Port Trucking as a Test Case of Precarious Work in the Grey Zone of Work and Employment

Le camionnage dans les ports, un cas type de travail précaire dans la zone grise du travail et de l’emploi

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In the grey zone of work and employment, rules and standards are often unclear (Azais, 2014). Is a worker an employee or a contractor? If he/she is an employee, various labor and employment laws regulate working conditions. If s/he is a contractor, s/he is free to do work on behalf of anyone who will sign an agreement. That relationship should be regulated by commercial law. In most industrialized countries, workers enjoyed job rights “that included decent wages, protections against unfair treatment at work, social insurance provided by the state or the employer and, notably, some degree of job security. These rights comprised what many describe as the standard employment relationship.” (Stone & Arthurs, 2013, p. 2) Today, that standard employment relationship has been disrupted, and the boundary separating employment from contracting is grey. Is the job permanent or temporary? When is a contractor truly independent? Should contractors who are dependent be reclassified as employees? Should contractors have the right to engage in collective action? Should a new category of dependent contractor be enshrined in law, with distinct responsibilities and opportunities, as is the case in some Canadian provinces, Italy and Spain? (Cherry & Aloisi, 2016)

These questions are vexing workers, employers, companies, lawyers, regulators and judges all over the world as companies seek ways to focus on their core competences, reduce costs, and gain flexibility, while workers seek security and freedom, opportunities for profit and public service, paths to profit and to work-life balance. Technological advances inspire dreams of opportunity while at the same time offering means for surveillance and micromanagement.
Nowhere is the ambiguity of emerging work relationships around the world more pronounced than in the port trucking (drayage) sector of the trucking industry. In the US and Australia, many drivers who used to be employees now work as independent contractors. (Bensman, 2009; Quinlan, Mayhew & Johnstone, 2006) In the EU, most truckers are employees, not contractors, but labor standards are decreasing rapidly, and many Eastern European workers are entering the labor force in response to the European Commission’s ongoing pressure on the original EU member nations to dismantle their national regulatory regimes in favor of a more liberal EU system. (Sayer, 2016; Bayliss, 1998)

In response to these changes, unions in the US, Australia, and the original EU member countries have adopted a range of strategies to raise standards. In the US, the International Brotherhood of Teamsters is challenging the trucking companies’ use of independent contractors. (Bensman, 2009; Bensman, 2014b) In Australia, the Transport Workers’ Union has campaigned for a Safe Rates national policy to force trucking companies to raise rates high enough to reduce accidents by discouraging unsafe driving practices. (Kaine & Rawling, 2012) In Europe, unions in the original EU member countries and their unions have begun EU-wide as well as national campaigns to raise standards, using the Australian truckers’ campaign as a model. (Sayer, 2016; European Transport Workers Federation, 2015) While the unions are conducting these campaigns with varying degrees of success in these diverse regions, some workers are resisting regulation or expressing ambivalent feelings about whether they would be better off as employees with legal rights, as contractors in business for themselves, or as some new category of worker with a mixture of the rights and responsibilities of workers and of independent businessmen. (Dubai, 2017)

In its first section, this article will describe the process of deregulation in the three regions. The second section will compare how these “grey zone” workers are put to work in countries which have divergent political institutions and legal systems. The third section will compare what the union campaigns have been able to accomplish in terms of gaining stronger legal protections and access to social insurance, raising pay standards of compensation and improving working conditions, and/or enhancing the truckers’ ability to engage in collective action. The conclusion will:

**1. Drayage and the Trucking Industry**

In most of the world, trucking is an industry afflicted with destructive competition. In 2006, Australia’s Dr. Michael Quinlan, the world’s leading scholar on trucking’s occupational health and safety, along with two colleagues, surveyed the existing literature on road freight transport and concluded that:

> In most industrialized countries [competition in] road transport ... has intensified to the point where there are strong inducements to employ exploitive work arrangements and evade or avoid minimum regulatory standards. These include subcontracting work to low-cost owners/drivers and paying employee drivers minimal wages based on driving time (and using immigrants in the case of Europe and the US) The implications of this for safety are becoming increasingly clear....”

(Quinlan, Mayhew & Johnstone, 2006, p. 60)

This was not always the case. Trucking was deregulated in the US in 1981 (Bensman 2009) In Australia, the rapid expansion of international trade during the Second World War
overwhelmed the national regulatory regime and devolved most regulation to the state level. When a National Road Transport Commission was established in 1991 as the product of a neo-liberal economic agenda, it aimed at facilitating freight flows and declined to enact national legislation to protect worker health and safety. (Quinlan et al., 2006) In the European Union, the industry used to be regulated by national regimes, which established rules for competition by freight transport companies and protected the working conditions and health and safety of drivers on the road throughout Europe, but as the Union liberalized trade in the 1980s, it began putting in place a Union-wide structure which decreased enforcement of transnational transport. (Sayer, 2016; Bayliss, 1998)

2. Deregulating Trucking

In the United States, the bill that deregulated the trucking industry, The Federal Motor Carrier Act of 1980, was enacted at a time when neoliberal policy was picking up steam. Its passage was hailed by liberals and the business community alike as a triumph of policy reform. Senator Ted Kennedy and Ralph Nader led the reformers who charged that trucking regulation meant high rates for consumers and monopoly profits for businesses. Large shippers lobbied Congress for an end to the rate setting and route planning which limited competition and drove up the cost of freight transport. (Robyn, 1987) Civil rights organizations argued that deregulation would lower the barriers that impeded African-Americans from gaining a just share of decent trucking jobs. (Heywood & Peoples, 1994)

Despite these high hopes, deregulation wrecked the drayage industry. Before 1980, trucking companies had to get a license from the Interstate Commerce Commission to haul freight to and from the ports. The ICC limited the number of trucks to assure stability; the resulting rate structure was sufficient for companies to make stable profits while providing workers with decent incomes with benefits. The International Brotherhood of Teamsters organized and bargained for most of the port truckers, who received wage and benefit packages comparable to those of autoworkers, steelworkers, and over-the-road truckers. (Belzer, 2000; Belman & Monaco, 2001; Viscelli, 2016.)

