the hearing record and make their recommendations to the Commission.

Since the inception of the separate hearing officers section, 130 cases have been referred to the two hearing officers regularly assigned. Of these, 108 have been heard and 22 are in process of hearing.

During the early part of 1956 the Commission made an extensive salary survey of its personnel in comparison with other governmental agencies and private employers in the area. The type and approximate kind of work performed by each employee was analysed. This information was correlated with the work classifications of other governmental agencies and some private employers.

Fourteen salary grades were established and a minimum, intermediate and maximum compensation for each grade provided.

Each employee was placed in a salary grade according to the analysis made of his position. He was informed of his status. Ordinarily, all future employment in each grade will be at the minimum of the grade. Increments are not automatic but depend upon the certification to the Commission by the Division Head and Executive Director that the employee has performed competently. This salary plan providing a uniform method of compensation and increments was adopted on March 27, 1956.

The Commission wishes to express its appreciation to Mr. John D. Foster, Personnel Director of the Port Authority; Mr. J. Earl

Kelly, Director of Classification and Compensation Department of Civil Service, State of New York; and Mr. Edward M. Kresky, Executive Assistant, Department of Personnel, City of New York, for their assistance in providing material and advice to our staff in the preparation of this plan.

PORT OF NEW YORK

More than thirteen million people live in the 1,500 square mile area that lies within a radius of twenty-five miles of the Statue of Liberty. One out of every ten of these people earns his living in a job directly related to the business of the great Port of New York. It has been estimated that one out of every four of these thirteen million works at a job indirectly deriving income from the port's business.

The Port of New York is spread out over more than six hundred miles of shoreline. Surrounding Manhattan, extending along the edge of Brooklyn, Staten Island, and the Jersey shore from its northernmost point on the Hudson to Sandy Hook, the port is a great natural harbor sheltered from the rough seas, where every year some 12,000 vessels, flying the flags of 170 lines, come to discharge and take on cargo. Along the shores of this great harbor are banks, insurance companies, freight forwarders, railways, and the headquarters of some of the greatest manufacturers in the United States. About three-fourths of America's foreign commerce is financed by banking facilities in New York.

Every year sees the growth of the communities that surround the port. Extensive pier development has been undertaken by the Port of New York Authority and the New York City Department of Marine and Aviation. A third tube of the Lincoln Tunnel under the Hudson River is nearing completion, and plans are set for the construction of new highways and a new bridge level leading into the port across the George Washington Bridge. Enabling legislation has been enacted for the construction of a bridge to span

the Narrows, linking Brooklyn with Staten Island, and plans are going forward through cooperative action of the Port of New York Authority and the Triborough Bridge & Tunnel Authority. With its great transportation facilities, including an inland waterway, arterial highways, railroads, and airports, the Port of New York is the natural gateway to America.

The Port of New York is the greatest manufacturing, processing, distributing and shipping center in the country. To assure its continued development, it is essential that there be true labor stability in the stevedore industry, for though the port is the nerve center of foreign commerce, this great natural resource is useless without the men who work its ships and move its cargoes. The men who work along the waterfront are indispensable to the port's business. Their efficiency, their health, their collective stability as a working force form a prime factor in the future of the port.

REGISTRATION AND LICENSING ACTIVITY

Since the inception of the Waterfront Commission of New York Harbor the greatest task has been the processing of applications for registration of longshoremen and the licensing of hiring agents, pier superintendents and port watchmen. During the year the following applications for registration and licensing were received:

Longshoremen	3,818
Port Watchmen	265
Hiring Agents	103
Pier Superintendents	87

The great majority of longshoremen registrations were granted administratively by the Licensing Division. Applicants with a substantial criminal background, and those where there was reason to believe that their background and associates might warrant a finding that their presence on the waterfront would be a danger to the public peace and safety, were referred to counsel for review.

These cases were carefully investigated before a recommendation was made that they be registered or that hearings be held.

Good character and integrity of pier superintendents and hiring agents are of enormous importance to the well being of the port. The Commission is greatly concerned that these men be freely selected by the employers who submit applications for individual licenses. Therefore, every application for a hiring agent's or a pier superintendent's license is reviewed and carefully processed by the Law and Enforcement Division before a permanent license is issued. Some of these applications require intensive investigation.

During the year, as a result of investigations and hearings, 96 longshoremen and 2 hiring agents were disqualified by the Commission. In addition, 2 hiring agent, 3 pier superintendent, 1 port watchman and 12 longshoremen applications were withdrawn during investigation into their eligibility.

Comparison of the number of valid permanent registrations and licenses and temporary registrations and licenses in effect at the beginning and end of this fiscal year follows:

<u>Permanent Registrations and Licenses</u>	<u>July 1, 1955</u>	<u>June 30, 1956</u>
Longshoremen	30,591	26,240
Port Watchmen	2,265	2,764
Hiring Agents	185	430
Pier superintendents	139	281
<u>Temporary Registrations and Licenses</u>	<u>July 1, 1955</u>	<u>June 30, 1956</u>
Longshoremen	1,048	810
Port Watchmen	744	246
Hiring Agents	407	167
Pier Superintendents	226	98

There has been a substantial reduction in the number of temporary registrations outstanding. The majority of cases in a tem-

porary status at this time represent current applications which are being processed. The Commission anticipates that within a very short time it will be on a current basis with respect to all applications.

EFFECT OF NEW HIRING REGULATIONS

The hiring regulations adopted April 1, 1955 provide that dock labor and gangs are validated for a 24-hour period only and the employer is required to order both categories on the day before the employment is to begin, using order forms which identify every man.

Under the old regulations gangs were validated for a period of 5 days and dock labor for 7 days. Under this system the Information Centers did not provide information about the availability of extra gangs for employment, as a result of which the employer sought such information at union halls and other places, providing opportunity for outside interference in the selection of gangs for employment. Also, it was found that some employers were pre-validating for work as dock labor more men than were required. As a result, there were pierside "shape ups" with the hiring agent selecting, from the pre-validated men who appeared at the pier, the number needed for work on that particular day.

Now an employer can no longer acquire men needed as extras for fill-ins from those "shaping" the pier. He must order his dock labor and gangs on the day before the employment is to commence and, under the collective bargaining agreement, such notification to the men and to the centers constitutes an order, and the gangs and dock labor must be paid for the day specified in the notification. Extra men or casuals required to fill vacancies caused by absentees in gangs, or in dock labor, or to provide additional labor, must be hired at the center, usually in the morning of the day the work is to begin.

If work is to be started on a ship any time after 12 Noon on a Saturday, or at any time on a Sunday or a holiday, the appropriate

center must remain open in order that the men needed may be obtained properly.

During the first year the new regulations were in effect it became necessary to keep open one or more of our thirteen Employment Information Centers a total of 173 times on Saturday afternoons, 277 on Sundays and 49 on holidays.

Keeping the centers open, however, is only part of the additional work required to effectuate our present regulations. Previous mention was made of the validation periods of 7 days for dock labor and 5 days for gangs under the former regulations. This arrangement necessitated a check against the register once a week for names on the dock labor request for validation, and once every 5 days for the names on the gang requests.

Under present regulations these orders are received each day and consequently a daily check is made. The following table summarizes the total names checked for all purposes in all centers during the first quarter of 1955 under the former regulations, and for the first quarter in 1956 under the present regulations:

	<u>1st Quarter</u> (1955)	<u>1st Quarter</u> (1956)
Casuals	74,320	161,986
Pre-Validations	306,426	806,000
Show-Ups	142,990	74,072
	<hr/>	<hr/>
TOTALS	523,736	1,042,058

The change in the hiring regulations has brought about other changes in procedure, most important of which are the changes which enhance them as "information" centers in fact. It is now customary for a longshoreman either to come to a center or to call the center to learn whether or not he has been ordered for employment as dock labor or with a gang if he has been listed by an employer in either category. No records are kept of visits and

telephone calls of this nature, but the total number represents in the aggregate a service of no small proportions.

As an incentive to employers to regularize employment of checkers, clerks and dock labor, the system of validating "regular employees" has been established. The employer files with the Commission a roster of his regular checkers and clerks and his other regular dock and terminal employees, certifying that these men have received twelve days employment during the preceding three month period and that the employer plans to hire them as regular employees.

To employ these men the employer simply indicates on a copy of the roster posted on a bulletin board at the entrance to the pier the names and starting times of the men he wishes to employ the next day. The employer notifies the Commission of this employment. Men thus employed go directly to the pier at the time ordered.

For retention on the roster the Commission requires the employee to have had employment at the pier for twelve days during the preceding month, or 80% of the days when the employer gave employment to men in his classification during that month, whichever is less.

