



The Daily Dish

April 29th Edition

DOUGLAS HOLTZ-EAKIN | APRIL 29, 2015

After making it through the very first Obamacare tax season, [new data released by H&R Block](#) shows that nearly two out of every three people who received subsidies through a health care exchange needed to pay the federal government back. On average, customers owed the government \$729 for misappropriated subsidies. Another way Obamacare is hitting the wallets of Americans is through the individual mandate penalties. Overall, individual mandate penalties will [cost Americans \\$43 billion](#) over the next decade.

According to a new [Gallup poll](#), Americans are “considerably less likely now than they were in 2008 and years prior to identify themselves as middle class or upper-middle class, while the percentage putting themselves in the working or lower class has risen.” From 2000-2008 about 60 percent of Americans identified themselves as middle class or upper-middle class. Today, only 51 percent would say the same.

Yesterday, the Senate Environment and Public Works Committee [voted to block the EPA](#) from using “secret science” to bolster support for regulations. The president has threatened to veto the measure. The bill’s sponsor, Senator Barrasso, said that “EPA has a long history of relying on science that was not created by the agency itself. This often means that the science is not available to the public, and therefore cannot be reproduced and verified.” According to [Regulation Rodeo](#), the EPA has issued nearly \$300 billion in regulations under this administration.

Eakinomics: Consumer Confidence and the Near-Term Outlook

The Conference Board [released](#) its consumer confidence [index](#) which fell to 95.2 in April from 101.4 in March. Confidence in both the current economic conditions and the outlook for the future both fell. The decline comes on the heels of other weak economy data recently and in advance of tomorrow’s release of the initial estimate of growth in Gross Domestic Product for the 1st quarter. First quarter growth will likely fall short of one percent.

So what is the underlying strength of the economy? Consumer confidence fell, likely in response to the weak March [jobs report](#) and recent upticks in gasoline prices. Similarly, [new home sales](#) fell 11.4 percent between February and March. Both suggest a weaker household sector. Fortunately, the University of Michigan’s competing [consumer sentiment](#) survey showed a rise in April, while existing home sales were up strongly. The best guess is that household spending has ticked down somewhat, which is bad news for the underlying trend as consumer spending is roughly two-thirds of overall demand.

The news on the business investment side is more unequivocal and bad. New [orders](#) for capital goods, excluding military orders and the volatile aircraft component, fell for the 3rd straight month; down 0.5 percent in March. This is the best single indicator of the path of business capital expenditures. In addition, don’t look for a rescue from either the government sector — which is essentially flat — or the export sector — which is facing headwinds from the strong dollar.

The upshot is sobering. Once more the economy has shifted down instead of accelerating. Hopefully the pace of growth will pick up as 2015 evolves, but at present it is more of the muddling along that has been characteristic

of the Obama economy.

From the Forum

[Target Patent Law Reforms in the 114th U.S. Congress](#) by Thomas Hemphill, AAF Economic and Regulatory Expert