All this changed with deregulation. New drayage companies entered the industry, hiring their drivers on a non-union basis. Established companies faltered. Some went to non-union, others went out of business. The firms that triumphed established a new business model, selling all or most of their trucks to the drivers, and then contracting with them on a per-load basis to deliver containers from seaports to warehouses and distribution centers and vice versa, usually within a seventy-five-mile radius. The emerging independent contracting model meant trucking companies had few fixed costs, bore no responsibility for workers’ compensation or unemployment insurance fund contributions, paid no social security taxes, and were able to obtain drivers’ services without making contributions to health insurance or pension plans. (Bensman, 2009)

In Australia, the entry of large numbers of employee drivers occurred without formal deregulation. The rapid growth of road freight during World War II caused a shortage of truck drivers and pulled thousands of employee drivers into the freight hauling industry. The transport companies which served Australia unusually concentrated retail industry themselves consolidated into a few large firms, which engaged hundreds of employee
drivers under contracts that left them without legal protections as employees. (Bray & Rimmer, 1987, as cited in Kaine & Rawling, 2010, p. 189)

In Europe, the story of deregulation is more complicated. Great Britain privatized deregulated its road transport sector in 1968, ending a post-war nationalized road freight system. (Lawton-Smith, n.d.) Deregulation was carried out under a Labor government that believed that the market would more efficiently allocate transportation resources. (Bayliss, 1998) On the continent, the national regulatory regimes continued until 1985. (Bayliss, 1998) In that year, the European Court of Justice ruled that the inland road sector should be opened to competition. In the same year, the European Council passed the Single European Act, under which the European Commission began to “create an international intra-Union transport market and harmonise operating conditions among Member States.” (Bayliss, 1998, p. 122) Subsequently, France and Ireland began to deregulate its road transport sector in 1986, Denmark in 1989, Belgium in 1991 and the Netherlands in 1994. Germany took limited steps towards deregulation in 1994. (Bayliss, 1998)

The European Commission took responsibility for overseeing EU road transport market at the same time that Europe’s international trade flows began to increase significantly. Not only were imports to Asia and North America increasing, but in response to the intensified global competition, Western European manufacturers were shifting production rapidly to Eastern European sites where costs and wages were lower (Huertgen, 2016)

This shift in trade and manufacturing was reinforced by the impact of the global economic slowdown, which began in 2007. To cut costs, retailers began moving away from nationally based distribution centers to create logistics chains based on an elaborate system of subcontracting that brings products directly from suppliers to retail stores. Second, transport firms began subcontracting work in these logistics chains to companies based in Eastern Europe, and Eastern European drivers began to make up an increasing share of the labor force. As a result of these two changes, Sayer argues that “Officially, a German haulier may be performing a distribution contract for a multinational retailer, but often the Romanian or Bulgarian driver performing the contract is separated from the multinational by up to ten layers of subcontracting” (Sayer, 2016, p. 8)

The new EU regulatory system failed to keep up with the complex new logistics pattern. While they continued to enforce regulations of trucks driving within national boundaries, as they were required to do under the EC framework, this was a shrinking segment of continental freight movement. Indeed, there was a 14% reduction in domestic freight transport by volume during the years 2006-11. While domestic freight movement was shrinking, the member states were overwhelmed by the complexity of the subcontracting arrangements in transnational freight shipments, and did not create inspection regimes to ensure that the new entrants to the continental logistics chain, who routinely crossed national borders, met EU work and safety standards. While 95% of the freight transported in trucks between Western and Eastern Europe was carried in trucks registered in Eastern Europe, member states rarely inspected these tracks on the road or in their depots. (Sayer, 2016) In a 2014 report to stakeholders, the European Commission identified: ‘lack of enforcement and controls’ and ‘illegal/unfair employment schemes creating social dumping’, as the two most important issues facing the European road haulage industry.... The unsatisfactory enforcement of these provisions can be traced back to the absence of binding provisions on the number and frequency of
checks... The lack of such provisions also creates difficulties for the Commission to monitor the implementation of these regulations. (European Commission, 2014, p. 20, as cited in Sayer, 2016, p.5)

This brief survey has demonstrated that the path to the deregulation of the port trucking differed in the regions under review. In the US, national legislation deregulated trucking in 1980 in order to spur competition and reduce road freight rates as global trade accelerated. In Australia, regulation gave way during World War II, and national legislation in 1991 formalized trucking liberalization. The European Union began liberalizing transnational freight movement in 1985; in response, the regulatory regimes of the member countries sharply reduced inspections of trucks engaged in cross-border haulage. While the paths to deregulation differed, the result in each region was that trucking in general, and port trucking in particular, became an industry where drivers lost legal rights and protections.

3. The Impact of Deregulation on Truck Drivers

In the United States, the “independent contractor” arrangement represents the outsourcing model used in drayage trucking (Bensman 2009, 2014a). Trucking firms -- rather than owning trucks and hiring workers as employees -- contract with drivers who own or lease their vehicles. At the largest ports, Los Angeles and Long Beach, 86% of the drivers were owner operators in 2003 (Monaco & Grobar, 2014). These drivers work for, but are not officially employed by, one and only one trucking company, and they are paid by the trip, rather than the hour. Contracting with owner-operators frees trucking companies from any obligations, they would incur as employers; it even absolves them of responsibilities for worker health and safety and anti-discrimination statutes. This “independent contractor” model, while vulnerable to legal challenges, served to enhance the trucking firms’ flexibility and reduced labor costs by at least 30%. (Bensman, 2014a)

Further, and quite significantly, as an “independent business,” the owner operator is prohibited from joining with other owner operators to act collectively to improve wages and working conditions through a union or a business association. Doing so would violate federal antitrust laws, or so most industry participants believe (Paul, 2016)

Though the truck companies categorize these drivers as “independent contractors” when they file 1099 forms with the Internal Revenue Service, the owner operators are essentially “dependent” contractors, who are not allowed to work for more than one trucking firm, receive no employee benefits, are compensated by the trip rather than the hour, and absorb all costs associated with the operation of their vehicles as well as with the inefficiency of the system. The latter includes routine but costly delays and bottlenecks (including terminal security clearance, dependence on terminal operations to locate containers, process paperwork, or provide roadworthy chassis, and traffic congestion). For owner operators, who are paid by the trip, wait time is one of the most significant factors impacting compensation, contributing to the extended hours of the workday, and generating health-draining levels of stress (Monaco & Grobar, 2004; Bensman & Bromberg, 2008; Hutson, West, & Wilke, 2007; Port Jobs, 2007; East Bay Alliance for a Sustainable Economy, 2007; Jaffee & Rowley, 2009; Smith, Bensman, & Marvy, 2010; DePillis, 2014)

