

NEW JERSEY-NEW YORK WATERFRONT COMMISSION COMPACT

JULY 27, 1953.—Referred to the House Calendar and ordered to be printed

Mr. KEATING, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 2383]

The Committee on the Judiciary, to whom was referred the bill (S. 2383) granting the consent of Congress to a compact between the State of New Jersey and the State of New York known as the waterfront commission compact, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the bill is to grant congressional consent, pursuant to the Federal Constitution, to an interstate compact between the States of New York and New Jersey setting up a bi-State agency to improve waterfront labor conditions in the port of New York area.

The extensive evidence of crime, corruption, and racketeering on the waterfront of the port of New York, as disclosed by the State investigations reported to this committee at its hearings and by the recent report of the Senate Committee on Interstate and Foreign Commerce,¹ has made it clear beyond all question that the plan proposed by the States of New York and New Jersey to eradicate those public evils is urgently needed. It appears that for several decades conditions prevailing on the New York waterfront have been a disgrace to the entire Nation. Here the thug, the racketeer, and the labor "goon" have flourished in open defiance of all law-enforcement agencies. Pilferage and extortion have imposed so great a toll that private shippers and shipping lines have actually begun to divert substantial amounts of their traffic to other outlets, and even vital public installations, handling military traffic and other Government

¹S. Rept. No. 653, pursuant to S. Res. 41, 83d Cong.

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shipments under the foreign-aid program, have been seriously disrupted.

The demonstrated inability of the enforcement agencies effectively to cope with this condition has been due in large part to the fact that the port of New York extends into both of the States of New York and New Jersey. After the most thorough investigation and studied deliberations, each of these States has recently enacted legislation to consummate a compact between them for the purpose of dealing adequately and effectively with the urgent problem of eliminating these degrading and disgraceful conditions of employment from the entire port area.

The States of New York and New Jersey, through this bill, are presenting their compact to the Congress for its consent in order that the compact may be made legally effective in accordance with the requirements of the Federal Constitution.

SCOPE OF CONGRESSIONAL CONSENT

The necessity for this legislation arises from article I, section 10, of the Constitution of the United States, which provides that—

No State shall, without the consent of the Congress, * * * enter into any agreement or compact with another State * * *.

The present bill grants the consent of Congress to a compact between the State of New Jersey and the State of New York, known as the waterfront commission compact.

The bill contains two sections.

Section 1 provides:

That the consent of Congress is hereby given to the compact set forth below to all of its terms and provisions, and to the carrying out and effectuation of said compact, and enactments in furtherance thereof.¹

The provisions of the compact as recently enacted by the legislatures of each of the States of New York and New Jersey are set forth in section 1 of the bill on pages 2 to 45.

Section 2 of the bill provides that—

The right to alter, amend, or repeal this Act is hereby expressly reserved.²

Congress is not here called upon, nor has it constitutional authority, either to underwrite or to modify the terms of the compact. Those are matters concerning which the States of New York and New Jersey, as parties to the agreement, must necessarily remain responsible. In considering whether congressional consent shall be given to the compact, Congress is concerned primarily with the public policy of the agreement and the proposed creation of the bi-State agency which will effectuate that policy.

In the opinion of the committee, this bill presents an opportunity for Congress, in giving its assent to the compact pursuant to express constitutional authority, properly to assist these two great States in their laudable and determined effort to liberate our greatest port from the stifling bonds of crookedness.

¹S. 2383, p. 1.

²S. 2383, p. 46.

BACKGROUND OF LEGISLATION

The States of New Jersey and New York have requested the consent of Congress to an agreement between those States to be known as the waterfront commission compact. The compact is part of a concerted drive against organized crime in the port of New York area. It deals with criminal and corrupt practices which have been festering for many years and have defied conventional methods of law enforcement. During the postwar period, it became apparent that a fresh approach would be required to cope with crime on the waterfront and to save both employers and employees in the vital shipping industry from paying tribute to gangsterism. In the fall of 1951, Gov. Thomas E. Dewey, of New York, and Gov. Alfred E. Driscoll, of New Jersey, agreed to marshal the forces of their respective States to clean up an intolerable condition which was terrorizing honest workmen and subjecting a multi-billion-dollar industry to organized piracy by gangsters and extortionists.

