



# ***Rodney's Take***

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## **Jonesing for Oil...and Other Stuff**

With world leaders discussing how to cut off Russian oil sales and gasoline prices shooting higher in the U.S., it's worth remembering a relic of times past that stops Americans from selling stuff to each other, the 1920 Jones Act.

After WWI, American legislators were concerned that there were so few merchant ships they could press into service during wartime. To ensure enough American ships were floating around, they passed the Jones Act in 1920, which requires any cargo between two domestic ports to be transported on an American-built ship, with a mostly-American crew, and to be sailing under the American flag. It probably sounded reasonable at the time, but that was more than a century ago.

Due to the cost of ship-building and registration in the U.S., few merchant vessels today meet the Jones Act standards. The Bureau of Transportation Statistics shows that in 1960 there were 2,926 U.S. merchant cargo vessels with a gross tonnage of 1,000 tons or more that fit the bill. By 1980 the number had fallen to 864, and by 2000 it was just 282. Today, we have a mere 182 ships that are considered Jones Act vessels. All the while, our population and GDP have expanded.

With so few Jones Act vessels available, shippers only use them when nothing else will work. The ships cost 400% to 500% more to lease than other vessels, which is nothing more than a tax on the consumers who eventually must pay the added cost for the shipped goods. While populations around the lower 48 states pay a higher price for some goods because of this, it's the people in Hawaii, Puerto Rico, and Alaska who really take it on the chin. Often, it's cheaper for them to buy goods from Central and South America, and even Africa, than to buy from their home country.

Sometimes, there's no choice but to buy from abroad because there's no way to get goods from here to there. There are zero American-built and American-flagged liquefied-natural-gas transport ships. Boston and Puerto Rico have purchased natural gas from Russia because, by law, the gas cannot be moved from the Gulf Coast to those locations without a Jones Act vessel.

We should repeal the Jones Act so that not only can energy move around the U.S. efficiently, but also all sorts of other domestically-produced goods can flow more efficiently between U.S. ports. This is something the Biden Administration and Congress could do immediately that would ease a little bit of inflationary pressure in the U.S., would allow U.S. energy importers to move away from Russian sources more quickly, and would bolster the call to "Buy American!" Consumers across the nation, and especially in far flung locations, would greatly appreciate the change.

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Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).