

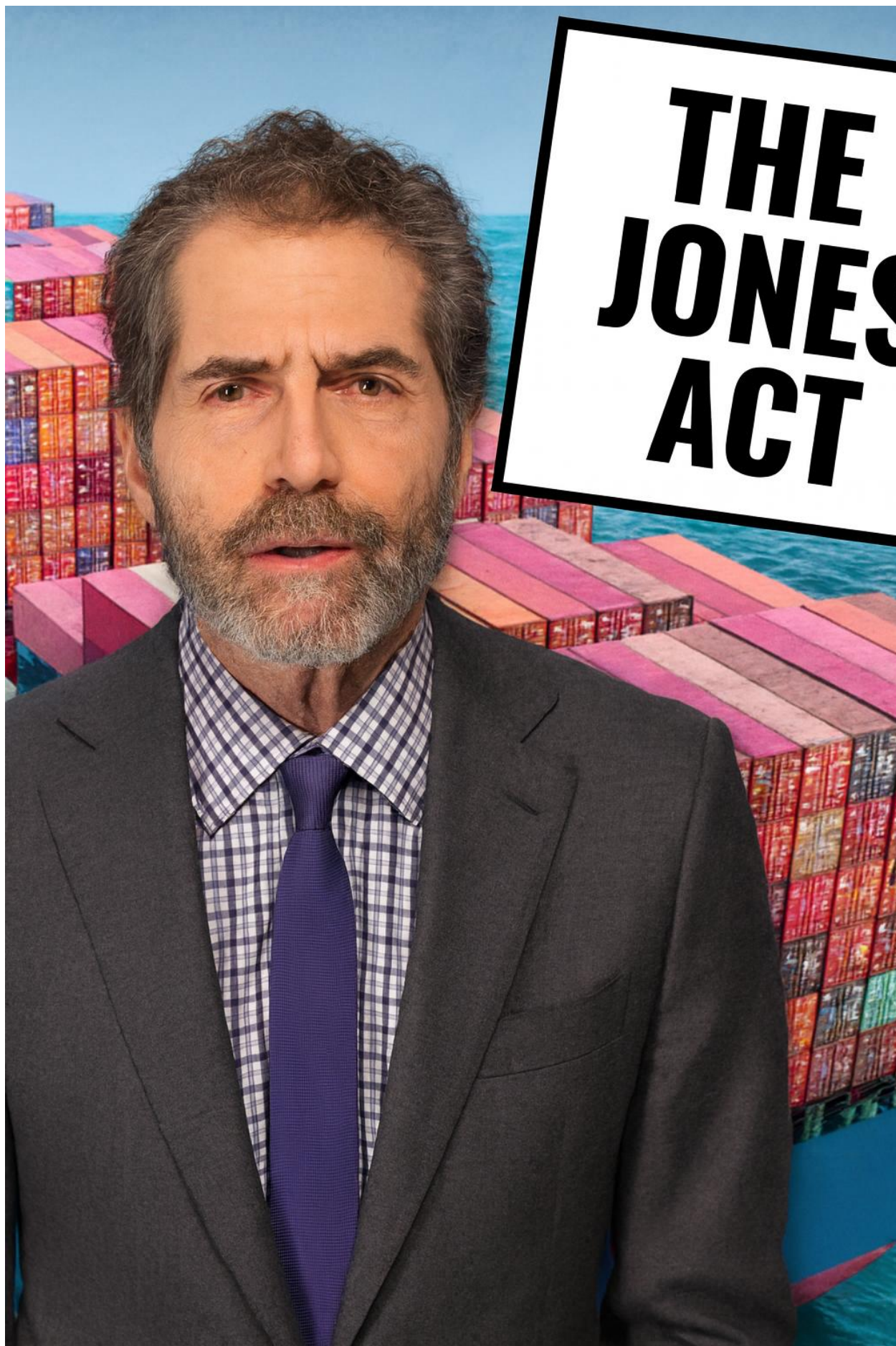


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The Jones Act

Video Length: 7:08

Lesson Description

What is the Jones Act and what happens when a law meant to protect American jobs ends up hurting consumers and slowing recovery after disasters? Explore how the Merchant Marine Act of 1920—known as the Jones Act—affects shipping, trade, and national defense. Students will examine the law’s impact on prices, innovation, and emergency relief, then consider how open competition and voluntary exchange can drive progress and prosperity.

