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Conclusion

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Conclusion

Niels P. Petersson, Stig Tenold and Nicholas J. White

Global history, transnational history and the history of globalization are among the key trends in historiography over the past two decades.[1] To an extent, these are fashionable buzzwords, made attractive and plausible by

[1] For a recent discussion of approaches to global history, see Osterhammel (2019).

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our present-day experience of ever-increasing connections across countries and continents. But these trends have also helped enrich historiography by opening up new areas of study and encouraging historians to ask new questions and transcend boundaries not just of a geographical but also of a disciplinary nature. The challenges of getting to grips with a range of new phenomena and topics have made historians more open towards combining social, cultural, political and economic approaches and encouraged dialogue with neighbouring disciplines. In particular, interest in economic history has increased due to the obvious importance that businesses, markets, infrastructures, and economic policies have had for global flows of all kinds.

Deep-sea shipping is inextricably linked to notions of transnationalism and globalization. Over centuries, transnational and transcontinental spaces were opened up by ships and defined by shipping routes.[2] The integration of the world economy and world markets in the nineteenth century has been explained by the impact of low-cost transportation made possible by the introduction of steamships.[3] In his excellent history of Europe and the maritime world, Michael Miller presents maritime infrastructures as an essential ingredient in all key processes of twentieth-century history.[4] At the same time, historians have studied the transformation of shipping from an activity recognizably anchored in specific nation-states into 'the world's most global industry'.[5] Thus, the history of shipping can illustrate and illuminate the characteristics of different periods in the history of globalization[6] and help explain the changes that occurred.

This volume focuses on the transformations of the second half of the twentieth century. There has been considerable discussion on periodization as well as on how to characterize changes that have been summed up as the 'shock of the global'.[7] For both purposes, the question of continuity and change in the run-up to present-day globalization has been important. For Miller, the transnationalism of the maritime world and its cross-border

[2] Fusaro and Polónia (2010).
[3] Kaukiainen (2006), Kaukiainen (2012), Harley (2008), and O'Rourke and Williamson (1999).
[4] Miller (2012, 3).
[5] Kaukiainen (2008) and Tenold (2019).
[6] Hopkins (2002) and Osterhammel and Petersson (2005).
[7] Ferguson et al. (2010).

networks underpins the continuity of globalization throughout the twentieth century, including the interwar years that are often regarded as a period of deglobalization.[8] Nonetheless, Miller also sees a switch, in the final third of the twentieth century, from networks that were Eurocentric, imperial, and fragmented to ones that were multipolar and almost seamlessly global. His account of the relationship between shipping and globalization in the twentieth century is a story of progressions and mutations rather than interruptions and new beginnings.[9] Miller focuses on the expertise that was available to overcome obstacles to global flows—but it is equally possible to highlight instead the variety and importance of such obstacles, and how they fell away once the old world of protected national markets, cargo liners and conferences gave way to that of liberalized world trade, container ships and cut-throat competition.[10] We have to take a closer look at particular contexts, companies and connections and find out about mutations, interruptions and new beginnings and how they relate to the wider histories of globalizations.

Contexts

Highly important in these mutations, interruptions and new beginnings were the process of decolonization and the accompanying economic nationalism (not just in the developing world but in the US and the Soviet bloc too, and supported by the UN's drive towards trying to create a more egalitarian world-trading regime from the 1960s). This was hardly surprising since, as Tenold argues in his overarching chapter, European, and especially British, dominance at the beginning of the twentieth century in global shipping was due to a 'leading position within production and trade' and 'superior access to technology, capital [including human know-how] and sufficiently skilled labour' but also 'imperial ambitions and structures that ensured political support for maritime activities'. Before World War

[8]Miller (2012, 6, 11). For a different discussion of changes and continuities in interwar global networks, see Dejung and Petersson (2013, 12–16).

[9]Miller (2012, 12).

[10]Levinson (2006).

II it was only Japan outside Europe which proved capable of breaking into this maritime system through a combination of defensive industrialization and defensive imperialism.[11]

