

NEW DIRECTIONS FOR LOUISIANA'S INTERNATIONAL TRANSPORTATION INDUSTRY

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SESSION I: "WHERE ARE WE AND HOW DID WE GET HERE?"

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The past offers valuable object lessons for the present upon which to build strategies for the future. An historian once observed that a society which does not study its past is doomed to repeat its mistakes. The same holds true in the logistics/transportation industry. Although circumstances change, basic strategies to secure increased market share do not. Thus, we can hold up a mirror to the past, examine successes and failures, and develop new approaches.

Where are we and how did we get here? A rather broad and daunting topic, this subject carries with it a double-edged sword. On the one hand we recognize that Louisiana's international transportation infrastructure is, for the most part, up-to-date and capable of handling any task. However, accidents of history and external factors over which we have had little or no control prevented the state's international transportation sector from coming into its full inheritance!

Since Louisiana's settling over 275 years ago, transportation and international trade have predominated as major industries. O'Reilly, an early colonial governor, reported that "this province cannot live without commerce" and recommended to his superiors in Madrid free trade with Spain and Havana and the temporary duty-free use of the port of New Orleans. A successor, Unzaga, secured the lowering of duties and, in 1778, Galvez obtained free trade with Cuba, Yucatan, France and the United States. Thomas Jefferson, at the time of the Louisiana Purchase, wrote that New Orleans was destined to be a "mighty market of merchandise brought from more than a thousand rivers" and a great trading city. Before 1860 the "Queen City of the West" always ranked as one of the top three population centers, trailing New York and Philadelphia. In the years 1835 to 1842 it had more banking capital than New York, and the value of its domestic and foreign trade increased steadily during the years before 1860.

But the 1850s saw "fire bells in the night," urging Louisiana and Southern businessmen to build up the region's manufacturing base and free itself from reliance on Northern manufactured products. As cotton was king, these calls went unheeded. Of the total U.S. exports in 1860, cotton (at 192 million dollars,) represented over 61%, most of the 12 million bales harvested that year grown in the states of Louisiana, Mississippi and Alabama and exiting the port of New Orleans.

Simultaneously, Louisiana's tremendous natural resources may have stifled an incipient manufacturing base. With very deep alluvial soils deposited over millennia in the rich Delta, agriculture was easily sustainable. Shallow plowing with little effort could renew exhausted soils. The extractive industries, equally, did nothing to encourage

manufacturing, except for those activities directly related to getting product out of the ground.

Between 1895 and 1914, one field in Calcasieu Parish alone supplied 75% of the nation's sulphur. By 1913 Louisiana ranked second in production of salt. In the first two decades of the twentieth century Louisiana consistently supplied over 7% of the nation's lumber mill consumption, and in 1914 ranked first, producing nearly 11% of the nation's lumber, approximately 4 billion board feet. With the oil industry firing up at the turn of the century in Jennings and White Castle, soon nearly all of the state's sixty-four parishes were involved in either oil or gas production.

Louisiana, at the time, was an immense truck-gardening state, supplying the markets of the north and east during the winter and early spring months with cabbage, cauliflower, broccoli, turnips, onions, lettuce, spinach, okra, snap beans, watermelons, sweet peppers, pimentos, tomatoes and cucumbers. During the course of the past quarter-century, however, many family farms have closed down, with descendents lured to the easier jobs in the rising oil and gas/petrochemical industries.

Additionally, declines soon appeared in the Louisiana lumbering sector as the old and natural stands of trees were cut by great lumber companies which made little effort to reforest the cutover area.

To some extent the emergence of the commercial pulpwood industry near Bogalusa in 1917 compensated for this loss. Within the next ten years several plants began to use pulpwood for the manufacture of various paper products; and by the post-World War II period pulpwood production had reached 13.5 billion cubic feet, the state claiming nearly 10% of the national pulp production capacity, ranking third behind Washington and Florida.

Trade and transportation continued to develop apace during the 19th and early 20th centuries with the Mississippi River system feeding the entire upper valley and railroading coming into its own. Between 1828 and 1838 no less than twenty-four railroads were chartered by the state. When it is considered that George Stephenson built his Stockton and Darlington Railroad in England in 1825; that Belgium's first road was completed in 1833; that France did not even plan a railway until 1833; and that Russia did not have a road until 1850, Louisiana's feat in early railroad building becomes all the more remarkable.

