

Peter Friedmann's View from Washington DC February 2015

At this moment in time, one has to have some sympathy for the impossible job it is, to be President of the United States. The challenges and crisis are so diverse, urgent and difficult, almost impossible. A three ring circus, except it's no fun: the Middle East, Washington, DC, and the US West Coast.

The Middle East gets worse. The craziness of ISIS, first in Syria and Iraq, now in Yemen, Libya, and attacks spreading to France and Denmark. Muslims and Christians beheaded and burned. It doesn't appear that anyone is sure how it should be handled. And how ironic, President Obama largely defeated Hillary Clinton for the Democratic nomination on the basis that he (unlike her) did not vote in favor of invading Iraq. He promised to have US troops out of Iraq and Afghanistan. Yet this month he is proposing an expanded military footprint in the Middle East to Congress. The world changes and now the President will likely have to do exactly the opposite of what he promised 6 years ago. The ISIS menace is one that makes most mortals very glad that they do not have to sit at that desk in the Oval Office.

On the US West Coast a different crisis - labor strife at the ports, with impact spreading throughout the country and economy. The longshore union labor contract with the marine terminal operators expired last June. Since then, the terminal operators and the ILWU have been negotiating, but the relationship has deteriorated from cooperative into a very public battleground. The longshore union workers are working more slowly than normal, while the terminal operators are unable to manage the huge new vessels which are dumping thousands of containers of cargo at once, outstripping terminal capacity. Dozens of the world's largest ocean container ships are laying at anchor outside the ports. Our exporters cannot get agriculture, and forest products through the ports and to their foreign customers. The injury to US agriculture exporters has been a calamity, losing foreign markets, as foreign buyers of food, farm and fiber look to other countries which can deliver dependably. On the imports side, retailers and manufacturers suffer economic losses, lost domestic sales of consumer goods, and having to resort to far more expensive air freight.

We expect that supply chain changes will be permanent, as cargo will bypass undependable west coast ports in favor of East and Gulf Coast ports in the right to work states. There will in several years, be 5 east coast ports capable of handling the world's largest largest container ships. Miami, Savannah, Charleston, Norfolk, New York. It is very likely that all those ports will see great growth in cargo volume.

The President has had to send a Mediator and now, his Secretary of Labor to the west coast. He is now under pressure from both Republicans and Democrats, responding to their constituents, to utilize whatever legal means he has available to bring the parties back to the negotiating table and get ports operating again. Whether this President, who came into office so closely aligned with labor, would use a law such as Taft-Hartley which is so despised by labor to restore order to the ports, will make for interesting political theatre. Keep in mind that this decision will come just after he vetoes the Keystone XL pipeline, a project that has been championed by labor for 8 years. Will the President veto labor's favorite project, and then impose Taft-Hartley all in the same month?

And the third of the three rings is here in Washington DC. Will the President work with Congress? Can they compromise on immigration legislation, on moderate Affordable Care Act (aka ObamaCare) reform, such as repealing the medical device tax?

Other important legislative matters, which can and should be agreed upon without political battles, but will they? Corporate tax reform is widely recognized as long overdue here in the United States. It is chasing businesses away from US shores, to Ireland and Canada. Political maneuvering has stymied trade legislation, even routine extensions of longstanding tariff programs. Congress keeps promising to do so, but has been unable to do so for 3 years, endangering the viability of US importers and retailers who came to depend upon that GSP program. If we have trouble with routine matters, imagine our concern as to the ability of the President and Congress to move forward with major trade advances, such as the TransPacific Partnership, or the US-EU trade agreement? Nonetheless, I am optimistic that this will be the year these actually advance. We'll see if they cross the finish line before the end of the Obama Administration.

These are three rings of the multi ring circus that the President is expected to manage. West Coast labor strife, spreading Middle East fanaticism, Washington DC politics. Who in their right mind would want that job?