Reform of Maritime Policy

Building Blocks of an Integrated Program

Allen R. Ferguson

In the past three years, three fractious high-level commissions have reviewed major aspects of U.S. maritime policy. In all three cases virtually all the departments and agencies represented, except those most intimately involved with the maritime industry, have favored major reform.

Discussion turned into crisis in March 1993, when American President Lines, Inc. and SeaLand, the two largest U.S.-flag liner companies, began taking steps to implement their threat to withdraw ships from registry under the U.S. flag. American consumers, producers, exporters and importers, as well as taxpayers, are substantially burdened by the current maritime system. Both domestic and international trade are impaired.

Maritime policy is largely to blame. The U.S. government pursues two conflicting sets of programs: one makes the U.S. commercial fleet inefficient, while the other partially offsets those inefficiencies. Current maritime policy is a potpourri of subsidization, protectionism, regulation, and taxation that, as a burlesque of industrial policy, supports a loser, not a winner. Reform of maritime policy must remove elements that impair the productivity of the U.S.-flag fleet.

Many efforts to remove or mitigate the damage are under active consideration. Senator Howard Metzenbaum (D-Ohio), with three Republican co-sponsors, has filed a bill (S 1602) that would remove the antitrust exemption from ocean liner operators in American trades. The initial draft of Vice President Gore's National Performance Review reportedly contained proposals for sweeping change, essentially complete deregulation. Its conclusions apparently closely paralleled the recommendations made in this article. The draft was leaked to the media, reportedly from one of the maritime agencies. Vigorous opposition succeeded in preventing inclusion of the proposals in the final report.

Other public actions have been proposed. The 1995 budget includes proposed authorization of $1 billion in new subsidies, with little reform. The viability of that program appears to depend on finding new tax revenues or reducing other maritime expenditures. Supporters of the subsidies have proposed a number of new taxes or fees: an excise on passenger cruise tickets, a cargo container charge, and increased vessel tonnage fees, for example.

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What's Wrong with Current Maritime Policy?

Current maritime policy presents a morass of barriers to fully efficient productivity. The restrictions surrounding being allowed to fly a U.S. flag are among them.

To be registered in the United States, a ship must be operated by an American company which is managed by and predominantly owned by U.S. citizens. The ships must operate under archaic crewing statutes and regulations dating from 1915. They require, according to a report of the National Research Council, that crews be 50 percent to 90 percent larger than those of other industrialized countries. The rules also directly depress the productivity of individual crew members by precluding crossover between departments, despite the fact that modern technology and foreign practice permit such crossovers.

The crews must be American citizens, whose compensation is typically far greater than that of their foreign competitors. In 1991, a fully employed captain received close to $120,000 per year for six months' work; the lower ranks of licensed personnel average $67,000, and low-rank, unlicensed personnel, $21,224. Crews also receive added fringe benefits, as well as food and quarters while at sea. Crew costs are the largest single ship-operating cost.

To obtain full governmental support, U.S.-flag operators must normally use ships that have been built and are repaired in American yards. American-built ships cost at least twice and sometimes several times as much as comparable vessels available on the world market. SeaLand, the only significant U.S.-flag ocean liner operator whose international operations are not subsidized, uses foreign-built ships.

Another policy that reduces American competitiveness is in Sub-Part F of the Internal Revenue Code. Prior to the Tax Reform Act of 1986, operators of U.S.-owned foreign-flag vessels were allowed to defer taxes on foreign earnings, provided the earnings were reinvested in ships. Foreign maritime nations permit their national-flag carriers to accumulate such profits tax free. This tax difference is blamed by the Federation of American Controlled Shipping for much of the recent sharp decline in the American-owned, foreign-flag fleet.

There is a number of possibly less potent restrictions on American efficiency. For example, ship-design standards, whose utility is at best questionable, are more stringent and hence more costly than their foreign counterparts. Subsidized vessels can be sold to foreigners only with governmental approval, which is often withheld. The level of foreign investment in U.S.-flag carriers is restricted.

Even as it hampers the maritime industry, the U.S. government has policies that attempt to prop it up. Two major subsidies are intended to compensate for the high cost of American operators and shipbuilders. The Operating Differential Subsidy (ODS) and the Construction Differential Subsidy (CDS) were designed to pay American ship operators the difference between American and foreign costs.

The ODS is scheduled to lapse shortly, at the end of 1997 for liner operators and in 2001 for bulk carriers. No CDS payments have been made since the mid-1980s. Operators who receive ODS are, with exceptions, still required to buy only high-cost American-built vessels.

