

HONORING MS. WYNEL PARKER

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1998

Mr. DAVIS of Illinois. Mr. Speaker, I take this opportunity to pay tribute to one of those unsung heroes or sheroes who go through life consistently giving of themselves without the glare of television or newspaper headlines. Such has been the life of Ms. Wynel Parker, a resident of the West Garfield Park Community in Chicago. Ms. Parker could be characterized as what some would call a busybody, because she was always busy doing things in her community, doing things for friends and family and doing things for humanity.

For many years, Ms. Parker was a staff person for the City of Chicago's Department of Human Services where she became an expert. If you had a problem or need, if you needed information, call Wynel Parker, if you needed to help somebody, call Wynel Parker.

Ms. Parker was politically astute and politically involved, she was a precinct worker and during her heyday she was not only formidable, she was virtually unbeatable. She did her work and did it well.

Finally, the Good Lord had a need, another soul was needed and the call went out to Wynel Parker. You have worked hard, you have given of yourself, you have helped your neighbors, you have helped your friends, you have done your best, come home now my servant and be at rest.

JONES ACT EXPOSED**HON. NICK SMITH**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1998

Mr. SMITH of Michigan. Mr. Speaker, there are more and more people that are becoming aware that the so called "Jones Act" is unfair to American producers and consumers. A Wall Street Journal editorial on the Jones Act, A Washington Tale (Oct. 5, 1998), is right on target. This 1920's law, which requires that all cargo transported from one U.S. port to another (even via a foreign port) travel on vessels built in the U.S., is protectionism at its worst.

No other mode of domestic transportation operates under such stringent rules and no law prohibits our foreign competitors from using lower cost international ships when they export to our market. Because the Jones Act fleet is so small (down from 2,500 oceangoing ships in 1945 to less than 120 today) many American businesses are unable to access deep-sea ships at any cost. Quite literally, today, the only people who can't ship to Americans are other Americans.

The sterile national security arguments (refuted so well in the Journal's editorial), are used as a bludgeon when any discussion of reforming the Jones Act arises. It seems that whenever we get close to making some headway, the siren call of "national security" is raised to stifle all debate. The real story of the Jones Act is that it benefits a few protected ship operators at the expense of everyone else. I have yet to discover an economist

who'll defend the law. The benefits of the Jones Act are based on myth and wishful thinking. The British news journal, The Economist, in their October 3rd edition stated that the United States is "paying dearly for the Jones Act" which has "pushed freight rates to between twice and four times what they would be under free trade." (Pg. 14, Survey of World Trade)

Mr. Speaker, I include as part of my remarks the editorial:

[From the Wall Street Journal, Monday, Oct. 5, 1998]

REVIEW & OUTLOOK—A WASHINGTON TALE

"Accountability" is now being much talked about, not only as an admirable civic virtue, but as an indispensable lubricant to a functioning global economy. Without it, you get Indonesia. But the next time a foreign official is getting lectured by someone from the U.S. Treasury, let them pull out the following tale of how the American political system looks when its own accountability completely disappears.

Our story starts on Kodiak Island, Alaska. There's a fellow there named Ben Thomas who owns a logging company. Mr. Thomas would like to sell his logs in the mainland U.S., but he can't get them to market at a good price. In fact, he says that it's cheaper to send his logs to Korea than it is to send them to Olympia, Washington. Even if he wanted to pay the outrageous shipping prices, Mr. Thomas says, during good markets the ships are often not available.

Unless you're in the ship business, or have to use U.S. ships like Ben Thomas, you probably have never heard of the 78-year-old Jones Act. The beneficiaries of the ancient Jones Act like it that way. What you don't know can't hurt them.

Mr. Thomas' problem is that by law, he must use a "Jones Act" ship to send his logs anywhere in the U.S. The 1920 Jones Act stipulates that maritime commerce within the U.S. must be limited to U.S. flagships that are U.S. built, U.S. owned and operated and manned by U.S. crew. While Mr. Thomas can't get his logs to Olympia, Canadian lumber companies can ship their logs to the U.S. at world market prices on state-of-the-art ships. Obviously this undermines U.S. competitiveness at home.

