



The Daily Dish

March 2nd Edition

DOUGLAS HOLTZ-EAKIN | MARCH 2, 2015

Banks are preparing their “living wills” to prove to regulators that they have a plan to liquidate in the event of a failure. As the [Washington Examiner](#) reports, this year the living wills, a result of Dodd-Frank legislation, are gaining more attention as progressives push for higher capital requirements, regulations, and potentially forced breakups. The living wills are due on July 11th and can run in the tens of thousands of pages.

Soon, the House will likely vote on a bill making [the EPA’s scientific process](#) public. The bill would force the agency to use scientific data that is publically available for the basis of any new regulation. This comes after a recent House Oversight and Government Reform [subcommittee hearing](#) where Arkansas’s attorney general testified to the potential for EPA’s new ozone rule to raise electric bills. This is the same rule with which [100 state and federal parks](#) would fail to comply, according to AAF research.

Eakinomics: Middle-Class Economics

Progressives are clever at appropriating the public debate by wrapping their policies — however ill-designed — in such appealing marketing phrases as [inclusive prosperity](#) or “middle-class economics.” But what exactly does middle-class economics mean? Or, more importantly, what *should* it mean?

[Josh Barro](#) of the *New York Times* provides an important insight, saying that “... middle-income economic fortunes are driven mostly by private employers.” Precisely. So, in the main, middle-class economics are those policies that allow private enterprise to [grow and the middle class to prosper](#). This provides a simple metric for deciding what is, and is not, good middle-class economics:

- New entitlement spending programs (enhanced student loans, free community college, health subsidies, medicare expansions, etc.) in an era of runaway debt promise only higher taxes and slower growth. They are not good middle-class economics, regardless of how cleverly they are packaged and sold. A reformed social safety net that this is financially sustainable and pro-work is good middle-class economics.
- Costly regulations that restrain energy production, raise retail energy prices, create legal uncertainty and do not make a dent in world emissions of carbon pollution are not middle-class economics. A 21st century regulatory system that imposes requirements for benefit-cost analysis broadly, caps the cumulative regulatory burden to enforce the need for making tradeoffs, and imposes a judicial consequence for ignoring the regulatory rules is good middle-class economics.
- A tax system that is costly to administer, expensive to comply with, riddled with special favors (exclusions, deductions, and credits) and anti-growth impacts on competitiveness is bad middle-class economics. A business tax reform (even for the largest businesses) that puts the U.S. on a level playing field with the international competition and improves growth incentives is good middle-class economics. A comprehensive reform of all the income taxes would be even better.

You get the point. Good middle-class economics is not about the speeches that accompany a policy rollout. It is

not about who gets a check or writes a check. It is about the ultimate impact on the environment for hiring, growing, investing, and otherwise bolstering the environment for the firms that will determine the fortunes of the middle class.

From the Forum

[Week in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy