The Daily Dish

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CATRINA RORKE | JANUARY 14, 2015

The Senate is looking to increase the number of H1-B visas available to highly skilled workers to as many as 195,000. The current maximum is 65,000. Proponents say the increase would satisfy market demands for skilled tech workers. How quickly does the United States reach the current cap? Last year, U.S. Citizenship and Immigration Services received so many applications that it stopped accepting them after the first week.

The House approved a bill that would give businesses more rights in challenging federal rules and places the burden on agencies to make sure rules impose the lowest cost to businesses. “The effects of excessive government regulation are real for the American people,” said Congressman Bob Goodlatte. Last year the regulations issued by the administration imposed $181.5 billion or $567 per capita in costs. As with much of the legislation from the new congress, the White House has threatened to veto the bill if it reaches the President’s desk.

AAF has released an eBook on ideas and solutions for the 114th Congress. The policy topics addressed in AAF’s eBook range from financial services to health care, from budget reconciliation to addressing the national debt, labor policy and beyond. You can read the eBook here.

Eakinomics: Let’s Export Crude— Guest Authored by Catrina Rorke, AAF Director of Energy and Environmental Policy

During trading yesterday, spot prices for Brent crude and WTI crude (benchmarks for global and domestic crude oil, respectively) temporarily converged around $45.99 a barrel. This is a big deal. Prices started diverging in 2010 as the United States emerged from recession. Sometimes, WTI prices traded far below Brent prices – the difference reached nearly $30 in September 2011– thanks to booming production and inadequate infrastructure creating a supply glut in the Midwest.

AAF and many others identified exporting US oil as a way to close this gap. Adding US supply to the global trade would drop prices for oil worldwide and bring down prices for commodities like gasoline that are priced based on oil prices in the global market. At the same time, domestic oil producers would receive the same price as their competitors around the world, incentivizing continued production and improved efficiency at drilling sites.

With WTI and Brent now trading at lower prices and near parity, this rationale appears eroded. But it should not prevent the U.S. from exporting crude. Here are three reasons why.

(1) Not all crude is created equal, and our domestic refiners are struggling to process the light sweet crude that is driving the U.S. boom. We should let producers export this crude to the refineries best suited to process it into usable consumer products, allowing them to find a reliable customer base and a more competitive price for their products.

(2) Producing and exporting oil will reduce our vulnerability to major oil price shocks. In recent history, the US

imported as much as 60 percent of our oil supply. Price shocks not only tightened belts and induced inflation, but also sent billions of dollars offshore to foreign producers. If the US is producing and selling more oil, we insulate our economy somewhat from any future price shocks.

(3) Engaging in the international oil trade will improve our geopolitical position. Major energy suppliers have long taken advantage of their outsized political influence in global affairs; for example, over the past few years, the European Union has been unable to enact and enforce major sanctions in the wake of diplomatic incidents thanks to their dependency on Iranian and Russian energy supplies.

Oil prices have been in free fall since June, in large part thanks to lagging economic growth in Europe and poor forecasts for emerging markets leading to reduced demand and prices for commodities across the board, including oil. But OPEC is also running scared, keeping prices low in a last ditch attempt to retain market share.

Booming North American oil supply is challenging decades-old rules about oil market supply trends, pricing structures, and trade instability. It also dramatically dropped energy imports and boosted GDP at least 0.3 percentage points per year over 2011-2013.

Our oil trade policy can and should promote growth, sustain production, reduce energy imports, and lower commodity prices. Lifting the ban on crude oil exports will put both domestic producers and the American consumer in a position to benefit long into the future.

Let’s export crude. It’s a good idea.

From the Forum

Congressional Testimony: Opportunities for Pro-Growth Policy in the 114th Congress by Douglas Holtz-Eakin, AAF President