Objectives

Students will be able to:

- identify examples of how the Merchant Marine Act of 1920 affects disaster response and trade between U.S. ports.
- explain the idea of protectionism and contrast it with open competition.
- analyze the Jones Act’s economic impact on consumers, producers, and innovation.
- evaluate potential consequences—both intended and unintended—of repealing or reforming the Jones Act.

Concepts & Key Terms

Monopoly: the condition in which a single firm, or a small group of firms, controls most of a market, limiting competition.

Protectionism: the policy of favoring domestic industries by restricting foreign competition through laws, tariffs, or regulations.

Regulation: government rules or directives designed to control or influence how industries operate.

Voluntary Exchange: the principle that trade between individuals or groups should occur freely, with all parties agreeing because each expects to benefit.

Preview Activity

Use Think, Pair, Share to have students answer and discuss these preview questions: What might happen when the government protects one industry at the expense of others? How could a well-intended law make goods harder or more expensive to get? Why is competition important for keeping prices fair and encouraging innovation?

OR

Distribute copies of the K-W-L worksheet to the class. Have students fill in the K and W sections. After showing the video, have students complete the L section and answer the questions at the bottom of the worksheet.

Viewing Guide Instructions

We recommend that teachers show the video twice: first to allow students to view the video and focus on the issues presented, and second to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs to share and verify answers.

Answers to Viewing Guide

1. registered
2. money
3. more
4. subsidies
5. savings
6. Competition

The Jones Act

Viewing Guide

Name _____

Date _____

Class _____ Period _____

Teacher _____

Directions: As you watch the video, fill in the blanks with the correct words.

1. Because this ship was _____ in the Marshall Islands, it wasn't allowed to bring its fuel ashore.
2. So basically, you're giving _____ to politicians and they ban your competition.
3. When not blocking needed supplies, the main thing the Jones Act does is make Americans pay _____ for things.
4. But foreign _____ are only a small part of why American ships are so much more expensive.
5. But _____ money is good for consumers! It's good for everyone except America's shipping monopoly.
6. He's right. _____ works. The Jones Act should die.

Take a few moments to reflect on the video and answer these questions.

How does competition promote innovation?

Would you repeal the Jones Act? Why or why not?

Discussion & Analysis

1. What is the Jones Act and what was it originally intended to do?
2. How does the Jones Act affect the transportation of goods between U.S. ports and territories?
3. What are the key requirements for a vessel to be considered Jones Act compliant?
4. What examples from the video show how the Jones Act influences disaster response and recovery?
5. How does the Jones Act impact prices for consumers in places such as Hawaii and Puerto Rico?
6. What does the video suggest about how protectionism affects innovation and efficiency?
7. Why do supporters argue that the Jones Act is important for national security?
8. What is meant by “unintended consequences,” and how does the Jones Act illustrate that idea?
9. If the Jones Act were repealed or reformed, who might benefit and who might lose?
10. How does limiting competition through laws like the Jones Act compare to limiting competition through tariffs or subsidies?
11. If protecting one group’s jobs raises costs for millions of consumers, how should policymakers decide whose interests come first?
12. What examples from the video show how innovation often comes from freedom to experiment and trade?
13. When people or industries are protected by government policies, how might that affect their motivation to improve?
14. The video argues that competition benefits everyone in the long run. Can you think of a time when allowing choice helped more people than restricting it did?

Discuss These Lines from the Video

It restricts domestic shipping to vessels that are U.S. built, and U.S. crewed.

Foreign ships can deliver from China to America... Russia to America... but not from Seattle to Alaska, Los Angeles to Hawaii, Miami to Puerto Rico.

Because of your monopoly, American shipyards keep closing. They don't have any competition, so they don't improve.

It's four to five times more expensive to build a ship in the United States than in Japan or Korea... decades of being protected from competition.

Saving money is good for consumers.

Because American automakers were forced to compete with Volkswagen, Honda, and Toyota, they stepped up their game.

Established industries manipulate politicians to get special deals at the average person's expense.

Quotes for Discussion

Shipping itself is one of these things that is an input to all consumer products and all manufacturing products for that matter, too. It affects everyone. And so when you have a limitation in place that affects how much it costs to get a product from point A to point B, everybody's paying more.