This method of validation in hiring has regularized employment for checkers, clerks and dock labor and provided employers with an easy method of complying with the law and regulations.

Present regulations also require hiring agents to go to centers personally when seeking extra gangs. There, the center manager advises him of the availability and identity of gangs in the area to meet his requirements. This information can be furnished by the manager only after telephone calls to foremen of gangs not yet ordered. The hiring agent then speaks to the gang foremen and orders the gangs he requires. At times there are no available gangs among those listed in the center serving an area. In such instances the manager canvasses other areas through the appropriate centers

until he succeeds in contacting an available gang of the type needed. This frequently requires phone calls to more than one additional center.

This procedure makes more work opportunities for men who are listed in gangs and consequently raises their average earnings and regularizes their employment. It also enables industry to have the opportunity to fill its requirements from the available gangs in the entire port when the supply of labor in a particular area is exhausted.

Continuous studies of hiring practices are being carried on for the purpose of improving our regulations wherever possible. Some minor modifications in the regulations designed to assist management and labor have been made during recent months. These modifications make possible the hiring of casual labor for Sundays and holidays in advance of the day needed.

The problem of replacing absentees in regular dock labor and in regular hatch gangs by means other than hiring them at the centers as casuals on the day they are needed has been a difficult one. The inability of the employers to order men thus needed in advance of the day they are needed arises from the difficulty in determining how much absenteeism can be anticipated and how much additional absenteeism of an unanticipated nature will occur. We must also consider where these men are to be obtained and how they are to be employed without personal appearance at an employment information center. Data on the subject has been compiled and conferences with representatives of management and labor have been held.

The new hiring regulations imposed an additional burden on the Commission's staff. But that additional burden is justified since the operation of those regulations represent, in our opinion, a substantial contribution to the well being of the port.

The Commission will continue to devote its time and energy to seeking methods which will improve the workability and efficiency of the validating and hiring procedures.

STRUGGLE OVER CONTROL OF HIRING

Under the Compact it is clear that the employer, through licensed hiring agents, must select longshoremen for employment, subject only to objective standards for such selection which may be established by collective bargaining, such as seniority. Unlicensed persons may not participate in the selection and the hiring must be done through the Commission's employment information centers.

Nevertheless, since the inception of the Commission, the International Longshoremen's Association, Independent, collective bargaining agent for longshoremen, has continuously attempted to participate in the hiring. One major facet of its struggle, which has occupied an inordinate amount of the Commission's time, has involved the system of hiring of extra gangs.

As reported last year (Annual Report, 1954-5, pp. 22-5), the Commission, in October, 1954, publicly proposed a new hiring regulation designed to compel the employers to select their extra longshore gangs through the Commission's employment centers rather than through the union, as many had been doing. Shortly thereafter, on Thanksgiving Eve, the I.L.A. and the New York Shipping Association inserted in the new collective bargaining agreement the following clause:

"In the event that the employer desires extra gangs organized in units he shall notify the union of number of extra gangs needed. The employer shall at the same time take such action as may be required under existing law to validate such extra gangs."

Although it actually wanted the employers to "order" the extra gangs from the union, the I.L.A. accepted the word "notify" as a subterfuge for "order". Thus, Thomas Gleason, General Organizer for the I.L.A., later admitted (*N.Y.S.A. v. I.L.A. (Ind.)*; Supreme Court, N. Y. County, Index No. 11232/1955, Record of Hearing on Contempt, pp. 356-7):

"So then we agreed, after many hours discussions, that the word 'notify' would go into the contract, but in actuality it

meant the word 'order', that the gangs would come through the union hiring hall. * * * the union had the understanding with the New York Shipping that the word 'notify' was only a subterfuge, it meant 'order' * * *."

On April 1, 1955, after receiving the comments of management and, belatedly, of the I.L.A., the Commission, in the face of much I.L.A. opposition, put into effect its new regulation requiring the selection and ordering of extra gangs through the Commission centers.

The I.L.A. thereupon bent every effort to overcome this regulation. First, they attacked the regulation in the courts where the Commission's position was fully sustained (see p. 33). Then certain of the I.L.A. leaders sought to vilify and defame personally officials of the Commission. They also importuned the Governors of both states to intervene and change the law or the Commission's interpretation of it, and claimed they had a list of other grievances against the Commission. Both Governors, however, directed the I.L.A. to present their grievances to the Commission. Instead, the I.L.A. caused a port-wide work stoppage, September 7, 1955. That morning, the Commission called in the international president of the I.L.A. and sought to question him under oath concerning the alleged grievances. He refused to answer such questions, claiming privilege against self-incrimination on advice of counsel.

Notwithstanding the pressure of a court injunction obtained by the New York Shipping Association, the work stoppage continued for eight days. During that period union officials made repeated statements that the strike would continue until the Governors sat down with them and heard their grievances against the Waterfront Commission. The Governors remained steadfast in their direction that the union bring grievances to the Waterfront Commission which was charged with the enforcement of the Compact.

On the seventh day of the strike the Supreme Court granted an injunction against the I.L.A. on an application of the Com-

mission which had been pressed on the first day of the strike. Copies of this injunction were served on all the key officials of the I.L.A. The next day the strike ended and the men returned to work.

Despite contempt proceedings then pending, the I.L.A. renewed its efforts to participate in the selection and hiring of extra gangs with a series of slowdowns and work stoppages, at least ostensibly directed at other alleged violations by the employers of the collective bargaining agreement. As a result, on December 9, 1955, the New York Shipping Association sent its members a statement "in the interest of clarity and uniformity" describing the meaning of the "notify" clause in the collective bargaining agreement. Under this "clarification", the employer was required to notify the union of the number of extra gangs he would require; the union was to notify the employer of all employable available gangs in the area; the employer was then to select freely from amongst these gangs, such gangs as he desired; and notify the union of the gangs selected. Presumably, these gangs would then be validated.

Construing these provisions as providing for the selection of extra gangs through the I.L.A. rather than through the employment information centers, and as permitting unlicensed persons to participate improperly in the selection process in violation of the Compact, the Commission promptly informed both the New York Shipping Association and the I.L.A. that it considered the provisions illegal.

The New York Shipping Association, by telegram dated December 12, 1955, notified its members that its "clarification" was suspended until further notice.

Later, the Supreme Court, in punishing the international president and the general organizer of the I.L.A. for "flouting" the first injunction which the New York Shipping Association had obtained (see p. 35), said (N.Y.L.J. 5/29/56, pp. 6-7):

“The strike was called for the purpose of securing an unlawful objective, i.e., the institution of a hiring practice specifically outlawed by the waterfront compact. A strike called for such purpose does not obtain the status of a bona fide labor dispute * * *”

and further,

“From first to last the strike had nothing to do with contract clauses or any other legitimate labor-management controversy. Simply stated, the strike was not waged against the association [New York Shipping Association] or its members, but against the waterfront commission and the waterfront compact. Its calculated purpose was political, not economic—to force government officials to adopt a course of action desired by the union.”

The Commission’s new hiring regulation remains in force.

INCREASED WORK OPPORTUNITIES FOR BONA FIDE LONGSHOREMEN—DECASUALIZATION

For many years there was an excessive surplus of longshoremen in the Port of New York. Such a situation made it extremely difficult for all but the favored to earn a decent living. Records show that there is daily employment in the port for less than 20,000 longshoremen. The daily average in 1954 was less than 15,000. For 1955 the average was better, but still less than 17,000. On peak days for both years the figure has risen to between 20,000 and 21,000. The records of the New York Shipping Association show that the number of longshoremen to whom wages were paid by companies engaged in stevedoring in the port for the two years before and the two years after the Commission was in existence is as follows:

Before		After	
<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
44,161	42,286	33,551	27,272

(Fiscal years ending Sept. 30)

The Commission is required by the Compact to “. . . at regular intervals remove from the longshoremen’s register any person who shall have been registered for at least nine months and who shall have failed during the preceding six calendar months either to have worked as a longshoreman in the port of New York District or to have applied for employment as a longshoreman at an Employment Information Center established under Article XII for such minimum number of days as shall have been established by the Commission . . .”

During the year 8053 names were removed from the Longshoreman’s Register for failure to meet Commission standards for either working or seeking work. This, together with withdrawals, retirements, deaths and revocations, reduced the Longshoreman’s Register to 27,050 on June 30, 1956.

The standards which were applied in the first and second rounds of decasualization required that once a longshoreman is admitted to the register he “must work as a longshoreman or apply for such work at an Employment Information Center for forty-eight days, distributed eight days to each month during the six months” under consideration. In the third round, completed in April, 1956, the requirement was modified to “forty-eight days distributed at least eight days to each month during at least five of the six months” under consideration. As of June 30, 1956, the net total removed in all three rounds was 14,440.

