

The William J. Pape II Memorial Lecture.

Shipping and Globalisation in the Post-World War Two Era (with special reference to containerisation and decolonisation)¹

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Summarising the talk by Professor White which was due to be presented to the Society on 17 September 2020, but cancelled due to Coronavirus restrictions.

[*The video of this talk is also published on the L.N.R.S. website and available to members*]

With 90 per cent of the world's commerce still carried by sea in the early-21st century, transnational shipping has made a key contribution to post-colonial globalisation. This paper focusses upon the linkages between containerisation and decolonisation – two world-encompassing phenomena which distinguish post-WWII globalisation from previous globalisation époques, and two intertwined processes that had a deep impact upon Liverpool.

The origins of containerisation have been well researched and written about previously; most famously in Marc Levinson's, *The Box* (Princeton University Press, 2006). Levinson argued that containers offered huge cost savings, eliminating up to a dozen separate handlings of cargo and reducing the risks of theft and damage. Containerisation also got round the problem of striking dockworkers. Moreover, says Levinson, the possibility that the principal American innovators (Malcolm Maclean's Sea-Land especially), might capture Pacific and Atlantic trade pushed European shipping lines into phasing out conventional vessels. The pioneering British container group from 1965 was Overseas Containers Ltd (OCL) – a UK shipping consortium with Liverpool's Ocean Steam Ship Company (also known as Blue Funnel or Alfred Holt & Co) and London's P&O as the lead instigators and partners. For OCL's Australian service after 1968, a BBC journalist discovered that 'nine ships will replace the forty which used to exist... and each ship can make five round trips a year... instead of two-and-a-half'.²

But Levinson's interpretation of containerisation focuses on the 'Anglo-sphere'. Technological change is blamed on the obstructiveness of British, American and Australian dockworkers (as well as the stimulus provided by US logistical demands in the Vietnam War). This neglects the wider-world situation; the process of decolonisation and the ways in which non-European institutions and peoples contributed to the development of new shipping forms.

The breakup of the European colonial empires after 1945 was not just about global political change it also involved significant world-wide economic and social shifts. In shipping, for example, this would mean the rise of national shipping lines in developing countries – a wider economic and social devolution, therefore, beyond the formal transfer

¹ This is a modified version of my chapter in Niels Petersson, Stig Tenold and Nicholas J. White (eds), *Shipping and Globalisation in the Post-War Era: Contexts, Companies, Connections* (Palgrave Macmillan, 2019) available Open Access at: <https://www.palgrave.com/gp/book/9783030260019>.

² G. Turner, *Business in Britain* (Harmondsworth, Middlesex: Pelican, 1971), p. 315.

of political power. Containerisation in my view was reflective of postcolonial globalisation, in tandem with economic decolonisation.

In the formation of OCL there is plenty of evidence to support the Levinson view – the competitive threat from Sea-Land, for example, was taken very seriously; the consortia concept reflected the huge capital costs involved in building and running an efficient container fleet; and, from the early-1950s, the Blue Funnel board in Liverpool were highly exercised by the costs incurred by strikes, go-slows and outmoded port facilities in both Australia and the UK.

However, technological diversification was also a strategy to reduce sovereign risk in the postcolonial world. British shipowners believed that, under pressures from national shipping lines and the holding down of freight rates by independent states, the returns on capital from conventional liners were limited.

Decolonisation and Competitive Pressures

By the 1960s, British companies were sharing the Indian and Pakistani trades with the national lines with the former demoted to ‘the rank of junior vice-admiral’ (in the words of a British shipping executive).³ The claustrophobia of post-colonial shipping markets was epitomised by developments in the wake of the separation of Singapore from Malaysia in 1965 and the emergence after 1968 of the Malaysian International Shipping Corporation (MISC) and Singapore’s Neptune Orient Line (NOL). The plan of British ship-owners – Blue Funnel, P&O and Ben Line - to form their own Malayan-registered subsidiary was scuppered.

National lines were usually contained within existing conferences. Nonetheless, they were difficult partners. For example, in Ghana by 1964, the Black Star Line (BSL), advised by the Israeli Zim Line (to the chagrin of Elder Dempster,) was believed to be ‘overcarrying’ and not engaging in ‘true sharing’ in the Baltic trade.⁴

Indeed, conferences were increasingly suspect as ‘neo-colonial’ cartels. Pressures from developing countries culminated in an enquiry into conferences and rates by the UN Conference on Trade and Development (UNCTAD). Decolonised states could also turn to the Soviet bloc whose ‘substantial national fleets of merchant-cum-military sealift ships... were under no obligation to show a profit and could therefore undercut [conference rates]’.⁵

With the benefit of hindsight, developing-world shipping proved ineffectual. UNCTAD’s 40:40:20 Liner Code only came into operation from 1983 and US non-ratification, and European governments applying the code selectively, undermined its universality. China boasted the world’s 9th largest merchant fleet by 1986 but a CIA

³ Turner, *Business*, p. 307.

⁴ Merseyside Maritime Museum (hereafter MMM), OA/2078/1, Cotton, Liverpool to Lucas, Accra, 27 September 1962.

⁵ Woodman, R. (2010) *Fiddler’s Green: The Great Squandering: 1921-2010* (Stroud, Gloucestershire: History Press, 2010), p. 339.

analysis concluded that China still did not ‘pose a competitive threat’ since ‘most of China’s vessels are old and inefficient and its service is unreliable’.⁶

Yet, fear of the possible rather than the actual drove decision-making. Highly apprehensive about the prospect of maritime nationalism, containerisation by British shipping companies was part of a wider picture of increased cooperation and combination. This defensive strategy was driven home by Frank Lane, Elder Dempster’s chairman, in justifying his company’s full absorption into the Ocean Group in August 1965: ‘[T]he financial results of shipping...will... depend more and more on specialisation and the use of modern techniques...The greatest benefits...will accrue to those organisations which are large enough to be able to justify the expenditure...which the far reaching changes...entail’.⁷ This clearly meant containerisation. The essence of OCL was a combination of four leading British shipping companies (Blue Funnel, P&O, Furness Withy and British & Commonwealth) searching out new means to defend market shares and reduce political risk.

Decolonisation, Political Risk and Containerisation

The sense of vulnerability was exacerbated by additional costs and inconveniences associated with changing conditions in the decolonising world. Disputes between



Loading a break-bulk ship, Courtesy Shaping San Francisco

maritime labour and capital, and rising labour costs, were certainly not unique to post-war Liverpool, New York or Sydney. In 1956, Sir John Hobhouse, Holts’ chief executive, reported that throughout Asia trade unions believed they were ‘not up to the best Western standards unless [they] organise[d] frequent stoppages’.⁸

There was also trouble at sea against the backdrop of decolonization. A strike led by Nigerian stewards on the Elder Dempster mail boat **Apapa** while berthed in Liverpool in the summer of 1959 resulted in a commission of enquiry in Lagos, identifying inequalities in pay and perks between European and African crews. Elders was advised to end the loosely-regulated system of work hours, and institute overtime payments.⁹

Port labour forces were also caught up in the competing nationalisms which characterised late- and post-colonial politics. Hobhouse noted in 1956 that Sinhalese-

⁶ CIA Online Reading Room, EA-M 86-20126, ‘China’s Merchant Marine Expansion: The Impact on International Shipping’, 14 October 1986, available at:

<https://www.cia.gov/readingroom/document/cia-rdp86t01017r000606440001-0>.

⁷ MMM, OA/1696, ‘Acquisition’, memorandum for senior staff, 13 Aug 1965.

⁸ MMM, OA/692/2, ‘South East Asia in 1956’, *Blue Funnel and Glen Lines Staff Bulletin* (July 1956), pp. 171-2.

⁹ L. Schler, *Nation on Board: Becoming Nigerian at Sea* (Athens: Ohio University Press, 2016), pp. 92-3.

Tamil rivalries in Ceylon had ‘disorganised the labour force at Colombo so that the port is in a constant state of congestion’.¹⁰

Congestion intersected with labour unrest. The Liverpool Steam Ship Owners’ Association conducted surveys of its members in the 1950s on the ‘wastage of carrying power’ arising from slow turnaround. UK and Australian ports were deemed outmoded but so was maritime infrastructure in South Asia, the Caribbean, and East and West Africa. Delays also reflected restrictive labour practices, go slows and strikes.¹¹ In a 26-week round voyage to India by a Brocklebank freighter in 1957 **only 28% of the total time was ‘spent on actual passage at sea’**.¹²

Political upheaval interlocked with port congestion. Blue Funnel experienced ‘difficult and disappointing’ trade with China at the end of 1968 due to the ‘political tensions’ of the anti-western Cultural Revolution and the ‘impossibility of maintaining liner schedules through chronically congested ports’.¹³

Theft was not unique to ports in the Global North either. John Goble, a former Chief Officer with Elder Dempster, emphasised that:

*Security of the cargo was a constant preoccupation... as the countries of West Africa succumbed to civil disorder [crime] grew to become both organised and routinely violent. The ship itself later became the focus of criminal attention... [A]nything of value not immediately required was kept under lock and key.*¹⁴

