



The Daily Dish

May 23rd Edition

DOUGLAS HOLTZ-EAKIN | MAY 23, 2014

Be prepared for your energy bill to rise. The [NY Post](#) reports: “Electricity prices are probably on their way up across much of the US as coal-fired plants, the dominant source of cheap power, shut down in response to environmental regulations and economic forces.” New regulations on coal plants will result in the closing of “dozens of coal-burning plants across 20 states over the next three years.” “The Energy Department predicts retail power prices will rise 4 percent on average this year, the biggest increase since 2008. By 2020, prices are expected to climb an additional 13 percent.” This prediction does not even take into account some of the newest energy regulations, so brace yourselves for prices potentially rocketing even higher.

New AAF insight- [Tax-Based Inversions: What is at Stake?](#): “The current tax code incentivizes corporate flight from America...In the absence of meaningful tax reform, the U.S. is at risk of losing 15 percent, or \$988 billion, of the equity represented by major U.S.-based industries.” “Current law is inducing capital flight...Moreover, to the extent that the rest of the world has reduced its corporate rates and moved to a territorial system, a Camp-style reform may merely move the U.S. to the middle of the pack in terms of its tax climate.”

Eakinomics: Immigration Reform

The nation has witnessed a spirited and productive debate on the many issues involved in immigration reform. What is the best way to secure the border and what metrics will demonstrate success? What is the role of an entry/exit visa system and an electronic employment verification system? What should be the size and structure of H1B visas, temporary worker programs, and agriculture worker immigration? How much will a serious economic foundation to immigration reform improve the pace of economic growth? These, and other, important policy issues have been examined extensively and — while there are important details remaining — they are largely understood and agreed upon. Outside of a recalcitrant minority, it is widely understood that reform will benefit the nation.

Where there appears to be less agreement across the ideological spectrum is on the politics of reform. Liberals, progressives, and others on the left see immigration reform as a political winner, while many conservatives — particularly in the House — are convinced it's bad news.

Right, and the sun revolves around the earth.

First, conservative voters [support](#) the need for reform, support the policies for reform, and if they didn't, they also would not vote against someone with whom they disagreed on immigration reform. They also do not support the Senate-passed bill, so having House-passed products is essential. Their voters' message: nobody will lose their job for doing immigration reform.

Second, their electoral future will benefit from passing an immigration reform. If the Hispanic vote migrates away from Republicans in states like Texas and Florida, which have a lot of electoral votes and large Hispanic populations, these states will turn blue, jeopardizing the future of the Republican party in national elections. (Recall that George W. Bush won 44 percent of the Hispanic vote in 2004, but Mitt Romney won only 27

percent of the Hispanic vote in 2012) House Republicans may not be narrowly endangered, especially in 2014, but the larger political threat is real.

Third, they do not have the luxury of waiting until later. Some Republicans don't want to talk about immigration reform in the election year — “keep the focus on Obamacare” — and believe they can fix the electoral map threat in 2015. Unfortunately, they are going to talk about immigration reform in 2014. If they do not pass reform bills, the president will simply announce an executive order stopping or reducing deportations in August. Many Republicans will reflexively lash out at the administrative overreach, which the Democrats will quickly distort and paint Republicans as simply anti-immigrant. Voting on legislation of their choosing and doing something on their terms is way better politics than doing nothing and playing on the president's terms.

Good immigration reform will benefit the nation. It can also be better politics in 2014.