Senator John McCain held hearings recently on the Freedom to Transport Act, a timid attempt to reform the pernicious Jones Act. The Ben Thomas story is the same for producers in many other industries—oil, agriculture, steel, coal, automobiles, to name but a few. Thanks to the Jones Act, the U.S. today has a downsized, overpriced ship-building industry, a small and aging maritime fleet—the oldest in the industrialized world—and a wildly distorted shipping network that is reminiscent of the U.S. auto industry before Japanese competition; the customer comes last.

Midwestern farmers are screaming about grain sitting on the ground because of a ship shortage and pig farmers in the South are instead buying their grain from Canada. Shipping as a share of the transportation industry is sharply down. The nation's railways are backed up and the highway system is unable to absorb the fallout.

The Freedom to Transport Act is hardly radical. It would leave in place most of Jones's protection, but its main provision allows those ships over 1,000 tons, carrying bulk cargo, to be built outside the U.S. This may seem a small matter, but the U.S. needs cheap ships before it can have competitive shipping. Forget about foreign competition; as it stands now, the domestic shipping industry has enormous barriers to entry for po-

tential domestic entrants because of the high price of ships.

According to the U.S. Maritime Administration, the U.S. has only 120 self-propelled vessels over 1,000 tons; this is down from 2,500 at the end of World War II. During the Gulf War, President Bush had to suspend the Jones Act to move petroleum supplies. Yet ironically, national security has been the main rationale for maintaining the Jones Act.

U.S.-built commercial ships are so outrageously expensive that shipping companies have practically ceased ordering them. Rather than order high priced deep-water ships, many U.S. companies have taken instead to using integrated tug barges, a sorry replacement for real ships.

Opponents of the new legislation claim that Jones Act shipbuilders help spread the base of military ship-building costs, but the facts suggest the opposite. Rob Quartel, a former U.S. Maritime Commissioner and president of the Jones Act Reform Coalition, cites military builder Newport News Shipyards. Its futile attempt to get back into the commercial ship-building business in 1994 ended with cost overruns and a \$330 million loss. It has since abandoned the commercial market.

What's clear is that Jones is not about national security; it's about Congressional security. What counts in Washington is that the shipping industry provides politicians with steady, lucrative cash flow.

According to a 1995 International Trade Commission study dealing with only oceanborne cargo and the potential gains from removing the U.S. build requirement. "The economy-wide effect of removing the Jones Act is a U.S. economic welfare gain of approximately \$2.8 billion." Of course open competition would eat into the profits of the protected interests. Federal Election Commission records suggest that those profits make their way, in part, back to the pockets of the Jones Act's political protectors. With no accountability, it's like a political annuity.

The Journal of Commerce has reported that FEC records show that in the 18 months leading up to the 1996 elections, "seven maritime unions with about 45,000 members gave nearly \$1.8 million to congressional candidates." Mr. Quartel says that in 1994, three of the top 10 political action committee givers were maritime related. This explains why, even through the evidence demonstrates the destructiveness of Jones, Congress has never had the stomach to dismantle this antique law.

Senator McCain has vowed to hold more hearings, but with the maritime lobby spreading so much money around Washington, he's swimming against the tide. Senator Trent Lott—from the ship- and barge-building state of Mississippi—has testified against the pending legislation.

There is a cautionary tale here for our politics. Words like "shipping" and "the Jones Act" don't get the political juices running. Which is to say that when the press or any other agent of accountability loses interest in a subject, this is what rent-seeking politicians and competition-averse commercial interests will do with it. These are the real fat cats, and right now they're simply getting fatter.

I have called on the House Transportation Committee to hold hearings on my bills (H.R. 1991 and H.R. 4236) to reform the Jones Act. It is my hope that the next Congress will seriously consider this important issue.