

The Competitive Dollar for Jobs and Prosperity Act

U.S. Senators Tammy Baldwin (D-WI) and Josh Hawley (R-MO)

Problem: For two decades, foreign countries, including China, have manipulated their currencies to boost their exports while making American products more expensive abroad. Foreign purchases of U.S. stocks, bonds and other assets have also led to an overvalued American dollar that has put our businesses and workers at a disadvantage. As a result, our trade deficit has exploded and 90,000 factories have closed down, thousands of family farms have gone bankrupt, and millions of manufacturing workers have lost their jobs.¹

While foreign governments have reduced their currency manipulation in recent years, the dollar remains uncompetitive because the U.S. absorbs excess foreign savings from abroad that pour into dollar-denominated financial instruments. These private purchases have made the dollar 20 percent less competitive since 2014. The decline has been felt acutely in trade-sensitive industries like agriculture and manufacturing, which compete in global markets.

Solution: The *Competitive Dollar for Jobs and Prosperity Act* would bring the dollar into alignment by establishing a “market access charge” (MAC) on foreign purchases of U.S. stocks, bonds, and other assets. The MAC would make U.S. exports more competitive and gradually reduce our trade deficit until it is within an acceptable range (plus or minus half a percent of GDP). Going forward the Federal Reserve is charged with keeping the dollar at its trade balancing price.

Impact: Making the dollar more competitive over a period of six years could add nearly \$1 trillion to our GDP, create over five million new jobs, and raise over \$2 trillion in revenue.²³

Support: The legislation is supported by the Coalition for a Prosperous America (a coalition of manufacturers, organized labor, farmers, and ranchers); National Farmers Union; Copper and Brass Fabricators Council; Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America; JOA Industries; Meyer Manufacturing, Lapham-Hickey Steel, Revere Copper Products, Team Industries.

¹ <https://www.epi.org/publication/the-china-toll-deepens-growth-in-the-bilateral-trade-deficit-between-2001-and-2017-cost-3-4-million-u-s-jobs-with-losses-in-every-state-and-congressional-district/>

² https://www.prosperousamerica.org/quantifying_economic_growth_job_creation_competitive_dollar

³ [https://www.baldwin.senate.gov/imo/media/doc/Hansen%202019.06.15.DOC%20Market%20Access%20Charge%20\(MAC\)%20Towards%20Accelerated%20Growth%20and%20Balanced%20Budget.pdf](https://www.baldwin.senate.gov/imo/media/doc/Hansen%202019.06.15.DOC%20Market%20Access%20Charge%20(MAC)%20Towards%20Accelerated%20Growth%20and%20Balanced%20Budget.pdf)