The Daily Dish

September 2nd Edition

SEPTEMBER 2, 2015

The Obama Administration has released a long awaited report saying that lifting the 1970s era oil export ban will not increase gas prices and could even lower them. Today's Wall Street Journal details the report. The effort to lift the ban has gained traction in Congress this year. AAF’s research has found that lifting the ban could account for $21 billion in new revenue for our country.

U.S. manufacturing is at its slowest pace since May of 2013. According to the Associated Press, “A strong dollar and China&#39#39;s economic slowdown dragged growth at U.S. factories to the lowest level since May 2013.” One economist, Josh Shapiro, says that the report “does raise a warning flag concerning overall real economic growth, particularly should the weakness be sustained in September.”

Eakinomics: Military Budget, *Guest Authored by Rachel Hoff, AAF Director of Defense Analysis*

Congress has a lot on the to-do list when it comes back into session next week. With a deadline of September 17th, debate on the Iran nuclear deal is likely to dominate the congressional calendar. But there is another significant deadline looming on September 30th: the end of the fiscal year. If Congress does not pass appropriations bills this month, a government shutdown is on the horizon.

After winning majorities in both the House and the Senate in 2014, Republicans promised a return to regular order. To its credit, Congress passed a budget for the first time in six years and has been moving appropriations bills in line with that budget. But Senate Democrats and President Obama have opposed Republican appropriations bills that fix defense sequestration but leave the budget cap in place for domestic spending.

Therefore, rather than pass appropriations bills, it is likely that Congress will opt for a continuing resolution (CR), which appropriates funding for the government based on the previous year’s spending levels.

This wouldn’t be anything new. Congress has funded the government through a CR many times in recent years when there was no consensus between both houses of Congress and the administration on passing regular appropriations bills. But funding the government with a CR does have consequences. Since a CR is really just last year’s funding law with some formulaic tweaks, it does not contain policy changes that can only come about through new laws. This hamstrings agencies, programs, and planners in need of flexibility.

The consequences of a CR are particularly damaging for the Pentagon, where planning, procurement, and readiness have serious national security implications. In recent years, defense officials have testified to the detrimental effects of a CR on the military’s ability to do long-term strategic planning. Officials testified that funding the military through a CR would “inflict painful, palpable, and ultimately expensive disruptions” and “have a significant effect on the global security climate, the perceptions of our enemies, and the confidence of our allies.”

Funding through a CR is not only harmful to national security, it also wastes money. Upon consideration of a CR in 2013, then-Deputy and now-Secretary of Defense Ash Carter said, “Starting, stopping, going up, going down, stretching out programs is inherently inefficient.” This year, the Air Force has already announced that as many as 50 programs would be stalled if Congress funds the government through a CR.

What the military needs is budget certainty provided by a regular appropriations bill. That would require something all too uncommon in today’s politics: compromise.

From the Forum

Ten Costliest DRGs to Medicare and Beneficiaries by Tara O’Neill, AAF Health Care Policy Analyst

Primer: The African Growth and Opportunity Act by Laura Collins, AAF Director of Immigration Policy; and Michael Lopuszynski

What Would a Regulatory Budget Save? About $100 Billion by Sam Batkins, AAF Director of Regulatory Policy

Fact of the Day

For every billion dollars of new regulation on an industry, employment in that field declines by 3.6 percent.