With a few exceptions, such as Singapore's Neptune Orient Line, new national shipping lines were often ineffective in the longer-term. Yet, the efforts of European shipping companies to manoeuvre around obstacles (both real and perceived) in the decolonized world led onto the adoption of containerization (as White demonstrates in the British case). This was a new beginning which suggests that, as Tenold also stresses in his chapter, European shipping companies were innovative and adaptive, for example, employing multinational crews and exploiting liberalized trading regimes, and that entrepreneurial/commercial stasis was not the crucial factor in European decline as Sturmey once argued in the British case.[12] As distinct from European shipbuilders, European shipping firms in Tenold's schema continued to play 'a crucial, albeit reduced, role'. This is a theme explored further in the 'companies' part of this volume. Moreover, while part of the OCL strategy after 1965 was to defend imperial market shares, notably in the politically stable and culturally familiar old Dominions, diversification and redeployment by Britain's leading shipowners also represented a chance to tap further into the dynamic Asia-Pacific trading and investment realm. That reflected not only a quantitative upsurge in world trade but also a qualitative shift in which the real value-added in global trade was now to be found in increased exchanges between industrialized countries rather than between European industrial and financial 'metropoles' and primary-producing 'peripheries' in the developing world.[13]

This trend towards global intra-industrial trade reinforces Tenold's 'swing to the East' and his emphasis in this collection on the changing gravity of the world economy as western Europe lost its hegemony in both ocean-going shipping and shipbuilding (but particularly the latter and for Britain most starkly). Japan had already surpassed the UK in 1956 as the world's leading shipbuilder, and that was followed from the mid-1970s by

[11] On Japan's defensive modernization and imperialism, see Young (2018, 216).

[12] Sturmey (1962/2010).

[13] Hopkins (2002) and Cain and Hopkins (2016, 714–717).

South Korea and subsequently China. Asian dominance by the twenty-first century, as Tenold tells us, was even greater than Europe's had proved a century earlier. In the maritime industries, at least, Asia finally caught up from Pomeranz's 'Great Divergence' in which, around 1800, well-placed coal supplies and resource-rich colonies across the Atlantic allowed the western rather than the eastern end of Eurasia to suddenly and unexpectedly leap forward. In this bit of geographical luck, the particularly 'fortunate freak' was Britain. Highly significant for later maritime dominance was that Britain's plentiful coal supplies were close to lots of water and conveniently-located ports which made steam power cost-effective. Plantations in the Americas, meanwhile, provided a superabundance of raw materials for further industrialization as well as the development of ocean-going maritime trade.[14] In what might be termed a 'Great Convergence', Tenold shows that East Asians had acquired capital and skills to succeed in shipping by the later twentieth century. Transnational business networks in the burgeoning intra-Asian economy, government support, low wages, limited unionization, reliable domestic supplies of steel, and easily transferrable technology allowed for the emergence of large-scale and globally competitive Asian shipbuilding. To maintain competitiveness, European shipping companies turned to Japanese yards for the building of their vessels—as early as 1965 for Blue Funnel, Britain's leading cargo line in East and Southeast Asia, and even earlier in the late-1950s for the Greek bulk carriers (as Harlaftis's and Tsakas's chapter in this volume illustrates).[15]

As Tenold argues, the draw towards Asia entailed considerable 'dislocation' effects in the combination of production creation and production diversion that characterized post-war globalization. That mirrors Levinson's notion that containerization broke the link between ports and production centres—the ultimate 'shock city' of this post-colonial deglobalization in the 1970s and 1980s probably being Liverpool whose position as the second city of the British Empire had been based upon the port's

[14] Pomeranz (2000, 207) and Perdue (2000, 1–3).

[15] White and Evans (2016, 233).

proximity to northern England's manufacturing powerhouse and a shipbuilding complex at Birkenhead.[16] At a geo-political level, the 'Global Cold War' can be brought into this transnational maritime narrative too because, as also addressed by Tenold, the Japanese and South Korean take-off in shipbuilding was greatly assisted by US aid, investment and technology transfer in the broader context of containing Communist China.[17]

What emerges equally from the 'contexts' section of this volume, is the reduced (or, at least, changing) role of the nation-state in the post-war globalization of the maritime industries. The shift towards a more 'conglomeratic approach' in the regulation of maritime shipping, Reiling points out, was reflective itself of the decline of state supervision at a national level and the multinational nature of shipping through flags of convenience and open registries. Also stressed by Tenold, these are developments in business forms which make it difficult to precisely identify ownership patterns and, hence, the European share in shipping, the decline of which was offset by European-owned vessels flying foreign flags. On top of this, was the internationalization of cargoes and crews. As Harlaftis's and Tsakas's chapter shows, Greek shipowners-cum-shipbuilders pioneered these business practices in 'mammoth' bulk carriage (especially oil, the new preferred fuel of post-colonial globalization) in the 1940s and 1950s. That additionally involved a considerable internationalization of capital in shipping as the Greeks contracted with American oil companies, utilized US bank finance and invested in American and later northern European shipyards. White's discussion of Nigeria shows that multinational crewing was hardly unknown under the old globalization and the politicization of non-European seafarers, as well as dockworkers, should not be neglected in explaining increasing costs. But, in the British case, the use of Nigerian, Kru, Lascar, Malay and Chinese crews (many of the latter from Singapore and Hong Kong) was clearly linked to empire. The more recent widespread use of Filipino labour, for example, in international shipping emphasizes this multinationalization and the decoupling of colonialism and maritime dominance.[18]

[16] Levinson (2006), D'Eramo (2015), and Lane (1997).

