The Daily Dish

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DOUGLAS HOLTZ-EAKIN | SEPTEMBER 18, 2014

The House voted to ensure a working government yesterday by approving a stop-gap spending measure. Also included in the legislation is an extension for the Ex-Im Bank through June 2015, spending for the Ebola virus, and aid to Syrian rebels. Senate action on the Continuing Resolution is expected today.

The Senate passed a bill expanding permitting for natural gas and oil drilling on federal land by unanimous consent. The bill increases permit fees, but will help reduce backlogs of applications for energy extraction on those lands creating a more energy secure future for the United States. Senator Barrasso said of the legislation, “Today’s vote is great news for Wyoming and other Rocky Mountain states who want to decrease permitting backlogs and increase oil and gas production on federal lands.”

Eakinomics: The Fed Exit Strategy

The Federal Open Market Committee (FOMC) — the policymaking arm of the Federal Reserve — wound up a two-day meeting yesterday. Importantly, it took another step toward exiting its extraordinary policy measures, but stopped short of signaling a move toward normalizing interest rates. Specifically, the Fed plans to end its bond-buying program (“quantitative easing”) after October. The large-scale purchase of Treasuries and mortgage-backed securities has been a controversial policy effort that left the Fed holding just above $4 trillion of Treasury and mortgage bonds, but generated little additional growth. Economic growth has consistently fallen short of Fed projections and once again the FOMC participants reduced their growth forecasts through 2017. The Fed's updated projections, released quarterly, showed that the officials anticipate that the economy will expand at a pace consistently below 3 percent for the next three years.

The other news is that the Fed anticipates that interest rates will stay low for a “considerable time” after the end of quantitative easing. Financial market participants have been scrutinizing the Fed for clues about when it will begin to raise interest rates from their near-zero levels. Fed Chair Yellen stressed that there was no mechanical interpretation of “considerable time” and that it would depend upon economic conditions, particularly the labor market. The outcome was hardly surprising, especially because of the soft numbers for industrial production and inflation in August.

From the Forum

The Family Glitch by Brittany La Couture, AAF Health Care Policy Analyst, and Conor Ryan, AAF Health Care Data Analyst