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Populism's Corrupt Core (James A. Goldston – 04/07/2018)

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Populist electoral victories around the world in recent years have led many to conclude that liberal democracy is under assault. But the arrest this week of Malaysia's former prime minister on corruption charges is one of several signs suggesting that widespread predictions of the global demise of liberal democracy are premature.

The implication of the doom-and-gloom view is that liberal democracy's defenders cannot reclaim the moral high ground until they have reexamined their own political and economic assumptions. Yet it is a mistake to think that the rise of autocrats is all about ideology, or that it represents a widespread rejection of democracy, liberalism, or human and civil rights. Today's elected demagogues are motivated not so much by principle as by power and greed – they are in it for themselves, their families, and their cronies. Restoring balance to our off-kilter world requires that we expose the rank corruption at the heart of the new illiberalism.

In Hungary, Prime Minister Viktor Orbán's friends and family members have grown rich on government loans and public contracts. In Orbán's hometown of Felcsút, one crony has overseen the construction of a soccer stadium that seats 4,000 people, even though the total population of the town is just 1,600. Whereas "corruption before 2010 was rather a dysfunction of the system," notes the watchdog group Transparency International, "Today, it's a part of the system."

In Turkey in 2014, people close to President Recep Tayyip Erdoğan, including several senior members of his ruling Justice and Development Party (AKP), were implicated in a money-laundering scheme that purportedly sought to bypass US-led sanctions on Iran. The scandal led to the resignation of four cabinet ministers, and to the release of audio recordings in which Erdoğan allegedly can be heard telling his son to dispose of millions of dollars of ill-gotten funds. But Erdoğan dismissed the allegations as a set-up, and Turkish prosecutors eventually quashed the case.

In Malaysia, former Prime Minister Najib Razak and his associates now stand accused of pillaging more than $4.5 billion from 1MDB, a government investment fund. According to the US Department of Justice, the pilfered money was used to purchase high-end real estate in Manhattan, mansions in Los Angeles, paintings by Monet and Van Gogh, a corporate jet, a yacht, and other luxury goods.

And in the United States, of course, questions continue to swirl around the private interests of President Donald Trump and his family, and how they may bear on his behavior in office.

The irony is that anger over corruption played a critical role in fueling the current wave of populist autocrats. So, to defend liberal democracy, we must reclaim the anti-corruption mantle. By redistributing stolen assets from political and corporate thieves and their legal and financial enablers, anti-corruption campaigns do not just hold the powerful to account. They can also address inequality – and thus the widespread frustration that populists have exploited.

But fighting corruption also means shining a spotlight on – and prosecuting – those who threaten, kill, or otherwise thwart journalists working to expose abuses of power. Freedom of expression and other fundamental rights are not elitist luxuries, as authoritarians claim. They are indispensable for safeguarding free societies.

Moreover, a concerted campaign against corruption could serve as a unifying force in countries with deep political divisions. While a majoritarian government can ride roughshod over the interests of minorities, corrupt regimes steal from everyone. That is why corruption has provoked mass protests from Bucharest to Brasilia over the past year.

To be sure, those in power can turn anti-corruption campaigns into a political tool. In China, President Xi Jinping has made deft use of anti-corruption purges to eliminate political adversaries and secure near-absolute power. But this is all the more reason for proponents of liberal democracy to redouble their own efforts to combat violations of the public trust.

Fortunately, those efforts already have a strong track record. In the US, four decades of increasingly robust prosecutions under the Foreign Corrupt Practices Act have punished misconduct around the world and recovered billions of dollars in stolen assets. And despite Trump's own long-standing criticisms of the FCPA, he has yet to blunt its enforcement activities (though that may yet happen).

Likewise, in France, prosecutors recently charged a former president and a leading business tycoon with large-scale corruption in Africa. In the United Kingdom, the government has just adopted rules requiring that all British overseas territories – notorious havens for dark money – publicly list the real owners of registered companies by the end of 2020. And in Spain, the long-ruling Partido Popular recently lost a no-confidence vote following a criminal investigation of financial malfeasance that sent its treasurer to prison.

But despite these signs of progress, more action is needed. Anti-corruption enforcement remains uneven across different jurisdictions. To address transnational financial transactions, we must build stronger international networks of prosecutors and investigators.

