



## Alaska lawmakers must get serious about Jones Act repeal

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Life in rural Alaska, Sen. Lisa Murkowski points out, can be expensive. Visiting rural Savoonga recently, Murkowski highlighted prices for goods such as peanut butter and toilet paper nearly twice those found in Washington, D.C. (a place not known for its low cost of living). Even Anchorage was ranked 20<sup>th</sup> out of 264 U.S. areas in 2016 for its cost of living, while Juneau is even more expensive.

And part of the reason is a nearly 100-year-old law Murkowski supports.

Called the Jones Act, the law mandates that ships transporting cargo between two domestic ports be U.S.-owned, flagged, crewed, and built. For Alaska this means that goods shipped from Seattle to Anchorage, or between two Alaskan ports, must be performed by vessels meeting these requirements. A Canadian vessel sailing from Prince Rupert, British Columbia, to Anchorage, for example, is prohibited from stopping at Juneau along the way to pick up cargo destined for elsewhere in the state.

This is not only a direct assault on Alaskan's freedoms, but their pocketbooks as well. Besides reducing competition, the law forces carriers who ply routes between Alaska and other domestic locales to buy U.S.-built ships that cost as much as eight times more than those from Asian shipyards. In addition, these ships are, on average, estimated to be 2.7 times more expensive to operate than their foreign counterparts.

These costs add up. A 1982 analysis conducted for the Alaska Statehood Commission estimated that, adjusted for inflation, the Jones Act costs each resident \$267 per year. That's more than \$1,000 annually for a family of four. The state's oil industry, meanwhile, was found to suffer an additional \$600 million inflation-adjusted hit. A separate study published by the U.S. Government Accountability Office in 1988 said that the U.S. build requirement alone imposed a cost equal to 2 percent of Alaska's total personal income.

In 2012, the energy exploration firm Furie Operating Alaska LLC was slapped with a \$15 million fine, later reduced to \$10 million, for moving a drilling rig from the Gulf of Mexico to Cook Inlet the previous year with a vessel that was not Jones Act-compliant. This was in spite of Furie's claim that no Jones Act ship was available to perform the task and the fact it had received a federal waiver for such a move in 2006.

How much more energy exploration would be taking place, and how many more energy-related businesses would be prospering without the Jones Act standing in the way? It's worth noting that in 2007 a North Kenia fertilizer plant closed, taking with it 400 jobs, because of a lack of production from nearby natural gas fields. And even before its closure the plant had been directly harmed by the Jones Act, which undermined its ability to export fertilizer domestically.

The Jones Act's costly burden to Alaska is hardly a secret. As far back as 1955 former Alaska Gov. and Sen. Ernest Gruening blasted the law for ruining businesses and imposing a "heavy expense" on the state. Fourteen years later, Sen. Ted Stevens (R-Alaska) introduced legislation to either subsidize the law as compensation to Alaskans or grant the state an exemption from its strictures. And in 1984 Alaskans overwhelmingly passed a ballot measure mandating the state's governor attempt to persuade Congress to repeal the Jones Act and submit an annual report detailing progress toward this goal.

Yet nothing has been done. If anything, progress has gone backwards, with Alaska's legislature later removing the ballot measure's reporting requirement. And while the governor's pursuit of Jones Act repeal remains state law, members of the Alaska's own congressional delegation continue to back it. Rep. Don Young calls himself a "strong supporter" of the Jones Act while Murkowski has praised both the law and groups that lobby for it.

How can this be explained? At least part of the answer no doubt lies in the fact that Alaska is home to a large maritime industry that benefits from the Jones Act's restrictions on foreign competition. In addition, unions have backed the law-no small thing in one of the country's most unionized states. The average Alaskan may only be vaguely aware of the law and its costs, but rest assured maritime workers and union members maintain a much keener interest and vote accordingly.

As with so much of what doesn't make sense in Washington, the Jones Act represents the triumph of special interests. This costly and outdated law ought to be repealed.

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