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*Fourth Arm of Defense:  
Executing U.S. National Security Interests in Context of the Jones Act*

LT Marie C. Ebers Arthur

A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Strategy and Warfare.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.

May 2018

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## **Abstract**

The Jones Act refers to Section 27 of the Merchant Marine Act of 1920 [46 U.S.C. 55102; 19 CFR 4.80, 4.80(a) and 4.80(b)] which limits domestic maritime commerce to United States (U.S.) registered, owned, built, and crewed vessels. Maintaining a domestically controlled merchant marine is essential to both the nation's economic prosperity and defense interests. The Jones Act remains a contemporary and controversial economic issue with direct linkage to U.S. national defense objectives. The following independent analysis will provide evidence supporting the Jones Act as the best economic alternative and a critical component of U.S. national security because of its contribution towards domestic security, power projection, and leveraging of commercial partnership.

*“America’s open seas have long been a source of prosperity and strength, and since before our Nation’s founding, the men and women of the United States Merchant Marine have defended them. From securing Atlantic routes during the naval battles of the Revolutionary War to supplying our Armed Forces around the world in the 21<sup>st</sup> century [...] Today’s Merchant Marine upholds its generations-long role as our ‘fourth arm of defense.’”*

– Former President Barack Obama, May 2014

## **Introduction**

The merchant marine industry is a vital component of the world’s economic engine with over 50,000 merchant vessels representing over 150 nations.<sup>1</sup> With the international shipping industry being responsible for the carriage of around 90% of world trade, the robustness of a country’s merchant marine is a driver of that nation’s capability to conduct global commerce and trade. A unique aspect of the United States (U.S.) Merchant Marine is its duality as both an economic enabler as well as a critical contributor towards meeting U.S. national defense goals. Because of its vital role in the domestic and economic fabric of our nation, there have been several laws passed to safeguard this capability. The scope of this analysis is limited to Section 27 of the Merchant Marine Act of 1920 [46 U.S.C. 55102; 19 CFR 4.80, 4.80(a) and 4.80(b)], commonly called the Jones Act, and its impact on U.S. national defense interests.

Enacting laws to enable a vibrant domestic maritime capability is not a new concept. These are commonly referred to as cabotage<sup>2</sup> laws from the French *caboter* which means “by the capes.” Even as far back as 1789, the 1<sup>st</sup> Congress imposed additional regulations on goods transported by foreign vessels with fees imposed on foreign-built vessels and tax/duty

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<sup>1</sup> Over 150 nations currently have active vessel registries. Source: International Chamber of Shipping. Shipping and World Trade. 2017. [www.ics-shipping.org](http://www.ics-shipping.org) (accessed March 2018).

<sup>2</sup> Definition of Cabotage: Restriction of the operation of sea, air, or other transport services within or into a particular country to that country’s own transport services. Source: Oxford English dictionary online. 2018. [www.en.oxforddictionaries.com](http://www.en.oxforddictionaries.com) (accessed April 2018).

preferences given to U.S. built vessels.<sup>3</sup> Adam Smith, in his 1776 landmark text *An Inquiry into the Nature and Causes of the Wealth of Nations*, stated:

There seem, however, to be two cases in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry. The first is, when some particular sort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its sailors and shipping. The Act of Navigation, therefore, very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country in some cases by absolute prohibitions and in others by heavy burdens upon the shipping of foreign countries. [...] As defence, however it is of much more importance than opulence, the Act of Navigation is, perhaps, the wisest of all the commercial regulations of England.<sup>4</sup>

Even Adam Smith, often referred to as the Father of Economics, understood the necessity for economic laws in support of national defense. Currently, there are 47 countries around the world implementing cabotage provisions.<sup>5</sup> Enacting legislation to promote an intrinsically domestic maritime capability is not a new concept nor is it a practice limited to the United States.