At the same time, more governments should follow the UK's example, by ending the practice of "beneficial ownership" by secret third parties. Owners of some of the most expensive apartments in New York City have gone to great effort – much of it legal – to keep their identities hidden, by registering through trusts, limited liability companies, or other entities.

More broadly, public and private donors should bolster their support for civil-society organizations and independent media. These institutions can track and expose corruption, explain how it implicates powerful political figures, and push state actors to sanction those responsible.

Reining in corruption will not be easy, given that many economies are dependent on investment flows linked to criminal activity. But the consequences of doing nothing are clear. Corruption is a primary driver of populism and the retreat from liberal values. So the next time someone asks you what happened to liberal democracy, tell them to follow the money.

Fonte: GOLDSTON, James A. Populism's Corrupt Core. Disponível em: <https://www.project-syndicate.org/commentary/exposing-populist-corruption-saves-liberal-democracy-by-james-a--goldston-2018-07> Acesso em 05 de julho de 2018.

America the Loser (J. Bradford DeLong – 04/07/2018)

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The Washington Post's Catherine Rampell recently recalled that when US President Donald Trump held a session for Harley-Davidson executives and union representatives at the White House in February 2017, he thanked them "for building things in America." Trump went on to predict that the iconic American motorcycle company would expand under his watch. "I know your business is now doing very well," he observed, "and there's a lot of spirit right now in the country that you weren't having so much in the last number of months that you have right now."

What a difference a year makes. Harley-Davidson recently announced that it would move some of its operations to jurisdictions not subject to the European Union's retaliatory measures adopted in response to Trump's tariffs on imported steel and aluminum. Trump then took to Twitter to say that he was, "Surprised that Harley-Davidson, of all companies, would be the first to wave the White Flag." He then made a promise that he cannot keep: "… ultimately they will not pay tariffs selling into the EU."

Then, in a later tweet, Trump falsely stated that, "Early this year Harley-Davidson said they would move much of their plant operations in Kansas City to Thailand," and that "they were just using Tariffs/Trade War as an excuse." In fact, when the company announced the closure of its plant in Kansas City, Missouri, it said that it would move those operations to York, Pennsylvania. At any rate, Trump's point is nonsensical. If companies are acting in anticipation of his own announcement that he is launching a trade war, then his trade war is not just an excuse.

In yet another tweet, Trump turned to threats, warning that, "Harley must know that they won't be able to sell back into U.S. without paying a big tax!" But, again, this is nonsensical: the entire point of Harley-Davidson shifting some of its production to countries not subject to EU tariffs is to sell tariff-free motorcycles to Europeans.

In a final tweet, Trump decreed that, "A Harley-Davidson should never be built in another country – never!" He then went on to promise the destruction of the company, and thus the jobs of its workers: "If they move, watch, it will be the beginning of the end – they surrendered, they quit! The Aura will be gone and they will be taxed like never before!"

Needless to say, none of this is normal. Trump's statements are dripping with contempt for the rule of law. And none of them rises to the level of anything that could be called trade policy, let alone governance. It is as if we have returned to the days of Henry VIII, an impulsive, deranged monarch who was surrounded by a gaggle of plutocrats, lickspittles, and flatterers, all trying to advance their careers while keeping the ship of state afloat.

Trump is clearly incapable of executing the duties of his office in good faith. The US House of Representatives and Senate should have impeached him and removed him from office already – for violations of the US Constitution's emoluments clause, if nothing else. Barring that, Vice President Mike Pence should have long ago invoked the 25th Amendment, which provides for the removal of a president whom a majority of the cabinet has deemed "unable to discharge the powers and duties of his office."

And yet, neither Speaker of the House Paul Ryan nor Senate Majority Leader Mitch McConnell nor Pence has dared to do anything about Trump's assault on American democracy. Republicans are paralyzed by the fear that if they turn on Trump, who is now supported by roughly 90% of their party's base, they will all suffer at the polls in the midterm congressional election this November.

It is nice to think that the election will fix everything. But, at a minimum, the Democratic Party needs a six-percentage-point edge to retake the House of Representatives, owing to Republican gerrymandering of congressional districts. Democrats also have to overcome a gerrymandering effect in the Senate. Right now, the 49 senators who caucus with the Democrats represent 181 million people, whereas the 51 who caucus with the Republicans represent just 142 million people.

