



Rather Than Eliminating a Terrible Cruise Ship Law, Alaska's Lawmakers Just Want To Exempt Their Ports

How obsolete, cronyist regulations force domestic cruise ships into foreign stops

Scott Shackford

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Alaska lawmakers are proposing legislation that would exempt cruise ships traveling in their state from a terrible century-old protectionist federal law that, thanks to COVID-19, has screwed over tourism in the state.

Disappointingly, they're not proposing scrapping the law altogether. In fact, Rep. Don Young and Sen. Lisa Murkowski, both Republicans, insist they support the existence of the 135-year-old Passenger Vessel Services Act (PVSA) of 1886. They just think that it shouldn't affect *their state*, which is a pretty strange way to insist you support a law.

The PVSA requires that large ships that carry passengers (such as cruise ships) be made in America and crewed by Americans in order to transport people between U.S. ports. The stated purpose of the law is to tip the scales in favor of American maritime interests and give homegrown industry a government-supported monopoly.

It hasn't actually worked out that way. America is not in the business of building and operating cruise ships reasonably and efficiently. We haven't built any since 1958, despite the alleged domestic incentives of the PVSA. Instead, cruises that originate from U.S. ports are sure to make stops in other countries between U.S. stops.

For cruises in Alaska, this normally means periodic stops in Canadian ports like Vancouver and Victoria. But during the pandemic, Canada closed its ports to foreign vessels. This made it impossible for these Alaskan cruise ships to operate in compliance with PVSA. Operators shut cruises down, even as vaccinations made it safe to restart trips.

In May, Congress passed a temporary exemption allowing for cruise ships to bypass Canada and remain in compliance with PVSA for as long as Canada kept its ports closed. Canada will be reopening them soon, but in the meantime, Young and Murkowski have announced plans to introduce legislation to make permanent changes allowing cruise ships to keep bypassing Canada and travel back and forth between Alaska and the Pacific Northwest.

Murkowski's proposal simply exempts cruises carrying more than 1,000 passengers from the continental U.S. to Alaska unless America actually builds a compliant cruise ship. Young's is a more complicated bill that exempts vessels that stop at ports owned by tribes or Alaska Native corporations. The goals of both bills are the same: to make it so that mostly cruise ships mostly going to their state (and in Young's proposal, ports in other states that are on tribal land) don't have to worry about the PVSA.

The way they're framing this in order to pretend that they're not asking for special treatment is fascinating. They're going the route of the *South Park* movie and blaming Canada. Young, in a commentary piece published recently in the Vancouver Sun, describes it as Alaska's tourist economy "being held hostage by a foreign country." Murkowski, meanwhile, said in her proposal that we need to reform the law "so that Alaskans' ability to engage in commerce isn't derailed by the government of another country."

Let's be clear here: Canada is absolutely not responsible for the damage to Alaskan cruises. It is entirely an American law that created this situation. Canada can only veto or shut down cruise tourism to Alaska because our *own* cronyist maritime protection law makes it impossible to bypass the country. And the PVSA doesn't even work! America hasn't built a cruise ship in over six decades.

Over at the Cato Institute, trade policy analyst Colin Grabow sees the prospect of getting Alaska out from under the thumb of the PVSA as a net good, compared to the status quo, but nevertheless, the idea that the law is good for the *rest* of the country is demonstrably untrue:

Beyond ludicrous outcomes such as the diversion of ships and passengers to Canada, the PVSA's application to large cruise ships is protectionism for an industry that is nearly non-existent. The entire fleet of U.S.-flagged such vessels consists of a single ship, the Hawaii-based *Pride of America*. And that ship was delivered by a German shipyard and is only deemed PVSA-compliant due to a special waiver.

It's regrettable that Congress was not spurred to action until the combination of a global pandemic and this ancient bit of protectionism nearly proved ruinous for Alaska's tourism industry. But if COVID-19 and its ensuing fallout help ease the PVSA's burden on Alaska, then it will have succeeded where basic logic has thus far fallen short.

Of course, the tourism industry in Canada, which has benefited from this protectionist law, isn't exactly being graceful in response to these proposals. Ian Robertson, CEO of the Greater Victoria Harbour Authority, is calling on local cruise industry beneficiaries in Canada to lobby Congress to stop the passage of these laws.

The Canadian province of British Columbia could end up losing billions in tourist revenue if ships stop going there. Rather than attempting to protect a really bad law, Canada's tourist industry should instead be looking for ways to make cruise ships want to continue stopping there. If you have to rely on a foreign law to get cruise ships to dock in your ports, just imagine how much more money tourists would spend if they actually *wanted* to be there.

This post has been corrected to reflect that Young's bill could also affect ports in other states if they're on tribal lands.