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Although both direct subsidies have disappeared, or will do so under present policy, continuing pressure to reintroduce them under various guises remains.

U.S.-subsidized operators also receive tax relief in the form of exemption from corporate income taxes on profits that are deposited in "capital construction funds." Should assets be withdrawn from those funds for any purpose other than procuring ships from domestic shipyards, the tax protection would be foregone. That program reduces current tax burdens, but also raises the capital cost of ships.

Two major protectionist policies insulate U.S.-flag ship operators from the consequences of their inefficiencies. First, the Jones Act (Section 27 of the Merchant Marine Act of 1920), with negligible exceptions, bars foreign

vessels from all American domestic transportation. Second, Cargo Preference mandates that 75 percent of civilian government-compelled cargoes and 100 percent of military cargoes be carried in American bottoms.

All ocean liner companies serving American international trade are effectively exempted from antitrust laws under the Shipping Act of 1984. With that immunity, they operate cartels, called "conferences" or "agreements." About 80 percent of liner traffic in U.S. trades is carried by foreign companies. The conferences regulate their members' capacity, sailing frequency, and ports served. Most important, they also set prices. Through the Federal Maritime Commission (FMC) the U.S. government acts as cartel manager, publishing and enforcing prices set by those, predominantly foreign, associations.

The labor force whose employment or income might be threatened by maritime reform is minute.

A single superconference covers all major routes between the United States and Europe. The Transatlantic Agreement (TAA) not only sets rates but "manages," that is limits, capacity that may be offered by its members and affiliates. Similarly, in the Pacific, the Transpacific Westbound Rate Agreement regulates all westbound trades. The Transpacific Freight Conference of Japan covers some 95 percent of inbound trades from Japan; another conference encompasses all non-Japanese routes from Asia. All those Pacific conferences are bound together under the Transpacific Stabilization Agreement, which, like the TAA, "manages" capacity. The FMC has approved all those agreements as well as "talking" agreements between them and nonmember liner companies.

Two somewhat different sets of policies facilitate retaining ships under a degree of U.S. government control. One, the "Effectively U.S.-Controlled Fleet" (EUSC), provides for ships registered under foreign flags but owned by American firms. The vessels are engaged in the American trades and, by contract, are to be made available for use in emergencies. The EUSC fleet consists largely of tankers and other bulk carriers, but also a few general cargo ships.

A second program, intended to assure adequate maritime capacity in emergencies, is the National Defense Reserve Fleet. That fleet is administered and maintained by the Maritime Administration (MARAD) out of its own budget. The vessels in it are largely old ships purchased from the U.S.-flag commercial fleet.

The Justifications for Current Maritime Policy: Jobs and Defense

It would make sense to compare the costs of current maritime policy with any benefits they bring. Unfortunately, virtually no reliable analyses of the economic benefits of U.S. maritime policies have been published. Without useable benefits' analyses, one can only judge these policies by their rationale.

As one would expect, even such inefficient policies have major defenders. (The first Law of Policy Economics: "Every inefficiency is somebody's income.") The basic public justifications for both protectionism and subsidization are "jobs" and defense.

Obviously, micropolicies affecting individual industries cannot replace macropolicy in determining aggregate employment. Nevertheless, the jobs argument provides a politically potent rationale for current maritime policies. Regulatory reform here, as in many other industries, can be expected both to enhance productivity and to depress demand for the workers currently employed in the industry.

Actually, the labor force whose employment or income might be threatened by maritime reform is minute. Twenty-seven thousand American workers were employed in ocean shipping in 1990. There is, of course, a greater number of shoreside employees involved in everything from administration of the ocean carriers to providing services and goods to them and their shippers. Their incomes and employment are, however, obviously largely independent of the flag flown by the fleets that serve the American trade.

It is true, in addition, that present policies tend to reduce some employments. Most directly, stevedoring and longshoremen's jobs suffer; by raising costs, current policy reduces demand for workers providing services to international liner operators, to domestic offshore operators at both ends of the routes and, for any given

expenditure on preference cargoes, to cargo preference carriers. Indirectly, the policies depress employment in export industries and in industries that use imported materials and equipment. Even so, they provide some protection for import-competitive jobs. No general study of the employment impacts has come to my attention.

