

Feb 25, 2009 -- New Jersey's logistics industry is "externalizing many of its costs on the public," because of its reliance on poorly paid independent contractors and older trucks, said a new report from researchers at Rutgers University.

"Among the costs of moving freight that are being passed onto the public are the health care costs of the drivers and their families, the damage done by diesel emissions to the health of residents of the metropolitan region as well as to the workers in the logistics industry, and the costs of traffic congestion and traffic accidents on the main freight routes," said the report by David Bensman, professor of labor studies and employment relations at the Rutgers School of Management and Labor Relations, and Yael Bromberg, a student at Rutgers School of Law-Newark.

They also claim "low pay and independent contractor status impede the efficiency of New Jersey's logistics system, causing delays, unpredictable delivery times, highway congestion, congestion within the terminals, air pollution, and missing or lost containers."

"As a consequence, New Jersey's logistics system has built in extra capacity, warehousing costs, and time cushions. The 'just-in-time' logistics model heralded a decade ago has given way to a 'just-in-case' reality. This adds billions of dollars to the cost of doing business in New Jersey," they add.

Some of the same concerns cited in the report led to development of the clean trucks programs in the ports of Los Angeles and Long Beach.

Bensman and Bromberg based their report on a random survey of 299 drivers. They estimate 7,000 drivers deliver and pick up containers at the ports of New York and New Jersey each day.

Bensman said the research aims to understand why there has been a continuing shortage of port truckers.

"In recent years, employers have reported shortages of drivers, and local government and nongovernmental agencies have responded with efforts to train new drivers," Bensman said. "At the same time, community groups have expressed interest in making it possible for members to gain access to these jobs, particularly because the logistics industry has been growing rapidly in recent years."

"Assuring an adequate labor force of drivers will be impossible," Bensman said, "unless the broken system of independent contracting is fixed."

The study estimates that three-quarters of drivers who pick up and deliver cargo at the ports are independent contractors who have their own trucks and make moves assigned by a single trucking company, which pays them on a per-load basis. Most of the rest of the port truckers are employees of trucking firms. Companies with 10 or fewer employees and 10-20 independent contractors are most common.

The study said draymen have low earnings, as independent contractors net \$28,000 per year without health insurance or pension benefits, and employees earn about \$35,000, with some receiving health benefits but few receiving pension contributions.

Despite their status as independent operators, the study found two-thirds of independent contractors answered that they would be "very likely" to join a union if they could.

It said the average port trucker drives a vehicle that is 11 years old and that "diesel engines of this vintage pollute at least 10 times more than modern ones, consume more fuel, cost more to maintain, and require frequent repairs.

"The logistics industry's success in externalizing the costs of freight movement means that the public has to pay for excessive diesel emissions, for the health care costs of port truckers and their families, for traffic congestion and accidents, and for the general inefficiency of the freight delivery system. Fixing the broken system of port trucking would bring billions of dollars of benefits to the economy of the New York-New Jersey region," the report concluded.

Officials from the Association of Bi-State Motor Carriers said they wanted to see the report before commenting on it. – Chris Dupin