The Daily Dish

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The deadline to obtain health care came and went over the weekend, but not without technical glitches that stopped some from signing up. The online problems happened when customers attempted to verify their incomes, an essential piece to determine subsidies. Even though they voted for the ACA just a few years ago, some Democrats in the House are looking to delay the tax penalty that will hit individuals without health insurance. However, AAF has found it may just be economically better for 6 out of 7 uninsured young adults to forgo insurance and pay the penalty.

The EPA is planning a rare veto for a property owner's ability to mine gold. The Washington Post describes the Alaskan region as "an empty expanse of marsh and shrub." However, it is also in the same spot as one of the largest salmon spawning runs. The EPA will not even allow the land owner to state their case, likely issuing a preemptive veto for only the second time in forty years. Alaska's Senator Murkowski said the move "strips Alaska and all Alaskans of the ability to make decisions on how to develop a healthy economy on their lands."

Eakinomics: Currency Manipulation and Trade Agreements

The Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) are important potential agreements that will improve the position of the United States in global trade and raise economic growth. Both would require providing the president with Trade Promotion Authority (TPA) in order for negotiations to be effective. Recently, an unlikely bipartisan coalition of Senators — Sherrod Brown, Jeff Sessions, Lindsey Graham, Chuck Schumer, and Debbie Stabenow — has argued that before TPA should be granted, the trade agreements must be modified to include provisions regarding currency manipulation.

Bad idea.

The basic notion is that it will be possible for the federal government — the same folks who brought you healthcare.gov and the VA hospital system — to measure the exact amount of "misalignment" of the dollar with another currency, such as the Chinese yuan or Japanese yen. Then if the other currency is undervalued relative to the dollar, the U.S. will slap a tariff on imports from that country to offset the advantage of the putative currency manipulation. The relative values of currencies fluctuate continuously in response to current and anticipated shifts in interest rates, tax policy, inflation rates, and other economic fundamentals. There is simply no way the government will get the measurement of misalignment right. Strike one.

Oh, and what if the U.S. currency is undervalued? Would the U.S. put an export tariff in place? Would it tolerate other countries putting tariffs on U.S. goods? Currency manipulation regulations of this sort are simply an anti-trade provision in disguise. Why put an anti-trade provision in a trade pact? Strike two.

Finally, the ultimate irony is that if the U.S were to attempt to insert a currency manipulation chapter in TPA or TTIP, the negotiations would break down and there would be no need for TPA. Currency manipulation provisions mean that TPA would only be granted to a president who has no use for it. Strike three.

Governments can and do intervene in currency markets and may gain a short-term advantage from those actions. Unfortunately, the proposed cure is worse than the disease.

From the Forum

Week in Regulation by Sam Batkins, AAF Director of Regulatory Policy