Matson Navigation Co.’s request to the Maritime Administration for a vessel deployment exception has once again brought under public scrutiny the issue of the Jones Act.

Originally the Merchant Marine Act of 1920, the Jones Act requires that ships operating within the United States be built at U.S. shipyards, and that they be owned and crewed by Americans.

Drafted shortly after World War I, this legislation grew out of the belief that a strong U.S. merchant marine was essential to maintaining the security of our country.

In the early 1990s, Rob Quartel, appointed to the Federal Maritime Commission by President Bush, equated Jones Act vessels to welfare queens. Rather than accept the established wisdom of national security interests, Quartel likened the entire issue to a special-interest scam similar to the savings-and-loan debacle.

Ed Emmett and the National Industrial Transportation League also identified Jones Act reform as one of their legislative priorities. The act was originally part of the NIT League’s ocean shipping reform agenda, but the league could not overcome the combined opposition of special-interest groups intent on preserving both the Jones Act and the 1984 Shipping Act.

Now that the Ocean Shipping Reform Act has been enacted, the NIT League is free to address domestic shipping.

In 1998, a Senate hearing proved just how emotional the Jones Act could become. Senate Commerce Committee Chairman John McCain, R-Ariz., questioned “the philosophy that we need to protect our industries.”

He reminded his colleagues that other domestic transportation providers (for example, airlines, railroads and motor carriers) are allowed to purchase foreign-built airplanes, locomotives and trucks.

Cindy Brown, president of the American Shipbuilding Association, charged that the Senate hearing was disruptive to the industry by destroying possible investor confidence. Nobody would invest in U.S.-built ships, the thinking went, if they thought that the Jones Act protective monopoly would be removed.

Sen. McCain seemed to take personal offense at the remarks, calling Ms. Brown’s remarks “uncalled for and ignorant.”

A 1998 Cato Institute study concluded that the Jones Act impedes commerce in the United States and hampers the development of an efficient intermodal system.

Last year, distribution expert Bob Delaney, in his annual “State of Logistics Report,” called upon shippers and carriers to achieve a possible $55 billion in logistics savings by reforming the Jones Act, increasing truck weights and effecting other logistics improvements.

In a global marketplace, a protected market inevitably is exposed as high-cost and low-selection.

Ocean carriers are quick to rebut many of the assertions of reform advocates, but these carriers have often been selective in their use of examples.

Back when rates were publicly available, a Jones Act carrier compared rates of refrigerated fresh produce moving from the U.S. West Coast to Hawaii and Asia. The charges for moving the commodity to Hawaii were approximately half those for moving it to Japan.

What nobody pointed out, however, was that the referer rates to Japan were closely controlled by the carrier conference involved and that there was little independent activity.

But a different picture would have emerged had the rates to Hong Kong, even farther away from the West Coast than Japan, been added to the comparison. It was even lower than the rates to Hawaii. Such is the benefit of a competitive market.

Former U.S. Maritime Administrator Warren Leback has advocated a major, temporary change in the Jones Act: allowing liner companies in the protected domestic trades a window of opportunity to purchase foreign-built ships for deployment.

There is a Jones Act paradox. Although domestic trades must be served by U.S.-built vessels, there is no assurance that those ships will be built.

The average age of Jones Act vessels is 28 years. Carriers have not replaced them due to the high cost of buying from U.S. shipyards.

For example, the last Jones Act vessel built in 1992, cost $129 million, while a similar vessel built overseas would have cost $75 million to $80 million.

The disparity between domestic and foreign shipyards has only increased since then. U.S. shipyards tend to specialize in U.S. Navy programs, which are not traditionally heralded as parasitic of low-cost virtue.

Several years ago, Totem Ocean Express proposed that a single vessel design be chosen, and that a large order be placed with a U.S. shipyard to reduce design and construction expenses. The antitrust protection needed from Congress has not gone forward. Since then, TOTE has announced that it will go it alone and build two vessels.

Organized labor has weighed in heavily in favor of continued protection of union jobs. But can U.S. jobs be protected?

The U.S. passenger business has been hurt by Jones Act protection. Alaska passenger cruises leave from Canada’s Vancouver rather than Seattle. And California and New England cruises cannot compete with Mexican and Canadian competitors.

In a global marketplace where consumers can comparison shop by the Internet more and more, a protected market inevitably is exposed as high-cost and low-selection. For now, the Jones Act survives in apparent disregard of this reality.

Theodore Prince is senior vice president of sales and marketing at Kleinschmidt Inc., an electronic-commerce provider. He can be reached at Ted Prince@kleinschmidt.com