



Shots Fired in Jones Act Debate

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Shots were fired this week when a newly released US Maritime Administration (MARAD) document from 2020 showed that a Department of Transportation (DOT) advisory committee recommended that members of the Cato Institute, a libertarian think tank that's opposed to the Jones Act, be charged with treason. Treason is a federal crime punishable by death. MARAD did not take action on the recommendation but new threats to the Jones act are emerging, which may sink the 102-year law.

The documents were part of a freedom of information act (FOIA) request filed by Cato which included recommendations from a March 2020 meeting of the DOT's Marine Transportation System National Advisory Committee (MTSNAC). It advised the DOT to unequivocally support the Jones Act and "charge all past and present members of Cato and Mercatus Institutes with treason." MTSNAC also asked the President to "inform the Heritage Institute that he will personally disavow them if they continue to advocate against the Jones Act."

Pete Buttigieg And The Jones Act

Neither DOT Secretary Pete Buttigieg nor MARAD Administrator and US Maritime Service Commandant Ann Phillips have commented publicly on the document but Cato has acknowledged that no charges have been filed against institute members for their anti-jones act rhetoric, which is protected under the 1st amendment.

The DOT's strong support for the Jones Act is apparent throughout the 41 pages of the release but neither Buttigieg nor his predecessor, former republican DOT Secretary Elaine Chao, have done much to address the threat from Cato. The DOT heads, who come from polar opposite sides of the political spectrum and have strong media followings, have done little to publicly support the Jones Act via social media statements or major media interviews at all.

Has a lack of support from Buttigieg's office left the Jones Act exposed to new threats?

DOT Secretary And The Media

The current DOT head is a rock star in American media and is regularly featured in the nation's top programs like 60 Minutes and Face the Nation but – apart from pre-taped messages at private events like the American waterway operators' annual convention, and in prepared statements to Congress – Buttigieg has mostly avoided Maritime Administration topics altogether. captain could find no evidence of Buttigieg mentioning MARAD during his many media appearances about the port crisis or in posts to his millions of followers on Twitter.

At major events he frequently fails to mention any maritime transportation issues at all:

The lack of US maritime industry support from the head of DOT is so severe that the federal service academy that Buttigieg is in charge of – the United States Merchant Marine Academy at Kings point – only had 1,278 followers on Twitter at the time of this writing. This number equals 0.031% of Buttigieg's total followers. There is no evidence he has retweeted or even “liked” a single one of USMMA's official posts.

captain has also found little evidence of the secretary supporting the six state maritime academies which are also critical to national defense and which MARAD is also required to support.

Buttigieg's lack of media support for the Jones Act (despite his increasing popularity among voters) comes at a time when Maritime policy is more important than ever due to the worst energy crisis, the worst international food crisis, the worst US Navy shipbuilding crisis, the worst transportation infrastructure crisis, and the worst port congestion crisis in many decades.

During a recent trip to Washington DC, gCaptain heard from several sources that – despite this onslaught of maritime related crises – the head of the maritime administration, Commandant Ann Phillips, has very little face time with the secretary and has been reluctant to bring some important maritime issues to his attention.

Is DOT Supporting US Navy Efforts?

She is not alone. The United States Navy – which recently received its first “weak” rating in the Heritage Foundation's military readiness report – is currently under fire for not being able to build enough ships. Several members of Congress – including prominent democrats like Elaine Luria – have chastised, the Secretary of Navy Carlos del Toro and the Chief of Naval Operations Admiral Michael Gilday, for shipbuilding delays and a lack of support for and investment in our nation's shipyard infrastructure. Investing in publicly listed companies like shipyards however, is not the responsibility of the US Navy (this is because the US Navy is the primary customer of most major shipyards in the United States, and conflicts of interest could result), it is the responsibility of the DOT.

Several US Navy admirals and senior administrators have told gCaptain that Secretary Buttigieg's – who is a former US Navy intelligence officer – interest in supporting American shipyards and the US Merchant Marine is minimal at best.

Navy leaders like del Toro and Gilday have made no effort to call out Buttigieg or MARAD's lack of progress in investing in major American shipyards and advocating for their needs as MARAD's

federal mandate requires. In fact, MARAD has not even conducted a major shipbuilding survey since 2003.

This lack of attention from the top on critical maritime affairs, has open the floodgates for renewed attacks on the Jones Act.

Are Cato's Anti-Jones Act Efforts Failing?

According to one source inside MARAD, one major reason why Buttigieg and MARAD have not been more vocal in support of the Jones Act is the simple fact that, despite the significant investment Cato has made in overturning the century-old law, the Jones Act continues to have support from Congress, the military, and a large majority of the US Maritime Industry.

In short Cato's efforts have not been very effective.

“We haven't worry too much about Cato because they have spent a lot of time focusing on the shipment of goods to Puerto Rico and Hawaii,” one Jones Act lobbyist told gCaptain at a recent event. “And frankly, the majority of American voters don't care about our distant islands.”