The initial feature of this concerted effort was an investigation by each State into the conditions and labor practices along their respective waterfronts. These investigations were undertaken, principally, by the New York State Crime Commission, the Port of New York Authority, the New Jersey Law Enforcement Council, the New Jersey Department of Law and Public Safety, and the Hudson County grand jury. These investigations disclosed an incredible contamination of vital business activities, characterized by widespread corruption, intimidation, and violence. The extensive evidence of crimes and corruption made it clear that some sort of a well-defined plan to combat this evil was urgently needed. Also disclosed, however, was the fact that the evils being dealt with, while they existed in two States, existed in but a single industry operating in a single harbor. Unfortunately, insofar as law enforcement is concerned, the harbor is divided by the artificial boundary line between two States with their separate jurisdictions. In the light of this circumstance, it was determined that the best practical method for dealing with this indivisible problem, was the creation of a single bi-State commission or agency with full jurisdiction and control over the entire port of New York area.

The resultant product which has been placed before the Congress for its consent is a program which calls for the equal responsible efforts of both States. While roughly 70 percent of the longshoremen are employed along the waterfront in the State of New York, the compact nevertheless views the program as a whole. It recognizes that organized crime does not respect State boundaries but, indeed, sometime thrives because of them.

THE NEED FOR LEGISLATION

The labors of the New York State Crime Commission consumed 19 months of painstaking effort. The commission heard more than 700 witnesses and held about 1,000 hearings in executive session. Subsequently, it conducted public hearings on 20 different days at which 188 witnesses were called and almost 4,000 pages of testimony were recorded. The five-volume record of these hearings describes the sordid conditions that were found. In the fourth report of the com-

mission (made a part of the record of the committee hearings), the Members of Congress may find a carefully documented disclosure of the corrupt conditions existing within the district of the port of New York. The question-and-answer testimony presented in that report with respect to evil practices in the stevedoring industry, in operations of the International Longshoremen's Association, the evils of the shapeup method of hiring and of the public-loading racket, is almost incredible.

The report also contains detailed specifications of the deplorable conditions which the New York State Crime Commission found to exist in the port of New York. Some of the findings related to the following:

The practice among some of the stevedoring companies of making substantial payments in cash to officers of steamship companies and labor unions for the purpose of obtaining privileges and considerations which would otherwise be unobtainable;

Instances where the books of stevedoring companies showed substantial disbursements in cash which either were unsupported by vouchers or were otherwise unexplained;

Examples of union leaders holding responsible positions for which they were completely unfit;

Instances wherein local unions were controlled by notorious characters, some of them ex-convicts with serious criminal records;

Evidences of extortion wherein importers of cargo into the port of New York, in order to obtain delivery of their own merchandise, were compelled to pay large sums of money;

Unlawful appropriation and misapplication of union funds;

Compelling employers to accept undesirable men as hiring foremen;

The viciousness behind the shapeup system as a method of hiring longshoremen, subject to the will and caprice of the hiring boss, were frequently the subjects of intimidation and extortion;

The racket of public loading—the moving of cargo from the piers onto the trucks. Truckowners, regardless of whether they desired the service, were compelled to employ and pay for men known as public loaders even though these men did little or no work.

In order to determine the best method for combating these intolerable conditions, Governor Dewey held 2 days of public hearings. Opportunity was afforded representative groups to present their proposals, and as a result of those hearings and the ideas there expressed, the New York State Legislature unanimously adopted the proposed bi-State compact as the best and most practical plan for securing that end.

These efforts are recited in a telegram from Governor Dewey which was incorporated in the record of the committee's hearings:

ALBANY, N. Y., July 21, 1953.

HON. KENNETH B. KEATING,
House Office Building, Washington, D. C.:

Regret that prior commitments make it impossible for me to attend July 22 hearings on waterfront commission compact bill H. R. 6286. I am certain that Governor Driscoll, Judge Proskauer, Mr. Austin Tobin, and the other distinguished witnesses you have invited will provide the subcommittee with the facts which demonstrate the urgent need for early approval of the compact.