– Senator Mike Lee

Trade policy should be debated in terms of its impact on efficiency, not in terms of phony numbers about jobs created or lost.

– Paul Krugman

If any particular manufacture was necessary, indeed, for the defense of the society, it might not always be prudent to depend upon our neighbors for the supply; and if such manufacture could not otherwise be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it.

– Adam Smith

A robust domestic maritime industry is essential to the nation's security and ability to maintain military readiness, and only full enforcement of the U.S. Jones Act can compete against the foreign subsidies that support foreign shipping.

– Matt Woodruff

The big guys are locking out smaller, newer competitors. They are crushing innovation. Even if you don't see the gears turning, this massive consolidation means prices go up and quality goes down for everything from air travel to broadband service.

– Elizabeth Warren

We're looking for a solution that benefits all stakeholders, which includes consumers and the shipbuilding industry itself. Updating the Jones Act for the 21st century can bring greater sustainability to the jobs market related to shipbuilding, which allows more entries to the market and would allow more jobs for stevedores. And the increasing supply of affordable ships would allow more parties to participate in the shipping industry market.

– Keli'i Akina

Competition is not only the basis of protection to the consumer but is the incentive to progress.

– Herbert Hoover

Activities

1. Have students complete the K-W-L chart in class or for homework. (Recall that the K and W sections are to be completed before watching the video and the L section after watching the video.)
2. Have students complete the political cartoon activity in class or for homework.
3. Have students complete the PMI chart in class or for homework.
4. Have students complete and submit the Exit Ticket as they leave class.
5. Divide the class into two groups—one defending and one opposing the law. Encourage students to weigh costs and benefits for both producers and consumers, considering who gains or loses from voluntary versus restricted trade.
6. Create a short timeline that includes the law's passage, major amendments, and debates about its continued relevance.
7. Use a [U.S. map](https://upload.wikimedia.org/wikipedia/commons/a/a2/USA%2C_with_territories_%28labeled%29.png) (https://upload.wikimedia.org/wikipedia/commons/a/a2/USA%2C_with_territories_%28labeled%29.png) to highlight areas affected by the Jones Act, such as Alaska, Hawaii, and Puerto Rico. Discuss how geography shapes access, opportunity, and mutual dependence.
8. Pairs of students examine how the Jones Act affects Puerto Rico, Hawaii, and the U.S. mainland. Summarize what each case shows about the trade-offs between protection and prosperity.
9. Students investigate how the Jones Act influenced disaster relief after hurricanes or fuel shortages. Present your findings and consider whether open exchange could have improved outcomes.
10. Assign small groups to study stakeholders such as shipbuilders, unions, and consumer advocates. Have each group outline not only what each group wants but how they might find cooperative solutions that benefit more people.
11. In groups, students brainstorm a list of modern conveniences (Uber Eats, cheaper flights, durable cars) and vote on which ones most change daily life compared to the past.
12. In small groups, students create a visual map connecting *protectionism*, *monopoly*, *regulation*, and *voluntary exchange*. Include examples from the video and discussion.
13. Students individually create an infographic showing how competition and innovation can lower costs and expand opportunities for trade.
14. Students write a short op-ed expressing a position on whether the Jones Act should be kept, reformed, or repealed. Support claims with evidence from the

video and include one sentence about how changes might promote mutual benefit.

15. In small groups, imagine a compromise that would meet the goals of both Jones Act supporters and opponents. Emphasize solutions that rely on voluntary cooperation rather than government mandates.
16. Conduct a classroom trade simulation in which some students face restrictions and others do not. Compare the outcomes and discuss how free exchange affects overall prosperity and satisfaction. (For a teacher-instruction video on how to do this, watch *Win/Win: A Trading Game* - <https://www.youtube.com/watch?v=Jm-wkE3gJxc>)

Name _____

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Quiz: The Jones Act

Directions: Select the answer that best completes the sentence.

