

Peter Friedmann's View from Washington DC

August 2015

What Happened to the August Recess?

Washington DC used to empty out during the August Recess. Not this year, that's for sure. While Pres. Obama and family vacations on Martha's Vineyard, there is so much going on right now, it's hard to believe it's August in DC.

First, the Iranian nuclear deal. Pressure is being put on Congress by both the White House and opponents. It has become an issue in the Presidential campaigns, it has more than a handful of Senators and Congressmen and women in a very uncomfortable predicament. The immediate practical question that will determine if Congress supports the deal or not, is how many Democrats will vote against it. We will find out when Congress reconvenes after Labor Day.

Second, over the Recess, staffs are still working on a palatable way to generate the revenue needed to pay for restoring our transportation network -- highways, bridges and transit. There have been proposals this year, finally, to generate real money, not the smoke and mirrors trickery that has characterized "revenue" for the past eight years. (In the past, Congress has "imputed" revenue that is *expected* to be received 5 to 10 years in the future, as being current revenue which can be spent for building roads now.) That's ridiculous, and one gets a sense that increasing numbers of people up on the Hill are increasingly embarrassed by this irresponsibility.

The Administration has not been much help on this front. Sec. of Transportation Foxx is a tireless advocate for rebuilding our nation's transportation infrastructure. But he hasn't proposed the means of generating the revenue to pay for it. So we're back to either increasing the gasoline tax, which is gradually garnering increasing numbers of supporters -- even though it is clear that this is not a sustainable approach due to declining gasoline usage nationwide. More recently, the Senate passed a bill which would have sold much of the oil in the Strategic Petroleum Reserve. This would've raised \$9 billion, enough for a comprehensive transportation bill. However, on policy grounds, the House would not accept this. So now we're back to square one.

Third, now that Trade Promotion Authority has passed, negotiators are on the home stretch of the Transpacific Partnership (TPP) negotiations. I believe the international trade community will be favorably surprised at the level of import duty reductions which have been negotiated, with elimination of many import duties immediately, and a reasonably paced phase-out of remaining duties, for most products imported from Vietnam now, or in the future.

TPP negotiations may be completed in September or October; the Administration will have to hustle to get the necessary legislation up to Capitol Hill as far ahead of next year's Presidential elections as possible. It is always difficult to pass trade expansion legislation in an election year when labor unions and environmental groups will vigorously oppose it, and have maximum leverage with their campaign contributions.

Fourth, in case anyone hasn't noticed, we are ramping up for Presidential elections. While the leading candidates on the Republican and Democratic side today, Hillary Clinton and Donald Trump, are not currently employed on Capitol Hill, many other candidates are, including Senators Bernie Sanders, Marco Rubio, Rand Paul, Lindsay Graham and Ted Cruz. You bet this makes things dicier when it comes to controversial votes in the Senate.

It just so happens that Donald Trump two years ago initiated the refurbishment of the landmark Old Post Office, right on Pennsylvania Avenue, into what will be another world-class hotel for his collection. [Click here to see the sign](#) that surrounds that construction site, and wonder how the President, the Senators and Hillary Clinton "enjoy" seeing it every time they travel along Pennsylvania Avenue!

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