The 19-month investigation by the New York State Crime Commission and the activities of the New Jersey Law Enforcement Council revealed that the commerce of the port was at the mercy of hoodlums and gangsters maintaining their control by intimidation, extortion, and mob rule. The proposal for a

waterfront commission was carefully designed to free the piers from the control of gangsters and hoodlums. The legislation will end the public-loading racket and foster genuine and free collective bargaining.

All interested groups were given an opportunity to advance alternative solutions at public hearings in New York City in June. No sound alternative was advanced and those who now plead for more time are the same persons who have had control of the present situation and done nothing to correct the vicious conditions that have continued unabated.

The compact legislation was approved unanimously in both houses of the New York State Legislature and has the widespread and enthusiastic support of leading business and civic groups and responsible law-enforcement officials. Prompt approval of this legislation will remove the shackles which have enveloped labor and management and subjected the most important port area in the world to exploitation by criminals and racketeers.

I sincerely hope that the measure will have the support of every Member of the Congress.

THOMAS E. DEWEY.

The evil conditions which exist on the New York side of the harbor, were found also to exist on the New Jersey side. For example, the Hudson County grand jury, in a presentment dated December 5, 1952, made these findings with respect to some of the people that run and control the piers and waterfront of New York Harbor:

* * * Public boss loaders are, in most instances members of an International Longshoremen's Association local and, at the same time, are employers of members of their own union.

This grand jury found that, for the most part, these boss loaders are ex-convicts and persons of ill repute; nevertheless, they are the ones that primarily handle millions of dollars' worth of freight every day. We found that the monetary returns in connection with boss loading are of fantastic proportions, notwithstanding the fact that in many cases a person becomes a boss loader, or a partner in a boss-loading racket, without any investment.

* * * It appears from the testimony that the loading and unloading of freight from a truck to or from a pier is handled by racketeers, ex-convicts, and goons, to the great detriment and exorbitant and unnecessary cost to industry, consignors, consignees, and to the public.

* * * Boss loading is so lucrative that it is one of the causes of wild-cat strikes, assaults, and even murder. One of the causes of pilferage on the waterfront is the character and type of persons engaged in connection with boss loading.

With respect to the shapeup system of employing longshoremen, the same grand jury presentment made the following findings:

* * * At a designated time and place at or near a pier, men seeking employment gather in a semicircle around a person known as the hiring boss, who summons them by blowing a whistle. He then arbitrarily proceeds to choose the number of persons required for the particular job. * * * Here again the testimony reveals that most of the hiring bosses are ex-convicts, many with long criminal records, and it is upon persons of this type that the stevedoring companies depend in choosing their help. * * * This, like many other jobs on the waterfront, is a key position. It is to the interest of the racketeers to have a hiring boss of their own type, so that he may be in a position to pick men who will be under his domination. The control of this job is of vital importance to the gangsters and ex-convicts dominating the waterfront.

In summary, crime and corrupt practices as they exist in the shipping industry in the port of New York area present a unique and novel situation. There is no other industry in the Nation which has become so infested by underworld characters. There are no other working conditions in which honest, American workingmen have fallen so completely under the domination of known criminals. Nowhere have the normal forces of law and order and the usual methods of industrial relations failed so completely. The extensive evidence of crime, corruption, and inefficiency gathered through the investigations of the States of New York and New Jersey make it clear, beyond all

question, that the plan as proposed by these two States is urgently needed.

The compact to which the committee here recommends that Congress grant its consent is in no sense antilabor legislation, but rather, antiracketeering legislation. The committee agrees with Governor Driscoll, of New Jersey, who sees in this new legislation "a charter of liberty for the honest, hard-working longshoreman to earn his living and to organize and bargain collectively through unions of his uncoerced choice," and that "It will create an environment in which organized labor can build truly representative waterfront unions that will serve rather than exploit their members."

