



DHS Secretary Approves Waiver of Jones Act, Easing Hurricane Aid Shipments to Puerto Rico

The Department of Homeland Security posted a press release on September 28 stating that Acting DHS Secretary Elaine Duke has approved a waiver of the federal Jones Act, which prohibits the shipment of goods from one U.S. port to another on anything other than American ships.

The statement said that the decision followed the previous day's request from Puerto Rico's Governor Ricardo A. Rosselló and the Secretary of Defense's determination that a waiver is in the interest of national defense.



Since being struck by Hurricane Maria, essential items such as safe drinking water, food, and gasoline have been in very short supply across Puerto Rico. Bringing in relief supplies by ship would greatly help the plight of Puerto Ricans.

Duke's decision was preceded by approval from President Trump. White House spokesman Sarah Sanders said in a Twitter post that the president, at the request of Rosselló, "has authorized the Jones Act be waived for Puerto Rico. It will go into effect immediately."

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"This waiver will ensure that over the next ten days, all options are available to move and distribute goods to the people of Puerto Rico. It is intended to ensure we have enough fuel and commodities to support lifesaving efforts, respond to the storm, and restore critical services and critical infrastructure operations in the wake of these devastating storms," Duke said in her statement.

The DHS statement also explained how the Jones Act worked, noting (as we stated above) that it prohibits the transportation of cargo between points in the United States, either directly or via a foreign port, in any vessel that is not built in and owned by persons who are citizens of the United States. The last Jones Act waiver was issued earlier this month, for petroleum products to be delivered for relief assistance in anticipation of the effects of Hurricane Irma, which struck Florida.

The waiver has been initially granted for 10 days, but after the 10-day period, it can be extended if needed, DHS spokesman David Lapan told CNN.

The official name of the Jones Act is the Merchant Marine Act of 1920. It was introduced by Senator Wesley Jones (R-Wash.) and signed into law by President Woodrow Wilson. The legislation was originally described as "an act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes." Therefore, its stated purpose was not primarily to protect U.S. shipping companies from economic competition, but to ensure that the United States would always have a merchant marine fleet available to transport essential goods in case of wars or







other national emergencies.

Despite this official description, critics of the Jones Act have long asserted that it is protectionist in nature, and increases the costs of shipping goods, especially to places that rely on getting essential items by sea, such as Hawaii, Alaska, and Puerto Rico. As such, it would be expected that Republican members of Congress, who often express support for eliminating government regulations and allowing the free market to operate, would be in favor of ending this regulation put into place in the aftermath of World War I. However, there is often little connection between the supporters and opponents of the Jones Act and which side of the aisle they sit on.

Back in 2015, when Senator John McCain (R-Ariz.) one of the most outspoken opponents of the Jones Act in Congress, added an amendment onto a Keystone XL Pipeline bill that would have repealed the Jones Act, 32 bipartisan representatives sent a letter to the Senate leadership urging them to reject what they called a "misguided" amendment. The letter was signed by 18 Democrats and 14 Republicans. One of the Republicans was California's Duncan Hunter, who has long been one of the Jones Act's biggest advocates in Congress.

Senators Bob Casey (D-Pa.) and Tammy Baldwin (D-Wis.) also sounded off in support of the Jones Act, issuing a statement saying that McCain's amendment could endanger U.S. shipbuilding jobs and outsource work being done by American workers to foreign countries.

In launching his amendment, McCain made the following statement:

I have long advocated for a full repeal of The Jones Act, an antiquated law that has for too long hindered free trade, made U.S. industry less competitive and raised prices for American consumers. The amendment I am introducing again today would eliminate this unnecessary, protectionist restriction.

McCain has not given up his efforts to repeal the Jones Act. On July 17, he introduced S.1561- "Open America's Waters Act of 2017"- "A bill to repeal the Jones Act restrictions on coastwise trade, and for other purposes."

While the Jones Act obviously hindered the shipment of badly needed relief materials to Puerto Rico (and before that, shipments to Texas and Florida, prompting waivers after hurricanes struck those areas) S. 1561 was introduced before the recent hurricanes struck. McCain introduced it not because it facilitated shipments of hurricane relief goods, but because the Jones Act, like all government regulations restricting trade, had bad economic consequences for all Americans. As we noted, when McCain filed his amendment back in 2015, he said: "I have long advocated for a full repeal of The Jones Act, an antiquated law that has for too long hindered free trade, made U.S. industry less competitive and raised prices for American consumers."

An article posted by *Quartz* in August examined the economic costs of the Jones Act, noting:

But the Jones Act has had an impact, just not the one that was intended, for it made shipping between US ports extremely expensive. So expensive, in fact, that some Hawaiian ranchers still fly cows to the mainland rather than having them loaded and shipped on boats. Those high costs not only make the goods Americans buy more expensive, they've pushed ever more freight on to trucks, significantly increasing highways congestion, intensifying air pollution and further degrading the country's infrastructure.

According to a report from Tufts University, the Jones Act restrictions significantly increase the



Written by Warren Mass on September 28, 2017



cost of stuff Americans buy, from Florida oranges, to coal from West Virginia and grain for livestock in California. Largely because of the Jones Act, getting oil from Texas to Boston costs three times as much as getting it from Europe. The U.S. International Trade Commission estimated that repeal or amendment of the Jones Act could save the US between \$5 and \$15 billion.

The Jones Act is but one of an uncountable number of regulatory laws that add to the cost of doing business. Donald Trump campaigned on a platform of reducing the regulatory burden on Americans. So far, he has fulfilled much of that platform. An <u>article in *The New American* on September 22</u> cited a report from the American Action Forum (AAF), which has been tracking President Trump's promise to deregulate American businesses. In April it had found that the repeal or delay of regulations imposed during the Obama administration could lead to \$86 billion "in net fiscal effects" for taxpayers as a result.

The article also noted a July article in the *Washington Post* that counted 860 regulations that the Trump administration was either pulling or suspending.

Why not add repeal of the Jones Act to that number? While McCain is often on the wrong side of many issues, this is not one of them. Let us hope that Trump seriously considers what the Arizona senator has to say about the Jones Act.

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