



The Daily Dish

## April 10th Edition

WILL RINEHART, DOUGLAS HOLTZ-EAKIN | APRIL 10, 2014

After receiving and spending nearly \$30 million dollars from the 2009 Stimulus package, Smith Electric Vehicles will be closing its doors. From the [Washington Free Beacon](#), “The White House claimed that the project would create ‘more than 220 direct and indirect jobs,’ but Smith only [reported](#) the creation of the hourly equivalent of 70.35 jobs—meaning DOE spent an average of about \$414,000 per job created.” At the end of 2013, Smith Electric had produced 439 out of 510 vehicles and invoiced \$29,150,672 to the US government. President Obama may have redefined the word “model” when he spoke at the Kansas City facility in 2010 saying “You’re setting a model for what we need to be across this country.” The administration has had some trouble picking winners and losers in the past. This just is the most recent in string of losses.

New AAF insight- [The Woodwork Effect: Costing Non-Expansion States Up to \\$700 Million in 2014:](#)

“Individuals joining Medicaid rolls in these states are part of what is known as the ‘woodwork effect:’ previously eligible individuals that are coming out of the “woodwork” to apply for coverage...Sixteen states are seeing an increase in Medicaid beneficiaries despite the decision to maintain pre-ACA eligibility levels. Florida in particular is seeing a drastic increase in Medicaid enrollment, an 8 percent increase in beneficiaries over the last five months.” In Florida alone, costs will rise \$438,200,000 and enrollment has increased 245,400.

***Eakinomics: Mergers in Broadband Guest Authored by AAF’s Director of Technology and Innovation Policy Will Rinehart***

Yesterday, Comcast’s David Cohen made the case for his company’s deal with Time Warner Cable before the Senate Judiciary Committee. While the legislators’ questions were rightfully centered on consumers, countless questions on rising prices detracted from a more robust exploration of the dynamism in broadband.

Broadband barely existed as a way to connect to the Internet in 2000. Now it is ubiquitous, which has given rise to Internet companies who both complement and compete with each other in unique ways. Though the United States is among the largest and least dense industrialized countries, we have the [8th fastest](#) broadband speeds in the world, a step above the UK, Denmark and most European countries, but just below small countries like Japan and South Korea. Even with all of the regulatory and practical constraints, something very right is happening in broadband. It was no surprise that Sen. Mazie Hirono made note of this, lamenting that traditional antitrust analysis is much more difficult in this deal. By most measures, consumers are getting a better deal, but that reality is being buried.

The [most important question](#) to ask of this deal has not changed: should Comcast be allowed to merge and then face regulation if there is a consumer harm? Or, would consumers benefit if this deal failed to manifest, bringing down with it all potential positive benefits? Competition is the correct lodestar in this debate, but a balanced approach that considers the reality of this dynamic industry gives way to a much stronger case for the merger.