The Daily Dish

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Senate Republicans have renewed their effort to kill the onerous, unnecessary medical device tax. As The Hill reports, this will be "part of a broader package to revive tax breaks that expired at the end of last year. But the tax package is popular with members of both parties, and it's unclear if Republicans have the leverage to win a vote on the medical device tax." AAF has looked into the medical device tax a number of times (recently in this Eakinomics section). Potentially 40,000 jobs are at risk. Taking this piece out of Obamacare should be a no-brainer for both parties.

With Sylvia Burwell in her second day of testifying today, don't forget to check out AAF's six questions to #AskSylvia.

AAF insight- Let's Stop Violating Our International Trade Agreements: "Watching the recent back and forth over licensing of exports of liquefied natural gas (LNG) is a case study in how quickly America can offend its friends and would-be allies…Apparently, we have learned little from the Keystone XL debacle." "…the government should allow the market to dictate LNG destination points and spare the State Department from needing to offer explanations to indignant ambassadors and foreign ministers."

Eakinomics: Oil Exports

News reports indicate that the administration is considering lifting the long-standing ban on oil exports. Three cheers, and I hope so.

First, oil is a global market and U.S. oil prices will be set by global supply and demand whether it chooses to export or not. That means, at a minimum, that oil exports will do no harm. However, in those moments when shifts in demand increase prices abroad relative to those in the U.S., domestic firms can take advantage of the differential to earn a bit more. These differences will not be prolonged, but every penny counts.

Second, that logic depends on all oil being the same, and not all oil is identical. Crude oil comes in many grades and refineries are built to match grades. Indeed, Energy Secretary Moniz highlighted this issue, saying: “The issue of crude oil exports is under consideration…A driver for this consideration is that the nature of the oil we're producing may not be well matched to our current refinery capacity.” That makes sense as well. Permitting oil exports allows the U.S. refineries to swap toward a better mix of crude oil, thereby lowering overall refining costs. This is another economic win for exports.

Put more simply, market incentives to take advantage of profit opportunities or minimize the costs of refining activities benefit the U.S. as a whole. An enormous fraction of a good energy policy is simply good economic policy — and that means reliance on markets as a first reflex to be trumped only by a pressing policy argument and demonstrated government competence.

Third, oil exports are an international relations policy as well as economic policy. Here, policy actually complements the market economics. As AAF’s Catrina Rorke argues, the U.S. production boom “is even bigger economic and international political news. It should force the U.S. to reevaluate its role on the international stage and the energy policies conceived during the 1970s that are poor tools to govern its energy-rich future…Producing a lot of energy expands the U.S. presence internationally. Other major exporters know full well how to employ this diplomatic instrument.”

The administration should permit oil exports, and quickly.