The law says that reinstatement to the register “shall be made upon proper showing that the registrant’s failure to work or apply for work the minimum number of days above described was caused by the fact that the registrant was engaged in the military service of the United States or was incapacitated by ill health, physical injury, *or other good cause.*”

The Commission has been liberal in exercising its right to restore men who have been decasualized to the register for *good cause*. Each case is considered on its own merit with full

recognition of the longshoreman's employment record for the last ten years in order to protect the man who has through long service earned a place on the waterfront. The Commission realizes that many longshoremen are not accustomed to filling out forms, some have language difficulty and very few keep records which might be useful in supplying needed information. It is the duty of the center staff to assist the longshoremen in the preparation of the application form and to enter upon it any information which is pertinent. Such information includes verification of military discharges, workmen's compensation records, hospital records, passports and a wide range of documents all or any of which would establish good cause for failure to meet required standards. Every reasonable circumstance, therefore, which has a bearing on a man's failure to meet the standard of eight days per month is considered. For example, in the decasualization round which was completed on April 19, 1956, 4,431 notices of intention to decasualize were sent to longshoremen. 1,374 longshoremen requested retention on the register, setting forth reasons why they should not be decasualized. Of this number 1,246 requests were granted and the men retained on the register.

The following figures set forth the effect decasualization has had on the total number of men possessing valid registrations after the peak which was reached May 22, 1955, through the three stages of the program:

		Valid Registrations	No. De- casualized
Peak Registration	May 22, 1955	38,693	
After 1st Decasualization...	June 1, 1955	31,574	7,141
After 2nd Decasualization	Oct. 27, 1955	27,284	5,115
After 3rd Decasualization...	Apr. 19, 1956	26,486	2,938

Even after decasualization the Commission will consider any reasonable application for restoration. Consequently over 700 men have been restored to the register subsequent to the three rounds of decasualization.

The degree to which longshoremen have benefited in wages, partially as a result of the decasualization program, is reflected by the following table:

WAGES PAID TO LONGSHOREMEN
(Fiscal Year of Industry ends Sept. 30)

	1954	1955	Percentage of Increase or Decrease
Total Wages	\$75,675,580.58	\$88,114,899.92	+16.4%
% of Overtime	26.8%	28.2%	+5%
Over \$4,000	6,741 men	11,967 men	+77%
\$3,000-\$4,000	5,966 men	3,832 men	—36%
Under \$3,000	20,844 men	11,473 men	—45%
TOTALS	33,551 men	27,272 men	—19%

Of the 11,967 men earning over \$4,000, the breakdown is as follows:

Above \$7,000	67 men	395 men	+490%
\$6,000-\$7,000	275 men	1,479 men	+438%
\$5,000-\$6,000	1,523 men	4,336 men	+184%
\$4,000-\$5,000	4,876 men	5,757 men	+18%

These figures in simple terms mean that 33,551 men divided up a total payroll of \$75,675,580.58 in 1954 for an average of \$2,255.54, and that 27,272 men (6,279 fewer men) divided up a total payroll of \$88,114,899.92 in 1955, for an average of \$3,230.96, an improvement of \$1,000 a year per man.

Any impartial appraisal of the decasualization program must lead to the conclusion that it has gone a long way toward bringing into balance the labor force and the available job opportunities.

ENFORCEMENT OF THE COMPACT

Even though up to this point a greater proportion of our staff's time and energy has been devoted to licensing problems, the enforcement of the other provisions of the Compact has been pressed to the extent of the capacity of the limited force available for this purpose.

Kickbacks

The Commission has intensified its drive on the racket that has been a major evil of the waterfront for years, namely, the payment of kickbacks for the right to work.

One case of this nature was the exposure of kickbacks at the Leonardo Naval Base at Earle, N. J. There, where longshoremen were employed at a lucrative rate of pay, double time, because of the danger inherent in loading ammunition, a prerequisite for obtaining this work was a \$3.00 a week payment to the union delegate. Although the payment was collected in the guise of a union assessment, the evidence showed that a substantial portion of the money was retained by the then union delegate. All those who refused to pay this assessment were barred from work by the gang bosses and the hiring agent at the pier. A hearing was held in proceedings to bar the hiring agent, the gang bosses and the union delegate. After twenty-five sessions at which sixty-nine witnesses were examined and over 3,500 pages of testimony taken, the Commission found that the persons involved had violated the Waterfront Commission Compact. The Commission disqualified the hiring agent from employment on the piers and permanently revoked the registration of the former union official. The four gang bosses involved were suspended for periods ranging from two to six months.

Only recently the Commission completed the presentation of evidence in another kickback case involving the Yonkers Sugar Pier. Witnesses testified that the hiring agent at the pier took kickbacks from longshoremen for the right to work on sugar

amounting from \$5.00 to \$10.00 a week. Over twenty-five witnesses were examined and cross-examined during the hearing and approximately 1,500 pages of testimony taken. A decision will shortly be made.

Violence

In the restoration of an atmosphere of law and order on the waterfront, incidents involving the use of violence must be and are dealt with by the Commission immediately and vigorously. Incidents of violence have decreased. Presumably, the likelihood of losing a registration or license because of resort to force has been a major deterrent. One such case involved a union delegate who was found unconscious in the street. After a hearing before the Commission, the registration of the longshoreman implicated in the brutal beating suffered by the delegate was suspended for a period of two years.

Commission action such as this demonstrates our intention to use all the means within our power to prevent and punish the use of force and violence whenever it occurs.

Loading

Violations of the sections of the Compact prohibiting public loading on the piers have received attention from the Commission. In one case, penalties were imposed upon a loading foreman and a longshoreman on a North River pier who refused to load a truck, even though they were paid by their employer to do so, until the truck driver made a cash payment to them. In another case, the Commission revoked the registration of the dock boss on an East River pier after finding that he unlawfully demanded gasoline from truck drivers for the privilege of obtaining priorities in loading and unloading on the pier.

Loading practices are carefully examined from time to time to see that none of the abuses attending the old public loading system return.

Hiring Violations

Unauthorized participation in and control of the hiring of longshoremen represents one of the major problems confronting the Commission (see pp. 12-15).

Under the Compact, only a licensed person may select longshoremen for employment and the selection must be done through a Commission employment information center. To carry out the intent of the Legislatures, the Commission, last year, enacted Regulation 2.5 which prohibits persons other than the employer from participating directly or indirectly in the selection or designation of a person as a hiring agent, and Regulation 7.13 which prohibits any unlicensed persons from participating directly or indirectly in the designation or selection of a longshoreman for employment.

Under the Compact and the Commission's regulations, the freedom of the employer to select and to continue in employment a person as a hiring agent or a pier superintendent must be maintained and may not be subjected to interference or limited in any way by other persons. The same applies to the selection and hiring of longshoremen. Of course, by collective bargaining, a limitation on the employer as to the selection of longshoremen in accordance with objective standards such as seniority, equalization of pay, etc. is proper. There is no collective bargaining representative for hiring agents or pier superintendents.

During the past year, several investigations have been conducted by the Commission's staff into possible violations of the Compact and these regulations. In one case, in Staten Island, a hiring agent permitted a longshoreman to select the men on the pier who would be employed to return to work on the following day. After a hearing, suspensions were imposed on the hiring agent and the longshoreman.

In another case, in Brooklyn, after a hearing, the Commission determined that a hiring agent had selected certain longshoremen for employment at the pier instead of at the employment informa-

tion center and, without Commission validation, had put these men to work to fill vacancies in gangs. After a hearing, a suspension was imposed on the hiring agent.

In another case, in New Jersey, the Commission, after a hearing, determined that a stevedore had submitted an application for a hiring agent's license for an individual who had been nominated by the union. The employer conceded that he had proposed this individual for a license because he feared that he might be subjected to union reprisal if he had not done so. The Commission, after a hearing, officially reprimanded the stevedore.

In two other cases, hearings have recently been ordered. In one, the company is alleged to have discharged a hiring agent and seven longshoremen at the instance of a shop steward. In the other, in connection with the opening of a new pier the stevedore is alleged to have abdicated the selection of his supervisory and hiring personnel to the union.

Other similar investigations are in progress.

Pilferage

Although pilferage has diminished, it still continues on the waterfront. The Commission staff constantly follows every lead provided as to possible participants in cargo thefts. A substantial number of hearings have been held and suspensions imposed. In its campaign to wipe out this evil the Commission has determined upon a policy of treating new cases with increasing severity.