1. One reason John Stossel calls the Jones Act a "stupid law with a stupid name" is that it _____.
 - A. is named after Davey Jones, an infamous pirate
 - B. restricts shipping between U.S. ports to U.S.-built, owned, & crewed ships
 - C. hurts foreign businesses, but helps American consumers
 - D. leads to lower prices on imported clothing, toys, and TVs sold in the U.S.
2. Foreign ships _____.
 - A. are never allowed to bring cargo to the United States
 - B. are poorly built and pose a risk to Americans who work at the docks
 - C. may transport to U.S. ports products imported from other countries
 - D. are more costly for American companies to use
3. Jennifer Carpenter of the American Maritime Partnership said that the Jones Act _____.
 - A. allows businesses to ship products between U.S. ports cheaply
 - B. protects Americans who take cruises anywhere in the world
 - C. protects the U.S. from being at the mercy of foreign powers
 - D. should be abolished
4. Because of the Jones Act, _____.
 - A. American energy companies can easily ship U.S.-produced natural gas
 - B. the U.S. will be ready to manufacture its own ships in case of war
 - C. people in Hawaii and Puerto Rico pay less for products than other Americans
 - D. energy companies struggle to get natural gas shipped to their facilities
5. The main point of this video is that _____.
 - A. foreign countries should ship their own products
 - B. competition improves products and reduces costs
 - C. protecting jobs is more important than lower prices for consumers
 - D. monopolies are good for the economy

Answer Key:

1. B
2. C

3. C
4. D

Name _____

Date _____

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Teacher _____

The Jones Act

Political Cartoon Activity

Directions: Use the political cartoon to answer the questions.

What do the labeled boxes on the ship represent, and how do they relate to the Jones Act's impact on consumers? _____

What message do you think the artist is sending about who benefits and who suffers under the Jones Act?

Why might the artist choose to show the ship as struggling instead of sailing smoothly? _____

If you could redraw this image to show the effects of open competition instead, what would look different? Why? _____



Name _____

Date _____

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Teacher _____

The Jones Act
PMI Chart

- P = Plus:** What might be some positive effects of the Jones Act?
M = Minus: What might be some negative effects of the Jones Act?
I = Interesting: What is interesting or surprising about the Jones Act?

+ Plusses +	- Minuses -	I

How does the Jones Act increase transportation costs for American goods? _____

What are the effects of protecting industries from competition? _____

Name _____

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The Jones Act K-W-L Chart

Directions: Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the questions below the K-W-L chart.

K	W	L
What I know about the Jones Act...	What I want to know about the Jones Act...	What I've learned about the Jones Act...

How can a law meant to protect American workers also create problems for consumers and communities? _____

How could open competition in shipping lead to new ideas, lower costs, or better service for consumers? _____

Exit Ticket

Name	
Admit One	How does the Jones Act show the unintended consequences that can come from government protection laws?
EXIT TICKET	

Name	
Admit One	How does the Jones Act show the unintended consequences that can come from government protection laws?
EXIT TICKET	

Name	
Admit One	How does the Jones Act show the unintended consequences that can come from government protection laws?
EXIT TICKET	

Name _____

Date _____

Class _____

Teacher _____

The Jones Act

Word Search Activity

The Jones Act

T	L	F	O	R	E	I	G	N	H	Z	F	O	D	Z	Q	N	S
F	J	O	N	E	S	M	A	R	I	T	I	M	E	L	A	D	I
Y	H	A	W	A	I	I	J	X	N	D	E	M	A	N	D	O	E
L	E	O	C	O	N	S	E	Q	U	E	N	C	E	S	B	M	M
A	H	X	T	T	X	J	B	W	A	I	V	E	R	H	N	E	E
A	A	L	A	S	K	A	T	S	E	C	U	R	I	T	Y	S	R
P	O	R	T	S	C	P	U	E	R	T	O	R	I	C	O	T	G
P	R	O	T	E	C	T	I	O	N	I	S	M	A	C	T	I	E
C	A	R	G	O	S	H	I	P	P	I	N	G	D	V	H	C	N
R	M	M	E	R	C	H	A	N	T	L	X	W	C	B	R	B	C
V	O	C	O	M	P	E	T	I	T	I	O	N	M	X	Z	B	Y
T	N	T	C	T	F	R	E	I	G	H	T	J	B	H	K	O	E

Find the following words in the puzzle.

Words are hidden → ↓ and ↘ .

