The Daily Dish

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DOUGLAS HOLTZ-EAKIN | MAY 28, 2014

Breaking from previous thoughts, the IRS is now ready to hit employers with a hefty fine if they decide to reimburse employees for health care costs instead of enrolling in a company plan. The fine could reach up to $36,500 per employee. From the New York Times, the plan was to send “their employees to a health insurance exchange with a tax-free contribution of cash to help pay premiums, but the Obama administration has squelched the idea in a new ruling.”

In an effort to unnerve and inform consumers, the FTC has released a new report on data mining. The practice, accepted as part of digital life by some and dangerous to others, gives companies massive amounts of information on individuals for micro-targeting. The Washington Post reports “The FTC report provided an unusually detailed account of the system of commercial surveillance that draws on government records, shopping habits and social-media postings to help marketers hone their advertising pitches.” The FTC has now given Congress information to act, but the issue is far from clear-cut.

Eakinomics: The Consumer Cost of Regulation

The regulatory tsunami under the Obama Administration is common knowledge. As documented in the AAF Regulation Rodeo database there were 80,000 pages of regulations in 2013 and 75,000 pages in 2012. These translated into $112 billion and $237 billion in regulatory costs, respectively. Importantly, these costs do not disappear into a vacuum. Corporations, small businesses, and entrepreneurs react to regulations. They cut back on hiring and investment to finance regulatory costs and satisfy regulatory objectives. And, inevitably, they seek higher prices for their products to recover the regulatory losses.

Regulations are among the (not very) hidden tax hikes of the Obama Administration.

Sam Batkins of AAF has documented some of those taxes in the form of higher prices to consumers. The bottom line: $11,000 in higher consumer prices for just 36 recent regulations. Importantly, this estimate is based on data provided by federal agencies; it would be easy to generate higher estimates using independent data sources. The bulk of the increases — $9,100 — center in motor vehicle prices, but regulations have affected broad swaths of the economy.

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The estimates lead to two important conclusions. First, the notion that the administration’s regulatory policies and the poor recovery are unrelated is called into question. Hefty increases in the costs of regulations undercut spending elsewhere and contribute to the sluggish recovery. The president’s advisers regularly bemoan the poor growth in aggregate demand and lament their inability to push more “stimulus” through Congress. Perhaps they should attempt stimulus addition by regulatory subtraction. Second, these regulatory costs hit the middle class and hit it hard, contradicting the president’s pledge to not raise taxes on the middle class.