Though the jobs argument is politically potent, the ultimate political justification for the current programs is the argument that national security requires a U.S.-flag commercial fleet and a shipbuilding mobilization base. Specifically, three military objectives are propounded: (1) having a commercial fleet that can support the military in emergencies, (2) having a reserve fleet for the same purpose, and (3) having a shipbuilding capability to supply new ships in wartime. All those arguments have been expanded, coincident with the end of the Cold War, to cover hypothetical non-military emergencies.

On the first point: In the wars of this century, commercial shipping has been critically important. The requirement of citizen crews, the ODS, cargo preference, cabotage protection, and tolerance of conference rate setting are all justified, at least in part, as assuring the availability of commercial capacity.

The relevant question is not whether future threats might not, again, require that fleets of commercial-type ships be available. The question is whether present programs provide such a capability effectively and efficiently. Before those questions are addressed, the logic underlying present policies is examined here.

There is no free lunch. If the U.S.-flag fleet is fully employed during peacetime serving commercially important domestic and international trades, it is neither an entirely reliable nor a low-cost military reserve. This proposition was generally verified in the Gulf War.

Some security justification for transporting war materiel in peacetime exclusively on U.S.-flag ships may be valid. The fact that a large fraction of military preference cargoes consists of household goods and private automobiles obviously dilutes any such basis for incurring the high costs of cargo preference. Further, cargo preference does not buy much reserve military capability; the cargo preference largely supports bulk carriers and container ships that are of limited military use.

The higher-than-competitive prices that are permitted under the antitrust exemption for conference ratemaking may be important, given present regulatory constraints, in sustaining the U.S.-flag fleet (as well as inefficient foreign-flag operators). However, more than 80 percent of traffic in American international liner commerce is carried by foreign companies. Therefore, whatever military gain is achieved through conference price fixing accrues predominantly to foreign governments.

The defense-related rationale for present policies implicitly presupposes that, despite the enormous capacity available on the open market, only U.S.-flag service could be relied on in an emergency. In contrast, the Military Sealift Command made extensive use of foreign ships and crews in the Gulf War, and representatives of the Department of Defense have recently declared that there is no need to rely on the U.S.-flag commercial fleet in any foreseeable wars.

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The second military objective—maintaining a reserve fleet with adequate reserve manpower—appears justified, given the uncertainty inherent in predicting the timing and nature of future emergencies.

But the third military objective allegedly served by current maritime policy—maintaining a shipyard mobilization base—implies a plan to refight World War I or II. Specifically, for such a subsidy to be rational requires one to believe (1) that a future war will be so long, so large in its logistics demands and with such great attrition of the commercial fleet that large injections of additional ships will be needed; (2) that the then-existing reserve fleet will be inadequate, and (3) that it will be impossible to obtain adequate capacity either by purchasing then-existing ships on the world market or by having new

vessels built abroad. All the conditions above must be fulfilled. The absence of any one of them obviates the need for an American commercial shipbuilding mobilization base.

It would appear difficult to make a convincing argument that attrition is likely to be a critical problem. If analysis shows that it is reasonable to expect such an eventuality, that should be considered in determining the size and characteristics of the reserve fleet. For one to expect that obtaining ships abroad would prove impractical implies that, although most of the world's fleet and building capacity are in friendly, or at least non-hostile, hands, and most foreign governments and businesses have demonstrated a traditional willingness to earn dollars, they would be unwilling to do so in time of emergency.

The Failure of Traditional Maritime Policy

Traditional policies have failed. U.S.-flag carriers are not competitive; they are less efficient than those of other high-wage, industrial countries, as well as those of many developing countries.

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The U.S.-flag fleet's share of carriage of American trade has declined from 27.3 percent in 1980 to 18.6 percent in 1990. Much of the fleet, especially the cargo preference fleet, is rapidly aging. In the near future, the U.S.-flag international liner fleet may well cease to be a substantial factor in American trade—unless drastic changes in regulation are made or new subsidy programs are introduced. Also, being old and inefficient, cargo preference ships' value as a military reserve appears to be small. The EUSC fleet has declined by about 40 percent from some 230 vessels in 1990.

The number of American seafarers has declined from approximately 100,000 active seamen in 1960 until in 1990, 27,000 were employed on American-flag ocean-going vessels.

