



The Daily Dish

September 23rd Edition

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 23, 2015

ICYMI: Yesterday afternoon, as [Pope Francis touched down in Washington D.C.](#), Hillary Clinton [announced](#) her opposition to the Keystone XL Pipeline. After long avoiding announcing a position on the issue, Clinton stated that she believes the pipeline would be a distraction from climate change. The Keystone XL pipeline has the potential to bring [huge gains to the United States](#), including over \$15 billion in revenue annually.

In preparation for Chinese President Xi Jinping's visit this week, the White House announced that they would [not issue sanctions](#) against China for cyber espionage. The Chinese government is responsible for catastrophic hacks at the Office of Personnel Management, exposing over 22 million people's personal data.

Eakinomics: A Progressive Recipe for 21st Century Energy Policy

Newspapers reported, in some cases somewhat breathlessly, that Senate Democrats had introduced either a [climate](#) or an [energy](#) bill that would be an effective [political](#) tool, especially timing its introduction just prior to international climate talks in Paris. The centerpiece of the stories is the policy of reducing of greenhouse gas emissions by 2 percent each year through 2025 — a cut even larger than the target set by the Obama administration. In addition, the bill would set targets for overall energy usage. The sales brochure makes it appear to be a sleek, aggressive alternative to the Presidents Clean Power Plan and other climate-centric regulations.

Not so fast.

Taking a closer look at the bill reveals the modern progressive's recipe for energy (or any other, perhaps) policy. Directions are as follows:

1. Combine:
 - 30 spending programs
 - 9 loan and grand programs
 - 4 tax credits
2. Stir in:
 - 2 commissions/agencies
 - 10 studies
 - 1 investigation of the private sector
3. Preheat the lagging energy sector and bake along with:
 - 4 major mandates
4. Season to taste with non-energy morsels:
 - Advanced manufacturing
 - Innovation hubs

Auto and truck vehicle development
21st Century workforce.

***Mandatory Food Labeling Warning:** May cause growth in government.

Missing entirely is any acknowledgement of the role of market forces in the energy sector. This is especially surprising given the recent and vivid demonstration of their potency in oil and natural gas fracking and horizontal drilling. Economists have argued for quite some time that if policymakers want to reduce carbon pollution, the most effective way to do so is to put a price (e.g., a [carbon tax](#)) on carbon emissions and let markets do the rest. It is particularly ironic that this piece of *legislation* simply repeats the costly, inefficient, and burdensome approach that is the heart of Obama's executive action.

Good economics is at the heart of good energy policy. This plan does not meet that taste test.

From the Forum

[Eakinomics: The Looming Budget Impasse](#) by Douglas Holtz-Eakin, AAF President

[Medicare Part D, We Really Liked You...](#) by Doug Hochberg, AAF Press Secretary; and Gordon Gray, Director of Fiscal Policy

Fact of the Day

[Fiduciary Rule Costs Investors Not Only Choice But Also \\$1500](#)