



What Cato Doesn't Tell You About the Jones Act

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Good people still make bad mistakes.

One example is the Cato Institute's attacks upon the Jones Act. The libertarian think tank should be appreciated for some other efforts, but not for its strident campaign to let foreign interests take over water transportation within the United States.

Last week, the Jones Act turned 100 years old. While it has served America well, it has come under repeated attack by those who forget its purpose.

The century-old Jones Act continues policies that trace back to the founding of America. It requires that internal trade between American ports should use vessels that are mostly American-owned, built in America, and mostly crewed by Americans. The Jones Act does not apply, however, to international trade that moves between a U.S. port and a foreign port.

Worldwide, many nations apply similar policies for domestic transport.

Cato claims some domestic shipping costs *might* be lower, short-term at least, if we invited in foreign interests. But the Jones Act is about national security, not about money. Even Cato's hero, the early American economist Adam Smith, recognized that a country does not benefit if its trade is outsourced to other countries.

If Cato succeeded in repealing our Jones Act, one nation that could jump big-time into our domestic trade is China. China is aggressively pursuing a chokehold on maritime trade because 90 percent of global trade goes by ship. Control of the seas is key both to economic and military control.

China's global "Belt and Road Initiative" injects it into transportation and infrastructure of 138 countries, a companion to its "Made-in-China 2025" plan. Thanks to enormous government subsidies, China builds far more ocean-going ships than any other country—almost 1,300 a year compared to only eight a year in the United States.

China has purchased control of major cargo ports on every continent except Antarctica, often including military bases as well. China links its businesses with its People's Liberation Army. The Communist regime in Beijing uses forced labor and spends unlimited money toward these goals.

But the Jones Act stops them from doing within the United States what China is doing around the globe. They're developing dominance within the 41,000-ship global fleet of ocean-going merchant ships. Without the Jones Act, they could also expand among the other 40,000 vessels (ships, barges, tugs, etc.) which handle America's internal trade along our riverways, intracoastal canals, and between American ports.

China also pursues what *Forbes* called “China’s Seaport Shopping Spree” worldwide. They even acquired major facilities in the Port of Long Beach, California, until President Trump forced them to divest it, with a sales price of \$1.8 billion.

China has declared shipbuilding and maritime trade as critical strategic interests. The United States has not given shipbuilding a similar priority.

But instead of recognizing that the Jones Act thwarts China, the Cato Institute distorts common sense by claiming that somehow this law benefits China instead of the United States. That makes as much sense as calling their Great Wall nothing but a little picket fence.

The Jones Act is part of a consistent and important U.S. policy. Our aviation laws contain similar restrictions, requiring passenger and freight flights within the United States to be on domestic airlines. Foreign air carriers like China Southern, Lufthansa, Air France, British Air, etc., are allowed only to fly between a U.S. city and a foreign city.

Likewise, our defense and national security laws follow this America First policy through “Buy American” requirements that are based on security needs and to maintain our critical industries.

America’s values are protected by economic strength as well as by military strength. The problem with unbridled libertarianism is that it makes no moral distinction between sustaining a democratic republic or enabling a totalitarian regime.

We learned the hard way that relying on cheap imports was hollowing out America’s economy and manufacturing sector. And while we recover from the coronavirus shutdowns, the last thing we need is to shift more American jobs to China by repealing the Jones Act.

Sorry, Cato, but please focus on better ideas instead of this one.