Overall, drayage owner-operators work in a labor market characterized by high turnover, long working days, low earnings, the absence of employer-provided benefits, poor work
standards and entitlements, and high exposure to injuries, disease and psychological distress. The drivers are responsible for maintenance, repairs, fuel, tire replacement, road taxes, insurance, tolls, traffic fines, radio and/or telephone bills, truck leases and tax preparation (Port Jobs, 2007; East Bay Alliance for a Sustainable Economy, 2007; Smith, Bensman, & Marvy, 2010)

The drivers’ dependence on one firm limits the amount of work available to them to cover expenses. According to a survey conducted at the port of Jacksonville, Florida by Jaffee and Rowley (2009), 98.1% of the owner operators indicated they were “not allowed to work for other firms”. Other studies report similar findings. Therefore, truckers are ‘misclassified’ as independent contractors (Bensman, 2014a; Smith, Bensman & Marvy, 2010; Smith, Marvy & Zerolnick, 2014) While the drivers are strictly overseen by corporate managers to benefit the firms’ productivity and economic advantage, they are considered ‘independent owner operators’ when it comes to benefits, worker rights, maintenance, and repairs. The misclassification of drivers as “independent contractors” can be verified if one applies the defining conditions for employee classification to their labor market status. As outlined by Smith, Bensman and Marvy, these conditions include “behavioral control”, “financial control”, and “type of relationship”. (Smith, Bensman & Marvy, 2010.) Behaviorally, the contracting firm determines what containers are moved, when and where, so there is no autonomy or discretion. Financially, the firms set a price for the container move, and drivers have no independent ability to determine their level of compensation. Finally, drivers’ contracts with the trucking companies permitted to move containers for only one trucking company. These three conditions establish – as is demonstrated by repeated rulings by California courts – an absolute clear-cut case of the drivers’ misclassification as “independent contractors”. (Smith, Marvy & Zerolnick, 2014)

In addition to the economic consequences of the independent contractor arrangement, the implications for the drivers’ health and safety deserve attention. (Quinlan, Mayhew & Bohle, 2001; Quinlan & Bohle, 2009; Tompa, Scott-Marshall, Dolinschi, Trevithick, & Bhattacharyya, 2007; Lewchuk, Clarke, & DeWolff, 2011) Trucking is classified as one of the highest risk occupations in the US with “Heavy and Tractor-Trailer Truck Drivers” having the highest number of work fatalities of any occupation (Bureau of Labor Statistics, 2015) Nearly 15 million truck drivers are susceptible to occupationally induced health conditions (Apostolopoulos, Sönmez & Shattell, 2010), including high morbidity and mortality rates associated with exposures to poor air quality and toxins from prolonged exposure to diesel emissions; insufficient diets; limited availability of nutritional foods available in truck stops and gas stations; injuries from accidents; anxiety and stress from deadlines, and scheduling; long work hours; truck repair responsibilities’ traffic congestion and safety concerns; being sedentary in truck cabs for long hours at a time; and unpaid wait times at ports, terminals and distribution centers (Williamson, Bohle, Quinlan, & Kennedy, 2009; Apostolopoulos, Sönmez & Shattell, 2010; Gonzalez, Minkler, Garcia, et al., 2011)

As owner operators, the drivers are not provided with health insurance by their employer and thus may lack access to health care. More than two thirds of port truckers in Houston, Seattle and Jacksonville reported lacking health insurance (Harrison, et al.; Port Jobs, 2007; Jaffee & Rowley, 2007, p. 9) Of the owner operators at the New Jersey seaports who had health insurance, less than one percent received it from their company. (Bensman & Bromberg, 2008)
4. Australia

During the years 1990-2010, Australia’s road freight transport industry became increasingly competitive, as retailers, such as supermarket chains, increasingly dominated the transport supply chain. (Quinlan, 2001; Rawling & Kaine, 2012) As their bargaining power grew, they gained the ability to dictate transport prices, delivery requirements and penalties for failing to meet contract provisions on the transport providers. These companies, in turn, reduced their own workforces and outsourced an increasing share of their operations to small trucking fleets, which either did the work, or subcontracted it to owner operators. As orders were moved down the supply chain, the price per shipment declined while operating requirements tightened. The result has been the creation of a fiercely competitive transport market, in which owner operators and employees of small fleet operators are under extreme pressure to minimize their operating costs. A study done by a team led by Dr. Michael Quinlan for the New South Wales government in 2001 found that this competitive market damaged the health and safety of the drivers and endangered public safety. (Quinlan, 2001) Australian employment relations scholars Michael Rawling and Sarah Kaine summarized the problem in a later journal article:

The weight of this cumulative contractual pressure induces intense competition between employee drivers and owner drivers who frequently must accept work terms and conditions dictated to them or fail to receive the work. Therefore drivers are compelled to compromise on safety as they work longer hours, accept low freight rates and attempt to fulfill unsustainable delivery timetables ultimately determined by the most powerful participants in the supply chain -- the clients. Indeed, it has been found that the commercial dominance and influence of clients results in unsafe payments and working conditions for truck drivers at the bottom of the contracting chain. (Rawling & Kaine, 2012, p. 3)

Furthermore, despite reform efforts, these problems persisted throughout the following decade. (Rawling & Kaine, 2012)

The Quinlan report found that in order to stay in business, drivers skimped on maintenance, worked hours in excess of the 72-hour legal maximum, took stimulant drugs to enhance alertness during their long hours of work, especially from midnight to dawn, and drove at excessive speed. As a result, they were involved in many crashes, some of them fatal to themselves or to other drivers. They also experienced chronic injuries and high and prolonged levels of stress. (Quinlan, 2001)