The Commission's staff cooperates actively with local police departments, the Federal Bureau of Investigation, the Customs Bureau and the Security Bureau, Inc. in an effort to minimize losses from pilferage.

Baggage Porters

The Commission received many complaints from the steamship industry, from passengers arriving and departing from our piers and from other law enforcement authorities concerning shake down

attempts by some longshoremen who work as baggage porters. These longshoremen are hired by steamship companies or stevedores at regular longshoremen's pay to assist embarking or debarking passengers with their bags, trunks and other baggage.

In many cases longshoremen have made demands on passengers who do not tip or who tip in an amount deemed to be insufficient. Intimidatory language and coercive actions have been used. Passengers have testified before the Commission that they yielded to such demands because they were afraid to resist. For example, in August of 1955, a European diplomat on an official mission arrived in this country aboard the S.S. Saturnia, docking at Pier 84, North River. His introduction to this country was an attempt by a longshoreman to intimidate him into involuntarily paying for the handling of his baggage. Acting upon the complaint of the diplomat, the Commission, after an investigation and a hearing, suspended the longshoreman's registration for a period of thirty days.

Another practice which brings discredit to the port is "baggage steering", whereby a passenger is pressured by a longshoreman to have his baggage transferred by an agency other than the one authorized by the steamship company. In these cases it is suspected that the longshoreman has an arrangement with the unauthorized agencies to receive a payment for the baggage that is steered to them.

In one case heard by the Commission, a longshoreman had demanded money under circumstances amounting to intimidation from a passenger on the S.S. United States and had taken possession of her baggage contrary to her instructions and transported the baggage to a transfer agency of his own choosing. Because of that conduct, and his prior record, his presence on the waterfront was held to be a danger to the public peace and safety and he was removed from the longshoremen's register.

In at least one case a passenger had paid an unauthorized transfer agency a fee to deliver his baggage to a specific location

only to find that the transfer agency merely took it to a local Railway Express Office for shipment with charges collect to the designated destination.

At the present time the Commission has completed investigating about ten cases involving abuses in baggage handling and hearings will be held shortly.

We shall continue to watch this problem closely and cover each arrival and departure of a passenger vessel.

Other instances of Compact violations could be cited from the numerous hearings held by the Commission during the year. It is evident that the Commission's mere presence on the waterfront has served to discourage such practices. In many instances incipient violations have been nipped in the bud as a result of the inspections, investigations and interrogations by our investigators, attorneys, auditors and licensing personnel.

SECURITY OF THE PORT

1. **Physical**—The security of the physical property of the port and of the cargo passing through depends largely on the port watchmen. A pier is either private property or, where publicly owned, is in private possession under lease. The Commission's jurisdiction is limited to investigation in the interests of enforcing the Compact. It cannot take responsibility for policing the piers. This is the port watchman's job. He is essential to the security of the piers against theft, fire, and crime.

The license roll now contains 2,764 permanently licensed and 246 temporarily licensed port watchmen. These men are hired by several different types of employers. Among the employers of port watchmen are independent agencies who contract with the operators and lessees of piers to supply protection to stevedores and steamship companies. It is estimated that approximately 50% of the port watchmen are hired by independent contractors.

What kind of a force is this? As of May 31, 1956, 3,612 port watchmen had applied for licenses to the Commission. Of this

number, 2,426, or 67.16%, were over age 50; and 1,943, or 53.79%, were over age 55.

Pilferage and commercial thievery continue, even though on a reduced scale. It is a rare occurrence when a port watchman apprehends or even reports an employee at a pier who is engaged in larcenous conduct. The passive and sometimes acquiescent presence of the port watchman rarely prevents the commission of crime. In many cases, no report of losses is made to the Police Department until days after the event occurs. Hope of detection and apprehension fades rapidly as time passes by. For instance, on one pier in the port district on May 10, 1956 at 5:30 p.m., three bales of chamois were landed. Twenty-five minutes later one bale had been broken up and another bale could not be found. Five days later the police department was notified by letter of this occurrence. Unnecessary delay renders futile the efforts of law enforcement officials to perform their duties properly. Other similar instances have been reported to and investigated by the Commission.

Experience has shown that undesirable elements of society are often attracted to waterfront employment and to the fringes of waterfront employment because of the opportunities there for generous profits in gambling enterprises. Loan sharking, or lending money at usurious rates, has been a major source of illicit gain in years gone by. It is believed that at the present time these evils have been reduced but information is still being received by the Commission of instances of their continuance. Gamblers and loan sharks should be discovered by port watchmen on the piers and the proper authorities notified. Operators of the piers are fully responsible for all unlawful conditions that take place on their premises but they and their port watchmen are not living up to their responsibilities. They permit access to their property by men who are known gamblers and, in some cases, have continued on their payrolls, in jobs over which the Commission has no control, men who have been convicted for gambling activities on or near the piers.

Port watchmen are assigned day after day to the same pier. As they become closely associated with the personnel on the pier they are reluctant to take proper action. Many of these men are superannuated and their job represents possibly their last opportunity for employment. In the past management itself has discouraged enforcement activity on the part of watchmen. They are intimidated in some cases by bullies and questionable characters employed on, and frequenting the vicinity of, the docks. Rarely have we found pride on the part of the port watchman in the proper performance of his duty.

Training received by port watchmen has been sporadic. For the first time, this year, some of the employers have organized a training school which they require the men to attend. The employers are compensating the men for the time so spent. This effort has received the enthusiastic support and encouragement of the Commission, but it is only a first step in what must be a continuing and expanding program. Many men are still employed who have received no formal training at all in their duties.

The protection of this vast investment in the physical facilities and the cargo of our port requires vigorous, well trained, conscientious men under capable, professional, law enforcement leadership. A flexible force to meet any contingency is indicated. We note that at least two companies in the port have made noticeable progress in this direction.

The Commission has studied this situation thoroughly and will continue to do so. A number of suggestions has been made from within the Commission, from the steamship industry and from other sources. It is indisputable that the industry is spending millions of dollars for protection that it is not getting. The present force must be revitalized through increased training, higher standards of recruitment and the development of uniform practices and procedures.

On December 1, 1956 the present licenses of port watchmen expire. The Commission is in the process of revising the standard

of physical and mental fitness to improve the caliber of the men it licenses. Serious consideration is being given to the establishment of a maximum age of 50 or 55 years for new men entering the industry. Also there may be included in the regulations a provision requiring a minimum amount of formal training for port watchmen before a permanent license will issue.

The Commission encourages and approves of any efforts made by the industry to promote better practices, uniform procedures and more effective performance on the part of port watchmen. The Commission has demonstrated, in the hearings it has held and in the penalties imposed upon registered or licensed personnel who have sought to impede the performance of duty by port watchmen, that this conduct will not be tolerated. Any interference or intimidation by licensed or registered personnel with the port watchmen will continue to be dealt with most severely by the Commission.

Owing to the continued inadequacies of the present force of port watchmen, the Waterfront Commission is obliged to supplement the port watchmen's activity through the use of its investigative force assigned to pier areas and on patrol duties.

2. **Subversion**—Another aspect of the protection of the port, aside from safeguarding its physical facilities, is the expulsion of subversive elements seeking work in the port. The Commission is very much aware of the importance of this phase of its work. Realizing that a concerted drive using the facilities of all interested law enforcement agencies is necessary to attack this problem, the Commission held a meeting early in January 1956 with representatives of the Coast Guard, the Office of Naval Intelligence, the Police Department and other agencies.

As a result of that meeting, the Commission set up a special unit for the full time duty of uncovering subversive elements and taking proper action against them. At the present time a number of cases are under investigation and two hearings have been ordered. In one of the two cases where hearings were

ordered the respondent left the country rather than face the revelations of a public hearing; the other case is pending.

This type of investigation is slow and tedious. We are working under a statute which requires proof of the present advocacy of overthrowing the Government of the United States by force or violence or present membership in a group knowing that it so advocates. It is very difficult to secure the necessary proof to meet this test.

The Compact does not require the possession of a Coast Guard Pass for registration and the Coast Guard has enforced restrictions in very few waterfront areas in the past few years. Nevertheless an overwhelming majority of persons employed on the waterfront have been screened and approved by the Coast Guard and are in possession of Coast Guard Passes. It is to be noted that the Coast Guard's procedures in screening security risks have met with reverses in the courts.

The Commission will continue to devote major efforts towards keeping off the register and license rolls those persons who are disloyal to the Government. We will continue to cooperate with all interested governmental agencies, every possible source of information will be consulted and all necessary action taken to remove any person applying or presently registered, or licensed, who is disloyal.

