Opinion: Revive Buffett's 3-decade-old plan

By Daniel J.B. Mitchell

President-elect Donald Trump's criticism of our trading relationship with China and our trade deficit with that nation has produced predictable reactions. Economists warn against "protectionism" and the dangers of trade wars. Alarmed diplomats remind us of the American interest in maintaining good relations with China to deal with such matters as North Korea's threatening behavior.

These reactions are predictable because we have heard them all before. Back in the 1980s, the trade villain de jour was Japan. (China was just emerging into world markets.) Proposals to address trade deficits with Japan provoked the same reactions from professional economists and foreign policy experts that we hear today.

But there was one exception in the 1980s. On May 3, 1987, famed financier Warren Buffett published an essay in the Washington Post entitled "How to Solve Our Trade Mess Without Ruining Our Economy." His solution was thoughtful and new.

He proposed a market-based system similar to the "cap-and-trade" arrangements currently in use to limit greenhouse gas and other pollutants. Very simply, Buffett suggested that for each dollar of exports from the U.S., the exporter would receive a government voucher entitling the bearer to import a dollar's worth of goods or services.

The vouchers could be used directly by the exporter or sold to some third party (an importer). That is, there would be an open market for vouchers. But, since no one could import without the requisite vouchers, the value of imports would be limited to the value of exports. U.S. trade with the entire world would be balanced.

The idea seemed to find a middle ground in the arguments over trade deficits. It was neither protectionist (it included no tariffs or quotas) nor did it involve Japan-bashing (the analog of today’s China-bashing). But Buffett’s piece, after causing a brief flurry of interest among the D.C. chattering class, was quickly forgotten.

Why? Perhaps it was because Buffett was not an academic economist, so his view could be dismissed as an amateur’s musings. Perhaps it was because there wasn’t enough of a consensus that a trade deficit is a problem. Perhaps it was because even among those inclined to be more worried about deficits, Buffett’s proposal was seen as a solution to a problem that would soon go away without further action. At the time, the dollar’s value in international currency markets happened to be falling. It was easy to argue that a declining dollar would correct the trade imbalance by making American goods more affordable in world markets.

But the problem didn’t go away. Moreover, within a few years, China joined Japan in running large trade surpluses with the U.S. Now, when Trump’s complaints are discussed, we again hear that the problem with China is yesterday’s issue, and that the problem will soon disappear, as wages in China go up, along with the value of its currency. But it didn’t in the 1980s and it won’t now. Which is why we should revive Buffett’s idea.

The problem of America’s trade imbalance isn’t specific to one or two countries—our nation runs a massive “$500 billion net export deficit” with the rest of the world.

There are two ways such a significant trade imbalance hurts us. The first—but lesser—element is the displacement of American manufacturing jobs. That issue is clearly the one with the most political salience. Manufacturing would definitely benefit from a correction of the U.S. trade imbalance, but trade isn’t entirely to blame for the fact that only about one in 10 U.S. jobs are in that sector nowadays (down from three out of ten after World War II); technology has played a major role in that downsizing as well.

The second, more significant if less politically salient problem with all those deficits is that it forces the country to sell off its assets and/or run up its debt—which is just what the U.S. has been doing for decades. In one way or another, this generation’s imbalanced consumption will be paid for by future generations. There is a fundamental unfairness in that intergenerational transfer which correcting the trade balance would alleviate.

The Buffett proposal addresses both these economic ailments. The Buffett system also doesn’t require negotiating “great” trade deals. And there is no need to bash any country in pursuit of such deals; the impersonal voucher market brings about the zero-trade balance, not some hardline negotiation. And if any one country tries to grab a bigger share of the U.S. market for imports through tactics such as currency manipulation, it can only do so by reducing the market shares of other countries. So the pressure is on those other countries, not the U.S., to enforce rules of fair trading. If you’re an American diplomat worried about the international political effects of China-bashing, the Buffett plan is ideal for you.

But what if you’re a professional economist worried about “protectionism”? Your first reaction to the Buffett plan is likely to be that, given the current trade imbalance, the vouchers amount to a subsidy to exports and a tax on imports. You want to holler protectionism! But instead take a deep breath and think it through.

The Buffett voucher plan is equivalent to resetting the dollar exchange rate to a level that would bring about balanced trade. It is equivalent to a sufficient devaluation of the dollar to accomplish that end. Note that under current arrangements, the dollar regularly goes up and down in currency markets although it has never been low enough to create a zero trade balance (exports = imports). Is every drop in the dollar's value a move into protection? Is every dollar appreciation a move toward free trade? Such up-and-down labeling makes no sense. Indeed, one nice feature of the Buffett plan is that you could in principle lower or eliminate remaining U.S. tariffs and other trade barriers and still end up—due to the voucher system—with balanced trade.