The first modern comprehensive U.S. Merchant Marine program was The Shipping Act of 1916 which created a U.S. Shipping Board tasked with securing a domestic maritime capability of commercially-engaged vessels which could also serve national defense needs.<sup>6</sup> This was a result of U.S. experience during the Spanish-American War of 1898, where the domestic merchant marine had degraded to a state where they were unable to meet Armed Force oceangoing vessel requirements.<sup>7</sup> During the 1<sup>st</sup> session of the 64<sup>th</sup> Congress in 1916, Secretary

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<sup>3</sup> McMahan, RADM Christopher. "Double Down on the Jones Act?" Newport, R.I.: U.S. Naval War College, December 2017. 30.

<sup>4</sup> Smith, Adam. *An Inquiry Into the Nature and Causes of the Wealth of Nations*. Edinburgh: Thomas Nelson, 1776. 188.

<sup>5</sup> Transportation Institute. *The Jones Act*. n.d. <https://transportationinstitute.org/jones-act/> (accessed April 2018).

<sup>6</sup> Morse, Clarence. "A Study of American Merchant Marine Legislation." *Law and Contemporary Problems* (Duke University), 1960: 57.

<sup>7</sup> American Merchant Marine at War. *American Merchant Marine in Spanish-American War*. June 5, 2000. [www.usmm.org](http://www.usmm.org) (accessed April 2018).

of the Navy George Josephus Daniels reported that the lack of auxiliaries to support the Navy resulted in an immediate expenditure of \$18M (then-year dollars) for purchase and an additional \$3M for charter for auxiliaries “most of them ill-fitted for the purpose, with men lacking even the elemental training needed upon naval auxiliaries.”<sup>8</sup> The follow-on Merchant Marine Act of 1920 reinforced the importance of cultivating and retaining a U.S. domestic merchant marine capability and was spurred by the privatization of the World War I fleet and the strong desire for those vessels to be retained by American citizens.<sup>9</sup> Section 27 of the Merchant Marine Act of 1920, known as the Jones Act, is a prime example of how an economic instrument of national power can be used to achieve U.S. national defense objectives.<sup>10</sup>

The Jones Act prescribes vessel requirements for coastwise domestic trade and directs the rules under which they must operate. It requires all waterborne shipping between two points within the U.S. be carried by vessels built and registered in the U.S., owned by U.S. citizens, and manned with U.S. citizen crews.<sup>11</sup> It is named after its sponsor, Senator Wesley L. Jones, who recognized the importance of maintaining a reliable U.S.-owned waterborne shipping base subject to national control in times of crisis.<sup>12</sup> Recently, the Jones Act has come under criticism from opponents such as Senator John McCain who first attempted to repeal the Jones Act in the Senate during the 111<sup>th</sup> Congress in 2010 and most recently as an amendment in the 114<sup>th</sup> Congress in January 2016. Senator McCain’s primary argument is that the Jones Act is “an archaic and burdensome law that hinders free trade, stifles the economy, and ultimately harms

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<sup>8</sup> Daniels, Secretary of the Navy Josephus. "The Abridgement 1915." 1st Session of the 64th Congress. Washington D.C.: Harvard University, 1916. 810.

<sup>9</sup> Morse, Clarence. "A Study of American Merchant Marine Legislation." Law and Contemporary Problems (Duke University), 1960: 59.

<sup>10</sup> See Conclusion section for direct linkage back to 2018 U.S. National Defense Strategy objectives.

<sup>11</sup> Code of Federal Regulations, *46 U.S.C. 55102; 19 CFR 4.80, 4.80(a) and 4.80(b)* (2006).

<sup>12</sup> Maritime Administration. The Jones Act. Informational Brochure, Washington D.C.: Department of Transportation, 2018.

consumers.”<sup>13</sup> The following independent analysis will provide evidence supporting a counterargument of the Jones Act as the best economic alternative and a critical component of U.S. national security because of its contribution towards domestic security, power projection, and leveraging of commercial partnership.

## Domestic Security

The inland waterways of the United States include more than 25,000 miles of navigable waters. The coastal and inland ports they serve touch 38 states and are a distinctive element of the nation’s freight infrastructure.<sup>14</sup> This metaphorical ‘liquid highway’ allows direct access to a large portion of the U.S. heartland (see Figure 1 below).