5. European Union

The changes in European trade patterns, logistics practices and regulatory policies combined to reduce wages and work standards and produce dangerous and unhealthy industry practices. In this new world of subcontracted transport, abuses of worker safety and health abound, and national regulations intended to safeguard public safety on the roads are rendered impotent. As a result, subcontracted truck drivers from Eastern Europe now constitute a nomadic, illicit labor force in the European Union. (Sayer, 2016) In England alone, 60,000 of them are currently driving trucks, out of a labor force of 288,000. Thirty-three thousand of these drivers are contractors. (House of Commons, 2016, p. 12)
In continental Europe, standards have declined and regulation has faltered, though most of the truckers driving transnational routes are employees. In Denmark, a survey of 235 truck drivers from Romania and Bulgaria conducted for the transportation union and an employers’ association found that the truckers were employed by companies registered in their home countries, but were regularly driving for long periods in Denmark, from which they often ventured to Germany and elsewhere in northwestern Europe. Almost half had been away from their home countries for six weeks or more. Almost all of them slept in their vehicles. While the drivers exclusively hauled freight outside of their home countries, their employment contracts were based on Romanian and Bulgarian laws and regulations. (COFI, 2015) A 2013 study for the European Parliament concluded more generally that the “harsh and often uncontrolled competition” of the road freight transport industry often pushed companies to deprive drivers of social rights and to force them to drive longer hours at lower pay. (Sitran and Pastori, 2013, p. 40) Indeed, the truckers’ low pay often forced to drive much longer hours than national regulations permit. This put truckers, and those with whom they shared the road, at risk of accidents due to fatigue and drug abuse. Furthermore, the trucks provided by Eastern European subcontractors often didn’t meet the standards of Western European regulators for brakes and tires. Containers carrying hazardous materials often ended up being hauled by untrained drivers with forged permits (Sayer, 2016)

Several recent studies have found that working conditions for road freight haulers are poor. In 2013, a study conducted for the European Parliament found that “there is a widespread and shared agreement between stakeholders … about the fact that the road freight transport sector has, for several years, been experiencing a considerable deterioration of its working environment. (Sitran & Pastori, 2013, p.75) For example, the study cited a report by a Belgian labor union on the condition of overnight parking areas for drivers in the Flanders region, of whom the largest number were Poles. The study found that because of overcrowding, 75% of the drivers were not able to find “a suitable place to park their lorries and were forced to park elsewhere.” (Sitran & Pastori, p. 61) Another study found that eighty-eight per cent of truckers from Bulgaria, Romania and Macedonia, who were driving in Denmark for extended periods, slept in their trucks most nights. (COFI, 2015) Sayer found that a group of truck drivers in the Netherlands cooked their meals on gas stoves on the side of the road, next to their container trucks carrying flammable gases. The drivers often slept in their trucks in places where they had no access to clean water. And at rest stops where there was clean water, authorities often denied them to drink water, and charged high prices for showers. Even when truckers stopped at facilities that were supposed to accommodate them, they found that the toilets intended for their use were flooded, or that their parking slots were distant from sanitary facilities (Sayer, 2016; also see House of Commons, 2016)

Drivers in this new nomadic fleet often became ill. Drivers told Sayer that because of the time pressure they felt to make their deliveries within specified dates, and the financial pressure they felt because of their low rates of pay, and the limitations of the health coverage provided by their Eastern European companies, they often drove while sick, and put off consulting a doctor. Several drivers reported that they knew of truckers who had died on the road as a result. Not surprisingly, Sayer reported, “labour productivity in the land transport sector is lower than the total economy average, and the lowest among all transport modes. In addition, it is the only mode in which labour productivity is falling.” (Sayer, 2016, p. 11)
6. Labor Action

The deteriorating wages and working conditions of truckers has spurred union organizing efforts and campaigns to enhance regulation in all of the regions under consideration. In the US, to regulate when the International Brotherhood of Teamsters (IBT) began organizing port truckers in 1998, its challenges were many. First, since most of the drivers worked as “independent contractors,” they were barred from joining a union under existing legal interpretations of the National Labor Relations Act. (Bensman 2014a) Furthermore, the industry was fragmented, atomized, and competitive. Cost pressures compelled companies to squeeze their contracted drivers, resulting in a race to the bottom with regard to wages and working conditions, and a high rate of turnover among drivers. (Husing, Brightbill & Crosby, 2007) Scholars have long regarded drayage as an industry highly resistant to union organization (Belzer, 2000; Belman & Monaco, 2001) But the organizing landscape is changing as organizers have recognized the strategic importance of logistics for the larger economy. In 2005, a Cornell University conference on global unionism included a panel on organizing in the logistics industry, featuring representatives from the International Transport Workers’ global union federation. In the following two years, the Teamsters signed an agreement with the Change to Win Federation to partner in organizing port truckers. In the beginning, the Teamsters/Change-to-Win campaign exerted political pressure on port authorities to require trucking companies hauling freight to and from the port to provide emission-compliant vehicles and employee drivers. The latter provision – known as the “employee mandate” – would, proponents argued, reduce the number of owner-operators, increase the number of employee drivers, provide them with greater economic compensation and security, and make it legal for them to organize a union. This campaign was launched in several ports. The Coalition for Clean and Safe Ports -- joining together labor, environmental, environmental justice, community, and faith-based organizations -- established a presence in Long Beach/Los Angeles, Oakland, Portland, Seattle/Tacoma, Miami, and Newark/Elizabeth. It developed most fully in Los Angeles/Long Beach, where the Los Angeles Association for a New Economy, the National Resource Defense Council, the Long Beach Alliance for Children with Asthma and the Southern California Environmental Health Sciences Center proved effective partners. Organizing under the banner of improving air quality and improving public health in port-adjacent communities, the Coalition enlisted the support of local politicians, including L.A. Harbor Commissioner Janice Hahn, who later was elected to the County Board of Supervisors and then to the US Congress, and Los Angeles Mayor Ramon Villaraigosa. (Jaffee & Bensman, 2016) In October 2008, the campaign achieved success when the Los Angeles Harbor Commission adopted a Clean-Truck Program which required trucking companies that operated at the port to provide trucks that met emissions standards, and which mandated the companies to employ the drivers working for them. Implementation was soon halted, however, by a court injunction lawsuit filed by the American Trucking Association. A federal appeals court struck down the employee mandate in 2011, ruling that it was preempted by federal maritime regulations. The ruling meant that the Coalition had to adopt a different strategy. (Jaffee & Bensman, 2016)