STEVEDORES

When this report is issued the license application of almost every stevedore in business before the enactment of the Compact will have been disposed of by grant, denial or withdrawal. This has been a long and onerous task. Careful consideration and thorough investigation has been given to each application.

Four companies were denied stevedore licenses by the Commission after a hearing. Four others, after receiving notice of hearing,

sold their businesses without defending the charges. Another company sold its business in the midst of the Commission's investigation.

There have been substantial changes in stock ownership and in top management in companies whose payrolls represented in 1954 nearly 25% of the annual assessable payroll in the port. These changes came about because of the standards of character for licensing of stevedores imposed by the Commission.

The Commission has granted eight stevedore licenses with admonitions. In most of these cases the evidence showed that prior to the enactment of the Compact the applicant had made improper payments to steamship company agents or union officials or both. A careful study of each record was made. Such considerations as the business climate in the industry when the payments were made, the circumstances under which they were made, the amounts involved, the number of years elapsed since the last of such payments and the affirmative evidence of subsequent good conduct were thoroughly evaluated. The Commission concluded that the misconduct involved was not sufficiently aggravated to establish a present lack of good character so as to warrant denial of a license. However, the key officers of these applicants were personally warned that any repetition of such conduct, or other violation of the Compact or Regulations would be viewed most seriously by the Commission and would jeopardize their stevedore licenses.

Hearings on applications of two other stevedores have recently been completed. The Commission is considering the hearing officer's report in one of these cases and awaiting the report in the other case. In three other cases, notices of hearing have been issued. In the only remaining case final action is being withheld pending trial or other disposition of a federal indictment for income tax evasion against the applicant.

In all, 38 stevedore licenses have been granted which are still in effect. Issued for two year periods, the present licenses will

expire December 1, 1957. A full review of each company's record will be made prior to renewal.

In the meantime the Commission constantly supervises the activities of the licensees. Inspections by investigators, study of employment information center hiring records, quarter-annual audits by accountants, and interrogation by counsel are some of the means the Commission uses to insure that the companies are being operated in a lawful manner.

One facet of good character and integrity which the Commission has stressed is the capacity to withstand improper pressures, particularly in relation to selection of hiring personnel and dock workers. We have elsewhere referred to instances of alleged improper pressure in hiring (see pp. 21-22). The Commission stands ready to assist any stevedore or other person against whom improper pressures are applied. Failure to resist such pressures and cooperate with law enforcement authorities will be considered a serious violation by the Commission.

CONTROL THROUGH AUDIT

An unpublicized and relatively unknown facet of the law enforcement work of the Commission is carried on throughout the year by the accountants of the Administration Division.

Investigation has shown that many unlawful payments made by stevedores in the past were recorded on their account books as unsubstantiated cash disbursements, often under general categories such as "petty cash" or "entertainment".

Since its inception, the Commission's accountants have audited the books of the licensed stevedores every quarter. As an additional safeguard, the Commission adopted the following regulation on August 18, 1955, in order to strengthen accounting procedures in this respect:

“Each holder of a stevedore license shall maintain a complete set of books and records containing a true and accurate account of the licensee’s receipts and disbursements arising out of its activities within the port of New York district.

“Every cash disbursement for goods or services in the amount of \$50 or more shall be supported by a voucher or other written record giving a description of the goods or services, the name of the person in authority who made or authorized the disbursement, the name of the payee, the amount, the date and the account to be charged.

“Every cash disbursement for goods or services in an amount less than \$50 shall be supported by at least a signed petty cash slip describing the disbursement.

“Every cash disbursement in the amount of \$50 or more for travel shall be supported by a voucher or other written record which shall state who did the travelling, the place travelled to, the date and the amount disbursed.

“Every cash disbursement in the amount of \$50 or more for entertainment shall be supported by a voucher or other written record which shall state who did the entertaining, the place and date of the entertainment, the number of persons entertained and the amount disbursed.

“Every cash disbursement for travel or entertainment in an amount less than \$50 shall be supported at least by a signed petty cash slip describing the disbursement.

“Every cash disbursement in the amount of \$25 or more for a gift or gratuity shall be supported by a voucher or other written record which shall show the name of the person in authority who made or authorized the disbursement, the name of the person who received it, the amount, date, and the business or other purpose for the gift or gratuity.” (§ 3.10)

A recent survey of ten stevedoring firms shows that there has been a significant reduction in the volume of unsubstantiated cash disbursements even though the gross receipts of those firms have increased substantially.

The average of such expenditures for the years 1950, 1951 and 1952 was compared with the expenditures for 1953, 1954

and 1955. The period of 1950 to 1952 was used since it antedated the time when widespread publicity was given to this improper practice by the public hearings of the New York State Crime Commission.

Of the ten companies surveyed, six showed a substantial reduction in their unsubstantiated cash disbursements in 1953; eight showed further reductions in 1954.

The totals of such annual expenditures by these companies were:

1950-1952	\$456,000 (annual average)
1953	353,000
1954	245,000
1955	204,000

The amounts of such expenditures by the ten companies as a group has diminished each year the Compact has been in existence; in 1955 the expenditures were 55% below the 1950-52 figure.

It is thus evident that the reprehensible practices which prior investigations had disclosed have been substantially curtailed by the Commission's auditing activities. The Commission will continue its quarterly audits and proposes to increase the scope and intensity of its auditing procedures in certain areas.

LITIGATION

In its third fiscal year, the Commission has continued to be successful in the courts in defending suits which disputed the Commission's authority or challenged its actions.

During the first twenty months of litigation in the federal courts, Articles V, VI, VII, VIII, IX and XII of the Compact were

specifically held to be constitutional in the face of practically every conceivable attack under the United States Constitution, and the Commission's new hiring regulations, which were adopted effective April 1, 1955, were also sustained as reasonable and within the power of the Commission.

During the past twelve months a number of other significant legal challenges were also defeated. In *Waterfront Commission v. Murray and Calabrese*, 39 N.J. Super. 33 (1956), two officials of Local 1247 of the I.L.A. were found guilty of civil and criminal contempt for refusing to obey Commission subpoenas served on them in New Jersey, directing their appearance for questioning at the Commission's offices in New York. In its opinion the New Jersey Superior Court clearly established the position of the Commission as an "autonomous bi-state entity" to which authority had been "ceded" by the states of New York and New Jersey with full authority to act in either and both states. After the decision the defendants obeyed the subpoenas. As a result, a nominal fine was imposed, with the consent of the Commission.

In *Hazelton et al. v. Murray and Calabrese, et al.*, 21 N.J. 115 (1956) the New Jersey Supreme Court held constitutional Section 8 of the Waterfront Commission Act which makes it a misdemeanor for any person to collect or receive dues or other monies from a person registered or licensed by the Commission on behalf of any waterfront union representing such persons, if the union has as an officer or agent a person convicted of a high misdemeanor or a misdemeanor involving moral turpitude (in New York a felony) without subsequent pardon. The Commission's staff assisted the Attorney General of the State of New Jersey in the preparation of the brief in this case.

In four cases, the Court of Appeals unanimously rejected attacks on determinations of the Commission denying registration to longshoremen either on the basis of their criminal records or on the ground that their conduct established that their presence on the waterfront would constitute a danger to the public peace

and safety. *Tanzella v. Waterfront Commission*, 309 N. Y. 1031 (1955); *Piccini v. Waterfront Commission*, 309 N. Y. 1031 (1955); *Spagnola v. Waterfront Commission*, 309 N. Y. 1031 (1955); *Falvey v. Waterfront Commission*, 309 N. Y. 1034 (1955).

In *Seifert and Corbett v. Waterfront Commission*, No. 9676 (Sup. Ct. Kings Co. 1955), suit was brought against the Commission and the Commissioners for \$210,000 claiming that the Commission had wrongfully conspired with a stevedore to prevent the stevedore from hiring as shenangoes two longshoremen who had been denied registration by the Commission on the basis of their long criminal records. The court held that there was "not one iota of evidence" of wrongdoing on the part of the Commission, that it was perfectly proper for the Commission to call a stevedore's attention to the possibility that he might lose his license for hiring such persons in any capacity as a result of knuckling under to improper union pressure, and that the Commission had a proper interest in matters relating to shenangoes.

In *Matter of Archer v. Waterfront Commission*, Docket No. 7099 (Sup. Ct. N. Y. Co. 1956) a longshoreman whose registration had been revoked after a hearing, on the basis of certain misconduct as a longshoreman, sought to enjoin the Commission from requiring registration of baggage porters as longshoremen. The complaint was dismissed on motion of the Commission for failure to state a cause of action. A revised complaint is now pending and the Commission is moving to dismiss this complaint as well.

