



The Daily Dish

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Late last night Treasury [moved](#) to tighten rules on tax inversions. [According](#) to AAF's Douglas Holtz-Eakin, “No action would be preferable to these steps... Unfortunately, these actions do not address the fundamental problem — the antiquated, uncompetitive U.S. code — or its primary manifestation — the loss of headquarters. Foreign purchasers will still have the advantage in the purchase of U.S. firms and headquarters will continue to exit the United States.”

The administration has [moved](#) their minimum wage rule to the final step. The rule to raise federal contractor pay to \$10.10 per hour is now in the hands of White House’s Office of Information and Regulatory Affairs and will likely be finalized by October 1st. AAF’s [case study](#) of military bases who adopted a similar rule by the Department of Labor found “jobs disappearing at an alarming rate.” In other research, [AAF found](#) minimum wage increases cost states 129,200 new jobs.

Eakinomics: The Rising Regulatory Burden

That sound you hear in the background is the U.S. economy groaning under a rising [regulatory burden](#). Some of these burdens arise the old-fashioned way. The Administration, for example, is finalizing [minimum wage regulations](#) requiring that federal contractors pay their workers at least \$10.10 an hour. Not a good idea. Cities and states are finding out that they are [at risk](#) from Dodd-Frank regulations. New initiatives mean new costs.

But the shocker is a new AAF [study](#) showing that the president’s centerpiece initiative to roll back unnecessary regulations, reduce red tape and “promote economic growth,” actually made things worse to the tune of \$23 billion in costs and 8.9 million paperwork burden hours. That’s right, in only three agencies did so-called retrospective review actually meet the objective of lowering regulatory costs, and for the government as a whole it went the wrong direction.

How? The key is that agencies have the option of modifying rules instead of just eliminating them. In the process, however, they can become more expensive. The poster child for this phenomenon is the “gainful employment” rule. The Department of Education included its controversial “[Gainful Employment](#)” proposal in its review plan. The regulation, [previously struck down](#) by an Obama judicial appointee, would not streamline the current regulatory environment. Instead, it would single out for-profit education for onerous new rules. If the administration does finalize this supposedly “retrospective” regulation on gainful employment, it will add [6.9 million](#) hours to the Department of Education’s [paperwork total](#), or an 8.2 percent hike for something that does nothing to “promote economic growth.”

Real regulation reform, with retrospective review that has teeth, is one of the keys to restoring better economic growth in the United States.

From the Forum

[International Capital Requirements and Overseas Corporate Holdings](#) by Gordon Gray, AAF Director of Fiscal

Policy

Food Safety Redux [Part I](#) & [Part II](#) by Dan Goldbeck, AAF Research Analyst; and Sam Batkins, AAF Director of Regulatory Policy

[Administration's "Retrospective Review" Adds \\$23 Billion in Burdens](#) by Sam Batkins, AAF Director of Regulatory Policy