The union strategy shifted to attacking the drayage industry’s business model, which was based on the misclassification of its labor force as “independent contractors.” When the
IBT/Change to Win alliance had been announced, this strategy had been rejected by union officers on the grounds that proving misclassification in court would be time-consuming and expensive, because each lawsuit alleging violation of employment laws would have to be based on the facts discovered at each drayage company. Nevertheless, once it became clear that federal preemption was going to prevail, the campaign shifted to proving that most owner operators were indeed dependent on the drayage companies, not independent businessmen. (Jaffee & Bensman, 2016)

The strategy moved on two fronts. Political mobilizing and lobbying pressure achieved success when the California state legislature revised the law defining employment and misclassification on Sept. 8, 2011. According to the California Division of Industrial Relations, the new law “prohibited the willful misclassification of individuals as independent contractors.” It created “civil penalties of between $5000 and $25,000 per violation,” and it prohibited charging fees to or making deductions from the compensation paid to those misclassified workers. Going further, the law provided that “workers who do not receive minimum wages, overtime pay, or pay for meals and breaks because their employer misclassifies them as an independent contractor can file a wage claim with the Division of Labor Standards Enforcement” (State of California, Division of Industrial Relations, 2011)

This legislation, which includes the strongest language prohibiting misclassification in the United States, grew out of not only the alliance’s political mobilization, but also the success of California’s then-Attorney General Jerry Brown’s prosecution of cases involving misclassification in drayage. In 2008, Brown launched a series of lawsuits “prosecuting California port trucking companies for engaging in employee misclassification, and for failing to provide workers with Social Security, workers’ compensation, and Medicare benefits that they are legally entitled to, according to California state law” (Howard Law, 2010) Five successful lawsuits were filed. One suit, filed against Pacifica Trucking, argued that “the drivers for Pacifica should have been classified as employees, with all of the legal benefits that employees are entitled to under state law, and not independent contractors--as Pacifica Trucks maintained total control over the drivers, by providing and covering the trucks, gas, equipment, and other employee expenses related to their business, including repairs.” California’s Superior Court in Los Angeles County upheld Brown’s complaint, after which Brown warned California employers “that if they cheat California workers out of their legally entitled employee benefits according to California state law—‘we’re coming after you’” (Howard Law, 2010 v7b)

At the same time the Coalition was making progress in California, the National Employment Law Project launched research on the misclassification of port truck drivers. The work culminated in two reports -- The Big Rig (Smith, Bensman & Marvy, 2010), and a follow-up study, The Big Rig Overhaul (Smith, Marvy & Zerolnick, 2014), documenting how most port truck drivers were misclassified as “independent operators” when they were, according to the relevant labor and employment laws, actually employees whose rights were ignored by trucking companies and government regulatory agencies. The reports fueled an IBT/Change-to-Win campaign against misclassification throughout the nation. In New Jersey, the campaign persuaded the Legislature to pass a bill revising the state’s labor and employment laws by making explicit that formal guidelines should be used to judge whether or not port truckers were employees. However, after the Legislature passed the bill, Gov. Christie vetoed it. (Jaffee and Bensman, 2016)
Nevertheless, the campaign against misclassification continued to rack up numerous victories. Between the dates of publication of the two Big Rig reports, up to 400 complaints were filed with the California Division of Labor Standards Enforcement for wage theft associated with misclassification (Smith, Marvy, & Zerolnick, 2014) In one representative case, seven drivers working for Pacer Cartage were awarded $2.2 million for “unlawful deductions, reimbursable business expenses, interest, waiting time penalties and attorney fees” (TruckingInfo, 2014) The hearing officer in the case declared that “The defendant considered the plaintiffs to be independent contractors; however, the amount of control exhibited by the defendant over the plaintiffs was to such a degree that the defendant knew or should have known that the plaintiffs were employees” (TruckingInfo, 2014) Further, there have been more than 115 official rulings since 2011 regarding the misclassification of port truckers, with state and federal courts and agencies concluding that the port drivers meet the criteria of employees rather than independent contractors (Smith, Marvy, & Zerolnick, 2014; Smith, 2015) These court rulings stimulated action by numerous state agencies against trucking companies that use independent contractors, charging them with violations of wage and hour standards, failure to pay income and payroll taxes, and failure to make contributions to unemployment compensation and worker compensation funds. (Smith, Marvy & Zerolnick, 2014) In 2015, the Los Angeles County Board of Supervisors even opened an investigation about how it could be more rigorous in regulating work conditions in the local drayage industry (Smith, 2015)

On the federal level, the Federal District Court for Central California reinforced the truckers’ local victories on Sept. 30, 2014, by rejecting the request of a trucking company, Shippers’ Transport Express, to dismiss a complaint filed by port truckers citing seven causes of legal action including failure to pay minimum wage, failure to reimburse for business expenses, unlawful coercion, failure to provide accurate itemized wage statements, and unfair business practices. The Court’s decision cleared the way for Shippers’ drivers to claim their rights as employees (United States District Court, 2014) This was followed by another legal victory when a San Diego Superior Court upheld the $2 million award to employees of Pacer Cartage who had been “improperly misclassified as independent owner operators” (Rosenberg, 2015)

Emboldened by their victories in state regulatory bodies and in the courts, Southern California port drivers have been taking labor actions aimed at organizing for collective bargaining. In the fall of 2013, Los Angeles port drivers for Green Fleet Systems, Pac 9 Transportation and American Logistics International struck. In the spring of 2014, the Teamsters supported a 48-hour work stoppage at LA/Long Beach by drivers for four trucking companies in order to address wage theft, workers’ rights, and misclassification. They were joined by drivers at the Port of Savannah, who were also protesting their status as independent contractors. The campaign escalated in the summer of 2014, when port drivers in LA engaged in a wider work stoppage with Pac 9 Transportation, Green Fleet Services, and Total Transportation Services that temporarily shut down three Marine Terminals including Evergreen Container Terminal, one of the port’s largest, as longshore workers walked off the job in support. Unlike prior strikes, which had been scheduled to last 48 hours, this strike was open-ended (Bradbury, 2014) Four months later, drivers struck what ultimately became eight trucking companies. This action occurred at the same time as the shipping industry and the West Coast longshoremen’s union, the ILWU, were in the midst of tense negotiations, while containers were piling up
on the docks. As a result of these coordinated actions, all eight trucking companies agreed to formal talks for resolving the issue of misclassification (Bensman, 2014a).