Controversy still prevails over the performance of the U.S.-flag operators in the Gulf War. Several facts are clear: A vast amount of transocean traffic was carried in U.S.-flag vessels. The U.S. fleet did not provide the level of support expected; many foreign vessels were used even in the transocean movement. More important in terms of the presumed unreliability of foreign-flag operations, virtually all of the cargoes carried on U.S.-flag commercial freighters were transshipped west of Suez or east of the Persian Gulf to foreign-flag ships, with foreign officers and crews. It was those foreign vessels that made the great bulk of general-freight deliveries in the war zone itself. Also, as already noted, MARAD declined to divert some of the presumably available American ships from commercial service out of concern for their possible loss of market share.

The effectiveness and efficiency of the National Defense Reserve Fleet is, similarly, not clear. In its favor, its existence reduces the delusion that commercial operations provide a readily available backup at little cost. Properly organized, such a fleet could be ready for logistics support on short notice. In the past, during the Korean War and the Suez crisis of 1956, the reserve fleet amply repaid its explicit cost, though I have neither made nor reviewed any extensive analysis of the Reserve Fleet in recent years.

More recently, the effectiveness of the Reserve Fleet is not obvious. It did play some limited role in the Gulf War, but difficulties were discovered in its crewing and operation. The press reported that it was difficult to find crewmen familiar with the obsolete engines in some of the vessels, and the *National Journal* reported that many (10 out of 70) reserve ships called up in the Gulf War broke down en route and 30 percent missed their activation date due to required repairs.

Subsidization has been inadequate to prevent American shipyards' orders for major commercial general cargo vessels from essentially disappearing.

The Costs of Maritime Policy

Our failing policies cost American taxpayers, traders, and consumers billions of dollars annually. It is, however, very difficult to obtain accurate estimates of the total costs.

Taxpayers' direct cost in recent years have

derived from the ODS and cargo preference. The fiscal 1995 budget obligates $214 million for ODS and $503 million for cargo preference programs. Administrative costs and overhead, figures for which are not readily available, should, of course, be added to this annual total of nearly three-quarters of a billion dollars.

An entirely new authorization of $1 billion has been added to the 1995 budget, "The Maritime Security Program." The program calls for a subsidy of $2.5 million per ship for 32 ships. Eventually 52 vessels are to be included and the subsidy per ship is to decline to $2 million in the last seven years of the program. It is widely reported that whether the program will ultimately be implemented will depend on whether new sources of revenue, or reduction in other outlays, are found and approved by Congress.

Costs to commercial shippers and consumers derive from two main sources, cabotage (the Jones Act) and tolerance of the price-fixing and output constraints imposed under regulation by the conferences and the FMC.

There have been a few scholarly efforts to estimate the costs of the Jones Act. Those have been summarized well by the International Trade Commission (ITC) in a 1993 study. The ITC estimated that the loss of economic welfare attributable to the off-shore cabotage restraints amounts to $3.1 billion per year. The ITC concluded that using direct subsidies instead of cabotage to sustain the existing Jones Act fleet would cost $619 million. Thus, protectionism costs about five times as much as would a rational program to provide whatever the Jones Act's benefits might be—even without regulatory change. With the changes suggested in this paper, the required subsidy would be vastly less, probably between 0 and 10 percent of the cost of the Jones Act.

No budgetary costs are involved in connection with the conference system, other than those of FMC's administration. The important costs are economic burdens transmitted through the market to traders and the economy. Their magnitudes are difficult to estimate.

A substantial body of research has shown that the conference system produces monopoly rents for the ocean liner companies and imposes corresponding costs on the trades. Reitzes and Clyde estimated a cartel premium of $383 to $503 per container. In addition, the FMC asserted, "As conferences regained market share [in the early 1980s], they were able to push rates up again." Harold Holden, director of the Transatlantic Agreement, took credit for increasing rates in 1993 by $250 to $300 per container; since rates range roughly from $1,200 to $4,000 per container, this implies an increase of some 6 percent to 20 percent. Rates were raised further in 1994.

Despite the data problems, the costs imposed by conference market power on traders in American foreign commerce has been estimated to be billions of dollars per year. No adequate base exists for making entirely satisfactory estimates of those costs. As a first step in making more reliable calculations, I recently completed one stage in an analysis of the cost borne by American exporters of six major agricultural commodities to three of their largest markets and reached the following preliminary conclusions:

Because more than 80 percent of traffic in all the American ocean-liner trades is carried in foreign ships, all but some 20 percent of the estimated billions of dollars in conference premiums go to foreign operators.