In *Waterfront Commission v. I.L.A.*, 208 Misc. 554, 144 N.Y.S. 2d 674 (Sup. Ct. N.Y. Co. 1955), the Commission was granted a temporary injunction by Hecht, J. restraining the I.L.A. and its key officers from engaging in any work stoppage or other conduct with the purpose of interfering with the operations of the Commission. The I.L.A. had commenced a strike directed against the Commission. Although the I.L.A. originally re-

quested a speedy trial, the matter was adjourned from time to time at their request, and finally with their consent, was marked off the calendar with the express understanding between the parties before the court that the temporary injunction remain in full force and effect.

In connection with the strike, the court first issued a temporary injunction on application of the New York Shipping Association against the I.L.A., with the statement that the rights of the Commission would be fully protected by this first injunction. The I.L.A. continued the work stoppage in direct violation of the court's order. In proceedings brought by the New York Shipping Association to punish the I.L.A. and its key officers, the Commission cooperated with the court in establishing the facts in relation to the criminal contempt of court, since such contempt involved a public wrong and a wilful disregard of the order of the court. The attorneys prosecuting the criminal contempt were provided with the evidence which the Commission investigators had accumulated during the work stoppage. After a hearing before a special referee, the court found the International President of the I.L.A., William V. Bradley, and the General Organizer of the I.L.A., Thomas Gleason, and the I.L.A. itself guilty of both civil and criminal contempt.

The court stated:

“Upon the entire record now presented, this court finds that the defendant Bradley willfully and deliberately flouted the authority and order of this court, and thereby impaired and prejudiced the dignity of the court.”

It imposed a jail sentence of fifteen days plus a fine of \$1,000 on Captain Bradley, fined Gleason, the General Organizer, \$250 and suspended execution of a fifteen day jail sentence, and fined the I.L.A. \$1,250 for criminal contempt of court.

LEGISLATION TO STRENGTHEN THE COMPACT

Many representatives of the public and press have expressed concern over the possibility that known racketeers and others whose substantial criminal records had resulted in their being denied registration for work as longshoremen were nonetheless gaining access to the docks through "loopholes" in the Compact which did not require registration of certain types of dock laborers. The Commission was urged publicly and personally to petition the legislatures for additional power in certain areas. Rather than act hastily, the Commission preferred to study the matter thoroughly, to gather all the facts available, and to decide upon its own experience if the situation necessitated additional legislation.

Intensive study during this year and review of past experience indicates that, for the effective control of the abuses and evils peculiar to the waterfront, additional powers are necessary in order to achieve the objectives of the Compact. The Commission proposes legislation to supplement its existing powers and to give it additional powers.

Higher Standards for Clerks, Checkers and Timekeepers

The Commission feels it is imperative to raise the standard of qualifications for the registration of clerks, checkers and timekeepers, and requests legislation for this purpose.

The clerk and checker are responsible for tallying cargo as it is loaded or unloaded on the pier, and for keeping accounting records of incoming and outgoing shipments. Their responsibility to cargo is the same as a bank teller's to the bank's funds. It is their responsibility to detect and report shortages and discrepancies. An alert and honest checker can be greatly instrumental in the reduction of waterfront pilferage. If, however, he fails to detect shortages in cargo or, because of negligence or design, fails to report shortages, the activities of the waterfront thief are enhanced.

The checker is, therefore, in a strategic position on the dock. His is a vital role in maintaining the security of waterborne freight. Investigation has shown that, in many instances, large-scale theft would not have been possible without a conspiracy between unscrupulous clerks and checkers and equally crooked truck drivers and longshoremen.

It is the timekeeper's function to record and tabulate the hours worked by employees at the pier. Wages and benefits are calculated from the timekeeper's records.

One of the evils exposed by past waterfront investigations is that of payroll padding or the placing of phantoms on the payroll. This racket can be operated only with the connivance or acquiescence of the timekeeper. His important function demands that he be a man of the highest integrity.

Clerks, checkers and timekeepers are currently registered as longshoremen. The Commission proposes that clerks, checkers and timekeepers be included in longshore register in a separate category, and that the standards required for granting registration to them include demonstrated good character and integrity.

Closing the Loopholes

The Commission strongly urges that the definition of longshoremen be enlarged to include other categories of waterfront employees not presently required to register under the Waterfront Commission Compact.

Experience has shown that other jobs on the waterfront not presently covered by the Act are as directly concerned with the public interest as is the work of registered longshoremen. Occupations such as carpenters, coopers, sweepers, maintenance men and grain ceilers bring many men to the piers who are not registered. Coopers repair damaged cases and cartons which have

been broken open accidentally or otherwise on the voyage. They open and secure cases for Customs inspection. Carpenters chock and shore cargo and build cribs to contain cargo in the holds of vessels. These men have all the accessibility to cargo that longshoremen have and, in some instances, their occupations give them greater opportunity to pilfer than the actual longshoreman has.

Moreover, the Commission has found that in dozens of cases men who, after intensive investigations, notices of charges, hearings and determinations by the Commission that their actions or criminal records were such that they should be denied registration as longshoremen, secured employment in uncovered occupations working on the very piers where they previously had been employed as longshoremen.

In unregistered jobs their presence is equally dangerous to the public peace and safety. Particularly is this true where the danger involved is that these men will assert unlawful or improper pressures on longshoremen through coercion, loansharking, etc. They work side by side with registered longshoremen on the terminals. The remedy given to the Waterfront Commission to rid the docks of such persons has been ineffectual in these cases. In order for the law to accomplish its full purpose, it must be extended to include other jobs in the categories requiring registration and licensing. The legislation which we now request is designed to close this loophole.

Power to Grant Immunity

The Commission needs legislation granting the power to confer immunity on persons testifying under oath at Commission proceedings.

It has been the Commission's experience that in many cases efforts to get at the principals inducing and controlling illegal activities have been blocked by their subordinates' claim of privi-

lege. The granting of immunity to these persons under interrogation would lead to hearings and removal from the waterfront and perhaps the apprehension and prosecution of the higher-ups who are using their subordinates as tools. Presently even if the tool is successfully prosecuted and removed from the scene, the real malefactors beyond the reach of the law easily obtain replacements to carry on their nefarious activities.

With the power to grant immunity in the cases where it is warranted, a subordinate would be compelled to testify against the prime violator. Suspect individuals when questioned are reluctant to tell the truth about themselves and their associates so long as they run the risk of inculcating themselves. In many cases they have either perjurally denied their association or claimed their privilege. If the Commission possessed the power to grant immunity, a witness could no longer claim his privilege and would have to answer questions. Knowing he would be immune to prosecution, he would be less likely to commit perjury. The power to grant immunity to such witnesses enhances the likelihood of obtaining the truth.

It is to be noted that at least 10 administrative agencies in New York State and 7 in New Jersey are permitted to exercise this power by statute.

In New York these agencies are: The Departments of Public Works, Conservation, Insurance, Labor, Agriculture and Markets, and State, The Banking Department, Public Service Commission, The Emergency Housing Rent Commission, and the Port of New York Authority.

In New Jersey they are: The Bank Examiners of the Department of Banking and Insurance, Bureau of Building and Loan Associations, Civil Service Commission, Office of Milk Industry, Department of Public Utilities, Division of Water Policy and Supply of the Department of Conservation and Economic Development, and the Attorney General in investigations conducted under the Securities Law.

The proposal would, of course, require notification to and consultation with the appropriate prosecutor before immunity would be granted.

Peace Officer Powers

The Commission recommends that it be granted the power to designate any officer, agent, or employee of the Commission to be an investigator vested with the powers of a peace officer in the states of New York and New Jersey in each such state.

This power, if granted, would enable the Commission to enforce directly and immediately any violation of criminal law that may be observed by investigators who police the piers. At present, violations of criminal law observed by the investigators must first be reported to a police officer, and the advantage of being able to act at the moment is lost.

On numerous occasions Commission investigators have witnessed activities on piers that have given them reasonable ground for believing that illegal activities were taking place. Lacking the powers of peace officers, they were unable, in such instances, to investigate the situation immediately and obtain evidence adequate for an arrest. Their only recourse has been to report such incidents to a police department. Considerable time is lost in this procedure and when the police appear on the scene they do not have the same advantage of personal observation that the investigators had. Often the culprits, their suspicions having been aroused, are gone and the evidence with them. Had the Waterfront Commission investigator possessed the powers of a peace officer in such instances, he would have been able to investigate on the spot, obtain sufficient evidence for proper arrest, and make the arrest.