Together, the IBT/Change to Win campaign’s legal victories, and its escalating mobilizations bore fruit in the winter of 2015 when Shippers Transport, Inc., recognizing that a resounding defeat in District Court was impending, recognized its drivers as employees. The union quickly signed up members, won recognition with an 80% vote, and bargained a contract approved by a 65-5 vote. The agreement included an hourly wage boost of three dollars an hour, to twenty-one dollars, overtime, pay, full medical insurance, a defined benefit pension plan, paid holiday and sick leave, and a union grievance procedure (Rosenberg, 2015).

And then the Teamsters unveiled a new strategy hoping to clinch its transformation of drayage, in April 2015, following another strike at the southern California ports. After the drayage firm Green Fleet announced that it would reclassify its drivers as employees, and negotiate a contract with the Teamsters – an action that the courts had all but forced the company to take – the Teamsters announced that L.A. Mayor Eric Garcetti would hold a press conference. Surrounded by representatives from the Teamsters and Change-to-Win, and Alex Paz, a port driver leader, as well as by executives of a drayage firm, the Mayor announced the formation of a new company that would revolutionize the industry. With capital raised by a private equity firm that owned one drayage company, Ecoflow Transportation would employ drivers, acknowledge their right to organize, operate with a union contract, buy new trucks, and introduce technological and operational innovations that would enable it to compete with companies paying much less. With help from the Teamsters and port truckers fighting misclassification, Ecoflow would recruit 600 drivers during a period when its much-smaller competitors were suffering a driver shortage. The age of wage theft in port trucking was over, Garcetti announced. (Watt, 2015)

Well, not quite. Only 600 of Southern California port truckers had union contracts, out of a fleet of more than 10,000 trucks, as of the beginning of 2017. While the campaign’s outcome remains uncertain, it has demonstrated that as workers organize to resist company efforts to divest themselves of the responsibilities of employment, they can convert latent sources of power based on strategic location into progress in the courts, in legislatures, and at bargaining tables. As unions and worker centers bring workers together, the latter, who often value their status as self-employed businessmen, are becoming more aware of their labor rights and more conscious of their ability to disrupt the flow of commerce (Bensman & Bromberg; Bensman 2014b) Unions’ successes coalescing with environmentalists, community organizations, workers’ centers, and faith-based organizations are changing the way labor is strategizing to craft public policies aimed at enhancing the common good, rather than simply by increasing union rights (Loomis, 2015)

In Australia, working conditions in the trucking industry have been raised in recent years after decades of decline. That story began during the Second World War, when non-employee drivers became a significant proportion of the labor force and began eroding the labor standards of the unionized drivers. In response, the New South Wales Transport Workers Union, “an anomaly among Australian unions in that it has represented a variety of self-employed workers for nearly a century,” began a “long-running campaign to bring self-employed owner-drivers within the scope of the arbitration system in an attempt to protect both the employment conditions of employees and the living standards of owner-
From the beginning, the union's campaign focused on the concept that a “safe rate of pay” was necessary to ensure the health and safety of truck drivers, and the safety of the driving public. By the 1960s, a Liberal government convened an inquiry into the relationship between work hours and road accidents, and concluded that there was a strong case for public regulation of the work of owner-drivers. By the 1990s, bipartisan public support for TWU’s legitimacy as a spokesperson for these drivers enabled the union to negotiate “contract determinations” and “contract agreements,” even though the drivers were still not employees under the nation’s labor laws.

As Australia’s political system moved in a neoliberal direction, with the passage of the Work Choices act of 2005, which “introduced anti-union statutory provisions at every level in the regulation of the labor market,” (Kaine & Rawling, 2010, 185), the TWU’s history of engaging with and advocating for owner-drivers enabled it to resist the deregulation of the industry. In 2006, the union launched a coordinated approach to political organization, public outreach, and worker organizing, which it called a “Comprehensive Campaign.” It based its strategy on an analysis of the transportation service chain. Union researchers analyzed a “comprehensive chain of responsibility” that governed each of the actors governing the provision of logistics services, including not only the local and federal government agencies, but also the various customers of logistics services and the layers of firms that bid on and performed transport services. Armed with this analysis, the union leaders designated a variety of targets throughout multiple legal jurisdictions and industry segments that would need to be persuaded or pressured to adopt higher standards for owner drivers. (Kaine & Rawling, 2010)

Key to the comprehensive campaign effort was the broadcast of research that demonstrated the public stake in improving working conditions and labor standards for truckers. Led by Michael Quinlan, a scholar at the University of New South Wales School of Management, researchers documented that “trucking remains one of the most dangerous occupations” and found that “excessive hours of work, fatigue and other dangerous work practices partly result from the lack of client responsibility for driver hours, performance and remuneration.” (Quinlan, 2001, 17-22, as cited in Kaine & Rawling, 191) The report argued that at the core of the problem was the strong bargaining position that clients, such as large retail chains, deployed to cut the rates charged by truck drivers and the working conditions under which they hauled freight. (Kaine & Rawling, 2010) To bolster this argument, the Quinlan Report drew on the research of the American scholar, Michael Belzer, whose work on the negative impact of trucking deregulation on the rates paid to truck drivers (Belzer, 2000) led him to argue that the only way to improve trucking safety was to set minimum rates. (Quinlan, 2001)

