The Daily Dish

# October 15th Edition

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A new GAO report reveals that agencies are not likely to do any market research when hiring a contractor for projects under $10 million. GAO found agencies examined market forces in roughly a quarter of the "low-dollar" contracts. In one example highlighted by the Washington Examiner, "DHS officials offered a no-bid $1.5 million contract to a firm that creates "business guidelines" by basing price evaluations on a previous contract."

Don't expect any major policy moves out of the White House before November 4th. A piece in the Associated Press points out four issues on which the administration will not move prior to the midterms, including Keystone XL, immigration, and the employer mandate. The nation has already been waiting on the administration for six years for a Keystone XL decision, so what's another month or so? Research by AAF has also found at least $34 billion in regulations scheduled to be released after the election.

In a new #Eakinomics video, AAF President Douglas Holtz-Eakin discusses the state of the labor market with 5 key facts demonstrating the incomplete recovery. Today there are 2.8 million fewer full time, year round workers in 2013 than in 2007 and the labor force participation rate is at a historic low. Douglas Holtz-Eakin reminds us, "Things might look good at the top but underneath we still have a long way to go." Click here to watch the video.

***Eakinomics: The World Oil Market***

Crude oil prices closed yesterday at the lowest level since June 2012, down 4.6 percent to just under $82 per barrel. The slide is remarkable, especially in light of the ongoing geopolitical strife in the Middle East. Even 10 years ago, a comparable situation of open warfare and geopolitical tensions would have been a recipe for higher oil prices and a threat to U.S. economic growth.

Three considerations are in play. The first is the rapid rise in U.S. oil output, to the point where it is expected to surpass Saudi Arabia as the world's largest producer of oil in the next week or so. The greater pool of global oil, less concentrated in the Middle East reduces the threat of disruption and thus speculative price movements driven by the potential for production and delivery problems.

At the same time, the enhanced production from the U.S. means that OPEC is no longer a functional cartel capable of artificially restricting production and driving up prices. As reported, Saudi Arabia declined to cut back its production, choosing to hold on to its market share as opposed to raising prices.

The third, and most powerful influence on day-to-day moves is the quality of global growth. Poor growth in Europe, ongoing struggles in Japan, and diminished expectations for the emerging markets nations (China, Brazil, Russia, etc.) reduce the global demand for oil and lead to price declines. This influence is reflected in the fact that *all* commodities are down in prices — the global growth downshift has reduced demand across-the-board.

Hopefully growth will accelerate in the U.S. and elsewhere. But don't look for the price of crude to skyrocket when it does. U.S. production can continue to expand and OPEC appears to be more of a memory than an active determinant of global oil prices.

***From the Forum***

When is a Student Loan Default, Not a Default? By Chad Miller, AAF Director of Education Policy; and Scott Fleming, AAF Education Expert