

Courts' ruling fair

Duly reported in the local press this spring was the decision by the state superior court that the Steamship Authority is within its rights to limit competition to the level that existed in 1973. The ruling seemed arbitrary, contrary to operation of free enterprise, and without precedent. Rationale for the court's finding was largely unreported by the media.

Why, many of us asked ourselves, should such a large and apparently successful enterprise as the Steamship Authority be awarded the right to limit activities of its competitors? What is this country coming to, anyhow? Next thing you know, the state superior court will be telling proprietors of a Mom-and-Pop-run country store they can't enlarge, can't grow to meet community needs, that big supermarkets can put a ceiling on their competition.

At least, that's how the story was covered. There is more to it than may at first be seen.

History of the Steamship Authority carries us back to a time not long after the Second World War came to an end. In 1948 no privately-operated boatline was bidding for rights to provide service to Martha's Vineyard and Nantucket. Nobody wanted the franchise. Islanders, of course, needed service. They had to have supplies, a way to get back and forth to the mainland, and to transport cars and trucks. Especially trucks. Trucks hauled everything islanders might need. It all went over by boat; little was home-grown on the islands.

Of necessity, then, the Mass. Legislature established the Steamship Authority. It was recognized that to ensure the authority's successful operation, three conditions must be met.

First, the authority must be relieved of the burden of taxation; second, the authority must be free from paying dividends should it show a profit; and third, it must be protected from outside competition. Without these conditions, steamship service between the islands and the mainland would clearly operate at a loss; and that situation was undesirable because if it should lose money, the communities in which it operated would be assessed to cover the losses.

Therefore, it was so ordained except that a minor clause was incorporated in the law, a clause pertaining to what was then a small passenger boatline that operated out of Hyannis harbor and carried a couple of boatloads of tourists to and from the islands in the summer months. Political expediency called for permitting that little business to continue. At the time, no Steamship Authority service was available from any port on Cape Cod except Woods Hole.

Time passed. In the 35 years since the Steamship Authority was established, excursion boat business in Hyannis has expanded beyond all expectations. Not only does a private steamship line operate profitably from there, but the authority has established its own service in the busy harbor. What was originally created to serve as a regulated public utility was not only facing direct competition from private enterprise, but it was without protection to which a regulated utility is entitled.

In light of past history, the finding of the state superior court can be better understood.