What Americans do care about very much is the escalating price of energy, the price of food, traffic congestion, highway deaths from large trucks, and – at least for liberal voters and the Wall Street banks that lend money to shipping companies and shipyards – decarbonization. All problems that – according to MARAD's own Marine Highway initiative documents – could be solved by moving cargo via ships and barges which can move a significantly larger amount of cargo at roughly 1/10th the amount of energy and carbon emissions compared to trucks.

New Jones Act Threats Pick Up Steam

In recent months, gCaptain has become aware of several new efforts to reform the Jones Act, and increasingly these groups are focusing on swing states and voters in the heartland and politically powerful places that could benefit most from increased short-sea shipping. Places like New York, Texas, Florida, California, and Virginia as well as the states connected to inland waterways.

It is important to note that most of these groups are still in the exploratory phase but the reframing of concerns from distant islands like Puerto Rico to the heart of America, could if left unchecked (and in concert with the US Navy's increased frustration over the lack of DOT support for shipyard expansion and sealift) be a stake in the heart of Senator Wesley Jones.

“The global supply chain crisis has awakened many Americans to the fact that the US is a maritime nation,” says Jones Act supporter Dr. Sal Mercogliano. “However, years of inattention, deregulation, and neglect have led the US merchant marine to decline from #1 in the world to #21. Many issues account for the decline and can be affixed to one issue or law. What is needed today is a new Merchant Marine Act that can benefit the consumers, shippers, industry, and even the military.”

Peter Zeihan Supports A Strong Maritime Industry But....

Today one powerful supporter of investing in America's maritime transportation infrastructure – the widely popular geopolitical strategist Peter Zeihan – took a direct shot at the Jones Act via his

newsletter and YouTube channel. Before exposing Zeihan to the fury of gCaptain's American readers it's important to note that he suggests **reforming** the Jones Act, not replacing it, a view that some of the act's most ardent supporters- people like Dr. Sal Mercogliano whose Youtube channel and Twitter stream frequently defends the Act against Cato – agree with.

In his newsletter, Zeihan states that one of the key pillars supporting the United States and its historical development is the sheer abundance of navigable waterways. Not only is the Mississippi River basin one of the largest and most productive agricultural regions on the planet but it's crisscrossed with one of the world's best riverine transport systems.

“When it comes to geography, few places are as blessed as the United States. The nation has the most world-class, deep-water natural ports and largest Intracoastal waterway network of any country on the planet,” said Zeihan in his newsletter. “Which is why it's so weird that the United States has remained determined to hobble economic development from the Puget Sound to the Chesapeake Bay to Puerto Rico and even Iowa by adhering to the limitations of the Jones Act.”

In this morning's video – which already has over 55,000 views, Zeihan takes this message a step further by saying that, while the media and political attention on semiconductors is helpful, it pales in comparison to what could be done if Congress and the Department of Transportation focused on developing waterway and river shipping.

While Zeihan believes that Jones Act reform is the most important first step towards investment in waterways he acknowledges that this would be a hard sell in any political environment but especially for America's liberal leadership because of the strong support of union leaders like Master Mates And Pilots Union President Don Marcus, who recently testified on the importance of the Jones Act in congress. Unions that Buttigieg and Biden consider important for political reasons.

“The United States is going through a period of political reshuffling and the faction that is most in motion is organized labor,” said Zeihan in today's video. “The two issues that organized labor is most concerned about are union membership and immigration. On the membership front, all of the jobs that maintain those old, slow, inefficient Jones Act vessels are union jobs. And so the union see the Jones Act as a job Preservation Act, despite the fact it has cost the rest of the United States 10s of trillions of dollars over the course of the last century.”

Zeihan concludes his video by asking Americans to call their representatives in congress to demand Jones Act reform. Doing so, he claims, is the “best way” for the United States to re-industrialize cities, expand the port infrastructure, reduce its carbon footprint and make the United States a much stronger place.”

Only time will tell if these new anti-jones act groups will emerge and grow in strength and start attacking the Jones Act directly but domestic enemies of the act are only part of the concern.

Will Europe Join The Fight?

Increased pressure from Cato and a reframing of the debate to appeal to swing state voters comes at a time when the group that has been the most vocal opponents of the Jones Act historically (and

currently has the most politically powerful members of the broader industry) the European shipping community – is suffering under immense political and logistical strain. In fact, Boris Johnson’s first request of President Trump was to write an executive order allowing European carriers into the Jones act trade.

As the European energy crisis deepens, the American shipping unions and domestic carriers might have to defend the Jones Act from all enemies, both foreign and domestic.

Cato Fights Back Against Allegations Of Treason

“My Cato Institute colleagues and I are pleased to see a growing recognition of the Jones Act’s glaring failure to meet the country’s economic and national security needs,” said Colin Grabow, Cato’s lead Jones Act Research Fellow told gCaptain. “Cato is fully open to working with MARAD and any other group seeking to reform the Jones Act. Based on what has been revealed via the FOIA process, however, we won’t hold our breath waiting for their call.”

The message from Cato and the new wave of Jones Act reform influencers like Zeihan is clear – the battle has just begun – the question is will President Biden, Secretary Pete Buttigieg, or Commandant Ann Phillips step up to the plate to defend the Jones Act in the press and with the American public at large?