Moreover, the US is notorious for its low voter turnout during midterm elections, which tends to hurt Democratic candidates' prospects. And Trump and congressional Republicans have been presiding over a relatively strong economy, which they inherited from former President Barack Obama, but are happy to claim as their own.

Finally, one must not discount the fear factor. Countless Americans routinely fall victim to social- and cable-media advertising campaigns that play to their worst instincts. You can rest assured that in this election cycle, as in the past, elderly white voters will be fed a steady diet of bombast about the threat posed by immigrants, people of color, Muslims, and other Trump-voter bugaboos (that is, when they aren't being sold fake diabetes cures and overpriced gold funds).

Regardless of what happens this November, it is already clear that the American century ended on November 8, 2016. On that day, the United States ceased to be the world's leading superpower – the flawed but ultimately well-meaning guarantor of peace, prosperity, and human rights around the world. America's days of Kindlebergian hegemony are now behind it. The credibility that has been lost to the Trumpists – abetted by Russia and the US Electoral College – can never be regained.

Fonte: DELONG, J. Bradford. America the Loser. Disponível em: <https://www.project-syndicate.org/commentary/america-the-loser-under-trump-by-j--bradford-delong-2018-07?a_la=english&a_d=5b3cb3a078b6c71ff43e6daa&a_m=&a_a=click&a_s=&a_p=%2Farchive&a_li=america-the-loser-under-trump-by-j--bradford-delong-2018-07&a_pa=&a_ps=> Acesso em 05 de julho de 2018.

Trump's Protectionist Rube Goldberg Machine (Anne O. Krueger – 29/06/2018)

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To avoid the Trump administration's 25% tariff on imported steel, some countries have agreed to accept export quotas on 59 varieties of steel products. At the same time, the administration has declared that US manufacturers that use steel as an input may apply for tariff exemptions from the Department of Commerce if they are unable to source the specialized products they need domestically.

Trump would like to think that forcing quotas on exports and providing exemptions to domestic importers is good for the United States both politically and economically. Nothing could be further from the truth. Politically, the Trump administration has already done serious damage to America's international standing by justifying tariffs against allies' exports on the grounds of "national security."

But the economic fallout of Trump's tariffs has been no less alarming. US manufacturers that rely on steel inputs are already facing higher costs, and could soon face shortages, with the price of steel in the US having risen 50% above that in China or Europe. In fact, citing higher costs, the iconic motorcycle company Harley-Davidson recently announced that it was moving some of its production out of the US, to avoid the European Union's retaliatory tariffs.

As US manufacturers' costs rise above those of their overseas competitors, American consumers will also face higher prices. As a result, they will limit or delay purchases and shift at least some of their consumption to foreign-made products that the tariffs have now made relatively cheaper. The Peterson Institute for International Economics estimates that the levy on steel alone could destroy 195,000 jobs in the auto and auto-parts industry over the next three years.

Beyond the obvious fallout from tariffs, the introduction of export quotas and exemptions will also have an insidious impact. For example, South Korea has agreed to limit its steel exports to the US to 70% of 2015-17 levels, raising the question of how such quotas should even be administered. Either the South Korean government or the US Customs Service will have to monitor and limit each of the 59 categories of steel.

Supposing that the South Koreans take on the task, US customs officials will either have to trust their numbers, or incur the costs of duplicating the monitoring efforts needed to enforce the quota. Either way, higher costs and delays will follow, because each South Korean exporter will have to request approval for each type of steel shipment.

If this system of export licensing operates on a first-come, first-served basis, then US importers and South Korean exporters will be left with no choice but to rush out their orders early in the year. Alternatively, if the South Korean authorities decide to allocate quotas among firms, they will probably have to benchmark each firm's allotment to its share of exports in the 2015-2017 period.

But with a fixed-quota arrangement, there would be no competition among South Korean steel exporters in the US market. Based on past experience with quotas around the world, the predictable result would be reduced quality control and longer delivery times, because exporters would have no reason to compete for new customers.

Tariff exemptions, too, can have a similarly damaging effect. By the end of June, the Department of Commerce had already received 21,000 applications for exemptions, and it expects that number to double this year.Processing these applications takes time and introduces further complications, all the more so because companies seeking exemptions must apply separately for each type of steel (with the only difference sometimes being the component's shape), and because exemptions must be renewed annually.

