

116TH CONGRESS
1ST SESSION

S. 2357

To establish a national goal and mechanism to achieve a trade-balancing exchange rate for the United States dollar, to impose a market access charge on certain purchases of United States assets, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2019

Ms. BALDWIN (for herself and Mr. HAWLEY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish a national goal and mechanism to achieve a trade-balancing exchange rate for the United States dollar, to impose a market access charge on certain purchases of United States assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Competitive Dollar for
5 Jobs and Prosperity Act”.

1 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) The strength, vitality, and stability of the
5 United States economy and, more broadly, the effec-
6 tiveness of the global trading system are critically
7 dependent on an international monetary regime of
8 exchange rates that respond appropriately to elimi-
9 nate persistent trade surpluses or deficits by adjust-
10 ing to changes in global trade and capital flows.

11 (2) In recent decades, the United States dollar
12 has become persistently overvalued, in relation to its
13 equilibrium price, because of excessive foreign cap-
14 ital inflows from both public and private sources.

15 (3) Countries with persistent trade surpluses
16 maintain or benefit from undervalued currencies
17 over a long period of time. As a result, those coun-
18 tries overproduce, underconsume, and excessively
19 rely on consumers in countries with persistent trade
20 deficits for growth. Those countries also export their
21 unemployment and underemployment to countries
22 with persistent trade deficits.

23 (4) Countries with persistent trade deficits, in-
24 cluding the United States, absorb the overproduction
25 of countries with persistent trade surpluses, thereby

1 reducing domestic wages, manufacturing output and
2 employment, economic growth, and innovation.

3 (5) The United States possesses fiscal and
4 monetary tools to pursue national economic goals for
5 employment, production, investment, income, price
6 stability, and productivity. However, exchange rates
7 that do not adjust to balance international trade can
8 frustrate the achievement of those goals. The United
9 States does not have a tool to manage exchange
10 rates in the national interest.

11 (b) SENSE OF CONGRESS.—It is the sense of Con-
12 gress that—

13 (1) it is consistent with the obligations of the
14 United States as a member of the World Trade Or-
15 ganization and the International Monetary Fund
16 that the United States use a capital flow manage-
17 ment tool to move the United States dollar to its
18 trade-balancing exchange rate; and

19 (2) it is in the national interest of the United
20 States to establish exchange rate management tools
21 to consistently achieve a trade-balancing exchange
22 rate.

23 **SEC. 3. DEFINITIONS.**

24 In this Act:

1 (1) COVERED BUYER.—The term “covered
2 buyer” means a foreign person or a person located
3 outside the United States that purchases a United
4 States asset in a covered transaction.

5 (2) COVERED TRANSACTION.—The term “cov-
6 ered transaction” means the purchase or acquisition
7 by a covered buyer of a United States asset the
8 value of which exceeds \$10,000.

9 (3) CURRENT ACCOUNT BALANCE.—The term
10 “current account balance” means that current ac-
11 count surpluses or deficits do not exceed an average
12 of 0.5 percent of the gross domestic product of the
13 United States in any 5-year period.

14 (4) DOMESTIC FINANCIAL INSTITUTION.—The
15 term “domestic financial institution” has the mean-
16 ing given that term in section 5312 of title 31,
17 United States Code.

18 (5) ENTITY.—The term “entity” includes—

19 (A) a corporation, partnership, or limited
20 liability company; or

21 (B) a trust or estate.

22 (6) FOREIGN PERSON.—The term “foreign per-
23 son” means any individual or entity that is not a
24 United States person.

1 (7) MARKET ACCESS CHARGE.—The term
 2 “market access charge” means the fee imposed
 3 under section 5 with respect to a covered trans-
 4 action.

5 (8) PERSON.—The term “person” means an in-
 6 dividual or entity.

7 (9) SECRETARY.—The term “Secretary” means
 8 the Secretary of the Treasury.

9 (10) SECURITY; TRANSFER AGENT.—The terms
 10 “security” and “transfer agent” have the meanings
 11 given those terms in section 3 of the Securities Ex-
 12 change Act of 1934 (15 U.S.C. 78c).

13 (11) UNITED STATES ASSET.—

14 (A) IN GENERAL.—Except as provided in
 15 subparagraph (B), the term “United States
 16 asset” means—

17 (i) a security, stock, bond, note, swap,
 18 loan, or other financial instrument—

19 (I) the face value of which is de-
 20 nominated in United States dollars;

21 (II) that is registered or located
 22 in the United States; or

23 (III) that is an obligation of a
 24 United States person;

1 (ii) real property located in the United
2 States;

3 (iii) any ownership interest in an enti-
4 ty that is a United States person;

5 (iv) intellectual property owned by a
6 United States person; and

7 (v) any other asset class or trans-
8 action identified by the Board of Governors
9 of the Federal Reserve as trading in suffi-
10 cient volume to cause a risk of upward
11 pressure on the exchange rate of the
12 United States dollar.

13 (B) EXCEPTIONS.—The term “United
14 States asset” does not include—

15 (i) a good being exported from the
16 United States; or

17 (ii) currency or noninterest bearing
18 deposits.

19 (C) CONSIDERATION BY BOARD OF GOV-
20 ERNORS.—Not less frequently than annually,
21 the Board of Governors shall consider whether
22 to identify additional asset classes or trans-
23 actions under subparagraph (A)(v).

24 (12) UNITED STATES PERSON.—The term
25 “United States person” means—

1 (A) a citizen or resident of the United
2 States; or

3 (B) an entity organized under the laws of
4 the United States or any jurisdiction within the
5 United States.