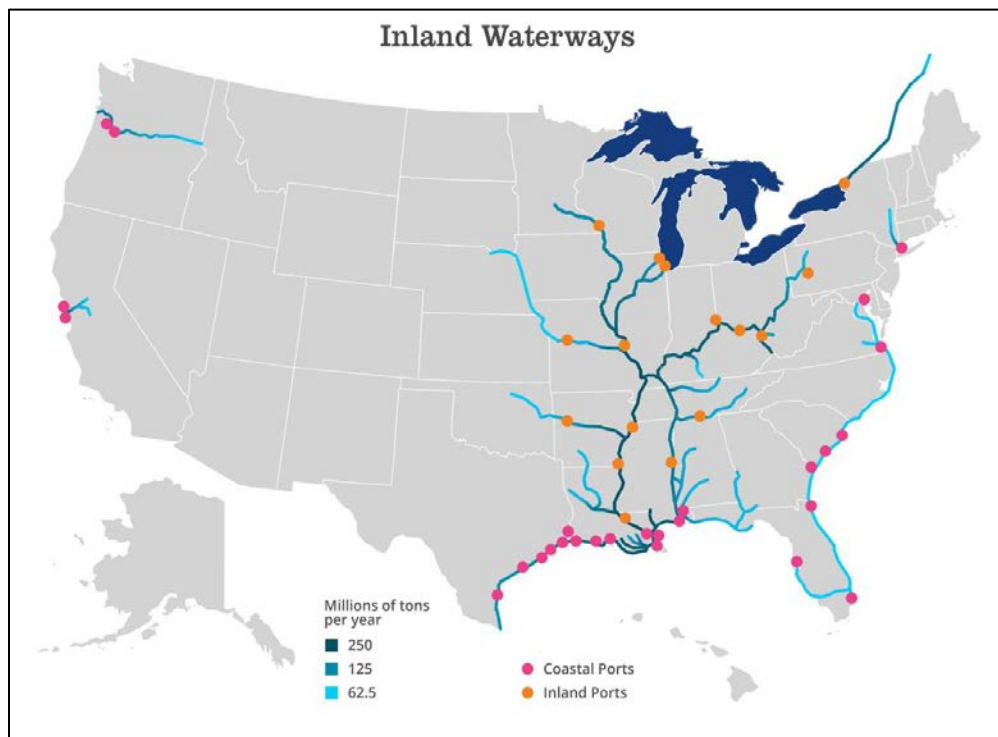


Figure 1: United States Inland Waterways.<sup>15</sup>

<sup>13</sup> John McCain Press Releases. [www.mccain.senate.gov](http://www.mccain.senate.gov). January 13, 2015. <https://www.mccain.senate.gov/public/ipress-release> (accessed April 2018).

<sup>14</sup> American Society of Civil Engineers. Inland Waterways Infrastructure Report Card. ASCE, 2017.

<sup>15</sup> Ibid, p. 2.



“It is particularly important that those vessels and crews which routinely travel between U.S. ports and especially the inland waterways through America’s heartland pose no threat to the homeland.”<sup>16</sup> The Jones Act is based on the premise that the majority of U.S. vessels with U.S. crews are engaged in lawful activities and do not pose a risk to security. Similar to TSA PreCheck, it implements risk-prioritization measures based on statistical factors to enable resources to be more efficiently allocated. Ultimately, the Jones Act allows TSA and Customs and Border Patrol (CBP) to concentrate resources on monitoring the exterior coastwise U.S. ports-of-call and impose far less demanding restrictions on U.S. vessels and their crews engaged in the movement of goods solely within U.S. waters. The Jones Act is a contributing factor to reducing foreign threats by limiting the access along inland and coastal waterways to U.S. citizens aboard U.S. registered vessels who are working for U.S. companies.