The findings of the Quinlan report provided the basis for The Occupational Health and Safety Amendment (Long Distance Truck Driver Fatigue) Regulation 2005 (NSW) This legislation placed responsibility not only on the companies that put drivers to work to ensure that their driving conditions would not lead to fatigue and unsafe practices; it also placed responsibility on the clients who contracted with the trucking companies to ensure safe conditions. Moreover, New South Wales regulators went further, drawing upon the Quinlan Report to argue that the entire system of putting owner operators to work undermined the sustainability of healthy work practices. Therefore, regulators required transport providers to develop safe driving plans to make sure that drivers were paid sufficiently so that they would not work excess hours, or unsafe schedules and
Expert research was not sufficient for the union to win these improved labor standards, however. The comprehensive campaign included several related efforts. First, drivers were encouraged to write letters to local politicians and local media explaining why they needed regulatory protection. Second, the union trained thousands of its members about its Safe Rates strategy, so that they could participate effectively. Third, the union drew on its educated members to make the case to trucking companies that there was a strong business case for strong regulation. This campaign helped the union to increase its membership substantially as it pressed for improved standards. Fourth, the union mobilized its members to participate in community forums and political gatherings at the local levels to argue that improved working conditions for drivers would benefit families by reducing road accidents and improve highway safety. TWU also gave its members responsibility for conducting lobbying and presenting testimony to legislative and regulatory bodies. Finally, union leaders created enforcement committees which activated union members, and built up the union presence in workplaces where managers had previously succeeded in minimizing the union presence. Involvement in safety enforcement augmented the union’s role; not only was it bargaining over workplace rules, it created increasing legitimacy for its role in the workplace as a guarantor of worker oversight of work practices. The union’s organizing success bore fruit as it maintained and expanded a “protective regulatory system for owner-drivers.” (Kaine & Rawling, 2010, p. 193)

In 2012, TWU secured passage of the Road Safety Remuneration Act. The legislation created a tribunal to monitor pay and conditions in the trucking industry with the power to set safe rates of pay for both employee and contractor drivers, resolve disputes and conduct inquiries, and issue orders to remove commercial incentives that promote unsafe work including industry practices for loading and unloading vehicles, waiting times, working hours, load limits and payment methods. (Rawling and Kaine, 2012) Central to the new regulatory regime was the notion that all the companies involved in subcontracted movement of freight were responsible for the conditions of the drivers who actually hauled that freight. The union called this principle the “Chain of Responsibility,” and pressed to embed it in the nation’s regulatory system. The national regulatory tribunal established in 2012 to set “safe rates” for truck drivers accepted the Chain of Responsibility principle, and began investigating the companies hauling freight to and from Australia’s ports in order to determine if intense competition was causing drivers to work excessive, unsafe hours at low rates of pay. (Web safety hub, 2015) Before the Tribunal could issue its report, it was abolished by a newly-elected national government. (Thornewaite & O’Neill, 2016)

As a result of the TWU’s comprehensive campaign, truckers made many gains up until 2016. For one thing, many of them now belong to a section of the Transport Workers’ Union. The union and its broad spectrum of allies were able to pass legislation to protect truckers’ rights, raise working standards and regulation, and enforce road safety. Their union has many trained members who act to enforce the bargaining agreements and to ensure that laws and regulations are followed. Accidents have been reduced and working conditions and pay to have improved for many thousands of drivers. This progress was
brought to a halt after a new conservative government was elected in September 2013. Amid fierce controversy, the Road Safety Remuneration Act was repealed and the Tribunal it had established was disbanded in April, 2016. (Thornwaite & O’Neill, 2016)

In their 2016 review of the accomplishments and shortcomings of the effort to improve trucking safety in Australia, Thornwaite and O’Neill found:

“there is a substantial degree of regulatory compliance in the Australian heavy vehicle road transport industry. Almost every driver has undergone some form of WHS training at least once in their career, and most drivers have experienced safe practices at large loading and unloading docks, safe scheduling and management commitment to safe work systems. At the same time, however ... a significant proportion of drivers report that scheduling arrangements and workplaces at which they (un)load remain unsafe. There also appears to be a widespread view among drivers that employers and other parties in the CoR (Chain of Responsibility) are more concerned with the appearance of compliance than entrenching safe work practices. While the results confirm that some companies are actively working to ensure the health and safety of their (drivers), it has also established that there is a substantial segment of truck drivers that effectively forms an underclass of neglected drivers in the industry. For this group, management lacks an effective commitment to health and safety. The survey revealed that a substantial number of owners and employee drivers share similarly poor safety conditions at work, characterised by unsafe loading sites, unsafe schedules, unsafe loads, a lack of remuneration for work activities other than driving and longer working hours than other drivers. Common to these drivers is an almost complete dependence on one employer, contractor or client which renders them vulnerable and consequently, also, unable to report to a third party when their employer, contractor or major client breaches WHS laws and other regulations. Retribution culture in the industry exacerbates this vulnerability, reinforcing the reluctance of drivers to complain.” (Thornwaite & O’Neill, 2016, pp. 112-3.)

In Europe, after EU-mandated liberalization of road transport reduced drivers’ compensation and caused their working conditions to decline, especially in transnational transport. National transport unions began to press for a European Union-wide policy. At its 2014 Congress, the International Transport Federation (ITF) adopted the Australian Transport Workers’ Union program to legislate “safe rates” and European unions began organizing truckers based on the idea that road safety depends on drivers receiving adequate compensation so that they don’t have to drive excessive hours or to take imprudent risks. (ITF, 2014) An outstanding example is the joint organizing campaign by the Dutch transport union (FNV) and the Polish union Solidarnosc, which succeeded in organizing 400 Polish truck drivers who were delivering potatoes from Poland to the Netherlands on a subcontracted basis (ITF, 2016)

On a regional level, the European Transport Federation, which is the body representing ITF’s European affiliates, launched a petition in 2015 seeking one million signatures, calling on the European Commission to halt low rates and “social dumping” in transport. Under the name of the European Citizen Initiative for a Fair Transport, the ETF began garnering public support for safe rates and decent work for truck drivers. (ETF, 2015)

Furthermore, in October 2015, the campaign to restore workers’ standards in road transport reached a global scale, when the ILO convened a Tripartite Sectoral Meeting on Road Safety in the Road Transport Sector. At the meeting, the representative of the International Transport Federation called on the ILO to enact an international labor standards approach to the global road transport sector. He pointed to the ILO’s adoption of a Maritime Labour Convention, which went into effect in 2013, “to make a real
difference for seafarers.” Then he suggested that “the freight sector could follow examples like the Safe Rates campaign in Australia, which demands that clients at the top of the supply chain are responsible for workers in their supply chain regardless of their employment relationship. (ILO, 2015a, p. 7)

