The Tribune
VOICE OF THE PEOPLE

COVID disruptions reveal larger supply issues

October 17th, 2021

The COVID-19 pandemic has created a host of supply-chain issues throughout the economy, but it has also revealed issues that have been decades in the making.

Commercial truck drivers are almost always in demand, but they're especially in demand now as the nation deals with supply-chain disruptions that are leaving some store shelves bare and have retailers wondering what they'll have to sell for Christmas — and if they'll have enough of it.

That's driving students to commercial driving schools like one here in Decatur, where 18 were enrolled this past week.

But that's not enough to keep up with demand. Truck drivers are among the top five careers in highest demand in the state, according to the Alabama Department of Labor.

It's all part of a labor market that is in flux, with workers demanding higher wages and many businesses offering not only higher wages but signing bonuses to lure employees.

Overall, the U.S. economy has bounced back from COVID-19 more quickly than experts predicted, and that, along with COVID relief checks issued under both the Trump and Biden administrations, has fueled consumer demand — and inflation.

Consumer prices are up 5.4% over the past 12 months, matching the fastest pace since 2008, while wholesale prices rose 8.6% over the same period for the largest jump since the 12-month change was first calculated in 2010.

Still, retail sales rose 0.7% in September despite higher prices, reflecting strong consumer demand — even as consumer confidence wanes, according to the latest survey data.

Consumer demand has driven a surge in imports, especially from Asia, and America's transportation system is struggling to keep up.

One U.S. toy company is leaving one-third of its iconic Tonka Mighty Dump Trucks behind this year, waiting for a better time to ship them.

“Why? Given surging prices for shipping containers and clogs in the supply network, transportation costs to get the bulky yellow toy to U.S. soil is now 40% of the retail price, which is roughly $26,” reported The Associated Press. With shipping costs that high, it’s simply not profitable to bring the toys home for Christmas. Better to wait it out.

While some of the supply disruptions are short-term issues, however, others have been decades in the making.

“(L)ong-term, systemic problems ... have almost certainly made the situation far worse than it could or should have been by exacerbating delays at almost every major U.S. port,” writes Scott Lincicome, a senior fellow at the libertarian Cato Institute and expert on international trade. “… Many of the problems at U.S. ports today result from intentional decisions made years ago — decisions that have caused our port system to badly lag much of the world. … not one U.S. port ranked in the top 50 global ports in terms of getting a ship in and out of a port... .”

Lincicome cites, in particular, the Jones Act and Foreign Dredge Act as regulations that raise shipping costs and reduce the number of ships that are allowed to carry cargo, especially between U.S. ports.

As for Alabama, a project is underway to deepen and widen the Port of Mobile, making it able to accommodate more and larger ships, laden with more goods. But that project won’t be complete for at least another three years.

President Joe Biden has enacted a stopgap measure, getting the Port of Los Angeles to operate 24/7, seven days a week, but even so, that doesn’t make up for the systemic issues that long predate his administration. Nor does it address the bottlenecks that will form once the surge moves beyond the nation’s ports to its railways and highways.

Unlike many of the projects in the Democrats’ $3 trillion spending bill, now likely to be about half that, this really is infrastructure. And it could benefit both from some investment and some deregulation.