A common misconception is other modes of transportation are not subjected to similar restrictions; however, trucking, rail, shipping, and aviation are all subject to cabotage laws. These laws prohibit non-U.S. operators from transporting passengers/goods between two points which both originate and terminate within the U.S. These forms of transport also have similar restrictions where one must be a citizen, national, or permanent resident of the U.S. to operate on domestic routes. The only noticeable difference is the requirement for vessels to be U.S. built.<sup>17</sup> The Jones Act does not contain requirements atypical from those imposed on other modes of domestic transportation.

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<sup>16</sup> Goure, Dr. Daniel. "Jones Act and Homeland Security." Lexington Institute. June 2016. [www.lexingtoninstitute.org](http://www.lexingtoninstitute.org) (accessed April 2018).

<sup>17</sup> See section titled “Leveraging Commercial Partnerships” for the importance behind the U.S. build requirement.

Additionally, the Jones Act does not prohibit foreign companies, cargo, or foreign-owned and crewed ships from trading with the United States. Foreign vessels routinely call upon U.S. ports and can even transit directly from one U.S. port to another U.S. port if the cargo originated from a foreign port and is manifested for (being delivered to) multiple U.S. ports.<sup>18</sup> The only transport the Jones Act governs is the movement of cargo that both originates and terminates within two U.S. ports, either directly or by way of a foreign port. This is essential to homeland security, because it prohibits transshipment of goods from a coastwise port to a smaller foreign vessel capable of accessing deep into the U.S. interior.<sup>19</sup> The Jones Act does not hinder U.S. ability to engage in international trade or foreign vessels from calling upon multiple U.S. ports; it simply limits foreign companies from profiting off commercial maritime activities that are intrinsically domestic in nature while limiting their access to the U.S. heartland.

Finally, part of what makes the U.S. a successful nation is its ability to keep its homeland safe from foreign threats and economic coercion.<sup>20</sup> Cabotage laws prevent a single foreign entity from dominating domestic waterborne commerce within the U.S. If the Jones Act did not exist, a foreign nation or corporation could easily monopolize U.S. domestic trade by undercutting rates. That foreign entity could subsequently threaten trade sanctions or strikes effectively halting the ability for goods and services to be transported within the U.S. For example, U.S. to Puerto Rico trade routes would be left vulnerable to the whims of foreign market interests versus

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<sup>18</sup> 46 U.S.C. 55102; 19 CFR § 4.84

<sup>19</sup> Vessels that can handle operations across the deep waters of open oceans are often too ‘big’ (deep draft) to operate in shallower inland waterways or littoral environments. Cargo would have to be transferred from the ocean-going vessel to a smaller inland waterway vessel or tug-and-barge.

<sup>20</sup> A recent example of exploiting access to modes of transportation as a means of economic coercion occurred in February 2017 when “in response to the prospective deployment of the United States’ Terminal High Altitude Area Defense (THAAD) missile system in South Korea – designed to protect a U.S. ally from North Korea – China limited commercial flights to and from South Korea as a way to increase economic pressure on Seoul and signal its displeasure with the planned deployment” Source: Lorber, Eric. "Economic Coercion with a Chinese Twist." Foreign Policy. February 28, 2017.

the dedicated Jones Act liner services that currently service the territory..<sup>21</sup> The Jones Act effectively guarantees reliable U.S.-owned and operated waterborne shipping service to our homeland and distant states and territories. In conclusion, the Jones Act is an important component of the U.S. domestic security strategy because it allows for vibrant foreign trade while mitigating risks.

## **Power Projection**

The ability to project power to foreign shores requires a robust logistics infrastructure. One of the key components to maintaining Sea Lines of Communication (SLOC) is availability to commercial sealift..<sup>22</sup> Commercial vessels are essential to the transport of military cargo and personnel. While the initial wave of forces might be rapidly deployed via airlift, all follow-on forces and supplies are predominantly shipped via sea. Sealift plays a crucial role in the U.S.'s ability to project power and a healthy domestic maritime fleet contributes to U.S. sealift capability.

