The Daily Dish

June 30th Edition

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Yesterday morning, the administration issued its 500th major regulation. Since 2009, these rules have cost $625 billion. Regulations are labeled “major” if it has an annual effect on the economy of $100 million or more, causes a “major” increase in prices for consumers, or changes an industry. For all the numbers you need to know behind this “milestone,” click here.

At midnight tonight, Congress will recess without reauthorizing the Ex-Im Bank. This could spell trouble for small businesses looking to compete on the international market. Last year, 89 percent of all transactions by Ex-Im were made to small businesses. Additionally, over the past 10 years the bank has allocated at least $12.2 billion more to small businesses than previously reported.

Eakinomics: A Greek Stress Test

When I was in college, the Greek system was synonymous with unruly people spilling into the streets and ignoring the wishes of others. Yesterday suggested it is still true. Markets were roiled around the world — in New York, the Dow fell 350 points or just under 2 percent — by the sight of lines of Greeks at ATMs, banks closed until July 6, and capital controls self-imposed by a member of the Eurozone currency union. Most unnerving was a press conference by Greek prime minister Alexis Tsipras held just as markets closed in the U.S. He insisted that (a) Greece would not leave the Eurozone (b) European creditors and the International Monetary Fund would concede to Greek demands, and (c) he would love to remain as prime minister.

The only way he will remain prime minister is if he refuses demands for further spending restraint that gets the debt under control. He will not get creditors to concede anything if he refuses those demands. Tsipras and the Greek public are engaged in magical thinking.

Stepping back, the problem from the beginning has been that Greece is fundamentally uncompetitive as an economy. There were only two ways to solve this problem: (a) have other members of the Eurozone, especially Germany, write sustained large subsidy checks to help Greece pay its debts and subsidize its workers as wages fell to a competitive level, or (b) allow the Greek currency to float against other currencies. The first route has been ruled out. Despite insistence that it is important to keep the Eurozone intact, when the rubber hits the road the remaining members of the currency union are unwilling to foot the bill.

The second route means leaving the euro and returning to the drachma. In the end, this will be inevitable and the best for Greece.

The remaining questions are the most important for main street America. Have European banks insulated themselves sufficiently from Greek sovereign debt and/or the Greek banking system? If so, any global fallout is largely nipped in the bud. If not, has the Dodd-Frank law really served to insulate the large U.S. banks from systemic fallout? If so, trouble in Europe does not translate into financial difficulties in the U.S. and pressure on policymakers to act.

From the Forum

The Commonwealth Fund Report on Medicaid Falls Short by Conor Ryan, AAF Senior Health Care Data Analyst

500 Major Regulations by Sam Batkins, AAF Director of Regulatory Policy

Congrats to the Admin on 500 Major Regulations! by Doug Hochberg, AAF Press Secretary

Renewable Fuel Standards and the EPA Delay by Kimberly VanWyhe, AAF Director of Energy Policy

Fact of the Day

The Trans-Pacific Partnership could boost U.S. exports by $124 billion.