Violent, large-scale pilferage was an Asian phenomenon too. In the midst of Indonesia’s Confrontation with British-backed Malaysia, there was an extreme incident of pillage at the port of Balikpapan in Kalimantan in March 1965. 30-40 police and army personnel, plus dockworkers, ransacked the cargo of **Lycaon**, a steamship owned by the NSMO (Blue Funnel’s Dutch subsidiary). The loss of passenger property alone was valued at £8,000 (equivalent to £143,000 at current prices).¹⁵

The Balikpapan incident also underscored how information networks unravelled through economic decolonisation. Expatriate merchant firms, which scouted out and booked cargoes, were prime targets of indigenisation measures. Blue Funnel’s Dutch agents in Indonesia had been nationalised after 1957, and British ones taken over in the mid-1960s. By the late-1950s in China, Blue Funnel had no means of ‘knowing how we get what cargo we do’. Cargo flows could be ‘turned off at will for political reasons’.¹⁶ Despite Beijing’s economic liberalisation from the late-1970s, as late as 1986, the CIA

¹⁰ ‘South East Asia in 1956’.

¹¹ MMM, LSSOA/D/SS/2/7, Annual reports for 1950, 1952 and 1955.

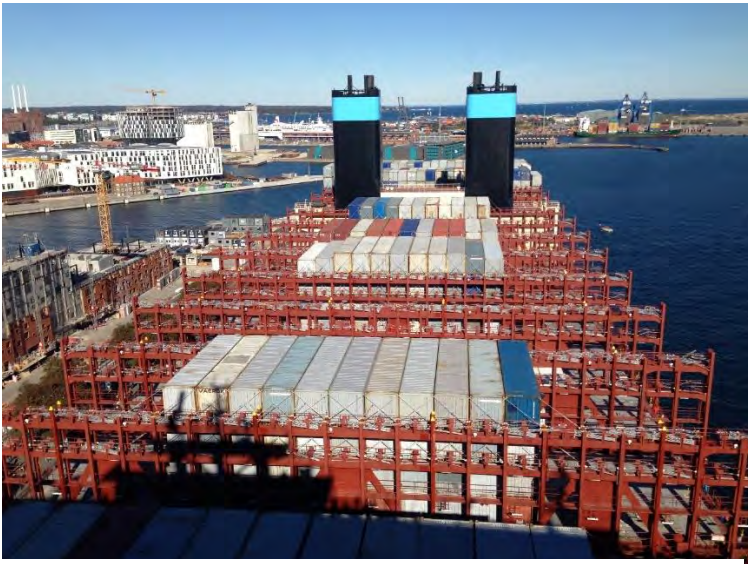
¹² J. Pottinger, ‘To Calcutta in the 1950s’, *Bulletin of the Liverpool Nautical Research Society*, 58, 4 (March 2015), pp. 37-40.

¹³ MMM, OA/4031, *Annual Report & Accounts 1968*.

¹⁴ J. Goble, ‘Liverpool and West Africa: twilight of an individual trade’, *Bulletin of the Liverpool Nautical Research Society*, 60, 4 (March 2017), p. 4.

¹⁵ MMM, OA/1869/1, Djakarta File. Jan, Feb, Mar 1965, Boerstra to Amsterdam, 10 March 1965 enclosing ‘Visit to the Musi, 4-7 March 1965’; Boerstra to Amsterdam, 12 March 1965; notes on discussion in Amsterdam, 5-6 March 1965.

¹⁶ MMM, OA/JLA/22/1, Note by Alexander, 10 October 1958.



Partially populated after deck of the 'Triple E' *Majestic Maersk* (2013). Picture courtesy Wikimedia

reported that 'China's refusal to allow foreign shipping agents to establish offices in Beijing makes it difficult to compete for Chinese business'.¹⁷

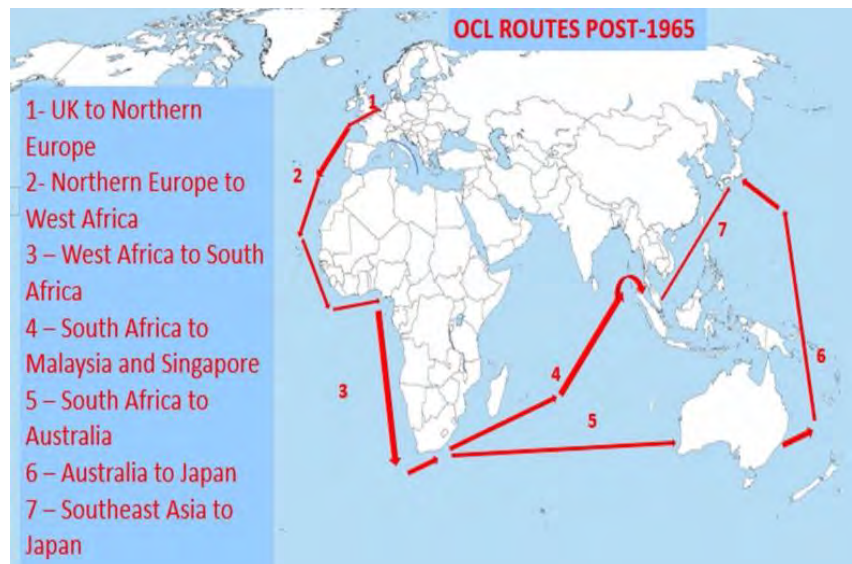
Investing in containerisation provided an opportunity for Holts to focus on the lower risk trades of Australasia. OCL's first containerised service was UK-Australia followed by Europe-East Asia 1972-3 where, as Nicholas Barber, a key strategist at Ocean and later group chairman, has pointed out, the principal attraction was the high value manufactures of