[17] Westad (2005), Forsberg (2000), and Duara (2011).

[18] Alderton et al. (2004), Ruggunan (2011) and Swift (2011).

The transboundary, de-territorialized nature of shipping and multiple actors involved, in which open registries had 'neither the capacity nor inclination' to provide regulation frameworks, led, as Reiling shows, to a parallel multiplication and broadening out of standard-setting and quality-monitoring bodies. These took a particular role in labour, safety and ecological issues and encompassed international organizations (often under UN auspice), regional bodies like the EU, port-based public authorities, transnational classification societies and P&I clubs. This medley of regulatory inputs and oversight bodies was a far cry from the self-governance of the European-dominated liner conference system of the old 'colonial' globalization.

This is not to say that the nation state disappeared. White's analysis of British containerization points to the central role in the 1960s and 1970s of governmental actors in the assertive ex-Dominions and in Southeast Asia (and later in Sri Lanka as well). Tenold also notes the 'controlled economic development model' in the East Asian NICs. Furthermore, as Reiling emphasizes, there are still 'many weak points' in international regulation which have tended to set minimum standards only and in which implementation still relies on individual states and 'opting out' remains more than possible. The latter phenomenon is indicated in White's discussion of the limitations of the UNCTAD liner code, and the US's non-compliance during the 1980s. EEC reservations, meanwhile, 'disappl[ied] crucial parts of the Code to trades between EEC members and, on a reciprocal basis, between EEC members and the OECD countries'. An EEC regulation, moreover, required that 'shippers and ship-owners of Member States shall not insist on applying the procedures for settling disputes provided for in…the Code'. As Sturmey argued, these revisions effectively jettisoned 'the fundamental principle of the equality of the two groups of lines of the trading partners in trades with developing countries'.[19] This suggests that the convergence (or equalization) of shipping relationships between Europe and the developing world in post-war globalization have been limited. Indeed, in 1983, an angry Mahathir Mohamad, Malaysia's Prime Minister, accused western governments of obstructing UNCTAD and denying developing countries the opportunity to carry more freight

[19] Sturmey (1986, 197).

on their own ships.[20] As O'Brien argued in reviewing the historiographical debate (ten years on) from the publication of Pomeranz's influential book, the 'Great Divergence' between western Europe and East Asia remained 'important for social scientists to address simply because it is still with us as a North-South divide'.[21]

Nor was the global shock, as far as western Europe was concerned, that immediate. Tenold shows that Europe's leading maritime position at the start of the twentieth century was maintained well into the post-war period with Britain, 'the retired empire-builder', continuing to control the world's largest fleet at the end of the 1960s. This lag time suggests that a combination of the old and the new globalization characterized the post-war era for at least a quarter of a century. It was not until the mid-1970s that Asia's new found shipping and shipbuilding advantages became manifest. The big spur here were the OPEC-induced oil price hikes (indicative themselves of a greater balancing and multi-centring of global economics and politics as extra-European producers used their collective muscle in the wake of decolonization). Reiling, likewise, finds that it was not until the 1970s that the conglomeratic approach in maritime regulation tended to replace the flag-state principle and when key IMO interventions were accepted and adopted.

To recap then on contexts, what does shipping/shipbuilding tell us about post-war globalization? Shipping has clearly been an important factor in the changing gravity of the world economy and the changed significance of the nation state. The declining role of Europe in the international economy is starkly illustrated by Tenold's data on the world's largest ports (in 1910 more than half of the world's 15 busiest ports by cargo volume were European; one hundred years later, there was only one European port in the top 15). In Reiling's analysis, meanwhile, new conceptions of maritime international law are a key example of global governance in a 'typically globalized industry'. Yet, disengagement from pre-war colonial structures and patterns was not as complete as might be suggested

[20] Central Intelligence Agency (United States), EA 83-10111, Directorate of Intelligence, Office of East Asian Analysis, 'Malaysia: Economic Policy at the Crossroads', 8 June 1983.