The Department of Commerce has hired around 30 people to process applications within 90 days. But applications are also made public for 30 days, and if a domestic steel producer indicates that it can produce the steel type in question, the application is denied. As of June 21, 9,000 of the initial 20,000 applications had been posted for review, 42 had won exemptions, and 56 had been rejected.

In practice, this system will allow any domestic producer to block duty-free imports of steel components that it believes it can produce. When this method of administration has been used elsewhere around the world, it has resulted in firms asserting dubious capabilities without regard to quality, price, or the timeliness of deliveries. And in the case of the Trump administration, there is every reason to doubt that those examining these claims will have the necessary qualifications.

In this new age of protectionism, US firms that receive tariff exemptions and South Korean firms that receive quota entitlements will be gaining valuable property rights at little cost. That will give firms all the more reason to lobby and otherwise pressure licensing authorities, further complicating the process, and raising the possibility of corruption. And even if decision-making is handed over to independent bodies to prevent abuse, doing so will make the process even more complicated and time-consuming.

Trump's "America First" trade policies will result in more misrepresentation on the part of domestic suppliers, reduced quality control, bureaucratic delays, and higher barriers for potential new competitors. Moreover, once tariffs or quotas are imposed, other producers will start demanding equal protectionist attention, which may be why Trump is now threatening additional tariffs on cars. Once this contagion takes hold, there is no telling where it will stop.

The Trump administration has cut taxes and slashed regulations in the hope of boosting productivity growth. But by subjecting US manufacturers and the world to a system of tariffs, quotas, and exemptions, it will achieve the opposite effect: lower competition, higher prices, poorer service, and less innovation.

Fonte: KRUEGER, Anne O. Trump's Protectionist Rube Goldberg Machine. Disponível em: <https://www.project-syndicate.org/commentary/trump-tariffs-quotas-and-exemptions-by-anne-krueger-2018-07?a_la=english&a_d=5b3cacda78b6c71ff436d5f4&a_m=&a_a=click&a_s=&a_p=%2Farchive&a_li=trump-tariffs-quotas-and-exemptions-by-anne-krueger-2018-07&a_pa=&a_ps=> Acesso em 05 de julho de 2018.

Global Aging and Fiscal Solvency (Martin Feldstein – 02/07/2018)

Martin Feldstein, Professor of Economics at Harvard University and President Emeritus of the National Bureau of Economic Research, chaired President Ronald Reagan's Council of Economic Advisers from 1982 to 1984. In 2006, he was appointed to President Bush's Foreign Intelligence Advisory Board, and, in 2009, was appointed to President Obama's Economic Recovery Advisory Board.

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Government programs to support retirees are in trouble in every country, owing to increasing life expectancy and the rising ratio of retirees to taxpayers. The problem will worsen in the years ahead as the adverse demographic trend increases the fiscal burden of funding pensions and health care.

The problem is uniquely different in the United States, because America's "trust fund" system of financing Social Security will create a crisis when the fund is exhausted. Though the options at that time will be different from the choices facing other governments, policies to avoid the US crisis are relevant to other countries that confront population aging.

Here's how the US system works: by law, a payroll tax is dedicated exclusively to financing retiree benefits. Employers and employees each pay 6.2% of cash earnings up to an individual maximum of $128,000, an amount that increases annually with average wages. These tax funds are deposited into the Social Security Trust Fund and invested in government bonds.

Individuals are entitled to benefits at age 67 based on their lifetime payroll tax payments, with the option to take actuarially reduced benefits as early as age 62 or to wait until age 72 with an actuarial increase. The annual benefits rise with an individual's average lifetime earnings, according to a schedule that causes the ratio of benefits to past earnings to decline as those earnings rise.

Because of the aging of the population, the total level of benefits is increasing more rapidly than tax collections. In 2010, total Social Security tax revenue was $545 billion and benefit payments totaled $577 billion. Because the interest on the previously accumulated bonds was $108 billion, the total size of the trust fund increased by $76 billion. Six years later, in 2016, the tax revenue was up to $679 billion and the benefits were up to $769 billion. The resulting cash deficit was $90 billion, almost exactly equal to the interest that year, leaving the size of the trust fund relatively unchanged.