Opponents of the Jones Act state that “Major innovations in land and air transportation have made shipping much less important than it was. Today railroads, trucks, airplanes, and pipelines are good substitutes for ships in transporting many products on many routes.”<sup>23</sup> While applicable to a very narrow sub-set of goods, this is rarely the case with typical freight and especially military cargo. Railroads and trucks are incapable of providing overseas shipping service and pipelines can only transport liquids along fixed routes using extensive pre-existing

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<sup>21</sup> “Foreign carriers typically operate on longer, global routes, with less-reliable service.” Source: Chokshi, Niraj. "Would Repealing the Jones Act Help Puerto Rico?" New York Times, October 24, 2017.

<sup>22</sup> Commercial sealift is defined as transport of troops and equipment by privately-owned merchant marine vessels.

<sup>23</sup> Grennes, Thomas. "An Economic Analysis of the Jones Act." Mercatus Research. Mercatus Center at George Mason University, 2017.

infrastructure. Additionally, it is cost prohibitive to transport large quantities of troops and tanks overseas by air. “The demand for air freight is limited by cost, typically priced 4–5 times that of road transport and 12–16 times that of sea transport.”<sup>24</sup> A national sealift capability composed of government and commercial vessels is the only transport policy which can economically support the U.S. military’s logistics requirements while simultaneously meeting international trade demands.

Another critical argument in support of sealift is the issue of capacity. Aircraft hold far less material than ships; therefore, it requires more air assets to transport the same amount of cargo as a single vessel. Michael Hokana, Supervisory Trade Specialist of the Office of Cargo and Commercial Sealift at the Maritime Administration (MARAD), explains that America’s largest cargo aircraft (C-5) can carry 2,229 square feet (ft<sup>2</sup>) of cargo compared with 215,709ft<sup>2</sup> for a commercial Roll-on/Roll-off (Ro/Ro) such as the U.S. Flag ARC RESOLVE. By this measure, a modern ship has 93 times the square foot capacity of the largest U.S. aircraft. Furthermore, ships are more capable as their cargo decks are stronger (some Ro/Ro ramps can hold 240 tons) and their cargo entry doors are larger. Specifically, Ro/Ro ship doors are 1,066 ft<sup>2</sup> compared with 258 ft<sup>2</sup> door on a C-5 Galaxy Aircraft or 93 ft<sup>2</sup> door on an Airbus 330. During the peak of Operation Desert Storm, “almost 95 percent of all cargo went by ship. The mere 5 percent moved by air required near full mobilization of commercial industry and maxed out our military airlift fleets.”<sup>25</sup> Ships can carry far more troops, equipment, and supplies in a single movement and can transit an ocean in as little as eight days. There is no other mode of transportation which adequately substitutes the tonnage capacity and efficiency of ships.

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<sup>24</sup> The World Bank. "Air Freight: A Market Study with Implications for Landlocked Countries." *Transport Papers*, August 2009: 115.

<sup>25</sup> McDew, Darren W. "Losing Our Sea Legs." *The Virginian-Pilot*, January 2016.

Some opponents will assert there are enough sealift vessels managed by Military Sealift Command (MSC) and MARAD to meet these needs. MSC is the primary provider of Navy's fixed sealift capabilities operating approximately 120 ships around the globe.<sup>26</sup> Additionally, MARAD manages 46 government-owned Ready Reserve Force (RRF) vessels to serve as a surge capacity in times of national crisis.<sup>27</sup> Unfortunately, war planning scenarios have repeatedly shown the above argument to be false. While MSC does have a large inventory of vessels, these ships are strategically prepositioned in various places around the world and are not concentrated to support a single mission within one geographic region. The RRF, while offering surge capability, does not provide sufficient tonnage to surge in a national-crisis scenario where vessel attrition may occur. The U.S. must maintain a commercial merchant marine fleet in order to augment federal sealift assets in times of prolonged national crisis.

