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## Republican Hawley introduces bill to weaken dollar to counter China

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Republican Josh Hawley and Democrat Tammy Baldwin introduced Senate legislation Wednesday to have the Federal Reserve weaken the dollar to promote exports, a move they said is necessary to counter China and other countries with unfair trade practices.

The proposal would establish a "market access charge" on foreign purchases of U.S. stocks, bonds, and other assets above \$10,000. The Federal Reserve would be required to establish an exchange rate management policy that would adjust that access charge to prevent U.S. trade deficits or surpluses from exceeding 0.5% of the gross domestic product within five years.

Hawley, a freshman from Missouri, argued that it would be a tool to fight against other countries' currency manipulation. "This legislation creates a powerful new tool to fight back against foreign currency manipulators, encourage investment in American jobs, and make our exports more competitive around the world," he said. "Our farmers deserve a chance to earn a fair profit on their crops. Our factories deserve a level playing field. With this bill, they will get one."

Simon Lester, a trade policy analyst for the free-market Cato Institute, said the proposal would weaken the dollar, causing higher prices for consumers, and could prompt retaliation from other countries. "It politicizes the value of the U.S. dollar, thereby undermining confidence in it as the world's reserve currency. It could lead to a currency war if others respond similarly," he said.

Baldwin, who represents Wisconsin, said that foreign investors had driven up the U.S. dollar, to the detriment of the broader economy. "We need reforms that create a competitive American dollar and an even playing field for manufacturers, farmers, and workers. This bipartisan fix will increase American exports and boost our manufacturing and farming economy," she said.

Their proposal drew praise from the Coalition for a Prosperous America, a coalition group of unions, manufacturers and agricultural groups. "This is a big deal, and we congratulate Senators Baldwin and Hawley for their intelligence and vision. A realigned dollar is the most important tool available to spur growth and job creation in the U.S. economy," said Michael Stumo, chief executive officer of the coalition.

President Trump has called on the Fed to act to counter foreign currency manipulation. "The E.U. and China will further lower interest rates and pump money into their systems, making it much easier for their manufacturers to sell product," he tweeted Monday. "In the meantime, and with very low inflation, our Fed does nothing - and probably will do very little by comparison. Too bad!"