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Cracking down on China's currency

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Before the U.S. Senate takes up the President's jobs bill, it plans to take on China with a piece of legislation they say will keep the republic from stealing much needed American jobs. Erin Billups has more.



WASHINGTON, D.C. -- A bi-partisan group of Senators are once again pushing a bill to crack down on China's currency manipulation.

"China has been playing games with its currency and we all know it and it is time to get tough," said Sen. Kay Hagan.

Just last week, the Economic Policy Institute released a report finding that since 2001 the U.S. has lost about 2.8 million jobs due to China undervaluing its currency.

"They buy treasury bills and mortgage backed securities. So what they're doing is increasing demand for dollars. It acts like a tax of almost 30 percent on goods we send to China," said Robert Scott, EPI Trade and Manufacturing Policy Research Director.

So it's cheaper for companies to import goods from China and to manufacture there. In New York, that boils down to a loss of more than 161,00 jobs

"There is no better step we can take. No better step we can take to put Americans back to work than to pass this bill," said Sen. Charles Schumer.

Senate leadership believes the votes are there to pass the measure, which would enhance oversight of currency exchange rates, possibly imposing tariffs on goods imported from countries that are found guilty of undervaluing their currency.

But the Cato Institute's Director of Financial Regulation Studies says the move would have far reaching consequences on world trade, doing more harm than good to the U.S. economy. The blame, he says, is not on China's alone.

"We have facilitated China's manipulation of their currency by borrowing so much from them," said Mark Calabria of the Cato Institute.

The Senate is expected to vote on whether to begin debate on the measure Monday. There is no word yet on whether the House will take it up.

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