Japan and Hong Kong, not the old 'colonial' primary products of Southeast Asia.¹⁸

Non-European Agency in Containerisation

The lure of Australia, however, also needs to be set within the wider context of the decolonisation of the former 'White' Dominions. As Ocean's chairman, Sir Lindsay Alexander reflected, the Canberra government 'realise[d] that cargo handling costs in Australia were very high' and the 'the consequential rates of freight would...hamper Australian overseas trade'. The Australians insisted that the Europe-Australia services be rationalised. Canberra also wished to 'cut out the recalcitrant Australian docker'. If the British lines would not containerise, the Australians 'would try to find somebody else'.¹⁹

Containerisation, then, was an attempt to prevent further dissipation of established Commonwealth (including South African) trade links, threatened by the



assertive and reorienting ex-Dominions. OCL was a grand, post-imperial vision in intra-Commonwealth trade (which, in Asia, would encompass Singapore and Hong Kong). OCL was about having the best of both worlds – Commonwealth and EEC - since

¹⁷ CIA, 'China's Merchant Marine', p. 11.

¹⁸ Email communication, 18 February 2013.

¹⁹ MMM, OA/750, 'Liner Shipping at the Crossroads. Part V - OCL and all that', c. 1971.

Southampton rather than Liverpool as the start and end point allowed transshipment at northern European ports.

Equally, however, British shipowners wished to secure a slice of burgeoning intra-Pacific exchanges. OCL also participated in the containerisation of the Australia-Japan trade after 1968. This was also a response to Australian maritime protectionism and the ambitions of the Australian National Line (ANL).²⁰ And, in the original OCL project, Ocean's Chairman, Sir John Nicholson, informed his opposite number at P&O in December 1965 that it was not only Sea-Land and the Swedish Wallenius Lines but also ANL which would capture business should the British companies not 'establish an effective organisation'.²¹

Yet, the initiative of ex-British colonies in the take-up of containers needs to also encompass the non-Dominions. The 'tiger economies' of Singapore and Malaysia were the exemplars where container port development was embraced by pragmatic governments to support their nationalistic economic modernisation agendas. By the 1990s, Singapore was the world's largest container port.

Conclusion: Contextualizing Containerisation

On the surface, the adoption of containerisation by European shipping companies represented the usual business imperatives of cutting costs and meeting competition. Nevertheless, the variables had been greatly influenced by the deeper post-war global phenomenon of decolonisation. New national shipping lines, political and economic instability and imponderability, labour troubles, port inefficiency and pilferage, which accompanied decolonisation and pushed up shipping costs, should be factored into the containerisation equation as well.

And, for all the talk of a 'container revolution' containerisation was not that revolutionary. The strategic lead taken by British shipping companies post-1965 was primarily to save core business. Britain's second box business, Associated Container Transportation, also began its operations in Australia where three of the major partners, Cunard, Blue Star and Ellermans, sought to defend their interests. Containerisation was in large part concerned with preserving Commonwealth links threatened by post-colonial globalisation. Equally, the ex-Dominions wanted to use the box to diversify their trade links but also to reduce costs. The agency of Asian members of the Commonwealth should not be overlooked either. Decolonisation and containerisation went hand-in-hand in the mercurial mix of nationalising and internationalising tendencies that characterised the transition to post-colonial globalisation. As the late, great Peter Davies observed for West Africa: the 'prime factor' distinguishing the post-1945 era was 'political and then economic independence' but decolonisation was 'closely allied to the greatly accelerated pace of technological progress'.²²

²⁰ Chih-lung Lin, 'Containerization in Australia: The formation of the Australia-Japan Line', *International Journal of Maritime History*, 27, 1 (2015), pp. 124-8.

²¹ MMM, OA/JLA/20/1, Letter to Sir John Anderson, 13 December 1965.

²² P. N. Davies, *The Trade Makers: Elder Dempster in West Africa, 1852-1972, 1973-1989*, 2nd edition (St. John's, Newfoundland: International Maritime History Association, 2000), p. 297.