ACT
ALASKA
CARGO
COMPETITION
CONSEQUENCES
DEMAND
DOMESTIC

EMERGENCY
FOREIGN
FREIGHT
HAWAII
JONES
MARITIME
MERCHANT

PORTS
PROTECTIONISM
PUERTO RICO
SECURITY
SHIPPING
WAIVER

The Jones Act

Word Search Activity – Solution

The Jones Act

.	.	F	O	R	E	I	G	N	.	.	.	.	.	.	.	.	.
.	J	O	N	E	S	M	A	R	I	T	I	M	E	.	.	D	.
.	H	A	W	A	I	I	.	.	.	D	E	M	A	N	D	O	E
.	.	.	C	O	N	S	E	Q	U	E	N	C	E	S	.	M	M
.	.	.	.	.	.	.	.	W	A	I	V	E	R	.	.	E	E
.	A	L	A	S	K	A	.	S	E	C	U	R	I	T	Y	S	R
P	O	R	T	S	.	P	U	E	R	T	O	R	I	C	O	T	G
P	R	O	T	E	C	T	I	O	N	I	S	M	A	C	T	I	E
C	A	R	G	O	S	H	I	P	P	I	N	G	.	.	.	C	N
.	.	M	E	R	C	H	A	N	T	.	.	.	.	.	.	.	C
.	.	C	O	M	P	E	T	I	T	I	O	N	.	.	.	.	Y
.	.	.	.	.	F	R	E	I	G	H	T	.	.	.	.	.	.

Word directions and start points are formatted: (Direction, X, Y)

ACT (E,8,10)

ALASKA (E,11,6)

CARGO (E,1,8)

COMPETITION (E,6,4)

CONSEQUENCES (E,1,7)

DEMAND (E,2,10)

DOMESTIC (S,18,2)

EMERGENCY (E,6,9)

FOREIGN (E,2,12)

FREIGHT (E,8,1)

HAWAII (E,12,10)

JONES (E,11,12)

MARITIME (E,4,2)

MERCHANT (E,1,6)

PORTS (E,9,3)

PROTECTIONISM (E,1,5)

PUERTO RICO (E,6,8)

SECURITY (S,17,1)

SHIPPING (E,5,11)

WAIVER (E,2,1)

Transcript

NBC: Disaster in Puerto Rico

NN: Storm after storm, Puerto Rico desperately needs supplies.

William Brangham: Over 60 percent of the island is still without power.

NN: After Hurricane Fiona, Puerto Rico needed fuel.

(VIDEO OF FLOATING SHIP OFF PUERTO RICO)

NN: Yet right off shore, within sight of land, was this tanker... carrying a full load of fuel...

But the US government forbade it to come ashore.

For days, it just sat here, while people suffered.

Geoff Bennett: Long lines for diesel, long lines for gasoline

NN: Why didn't they let the ship deliver its fuel?

OC: Because of a stupid law, with a stupid name. The Jones Act.

Cato: It restricts domestic shipping to vessels that are U.S. built, // and U.S. crewed.

NN: Because this ship was registered in the Marshall Islands, it wasn't allowed to bring its fuel ashore.

John Stossel ([01:38](#)): Your rules really hurt people

Jennifer Carpenter ([01:45](#)): They don't. What the Jones Act does is ensure reliable, dedicated service

NN: Jennifer Carpenter speaks for the American Maritime Partnership. They represent shipowners, builders, and labor unions.

They demand that the government forbid these efficient foreign ships from competing with American ships. And politicians obey.

Joe Biden: my strong support for the Jones Act

NN: When the Jones Act strangles places, reporters often ask:

Headline: Jones Act: The Law Strangling Puerto Rico.

Reporter: Why not lift the Jones Act?

NN: And even tough guy politicians hesitate.

Trump: We have a lot of shippers and a lot of people that work in the shipping industry that don't want the Jones Act lifted.

John Stossel (00:00): So basically you're giving money to politicians and they ban your competition.

Jennifer Carpenter (00:13): The Jones Act is a time tested American security law // so // we are not at the mercy of foreign powers, foreign vessels, foreign mariners

Scott Lincicome: We use foreign mariners and foreign vessels every day //

NN: Cato Institute trade specialist Scott Lincicome points out that foreign vessels travel to America all the time.

Here they are one recent day crowding into New York harbor.

Scott Lincicome: It is only in shipping between American ports that we don't allow for those vessels

NN: Think about that. Foreign ships can deliver from China to America... Russia to America...

But not from Seattle to Alaska, Los Angeles to Hawaii, Miami to Puerto Rico? That's illegal? I asked the lobbyist why couldn't desperate Puerto Ricans get this fuel, which was right offshore?