Since 2016, the benefit payments have exceeded the combination of the tax funds and the interest, causing the trust fund balance to decline. Looking ahead, the Social Security Administration's actuaries estimate that the annual decline in the trust fund will continue, until the balance is zero in 2034. At that point, the trust fund will no longer have any interest income. Because benefits can be paid only from the trust fund, the benefits will have to be decreased to the amount of the taxes being received that year.

If Congress does not change the law, the actuaries predict that benefits would have to be reduced immediately in 2034 by 21%. Alternatively, to avoid that 21% reduction, the tax would have to rise by 26.5%, from a combined 12.4% to nearly 16%.

While it is hard to predict what a future Congress will do, I find it hard to believe that a majority would vote to reduce the level of benefits by 21% or to increase the level of the payroll tax paid by all employers and all employees by 26%.

The most likely alternative would be to use general income tax revenue to maintain the level of benefits. That would require an increase in personal tax rates of about 10%. That strategy would shift the burden of the Social Security program to higher-income households, which pay the bulk of personal income taxes. That may explain why left-of-center politicians are not trying to avoid the future Social Security crisis.

The crisis in 2034 could be prevented by increasing the standard Social Security retirement age, as the US did in 1983. Back then, with Social Security's finances in trouble, Congress agreed on a bipartisan basis to raise gradually the standard retirement age from 65 to 67. Since then, life expectancy for someone at that age has increased by three years. Congress could now vote to increase gradually the standard Social Security retirement age by another three years, from 67 to 70. Because life expectancy at 67 is about 17 years, a three-year increase in the age for full benefits would be a 17% reduction in lifetime benefits, almost enough to offset the shortfall that results from the reduced revenue. It would be even better to adjust the annual retirement age each year for the actuarial increase in life expectancy.

An alternative strategy for dealing with the increasing cost of retiree benefits would be to move away from a pure pay-as-you-go (PAYG) system by adding an investment-based component. Instead of investing the revenue from the 12.4% payroll tax in government bonds, a significant portion could be invested in a portfolio of equities, as corporate pension systems do. The trust fund would then grow more rapidly, and the crisis would be avoided.

Although the trust fund system in the US creates the prospect of a crisis when the fund is exhausted, the remedies to avoid that outcome would help other countries that now have a PAYG system – increasing the age for full benefits or combining the existing system with equity funding. The sooner these changes are made, the more viable the fiscal situation – and the more reliable future benefits – will be.

Fonte: FELDSTEIN, Martin. Global Aging and Fiscal Solvency. Disponível em: <https://www.project-syndicate.org/commentary/global-aging-fiscal-sustainability-by-martin-feldstein-2018-07?a_la=english&a_d=5b3a3fc178b6c708d04f3b6a&a_m=&a_a=click&a_s=&a_p=%2Farchive&a_li=global-aging-fiscal-sustainability-by-martin-feldstein-2018-07&a_pa=&a_ps=> Acesso em 05 de julho de 2018.

Big Tech Is a Big Problem (Kenneth Rogoff – 29/06/2018)

Kenneth Rogoff, Professor of Economics and Public Policy at Harvard University and recipient of the 2011 Deutsche Bank Prize in Financial Economics, was the chief economist of the International Monetary Fund from 2001 to 2003.

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Have the tech giants – Amazon, Apple, Facebook, Google, and Microsoft – grown too big, rich, and powerful for regulators and politicians ever to take them on? The international investment community seems to think so, at least if sky-high tech valuations are any indication. But while that might be good news for the tech oligarchs, whether it is good for the economy is far from clear.

To be fair, the tech sector has been the United States' economic pride and joy in recent decades, a seemingly endless wellspring of innovation. The speed and power of Google's search engine is breathtaking, putting extraordinary knowledge at our fingertips. Internet telephony allows friends, relatives, and co-workers to interact face to face from halfway around the world, at very modest cost.

Yet, despite all this innovation, the pace of productivity growth in the broader economy remains lackluster. Many economists describe the current situation as a "second Solow moment," referring to legendary MIT economist Robert Solow's famous 1987 remark: "You can see the computer age everywhere but in the productivity statistics."

