



The Daily Dish

April 13th Edition

DOUGLAS HOLTZ-EAKIN | APRIL 13, 2015

The promise that “If you like your plan, you can keep it,” appears to have earlier roots than just the current presidency. [The Wall Street Journal](#) revealed a memo from the Clinton Administration for their attempt at universal health care that said “If you like Blue Cross, you can keep your Blue Cross.” Since the passage of Obamacare, [millions have received cancellation notices](#).

The Vice President is calling for [tax hikes to pay for “free” community college](#). In his weekly address Biden said that “It’s simple,” however this proposal is anything but “simple.” [AAF’s research](#) shows that the program would cost \$60 billion over the next ten years and would likely not have the impact the administration is hoping for. Community college is already a great deal, almost 60 percent of community college students don’t take out loans while half of those who do borrow leave with less than \$10,000 in debt.

Eakinomics: Trade Adjustment Assistance

[Trade Promotion Authority](#) is essential for negotiating effective trade agreements like the [Trans-Pacific Partnership](#) and [Transatlantic Trade and Investment Partnership](#), which have the potential to greatly [benefit](#) the U.S. As part of the process of passage through the Congress, however, expect demands for extension and expansion of Trade Adjustment Assistance (TAA). TAA is intended to assist U.S. workers whose jobs are lost due to the changes wrought by trade agreements. Unfortunately, however well-intended, TAA is ineffective.

To be eligible for TAA benefits and services, a worker must have the Department of Labor certify that his or her job loss occurred as a consequence of foreign competition. If eligible, the worker can receive training for up to two years and Trade Readjustment Allowances (TRA). TRA are cash payments paid after unemployment insurance (UI) is exhausted, and in the same amounts. TRA can be paid for up to a full year if the worker remains in training. There is also an alternative program for older workers. In short, TAA is intended to provide income support and new job skills for those who lost their jobs due to international competitive pressure.

Unfortunately, TAA does not work. A recent [evaluation](#) of the program compared the experiences of TAA participants with those workers who lost jobs due to domestic competition and ended up on unemployment insurance. On balance, the results are quite depressing:

- TAA did lead to increased use of training services. Nearly 66 percent of TAA participants received training, compared to 27 percent of comparisons, and the average TAA participant spent about 8 times as many weeks in education and training as the average comparison group member (49 weeks, compared to 6 weeks).
- Overall, TAA participants had lower earnings (than the comparison group) but worked about the same number of weeks. They had significantly worse results than the comparison group members. TAA participants earned about \$3,300 less than their comparisons, but both groups worked about the same number of weeks (33 weeks for TAA participants, compared to 35 weeks for comparisons).
- TAA participants who returned to work not only had lower wages but were also less likely to have fringe benefits than the comparison group.

- After training, only 37 percent of TAA workers were employed in the occupation for which they trained.
- TAA participants collected more in UI payments and were more likely to exhaust their UI benefits, most likely because TAA provided additional income support while participants completed training or sought employment. However, TAA had a negative impact on total income, suggesting that these additional income payments did not fully compensate for the lower earnings that participants achieved.

As the study's authors conclude: "Overall, although TAA participation substantially increased the receipt of reemployment and education and training services, these impacts had not yet translated into labor market gains during the four-year period following job loss."

From the Forum

[Three Strikes...](#) by Sam Batkins, AAF Director of Regulatory Policy; and Gordon Gray, AAF Director of Fiscal Policy

[Week in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy