ABSTRACT

THE U.S. SHIPBUILDING INDUSTRY: A SHORT HISTORICAL AND ECONOMIC PERSPECTIVE

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The U.S. shipbuilding industry is a highly complex industrial market, as well as one of our nation's oldest industries. Faced with a myriad of threatening internal and external forces, the industry has suffered a rather significant decline for over a century. By the mid-1980s, there was an increasing concern about the general economic viability of the shipbuilding industry and the adequacy to meet mobilization requirements. Today, this concern continues to be voiced by many in the industry.

As a vital arm of our nation's industrial defense base, the industry must seriously consider alternative ways to address this problem in order to compete in a global market. As we move into the new millennium, it is safe to suggest that there are no easy solutions. However, it seems clear to the authors that more government support is needed in order to provide, as minimum, short-term relief. Despite support from U.S. naval contracts, the talents required to market, finance, and compete for commercial contracts are quite different than those utilized in the government sector. Only after this support is initially rendered, will private shipyards be able to re-acquire and improve these vital skills. This essay provides a historical and economic perspective of the shipbuilding industry since 1607. The authors provide an overall description of the industry and competitive analysis, discuss national defense issues, and conclude with some plausible recommendations that would attempt to ameliorate this decline.