- The conferences' "cartel premium" amounted, in the early 1990s, to some 18 percent of the total cost of ocean transportation. The annual burden on the small portion of agricultural trade analyzed equaled $400 million, or 8 percent of the loaded value of that trade.
- Although those results cannot be expanded to obtain a reliable estimate of total cost to American trade, the inclusion of more commodities or more markets would magnify the estimated dollar impact. The commodities covered in the study amounted to about one-fifth of total value of agricultural liner-type exports. Agriculture's share of total exports (liner and non-liner) is about 10 percent.
- American manufacturers who use foreign inputs and American consumers also pay a cartel premium to the conference members; the value of imports is some 120 percent of that of exports.

The power of the conferences over rates imposes

great costs indeed on the liner trades and on the U.S. economy. Because more than 80 percent of traffic in all the American ocean-liner trades is carried in foreign ships, all but some 20 percent of the estimated billions of dollars in conference premiums go to foreign operators.

The Reserve Fleet is another costly element of U.S. maritime policy. Outlays for maintaining the merchant ships in the fleet were budgeted at $233 million for FY 1993. That figure excludes administrative and other overhead costs as well as capital costs, so neither current procurement nor interest and depreciation are included. To retain a useable fleet, new capital expenditures on ship replacement will become necessary in the future.

If policy changes could make American carriers as efficient as their foreign competitors in the use of labor, the competitive disadvantage of the American fleet could be virtually eliminated.

This summary of costs suggests very crudely that present maritime policies impose annual costs that could run anywhere between $5 and $15 billion. Assuming costs at the lower end of $5 billion per year, the annual cost to the American economy is around $375,000 per seagoing worker.

In addition, present policies impose additional indirect economic burdens. By increasing the costs of ocean shipping, the maritime programs that President Clinton has inherited depress the volume of exports and of imports. They reduce the incentives for high levels of productivity in ocean transportation. The direct subsidies simply pay U.S.-flag operators for their inefficiency; the conference system and the Jones Act protect them from competitive pressures.

The Jones Act, combined with the policies that raise costs for American operators, is probably largely responsible for the fact that there is no transcanal domestic liner traffic and little U.S.-flag participation in the fast-growing international cruise business.

Recommendations for Reform

The reforms presented below would increase the efficiency and competitiveness of the U.S. economy as a whole, contribute to increased employment, and exert downward pressure on inflation and taxes. They would also mitigate inequitable distribution of the burdens of transition. Further, the vitality and competitive strength of the U.S.-flag fleet itself would be enhanced. It should be possible to time these proposed changes to be, at worst, budget-neutral in the short run and to save federal money in the near future.

The fundamental fact underlying these reforms is that everything that raises the costs of U.S.-flag carriers provides justification for the wasteful programs designed to save the fleet from its own inefficiencies.

These reforms would help labor, ship owners and operators, taxpayers, shippers, and consumers, and would provide military support capability. The recommendations are categorized by the interest groups that would benefit from each change.

Gains to Ship Owners and Operators. Reducing labor costs appears to be the critical element in establishing the competitiveness of the U.S.-flag fleet. The ODS is intended to and presumably does come close to eliminating the difference in operating cost between American and foreign carriers. Some 90 percent of ODS goes to offset crew-cost differentials. Consequently, if policy changes could make American carriers as efficient as their foreign competitors in the use of labor, the competitive disadvantage of the American fleet could be virtually eliminated by just that one regulatory change. Thus, the following should be done:

- The statutory requirement to use only citizen crews should be repealed.
- New Coast Guard regulations should be designed to increase productivity greatly. Specifically, manning requirements and flexibility in use of crews should approach the practice of other industrialized nations, taking full advantage of modern technology.
- Safety and other operating and construction standards should be reviewed and revised to remove restraints that are not worth their cost.
- To lower capital costs toward or below an internationally competitive level, the requirement that U.S.-flag operators use only American-built and -repaired ships should be repealed. Regulatory obstacles to acquisition and repair on world markets should be

removed.