There are many reasons for slow productivity growth, not least a decade of low investment in the wake of the 2008 global financial crisis. Still, one has to worry that the big five tech firms have become so dominant, so profitable, and so encompassing that it has become very difficult for startups to challenge them, thereby stifling innovation. Sure, once upon a time, upstarts Facebook and Google crushed Myspace and Yahoo. But that was before tech valuations soared into the stratosphere, giving entrenched players a massive funding advantage.

Thanks to their deep pockets, Big Tech can gobble up or squelch any new firm that threatens core profit lines, no matter how indirectly. Of course, an intrepid young entrepreneur can still spurn a buyout, but that is easier said than done. Not many people are brave enough (or foolish enough) to turn down a billion dollars today in hopes of much more later. And there is the risk that the tech giants will use their vast armies of programmers to develop a nearly identical product, and their vast legal resources to defend it.

Big Tech firms might argue that all the capital they pour into new products and services is pushing innovation. One suspects, however, that in many circumstances the intent is to nip potential competition in the bud. It is notable that Big Tech still derives most of its revenues from its companies' core products – for example, the Apple iPhone, Microsoft Office, and the Google search engine. Thus, in practice, potentially disruptive new technologies are as likely to be buried as nourished.

True, there are successes. The remarkable British artificial intelligence firm DeepMind, which Google purchased for $400 million in 2014, seems to be plowing ahead. DeepMind is famous for developing the first world champion-beating Go program, a signal moment that reputedly sparked the Chinese military to start an all-out effort to lead in AI. But, by and large, DeepMind seems to be the exception.

The problem for regulators is that standard anti-monopoly frameworks do not apply in a world where the costs to consumers (mainly in the form of data and privacy) are thoroughly non-transparent. But that is a poor excuse for not challenging relatively obvious anti-competitive moves, such as when Facebook purchased Instagram (with its rapidly growing social network) or when Google bought its map competitor, Waze.

Perhaps the most urgent intervention is to weaken Big Tech's grip on our personal data, a grip that allows Google and Facebook to develop targeted advertising tools that are taking over the marketing business. European regulators are showing one possible path forward, even as US regulators continue to sit on their hands. The European Union's new General Data Protection Regulation now requires firms to allow consumers – albeit only those in the EU – to port their data.

In their important recent book Radical Markets, the economists Glen Weyl and Eric Posner go one step further and argue that Big Tech should have to pay for your data, instead of claiming it for their own use. Whereas the practicality of this remains to be seen, surely individual consumers should have a right to know which data of theirs is being collected and how it is being used.

Of course, the US Congress and regulators need to rein in Big Tech in many other key areas as well. For example, Congress currently gives Internet-based firms a veritable free pass in promulgating fake news. Unless Big Tech platforms are held to standards that parallel those applied to print, radio, and television, in-depth reporting and fact-checking will remain dying arts. This is bad for both democracy and the economy.

Regulators and politicians in the homeland of Big Tech need to wake up. The prosperity of the US has always depended on its ability to harness economic growth to technology-driven innovation. But right now Big Tech is as much a part of the problem as it is a part of the solution.

Fonte: ROGOFF, Kenneth. Big Tech Is a Big Problem. Disponível em: <https://www.project-syndicate.org/commentary/regulating-big-tech-companies-by-kenneth-rogoff-2018-07?a_la=english&a_d=5b39ed9a78b6c7088cdecf11&a_m=&a_a=click&a_s=&a_p=%2Farchive&a_li=regulating-big-tech-companies-by-kenneth-rogoff-2018-07&a_pa=&a_ps=> Acesso em 05 de julho de 2018.

A jobs guarantee — progressives' latest big idea (Lawrence Summers - 02/07/2018)

Lawrence Summers is Charles W Eliot university professor at Harvard and a former US Treasury secretary.

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The impulse behind the latest "big" progressive idea of offering job guarantees is entirely valid. Studies show that those without jobs are much more likely to be dissatisfied with their lives, to become addicted to alcohol or drugs, and to be abusive within their family than even those working at low wages they find inadequate.

On this point, the US economy is falling short of its potential. The fraction of the adult population aged 25 to 54 that is working or seeking work has declined over the past 20 years. Despite the US's vaunted labour market flexibility, the chance that a man, aged between 25 and 54 years old, is out of work is much greater than it is in France and not very different than what it is in Italy. In sharp contrast to the rest of the world, the percentage of adult women working in the US has been declining since the 1990s.