The extractive industries of oil, salt, lumber and sulphur accelerated these newer transportation connections, one feeding the other. In the 1890s, for example, after completion of the Kansas City Southern Railroad, the western section of the state rapidly developed its lumber industry, coinciding with the great 1880 to 1910 period of railroad building, by which date the state had nearly 5,600 miles of track.

Coincident with increasing rail use, the principal Louisiana port of entry, New Orleans, handled more and more water traffic in the domestic and foreign trades, averaging by 1880, 4,000+ annual vessel entries and clearances. This represented nearly half of all ships in foreign commerce touching at U.S. ports. In the post-Civil War period, more than anything else, the successful 1879 opening and maintenance of the Mississippi River's silt-blocked passes by Cpt. James B. Eads, allowing the deepest draft vessels to safely transit the mouth, spurred Louisiana's new age of commercial prosperity. Nearly a score of new wharves were built to handle increasing traffic in the ten year period between 1903 and 1913. Ten years later the Industrial Canal's

completion realized the old dream of linking Lake Ponchartrain and the Mississippi River, hastening development of the city's first large industrial sector (mostly maritime-related.)

New, up-to-date wharves began to appear in the early 1960s with the dedication of Nashville Avenue/Henry Clay, followed by multipurpose and special use wharves such as the Louisiana Avenue and Harmony Street projects, and Milan Street's LASH facility. With increasing containerization, the Port unveiled in 1969 a 40-year development plan called CENTROPORT, patterned after Rotterdam's EUROPORT development. It proposed building container operations along the Industrial Canal, gradually phasing out many older wharves along the riverfront. By 1973 the port's first full container berth was in operation at France Road, with additional berths added over the succeeding years. It became clear by 1980 that rapidly changing technology required a modification of the CENTROPORT plan. As a result, more "on river" wharves were either built or refurbished such as Seventh Street, Alabo Street and a major ro/ro and multi-purpose wharf at Jourdan Road on the Mississippi River-Gulf Outlet, abutting the Industrial Canal. Now, the Port is concentrating more on its riverfront facilities to provide the infrastructure capable of addressing the new trade environment. And it is already drawing up plans in the next century for facilities planned closer to the Mouth of the River.

With all this dynamism and cutting-edge port facility improvements one would certainly ask why Louisiana's international transportation industry should not benefit from increased cargo flows as it had in the past. In the late 1930s, for example, the then U.S. War Department recognized the port of New Orleans for its efficient management and an ideal all-weather harbor, establishing a port of embarkation at the city. Equally, the barnacle-loosening effects of river water on warships built for speed and maneuverability could not be overlooked. With the inception of the Marshall Plan for the reconstruction of war-torn Europe, New Orleans emerged as a major port of exit [the first Marshall Plan shipment of foodstuffs and basic commodities, leaving New Orleans on a Lykes vessel.] Many of the nation's large manufacturing concerns became familiar with the deep water ports of Louisiana, forging long-term relations with an efficient, honest local freight forwarding community.

But today, facilities alone do not a port make! Rapid changes in logistics over the past dozen years have had significant effect on ports. With the 1980s deregulation of the ocean, air, rail and trucking industries, ports of entry were held hostage to carriers looking to maximize revenues and minimize costs, large vessels calling at fewer ports the answer, with "load-center" ports being the new watchword. Intermodal door/door rates meant that no longer could cargo determine port calls. In the past certain commodities that moved in large quantities had historically attracted the carrying trade such as export cotton and sugar and import coffee and bananas.

In the past, salesmanship enhanced the attractiveness of Louisiana's international trade and transportation facilities. New Orleans Mayor Delesseps S. Morrison's late 1940s, 1950s and early 1960s (with Dr. Alton Oschner) boosterism trips to Latin America, coupled with Rudolph Hecht, E. O. Jewel and Bill Zetzmann's spearheading a citywide merchandising campaign in the interwar/postwar years did much to project a positive image of the New Orleans trade community [garnering a ***Time*** "cover for

Morrison in 1947 and an extensive article/photo essay on the New Orleans trade community in a 1950 issue of *Fortune*.]

Equally, LSU's La Casa de Las Americas dormitory provided North American and Latin American students with shared living, learning and cultural experiences during the 1940s-1950s. Many of these Latin American alumni are now key leaders of government and business in their own countries. These "assets" could provide a renewed marketing initiative for Louisiana. With all elements of the international trade community joining forces, we can develop a *gemeinschaft*, or community of shared interests. This approach assures success, looking at new and innovative ways to market ourselves, and taking into account a seamless blending of all transport modes. Conversely, individual efforts produce only limited localized and transitory benefits ...