



The Daily Dish

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After over six years and in the face of a White House veto, the Senate [passed legislation approving](#) the Keystone XL pipeline in a 62-35 vote. The House has already approved Keystone XL legislation nine times and will address the Senate version before the bill reaches the President's desk. The pipeline has the potential to create over [40,000 construction jobs](#), [bring \\$7 billion in private investment](#), and is [better for the environment](#) than alternatives.

Though the administration has dragged its feet on the Keystone XL pipeline, the [Department of Energy agrees](#) that it can speed up its process for exporting liquefied natural gas. DOE told the Senate Energy and Natural Resources Committee that the agency would be able to comply with proposed legislation placing a 45-day limit on decisions if a pipeline is in the "national interest."

House Republicans will start February with a vote to [repeal Obamacare](#), the first in the new Congress. Speaker Boehner promises this round will be different than in the past saying, "There will be an alternative, and you will get to see it." Both the Senate and the House have discussed repealing specific pieces such as [the 30-hour work week](#).

Eakinomics: The President's Budget Proposals

On Groundhog Day (insert joke here), President Obama will release his budget proposals for 2016 and beyond. He has already leaked many of the "highlights," like his plan to [raise](#) — that's right, raise — taxes on the middle class. Yesterday's revelation was his intention to ask for \$74 billion more in annual, discretionary spending than permitted by the budget caps put into the 2011 Budget Control Act. The increase would be split roughly evenly between defense and non-defense programs.

How should one think about this increase? First, the Congressional Budget Office has (again) reminded the White House and Congress that the [federal budget](#) is on an unsustainable trajectory. It is simply time to stop spending money that is simply not there and using additional borrowing just to pay off the interest on past borrowing. At a minimum, the \$74 billion should be offset elsewhere in the budget; it would be desirable for it to be more than offset and relieve the pressure on the debt.

Second, there is no place for tax increases among the offsets. The past 6 years have seen plenty of tax increases; augmented by their close cousin, burdensome regulations.

Third, the [need](#) for more defense spending has become quite clear; witness the testimony of the Joint Chiefs of Staff recently. It should not be hard to offset roughly \$40 billion in defense spending in 2016; it is 0.13 percent of the \$31 trillion in mandatory spending that the government is on track to spend over the next 10 years.

The fourth point is the toughest. Is it politically necessary to swallow the additional non-defense spending as well? Perhaps, if you ultimately want the president to sign the bills necessary to [alleviate](#) the defense budget pressure. Importantly, accepting the increase in non-defense spending does not mean accepting the president's

priorities or policies. Those are legitimate parts of the legislative process.

The president's proposals are the beginning — not the end — of the development of the 2016 spending bills. Good policy requires avoiding tax increases and shifting the focus of cutting spending to the large, autopilot spending programs that dominate the budget.

From the Forum

[Oops](#) by Gordon Gray, AAF Director of Fiscal Policy

[Defense Sequester Threatens National Security](#) by Rachel Hoff, AAF Director of Defense Analysis

[Trade Promotion Authority: How We Can Move the American Economy Forward](#) by Mike Danylak, AAF Press Secretary