

VILLAGE VIEW

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In addition to the problems the United States faces because of its dependence on foreign oil, there's another situation this country has permitted to develop that seriously threatens our economy and perhaps even our national security.

U.S. shipping is in sad shape.

As recently as 1946, sixty percent of the goods in U.S. foreign trade was carried in American ships, but even though U.S. import-export tonnage has increased six-fold, our ship tonnage has decreased by seventy-five percent. Less than five percent of our own foreign trade is transported in American ships.

The facts were examined recently by a panel of experts who believe America needs a consistent federal policy of support for its commercial shipping industry. The group, made up of the chief counsel for the House Committee on Merchant Marine Fisheries, a vice president of a steamship line, and representatives of the Seafarers' International Union of America and the International Longshoremen's Association, seeks protective measures for the U.S. merchant marine and less emphasis on free trade.

"The world's greatest trading nation," we're told, "has no programs to prevent our economy and security becoming totally dependent on foreign vessels."

A combination of federal shortcomings are felt to have been responsible for the decline. According to the panelists, government policy toward our maritime industry has been largely one of omission; non-policy has undercut our national merchant marine, and multi-agency intervention and meddling coupled with interagency squabbles have produced near chaos in the administration of our various shipping acts.

The State Department comes in for the greatest amount of criticism from the Merchant Marine and Fisheries Committee which charges that agency with seeming to be enamored of foreign interests at the expense of U.S. interests. To make matters worse, the shipping interests believe, the Justice Department is philosophically bound to free trade concepts.

To understand their viewpoint we must understand that Russian ships, built and subsidized by that country's government, can carry goods at cheaper rates than our own. Russia ranks number one in world shipping at this time. The U.S. shipping industry can't compete with Russia's because the latter gets equipment at half price and operates at a quarter the price of actual costs, the shortfall being provided by its government.

"While the rest of the world is gouging, kicking and scratching to promote their shipping industries, we are playing a 19th century game of 'free trade'," the panelists agree. "Traditionally, free trade is based on delivering the best service at the cheapest rates, but the concept doesn't exist in the real world. The U.S. is competing against forty nations that have laws to assure their own ships a certain percentage

of national trade."

This country faces an even greater potential threat from the seven hundred vessels owned by the China Ocean Shipping Company, the group foresees. The active American fleet consists of only 543 ships, giving China Ocean a thirty-percent size-advantage over us.

In asking for supportive federal policies the majority of the panelists advocate a cargo preference bill requiring a percentage of all American goods shipped abroad be consigned to American ships. "If only fifteen percent of U.S. trade was required to sail in U.S. bottoms, our fleet would expand to 4,000 ships," it was pointed out. "Shipbuilding would be an added boon for the American economy and its labor force, as well."

Proposed cargo preference bills, however, have been defeated by Congress, or vetoed by Presidents, again and again. There must be a reason. Final comments of the panelists give us hint of what the reason may be.

"All federal agencies should be directed to use U.S. ships to the fullest extent possible," it was recommended, "and bills should be passed to promote building a viable merchant marine."

That would mean, it follows naturally, that whenever the government shipped material, costs would rise between 50% and 75% above present shipping prices. Who is to pay the higher costs? You and I, of course; you and I.

The idea of a declining merchant marine is far from attractive. The answer to the question, "Do we want world trade in the hands of the U.S.S.R.?" can't be anything but negative. On the other hand, passage of a cargo preference bill such as the one proposed would assuredly add more fuel to the fires of inflation, and prices of goods in the "world's greatest trading nation" would necessarily reflect the higher shipping costs.

Is there a viable solution? There may not be. It may be that foreign populations will work harder for less return, produce more for smaller rewards, and present such fierce competition to our own shipping industry that we shall be forced out of the market entirely.

It may be that a population that demands top wages, shorter work weeks, and every conceivable fringe benefit without increasing production commensurately must give way to the more industrious workers of Russia and China. The answer may lie in world economics rather than in the economics of one nation.

It stands to reason that shippers will use the least expensive vessels to be found when sending goods by sea. Forcing American shippers to send even 15% of their goods overseas at a 75% higher cost that could be obtained on the open market could conceivably influence American industries to build plants outside the borders of this country, thereby adding to unemployment here at home.

Perhaps the time has come for everyone to recognize that American labor is competing with Russian labor and Japanese labor and Chinese labor, and that while American unions, like the British unions, want more and more for less and less, there's a massive labor pool to be tapped beyond our own shores. In that labor pool are billions of people who willingly produce more at a lower cost to industry than their American counterparts.

Because modern transportation and communication make it relatively easy for industry to utilize that labor pool, Americans could find themselves even more seriously underemployed than at the present time.

The decline of our shipping industry may be but a single example of coming events now casting their shadows before them.