



The Daily Dish

March 19th Edition

DOUGLAS HOLTZ-EAKIN, CATRINA RORKE | MARCH 19, 2014

[AAF findings reveal](#) there is more than meets the eye in the Department of Education revised version of its Gainful Employment regulation covering for-profit colleges and universities. The gainful employment regulation at first sounds reasonable to protect students from notorious colleges and universities that receive federal funding but provide a diploma of dubious distinction. The previous version was struck down by the court. This newest version will be the most burdensome regulation of the year with 6.94 million hours of paperwork and total compliance costs of \$2.36 billion over ten years. AAF concludes “...this revised version represents a more expansive regulatory regime that shares many of the previous concerns for students and institutions alike.”

Clouds still loom over the president's promise to make the federal government the most transparent in history. The [‘Sunshine week’ reports](#) are not kind to the administration, giving failing grades to seven out of fifteen agencies. The Center for Effective Government gave the State Department the worst grade with a 37 percent, followed by Homeland Security and the Pentagon with 51 percent each.

Eakinomics: Energy Exports and Diplomatic Opportunity- Guest Authored by Catrina Rorke, Director of Energy and Environmental Policy

The crisis in Ukraine has lent renewed urgency to domestic discussions on energy exports. Russia’s dominant role as an energy supplier to Western Europe has limited U.S. opportunities to mount a forceful response. With energy trade increasingly a bright spot for the U.S., it’s no surprise that there are calls to leverage our domestic resources to keep Russia in check.

It makes a lot of sense. Exporting energy can [improve our diplomatic position overseas at the same time that it better secures our own energy future](#). North America is the center of global energy supply growth, and the United States is developing the most advanced

technologies to recover energy resources safely, efficiently, and productively. Leveraging this strength is quite clearly in our best interest.

But it's a little too late for the Russia problem.

Liquefied natural gas (LNG) capability is slowly coming on-line. Industry experts project that exports to non-free trade agreement countries will begin in roughly two years. Crude oil exports are still prohibited by the Department of Commerce. A large sale from the Strategic Petroleum Reserve, [which the administration tested last week](#), will erode the energy security the reserve was designed to provide. The U.S. simply does not have the capacity to move quickly enough to impact the situation today.

In addition, this argument is a little shallow. When exports start up, private companies will arrange for trade to the most attractive overseas markets – most likely Asia. The U.S. government should not be a puppet master, targeting specific markets of diplomatic interest. Our power to keep aggressor nations in check will not come by making specific energy trades, but by making resources available to the global market and allowing foreign markets the *choice* of where their resources come from.

This is why decisions on LNG and crude oil exports, even the Keystone XL pipeline, are so important to both our future role in energy markets and diplomatic strength. Every cubic foot of gas or barrel of oil exported from the U.S. adds to the fungibility of energy commodities on the international market. “International bullies” will not be able to threaten price or supply manipulation if there are available sources of energy that are less volatile in price and political cost.

No, we can't use our energy resources to force Russia to back down today. If we build out our export capabilities now, Russia might not be so hard to stand up to tomorrow.