



Is Privatization The Key To Minimizing Future Port Disputes?

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Economic expert Chris Edwards is calling for private sea ports, arguing that the recent West Coast labor dispute was only able to get so bad because of government ownership.

Since May, the Pacific Maritime Association and the International Longshore and Warehouse Union have struggled to agree on a new labor contract. The inability to come to a deal, and the resulting port congestion, prompted economic problems in many industries. It wasn't until pressure from the president and a visit from Labor Secretary Tom Perez last week that the two sides were able to reach an agreement.

Edwards, director of tax policy at the libertarian Cato Institute, argued the best way to make sure another dispute doesn't happen is to privatize the ports.

"We should privatize as much of it as we can," Edwards told The Daily Caller News Foundation. "This has been a reoccurring thing on the West Coast for the last few decades."

Edwards explained that the reason the disputes are able to get so out of hand and impact so much of the economy is because the PMA and ILWU act as monopolies. This is problematic for retailers, manufactures and other industries dependent on importing and exporting goods, because it leaves them very few options to work around a labor dispute. The last major port dispute occurred in 2002 under former President George W. Bush, who used a court injunction to force the parties back to work.

"It's better to break things up," Edwards notes. "That way you have them competing against each other."

Labor disputes would still happen, Edwards said, but they would be concentrated to individual ports, as opposed to every port along the West Coast. This will give other businesses the ability to more easily work around the problem.

“Profits drive productivity and innovation in the private sector,” Edwards argued. “You want business decisions based on return.”

In terms of innovation, Edwards argued that the West Coast port monopolistic system have caused the United States to fall behind countries that have already privatized ports. He points to the United Kingdom as one place that was able to turn its shipping industry around by privatizing it.

In the 1970s, Margaret Thatcher helped to solve many problems in the shipping industry by privatizing most of the ports. According to a report by UK Trade and Investment, after privatizing its ports, they were able to become much more innovative and better for the general economy.

“The UK Government has allowed ports to be independently or privately run and this initiative has set a benchmark for the global ports industry,” the report said. “These institutions have evolved with the times, learning new skills and techniques, and are now in high demand for port projects across the world.”

According to Thanhnieu News, even Vietnam is considering a move to privatize its ports to capitalize on the benefits.

Edwards also notes that right-to-work laws could benefit the ports because workers will not be compelled to join a labor dispute if they are satisfied with their working situation.