



## Somebody in the Shipping Industry Wants Opponents of the Jones Act Charged with Treason

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Is it treason to encourage lawmakers to strike down a century-old protectionist shipping law that shields a small number of U.S. businesses and workers from competition at the expense of American consumers? Of course not, but apparently, at least one member of a maritime shipping advisory panel thinks it is.

To wit: In documents the Cato Institute obtained from the U.S. Maritime Administration (MARAD) through the Freedom of Information Act, a set of recommendations from an advisory committee included a suggestion to "charge all past and present members of the Cato and Mercatus Institutes with treason." Their collective crime against the United States is simply advocating against the continued enforcement of the Jones Act, a.k.a. the Merchant Marine Act of 1920, which requires that ships transporting cargo between U.S. ports be American-made and owned and crewed by Americans.

The Jones Act is a deliberately protectionist law that shields domestic shipping companies from foreign competition. There are fewer than 100 Jones Act-compliant ships. The end result is that people who live in distant parts of America like Hawaii, Alaska, and Puerto Rico have to pay much more for goods (particularly fuel) to be shipped to them. It also makes a crisis (like a hurricane, for example) much more expensive to recover from.

For years, the Cato Institute and Mercatus Center have called for the repeal of this bad, anticompetitive law. But domestic shipping industry magnates (and the unions representing their workers) benefit financially by shutting the door on potential competition. The industry has the ear of lawmakers, a tremendous amount of power, and, it turns out, huge amounts of influence over the government agency that's supposed to be overseeing them.

The Cato Institute had been working for months to get responses to Freedom of Information Act (FOIA) requests from MARAD about some of their internal communications. They finally got MARAD to turn over some emails and memos. At the end of a 41-page collection of documents is a set of recommendations from the Marine Transportation System National Advisory Committee (MTSNAC). This is a federal committee under the umbrella of the U.S. Department of Transportation. These recommendations come from a March 2020 meeting encouraging support of the Jones Act. It calls for "Unequivocal support of the Jones Act" and adds:

Charge all past and present members of the Cato and Mercatus Institutes with treason. The President inform the Heritage Institute that he will personally disavow them if they continue to advocate against the Jones Act.

It should be obvious that it is not "treason" to advocate that lawmakers, using the democratic process, strike down an old law that protects a handful of special interests at the expense of the larger American public. That this would even appear in a list of recommendations from a government advisory committee, whether serious or not, is a red flag about who that agency serves.

Haley Byrd Wilt over at *The Dispatch* got the scoop on the story but was unable to get any information about where the treason recommendation came from. She did note that it was not included in the committee's final list of recommendations that year. People Byrd Wilt spoke to from the subcommittee either didn't remember the recommendation or theorized it was a joke.

Scott Lincicome, director of general economics and of Cato's Herbert A. Steifel Center of Trade Policy Studies, is one of the allegedly treasonous citizens the recommendation targets (he also writes a newsletter for *The Dispatch*). He tells *Reason*, "My initial reaction was, and I literally said it out loud, was, 'Holy shit.' Pretty stunning stuff."

Lincicome and Colin Grabow, a research fellow with Cato, have a blog post up explaining the background of their pursuit of these documents and a link to the documents themselves. Lincicome tells *Reason* that more documents will be posted in the next few days. He says that these documents will help further establish how much MARAD has essentially been captured by the maritime industry. It's supposed to be serving as industry oversight. But that's not what Lincicome sees.

"There is an established pattern of pro-Jones Act collusion between the maritime industry and the government agency charged with regulating them," Lincicome says. "It's not in any way subtle." He tells *Reason* that he has documentation showing MARAD officials and representatives from the shipping industry openly discussing in 2020 how to prevent ships that weren't compliant with the Jones Act from getting permission from the federal government to help deliver Liquefied Natural Gas (LNG) to northeastern states in response to increased demand due to frigid weather conditions. The Jones Act was amended that very year to change the waiver process to make it harder for the federal government to grant this permission, even during emergencies (except for military emergencies).

The absurd "treason" allegation is salacious, Lincicome says, but it's just the tip of the iceberg. The fact that this would be included in a list of recommendations intended to be treated seriously by the federal government is a symptom of a much deeper problem.

"This is the industry and the agency that regulates it working hand and glove together to squelch criticism of the law," he says.