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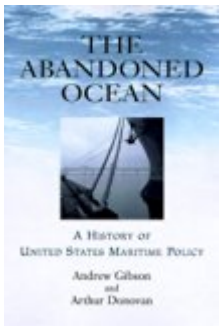

Andrew Gibson, Arthur Donovan. *The Abandoned Ocean: A History of United States Maritime Policy.* Columbia, South Carolina: University of South Carolina Press, 2000. xiv + 362 pp. $39.95, cloth, ISBN 978-1-57003-319-3.

Reviewed by Gordon Boyce

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In this well-written volume, Gibson and Donovan provide a concise analysis of American maritime policy from the early republic to the present. Their aim is to explain why since about 1860 the United States failed to achieve "its stated goal of promoting a commercially viable merchant marine engaged in foreign trade" even though a strong merchant navy was considered essential in times of national emergency. In so doing, Gibson and Donovan endeavour to furnish the historical background needed to guide future policy. Their advice is unequivocal: the government should eliminate restrictions and subsidies in order to let the industry operate freely on the same basis as its international rivals.

Yet, the argument does not come across as ideologically motivated or doctrinaire. Indeed, Gibson and Donovan carefully explain that America made a critical mistake by continuing to pursue protectionist practices. Specifically, the authorities required U.S. flagged vessels to be U.S.-owned and -built and reserved coastal trades for U.S. registered ships. Between 1830 and 1860, when America had an international comparative advantage in shipbuilding and formidable ship operating capabilities, these restrictions were unnecessary. After the Civil War, which caused the destruction of a large part of the national fleet, American shipbuilding lost its prowess as the shift from sail to steam and from wood to iron and later steel conferred advantages upon Britain's shipyards. Yet, U.S. flag restrictions compelled domestic operators to remain bound to an inefficient shipbuilding industry. The chosen solution was to provide subsidies, but these were inadequate to prevent a continued decline, especially as land ward opportunities offered greater returns. After 1880, the U.S. navy expanded as the country sought to enhance its international position, but the merchant marine withered to the extent that by 1900, American ships carried just eight percent of their country's foreign trade. During World War I, the consequences of this dangerous state of affairs finally revealed themselves, and the government responded by building and operating a huge fleet. It also passed the famous Shipping Act of 1916 which ignored international practices and compelled domestic and foreign ship owners servicing U.S. trades to operate within "open" confer-

ences (rate-setting cartel-like organizations) that were subject to federal regulation.

America's policy settings were reinforced by subsequent legislation, which offered the industry more support in the form of postal, construction, and operating subsidies. The Shipping Act of 1920 committed the government to preserving a merchant marine capable of supporting the nation's trade and acting as a naval reserve and the Act of 1936 compelled ship operators to offer seafarers remuneration at levels above international standards. A divided union movement created chronically unstable labour relations to which ship owners responded by making generous concessions. Moreover, because the U.S. shipbuilding industry failed to exploit fully innovations (including modular construction) vessel costs were much higher than overseas. Subsidies, which were especially wasteful and corrupt in the 1930s, propped up the edifice. Political leaders were unwilling to make fundamental changes in the face of opposition from politically powerful interest groups. The fire sales of vessels that followed massive war-induced shipbuilding programmes gave the industry temporary fillips that could not compensate in the long-term for a lack of international comparative advantage.

By the 1980s, the link between commercial shipping and military support had been all but broken by changes in sealift requirements. (The army required Roll-on Roll-off vessels to carry heavy vehicles, but U.S. shipowners possessed few of these craft with the result that the world had a very close call when Saddam Hussein invaded Kuwait.) Moreover, subsidies were becoming increasingly politically unpalatable. Currently, U.S. policies are completely out of touch with international conventions that allow the use of flags of convenience and support open registers.

Gibson and Donovan argue that the solution is to leave shipping free to meet foreign competition. By eliminating onerous registry rules and allowing American ship owners to buy vessels from foreign yards, to employ lower cost labour, and permit the same type of tax advantages enjoyed by international competitors, the U.S. might prevent the complete disappearance of its merchant marine. In so doing, the nation could preserve the industry's formidable innovative capabilities, while securing commercial and perhaps strategic advantages.

The Abandoned Ocean is not a typical "policy" book; it is written in a lively and compelling style, provides a broad context, and presents a clear analysis. This splendid volume will attract government officials, business historians, maritime historians, and economists. By highlighting the difficulty of regulating an international industry this volume indirectly offers guidance to those who might consider imposing restrictions on businesses like those conducted over the internet. It also draws attention to the way in which political factors that shape regulatory traditions can create enduring path dependency. The chapters on recent developments are particularly valuable. ***The Abandoned Ocean*** should be included in the reading lists of a variety of courses, including the economics of regulation, policy formulation and execution, and business and maritime history, as well. Individual chapters can be used as required reading for historical survey courses to develop maritime/international themes. Maritime historians will be anxious to see Gibson and Donovan's next work which examines the history of the container revolution.

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