Jennifer Carpenter (02:28): There was a US flagged ship en route to Puerto Rico

OC: But the US ship wasn't there yet. Carpenter mocks the foreign competitor who got there first.

JENNIFER a foreign oil trader that thought they could make a quick buck by using a foreign ship instead. There was no shortage of fuel on Puerto Rico.

NN: But there was!

SOT. // there is a fuel shortage that is keeping most generators from helping

NN: Puerto Rico's governor begged the Biden administration to waive the Jones Act, and the bureaucrats finally did.

CBS Miami: The Biden Administration has moved to allow a non-US flagged ship to transport fuel to Puerto Rico

NN: When not blocking needed supplies, the main thing the Jones Act does is make Americans pay more for things.

Grassroots Institute: the Jones Act cost the average Hawaii family about 1800 dollars a year.

NN: Did banning foreigners at least do good things for America's shipbuilding industry? No.

SOT old footage – America//to build the largest fleet of cargo ships ever to sail the seven seas

NN: 50 years ago, America built about 18 ships every year. Last year, just one.

America's fleet once had 250 ships. Now 90.

There were once more than 400 American shipyards. 300 are now gone.

John Stossel (00:32): Because of your monopoly, American // shipyards keep closing. They don't have any competition, so they don't improve.

Jennifer Carpenter: Competition within our industry and with other modes of transportation is vigorous. It is dog eat dog.

John Stossel (01:06): No, it's not. Because // the best dogs are banned

Jennifer Carpenter (03:13): the US government is not subsidizing U.S. shipyards in the way that many of our strategic competitors and allies are doing.

NN: Okay, that's true, and it's good that America give out fewer subsidies. But foreign subsidies are only a small part of why American ships are so much more expensive.

Scott Lincicome, 4 to 5 times more expensive to build a ship in the United States than to do so in a place like Japan or Korea or in our NATO allied countries. // The difference really is decades and decades of being protected from competition, // simply not having to innovate.

NN: No American shipyard builds ships like this that hold natural gas... Because of the Jones Act, that's a big problem.

MARGARET BRENNAN: New England is facing its highest energy costs in more than 25 years.

NN: This New England governor knows what to blame.

NH GOV. SUNUNU: //the Jones Act, // this antiquated 100-year-old union driven policy/

NN: So, does this energy company president who wants to buy natural gas...

Joseph Nolan, Eversource President): // that's down in the Gulf that we could access if we could get relief from the Jones Act, //

John Stossel ([04:39](#)): He wants the gas, he can't get gas for the winter.

Jennifer Carpenter ([04:49](#)): Why didn't you enter into long-term contracts to ensure a reliable supply of gas or whatever fuel you needed to run your plants? Your poor planning is not a Jones Act problem. It's a planning problem. //

John Stossel ([05:12](#)): I did bad planning. Why can't I use the South Korean ship?

Jennifer Carpenter ([05:21](#)): A Jones Act waiver is not the way to address poor planning.

NN: Thanks to people like her, waivers are now even more restricted.

Headline: San Juan Daily Star: Congress...Further Restricts Jones Act Waivers

John Stossel: You give politicians money not to grant waivers.

Jennifer Carpenter ([05:58](#)): Hold up. All right. Let's, let's unpack this//frankly, you know, waivers should be safe, legal, and rare. What we too often see is somebody's trying to make a quick buck. There's no national defense need, there's no shortage of product. It's, hey, I could save some money.

OC: But saving money is good for consumers. It's good for everyone except America's shipping monopoly. They don't want competition.

Of course, most industries don't!

SOT-[CLASSIC AMC COMMERCIAL](#) (:50) don't sell the tough Americans short.

NN: American carmakers didn't want competition. They worried as foreign cars won American customers.

IACCOCCA SOT-[CLASSIC CHRYSLER COMMERCIAL](#)

SOT: It's no secret a lot of people believe American cars aren't built as well as Japanese or European cars.

NN: Because American automakers were forced to compete... with Volkswagen...Honda...and Toyota, they stepped up their game.

SOT-CLASSIC CHRYSLER COMMERCIAL

(:13) No one can say our cars don't stack up.

SCOTT LINCICOME: just like foreign competition improved American automobiles, foreign competition would do the same for American made ships.

OC: He's right. Competition works. The Jones Act should die. We'd all be better off if America's shipping industry had to compete.