[21] O'Brien (2010).

in the term 'post-colonial globalization'. Indeed, Darwin defined decolonization in the 25 years after 1945 as 'a partial retraction, redeployment and redistribution of British and European influences in the regions of the extra-European world whose economic, political and cultural life had previously seemed to flow into Western moulds'.[22] Periodization and chronology remain important, therefore, and the broad brush stroke concept of a distinctive 'post-war globalization' requires modification. In shipping, the 1970s seem to be the breakpoint rather than 1945 or 1990 (as Baldwin's study of information technology suggests for the 'Great Convergence' between 'Global North' and 'Global South').[23]

Yet, the changing nature of business models in which international shipping companies seized upon the opportunities provided by tax havens and off-shore companies, and their investors became more short-termist and profit-oriented and less community-centred, appears to have a longer trajectory. That stretched back to the 1940s and 1950s with innovations introduced by the Greek shipping barons. Moreover, the nationality of those European companies which succeeded in the post-colonial maritime world—the cross-traders of Greece and Scandinavia notably—did not come with the old 'imperial' baggage.[24] This points to the agency of shipping companies in these transformations, as well as the forging of new connections, which are the next two themes of our conclusion.

Companies

Business historians have long stressed the crucial role private firms and entrepreneurs played in economic globalization through their decisions to invest, adopt new technologies, or seek out new markets. Shipping firms have been singled out as key drivers of economic globalization.[25] The companies examined in this volume contributed and reacted to globalization in a variety of ways, and some did so more successfully than others.

[22] Darwin (1988, 7).

[23] Baldwin (2016).

[24] In cruising, meanwhile, it has been American 'parvenus' who have come to dominate. Miller (2012, 326–330).

[25] Boon (2017), Ekberg and Lange (2014), Jones (2002), and Miller (2012).

In the 1950s, shipping entrepreneurs began ordering supertankers and large bulk carriers, and created new blueprints for global business organization that appeared exotic to some, illicit to others, but eventually were widely adopted within and beyond the shipping world.[26] In the 1960s, liner shipping firms had to respond to decolonization and developmentalist economic nationalism, while also engaging with the technological and strategic challenges of the container revolution.[27] The 1970s brought a much more difficult environment with macroeconomic instability, stagflation and currency fluctuations. Rising costs, overcapacity and increased competition were the key challenges shipping firms had to face, and their responses led to a fundamental transformation of the international shipping industry. Container transport gained in importance over the 1980s and by the 1990s became a key ingredient in the global integration of production chains spurred on by economic liberalization, while tanker and bulk shipping grew in response to the rising industrial economies' hunger for raw materials.

Business history focuses on corporate success and failure and the reasons behind it. The three chapters in the 'companies' section invite approaching this issue via a comparison of the very different strategies and trajectories of three container shipping firms. Ocean / OCL,[28] EAC and Maersk differed in their basic approaches to containerization; in the timing of market entry and (in the case of Ocean and EAC) market exit; in the resources they could draw on and chose to develop; in the resulting organizational ability to control and coordinate operations effectively on a global scale; in overall corporate strategy; and in the extent to which their strategies and strengths were compatible with a changing external environment. Perhaps the most obvious difference between the three companies lies in where they ended up: Maersk nowadays is well known as the world's largest liner shipping firm with well over 600 ships, including 'megaships' of over 18,000 TEU carrying capacity. Ocean and OCL no longer exist as corporate entities; Ocean sold its stake in OCL in 1986, abandoned its shipping activities

[26] See the chapter by Gelina Harlaftis and Christos Tsakas in this volume.

[27] See the chapters by Martin Jes Iversen, Niels P. Petersson, Henrik Sornn-Friese and Nicholas J. White in this volume.

[28] Overseas Container Lines (OCL) was a joint venture established by Ocean, P&O, Furness Withy and British & Commonwealth in 1965.

and developed into a successful logistics business that was acquired by DHL in 2000, while OCL ended up as part of P&O and, ultimately, Maersk. EAC, meanwhile, also left shipping, selling its fleet to Maersk in 1997 and never really recovering from the losses incurred in shipping.

Did Maersk succeed where others failed, and get things right that others got wrong? And, if so, can any of the differences between the three companies be singled out as decisive? Did Maersk, for example, benefit from being a 'late mover' into containerization? OCL certainly incurred its fair share of learning costs as a result of being an early mover. Technologies and processes had to be developed from scratch, and new terminals and facilities built in Europe, Australia and East Asia.[29] Maersk moved into the market once such teething problems had been overcome, and once major port operators had begun building the infrastructure required to handle large-scale container flows. On the other hand, OCL remarkably soon became a successful and profitable operation, which suggests that both early and late entry into the market may have represented viable strategies. (In contrast to EAC, Ocean also proved rather adept at exiting the market as both the sale of OCL and later the takeover of Ocean by DHL were very profitable for the shareholders.)

