



The Daily Dish

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It was only a matter of time until we saw the impact of the Treasury's new inversion rules. According to [The Hill](#), Salix, a pharmaceutical company, looks to be the first to back off of an intended merger. But AAF's own Douglas Holtz-Eakin spoke to [The Hill](#) saying, "I don't see why this is an accomplishment...All they've done is create more uncompetitiveness."

Nuclear power is [asking why](#) they were not included in the EPA's [baseline figures](#) for the new greenhouse gas regulation. The goal of the controversial and onerous regulation is for a 30 percent reduction of emissions from existing power sources by 2030. But, while asking states to reduce emissions and move to renewables, the EPA will not give states credit for nuclear or hydroelectric power. Without including these two energy sources, states that had invested will be facing unfair hurdles to overcome to meet the EPA standards.

With round two of Obamacare signups approaching, the administration is still fighting many individuals who find that is easier to take the tax penalty than to buy insurance. [The Washington Post](#) interviewed some of the individuals making the choice to forgo insurance and found Barb Hill, an x-ray technician at a private health care office. Barb found it would cost her \$200 a month for insurance, far more than the annual fine. She's not alone; [AAF has found](#) six out of seven young adults would save money by paying costs out of pocket.

Eakinomics: Pandemics and the Economy

The outbreak of the ebola virus in Africa and the incidence of a U.S.-based case has generated interest in the economic consequences of an ebola pandemic. (As an aside, the difference between an epidemic and a pandemic is that a pandemic is an epidemic on steroids. In particular, the incidence of new cases gets extremely large and the disease spreads over a wide geographic area.) There were three pandemics in the 20th century, the Spanish Influenza of 1918, the Asian Influenza in 1957, and the Hong Kong Influenza of 1968.

There are two channels for the economic impacts. On the supply side of the economy, the disease diminishes the supply of labor, both temporarily as workers get ill and permanently in the case of fatalities. With fewer workers and hours, the economy shrinks. The second channel is reduced purchases; i.e., the demand side. In short, the presence of the disease leads people to "self-quarantine." In particular, they stop going to movies, restaurants, malls, and other public places. There are severe reductions in the entertainment business and smaller impacts elsewhere in the retail economy. In work looking at avian flu, the Congressional Budget Office estimated the [effects](#) at between 1.5 and 5 percent of Gross Domestic Product.

What should policymakers do? The first step is public health measures to cut off the spread of the disease. If possible (but not the case for ebola) ramping up the production of vaccines is important. From a health perspective, the top priority is to immunize first-responders. However, from an economic perspective it is important to keep the supply chains running, so the priority is train, trucking and other shipping personnel. The second step is to build the response capacity of the health system with more hospital beds, personnel and supplies.

Ebola is a frightening disease, but there are sensible steps that can be taken to minimize the health and economic impacts.

From the Forum

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