The Daily Dish

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Two commissioners at the FCC and a member of Congress are asking Chairman Wheeler to make his proposal for net neutrality public prior to Thursday's FCC hearing and vote. The 332-page proposal to regulate the internet as a utility under Title II will not be made public until the day of the vote. As a Senator, even President Obama once wrote to the FCC saying, "…Congress and the public have the right to review any specific proposal and decide whether or not it constitutes sound policy."

Keystone XL legislation makes it way to President Obama's desk today where it will be vetoed with little " drama or fanfare," according to Josh Earnest. Over six years ago the first application for Keystone XL was filed with the State Department. Since then studies have found Keystone would create over 40,000 construction jobs, reduces reliance on foreign oil, and is better for the environment than other ways to transport oil.

Federal Reserve Chair Janet Yellen is expected to face difficult questions during her first hearings before the new Congress on when to raise interest rates. Yellen will appear before the Senate Banking Committee today and the House Financial Services Committee tomorrow. Most of the questions will focus on lingering problems in the labor market such as stagnant wages.

Eakinomics: Regulation is just another word for no election left to lose

Another day, another round of "executive action." As reported by Bloomberg, the president promised "Financial advisers absolutely deserve fair compensation," he said in remarks Monday to AARP, the nation's biggest lobby for retirees. "But they shouldn't be able to take advantage of their clients." Using that as his springboard, the president called on the Department of Labor (DOL) to issue new regulations regarding financial advisors.

Before turning to the substance, let's just acknowledge that there are a lot of Democratic politics in play here. Anytime the White House holds a Sunday conference call for reporters announcing that DOL would send a proposed regulation to *the Office of Management and Budget* (not event the public), then pairs the president with the (far more) popular progressive Wall Street hater Elizabeth Warren to roll out a regulation that it withdrew because it was politically too sensitive prior to the 2012 election; well, something is up.

The administration's specific gripe is so-called hidden fees and investment advice biased by commissions for the sale of particular financial products. But those concerns are exactly why financial advisors are already heavily regulated by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and the states. Those regulations include strict disclosure requirements, which means that those "hidden" fees are in the prospectus for those who care to read them.

The mechanics of the new rule remain to be seen. Under existing rules, if advisors have "regular" contact with savers that is "mutually understood" to be the "primary" basis for investment, then those advisors are subject to Internal Revenue Service penalty if they fail their fiduciary responsibility to act on behalf of the client. The new rule is expected to drop the tests for "regular", "mutually understood", and "primary" investment advice. That means that some investors will be cut off from their current advisors. Yes, the affluent will continue to pay for concierge investment advice, but the middle class family will be left with little investment information or education.

There is a reason the rule was dropped once before. There is little benefit (the White House claims to have identified $17 billion — about $150 per middle class household) and large costs in the form of unintended consequences. If policy were driving the decision, the lessons in unintended consequences from Obamacare or taxing education savings presumably would have kept this rule in the DOL drawer.

From the Forum

Video: Big Ideas on a Little Stool featuring Governor Rick Scott by Michael Babyak, AAF Digital Director