



The Daily Dish

Unions Get Denied and Summers Drops Out

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Late Friday evening the White House sent a letter to union leaders to say that they would not be granting them a waiver from the ACA for union members' Taft-Hartley health care plans, according to a report from [Politico](#). "A White House official said in a statement that the Treasury Department has concluded that such an exemption is not possible under the Affordable Care Act. The labor unions have been asking that their union plans, known as Taft-Hartley plans, be eligible for premium subsidies the way plans on the new insurance exchange will be."

This decision will save the tax payer considerably, as an [AAF analysis](#) last week concluded that such a move would have cost \$16 billion in 2014 alone and \$187 billion over the next ten years. Several union leaders had been [petitioning the White House](#) for subsidies for their union members and some even alluded to supporting repeal of the ACA if that did not happen. We will have to see what labor's reaction will be to the White House's decision.

Eakinomics: Larry Summers Steps Aside

Larry Summers [withdrew](#) from consideration as the next chairman of the Board of Governors of the Federal Reserve System, a development that is being [widely reported](#). Much of the reporting focuses on opposition to Summers' record on financial regulation policy, a concern that is completely misplaced. As reflected in the discussion at AAF's [event](#) on the 5th anniversary of the fall of Lehman Brothers, proprietary trading in general (and the repeal of Glass-Steagall in particular) had nothing to do with the 2008 crisis.

A second line of discussion focuses on the by-now-legendary Summers personality, a topic on which enough ink has already been spilled.

However, I think that the larger lesson is that the Federal Reserve has been increasingly politicized. It is no longer the cast that Federal Reserve policy decisions are viewed as above politics and Congressional oversight has taken on a far less technical tone. The Summers campaign for the Chairmanship and the vocal opposition is reflective of the politic environment in which the Fed now finds itself. This is hardly a good development for the independence of the central bank and one of the key jobs of the new Chair will be to lower its day-to-day profile.

In the end, Summers simply did not have the votes — the most pure politics. But even with the departure of Summers, the president has good options. Former Treasury Secretary Geithner has reportedly declined, but may reconsider. Janet Yellen — currently the Fed Vice Chairman — remains a leading contender. And former board members Donald Kohn, Roger Ferguson, and Alan Blinder are capable options.