THE CONGRESSIONAL INVESTIGATION

The blight of crime which has so dangerously affected the largest port in our Nation has also received the searching scrutiny of a committee of Congress. Under the able chairmanship of our late lamented Senator from the State of New Hampshire, Hon. Charles W. Tobey, a subcommittee of the Senate Committee on Interstate and Foreign Commerce conducted an intensive investigation into criminal syndicates and the notorious empires of the hitherto immune overlords of crime who subjugated the workers on the docks of New York and extracted high tribute from their employers.

In launching its field studies in the port of New York area, the subcommittee relied heavily upon the resources of Federal agencies and on the assistance from local law-enforcement officials and bureaus. Most helpful were the New York State Crime Commission, the New Jersey Law Enforcement Council, and the Port of New York Authority.

The subcommittee held 15 days of open hearings ending June 5, 1953, and held 6 days of executive sessions. It heard over 50 witnesses.

A most comprehensive report on the investigation by that subcommittee was filed today, July 27, 1953. (S. Rept. No. 653, 83d Cong., 1st sess.).

The Senate report, together with the hearings before the Committee on the Judiciary, comprise a most complete record of the evil and decadent conditions in the port of New York which prompted, indeed, demanded the joint action of the States involved to forge a mutual compact to eradicate those conditions. In the considered opinion of this committee, the record thus made establishes to the same degree the full justification for Congress to grant its assent to that compact.

SCOPE OF THE COMPACT

The proposed compact has been developed as a result of painstaking investigation in both New York and New Jersey, followed by the most intensive cooperation of their staffs and those of the Port of New York Authority and of both governors' offices. Its goal has been to drive the hoodlums, racketeers, and criminals off the waterfront—a single objective which permits no compromise in the responsibility of either of the State governments.

In summarizing the compact, there are five basic features in the plan looking toward the improvement of waterfront labor conditions.

First, it would license pier superintendents and hiring agents—only persons of good character will be licensed for these key positions.

The license must be requested by the employer concerned, is good only for the duration of the employment and may be revoked for specified cause.

Second, stevedores and port watchmen would be licensed.

Third, the practice of public loading would be abolished.

This, in brief, is the obnoxious racket, unique on the New York waterfront and infested by racketeers, by which loading and unloading truck-to-pier cargo requires the exacting of fees.

Fourth, the compact requires the registration of longshoremen.

The right to register is absolute unless the person has been convicted of a crime, although this disqualification may be waived by the commission.

Registration may also be forbidden if the longshoreman is engaged in subversive activity or unless his employment on the waterfront is clearly likely to endanger the public safety.

Fifth, the compact provides for the operation by the commission of regionally located employment exchanges for registered longshoremen and licensed port watchmen.

This provides for the replacement of the wasteful and unworthy shapeup method.

The employment exchanges would provide information as to available employment and flexibility in obtaining such employment, but without interference with employer-employee freedom of selection or with provisions of collective-bargaining agreements.

The rights of licensees and registrants are carefully protected by procedural safeguards, including hearings, court review, and other requirements for the protection of the individual.

A more complete summary of the compact is contained in the following outline of its principal provisions.

OUTLINE OF COMPACT

Because of the importance of the bi-State compact and its extensive provisions, there is here inserted a résumé of its salient features.

I. Legislative findings

Article I of the compact contains legislative findings by the States of New Jersey and New York with respect to the conditions prevailing on the waterfront of the port of New York which have been discussed previously in this report. The first article concludes with findings that the present practices of public loaders must be eliminated and that the occupations of stevedores, pier superintendents, hiring agents, pier watchmen, and longshoremen must be regulated in the public interest.

II. Waterfront commission

Article III creates the Waterfront Commission of New York Harbor, consisting of 2 members, 1 from each State appointed by the governor with the consent of the senate, to serve for a term of 3 years.

The general powers of the commission as set forth in article IV are to make rules and regulations to carry out the statutory plan, to administer oaths and issue subpoenas, to have access to the waterfront in the performance of its duties, to investigate waterfront practices in the port district and to advise and consult with other public officers and with representatives of labor and industry on matters within its

jurisdiction, including problems involved in rulemaking, in granting or denying registrations and licenses and in the maintenance of the longshoremen's register. The commission is required to report annually to the governors and legislatures of both States and to make recommendations for the improvement of the conditions of waterfront labor within the port district.

