



2020 Democratic hopefuls need to stop pandering, actually commit to helping Puerto Rico

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By supporting a Jones Act exemption, Democrats will raise economic growth, rein in corporate interests and encourage competition.

While Democratic presidential hopefuls have been making their way to Puerto Rico to win support from both island residents and their diaspora on the mainland, it's actually a Republican who has introduced a bill that would provide immediate relief to the island.

Sen. Mike Lee, R-Utah, is heading the efforts to repeal a restrictive trade law known as the Jones Act. This should be a bipartisan issue, as the Jones Act has been nothing but trouble for the people of Puerto Rico. And now, more than 30 local and national organizations are urging all presidential candidates — of both parties — to support a comprehensive policy platform in their campaigns that addresses the most pressing issues facing Puerto Rico, including a call to exempt the island from the Jones Act.

For starters, the Jones Act, which has been in place since 1920, mandates that goods transported between U.S. ports be conducted by vessels that are U.S.-flagged, U.S.-crewed, U.S.-owned and U.S.-built. Such requirements don't come cheap. Ships constructed in U.S. shipyards are commonly estimated to cost up to five times more than those built elsewhere, and they are nearly three times more expensive to operate. These costs are ultimately passed along to consumers who get stuck paying what amounts to a de facto Jones Act tax. But instead of this money going into public coffers, it is used to fill the bank accounts of a few corporate shipowners.

This all hits Puerto Rico particularly hard. Except for the relatively small number of goods flown in on airplanes, everything not produced on the island must be brought in by ship, much of it from the U.S. mainland.

The cost of bad laws

A new report found that transporting containers to the island was 2.5 times more expensive from the U.S. than from foreign ports. That translates into \$367 million in added costs for food and beverages alone. Another report from 2019, meanwhile, placed excess shipping costs at \$569 million and said that prices on the island are \$1.1 billion higher than they would be without the Jones Act.

For an island of only 3.2 million U.S. citizens with a poverty rate of more than 44 percent, such numbers constitute a terrible economic strain. These extra costs mean less money in the pockets of Puerto Ricans and increased profits for shipping companies.

Adding insult to injury, some in Washington complain of the island's high dependency on federal funds while denying Puerto Rico access to competitive water transportation —one of the most basic economic tools for an island.

An opportunity for 2020 hopefuls

For too long, some Democrats have supported this law that effectively acts as a boot on Puerto Rico's neck. It's time for a commitment early on into the 2020 campaigns.

Rather than perpetuate the status quo, Democrats must confront the unholy alliance that exists between U.S. shipbuilders, the Jones Act carriers, and some labor unions who believe their jobs would be placed at risk by more competition.

The party that prides itself on defending the little guy cannot allow Jones Act corporate interests to adopt the mask of pro-worker policy. Indeed, let us not forget that three carriers servicing Puerto Rico were indicted and pleaded guilty for antitrust violations between 2008 and 2012, at the beginning of the island's long economic recession. By protecting such corporate greed the Jones Act makes jobs harder to find and reduces the purchasing power of paychecks. This law is anti-worker.

To truly stand up for Puerto Rican workers, consumers and the Commonwealth's economy, Democrats need to support a permanent exemption of the Jones Act for the island. This path provides needed relief while not costing the federal government a single cent. By supporting a Jones Act exemption or other types of reform, Democrats will raise economic growth, rein in corporate interests, encourage competition, advance the cause of workers and promote sound policy in Puerto Rico.

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