



## The Daily Dish

### June 6th Edition

DOUGLAS HOLTZ-EAKIN | JUNE 6, 2016

Ahead of the California primary, Bernie Sanders has increased the [pressure](#) on Hillary Clinton to publicly back a first-ever ballot measure in California to lower the cost of prescription drugs. The measure would allow state health agencies to directly negotiate with the pharmaceutical companies to lower costs. Drug companies are denouncing the provision, warning that if passed, it could greatly reduce the number of drug choices available to patients, while also being a burden for taxpayers. A recent [report](#) from AAF shows that government policies tend to push the price of drugs up.

The American Action Forum released a [report](#) on a recent bill passed in the New Jersey Assembly that would raise the state's minimum wage to about \$15 per hour. While proponents hope this measure will help low-wage workers, American Action Forum (AAF) [research](#) has consistently shown that proposals to raise the minimum wage often hurt those they intend to help by increasing joblessness among low-skilled workers and failing to deliver income gains to those who actually need assistance. This minimum wage increase could cost the state almost 200,000 jobs.

#### ***Eakinomics: Privacy and the Internet***

As [explained](#) by AAF's Will Rinehart, the Federal Communications Commission (FCC) has proposed new rules for protecting the privacy of information of customers Internet service providers (ISPs). Previously, the ISPs were subject to the privacy rules of the Federal Trade Commission (FTC), with the FCC restricted to regulating only telephone companies. However, one side effect of [reclassifying](#) broadband from an "information service" to a "telecommunications service" in order to impose "net neutrality" is that ISPs now face FCC privacy regulation.

One might think that the switch would be inconsequential. A sensible FCC would simply decide not to apply new rules and kick it back to the FTC, where jurisdiction has been for

decades. Instead, it has proposed rules that carry a major flaw. The rules apply to ISPs, but not to Amazon, Facebook, Google or other companies that also collect and share customer information with advertisers. They remain under the FTC rules. This is a recipe for confusion, as customers will not understand why one set of rules apply to ISPs, but a different set is relevant for exactly the same information when it is collected by a browser, search engine, or social media service. The difference in standards also limits the ability of ISPs to get into advertising, home automation, and other burgeoning markets to compete against Amazon, Google, Facebook or the like. Less advertising money translates directly to higher consumer prices, while the broader restrictions means less innovation.

The Internet was not broken, but the FCC decided to “fix” it by pretending it was a 1950s landline telephone company. Now it has balkanized the privacy protections that used to be handled uniformly by the FTC. This is hardly a step toward a better future.

### ***From the Forum***

[May Jobs: A Report From Wonderland](#) by Doug Holtz-Eakin, AAF President

[Understanding Pharmaceutical Drug Costs](#) by Brittany La Couture, AAF Health Policy Counsel

[Assessing Obama’s Economic Stewardship](#) by Gordon Gray, AAF Director of Fiscal Policy