A LACK OF WILL

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George Will, perhaps bored by the Republican Party’s combative South Carolina primary, recently injected himself into the U.S. port industry with a column entitled, “Clogging Our Ports With Rules.” Writing from the Port of Charleston, Will lamented the rapid pace of globalization and U.S. ports’ inability to keep up with necessary dredging, especially with the Panama Canal’s 2014 expansion.

It’s clear Jim Newsome, president and CEO of the South Carolina Ports Authority, did an exceptional job explaining Charleston’s requirements — and frustrations — to Will. Will, however, fell short in his job to communicate the essence of an argument.

The Will column was published just days before the Obama administration refused to grant expedited approval for the Keystone XL Pipeline, inspiring howls of Republican protest about lost construction jobs. Those same Republicans, however, have refused to acknowledge other transportation infrastructure projects that generated jobs. Again, politics seems to ignore the realities of transportation — remember the firestorm surrounding DP World’s inability to keep up with necessary dredging, especially with the Pan American’s 2014 expansion.

Besides betraying a certain degree of unfamiliarity with the industry (confusing containers and TEUs, for example), Will overlooked some serious issues in his analysis.

• All politics are local: Will dismissed the environmental requirements as unnecessary impediments to getting things done, and faults them for significant blows to local employers. However, there has been a history of local opposition to port expansion in Charleston, because the resulting traffic congestion, noise and air pollution could adversely impact a significant tourism industry. These aren’t the complaints of wild-eyed enviros; rather, they come from the small business job creators Will champions.

• Funding is broken: Will states “the federal government would pay $120 million” toward the project. If only it were so easy. Although the Harbor Maintenance Tax is ostensibly collected to fund port improvements, it’s been held hostage as a deficit offset. Since 2000, only three deepening projects have been approved — and only one is actually under way. Differences in the treatment of maintenance dredging and deepening complicate funding.

• Spending and investment aren’t the same: Will makes an impasioned argument for channel deepening as a necessary investment. Yet he fails to recognize that such activity widens the federal deficit, because it fails to distinguish current consumption from long-term investment.

• Industrial policy? Will actually advocates industrial policy by calling for the federal government to support Charleston as the winner of the “four south-eastern ports along 400 miles of Atlantic coast.” Besides being philosophically anathema to free markets, Will’s choice ignores the rather complex cost-benefit assessments that might suggest other alternatives.

• What’s a supply chain? Will implies that transportation expense is the sole determinant of shipper behavior. The shippers he cites (BMW, Michelin and General Electric) all operate sophisticated supply chains, in which transportation expense represents only one of many factors affecting routing options. Will also ignores the transit time difference between East and West Coast routings as a reason that 70 percent of imports from Asia arrive at West Coast ports and are distributed inland by truck and rail.

• Carriers and shippers are different: Will states “shipping is the cheapest transportation per mile and will become cheaper with post-Panamax ships.” Anyone familiar with ocean shipping, however, knows pricing to shippers is market-driven and not price-based. Although lines might enjoy some economies, rates will be established regardless of ship size — or port routing.

• Transportation isn’t golf: Will cites the damage that will be done to South Carolina shippers if they lack a South Carolina port. This is a “closest-to-the-pin” strategy that ignores the reality that shippers might be better served by using other East Coast (or even West Coast) ports.

• No Jones Act bashing? One of the interesting aspects of the Panama Canal expansion is a realization of how (excessively) expensive dredging is because of the Jones Act. Although Will took half a swipe at organized labor, he missed the opportunity to take on trial lawyers, another Jones Act beneficiary. Transportation infrastructure — port or otherwise — is a critical component of our nation’s economic growth and national security. Unfortunately, all too often it’s held captive by a shortsighted and uninformed government. Although Will’s facts could use some oversight, his intentions are noble. In the future, maybe he can be part of the solution by clearly articulating transportation issues to Washington and beyond.

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