Were Maersk superior in exploiting and nurturing corporate resources? A slightly flippant point about resources is that it always helps to own an oil well—and Maersk were a large player in the oil business until they decided to focus exclusively on container shipping in 2017.[30] More seriously, containerization represented investment on a much larger scale than liner shipping companies were used to, and neither Ocean, who in the late 1960s were sitting on substantial reserves and unused tax allowances, nor Maersk faced significant financial constraints when they decided to containerize. OCL's fortunes changed in the early 1970s when Ocean and its other three parent companies decided that they wanted OCL to pay dividends rather than reinvest and expand. From then on, OCL's frustrated managers described their business model as simply 'a milch cow followed

[29] See Niels P. Petersson's chapter in this volume and Bott (2009).

[30] As of the time of writing, Maersk were planning to complete the sale of Maersk Oil to Total and offering their other oil-related businesses for sale: https://www.maersk.com/news/2018/06/29/values-and-opportunities (last viewed 1 February 2019).

by a coffin'.[31] EAC, during the same period, were also held back by the debt taken on to build the Liner Replacement Vessels, a type of ship that turned out to be unsuited to the market.[32] Thus, from the mid-1970s, OCL and EAC faced tighter restrictions on the investment they could undertake in container shipping than Maersk.

For business historians, the notion of corporate resources covers far more than material and financial ones. Explicit and implicit knowledge, corporate culture, and the often elusive 'dynamic capabilities' are all equally important. The shipping industry did not invent the systematic nurturing of corporate resources, but the three firms examined here certainly went with the times, applying professional management methods, adopting modern personnel development systems, introducing the latest information technologies, and making use of other innovations as they became available. Both Maersk and Ocean placed great value on systematically increasing efficiency and quality throughout all business processes, as captured in Maersk's slogan 'service all the way', and both firms seem to have believed that globally integrated, standardized operations, reporting and control were required to achieve this. In contrast, EAC, rather than aiming to build a standardized, frictionless operation on a global scale, seem to have continued to rely on decentralized ad hoc problem-solving, assuming that significant friction as a result of technological, political and administrative obstacles was unavoidable in maritime transport.

Control and coordination, emphasized so much by Maersk and Ocean, seem to have played an important role both in turning shipping firms into powerful engines of global economic integration and in making their operations profitable. Moreover, institutional and organizational factors also played a role in strategic decision-making far removed from day-to-day business. Of the three companies, Maersk seems to have given the shipping business the largest amount of autonomy over the long term, even though it still was part of a conglomerate. Maersk's container services largely remained outside the shipping conferences through which the traditional operators sought to coordinate their activities and regulate supply and prices. Maersk operated as an outsider competing on cost and

[31] Bott (2009, 155 and Chapters 12 and 13).

[32] See Martin Jes Iversen's chapter in this volume.

quality in a free market. OCL initially seemed to enjoy substantial autonomy, having been created as a new organization with the sole purpose of becoming the dominant force in container shipping, unencumbered by any responsibilities in the traditional liner business. Soon, however, it became apparent that OCL as a joint venture had to follow a strategic direction set by its four parent companies. By the mid-1980s, managers at Ocean had come round to the view that OCL required control over its own affairs, and that they would have to either acquire sole ownership of the container shipping consortium or (as they eventually did) sell their stake in it.[33] Another respect in which OCL's autonomy was constrained by the parent companies was that OCL always operated as a conference line. Early on, it had been considered to run container services free from the conferences and the 'inhibitions and barriers' they imposed, but Ocean's view that container services should be used for 'strengthening the conference hold over shippers' prevailed.[34] In this case, corporate culture acted as an internal constraint, restricting the options OCL would consider.

Like OCL, EAC was a conference line. EAC also was held back by unhappy relationships, power struggles and miscommunication within the alliances with other container lines that most operators believed were necessary in order to be able to offer frequent sailings while also using large ships. In another respect, however, EAC's senior managers seem to have had too much autonomy for their own good: at key points in the company's history, including the decisions to order the Liner Replacement Vessels and to pour resources into gaining a foothold in the Chinese market, stronger oversight and critical questioning of top-level strategic initiatives could have prevented costly mistakes.

Entrepreneurial autonomy thus needs to be used wisely, in pursuit of a strategy that is in tune with a company's internal capabilities and with the opportunities offered by the external environment. The strategy literature insists that strategy does not necessarily have to imply the systematic pursuit of an elaborate long-term master plan; equally, it can emerge gradually as a pattern of successful activity or manifest itself in the culture and skills

[33] Again following Bott (2009, 144, Chapters 12 and 13).