III. Licensing of pier superintendents and hiring agents

Article V requires that on and after December 1, 1953, any person who wishes to act as a pier superintendent or hiring agent for a shipping company or stevedore at a pier or other waterfront terminal within the port district must be licensed. Applications for such licenses are to be made by the prospective employer. A person is disqualified from obtaining a license if he has been convicted of a felony or high misdemeanor or any of the following violations of law: illegally using, carrying, or possessing a dangerous weapon; making or possessing burglar's instruments; buying or receiving stolen property; unlawful entry; aiding an escape from prison; and unlawfully possessing or distributing narcotics. If a person so disqualified submits satisfactory evidence of good conduct for at least 5 years, the commission may waive this statutory disability.

Similarly, for the conviction of the above crimes or other enumerated offenses, licenses may be revoked.

IV. Stevedores

Article VI requires that on and after December 1, 1953, all stevedores in the port district must be licensed. Such a license will be granted if the Commission is satisfied as to the good character and integrity of the applicant or real party in interest thereto. However, prior conviction of the same serious crimes which disqualify pier superintendents and hiring agents also disqualify a stevedore. Additional grounds for disqualification of stevedores are prescribed.

V. Public loading

Article VII sets forth the States' policy against "public loading" and reviews the compelling reasons for abolition of the public-loader system. Under the compact, loading service will be performed in the port of New York as it is in every other major American port—by water carriers; operators of piers and other waterfront terminals at their own facilities; railroads, truckers, and other carriers in connection with freight being carried by them; shippers or consignees in connection with their own freight; and licensed stevedores, in the regular course of business, and through their own employees.

VI. Longshoremen

A longshoremen's register is to be established by the commission by December 1, 1953. Article VIII of the compact sets forth the provisions with respect to the registration of longshoremen.

The right to register is absolute unless the person has been convicted of a crime, although this disqualification may be waived by the commission in proper cases. Registration is also prohibited those engaged in subversive activities and persons "whose presence on the piers or other waterfront terminals in the port of New York district is found by the commission, on the basis of the facts and evidence before it, to constitute a danger to the public peace or safety."

The longshoremen's register may be purged periodically under article IX of drifters and floaters, who, although they are not bona fide longshoremen, have been permitted under the present system to take work away from longshoremen who depend upon it for their livelihood.

VII. Port watchmen

Port watchmen will be licensed for 3 years pursuant to article X. Applicants must not only possess qualifications similar to those prescribed for pier superintendents, but must also meet reasonable standards of physical and mental fitness. Since these port watchmen are security officers, prior criminal conviction is an absolute bar to a license. Because of the nature of their duties, port watchmen are not permitted to belong to the same union as longshoremen or pier superintendents or hiring agents.

VIII. Hearings and court review

Article XI safeguards the rights of licensees and registrants by prescribing procedures for commission hearings and assuring court review of commission determinations.

IX. Employment information centers

Article XII authorizes the commission to establish employment information centers throughout the port district to replace the shapeup.

All hiring of longshoremen and port watchmen will be through these publicly operated centers. The employer would have freedom of choice in the selection of employees at such centers but there would be no interference with normal and proper hiring practices, including the gang or unit system, or procedures established under collective-bargaining agreements not inconsistent with the requirements of the compact.

X. Violations

Article XIV concerns general violations of the compact and prosecutions and penalties therefor. Contempt is made punishable in accordance with normal judicial process. Willful, false statements under oath are constituted as perjury and other violations of the compact or attempts or conspiracies to violate it are made punishable as is interference with the orderly registration of longshoremen. A number of miscellaneous prohibitions are also contained in the compact.

CONCLUSION

The compact legislation was approved unanimously in the New York State Legislature and by the New Jersey Legislature with only one dissenting vote. In addition, it has the widespread and enthusiastic support of leading business and civic groups and responsible law-enforcement officials.

In view of the manifest and urgent public need for this remedial legislation, the committee recommends the prompt enactment of the bill.



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