

Peter Friedmann's View from Washington DC – January, 2014

Monthly Somewhat Irreverent Look: What's Actually Happening Inside the Beltway; What Talking Heads and Media Generally Miss

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We are now 10 months away from the midterm elections. While it seems that we just finished going through an election cycle, it's that time again: incessant requests, even demands, by Members of Congress for campaign contributions. No bill brought to the House or Senate floor without consideration as to the impact on the elections. After all, control, or rather the Majority, of the House and Senate are in the balance. So while we would like this Congress and President to base their consideration of solutions to the many challenges our country faces, solely on the merits, I'm afraid that neither Congress nor the White House is either inclined or capable of doing so. That does not mean however, that they can't get important work done this year, and we are already seeing some signs of that, despite the toxic partisan/campaign environment. We have to navigate our way through, on behalf of our clients, to achieve real solutions.

Even as both parties maneuver to increase their numbers on Capitol Hill an exodus from the Hill has begun. So far this year 16 sitting members of Congress have announced that they will not seek reelection. Some for health reasons, but most expressing their frustration with the gridlock and acrimony, tired of the incessant fund-raising they must do, rather than being able to focus on their jobs as legislators.

So questions confront us: Will Congress do its regular business on policy and laws which are not headline grabbers, but are just 'good government'? For example, will they renew non-controversial expiring tax and import duty provisions, in order to restore predictability, and avoid potentially catastrophic financial injury for companies that depended on Congress to renew long standing provisions on which they have come to depend? Will Congress finally have the courage to enact a realistic means of funding transportation infrastructure, whether it be the full expenditure of taxes currently collected, or the increase in the federal gas tax, or the imposition of a new trucking tax?

On this point, we are optimistic that partisanship will be put aside at least as far as the waterborne navigation, and the water resources development act will be passed, directing most HMT to finally, after 25 years, be spent on the purpose for which it was enacted – – ocean and river navigation infrastructure. As far as highways, bridges, transit including ferryboats, we await the new leadership of the Senate Finance Committee. Oregon's Sen. Ron Wyden takes the helm; together with his Republican counterpart in the House of Representatives, they must make a hard and hopefully creative decision as to how to raise the \$600 billion needed to maintain our highways, bridges and transit infrastructure each year. One encouraging development is the introduction this month of a bill to fund freight transport infrastructure, including a realistic provision for generating the necessary revenue.

As with proposals for new taxes, White House leadership will be essential for another highly controversial subject – – international trade expansion. Every bill or trade treaty that reduces existing trade barriers, quickly becomes highly partisan and contentious. Does eliminating barriers to trade benefit our exports, by opening foreign markets, or does lowering barriers allow foreign goods to penetrate our own market? Or both? We know that for the past 55 years it has taken an active President to muscle trade expansion legislation through Congress. It's too early to tell if Pres. Obama will step forward to push through the TransPacific Partnership and/or the US-EU trade agreement. Neither is close to final form yet, negotiations will continue into next year.

We are not finished hearing about the Affordable Care Act, a.k.a. Obamacare. It will be a regular fixture on the campaign circuits around the country. The President will continue to push deadlines back until after the midterm elections, in order to avoid impacting the reelection chances of those members of Congress who voted for the ACA.

Despite our concern with the often detrimental impact of an election year, we are encouraged by a series of agreements between Republicans and Democrats on the budget. There are opportunities for another battle over the increase in the debt limit, but neither party did well in the public eye during the government shutdown this past fall; it's my view that the biggest battles 2014 will not be about the budget. It's also my view that additional members of Congress will decide that they have had enough, and will call it quits. Freed from the demands for partisan posturing and fundraising, will they be able to vote more independently, creatively, constructively?

It could be another "do nothing" year, or it could turn out to be a surprisingly productive year on Capitol Hill.