Such powers would enable the Commission investigators to enforce sections of the Waterfront Commission Act such as the Prohibition Against Loitering (Section VII), which is directly concerned with the maintenance of peace and safety on the piers. Commission investigators have observed notorious characters, con-

victed waterfront racketeers, who have no legitimate purpose on the waterfront, loitering on pier property. At present, the only effective recourse against such individuals is to report their presence to the police. In most instances when the police arrive at the scene the loiterer has left. Furthermore, the mere presence on the docks of persons who possess the powers of peace officers acts as a deterrent and prevents violations of the law.

Loyalty Cases

The Commission needs additional powers in cases where questionable loyalty is involved. It is presently charged under the law to deny registration or license, or to revoke licenses already issued, to persons who seek to overthrow the government, or knowingly belong to an organization that maintains such an objective.

The new legislation would make more certain the power of the Commission to deny a license to an applicant if he refused to answer questions relating to his qualifications for license or registration including questions concerning loyalty.

Power to Impose Fines

Legislation is necessary to empower the Commission to impose fines on licensees for violations not serious enough to warrant outright revocation or suspension of license for a period of time.

At the present time action against a stevedore after he has been granted a permanent license can only be revocation, suspension or a reprimand. Suspension of a stevedore license punishes many people wholly unconnected with the violation committed, such as longshoremen, shippers, and consignees, and might cause the stevedore to lose long term contracts. As a result, many violations not serious enough to warrant such drastic action as revocation or suspension can be dealt with administratively only by imposing a reprimand upon the company or its officials. For example, the

Commission ordered a hearing at which an official of the company admitted that he had, through fear of union reprisal, accepted the union's candidate for a hiring agent's position. The only course open to the Commission was to revoke or suspend the stevedore's license or to impose a reprimand. In the Commission's view, although some penalty was warranted, the only penalty available, revocation or suspension, carried consequences too severe and, accordingly, the stevedore was only reprimanded. Had the Commission the power to impose a fine, the case could have been dealt with more effectively.

COOPERATION WITH OTHER LAW ENFORCEMENT AGENCIES

The Commission's continuing investigation work has resulted in the accumulation of a wealth of information of value to the Commission and generally to all law enforcement agencies. Under our broad policy of cooperation, the staff, daily, makes this information available to such agencies to assist them in their enforcement work. The information includes criminal records, backgrounds of persons on the waterfront, their associations, the places they frequent, their financial affairs, and their patterns of activity. Requests for such information come to the Commission from all over the country, from police departments, prosecutors, probation and parole authorities, Federal Bureau of Investigation, Internal Revenue Bureau, Federal Bureau of Narcotics, and other federal agencies.

From time to time the Commission's investigations uncover evidence of crime. These matters are communicated to the appropriate prosecutor and the record of the Commission's proceedings are forwarded for his consideration. For example, the Essex County Prosecutor has obtained indictments for perjury against certain individuals whose registration as longshoremen was revoked by the Commission after a hearing in the course of which the Commission determined that these individuals had exacted

kickbacks from longshoremen at Port Newark for the right to work. As a result of a similar kickback hearing relating to a union official, a hiring agent and hatch bosses at the Leonardo Naval Base, the record was referred to the Monmouth County Prosecutor's office where it is still under consideration. The Westchester County District Attorney's office presently has under consideration evidence uncovered at the Yonkers Sugar Pier in relation to a Commission hearing inquiring into kickback charges concerning a hiring agent. The New York County district attorney has recently obtained a perjury conviction against two longshoremen who, after first testifying at Commission investigations to an assault committed by other longshoremen, thereafter, at a Commission hearing changed their testimony about the assault.

The Commission has also forwarded to the appropriate prosecutors evidence indicating that a number of persons convicted of felonies were acting as officers or agents of the longshoremen's union or its locals. Under Section 8 of the Waterfront Commission Act, it is a misdemeanor to collect or receive dues on behalf of a union which has such a person as an officer or agent. Some officers or agents in this category have already resigned their positions as union officials, including an organizer for the International Longshoremen's Association, while others are still under investigation by the prosecutors.

For a period of time, the Commission deferred the forwarding of such cases, since a test case was pending in the courts of New Jersey. After the constitutionality of Section 8 of the Act was sustained by the Supreme Court of New Jersey (see p. 33), the Commission forwarded the results of its investigations to the prosecutors.

In Kings County a special Grand Jury has been investigating into possible waterfront rackets. The Commission has cooperated extensively with this Grand Jury and the prosecutor. The Commission's General Counsel testified at great length about the waterfront history, the types of rackets on the waterfront and possible

avenues and techniques of investigative approach. All the investigative and enforcement files of the Commission, pertaining to Brooklyn matters, have been made available to the prosecutor and frequent conferences have been held on these matters. In addition, the prosecutor has been advised of all pending Commission investigations and arrangements have been made to forward the records to the prosecutor for his consideration upon completion of the Commission hearings.

Another area of cooperation with other agencies concerns persons with subversive backgrounds who are engaged in waterfront activities. Information and evidence concerning such persons has been painstakingly compiled by the Waterfront Commission. In addition to taking action, where warranted, as to registered or licensed personnel, the Commission has forwarded information concerning subversion to appropriate authorities, such as the Federal Bureau of Investigation and the Congressional Committee presently investigating subversion on the New York waterfront.

As a by-product of its own functions, the Waterfront Commission has not only created a valuable reservoir of information that it makes available to all authorized law enforcement agencies but it has developed through its investigations specific matters of interest to law enforcement agencies which it refers to them directly. It cooperates with them and assists them in the prosecution of these matters.

The Commission greatly appreciates the substantial assistance which it has received from the New York City Police Department, particularly the Bureau of Criminal Identification, the Bureau of Special Services, and the Riverfront Squads of Manhattan and Brooklyn; the United States Attorneys for the Southern and Eastern Districts of New York; the District Attorneys of New York and Kings Counties; the Port of New York Authority; the United States Coast Guard; the United States Department of Treasury; the Federal Bureau of Investigation; the Bureau of Immigration and Naturalization; the National Labor Relations Board; the New York State Police; the Department of Correction

of the State of New York; the New York State Division of Parole; and in New Jersey, from the United States Attorney for the District of New Jersey; the Attorney General; the New Jersey State Police; the County Prosecutors in Essex, Monmouth and Hudson Counties; the New Jersey Law Enforcement Council; and the Police Departments of the Cities of Hoboken, Jersey City and Newark.

NEED FOR INCREASED PERSONNEL

The Commission has not been satisfied with the amount of personnel which it has been able to devote to the enforcement phases of its work. One reason for this situation is the time-consuming work of licensing and registration. Although this activity has not been fully completed, it is in an advanced stage and the Commission will shortly reach the point where it should be handling only current applications for registration and licensing.

The time has come to shift the emphasis from licensing to enforcement. Hundreds of leads have been gathered by our investigators and attorneys over the past two and a half years which have not been fully developed owing to the lack of time and manpower.

Situations have arisen in the past and will recur, such as an unusual pilferage condition on a pier or indications of the resumption of public loading in certain areas, which require use of the saturation technique, i.e. the concentration of a team of lawyers and investigators to effectively investigate and correct such evils. We have not been able to discharge fully our responsibilities in some of these instances due to limited manpower.

Any failure to enforce fully all provisions of the Compact will encourage disrespect for the law and dishearten the many decent people who have watched the Commission to see if it is to be the answer to their hope that the waterfront be free of the evils which have plagued it in the past. Some of those who were responsible for those evils in the past are beginning to test

cautiously the reaction of the Commission in certain areas by a resumption of their unlawful activities. They have become more devious in their efforts to cover up their wrongdoings.

After careful consideration of all the factors involved, including the additional cost, the Commission decided that it would be derelict in its duty if it did not provide for the augmentation of its staff, even if in a limited manner, to meet the challenges that confront it.

Accordingly, in its 1956-1957 budget there has been provided four additional attorneys and eleven investigators over those provided in its 1955-56 budget. These, together with some present members of the staff, who will be released from licensing work, will concentrate on the enforcement procedures of the Commission. The staff will be increased as rapidly as it is possible to recruit fully qualified personnel.

The largest unit of employees in the Commission is in the employment information centers (100 employees). This staff has been kept at a bare minimum and has been overworked particularly since the advent of the new hiring regulations. Details of the effects of the new regulations, both on the industry and on the Commission, are contained elsewhere in this report. In the past, it has been necessary to hire temporary help during the vacation period and to pay substantial amounts of overtime during decasualization periods. In order to alleviate these conditions, the Commission has decided to add five new positions in the employment information centers.

Personnel employed by the Commission have been and will continue to be selected solely on the basis of their individual capabilities, training, past records and without regard to political or other considerations. Retention or promotion on the staff of the Commission is based on capable and efficient performance of duties assigned.