In short, it's time to dust off the Buffett plan of three decades ago before the U.S. embarks on a road to frictions with China and other trade partners. Sometimes, when it comes to people and ideas, there is wisdom in the old.

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More Americans retiring outside U.S.

By Maria Zamudio, AP

Newly widowed, Kay McCowen quit her job, sold her house, applied for Social Security and retired to Mexico. It was a move she and her husband, Mel, had discussed before he passed away in 2012.

"I wanted to find a place where I could afford to live off my Social Security," she said. "The weather here is so perfect, and it's a beautiful place."

She is among a growing number of Americans who are retiring outside the United States. The number grew 17 percent between 2010 and 2015 and is expected to increase over the next 10 years as more baby boomers retire.

Just under 400,000 American retirees are now living abroad, according to the Social Security Administration. The countries they have chosen most often: Canada, Japan, Mexico, Germany and the United Kingdom.

Retirees most often cite the cost of living as the reason for moving elsewhere said Olivia S. Mitchell, director of the Pension Research Council at the University of Pennsylvania's Wharton School.

"I think that many people retire when they are in good health and they are interested in stretching their dollars and seeing the world," Mitchell said.

McCowen's rent in Ajijic, a community outside Guadalajara near Mexico's Lake Chapala, is half of what she was paying in Texas. And since the weather is moderate, utility bills are inexpensive.

In some countries, Mitchell said, retirees also may find it less expensive to hire someone to do their laundry, clean, cook and even provide long-term care than in the United States.

McCowen has a community of other American retirees nearby and has adjusted well.

But for others there are hurdles to overcome to adjust to life in a different country.

Viviana Rojas, an associate professor at the University of Texas at San Antonio, says the biggest obstacle is not speaking the language or knowing the culture.

"Many of the people we interviewed said they spoke Spanish, but they actually spoke very little Spanish," said Rojas, who is writing a book about retirees in Mexico. "They didn't have the capacity of speaking enough Spanish to meet their basic needs like going to the doctor or to the store."

Access to health care also can be a challenge. While retirees still can receive Social Security benefits, Medicare is not available to those living abroad, Mitchell said.

Joseph Roginski, 71, says that while the cost of living is higher in Japan, access to health care is not. "Things are very expensive here. It is impossible to live off Social Security alone," said Roginski, who was stationed in Japan in 1968. "But health insurance is a major factor in staying here."

The former military language and intelligence specialist said he pays $350 annually to be part of Japan's national health insurance. His policy covers 70 percent of his costs. The rest is covered by a secondary insurance program for retired military personnel.

Japan experienced biggest growth, 42 percent, of American retirees than any other country between 2010 and 2014, according to data from the Social Security Administration. The large U.S. military presence in the country may be a factor.

There are more than 50,000 U.S. military servicemen and -women stationed in Japan. The presence is so large that in the island of Okinawa, the U.S. military occupies about 19 percent of the area, according to Ellis S. Krauss, professor emeritus of Japanese politics and policy-making at the University of California, San Diego.

Roginski, who volunteers for the Misawa Air Base Retiree Activities Office, said he helps connect more than 450 retirees and their families living in Northern Japan with resources. He said he would never move back to the United States.

"We have a real strong sense of security here," he said. "I can leave my door unlocked and no one will take anything. When I go to another country I feel nervous, but when I come back I feel like I'm home."

Mexico has become home for retired firefighter, Dan Williams, 72, and his wife, Donna, 68. The couple has been living near the same retirement community in Lake Chapala for 14 years.

"The climate and the medical services are very good," Williams said.

Williams teaches painting to adults and children and puts together a monthly magazine for the local American Legion. He is also a member of the Lake Chapala Society, which offers daily activities for American retirees.

It was those same services that attracted McCowen to the region.

"Before moving, I found out how many widowed and divorced women lived here," she said. "There is comfort in numbers."

She says she loves being in a lively community.

"I see older people walking year round. I see them all over the place even in their wheelchairs. If they were in the U.S., they would probably be in a nursing home," she said. "I don't think I could move back."

Discord on SLT council over

board assignments

By Kathryn Reed

South Lake Tahoe City Councilman Tom Davis practically threw a tantrum at Tuesday's meeting when he didn't get appointed to the boards he wanted.

"Thank you. I'm getting the message very clear," he told his colleagues after they chose Councilwoman Wendy David to be on the Lake Tahoe Visitors Authority board instead of him. He then withdrew his name for consideration on the next two boards.

Jan. 17 was the annual meeting for the council to select who of the five represents the council on various boards.

When all the voting amongst themselves was done, Councilwoman Brooke Laine said even though she didn't get everything she wanted the important thing is for the five to work together.

Davis then said, "I'm extremely disappointed. I didn't get mayor pro tem and the appointments I wanted." (The mayor pro tem was decided last month.) "I have paid my dues in the community and on this council."