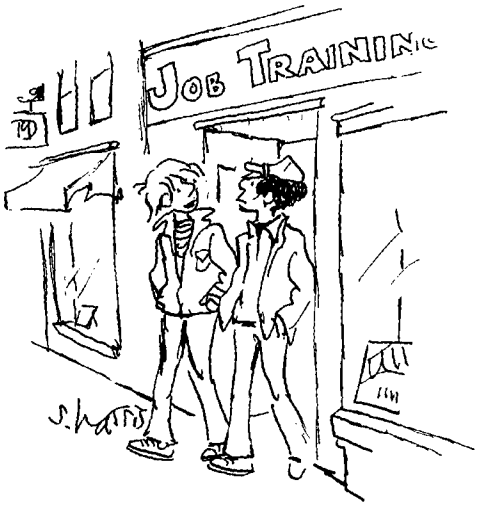
- Capital construction funds already reserved for purchase of American-built ships should be made available without penalty for ship purchase on the world market.
- The effective cost of capital to American ship owners, especially American owners of foreign-flag ships, could be reduced to be more competitive with foreign owners by removal of the effect of Sub-Part F of the Tax Code.
- Restrictions on foreign investment in U.S.-flag shipping companies should be reduced or eliminated. Similarly, obstacles to selling U.S.-flag ships to foreigners should be abandoned.

Those reforms would go far toward eliminating the inefficiencies that make the U.S. fleet noncompetitive and, hence, would largely obviate the "need" for protection, cartel regulation, and subsidization. Therefore, those latter props could be dramatically reduced or eliminated with minimal damage to the American fleet and with substantial increases in its efficiency and competitiveness.

Gains to Shippers and Consumers. The antitrust exemption for ocean liner price fixing should be removed, at least for all agreements covering more than 25 percent of the capacity in any market, and the FMC should be prohibited from publishing and enforcing tariffs. That should end conference ratesetting powers. Note in passing that the European Community's Commission on Competition has challenged the Transatlantic Agreement and both it and Canadian authorities are considering further challenges to the conferences.

The cabotage laws (the Jones Act) should also be repealed at least so far as they pertain to the trade of the offshore states, territories and possessions.

Gains to Workers. Implementation of many of these recommendations could be expected to increase employment in general but would result in reduced demand for some oceangoing workers. Little, if any, shipyard labor would be made redundant, since the order books of American commercial shipyards are virtually empty. To protect American seafarers—a small labor force that is on the average relatively old, 46 years of age—federal support for early retirement and reemployment should be provided. But the policy changes proposed in this paper would increase demand for longshoremen by leading to an expansion of American waterborne commerce. Indirectly and marginally the changes would increase demand for workers as well as for the goods and services they produce in some nonmarine sectors while reducing it in others. I know of no estimate of the overall change in employment opportunities. But the ITC reports a net gain of 3,049 full-time equivalent jobs throughout the economy as a result of removing only the cabotage restrictions on oceanborne domestic trade.



"This place is all right. Two more weeks and I'll be a molecular biochemist."

Eliminating cargo preference and the ODS would produce savings equal to more than twice the 1995 budgetary authorization for MARAD's support of the Ready Reserve Fleet.

Military Support. These reforms should insure continued benefits for the military.

- A suitable reserve fleet should be established in accordance with Department of Defense specifications and funded through the Defense budget.
- A Merchant Marine Manpower Reserve, probably as a naval unit, should be established to assure trained and organized reserve crews.
- The CDS should be replaced by authorizing

purchase of ships on the world market for the reserve fleet, as well as for the commercial fleet.

- Any commercial operating fleet deemed vital—after critical interagency review—to military or economic security should be subsidized directly, out of the Defense budget. However, as mentioned above, representatives of the Department of Defense have stated that a U.S.-flag commercial fleet is of little military value. Given this, no attempt should be made to subsidize commercial shipbuilding.

Budgetary and Taxpayer Gains. To save money for U.S. taxpayers, the following reforms should be put in effect:

- Cargo preference should be eliminated.
- ODS contracts should be allowed to lapse as scheduled and should not be replaced in any guise.
- The CDS should not be restored or replaced.

Whether these savings would be enough to offset any increases in budgetary costs would depend on two things: the costs of a suitable reserve fleet, procured, staffed and maintained economically, and the expense of any early retirement and reemployment subsidies.

Eliminating cargo preference and the ODS would produce savings equal to more than twice the 1995 budgetary authorization for MARAD's support of the Ready Reserve Fleet. If all 27,000 oceangoing workers were compensated at an average level of $25,000 each, that would involve a one-time outlay equal to less than one years' outlay on cargo preference and the ODS. Thus, properly timed and coordinated, termination of maritime programs as suggested here, even ignoring savings of administrative costs, would appear to impose little, if any, additional budgetary cost, even in the first years of reform. Within a few years, they should produce a net reduction in budgetary outlays. Few such opportunities to achieve economic gains of some billions of dollars with little, if any, budgetary impact are to be found. This is a leading candidate for "reinventing government".