EVERYONE AGREES – Currency Manipulation is a Problem

Arthur B. Laffer  
*Reagan Administration Economist; Co-Policy Chairman, Free Enterprise Fund; Board of Scholars, ALEC*

The impact of currency manipulation has potentially dampened the U.S. current account by about 4 percent of GDP in 2012, which was approximately the size of the U.S. output gap in the corresponding year. While providing an exact number of U.S. jobs lost due directly to currency manipulation is tricky, it is likely that millions of jobs in the U.S. were lost as a result of current account imbalances that were generated, in part, by currency manipulation.

---

Considering the employment and economic impact of currency manipulation on the United States…it is vital that the TPP include defined monetary policy standards and a means to identify currency manipulators and enforce violations.  
*Currency Manipulation and Its Distortion of Free Trade, 12/1/14*

C. Fred Bergsten  
*Former Carter Administration Assistant Treasury Secretary; Founding Director Peterson Institute for International Economics (PIIE)*

The single greatest flaw in the entire international financial architecture is its failure to effectively sanction surplus countries, especially to counter and deter competitive currency policies. Indeed, this systemic failure almost assures that the problem will continue because the manipulators get away with it and thus are presented a policy option, especially attractive in tough economic times, through which they can subsidize exports, import substitutes and jobs without budget costs domestically or effective restraint internationally.

---

Eliminating excessive currency intervention would narrow the trade deficit by 2 to 3 percent of GDP and move the economy half or more of the way to full employment, with even larger payoffs once multiplier effects on domestic demand are taken into consideration…There would be no cost to the US budget; indeed faster growth would reduce the budget deficit.  
*Stavros Niarchos Foundation Lecture, 5/16/13*

Simon Johnson  
*Former International Monetary Fund (IMF) Chief Economist; Peterson Institute*

One of the major shortcomings of the global trading system in recent decades has been the absence of an effective constraint on countries that intervene heavily in order to keep their currencies undervalued.  
*Project Syndicate, 10/22/14*

Any reasonable trans-Pacific agreement should include mutually agreed-upon provisions that prohibit currency manipulation… If that means that the trade pact is harder to achieve, or even impossible, given the attitude of other countries, the United States should accept that outcome.  
*New York Times, 12/5/13*
Alan Greenspan  
*Former Federal Reserve Chairman*

Speaking about China’s approach to trade, “What they are doing is the definition of currency manipulation.”  
*Bloomberg, 6/17/11*

Robert E. Lighthizer  
*Reagan Administration Trade Official*

On a purely intellectual level, how does allowing China to constantly rig trade in its favor advance the core conservative goal of making markets more efficient? Markets do not run better when manufacturing shifts to China largely because of the actions of its government. Nor do they become more efficient when Chinese companies are given special privileges in global markets, while American companies must struggle to compete with unfairly traded goods.  
*Washington Times, 5/9/11*

Paul Krugman  
*Nobel Prize-winning economist; Princeton Professor; New York Times Columnist*

We can and should take action against countries that are keeping their currencies undervalued, and thereby standing in the way of a much-needed decline in our trade deficit. That, above all, means China. And none of the arguments against holding China accountable can stand serious scrutiny.  
*New York Times, 10/3/11*

Mark Zandi  
*Moody Analytics*

Nothing is more important from a macroeconomic perspective for manufacturing, than to get these currencies better aligned. They are not aligned and that’s a significant competitive disadvantage for all manufacturers, increasingly other businesses as well.  
*Joint Economic Committee Hearing, 6/22/11* (alt link [here](https://www.jointeconomiccommittee.gov/))

Robert J. Samuelson  
*Washington Post Columnist*

China and others are implicated in the dollar system's failings. By keeping their currencies artificially depressed—a way to aid exports—they abetted the very imbalances that they now criticize.”  
*Newsweek, 4/3/09*

President Barack Obama

What we need to do is to just be better bargainers and say look, here's the bottom line, you guys keep on manipulating your currency, we are going to start shutting off access to some of
our markets. If you are doing the right thing, and not trying to manipulate your currency to disadvantage us, then you will have access. It’s a pretty straightforward proposition.

**AAM Presidential Candidates Town Hall**, Pittsburgh, PA, 4/14/2008

Refusing to acknowledge the problem will not make it go away. As a result, I will work with colleagues in the Congress to force action and strengthen the ability of Americans losing out from Chinese currency manipulation to bring forward complaints for remedy through increased duties on Chinese goods.

The Administration’s refusal to take strong action against China’s currency manipulation will also make it more difficult to obtain congressional approval for renewed Trade Promotion Authority, as well as additional trade agreements.

Letter to Treasury Secretary Hank Paulson, June 13, 2007

**Mitt Romney**
**2012 Presidential Candidate**

I've watched year in and year out as companies have shut down and people have lost their jobs because China has not played by the same rules, in part by holding down artificially the value of their currency. It holds down the prices of their goods. It means our goods aren't as competitive and we lose jobs. That's got to end.

**ABC News Transcript of 3rd Presidential Debate**, 10/22/2012

**Joseph Gagnon**
**Peterson Institute**

The United States has lost 1 million to 5 million jobs due to this foreign currency manipulation.

**Currency Manipulation, the US Economy, and the Global Economic Order**, December 2012

**Robert Scott**
**Economic Policy Institute**

Currency manipulation by more than 20 countries, of which China is by far the largest, is the single most important reason why U.S. trade deficits have not decisively reversed. Currency manipulation lowers the value of foreign currencies, relative to the U.S. dollar, which acts like a subsidy to their exports, and a tax on U.S. exports to China and every other country where the U.S. competes with the exports of currency manipulators.

**Economic Policy Institute**, 3/6/2014

**Senator Jeff Sessions**

After nearly four years in office, President Obama still refuses to label China a currency manipulator and confront this illicit trading practice. The President’s announcement that his administration is filing a WTO complaint to challenge Chinese auto subsidies will bring little comfort to the thousands who have lost and continue to lose jobs across our entire manufacturing sector thanks to China’s unfair trade practices, which have undercut U.S. competitiveness and helped decrease median household income by 7 percent in the last decade. China’s devalued currency hurts our not only our automakers, but thousands of American businesses and manufacturers, putting millions of our workers at a huge competitive disadvantage.
Press Release, 6/10/2014

Senator Lindsay Graham

China’s pegging of the yuan to the dollar and keeping it consistently undervalued continues to create a competitive advantage for the Chinese. China has too big of an economy to allow them to continue creating an unfair trade advantage. Chinese currency manipulation has resulted in 2 million jobs being lost in the United States and over 40,000 in South Carolina. China must stop cheating.

Press Release, 10/4/2011

Senator Chuck Schumer

China has used their currency to rig the game against New York manufacturers, killing jobs here and across the country. Enough is enough, it’s time that we level the playing field and give New York businesses a chance to compete, fair and square. This strong bipartisan legislation is a clear, unwavering message from both parties to China’s leaders- the jig is up, it’s time to stop gaming the system or face severe consequences.

Press Release, 10/3/2011

Senator Sherrod Brown

We can create millions of jobs—without adding a dime to the deficit—by addressing currency manipulation. As our trade deficit continues to widen, our need to level the playing field for American manufacturers and workers becomes more urgent,” Brown said. “Ending currency manipulation could create 5.8 million jobs for Americans and more than 250,000 jobs for Ohioans. Congress should stand up for American workers by passing our bipartisan bill that would create jobs by standing up to countries like China that cheat trade law by manipulating currency.

Press Release, 2/26/2014