6 **SEC. 4. EXCHANGE RATE MANAGEMENT POLICY AND**
7 **MECHANISMS.**

8 (a) AMENDMENT TO FEDERAL RESERVE ACT.—Sec-
9 tion 2A of the Federal Reserve Act (12 U.S.C. 225a) is
10 amended—

11 (1) by inserting “the United States exchange
12 rate and” after “shall maintain”; and

13 (2) by inserting “current account balance (as
14 defined in section 3 of the Competitive Dollar for
15 Jobs and Prosperity Act),” after “stable prices,”.

16 (b) EXCHANGE RATE MANAGEMENT POLICY.—

17 (1) IN GENERAL.—The Board of Governors of
18 the Federal Reserve System shall establish an ex-
19 change rate management policy to achieve and main-
20 tain a current account balance.

21 (2) MECHANISMS.—To achieve a current ac-
22 count balance as required by paragraph (1), the
23 Board of Governors—

24 (A) shall use the market access charge im-
25 posed under section 5; and

1 (B) may engage in foreign exchange inter-
 2 vention.

3 **SEC. 5. MARKET ACCESS CHARGE.**

4 (a) IMPOSITION.—On and after the date that is 180
 5 days after the date of the enactment of this Act, there
 6 shall be imposed a market access charge on each covered
 7 buyer in a covered transaction.

8 (b) CALCULATION OF RATE.—

9 (1) IN GENERAL.—The Board of Governors of
 10 the Federal Reserve System shall establish and ad-
 11 just the rate of the market access charge at a rate
 12 that—

13 (A) achieves a current account balance not
 14 later than 5 years after the date of the enact-
 15 ment of this Act; and

16 (B) maintains a current account balance
 17 thereafter.

18 (2) EFFECTS OF NONCRISIS MOVEMENTS.—

19 (A) IN GENERAL.—Subject to subpara-
 20 graph (B), the Board of Governors may take
 21 into consideration the minimization of disrup-
 22 tive effects on output, employment, interest
 23 rates, and foreign exchange, securities, and
 24 asset markets.

1 (B) LIMITATION.—The Board of Gov-
 2 ernors may not adjust the market access charge
 3 in reaction to noncrisis movements in the mar-
 4 kets described in subparagraph (A).

5 (3) ALTERNATE INITIAL MARKET ACCESS
 6 CHARGE.—If, on the date that is 180 days after the
 7 date of the enactment of this Act, the Board of Gov-
 8 ernors has not established the initial rate for the
 9 market access charge, the initial market access
 10 charge shall be established at the rate of 50 basis
 11 points of the value of a covered transaction.

12 (c) COLLECTION AND REPORTING.—

13 (1) IN GENERAL.—The market access charge
 14 shall be collected from a covered buyer in a covered
 15 transaction as follows:

16 (A) In the case of a covered transaction in-
 17 volving a registered security, the transfer agent
 18 shall collect the market access charge.

19 (B) In the case of a covered transaction
 20 not involving a registered security and through
 21 which a domestic financial institution receives
 22 funds from the covered buyer, the domestic fi-
 23 nancial institution shall collect the market ac-
 24 cess charge.

1 (C) In the case of any covered transaction
2 not described in subparagraph (A) or (B), the
3 United States person that is the counterparty
4 to the covered buyer or otherwise receives funds
5 from the covered buyer pursuant to the covered
6 transaction shall collect the market access
7 charge.

8 (2) TRANSFER TO TREASURY.—At the end of
9 each month, each person collecting a market access
10 charge under paragraph (1) shall transfer to the
11 Secretary the amount of all market access charges
12 collected by the person during that month in such
13 manner as the Secretary may prescribe.

14 (3) REPORTING.—The Secretary shall require
15 each person collecting a market access charge under
16 paragraph (1) with respect to a covered transaction
17 to keep records and file reports with the Secretary
18 that include, in the manner and to the extent the
19 Secretary prescribes—

20 (A) the identity and address of partici-
21 pants in the transaction;

22 (B) a description of the legal capacity in
23 which each participant in the transaction is act-
24 ing;

25 (C) the identity of real parties in interest;

1 (D) a description of the transaction, in-
2 cluding the nature of the United States asset
3 involved and the price paid;

4 (E) the amount of the market access
5 charge collected and the amount retained as a
6 service fee pursuant to paragraph (4); and

7 (F) such other information as the Sec-
8 retary may prescribe.

9 (4) SERVICE FEE.—A person collecting a mar-
10 ket access charge under paragraph (1) may retain,
11 from the amount of the market access charge col-
12 lected, a service fee, in an amount prescribed by the
13 Secretary, to compensate the person for the adminis-
14 trative costs of collecting the market access charge.

15 (5) PENALTIES.—

16 (A) TRANSFER AGENTS.—A transfer agent
17 that violates the requirements of this subsection
18 shall be subject to a penalty under section 32
19 of the Securities Exchange Act of 1934 (15
20 U.S.C. 78ff) to the same extent as if that agent
21 violated a provision of that Act.

22 (B) DOMESTIC FINANCIAL INSTITUTIONS
23 AND OTHER UNITED STATES PERSONS.—A do-
24 mestic financial institution or other United
25 States person that violates the requirements of

1 this subsection shall be subject to a penalty
2 under section 5321(a)(1) or 5322(a) of title 31,
3 United States Code, to the same extent as if
4 that institution violated a provision of sub-
5 chapter II of chapter 53 of that title.

6 (d) DEPOSIT IN TREASURY.—The Secretary shall de-
7 posit all amounts received under subsection (c)(2) into the
8 general fund of the Treasury.

9 **SEC. 6. REGULATIONS.**

10 The Secretary shall prescribe such regulations as are
11 necessary to carry out this Act.

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