



The Daily Dish

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Yesterday was D-day for net neutrality. In two separate 3-2 votes the FCC moved to regulate the [Internet as a public utility](#) and ruled [against state limits on municipal broadband](#). The commission voted after waiting until yesterday to release the 300 page rule. In one of the dissenting votes, Commissioner Pai said “The Internet is not broken...There is no problem to solve.” Two commissioners disagreed with the move to prohibit state limits on municipal broadband citing that the FCC simply does not have the power to make such a move.

In the same week that the president vetoed Keystone XL after [2,349 days](#), Senate Democrats will attempt to make approval of other pipelines more difficult. According to [Politico](#), four senators will introduce legislation to slow down the approval process by asking the Department of Energy to determine if plans are in the “‘public interest,’ a framework that encompasses factors like their impact on consumers, energy security, and climate change.”

Eakinomics: Ethanol and the Renewable Fuels Standard

Perhaps there is hope for bipartisan policy in this Congress after all. Senators Dianne Feinstein and Pat Toomey have collaborated on a [bill](#) to repeal the ethanol mandate embedded in the Renewable Fuels Standard (RFS). The [RFS](#) was created by the Energy Policy Act of 2005 and expanded in 2007. The program established volume-based mandates for the blending of renewable fuel into gasoline, an effort to bolster locally grown fuels, address greenhouse gas emissions, and displace foreign oil at a time when gasoline demand was growing rapidly. Now that the U.S. is the largest producer of liquid fuels, the program has outlived its usefulness.

The RFS is among the regulations raising [consumer costs](#). The advanced biofuels envisioned by the authors of the RFS have not become a commercial reality, leaving only ethanol as the biofuel to blend. As a result, the RFS has run up against the “blend wall” — further concentrations of ethanol above 10 percent will damage the engines in older model cars. The upshot is that in [2014](#) the Environmental Protection Agency was unable to finalize the RFS rule.

Regulations, like taxes, distort the natural patterns of economic activity and reduce the efficiency of production in the process. This cost is presumably offset by the benefits driving a regulatory policy. In the case of the RFS, the national and energy security benefits have vaporized as the fracking-led boom in U.S. production developed. The RFS, however, remains on the federal books and the costs remain a burden on the U.S. economy.

From the Forum

[More Cuts to Medicare Advantage](#) by Jonathan Keisling, AAF Health Care Data Analyst; and Conor Ryan, AAF Senior Health Care Data Analyst

[Expensing, Interest and the Economic Report of the President](#) by Gordon Gray, AAF Director of Fiscal Policy

[The Department of Education's \\$22 Billion Blowout – And Why It's a Drop in the Bucket](#) by Chad Miller, AAF Director of Education Policy; and Scot Fleming, AAF Education Expert