



**The Daily Dish**

## April 21st Edition

DOUGLAS HOLTZ-EAKIN | APRIL 21, 2014

Again the administration decided to [punt on the Keystone XL pipeline](#). The delay for an indefinite amount of time will most likely place the final decision after midterm elections. Hiding behind a new rationale, the administration will wait until the legal challenges in Nebraska are settled. [AAF's research has shown](#) that while the administration continues to delay their decision, 40,000 jobs and \$2.1 billion in earnings are waiting on the sidelines. Additionally, during a 2013-15 delay, the United States will spend an extra \$7.7 billion importing oil from the Persian Gulf.

**Week in Regulation:** “In total, regulators added \$128 million in costs, more than 730,000 burden hours, and no monetized benefits. Regulatory capital requirements and fire safety standards for Medicare and Medicaid providers led the week.” In total this year, regulations have reached:

- New Proposed Rules: 56
- New Final Rules: 84
- 2014 Significant Documents: [146](#)
- 2014 Total Pages of Regulation: 22,008
- 2014 Proposed Rules: \$11.7 Billion
- 2014 Final Rules: \$16.2 Billion

### *Eakinomics: GSE Reform*

The U.S. housing recoveries — *recoveries*, not recovery, because there are hundreds of regional and metropolitan housing markets with different trajectories — continue to make slow, painstaking progress. See, for example, Andrew Winkler's excellent [summary](#) of the Florida experience. Unfortunately, the only thing moving slower is reform of the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac that were at the center of the bubble and collapse.

The House Financial Services Committee has passed the PATH Act, which now awaits floor action. In the Senate, a bipartisan bill by Senators Mike Crapo and Tim Johnson appears to be the most likely vehicle to get GSE reform started. (See [here](#) for a comparison of the bills.) Let it be said at the outset that the Crapo-Johnson effort (closely related to an earlier Corker-Warner bill) has flaws. It embraces the “affordable housing” goals, against which I [testified](#) in November. It raises real questions of regulatory overload for originators facing the bill, the Consumer Financial Protection Bureau, and the international standards introduced by the Basel accords. And it's likely not nearly aggressive enough in placing the onus on private capital markets and simplifying the structure. Given the choice, it makes sense to start with the PATH Act and add elements as necessary, rather than strip out of an unwieldy Crapo-Johnson bill the legacy elements of a failed approach.

Realistically, however, the best way to get to that result is to pass something in the Senate, pass the PATH Act in the House, and let conferees hammer out the differences to produce a final bill. Put differently, it is important to keep the process moving and Senate deliberation is the key next step.

GSE reform is overdue. If the Senate acts, it is still possible to get a realistic, bipartisan bill that the president will sign.