[34] Bott (2009, 86).

that exist within an organisation.[35] Sornn-Friese argues that Maersk pursued just such an emergent strategy over much of their history, reacting flexibly to business opportunities that presented themselves, while also systematically building up commercial and organizational capability. By the mid-1980s, however, a more explicit strategy was chosen as Maersk set out to become the world's most profitable container operator through offering customers the best possible integrated service. Ocean/OCL embraced formal strategic planning with far more enthusiasm. However, the resulting strict focus on business metrics such as profits and share price eventually led to the decision to reduce the company's involvement in shipping activities which seemed to offer inadequate returns, and to concentrate on logistics services instead.[36] EAC, as Iversen demonstrates, seems to have pursued a succession of opportunistic moves. In terms of their time scales, investment requirements and fundamental importance for the company, both the LRV project and the work done in connection with containerizing China's trade were of strategic importance. They were undertaken based on an assessment of long-term term trends in shipping markets and in the global economy, required substantial investments and engaged the future of the company. However, as so many company strategists found out in the 1970s, perceived long-term trends could end abruptly or proceed through cycles of stops and starts, markets moved in unpredictable swings and once resources had been committed to a failed initiative, they were no longer available for anything else.

The ability to make and implement strategy is clearly one of the factors explaining success and failure in the three cases presented here. However, it is likely that EAC was handicapped not only by internal shortcomings and flawed strategy but also by changes in the external environment that, broadly speaking, devalued its strengths and highlighted its weaknesses. For Maersk, the opposite was the case, while Ocean/OCL occupied a middle ground. The external environment may be analyzed from a macro perspective, with a focus on regimes of political economy and global trade. From such a perspective, the liberalization of trade and investment, the

[35] Mintzberg et al. (1998).

[36] Barber (2003) offers a succinct analysis of Ocean's and OCL's strategic options.

opening up of once closed economies—foremost among them China—and the growth of non-Western industries and global supply chains are key trends since the late 1970s. Freer trade and level playing fields both allowed and rewarded the investments firms such as Maersk and Ocean made to set up efficient, standardized, customer-focused, globally integrated logistics networks. Firms with a focus on doing business in the cartel-like structures of the conferences, such as Ocean and EAC, found the increased competition from non-conference lines difficult to deal with, whereas Maersk's experience of operating as an outsider firm was increasingly relevant as the conferences eroded and the shipping world became more and more competitive. Meanwhile, the local knowledge and political connections that allowed a company such as EAC to navigate politicized markets in closed economies were no longer of such crucial importance in an era of liberalization. Borders, political economy and institutional regimes matter. Changes in the external environment require firms to adapt and change; however, such change was much easier where it could draw on existing strengths and resources. Different company cultures and the weight of past decisions—path dependency—go some way towards explaining the varied experiences of the three companies in this respect.

A complementary perspective on the external environment would be a local one. Maersk and EAC, along with the entire Danish maritime industry, probably benefited from being important players in a small, open European economy. They enjoyed political clout and social prestige and were part of an industrial cluster which made it easy to recruit talented people and exchange information. Ocean/OCL were located in the UK, exposed to the erosion of colonial and Commonwealth economic ties, to the decline of British industry and British long-distance trade and to industrial unrest. The economic revival of the 1980s bypassed the shipping sector, while capital market liberalization increased the pressure to achieve short-term gains for shareholders and attracted promising young managers to careers in the City. All of this pointed to building Ocean's future in logistics rather than shipping.

Both on a local and on a global level, the factors that made for success were linked to an ability to organize processes in networks of vessels, places, systems and people. In the globalized free-trading world of the 1980s and beyond this was a completely different challenge to what it had been over the middle decades of the twentieth century when the business of moving goods by sea was governed by large numbers of political controls, tariffs, quotas, capital controls and local idiosyncrasies which limited, but did not eliminate, the ability of private firms to pursue truly global strategies and to contribute to global economic integration. Once again, the relationship between shipping and changes in the nation state is crucial.

Connections

Globalization transformed the relationship between countries and between companies—new connections were forged and old ones were transformed. The global nature of shipping demand put the industry in a special position. Shipping companies could challenge the nation state in ways and to a degree that would be difficult for companies in more location-bound industries. We can call this development deterritorialization—the link between the economic activity and the national jurisdiction was severed. Shipping entrepreneurs would transcend traditional borders, and break free from national regulatory regimes, in their attempts at producing shipping services as efficiently and as profitably as possible. This was accomplished by creating a new international division of labour, where countries, companies and workers reconstituted their positions within a global system.

