



Government Aggravated Tragedy

The Navigation Act was that name given to laws that regulated trade and commerce between Great Britain and its colonies. First enacted in 1651, and often amended, the law stipulated that no merchandise was to be carried to Britain or its colonies except by British ships built and manned by British subjects. The act stifled American manufacturing, increased the cost of goods and gave rise to smuggling and increased resentment against the mother country. The purpose of the mercantilist Navigation Act was to protect and enrich British interests.

You say, “Williams, the history lesson is nice but what does it have to do with the Gulf oil disaster?” Foreign companies, with extensive successful experience in oil spill cleanups, have offered their services but have been refused by Washington. Why? A Coast Guard spokesman said that Belgian, Dutch and Norwegian vessels are being barred from the Gulf region because they “do not meet the operational requirements of the Unified Area Command.” That’s another way to say that the 1920 Jones Act, a protectionist law not unlike Britain’s Navigation Act, requires vessels working in U.S. waters be built in the U.S. and be crewed by U.S. workers.

James Carafano, researcher at the Heritage Foundation, said, “The unions see it as ... protecting jobs. They hate when the Jones Act gets waived, and they pound on politicians when they do that.” Carafano asks, “So are we giving in to unions and not doing everything we can, or is there some kind of impediment that we don’t know about?” President Obama has the power to waive the Jones Act to allow foreign vessels and crews to bring their expertise to the Gulf cleanup, but he fears angering American labor unions.

This is not the first time that Washington’s catering to shipping interests produced disaster for our country. Congress enacted the Navigation Act of 1817 providing, “that no goods, wares, or merchandise shall be imported under penalty of forfeiture thereof, from one port in the United States to another port in the United States, in a vessel belonging wholly or in part to a subject of any foreign power.” Since the South was the nation’s major exporter, Northern protectionist measures went a long way toward setting up the grievances that ultimately led to secession and the War of 1861.

Have you wondered why a foreign cruise ship can take you from Anchorage, Alaska to Vancouver, British Columbia but not to a more convenient U.S. port such as Seattle? You can blame it on a law very similar to the Jones Act. That’s the Passenger Vessel Services Act (PVSA) of 1886 (46 U.S.C. 289) states that “no foreign vessel shall transport passengers between ports or places in the United States, under penalty of \$200 for each passenger so transported or landed.” PVSA is simply a protectionist law to spare American ships from international competition. PVSA permits American shipping companies to financially rip off their shipping and passenger customers by charging prices that would be otherwise unsustainable without the law.

The bottom line lesson is nothing good can come from trade restrictions except windfall gains by a small group of beneficiaries, shipping companies and their unions that come at the expense of a much larger number of people — customers who ship and passengers who travel. The only good news is that the Gulf disaster is making the victims of such restrictions visible.

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