



The Daily Dish

March 3rd Edition

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Congressional Republicans are accusing the Obama Administration of “[robbing Peter to pay Paul](#),” moving funds from programs such as National Institutes of Health and the Centers for Disease Control to pay for the operation of [healthcare.gov](#). Some programs that took a budget cut to pay for the expensive site were \$34 million from the Low Income Home Energy Assistance program and \$12 million from the National Cancer Institute.

President Obama says that the administration’s review on the Keystone XL pipeline will be completed in “[weeks or months](#),” placing the decision sometime this year. The president recently [vetoed](#) bipartisan legislation approving the pipeline and the Senate is expected to vote on a congressional override on Thursday.

Eakinomics: Taking the Pulse of the Economy

This Friday will feature the second monthly employment report for 2015 and news reports indicate that the White House is planning to celebrate the news. How safe is the plan to celebrate? Recent data show differing pictures of the pace of the expansion. The Institute of Supply Management (ISM) [purchasing managers index](#) fell from 53.5 to 52.9 between January and February, principally because manufacturing output growth slowed (from 56.5 to 53.7) and, significantly, employment declined from 54.1 to 51.4. This suggests some modest downward pressure on the Friday report.

The more interesting data was the [personal income and outlays](#) release from the Bureau of Economic Analysis. For context, recall that overall [Gross Domestic Product](#) (GDP) growth slowed in the 4th quarter of 2014 to 2.2 percent annual growth, down from 5.0 percent in the 3rd quarter. A strength of the 4th quarter, however, was that personal consumption expenditures (PCE, aka household spending) grew at an annual rate of 4.2 percent. If top-line GDP growth accelerates above the 2.2 percent rate, it bodes much better for the labor market. Today’s BEA data indicated that inflation-adjusted PCE grew 0.3 percent in January, up from a modest 0.1 percent decline in December and back in line with the 4th quarter’s monthly average. This is good news for the pace of the expansion. Further, the inflation-adjusted income data (excluding transfer programs) showed a rise of 0.7 percent, which permitted the saving rate to inch up despite the spending growth.

There will be additional data released before Friday’s report, but thus far the February employment report appears to be on a solid track.

From the Forum

[Sue and Settle Reform, SCRUB Act Could Save \\$48 Billion, 1.5 Billion Hours](#) by Sam Batkins, AAF Director of Regulatory Policy

[Testimony: The “RAPID” Act; H.R. 712, The “Sunshine for Regulatory Decrees and Settlements Act of 2015;” and The “SCRUB Act”](#) by Sam Batkins, AAF Director of Regulatory Policy