



The Daily Dish

# Global Assault on Globalization

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | SEPTEMBER 28, 2016

The Office of Personal Management (OPM) announced that they do not plan on delaying the long term care insurance price hike for federal employees. The agency had previously approved an increase in premiums for long term care insurance that will average 83 percent but in some cases may be as high as 126 percent. OPM rejected calls from members of Congress to delay the rate hike stating that any further delay would only result in an even greater increases for federal employees as any increase would account for any inadequate premium rates previously paid by enrollees.

The White House has announced new steps focused on targeting young Americans in order boost Obamacare sign ups. The administration believes that in order to improve the stability of the health care law, there must be an increase in younger and generally more healthy enrollees. According to the White House, between 2015 and 2016, the number of enrollees between the ages of 18 and 34 remained flat at 28 percent. The nation's insurers have voiced concerns regarding financial losses experienced due to a "sicker-than-expected pool of enrollees."

Last chance to RSVP, today the American Action Forum will host an event examining how raising the minimum wage impacts the economy, employment, and poverty. Former CEO of McDonald's Ed Rensi will deliver a keynote address, which will be followed by a panel discussion moderated by the Washington Post's Jim Tankersley. For more information and to RSVP to the event, please [click here](#).

## *Eakinomics: Global Assault on Globalization*

The World Trade Organization (WTO) announced it is cutting by a third its forecast for growth in global trade in 2016. The revised estimate of 1.7 percent is down from 2.8 percent forecast in April. Meanwhile, the International Monetary Fund (IMF) released its analysis of the factors underlying the slowdown in trade. It emphasized that the volume of goods and services trade grew by roughly 3 percent annually since 2012, down from triple that pace prior to the financial crisis and Great Recession.

Some of the decline in trade stems from the weak global recovery and lower levels of economic activity. There also appears to be some re-working of global supply chains that reduces trade in intermediate goods. But part of the decline is rising global protectionism and the political rhetoric promises more. The fact that U.S. politicians are getting the analysis of the impacts of trade completely wrong is not unique. In the U.S. the political rhetoric opposes the Trans-Pacific Partnership (TPP) in defiance of the reality, argues that the North American Free Trade Agreement (NAFTA) harmed the U.S. in defiance of the facts, and bemoans the U.S.-Korea Free Trade Agreement despite its success. Elsewhere the names of the agreements may differ but the demagoguery is the same.

It is understandable that workers worldwide have felt the impacts of the entry of India and, especially, China into the global trading system. The large influx of low-skill labor held down real wages globally. But focusing on those concerns is the economic equivalent to fighting the last war. There aren't any Indias or Chinas left to enter globalization and a shock of that magnitude will not happen again. Moreover, raising tariffs and blocking trade will not change their entry one bit. Instead, it will raise the cost of imported consumer goods, invite retaliation and a trade war, and raise the chances of an outright recession that would hurt the very workers that

protectionists are saying they'd help.