



The Daily Dish

Resort Fees, TV Cancellation Fees, and Other Existential Crises

DOUGLAS HOLTZ-EAKIN | FEBRUARY 6, 2023

Sometimes the title says it all. That's the case with [President's Competition Council Focuses on Resort Fees, TV Cancellation Fees, and Other Existential Crises](#), by AAF's Fred Ashton, Thomas Wade, and Jeffrey Westling. The White House's answer to Saturday Night Live sketch comedy – the Competition Council – met last week and announced new assaults on junk fees and mobile applications.

Let's begin with the junk fees, the administration's obsession that has puzzled Eakinomics for a [long time](#). This time the focus is "excessive" credit card late fees and a proposed Consumer Financial Protection Bureau (CFPB) rule that would eliminate fee adjustments that result from inflation (lowering the current late fee cap from \$41 down to \$8) and cap fees at 25 percent of the required minimum payment. This is nonsense. As the authors note, the fee is "a perfectly legal and appropriate revenue stream, approved by the bank's own regulators." Adding "excessive" and "junk" to the descriptions is just political color for an empty exercise.

And it raises more fundamental issues: "If penalties for late payments on credit cards are lowered, do they still function as penalties? How is the government better suited than industry in determining effective pricing structures, and can increased regulatory requirements and a decreased profit margin spur the competition the council is designed to inspire – or will it serve as a yet another barrier to new financial services entrants?" When it comes to financial services policies, the administration has firmly captured the territory from pointless to dangerous.

Moving on, "President Biden also [called upon Congress](#) to pass a "Junk Fee Prevention Act" that would crack down on ticketing fees, resort and destination fees, and certain airline fees, and would eliminate 'exorbitant' early cancellation fees." Lord have mercy on my economic soul! Such vision! The administration blames the existence of these evils on rising concentration – it blames *everything* on rising concentration – and proposes "all-in pricing." But all-in pricing just obscures the cost of certain components of a bundle of goods and services, which is information consumers value and can use.

Finally, "the National Telecommunications and Information Administration released a report on the state of competition in the mobile app market that argues two dominant stores harm competition by acting as gatekeepers; this report largely downplays or simply ignores the benefits that come with exclusive app stores and the security risks that opening access to devices can present." This is well-trodden territory, with questionable logic and no congressional legislative traction.

In a world filled with serious policy issues ranging from Ukraine, to inflation, to the federal budget, the Competition Council is an amusing gift that keeps on giving.