



Longshoremen at the Port of Anchorage unload 20-inch pipe that will be used in building a 100-mile gas pipeline from Beluga to Anchorage. Anchorage Daily News/Jim Lavrakas

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Don Young explains his support for the Jones Act

By DON YOUNG

The June 19 issue of The Daily News suggested — via the opinion page — that I owe an explanation for my support of the Jones Act. The explanation follows.

The Jones Act was enacted by the U.S. Congress to provide a mechanism for maintaining a strong domestic merchant marine. To quote from "The Jones Act and its impact on the State of Alaska" prepared for the Alaska Statehood Commission by Simat, Hellesen and Eichner, Inc.: "The experience of World War I indicated to U.S. lawmakers the dangers of relying on foreign-flag fleets."

That danger has not diminished. For example, the same report quotes figures from the Corps of Engineers that show shipping activity at the top 10 Alaskan ports in 1979. Of the amount of cargo moved, 96.3 percent (nearly 70.2 million short tons) was moved in the domestic trade.

Yet, the Daily News would have us rely on subsidized foreign fleets for transporting that cargo, fleets that have no incentive to operate in Alaska other than to make a quick dollar and to leave the Alaskan trade when better offers beckon or when the international situation suggests that engaging in the U.S. domestic trade would not be in the best interests of the foreign vessel in question. Are you willing to risk Alaskan goods "literally rotting on the piers" as happened in other areas before enactment of the Jones Act?

Let me suggest a parallel example that demonstrates the foolishness of relying on foreign resources. In the past, the principal market for Alaska salmon has been Japan. Yet, every time the Japanese market has been disrupted, U.S. fishermen and processors have been the ones to lose money. Before full implementation of the 200-mile limit (a protectionist law, but more about that later), any pressure put on Japan to help the U.S. fishing industry resulted in retaliation — just ask any Kodiak tanner crab fisherman who remembers the fight to stop Japanese tanner crab fishing in the Bering Sea in 1976 and 1977. These are the people on whom you wish to rely to carry 96 percent of Alaska's cargo?

Instead of Japanese or European carriers, perhaps the Daily News intends that we rely on the Soviet Union. After all, the Soviets have a huge merchant fleet and are making considerable efforts to capture the international trade. Once they have taken over the Alaska trade, I suggest that they will use the threat of stoppages to full advantage, especially where the carriage of oil is concerned.

If you stop to look at the facts, I think it evident that you will agree that a strong domestic merchant fleet is the only logical answer to the problem of ensuring that Alaskan cargo gets where it is supposed to go.

I also want to comment on some specific statements that were made in your editorial:

1) The Jones Act is protectionism. Yes it is,

as is our 200-miled fisheries law; our immigration laws; countervailing duties that we impose on subsidized foreign products that compete with U.S. products; the Nicholson Act, which prevents foreign fishermen from landing fish in U.S. ports; and even our state laws on Alaska hire and hunting and fishing. If you want to end protectionism, how far are you willing to go?

2) The Jones Act reduces state oil and tax revenues. According to the follow-up review of the SH&E report mentioned above, "the prohibition on exporting Alaskan crude oil depresses its netback price (and thereby state oil revenues) more than does the Jones Act; repeal of the prohibition would make the Jones Act nearly moot with respect to crude oil prices." I suggest that the Daily News is venting its anger in the wrong direction.

3) The Jones Act increases shipping costs for other consumer goods. The Tussing review of the SH&E report states: "the direct cost of the Jones Act to Alaska's present export industries other than petroleum is probably small . . . the direct cost of the Jones Act on Alaska's general merchandise imports is impossible to measure with confidence but it is probably minor." What great cost to the consumer are we talking about?

4) Jones Act requirements impose an added drag against marginal business activity. Yes, there are costs involved in the Jones Act, just as there are benefits. However, I suggest that

any slowness in growth in Alaska is not due to the Jones Act. Any oil or mineral developer will tell you that the decision to develop is based on the amount of resource available and the state of the market. The same is true of the fishing industry.

Development of new industry in Alaska will not rise and fall on the Jones Act. Further, both of the reports that I mentioned state that the backhaul cost (i.e., exporting goods from Alaska) is lower than the cost of bringing in material.

5) The Third Proviso to the Jones Act was closed for fear that jobs would be lost in Puget Sound. That may have been the rationale for the support this bill received from Washington state congressmen, but it certainly was not mine. If you read the testimony given during the House hearings on this bill, you will find that foreign-flag carriers also affect Alaskan jobs — approximately 4,600 at last count.

I would be happy to be "called" on this issue when I am in Alaska. My position favoring a strong domestic merchant marine for the good of Alaska has been well known during my 10 years serving Alaska in the Congress. Perhaps The Daily News ought to start paying attention and looking at the facts.

□ Don Young, a Republican, is Alaska's only U.S. Congressman.