The most restrictive factor in maintaining adequate sealift capability is not the ships themselves but retaining enough qualified mariners to perform surge operations. Few are aware of the stringent requirements to become a U.S. seafarer. It is a lengthy process requiring time at sea, rigorous examinations, and cannot be instantaneously escalated. Furthermore, the merchant mariners who would operate the Government's RRF fleet are the same mariners currently manning the commercial fleet. In Maritime Administrator Mark Buzby's recent testimony before the Senate, on April 24, 2018, he described a shortfall of 1,800 qualified mariners to sustain a prolonged sealift mobilization beyond the first four to six months assuming no ship losses or personnel casualties. The Jones Act contributes to developing an adequate pool of experienced,

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<sup>26</sup> Military Sealift Command. MSC Ship Inventory. n.d. <http://www.msc.navy.mil/inventory> (accessed February 2018).

<sup>27</sup> Maritime Administration. Strategic Sealift. n.d. <https://www.marad.dot.gov/ships-and-shipping/strategic-sealift/> (accessed March 2018).

licensed mariners to draw from in times of crisis by ensuring Jones Act vessels employ U.S. merchant mariners.

The counterargument claims foreign-flag vessels and seaman can be chartered to fulfill surge sealift requirements thereby negating the need to maintain a more expensive domestic merchant marine fleet.<sup>28</sup> Unfortunately, history proves otherwise. During Operation Desert Shield/Desert Storm, crews on at least 13 foreign flag ships refused to enter U.S. area of operations while laden with military cargo. Ultimately, the cargo had to be trans-loaded onto U.S. flag vessels. United States Transportation Command (USTRANSCOM) estimated a total of 34 lost transit days as a result. More recently, the Federal Emergency Management Administration (FEMA) had three foreign-flag vessels in non-compliance with berthing contracts supporting first responders in Puerto Rico. There is minimal leverage to compel foreign flag vessels and foreign citizens to fulfill charter commitments; the only way to assure availability of essential military cargo in hostile areas is to use U.S. vessels.

Power projection requires the ability to sustain the U.S. military in forward-deployed environments and sealift is the most efficient and least expensive method of providing logistics support during a prolonged engagement. Airlift of large military cargo and follow-on forces is both cost and space prohibitive. Additionally, history has repeatedly shown a need for availability of domestic commercial assets to supplement Government-owned sealift vessels. During the 2015 Navy League's annual Sea-Air-Space Exposition, Vice Chairman of the Joint Chiefs of Staff General Selva said: "If asked about the Jones Act – I am an ardent supporter of the Jones Act. [The Act] supports a viable ship building industry, cuts cost and produces 2,500

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<sup>28</sup> U.S. crews command significantly higher wages than their foreign counterparts. Additionally, U.S. built vessels have higher end-costs than those built in foreign shipyards.

qualified mariners. Why would we tamper with that?" In conclusion, the Jones Act serves as a force multiplier to federal assets and enables U.S. ability to project power by providing surge commercial sealift capabilities.

## **Leveraging Commercial Industry**

Pascal's law is the principle in fluid mechanics where an increase in pressure on a confined fluid will manifest itself equally throughout the fluid.<sup>29</sup> Conceptually applied to the context of national defense, placing pressure on one end does not eliminate the originating requirement -- it simply redirects it to an area of less resistance. If opponents of the Jones Act were successful, U.S. domestic security and sealift requirements in support of U.S. national defense would not vanish, the effort would simply be reallocated to a different section of the U.S. budget. Some alternatives include direct maritime subsidies, increasing coastwise and inland border patrols, and establishing a 100% Government-owned surge sealift capacity. None of these options leverage the commercial industry, all result in an increase in taxpayer contribution, and none give back to the U.S. economy during times of peace. A 2014 study by PricewaterhouseCoopers for the Transportation Institute credits the Jones Act for the creation of almost 500,000 jobs, \$29 billion in labor income, \$46 billion in value added, an output of \$92 billion, and a tax impact of \$10 billion. The genius behind the Jones Act is that it achieves multiple defense interests all while leveraging an existing "American merchant marine opening new markets, paying its way in time of peace, ready to be converted into a powerful, suitable, and efficient naval auxiliary in time of war."<sup>30</sup>

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<sup>29</sup> Imagine squeezing a balloon; pressure exerted on one end creates a bulge.

<sup>30</sup> Daniels, Secretary of the Navy Josephus. "The Abridgement 1915." 1st Session of the 64th Congress. Washington D.C.: Harvard University, 1916. 810.