When it came time to approve all the appointments via one resolution it was a 4-1 vote, with Davis the dissenter.

Assignments include:

· California Tahoe Conservancy – Hal Cole (community member)

· City Selection Committee – Mayor Austin Sass (always goes to mayor)

· El Dorado County Lafco – Laine

· Tahoe Regional Planning Agency – Sass; Davis as alternate

- TPRA Advisory Planning Commission – Scott Weavil (community member)
- Tahoe Transportation District – Sass; alternate David
- Abandoned Vehicle Abatement JPA – Laine
- Cal-Tahoe JPA – David and Davis; alternate Laine
- Clean Tahoe Program – David
- Community Play Consortium – Councilman Jason Collin
- League of California Cities – Collin; alternate Davis
- PADMA – City Manager Nancy Kerry and City Attorney Tom Watson
- Recreation JPA – Sass
- Waste Management JPA – David; alternate Davis
- Redevelopment Successor Agency – Laine; alternate Collin
- Tahoe Prosperity Center – David
- Lake Tahoe South Shore Chamber of Commerce (non-voting) – Collin
- South Tahoe Chamber of Commerce (non-voting) – vacant
- South Lake Tahoe Lodging Association – Collin.

The council eliminated three internal subcommittees – economic development, development services code, and champions plaza.

Davis did get his way when he advocated to retain the senior citizens center subcommittee. He is the lone councilmember on the committee.

Other subcommittee assignments are:

· Real property negotiating subcommittee: Davis and Laine

· Vacation home rental: David and Sass.

Fire displaces South Shore family

Even though flames were contained to the garage, smoke damage is so great that a South Shore family is unable to occupy their home.

A fire erupted about 11:30am Jan. 17 on Alice Lake in the unincorporated area of El Dorado County.

The blaze started near the furnace and water heater area.

“We are not sure if it was the appliances or something around them,” Lake Valley fire Capt. Chad Stephen told *Lake Tahoe News.*

No one was home at the time, and there were no injuries.

— Lake Tahoe News staff report

CalStar recognized as top air

ambulance

CalStar was named program of the year by Airbus Helicopters.

The award is given each year to an emergency medical services program that has demonstrated superior levels of safety consciousness, patient care, quality leadership, and community and industry service.

Founded in 1983, CalStar is now a leading provider of emergency medical transport services for critically ill or injured patients in California and Northern Nevada. CalStar, which has a base in South Lake Tahoe, has safely transported more than 62,000 patients to hospitals and specialized treatment centers.

CalStar launched a plan four years ago to replace 24 legacy aircraft with new EC135s and King Air B200s, leading to an estimated savings of $5 million per year in costs related to maintenance, training, and support.

E-sports on track to become $1B industry

By Colton Lochhead, Las Vegas Review-Journal

Less than two decades ago, e-sports consisted of a few dozen elite gamers gathering in warehouses to compete for modest-at-best prizes.

There were no televised events. No live-streaming or uploading the tournaments to YouTube. And of the fanfare, there was little.

But today, e-sports has climbed out of basements and warehouses and onto major cable networks such as ESPN and TBS and is on the verge of becoming a $1 billion industry.

Read the whole story

Power close to being restored; Emerald Bay to stay closed

Liberty Utilities expects to have power restored to the River Road area of Highway 89 by Tuesday night.

Those 136 customers have been without power for days.

There are about 80 additional customers still without power scattered throughout the service area. They, too, should have power tonight.

It took helicopters to get the work done.

Almost all Truckee Donner PUD customers have power, too. As of Tuesday morning 20 customers were in the dark. That should be rectified soon.

Caltrans has made some progress on clearing Highway 89 around Emerald Bay, but the amount of snow and debris is substantive. With more storms rolling in this week, officials said to expect the road to remain closed for a while.

— Lake Tahoe News staff report

Snippets about Lake Tahoe

· Lake Tahoe Unified and Douglas County school districts are continuing the program that allows Whittell High School students to take electives at South Tahoe High School.

· Here is the El-Dorado-Tahoe roadwork schedule from Caltrans for the week.

· El Dorado County Republican Central Committee chairman for 2017 is Todd White.

· Debbie McIntyre is now the finance director for South Lake Tahoe.

· The public meeting about the preferred alternative proposed for the Kings Beach SRA General Plan revision and Kings Beach pier rebuild project has been rescheduled to Feb. 2 from 6-8pm at North Tahoe Event Center.

South Lake Tahoe fills city commissions

On Jan. 17 the South Lake Tahoe City Council made a number of appointments to commissions.

They include:

Planning Commission:

· Judy Brown

- Jessee Duyer
- Jenna Palacio
- Angela Swanson
- Craig Woodward

Recreation Commission:

- Jerry Bindel
- Jenn Boyd
- Pete Fink
- Steve Noll
- Jerry Williams

Marissa Fox and Dave Rios were selected as provisional members. This is because the council agreed to increase the number of members from five to seven. For that to take effect it will be brought back at the next council meeting. After that action takes place, Fox and Rios will full members of the rec commission.

