The Daily Dish

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Breaking this morning: The *Washington Examiner* reports that AAF is out with a new study today finding that "A broad range of student borrowers would have saved significant amounts of money over the past few years if the government had allowed market-based rates for student loans." Bottom line: Had a market-based rate been the law of the land, the average student could have saved up to $3,400 more than they did under the current Federal Direct Lending Program in recent years.

Yesterday President Obama warned "that Europe might need to adjust its economic policies to tackle high youth unemployment and make sure that some countries don't 'lose a generation.'" The *Washington Post* reports that "The unemployment rate among those aged 15-24 in the eurozone is 24.4 percent. That compares to 16.1 percent in the U.S., where the age range is 16-24." The president "acknowledged that there is no patent solution to fix economic problems saying the U.S. also has to press ahead with reforms such as improving workers' training, upgrading infrastructure and fostering more investment in research and development."

Unfortunately his policies are not working for the young here in the U.S. As DHE explained, this administration has ensured that young Americans' lives are more expensive, they are unable to pay their debts, they face a future of increasing federal debt, and they too are out of work.

Eakinomics: The Fed Fallout

Today's story is that equity markets tumbled yesterday on fears that the Fed would end its "stimulus" — the practice of buying $85 billion monthly in Treasury and mortgage securities — later in 2013. On the face of it, the reaction is bizarre. The Fed forecasts released yesterday downgraded the pace of growth in 2013 and lowered its inflation forecasts. Those are reasons to stay the course — not reverse — stimulus. And while it upgraded the outlook for 2014, including forecasting the unemployment rate might hit 6.5 percent — the rate at which the Fed believes it would be appropriate to raise it near-zero interest rates — there is a lot of time to begin removing stimulus between now and the end of 2014.

Nevertheless, the comments of Chairman Ben Bernanke conveyed something the numbers did not. And therein lies the policy problem. If the Fed does not remove stimulus at the right pace, it creates inflation. If it moves too quickly, the recovery will die a premature death. And if financial markets do not understand the game plan, it creates volatility (like yesterday's) that harms growth and jobs. The solution is to tie policy more closely to specific data and economic mileposts.

Fed policy was an economic savior in the financial crisis. But it has moved to being a net negative over the past few years. A new game plan is in order that lowers the Fed-related uncertainty in the economy.

What We're Reading

Obama to Renew Emissions Push — The Obama administrate is set to renew its push to restrict greenhouse-gas emissions, including delayed measures on coal-fired power plans, at a time when price swings have spurred electric utilities to turn back to coal as an energy source. On Wednesday, White House energy and climate adviser Heather Zichal said President Barack Obama would soon announce measures to tackle climate change, which she said include a focus “on the power plants piece of the equation.” (WSJ)

House Ag chair says farm bill can be wrapped up Thursday — House Agriculture Committee Chairman Frank Lucas (R-Okla.) said late Wednesday that he believes it is now possible to finish work on the farm bill Thursday, after the House passed 40 amendments to the bill in a matter of minutes. Passage of the en bloc amendment package was done after little debate. (The Hill)

2 Senators Close to a Deal on Border Security — Two Senate Republicans closed in on a deal regarding stronger border security on Wednesday evening with the bipartisan group of eight senators that drafted an overhaul of the nation’s immigration laws. The two Republican senators, Bob Corker of Tennessee and John Hoeven of North Dakota, have been working behind the scenes to come up with a provision that would appease hesitant Republicans and help garner broad bipartisan support for the bill. On Wednesday evening they said they were close. (NY Times)

Pace of Dodd-Frank Implementation 'Rapidly' Increasing: Bernanke — Federal Reserve Board Chairman Ben Bernanke said Wednesday that regulators are making steady progress on a number of critical rules under the Dodd-Frank Act, predicting that several final rules will be released in the coming months. The Fed chairman acknowledged that the process of implementing the regulatory reform law has “taken time.” But he pointed to several reasons including the inherent complexity of many of the provisions, like the so-called Volcker Rule, and the difficulty of having to write rules jointly often with five agencies at a time that must “coordinate, cooperate and agree on language.” (American Banker)

Republican-led House committee passes new federal education bill — A Republican-controlled House committee Wednesday approved a new version of the country’s main education law that would sharply shrink the federal role in K-12 public schools. The House Committee on Education and the Workforce voted along party lines, 23 to 16, on a bill to replace No Child Left Behind, the George W. Bush-era law that marked a significant expansion of federal authority in local school matters. (WaPo)

Will Obamacare Hurt Jobs? It's Already Happening, Poll Finds — Small business owners' fear of the effect of the new health care reform law on their bottom line is prompting many to hold off on hiring and even to shed jobs in some cases, a recent poll found…Forty-one percent of the businesses surveyed have frozen hiring because of the health care law known as Obamacare. And almost one-fifth — 19 percent — answered “yes” when asked if they had “reduced the number of employees you have in your business as a specific result of the Affordable Care Act.” (CNBC)

Also From the Forum

The ACA Effect: A Part Time Nation — Employers with 50 or more employees are moving increasingly towards hiring temporary and part time employees in order to avoid paying for health insurance benefits mandated by the ACA for any employee working over 30 hours a week. (Blog here)