As with any free market regulation, there will be some type of economic impact, however, the financial cost of the Jones Act when spread across the consumption of all transported goods is negligible or very minimal. A Government Accountability Office audit found “ocean shipping rates for Puerto Rico, on average, are lower than or in line with foreign flag rates in the region [...] and found the averages shipping rates were about the same for Puerto Rico as for the Dominican Republic and significantly lower than the U.S. Virgin Islands (exempt from the Jones Act).”<sup>31</sup> Another study calculated the increase in cost per gallon of fuel from a Jones Act tanker as compared to a foreign flag tanker as only 8/10 of a penny and this would only apply to the small sub-segment of fuel within the domestic trade.<sup>32</sup> When compared to federally funded and managed alternatives, enabling a domestic commercial maritime fleet to assist in providing on-demand support is the most cost-effective option to the U.S. tax-payer.

Another common misconception can be found in the recent media buzz following Hurricane Maria in October 2017. Several news sources published articles blaming the Jones Act for “placing heavy tariffs on foreign ships delivering goods to the US island territories” and “hampering the island’s recovery.”<sup>33</sup> First, nowhere is the word ‘tariff’ mentioned in the Jones Act. The Jones Act simply requires inherently domestic maritime commerce to be performed by inherently domestic maritime entities. It also does not prohibit foreign vessels from calling upon Puerto Rico. Second, the effect of any waiver for Puerto Rico would be negligible because the limiting factor following a natural disaster is access to the now-damaged ports, roads, vehicles

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<sup>31</sup> McMahon, RADM Christopher. "Double Down on the Jones Act?" Newport, R.I.: U.S. Naval War College, December 2017. 30.

<sup>32</sup> Smith, Eric, and Jere White. "The Jones Act's True Financial Impact." *The Maritime Executive*. November 2, 2017. [www.maritime-executive.com](http://www.maritime-executive.com) (accessed April 5, 2018).

<sup>33</sup> Relman, Eliza. *Business Insider*. September 28, 2018. <http://www.businessinsider.com/jones-act-puerto-rico-trump-hurricane-maria-marine-merchant-2017-9> (accessed April 2018).



and drivers, warehouses, material handling equipment, and storage infrastructure; not the available domestic shipping capacity. In the case of Puerto Rico, Gregory Moore from Customs and Border Protection states “The limitation is going to be port capacity to offload and transit, not vessel availability.”<sup>34</sup> In conclusion, the Jones Act does not limit or hamper humanitarian relief efforts.

Additionally, the Jones Act supports a domestic shipbuilding and repair capability critical during times of war. Many nations heavily subsidize their shipbuilding industry or flood the market to artificially suppress pricing. This puts U.S. shipbuilders at an unfair disadvantage.<sup>35</sup> This is offset by the Jones Act requirement for domestic routes to be served by U.S. built vessels which drives the bulk of U.S. build demand. David Heller, Chief Naval Architect of the Office of Shipyards and Marine Financing at MARAD, states that as of April 25, 2018 there are 39 oceangoing vessels on the US Commercial Orderbook with a value of \$1.8 billion, and every one of these vessels are being built to service domestic Jones Act routes (non-export service). The Jones Act enables the U.S. military to leverage a domestic commercial shipbuilding and repair capability during times of national crisis.

The counter-argument is that the vessels built in U.S. shipyards tend to be small inland tugs and barges instead of large, ocean-going vessels primarily used during times of war. However, the primary driver of maintaining the domestic industrial base is the need to retain skilled trades such as welders, metal fabricators, naval architects, and project managers with

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<sup>34</sup> Gardner, Timothy. "U.S. says no need for Puerto Rico shipping waiver." Reuters, September 2017.