BUDGETING FOR INCREASED SERVICE TO THE PORT

The revenues of the Commission are derived from an assessment upon the payrolls of registered and licensed employees of stevedores, steamship companies, and watching agencies, and are collected quarterly. Quarterly field audits by Commission personnel are made of employers' payrolls, in addition to other audits to determine compliance with specific provisions of the Compact and to aid in the determination of eligibility for a stevedore license. The levy, fixed by statute at a maximum of 2% and at present assessed at 1.5%, is paid entirely by the employers of licensed and registered personnel.

A statement of the receipts and disbursements for this year, together with a report of independent auditors, forms a part of this annual report.

At the beginning of the fiscal year 1955-1956 there was due from this Commission to the states of New York and New Jersey the sum of \$450,000, the remainder of advances of \$900,000 made by the two states during the first six months of the Commission's existence. Although it had been planned to repay \$225,000 of this amount in the fiscal year 1955-1956, because revenues exceeded estimates and expenses were held well within the budget, the Commission was able to repay the entire amount of \$450,000 before the end of the fiscal year.

In addition, it was possible to reduce the rate of assessment on covered payrolls from 2% to 1½% for the second two quarters of the fiscal year 1955-1956.

The Waterfront Compact requires that the Commission shall establish reasonable procedures for the consideration of protests by affected employers concerning the estimates and computation of rate of assessment.

These procedures have been followed and meetings with respect to the proposed 1956-1957 budget were held with representatives of the New York Shipping Association on April 4, April 30, and May 1, 1956. The budget, which was adopted by the Commission on May 8, 1956 and forwarded to the Governors of New York and New Jersey on May 9, 1956 was also reviewed by the budget staffs of the States of New York and New Jersey who reported thereon to their respective Governors. It was approved by the Governors on June 4, 1956.

The budget for 1956-1957 shows an increase over that of the preceding year, due primarily to provision for additional personnel and the re-organization of the Executive Department, all of which are discussed elsewhere in this Report. The following tabulation summarizes the operating expenses in the budget for the fiscal year 1956-1957 as compared to the operating expenses in the preceding year's budget:

	<u>1955-1956</u>	<u>1956-1957</u>
<i>Personal Service</i>		
Executive	\$ 109,380	\$ 159,757
Legal	279,560	309,178
Investigation	349,150	404,724
Information Centers and Li- censing	451,350	476,201
Administration and Audit.....	127,345	128,528
Temporary Service	89,900	59,000
Total Personal Service..	<u>\$1,406,685</u>	<u>\$1,537,388</u>
<i>Other Operating Expenses.....</i>	433,829	446,705
	<u>\$1,840,514</u>	<u>\$1,984,093</u>

These figures do not include payments made to the States by the Commission in repayment of moneys advanced by them for the initial operation of the Commission.

In addition to the amounts estimated to be needed for actual operations, the Commission is permitted by the Compact to include in its levy for any year a reserve which may not exceed 10% of the estimated operating costs.

In 1954, when two unions waged a contest for election as bargaining agent to represent the waterfront workers, there was a port-wide strike and sporadic disruptions of work which caused a substantial drop in the Commission's revenues. In 1956, with a new collective bargaining agreement to be executed, the possibility that there will be another such contest exists. With this in mind, the Commission decided to include the full 10% reserve in its budget to provide for any contingencies which may arise.

Owing to the excess of receipts over expenditures, the Commission had on hand on June 30, 1956 after full repayment of the loans to the States, approximately \$402,000. This amount less appropriate reserves was credited against the 1956-1957 budget request in determining the amount of assessment for the next fiscal year.

Based on the budget adopted by the Commission for the fiscal year 1956-1957, the rate of assessment for that year has been fixed at 1.5%.

The Commission cannot by law, nor does it wish to, accumulate a surplus. Funds on hand at the end of a year in excess of working fund requirements must be credited against the following year's budget. The Commission is prepared to reduce the rate of assessment whenever conditions warrant. As noted above, it took such action during the fiscal year just ended.

RELOCATION OF CENTERS

During the latter part of the year arrangements were made to relocate three of the Employment Information Centers. Of the three thus affected two are in Brooklyn, and the other in the North River area of Manhattan.

The locations were changed in order to improve operation. The new sites in each case are much more favorably located and have the added advantage of being on the ground floor instead of on floors above ground level.

The Manhattan Center involved is the center which services the passenger lines with docking facilities from 40th Street to 59th Street, inclusive. This center was originally located on 56th Street. Its new location is at 48th Street and Eleventh Avenue, a short block from the waterfront, in the exact center of the area instead of the northern end as previously.

The Brooklyn centers affected are those servicing the New York Dock area and the Erie Basin-Breakwater area. In both, the new locations are closer to the geographical center of the areas serviced. As a further convenience to the shipping industry in these areas, the servicing of one large shipping company was transferred from one center to the other in order to take advantage of the more favorable location made available by the new site.

Findings and Determination under Article IV

Article IV, Section 13, of the Compact requires the Commission in making its annual report to state whether the Commission finds and determines that public necessity still exists for (a) the continued registration of longshoremen, (b) the continued licensing of any occupation or employment required to be licensed under the Compact, (c) the continued public operation of the employment information centers provided for in Article XII. The Commission finds and determines that such public necessity still exists.

Respectfully submitted,

JOHN P. McGRATH
HAROLD KOLOVSKY
Commissioners

PRICE WATERHOUSE & Co.

56 PINE STREET
NEW YORK 5

July 17, 1956

Waterfront Commission of New York Harbor
New York, New York

We have made an examination of the appended statement of cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1956.

Our examination comprised such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including (1) reconciliation of cash in banks as shown by the books with balances reported direct to us by the depositaries; (2) a count of cash on hand; (3) appropriate tests of disbursements through examination of canceled checks, invoices, contracts, leases and other supporting data; (4) test confirmation with employers of persons registered or licensed by the Commission as to the amount of assessments paid to the Commission and (5) comparison of cash receipts as recorded in the cashbook with related deposit totals appearing on bank statements for a selected period.

In our opinion, the appended statement sets forth fairly the cash receipts and disbursements of the Waterfront Commission of New York Harbor for the year ended June 30, 1956.

PRICE WATERHOUSE & Co.

WATERFRONT COMMISSION OF NEW YORK HARBOR

Statement of Cash Receipts and Disbursements

for the Year ended June 30, 1956

RECEIPTS:

Assessments on employers of persons registered or licensed by the Commission.....	\$2,357,050.29
Deposits on badges issued to watchmen (net).....	147.00
	<u>\$2,357,197.29</u>

DISBURSEMENTS:

Salaries	\$1,276,740.91
Rentals	171,988.94
Retirement and group insurance.....	47,452.05
Telephone, telegraph and postage.....	33,700.89
Special supplies and expenses.....	29,934.16
Traveling expenses	28,286.50
General office supplies and expenses.....	22,834.11
Printing and advertising.....	19,566.32
Legal and consultant fees, etc.	14,958.84
Insurance	13,263.32
Repairs and maintenance.....	12,969.43
Overtime meal allowances.....	11,489.79
Furniture, fixtures and equipment.....	8,856.22
Light and power.....	6,916.02
Leasehold alterations	2,051.11
	<u>\$1,701,008.61</u>

Repayment of balance of advances from
States (Note):

New York	\$ 300,000.00
New Jersey	150,000.00
	<u>\$ 450,000.00</u>

2,151,008.61

Excess of receipts over disbursements for the year..... \$ 206,188.68

Cash balance, June 30, 1955..... 200,117.93

Excess of receipts over disbursements to June 30,
1956, represented by balances as below..... \$ 406,306.61

Cash

U. S. Treasury Bills, at cost.....

\$ 402,160.61

Special badge deposit account ...

\$ 406,306.61

NOTE—All advances received by the Commission from the States of New York and New Jersey have now been repaid.

**THE WATERFRONT COMMISSION OF
NEW YORK HARBOR**

JOHN P. MCGRATH HAROLD KOLOVSKY
Commissioner for New York Commissioner for New Jersey

MICHAEL J. MURPHY
Executive Director

IRVING SLONIM
General Counsel and Chief of Enforcement

WILLIAM P. SIRIGNANO
Director of Law and Enforcement

PERCY A. MILLER, JR.
Director, Employment Information Centers and Licensing

PAUL A. ALFIERI
Director of Investigation

HYMAN S. LIPMAN
Director of Administration

ERWIN W. SMITH
Director of Public Relations

GEORGE A. MERRILL, JR.
Secretary to the Commission