These trends are important causes of the increasingly bitter nature of US politics and of resistance to technological change and overseas trade. President Donald Trump received disproportionate support in parts of the country where joblessness increased most.

If the US could, in even a modestly efficient manner, guarantee jobs in a way that significantly increased employment, it would be a very good thing. I want to be enthusiastic about job guarantee proposals. But at a time when cynicism about government is strong, it is very important for progressives to avoid making promises that they cannot meet. So we must examine the practicality of job guarantees.

The first question is how much to pay. A programme of "last resort employment" could provide the minimum wage and low benefits. But that will not help those laid off from highly paid manufacturing jobs or those who expect to earn wages well above the poverty line. While such a proposal could help many young people, it is far from clear that it would connect with the principal concerns of rust belt adults.

On the other hand, if the guaranteed jobs paid premium wages, say double the $7.25 an hour national minimum wage, they would represent an attractive alternative for a quarter or more of the work force raising questions of cost and economic disruption.

Suppose that a $15 an hour guaranteed job drew 4m extra people into the workforce and attracted 10m existing employees, a quarter of those for whom it would represent a wage increase. The cost, once benefits, materials and supervisory needs are included, would, conservatively, be $60,000 a worker. That would increase government spending by $840bn: more than a quarter of the current federal total. If wages for the 30m lower wage workers who remained in the private sector went up by only $4 an hour, private sector costs would rise by $240bn. The burden would largely fall on small businesses and disproportionately hurt restaurants and other major employers of low wage labour.

A second question raised by job guarantees is what all these new workers would do. The federal government civilian workforce comprises 2m people. Meaningfully increasing employment, or offsetting adverse trends even if all those hired came off the sidelines of the workforce, would require boosting the number of federal employees by at least 50 per cent.

The US has large needs for infrastructure and taking care of the aged, for example. They are met through federal contracting, not direct hiring. Using the employment guarantees to address these national problems would require significant restructuring of the way services are provided, probably with an efficiency cost.

A final question concerns the macroeconomics of a jobs guarantee. If the US Federal Reserve saw the budget deficit expanding substantially, a tightening of the labour market or upward pressure on wages, it would likely respond by raising rates significantly. This would discourage spending and offset the employment gains from a guarantee scheme.

If, on the other hand, the programme was financed with new taxes, demand from those who paid the taxes would go down. That would reduce private sector employment and offset the gains from an employment guarantee.

If these questions have persuasive answers, that would be terrific. But right now, I am inclined to think that the idea of a jobs guarantee should be taken seriously but not literally. A combination of wage subsidies, targeted government spending, support for workers with dependants, and increased training and job-matching programmes represent a more viable strategy for meeting demand for guaranteed employment.

Fonte: SUMMERS, Lawrence. A jobs guarantee — progressives' latest big idea. Disponível em: < https://www.ft.com/content/8ee839aa-7dce-11e8-bc55-50daf11b720d> Acesso em 05 de julho de 2018.

The Real Threats to the EU (Chris Patten – 29/06/2018)

Chris Patten, the last British governor of Hong Kong and a former EU commissioner for external affairs, is Chancellor of the University of Oxford.

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In the United Kingdom, Brexit looms large, with everyone from government ministers to tabloid newspapers frothing daily about the deal that will be struck with the European Union and the effects that it will have. But the EU faces too many pressing challenges to be obsessing about Britain.

The UK's concern is understandable: evidence is mounting of the likely damage a departure from the single market and customs union will do to the UK economy. According to new research from the Centre for European Reform, the UK economy is already 2.1% smaller than it would have been had voters chosen to remain. The hit to public finances totals £440 million ($579 million) per week.

The lack of information about how Brexit will play out has businesses worried. The CEO of Siemens UK, Jürgen Maier, recently urged British leaders to clarify how trade with the EU will work, urging them to ensure that the country remains in the customs union. Airbus has warned that a "no deal" outcome would force it to reassess its long-term position in the country, putting thousands of British jobs at risk. BMW has affirmed its commitment to remaining in the UK, but warned that costs could rise.