Airport Land Use Commission:

- Michael Scott

Building/ADA Board of Appeals:

- Chip Henderson
- Julie Stewart

For these two latter commissions, the council is looking for more applicants. The Airport Commission needs one more person. The Building Commission needs members representing a plumber contractor, heating and ventilating contractor, general building contractor, and ADA member. For more info, email salessi@cityofslt.us.

— Lake Tahoe News staff report

Ski industry targeting millennials

By John Kekis, AP

WILMINGTON, N.Y. — When Aaron Kellett peers out the window of his office at Whiteface Mountain, these days he's usually smiling.

"My office is right next to our beginner trail, and when I look out I see people on our beginner trail," said the 38-year-old Kellett, who's been the manager at Whiteface for four years. "That means we've got new people learning how to participate in our sport."

And that's a good thing. As baby boomers begin to pull back from the athletic endeavors of their youth, ski resorts are focusing on attracting new participants to the slopes. The idea is to get them there and keep them, and the millennial generation (those between the ages of 18 and 34 in 2015) tops the target list.

According to the latest demographics from the Colorado-based National Ski Areas Association (NSAA), baby boomers (aged 52-70 in 2016) and those 71 and older have steadily become a smaller share of the visitor base as they've aged. Combined, in the past decade they've declined from 36.2 percent of visitors to 21.3 percent.

Millennials, on the other hand, represent the largest group of snowboarders and skiers, but they also have the fewest number of days per season. The figures show that the industry will need to increase the frequency of the millennial participant to match that of the exiting baby boomer.

“That’s a significant wakeup call for us. There’s some challenges there,” said Nate Fristoe, director of operations at RRC Associates, which last year produced a report on the millennial generation. “We have this funny little dilemma. We’re trying to build participation. We know we have to grow participants, but we also know that on most of our weekend days we’re hitting capacity.

“It’s a fascinating conundrum,” Fristoe said. “Yes, we have a product offering that has appealed to an older generation for years. It also appeals to this generation in many ways, but there are ways in which we need to tweak it.”

To be sure, millennials are different. They embrace the environment, like to plan spontaneously, prefer to travel with friends and crave healthy food. They also relish sharing their adventures on social media.

“Millennials are harder to attract, for sure. It’s not as cut and dried as it was even 10 years ago,” Kellett said. “They want the best deals and they’ll do whatever it takes to get the best deal. They don’t mind spending money to do what they want. It’s the experience. It’s so much more than just skiing.”

Kellet says online ticket sales have been “huge” for Whiteface because of the savings they offer.

Whiteface, which has plenty of apres ski destinations in nearby Lake Placid, offers a Parallel from the Start program for beginners. It costs $169 and includes everything needed to start skiing, except the clothing – lesson, equipment rental, and three days of skiing. “It’s an awesome way to be introduced to the sport. It works,” Kellett said.

In neighboring Vermont, the cost is $129 for a Take 3 pass – three ski or snowboard lessons that includes rental equipment for the day plus a lesson and access to beginner terrain. The Green Mountain State also offers a $49 beginners package during January, national Learn to Ski and Snowboard Month nationwide.

"Cost can be a hurdle, so anytime we can lower that hurdle a little bit, especially for beginners, we see more people participate for a longer period of time," said Sarah Wojcik, marketing director for Ski Vermont. "Getting new people to the slopes with incentives and then keeping them are two of the biggest goals nationwide."

The granddaddy deal of them all might be the epic pass offered by Vail Resorts. It's the most popular pass in the ski industry and features unlimited, unrestricted skiing at all of the company's mountain resorts (Vail, Beaver Creek, Keystone and Breckenridge in Colorado; Park City in Utah; and Heavenly, Northstar and Kirkwood in Lake Tahoe). It also will include Whistler Blackcomb next winter season (2017-18), and offers five days at 30 resorts in Europe.

With the rise of social media and mobile phones, most ski resorts are trying to provide easy-to-navigate websites and free Wi-Fi so visitors can share their experiences digitally – think Snapchat. Excellent cellphone service is a must.

"Your website being mobile-friendly is kind of millennial-speak 101," Wojcik said. "If you can't look it up on your phone, it's really difficult to get the message out there."

At Taos Ski Valley in New Mexico, which was cited by NSAA for having the best overall marketing campaign for 2016, millennials aren't separately targeted but the demographic is important.

"Millennials are big on experience, and Taos Ski Valley has long been known for delivering an authentic, unpretentious and culture-rich winter mountain experience," marketing manager Dash Hegeman said. "That is something we work very hard to protect and cultivate."