

FBB FEDERAL RELATIONS

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Washington DC Overview – Old Battles and New Ones Spring 2019

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Three months into the 116th Congress, and Washington DC has still not settled down. The Session began with the longest government shutdown ever. In addition to delaying the routine business of Congress, it seemed to exacerbate what was already a tense partisan atmosphere.

Following the November 2018 elections, the Republicans are no longer the majority party in the House of Representatives, although they did maintain the majority in the Senate. So now, Republican Senate Majority Leader Mitch McConnell must negotiate and work with Democratic House Speaker Nancy Pelosi. And both, in their own way, must co-exist with the President.

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Pursuit of Trump

One of the two most obvious developments of this Congress so far is the aggressive investigations of President Trump, his campaign, his businesses, his family by several House committees, in addition to calls for impeachment of the President by a number of Democratic Congressmen/women. Obviously this does not bode well for a working relationship with the White House, to say the least.

For two years Washington DC waited with baited breath for the Mueller investigation of possible collusion by the Trump presidential campaign and Russia. The Report summary is released; to the delight of the President and the shock to his adversaries, it seems to exonerate the president and his campaign. Is this the end of the Mueller report story? Not at all. President Trump is already using it as a campaign platform, to invigorate his supporters, portraying himself as a victim of an overzealous Democratic Party and media. Meanwhile, several of those committees are demanding release of the entire report, and the materials utilized in compiling the report. Further, the lack of a Mueller finding against the President, appears to have motivated Chairs of the House Committees to redouble their investigations of "Trump World." Over 80 subpoenas have been issued so far against individuals within the Trump sphere.

Challenges to the Establishment

The other dominant development is the emergence of an ambitious and vocal group of newly elected young Democratic Congresswomen, who have become the media darlings, with agendas that are shaking up the establishment Democrats (and of course, Republicans). They are led by 29 year old Alexandria Ocasio Cortez, who came out of nowhere to defeat a very senior Democratic Congressman from Queens and who already has millions of Twitter followers, rumored to be second only to Donald Trump among elected officials. They are not

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willing to follow traditional protocol and defer to the seniority system. They are offering proposals that have galvanized a swath of Democratic Senators and Congresspeople, while alarming Democratic leadership who see the “Medicare for All” and “Green New Deal” is too far to the left of mainstream voters.

How Speaker Pelosi grapples with this challenge from the left, within her Democratic caucus, will be a major story of this Congress.

Some of this is quite reminiscent of the Tea Party insurrection vs Republican establishment 12 years ago.

China-US Trade War

Enough about partisan battles on Capitol Hill, what about the substantive issues that Congress and the president must address? International trade is one: the China trade tariffs are obviously the foremost international trade challenge faced by our exporters and importers, farmers, retailers, manufacturers. However, Congress has more or less let the President have his way on this effort to improve China's trade practices. This is because China is recognized as a bad actor, and few on Capitol Hill want to restrict the President's initiatives, even though many constituents are feeling some pain. Democratic and Republican Senators have jointly asked the President to keep the trade pressure on China – to reform its intellectual property and trade practices, and not rescind tariffs until it does. Obscured by the tumult in the House, and media focus on Trump, AOC, etc., this has become a largely bi-partisan display of how Congress and White House are working together, or at least co-existing peacefully.

USMCA – Focus on Worker Standards

However, it's a completely different story with the US – Mexico – Canada trade treaty, previously known as NAFTA, now the USMCA. Negotiations were completed last year, Mexico has signed. Under our trade treaty approval process, the President negotiates the treaty, then sends it to Capitol Hill for approval. This year, some members of Congress do not like certain provisions, particularly on the labor standards and enforcement. While the labor standards are much stronger than under NAFTA – at the behest of US labor unions, the unions seek stronger means of enforcing those new standards. This in turn motivates some Democrats to demand those provisions be renegotiated. Since Mexico has already ratified the USMCA, and Canada is not interested in re-opening negotiations, this demand may be impossible. So once again, just as when NAFTA was first enacted in 1994, this will be a partisan issue with Republicans generally inclined to pass it, and many Democratic representatives and senators (at labor's behest) opposed. Adding complexity, the President threatens to withdraw completely from existing NAFTA, unless Congress accepts the USMCA. Such withdrawal would be extraordinarily, almost incomprehensively, disruptive. It may also be illegal. By June they will likely vote.

National Emergency

The President's declaration of a national emergency in order to shift funds to the construction of the so-called "Wall", is another one of the highly partisan and contentious issues that will consume much of Congress's time this year, and perhaps even next. Both the House and the Senate have passed resolutions condemning the President's action, but it is now clear that neither the House nor Senate will be able to garner the two thirds majority vote required to override that veto. Next up – the courts, some of which will no doubt declare the President's

declaration and unilateral reallocation of funds, to be unconstitutional. This may end up, in rather short order, before the US Supreme Court. Until then it will remain an issue front and center for Congress.

Infrastructure – Finding the Money

The one issue which is continuously dangled in front of the American public to show that Congress and the White House can rise above partisan bickering, is "infrastructure". This means bridges, highways, transit systems. The last time we had an infrastructure bill, with financing, was 1993. Since then the gas tax has not been increased, inflation has eroded the purchasing power of the revenue that's collected. Cars are getting much better gas mileage, and increasing numbers of vehicles are electric, alternative fuel, hybrid -- not burning gasoline, or very little. So they do not pay the gas tax, and thus do not contribute to the Federal Highway Trust Fund.

The situation is getting sufficiently desperate that more and more members Congress appear willing to accept a gas tax increase. The reluctance to do so previously was one of the few things that in Washington DC that was not partisan. Both Republicans and Democrats have been reluctant to increase the gas tax. But this year might be different. Proposals are circulating to increase the federal gas tax by 25 cents per gallon, phased-in over a five-year over five years, raising another \$400 billion.

Increasingly more and more Republicans and Democrats, appear willing to publicly support for such an increase.

At the same time, there is broad recognition that a new financing mechanism must be developed, and soon. Funding urban transit systems as well as highways by reliance on diminishing gasoline tax revenues, is not sustainable. The leading alternative is the VMT, or vehicle miles traveled. If one could impose a fee for each mile traveled, one could assess a fee on all the vehicles on the highways today, including electric, hybrid and alternative fuels. The technology already exists. The problem is that it would constitute a significant invasion of privacy, as the government would be tracking every mile traveled and the origin and destination for each trip. Many people are uncomfortable with the government or others knowing every place we go, and when.

Running for President – Who Isn't? Finally, it's often difficult for Congress to focus on his work when so many of its members are spending almost all their time running for president. Each one is missing committee meetings, hearings, floor debate, votes and the general legislative work that needs to be done for appropriations bills and substantive legislation to pass. And on the other end of Pennsylvania Avenue, as always, a President running for a second term finds his attention diverted -- skewing virtually every statement or action to advance his reelection efforts.

All of this may be very exciting for the media, but of scant benefit to the American public.

Peter Friedmann