Such warnings have not been received kindly by the Brexiteers. Britain's health secretary, Jeremy Hunt, has called them "completely inappropriate," insisting that they "undermine" Prime Minister Theresa May. But May is doing a fine job of undermining herself: her claim that a "Brexit dividend" will partly fund increases in spending on the National Health Service has been widely condemned as a lie.

But what does the EU think of all of this? It seems that EU leaders have accepted that we British have taken leave of our senses, and there is not much they can do about it. They certainly are not going to undermine their own successful, law-based economic model to do us a favor. Brexit will hurt us a lot more than it will hurt the EU.

What could hurt the EU – indeed, threaten its very fabric – is a slew of other challenges, beginning with US President Donald Trump's threats to the health and even survival of the transatlantic alliance, a key pillar of the post-World War II global order. Trump plainly prefers dictators to democrats, and lacks any respect for his allies. His praise for North Korean leader Kim Jong-un at their summit in Singapore stood in jarring contrast to his criticism of Canadian Prime Minister Justin Trudeau after the G7 summit in Quebec.

One of Trump's most problematic stances relates to trade. He has determined, based on a profound misunderstanding of how trade works, that it pits the United States against the world. Rather than collaborating with Europe and Japan and strengthening the World Trade Organization to counter China's mercantilism, he has decided to go it alone, attacking even his closest allies in what threatens to escalate into a full-blown trade war that will hurt everyone, not least American industry and consumers.

Another pressing challenge facing Europe is immigration. Earlier this year, Trump approved a "zero-tolerance" immigration policy that would not only prosecute all adults – even asylum-seekers – illegally crossing the border, but also take their children away to be detained separately (although he has since issued an executive order to reverse the separation of families). It is an example that no civilized country should so much as consider copying. Yet some in Europe seem to believe that erecting barbed-wire fences along borders (Hungary) or closing ports to ships full of refugees (Italy and Malta) is justified.

Such behavior certainly gets a Trumpian nod of approval. Indeed, right-wing populists in Europe are virtually guaranteed a pat on the back and a few words of encouragement from Trump's former chief strategist, Stephen Bannon, and even some US ambassadors.

European democrats with a civilized view of governance, meanwhile, are punished. What did Germany do to deserve Richard Grenell – who has asserted his desire to "empower other conservatives" – as its ambassador from the US? The answer, it seems, is that its centrist chancellor, Angela Merkel, has pushed back against Trump.

Yet draining the poison from Europe will require a lot more than scolding the US and praying for Trump's early departure. In fact, some EU leaders' approaches to issues like immigration are threatening to create systemic problems that will endure long after Trump has returned to a life of golf courses and bankruptcy courts. Sensible European leaders can be forgiven for politely sending the UK on its way, so that they can focus their attention on threats to their long-term cohesion and fundamental values.

The EU has always prided itself on being a community of values that protects minorities and has welcomed the poor and downtrodden. The EU is, after all, composed of minorities, and it has known its share of poverty and hardship.

But what values could moderate democrats like Merkel, France's Emmanuel Macron, and the Netherlands' Mark Rutte possibly share with the right-wing political bosses in Hungary, Poland, Italy, and even Austria? Sebastian Kurz, Austria's tiresome young chancellor, is actively seeking to mobilize opposition to Merkel, even though her attitude toward refugees saved Austria from a deluge of asylum seekers.

Good sense and experience should tell us that selfish sloganeering, violating the rule of law, and dismissing international commitments is not a recipe for good policy. Macron is right to argue that Viktor Orbán's Hungary and Jarosław Kaczynski's Poland should no longer be allowed to pick the pockets of their richer European partners, while trampling over EU values.

The EU must confront the challenges ahead with cohesive, collaborative policies that combine effectiveness with basic human decency. On migration, for example, it must work as one to strengthen its own borders, while helping, through development assistance and security cooperation, the countries from which people are fleeing. With more stability and open markets, they will be able to export their products, rather than their citizens.

As for Britain, we made our bed; now we must endure our nightmares in it.

Fonte: PATTEN, Chris. The Real Threats to the EU. Disponível em: <https://www.project-syndicate.org/commentary/eu-challenges-trade-migration-trump-by-chris-patten-2018-07> Acesso em 05 de julho de 2018.

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