

Peter Friedmann's View from Washington, D.C.
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What is Driving the Agenda in Washington, D.C.?

When the election results came in last November, and it was clear the Republicans would be in charge of the House and Senate, there was a lot of optimism about 2015 being the year that bills start passing. Harry Reid (D-NV) – whose strategy for six years was to minimize the number of votes taken in the Senate so as to protect members of his caucus that were up for re-election – would no longer be in charge of the Senate; and new Senate Majority Leader Mitch McConnell (R-KY) came in to his new leadership position recognizing that if the GOP spends the next two years attacking the Administration, their majority will be short-lived, and it will hamstring the GOP Presidential nominee. In fact, shortly after the election, McConnell made it a point to say that Republicans would not make investigating and embarrassing the Obama Administration a priority for the new GOP majority, as some thought might be the case. McConnell said the GOP would be firm but fair with the Administration, but that they would focus on reaching across the aisle to accomplish big things.

Whether McConnell can follow through on this is an open question. While the first few months of 2015 has looked a lot like the past few years under Democratic control, the reality is that McConnell really does want to get something done. He has a number of his members facing a tough re-election in 2016 – GOP incumbents are up in seven states President Barack Obama won twice and two he won once – and they are going to want to run on accomplishments. But a simple desire to get things done may not be enough to turn things around, and that is not entirely the fault of the new Republican leadership. While the election brought in new leadership in Congress, it didn't change the politics surrounding many of the "big" issues on the Congressional agenda.

Case in point is immigration. Comprehensive immigration reform is one of the big issues that people always point to. But there still doesn't seem to be a middle ground on the immigration debate, as evidenced by the near shut-down of the Department of Homeland Security due to Congressional angst over the President's Executive Order. Without a middle ground, nothing is going to be accomplished on this issue.

Another issue that should be a no-brainer for Congress is investment in infrastructure. Despite the fact that the nation's transportation networks are crumbling at the same time that congestion is getting worse, combined with the fact that there is barely enough money in the pipeline to fill potholes, there is no agreement in Congress on how to come up with the billions of dollars that will be required to pay for a long-term infrastructure program. In fact, the Committees tasked with paying for a new surface transportation bill – the House Ways and Means Committee and Senate Finance Committee – aren't even having serious discussions about it.

One transportation financing proposal that has received a lot of attention is a "repatriation holiday". U.S. multinational corporations would get a one-time tax reduction when bringing profits held overseas home to the US. (Currently they pay no corporate income tax until they bring these profits back to the US.) The revenue derived from that could pay for a surface transportation bill. Unfortunately, none of the support for this proposal is coming from the two Committees that control tax policy: leaders of the Senate Finance and House Ways and Means Committees have said they would rather allow companies to repatriate funds as part of a broader reform of the tax code. And while there has been a lot of talk about reforming the tax code, there has been virtually no progress for years.

There is at least one issue that may break through the noise. Coming into 2015, the one issue that everyone agreed would be bipartisan, bicameral and bring together both ends of Pennsylvania Avenue (Congress and the White House), is trade. In fact, there was an expectation back in November and December that a comprehensive trade package would be one of the first things to come out of the Senate. Unfortunately, three months have passed, and it is still not entirely clear how the trade agenda will play out. To be clear, there is still a lot of hope about a trade package making its way through Congress this year, but it is not perceived to be nearly as much of a slam-dunk as it was back in November.

Despite all of the attention paid to Congress, the reality is that the things that are most apt to impact the U.S. economy, and the American people more broadly, are not happening on Capitol Hill. The ongoing dispute at the West Coast container ports is proof of that.