While the Tripartite Sectoral Meeting did not specifically endorse the Safe Rates approach, its conclusions mirrored the analysis of Belzer and Quinlan on the chain of responsibility that provided the foundation for the Safe Rates program. For example, it stated that:

Level playing fields are being destabilized by a number of factors. In some regions, illegal and informal operations put an additional stress on transport undertakings that play by the rules. Transport workers temporarily working in other countries, including from lower-income countries, may be victims of exploitative conditions, which are not only detrimental to themselves but can also lead to unfair competition and illegal international operations. Market pressures have impacted social dialogue, collective bargaining, wages and working conditions in the sector. Other supply chain actors outside the transport chain and not direct employers can set logistics and just-in-time requirements both in passenger and freight transport that strongly impact the industry, and can lead to unsafe and unsustainable practices. (ILO, 2015c, p. 2)

Furthermore, The Tripartite Sectoral Meeting adopted a resolution which invited the governing body to request the International Labour Office to: “conduct further research in consultation with tripartite experts in the sector on best practices including on the Safe Rates model.” (ILO, 2015b, p. 2)

Conclusion

As global trade grew in the neoliberal era, transnational corporations constructed global supply chains to capture as much of the wealth generated by global trade as possible. The lead firms that ship freight along those chains, Wal-Mart, Ikea, Carrefour, and Amazon, for example, have gained dominance over the road freight companies that transport goods from factories to seaports, from seaports to distribution centers, and from distribution centers to retail stores. In the United States, Australia, and the European Union, this restructuring of power relations has created competitive markets where trucking companies and track drivers must accept the shippers’ terms. As a result, labor unions have lost power, many workers have been forced to work as contractors without the protection of labor and employment laws, and working conditions have deteriorated. This common path to a grey zone of work and employment relations in the road freight transport sector supports the theory that labor and employment systems are converging, as Baccaro and Howell, Standing, and Streeck have argued.³

In response to the fact that large shippers have gained dominance over small trucking firms, the road freight transport industry itself is undergoing changes that are transforming it into an increasingly global industry. The Toll Group, one of Australia’s largest trucking firms, has become a global logistics network, running logistics services, drayage, and warehousing throughout the world. XPO is not only a drayage firm in Southern California; it purchased a less-than-truckload company operating in the US and Canada, and also acquired one of France’s largest road transport firms. The expansion of trucking firms into global logistics service providers has labor unions thinking about global coordination.
Recognizing that the trucking companies that emerged after the industry was deregulated exist on thin margins, unions in all three regions have launched campaigns to restore decent working conditions and labor rights by targeting the public interest rather than the individual trucking firms. The Teamsters’ port trucking campaign in the United States stressed the connection between the misclassification of truck drivers and the public concern for reduced diesel emissions and cleaner air. The Australian Transport Workers’ Union’s comprehensive campaign linked labor standards to road safety. The campaign for regional governance of road transport in the European Union is also based on the link between working conditions and public safety. Drawing on the experiences of these union campaigns to restore labor standards in road transport, the International Labor Organization has begun exploring how to create decent global work standards for the road transport industry, as it has already begun to do for seafaring. (Lillie, 2006)

In conclusion, the struggle to restore decent work to the drayage and long-haul freight transport industries is changing as the global freight movement industry changes. Unions are increasingly adopting strategies that connect workers’ rights to the public interest in clean air and road safety, and they are broadening their struggle to regional and global levels. Whether or not such strategies are sufficient to meet the challenges posed by the ongoing restructuring of the global freight movement industry is far from certain.

BIBLIOGRAPHY


NOTES

1. In the United States and Canada, port trucking is a distinct sector. Most containers are delivered by drivers, who exclusively work in this sector. In the rest of the world, truck drivers sometimes drive trucks carrying containers to and from ports, and at other times drive trucks with trailers over the road for long distances. This paper will compare port trucking in the US with the broader trucking industry in Europe and Australia. Williamson, Bohle, Quinlan and Kennedy discuss paucity of research on short-haul trucking, 2009)

2. Similar changes have occurred in South Korea, but information in English on these changes are limited. (Yun, 2014)
3. While the employee mandate died, the Clean Truck Program did succeed in forcing the Southern California drayage industry into replacing its trucking fleet with vehicles complaint with 2007 federal emission standards.
4. The overwhelming majority of drivers are male.
5. (Baccaro & Howell, 2011; Standing, 2011, 2014; Streeck, 2016)

ABSTRACTS

The work status and working conditions of truckers in the road freight transport industry in the United States, Australia, and the European Union as the industry have been deregulated in the face of the expansion of global trade. In all three regions, the construction of global supply chains has given big shippers, usually retailers, dominant power in relation to the transport companies that deliver their freight from factories to seaports, from seaports to distribution centers, and from distribution centers to retail stores. Trucking companies are forced to accept the terms dictated by the large shippers; in response, they subcontract the work, force their drivers to work as contractors without labor and employment rights, and/or reduce compensation while intensifying work requirements. In all three regions, unions are mounting campaigns to restore workers’ rights and working standards. In the US, the International Brotherhood of Teamsters is organizing port truck drivers through a campaign that links the misclassification of the drivers to the public concern for clean air. In Australia, the Transport Workers’ Union has mounted a comprehensive campaign to mobilize members to push for legislation that would raise drivers’ rates and enhance public road safety. In the EU, unions are pushing for the region-wide standards in road freight transport, and have adopted the Australian “Safe Rates” program as a model. The economic trends and labor campaigns reflect that as the freight transport sector globalizes, work and employment relations in nations around the world are converging into a “grey zone” where the rights of workers, be they employees or contractors, are ambiguous, contradictory, and/or contested.
australien de « Taux surs » un modèle. Les tendances économiques et les campagnes en faveur du travail reflètent le fait que, alors que le secteur du transport de fret se globalise, les relations de travail et d’emploi dans le monde entier les nations convergent vers une « zone grise » où les droits des travailleurs, qu’ils soient employés ou sous-traitants sont ambigus, contradictoires et/ou contestés.

INDEX

Mots-clés: camionnage, contrat indépendant, erreur de classification, travail précaire
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