The Daily Dish

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CMS has agreed to a new delay in the implementation of the Affordable Care Act (ACA). According to The Hill, "The Centers for Medicare and Medicaid Services (CMS) outlined several ways it will slow down the 'Meaningful Use' EHR program in a proposed rule released Tuesday. The most notable change would mean that healthcare providers can use EHR software that was previously disqualified and still receive incentive payments this year." This is just the most recent delay in a long line that AAF has been documenting on our ACA timeline, a job that does not seem to be ending soon.

In more ACA news, The Daily Caller is reporting total costs for healthcare.gov will top $1 billion. "In addition to $1 billion HealthCare.gov, the Obama administration has spent hundreds of millions on federal grants to states establishing their own exchanges. Four state-run exchanges on the edge of collapse have used $474 million in federal taxpayer dollars so far."

Eakinomics: The Export-Import Bank

What to do with the Export-Import Bank (Ex-Im)?

Ex-Im is the official export credit agency (ECA) of the U.S.. Its job is to facilitate exports by supplying credit for sales that the private sector is unable or unwilling to provide. In this way, Ex-Im is a subsidy for export sales. In general, government subsidies expose the taxpayers to financial burdens and distort economic activity. For this reason, some conservatives favor elimination of Ex-Im.

A closer look, however, reveals that Ex-Im does not operate in an otherwise open market. Instead, essentially every competitor country has its own ECA. Ex-Im permits the U.S. to offset their subsidies and creates a limited role for Ex-Im as part of a pragmatic trade policy.

A second charge is that Ex-Im financing is simply crony capitalism. However, it is not quite that simple. The economic benefits of Ex-Im financing do not automatically accrue to the U.S. corporations involved in export sales. In those instances where buyers have competitive options and are price-sensitive, the subsidy implicit in Ex-Im financing would largely accrue to the seller, its workers, its suppliers, and its equity investors. In contrast, when the sale involves little competition and price insensitive buyers, those buyers will capture the benefits of Ex-Im financing.

In short, there is a reason to have an Ex-Im. However, reauthorization of the Ex-Im bank is an opportunity for reforms. Sensible principles for reforms include elimination of unneeded taxpayer backing — keeping the bank appropriately sized — elimination of preferential and quota approaches to industries and firms — don't pick winners — increased transparency, and improved operational criteria for the selection of the projects afforded financing.

The Ex-Im Bank is not perfect policy. But it has a role and it can be improved during the reauthorization process.