More than anyone else, Greek shipowners contributed to the reconfiguration of the global shipping industry, challenging the role of the nation state and finding alternative ways of organizing their business. Among these Greek pioneers, Aristotle Onassis was the first and foremost. As the chapter by Harlaftis and Tsakas shows, he became one of the world's greatest shipowners by establishing a new institution: 'the global shipping company'.

Two factors enabled Onassis and the other Greeks to do this. First, their 'home bias' was limited, and it was primarily related to cultural, rather than economic or financial, factors. Like the Norwegians before them, the Greeks had built up their position within shipping as cross-traders, fulfilling other countries' transport needs, rather than transporting their own imports and exports. Moreover, there was a long tradition of a Greek diaspora. These merchants and shipowners were originally based in the Mediterranean and the Black Sea, but in the interwar and post-war periods also located in leading metropolises such as London and New York.

The second factor that enabled the Greeks to build global companies was their willingness to undertake organizational innovation—to do business in new ways, which gave them a competitive advantage. The Greeks managed to build up an international system where companies in different countries played specific roles, while the Greek owners at the helm oversaw the activities. By slicing up the value chain, and sourcing inputs where the costs were low, high profits paved the way for further expansion.

As Gelina Harlaftis and Christos Tsakas show, owners such as Aristotle Onassis and Stavros Niarchos pioneered 'business beyond borders'. They combined Greek entrepreneurship with customers and financing from the United States and with German shipbuilding capacity. The corporate model that enabled them to do this was 'global', with a complex legal structure, often impenetrable from the outside. Onassis was an international man. He controlled hundreds of companies in different domiciles, often 'offshore companies' in countries with limited transparency. He registered his ships in a number of countries, both Traditional Maritime Nations and Flags of convenience. Organized in a strictly hierarchical manner, Onassis' companies in different jurisdictions all played special roles, for finance, operation, management, agency or ownership. The basis of this model, the element that made it viable and successful, was Aristotle Onassis and his reputation.

The Greek experience illustrates the manner in which shipping challenged the nation state, utilizing resources from different countries and creating or institutionalizing novel transnational systems. While shipping companies in some countries gained competitive advantage by technological innovation, the Greeks based their competitiveness on organizational innovation.[37] Important ingredients here were offshore companies and Flags of convenience.

Flags of convenience were originally a refuge for owners that wanted to escape strict domestic rules, double taxation and the effects of the Prohibition. The Greeks refined the model, and today such flags have

[37] See Tenold and Theotokas (2013).

become the dominant way of organizing vessel ownership. While the vast majority of the world's ships in 1900 was registered in Great Britain, the United States and Germany, the leading flags today are Panama, Liberia and the Marshall Islands.

In 1919 the *Belen Quezada*, a former US navy ship, became the first foreign-owned vessel registered in Panama, often seen as the 'original' Flag of convenience.[38] Slightly less than a century later, the country became the foremost example of tax evasion, greed and an uncontrollable global financial architecture. The leaking of *The Panama Papers*, more than ten million secret files from a lawyer's office, showed how individuals and businesses used offshore companies to avoid the regulations and restrictions of the nation state for personal gain. For many, *The Panama Papers* provided the first glimpse of an economic system that was alien, a rogue system where the nation state had been forced to play second fiddle. In the press, the practice of 'offshore holdings' was linked to the increased international flows of money, to technological improvements that made it possible to distribute incomes and funds among different jurisdictions in a rapid and concealed manner. While many of the businesses involved in the inquiry were legitimate, the leak also revealed a surprisingly large amount of suspicious actions by politicians, athletes and businessmen. For shipping insiders, the practices that were revealed in connection with *The Panama Papers* were neither new nor surprising. Shipping had transcended borders for a long time. The globalized world—and the technological developments that have made this world possible—simply meant that other industries were gradually catching up with shipping.

The new, global shipping regime that emerged on a large scale after World War II was based on new connections, but this also implied that some of the older connections were replaced. The link between (British) shipowners and (British) shipyards, which had given both a dominant position at the start of the twentieth century, was severed. Greek shipowners helped the expansion of German yards in the 1950s and 1960s, and they also embraced low-cost shipyards in Asia, contributing to the shift in

[38] See Carlisle (2009, 2017). In the slipstream of *Belen Quezada* came two American cruise ships, encouraged by the owners' desire to avoid being 'dry' during Prohibition. There were long traditions for using foreign flags in times of war, and there had also been instances of 'tactical registration' in foreign countries before this, see Tenold (2019, 38).

the shipbuilding industry. Similarly, the links between shipping companies and their home country—in terms of flag, labour and regulatory and political regime—were cut with the advent of the global and transnational shipping companies.

