



**The Daily Dish**

## August 10th Edition

DOUGLAS HOLTZ-EAKIN | AUGUST 10, 2015

After asking for public comments on how to regulate sharing and online gig economy companies, the FTC was inundated with replies to not regulate companies like Lyft, Uber, and Airbnb out of business. According to [The Hill](#), “the sheer volume of comments was indicative of the intense interest in the on-demand economy among the public at large. The two previous workshops held by the agency brought in fewer than 100 public comments each.” [Recent AAF research found](#) that ride sharing companies alone have brought over half a billion new dollars into the economy since 2009.

The move to open U.S. crude oil exports is gaining steam with Congress and industry. [The Wall Street Journal](#) reports that the House could vote to approve a bill to remove the ban as early as September with the Senate taking up the bill early next year. [AAF research shows](#) that lifting the bell-bottom era ban could raise \$21 billion in revenue for the U.S. Notably, the White House-supported [Iran deal](#) allows that nation to export oil anywhere.

### ***Eakinomics: Higher Education Policy Reforms***

Student loan indebtedness will undoubtedly continue to generate [political heat](#) and [policy proposals](#). As the debate unfolds, it is useful to keep the issue in perspective.

Higher education is remarkably similar to the health care sector leading into the reform debate of 2008-09. It is a sector characterized by an expensive product, highly uneven and hard to document quality, and large and open-ended subsidies. The result has been tuition increases that — like insurance premiums — outstrip the growth in incomes on a regular basis. These increases make it harder for lower and middle-income students to gain access to a college education and swell the [budget cost](#) of state and federal loans and subsidies. Education reflects health, again, as a sector that features heavy government [regulation](#) and little price-based competitive pressures.

In these circumstances, conservative health policy analysts proposed market-based reforms that would enhance the competition among providers of health services, use federal entitlement programs as a lever for delivery system reform, cap open-ended federal subsidies, enhance consumer choice, and respect the values of American families as reflected in their decisions on health insurance coverage. In Obamacare, the progressive wing took a very different course: more open ended subsidies to individuals, a financing mechanism that demands that the young and healthy finance the costs of the “deserving” older and sicker, financial incentives for strained state budgets to take on even more health spending, consolidation of health care providers, and massive top-down regulation.

In short, write bigger entitlement checks to expand coverage and regulate a one-size fits all approach to the remainder. The verdict on Obamacare is already in: its architects increasingly acknowledge it did not “bend the cost curve” and control the cost problem, its delivery system regulations are failing, the Medicaid expansions create budget risks for states and do not improve health, and the 1970s, industrial-style regulation has run into a tsunami of practical problems, poor incentives and public discontent.

One might think that there would be lessons learned. Don’t count on it. Despite the evidence that federal

subsidies are one of the [reasons](#) for rising tuition costs, expect more progressive proposals to subsidize tuition. Despite the budget difficulties facing states, expect more federal incentives to expand state spending — without any guarantee of better outcomes. Despite the already-enormous federal regulatory burden, expect all of these proposed federal dollars to come with a steep regulatory price. And expect lots of rhetoric about how the less-deserving can be expected to pay for the worthy. But don't expect anything that actually changes the underlying cost of college — no competitive pressures on favored higher-ed unions and other constituencies.

It will be Obamacare for higher education. All that is missing is the individual mandate.

### ***From the Forum***

[Week in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy

[The U-6 Fix](#) by Douglas Holtz-Eakin, AAF President

### ***Fact of the Day***

[Export-Import Bank support for small businesses over the past 10 years is at least \\$12.2 billion more than reported.](#)