The Daily Dish

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DOUGLAS HOLTZ-EAKIN | APRIL 7, 2015

The New York Federal Reserve President, William Dudley, is signaling that the Fed will go slow in raising interest rates after last week's disappointing jobs report. Though he blamed the poor numbers partly on the weather, Dudley suggested the Fed won't raise interest rates at least until September. Later in the same speech, he referred to the recovery as "disappointing compared to historical patterns."

The National Transportation Safety Board (NTSB) issued "urgent" recommendations for train cars transporting oil. With President Obama's delays on Keystone XL, train cars have been used more often to transport energy across the country. AAF found that due to the delays and companies being forced to use rail more, 7.4 million additional tons of CO_2 could be released (the equivalent of 1.5 million cars on the road) and 979,356 additional gallons of crude oil could be spilled.

Eakinomics: Why They Are Wrong in One Chart

They want to increase Social Security benefits, which — like puppies, kittens, and sunshine — sounds great. Unfortunately, the program is already on shaky ground. It will run increasingly large cash-flow deficits — reaching over $500 billion annually — until in the early 2030s when the ironically-named Trust Fund is exhausted. (See chart, below, based on CBO data) At that point, by law, benefit payments must be cut across the board down to the level of payroll tax receipts. Simply put, the program cannot assure future retirees of receiving their currently-promised benefits, much less new benefits.

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Of course, advocates for this entitlement fool's gold argue that they will raise taxes to cover the new benefits. Unfortunately, they would have to start by raising the payroll tax from 12.4 percent to over 17 percent simply to avoid the shortfall. That move plus any additional burdens would cast a dark shadow over the labor market of the next generation.

Stepping back, it is now widely recognized that the projected explosion in mandatory spending — of which Social Security is a key part — is the source of endless federal red ink, an incipient federal debt spiral, and the loss of budget room for defense infrastructure, basic research and other key functions of government. In light of this, the goal should be to ensure that the program is made sustainable by lowering the growth of benefits. This can be accomplished by better indexing for inflation and slower growth in benefits for the most affluent, and still allow an increase in the minimum benefit. This strategy would put Social Security on a firm financial footing, while addressing the larger budgetary misallocation of spending and red ink.

A proposal to radically expand Social Security is not tied to financial reality. Beam them back up Scotty.

What We're Reading

Tax season surprises could roil Obamacare— The first tax season with Obamacare is drawing to a close on April 15, and "surprises" in some taxpayers' refunds may affect how many people enroll in health insurance through the program in the future, experts said. (Washington Examiner)

Washington's Latest Bank Heist— Federal regulators extorting settlement money out of big banks is an old story in the Obama Administration. But most of the cash extracted to date has been justified in the name of punishment for the financial crisis. Now the Justice Department is teaming up with the Consumer Financial Protection Bureau (CFPB) to punish banks for events that may not have even occurred. (The Wall Street Journal)