<sup>35</sup> “The shipbuilding industry must contend with the effects of subsidies paid by foreign governments that create advantages for foreign shipyards. Subsidies seem to be the one advantage some international shipbuilders have that enable them to compete. The Chinese government has provided shipyard subsidies of up to 20%, and has likewise subsidized the steel industry, a critical supplier for shipbuilders” Source: The Dwight D. Eisenhower School for National Security and Resource Strategy. Spring 2015 Industry Study Final Report Shipbuilding. Washington D.C.: National Defense University, 2015.

experience executing a shipbuilding project. Similar to the requirement of maintaining qualified merchant mariners, the Jones Act serves to maintain qualified technical and trade personnel to work at shipyard building and repair facilities. U.S. Air Force General (Ret.) Duncan McNabb, former commander of Transportation Command (TRANSCOM) during his address to the Maritime Trades Department executive board stated “If we had to own that, it (the monetary cost) would be astronomical. But by having that in the commercial industry, where they’re doing the normal commercial business and helping us as we need it, it’s huge. What a difference it makes.”<sup>36</sup> In conclusion, the Jones Act is the best economic alternative for providing a domestic maritime capability by leveraging commercial industry to achieve U.S. national defense interests at a lower cost.

## **Conclusion**

The U.S. national defense strategy is currently undergoing a paradigm shift. During his 2018 keynote speech at the Sea-Air-Space Exposition, the Under Secretary of the Navy Thomas Modly’s states “More alarming, though, in recent years we have seen changes that have eclipsed the dangers these rogue actors, and rogue nations, have presented over the past decade. [...] In short, we are reentering an era of Great Power Competition on a global scale and so we must be focused on responsibly developing forces that protect our people and our interests, and our friends and allies around the world.”<sup>37</sup> The Jones Act is as important now as it has ever been, and those who claim that the Jones Act is “archaic and burdensome”<sup>38</sup> might not be fully aware

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<sup>36</sup> Seafarers International Union. "Military Leaders Cite Mariners' Reliability." Seafarers Log, April 2010: 2.

<sup>37</sup> Modly, Under Secretary of the Navy Thomas. "Keynote Remarks." Navy League's Sea-Air-Space Exposition. Washington D.C., April 10, 2018.

<sup>38</sup> John McCain Press Releases. [www.mccain.senate.gov](http://www.mccain.senate.gov). January 13, 2015. <https://www.mccain.senate.gov/public/ipress-release> (accessed April 2018).

of its direct impact on national defense interests. The Jones Act is a critical enabler of maintaining a forward defense posture while simultaneously protecting our homeland in an era of renewed Great Power Competition.

This message is also reflected in Secretary of Defense Jim Mattis's top defense objectives outlined in the 2018 National Defense Strategy. The Jones Act can be directly linked as contributing to 8 out of the 11 objectives listed.<sup>39</sup> The U.S. National Defense strategy is embedded in the capability to sustain and defend both domestic and foreign shores. The Jones Act ensures the viability of a domestic shipbuilding and repair base and prevents dependence on other countries. It also ensures the U.S. maintains qualified merchant mariners to augment military sailors and civilian mariners during times of war. The Jones Act provides an additional layer of domestic security by limiting the types of vessels and crewmembers that can transit within U.S. inland rivers, lakes, and domestic coastal routes. Finally, the Jones Act incurs minimal cost by leveraging commercial partnerships when compared to alternate methods of meeting U.S. national defense priorities. In short, the Jones Act helps win wars.

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<sup>39</sup> The Jones Act contributes to 2018 National Defense Strategy objectives: "(1) defending the homeland from attack (2) sustaining Joint Force military advantages, both globally and in key regions (3) deterring adversaries from aggression against our vital interests (4) Maintaining favorable regional balances of power in the Indo-Pacific, Europe, the Middle East, and the Western Hemisphere (5) Defending allies from military aggression and bolstering partners against coercion, and fairly sharing responsibilities for common defense (6) dissuading, preventing, or deterring state adversaries and non-state actors from acquiring, proliferating, or using weapons of mass destruction (7) preventing terrorists from directing or supporting external operations against the United States homeland and our citizens, allies, and partners overseas (8) Ensuring common domains remain open and free" Source: Mattis, Secretary of Defense Jim. " Source: Mattis, Secretary of Defense Jim. "2018 National Defense Strategy." January 2018: 14.

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