



## Hawaii Congressman Ed Case Renews His Crusade Against The Jones Act

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Now that U.S. Rep. Ed Case is back on Capitol Hill after a decade-long absence, he's rekindled his fight with an old foe.

Case took to the House floor on Dec. 19 to rail against the Merchant Marine Act of 1920, a century old law — commonly referred to as the Jones Act — that he and others blame for the high cost of living in the islands.

The Jones Act requires that any cargo shipped between U.S. ports be carried on American-made vessels, and that those ships be U.S. flagged, owned and operated by Americans.

Case delivered a speech that was nearly identical to one he gave in 2003, during his first stint in Washington when he represented Hawaii's 2nd Congressional District.

Then, as now, he was seeking to exempt Hawaii from the Jones Act, saying that it was a protectionist law that only hurt consumers in faraway places such as Hawaii, Alaska and Puerto Rico that rely on sea transport for most goods.

There's something wrong, he said, when a gallon of milk in Honolulu costs \$6.39 and only \$4.49 in Long Beach, California.

“At a basic level, the everyday goods that we rely on in Hawaii cost much more than on the mainland, a difference which largely cannot be attributed to anything other than shipping costs,” Case said.

“Enough is enough.”

The Jones Act places an economic “stranglehold” on the islands and other non-contiguous states and territories such as Alaska and Puerto Rico, he said, in part because it doesn't allow foreign competition to drive down costs.

Instead, the law creates the conditions for domestic shipping companies to establish monopoly control over certain trade routes.

In Hawaii, Case said, the companies that benefit most are Matson and Pasha, and that the only direction prices have gone are “up, fast and repeatedly.”

Case introduced three pieces of legislation last week to address his concerns with the Jones Act.

One bill seeks a straight exemption from the law for Hawaii and other non-contiguous jurisdictions. Another would force domestic shippers to charge a “reasonable rate” that cannot be more than 10% above the fees charged by international competitors on similar routes.

The third proposal would rescind the Jones Act in places where there are fewer than three companies — all with separate ownership — competing for the same routes.

In an interview with Civil Beat, Case said Jones Act reform is among his top priorities in Washington because it directly affects the cost of living in the islands.

“The real problem is the astronomical prices in Hawaii,” Case said. “Every single thing that is a cost driver in Hawaii, I am going to try to do something about it, whether it’s the cost of housing or the cost of goods due to shipping.”

### An Uphill Battle

Case doesn’t expect to get much help in his quest to reform the Jones Act.

The Democratic congressman hasn’t secured a single co-sponsor for his legislation. He’s also unlikely to get any backing from anyone within the state’s federal delegation.

U.S. Sens. Brian Schatz and Mazie Hirono both support maintaining the status quo, as does Congresswoman Tulsi Gabbard, who is currently running for president. This is no different than the last time Case served in Washington.

At that time, he represented Hawaii’s 2nd Congressional District, which includes rural Oahu and the neighbor islands. He had introduced three bills to exempt Hawaii and its industries, namely livestock and agriculture, from the Jones Act. He currently represents the 1st Congressional District, which includes the greater Honolulu area.

Case didn’t secure a co-sponsor for his legislation then and the bills all died without so much as a committee hearing.

A top opponent was his Aloha State colleague, U.S. Sen. Dan Inouye, who at the time was one of the most powerful legislators in Washington and a kingmaker in Hawaii politics.

Case introduced his bills in the summer of 2003, just months after the U.S. invasion of Iraq. Inouye told the Honolulu Star-Bulletin at the time that the Jones Act was critical to national security. He also reiterated its importance to the islands.

“The Jones Act has served Hawaii well,” Inouye said. “It is in Hawaii’s economic interest to have dedicated carriers that serve not only Honolulu, but also Hilo and Nawiliwili with high quality, regularly scheduled service.”

Case said he expects to hear similar arguments this time around — including from his Hawaii colleagues — but that it won’t stop him from pursuing the discussion.

After he introduced his legislation in 2003, he said the Jones Act came to the fore in Hawaii politics.

It became a topic that candidates, particularly Republicans trying to take on the Democratic establishment, would broach during debates and incorporate into their political platforms.

Outside groups started taking notice as well, from the conservative-leaning Grassroots Institute of Hawaii to the libertarian Cato Institute.

Case even pointed to a recent study from the University of Hawaii Economic Research Organization that found correlations between the Jones Act and increased prices in coastal areas where its impact is felt most.

Still, he doesn’t see himself changing many minds within Hawaii’s federal delegation.

“This is an area where I just have a different take than they do and the people who I served with in the prior Congress,” Case said. “But we’re not all supposed to think alike all the time.”

### The Shipping Industry Fights Back

Case’s Jones Act legislation is already getting pushback, but the congressman says he’s used to that.

Less than 12 hours after Case announced his bills, Matson responded with a press release that sought to defend the Jones Act and undercut the intent of the proposals.

The company said that shipping is “just one of many cost factors” that goes into the price of consumer goods in Hawaii, and that it represents “a small fraction” of the difference between the islands and the mainland.

The company also said the Jones Act supports more than 650,000 jobs in the U.S., including thousands in Hawaii. Matson did not provide any citations to back up the claims.

“The reason the Jones Act has had such strong bipartisan support in every Congress and administration in modern times is because it is important to homeland security and national defense, as well as the security of service to remote communities like Hawaii and Alaska, from an economic standpoint,” the company’s statement said.

“The importance of being able to rely on critical supply line transportation is easy to take for granted but hard to overstate.”

Matson and the sea transport industry in general are a powerful lobby, both in Hawaii and in Washington.

Case experienced Matson’s might firsthand when he was a state legislator.

He said that when he first began raising questions about the influence of the Jones Act, Matson worked behind the scenes to shut him up. In particular, he said they helped kill a resolution that sought to study the effects the law was having on the islands.

“Matson did a full-court press,” Case said. “They were way behind the scenes. They were and are very powerful in the state Legislature. They have an active lobbying arm that includes political contributions.”

The same is true on Capitol Hill.

According to the [Center for Responsive Politics](#), the sea transport industry spent more than \$20 million on lobbying in 2019. Records show Matson alone spent \$340,000.

The industry donates heavily to political campaigns, including those of Hawaii politicians.

Federal Election Commission data compiled by the Center for Responsive Politics shows the sea transport industry, including political action committees and individuals, gave more than \$40 million in contributions from 1989 to 2019.

Schatz is among the biggest beneficiaries in the current delegation, having received nearly \$350,000 over the course of his career from PACs and individuals affiliated with the shipping industry.

Hirono had received more than \$251,000 in political contributions.

Even Gabbard, who now says she’s no longer accepting donations from corporations or political action committees, has benefited from the sea transport industry.

During her time in Congress, Gabbard reported receiving nearly \$79,000 in contributions.