The majority of the chapters in this book treat shipping demand as a global concept. One of our underlying theses is that the production of shipping services after World War II was transformed from a national frame to a global or transnational frame, parallel with the increasing integration of the international economy. However, René Taudal Poulsen's analysis of the ferry segment shows that this picture is not applicable to all parts of the shipping industry.

The demand for ferry services has a clear national or regional component and is a 'remarkable exception' to the global nature of maritime transport. Consequently, competition and other market processes differ from shipping in general. Focussing on the ferry market in the Nordic countries, Taudal Poulsen shows how important political decisions might be for shipping. For instance, the emergence of a common European market and the termination of 'duty free' sales of alcohol and cigarettes clearly reduced the attractiveness of short sea shipping. Similarly, the 'opening up of the skies' and the growth of low-cost air carriers have provided ferry companies with new types of competition. As such, the basis for the decline of the European ferry market was different from the basis for the decline of European shipping in general.

During the first decades of the post-war period, there was a 'life cycle' that ferries tended to go through.[39] Starting their careers in the Nordic countries, as the ferries aged they were sold on to lower-income markets in the Mediterranean, then moved on to local markets in Africa and Asia before the ship was scrapped. As a result of, among other things, high-income growth in Asia and limited investment in new capacity in the Nordic countries, this life cycle pattern has disappeared today. Due to the fact that regional markets have become more similar, and the segment has become mature, the previous connections in the market for second-hand ships have been severed. As such, it is evident that globalization

[39]The existence of life cycles in shipping has been discussed in for instance Thanopoulou (1995).

has influenced not only the global shipping segments, but also the locally based ones.

Concluding Comments

This book has discussed the intimate relationship between shipping and globalization in the post-war period. To some extent, the growth of the shipping industry and the increased economic integration have been two processes that have reinforced each other, two feedback loops.

The shipping industry has contributed to changing the centre of gravity of the world economy. For instance, low and decreasing transport costs have been a necessary condition for the integration of Asian countries in the world economy to the extent that we see today. This pertains to containerization and the low cost of moving manufactured goods from Asia to markets in North America and Europe, but it is also a result of the manner in which technological and organizational innovations have lowered the cost of transporting inputs to Asia. Moreover, the growth of Asian shipbuilding—with subsidies and political priority in Japan, South Korea and China—has reduced the cost of the ships needed to produce shipping services, and thus the cost of providing these services. This is the first of our feedback loops—shifts in production and growing seaborne trade pave the way for reductions in maritime transport costs, and these cost reductions encouraged trade and division of labour.

The shipping industry has also been a frontrunner in the development of 'global companies', organizations that have challenged the role of the nation state in the search for lower costs. Such companies were originally the preserve of shipowners from a handful of countries—Greece and the United States in particular. However, as it is difficult to regulate an industry that primarily operates outside national borders, the liberal regime spread from country to country. The detrimental market conditions during the shipping crises of the 1970s and 1980s implied that countries were forced to liberalize, or see their shipping activities disappear.

Today, the majority of the shipping companies operating in the international market have a high degree of autonomy in questions of localization, and there has been a levelling of tax policies and of registration requirements. This is the second of our feedback loops—when shipowners from one country challenge the regulatory regime, other countries are forced to follow, as the alternative is that their 'own' shipowners lose competitiveness. This exodus triggers further pressure on countries trying to avoid liberalization.

The two feedback loops reflect how shipping has become more global, but the industry still has an important national dimension. Port states still maintain an element of autonomy and authority, and many Traditional Maritime Nations still benefit from having a business culture that promotes maritime activities. Moreover, it is easier to uphold a regulatory regime with regard to coastal transports and short sea shipping, a topic that we have not discussed in detail in this book.

At the beginning of the twentieth century, the shipping industry reflected the primacy of Western Europe and North America, and the political and economic linkages on which this hegemony was built. Today, the shipping industry reflects the global nature of international economic relations. It reflects the constant search for cost reductions in the sourcing of raw materials, and in the production of goods and services.

Shipping is crucial for the smooth functioning of the world economy. It is mainly in the rare instances where this part of the global production system does not perform optimally—for instance when the South Korean container operator Hanjin was facing bankruptcy and their ships were left at sea—that ships and shipping gets any mainstream attention. The maritime transport system that has emerged since World War II is both an important engine—and an important example—of globalization.

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