The Daily Dish

August 19th Edition

AUGUST 19, 2015

The public is still pessimistic on the economy. A new Gallup tracking poll shows the economic confidence rating holding fairly steady at -11 for the past few weeks. This was after the poll had shown some promise early in the year, however that quickly began to fall again into negative territory. Over half of the people surveyed identified the economy as "getting worse."

After proposing a different methane regulation last week, the EPA is continuing their streak of regulations with a new rule aimed at oil and gas facilities. According to Fox News, "The administration's target is to cut methane from oil and gas drilling by 40 to 45 percent by 2025, compared to 2012 levels." This is likely to have some serious costs considering since 2009 there have been $454.7 billion in costs from energy and environmental regulations.

Eakinomics: Conflict Over the Minerals Rule

The "conflict minerals rule" is one of the most notorious of the costly regulations emanating from the Dodd-Frank financial reforms. It requires companies to disclose whether they are receiving any "conflict minerals" — coltan, tungsten, tin and gold — from the conflict zones of, in particular, the Congo. (The "conflict" qualification is determined by the International Conference on the Great Lakes Region which looks at each mine on a case-by-case basis.) It is among the most in dollars ($4,742,000,000) and second most costly in paperwork hours (2,225,273), even though it had nothing to do with the financial crisis.

But the real costs were borne by the Congo Where possible, firms shifted their purchases to new sources that were absolutely free of a hint of problem, reducing the demand from Congo's mines. In turn, Congo's government shut down its entire mining industry for six months before proposing a certification process to assure U.S. companies that the country's minerals do not come from conflict zones. The result was devastating. As of October 2011, only 11 of more than 900 mines in South Kivu, Congo, met Dodd-Frank's standards. The Congolese artisanal mining industry employed around 11 million people, most of whom now are being forced to find work elsewhere or, worse, joining the very armed militia that the Dodd-Frank drafters sought to curtail.

Immediately after the rule was made final, legal battles began, and the rule was tossed out. The Administration appealed the decision, but yesterday the The U.S. Court of Appeals for the District of Columbia Circuit upheld its previous finding that a key disclosure requirement violated the First Amendment: "By compelling an issuer to confess blood on its hands, the statute interferes with that exercise of the freedom of speech under the First Amendment." Legal conflict over the conflict minerals rule is now likely in the rear view mirror. But the confict minerals rule stands as a poster child for the damaging unintended consequences of regulatory overreach.

From the Forum

What Will Keep the Lights On? Inside the Clean Power Plan's "Safety Valve" by Sam Batkins, AAF Director of Regulatory Policy

A Costly Immigration Policy by Laura Collins, AAF Director of Immigration Policy

Fact of the Day

Out of the top 100 costliest drugs provided by Medicare Part D, 78 brand name drugs account for 85 percent of spending but only 31 percent of claims.