

Testimony Of The U.S. Labor Party To The Hearings On Tanker Safety Of The Senate Commerce Committee, March 15, 1977

The proposed pieces of legislation that the Committee is considering to regulate the transportation of oil by tankers, the use of vessels of the United States to carry imported oil and for other purposes, and to establish comprehensive liability and compensation for damages from oil spills can only be competently evaluated from the standpoints of:

- (1) the international trade negotiations now in progress which will greatly effect the economic health, and therefore transportation needs, of the United States;
- (2) the potential need for expanded transport of fuels and other materials in the context of a necessarily expanding economy of the United States;
- (3) the motivation of the drafters of the proposed legislation;
- (4) the actual effect on the economy and energy needs of the United States if the proposed legislation were to be enacted; and
- (5) the kind of advanced technology and integration system which we now propose as the only kind of transportation network which can tie an expanding United States economy to an expanding world economy.

A transportation system is merely the reflection of the economic activity of a nation. The current decline in productive activity in the United States, under the burden of an inflated and debt-strapped monetary system, is likewise being felt in the rest of the advanced sector as well as in the developing countries. In order to stimulate investment in the productive, or real-wealth producing sectors, of the economy, the heads of both Western European and Third World nations have been involved in ongoing negotiations to exchange raw materials for technology and aid in infrastructural development. The commitment on the part of Saudi Arabia at the Arab-African summit meeting earlier this month to aid in financing development programs in Africa, is indicative of the commitment of the raw materials-rich Third World nations to put their capital into programs for industrial progress. They, like Great Britain and Italy, have clearly stated that these programs will take priority over debt payment or debt refinancing, and that their diplomatic relations with the United States and other nations will increasingly be on the basis of trade for development.

As of yet, the Carter Administration has made no in-

dication that it is interested in participating in such development-oriented trade, but rather announced on March 15, 1977 through the International Trade Commission that a policy of what amounts to trade war will be recommended to the President and to Congress. Protective tariffs, like those recommended by the ITC, will only serve to both politically and economically isolate the United States, and to ensure that the destructive monetarist policies of debt collection continue.

In the context of a potentially expanding economy in the United States, it is quite clear that maximal exploitation of fossil fuel reserves at the highest level technology, along with the importation of foreign fuel in trade-for-technology arrangements, would require the most advanced transport system. In order to achieve commercial fusion energy — the energy source necessary for human survival and development into the next century — an annual overall growth rate of 25 percent is necessary. The burden this magnitude of production would place on the existing transport system would choke the network at all points, and would become a major limiting factor in further industrial expansion. If we assume that expansion of the U.S. economy is necessary, then we must take a very close look at this proposed legislation.

The motivation for the proposed legislation must be called into question, since its introduction quickly followed a series of highly questionable oil tanker "accidents" which all took place within an extremely short period of time this winter. The proposed regulations would actually *prevent* a majority of the tankers from delivering vitally needed fuel, under the guise of protecting the environment from oil spills. However, just this week representatives of the Environmental Protection Agency, industry and academia all concurred that scientists have found no grave damaging environmental effects from oil spills. More than a dozen papers presented at a New Orleans conference on oil spills showed that "nature is absorbing oil spills with little trauma."

If potential damage to the environment is not the true motivation of the proposed legislation, what is? The Carter Administration — with its totally destructive policy of energy conservation — is trying to convince the

public and industry that it is in their interest to conserve; it is trying to "prove" that it is actually damaging to the environment to produce, consume and develop. The current rampage of "environmental" groups to stop nuclear power plant construction, shut down the coal industry rather than provide the technology for the clean use of coal, and generally use litigation to stall and sabotage even current paltry levels of production, places the intent of the proposed legislation under consideration in suspicion.

Since the United States has only one port, located in California, that can dock tankers which require deep water facilities, the only ships that service the needs of the East and Gulf coasts are the older, smaller ships. If the near-bankrupt companies that own these smaller ships were forced to double-hull their vessels and provide navigational and other equipment without appropriate financial assistance, many would not be able to continue in business. Interestingly, the Wall Street Journal reports on March 15 that double-hulling older ships would only exacerbate the effects of an oil spill since the additional weight would require jettisoning more of the oil into the water to keep the vessel afloat!

In addition, an economist working for a large U.S. ship-owning company reports that the proposed regulations would actually do little to prevent oil spills, since the causes of most tanker groundings are related to the lack of deep-water ports, not the poor conditions of the ships. The proposed \$250 million liability on shippers and oil companies for damages arising from accidents and gas leaks is simply a way to lay the basis for long and destructive legal battles, while the real problems of the ports and shipping go unnoticed.

Overall, the effect of the combined proposed legislation would be to severely decrease oil and liquid natural gas shipments to the East Coast — and to starve particularly New England's advanced aerospace and electronics industry.

Rather than these at best arbitrary and at worst disastrous proposals for ports and vessels, an advanced approach to transport and a program for global integration is required.

The Transportation Data Coordinating Committee in Washington D.C. has put together an international code for over 65 million commodities which could be used as a basic computer program world-wide. With the use of the COMSAT and INTELSAT stellite networks in operation internationally, global shipping routes could be instantly provided and traffic could be managed and scheduled on a scientific basis. Optimal freight throughput could be provided if this shipping network were linked to a quadrimodal containerized system, standardized through international agreements. If any piece of freight could move unhindered from origin to destination without delays for paperwork, transfer from one mode to another, changes in currency rates or bottlenecks in particular modes, and deadheading could be nearly eliminated, then freight capacity could be almost doubled without adding any new vessels.

In order to enter the coming new era of shipping technology, the United States should be seriously considering the construction of a series of off-shore deep-water terminals along the East and Gulf coasts so that the most modern super-tankers could be accommodated. Currently, proposals for just such facilities are under attack by the "environmentalists," though they are meeting healthy opposition from industry and consumers who recognize the scandalous condition of America's ports.

If such ports had the necessary rail infrastructure, and if an idea such as the Transportation Facilitation Center (proposed three years ago by the Department of Transportation) were put into utilization, the ports could be an important mediating link between international and national transport. The Facilitation Centers could be port-connected or land locked, and would essentially rationalize, containerize and centralize all freight shipments in and out of an economic region of the United States. This program, which had strong backing by the International Brotherhood of Teamsters and representatives of the transport industry, has been scrapped and replaced by the deindustrialization policies represented by the legislation which the Committee has been asked to consider.