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KELLEN WASHINGTON REPORT

“Americans ought to make this lame duck session of Congress the last in history. Members who lose re-election have no moral authority to continue governing: They were fired by the voters, who should demand that they clean out their desks and go home.”

- Betsy McCaughey, former lieutenant governor of New York, Nov. 18

MARKING TIME

The so-called lame-duck session of Congress began November 15 but there has been little progress on the backlog of appropriation bills or anything else as members focused on reorganizing themselves. A notable exception was the Senate’s 74-25 vote on Wednesday to proceed with floor debate on the food safety bill. If the Senate passes the bill, it will need to be quickly reconciled with the House version before the end of the lame-duck session, December 31. Notably, Sen. Dianne Feinstein (D-Calif) withdrew her controversial amendment for a partial ban of BPA.

Nancy Pelosi, apparently relishing her final days as speaker, announced that she had decided to stay on as leader of the Democrats in the House (despite opposition, she was confirmed as future minority leader on Wednesday), and former House Ways and Means chairman Charlie Rangel was found guilty on most counts of ethics violations. The ethics committee recommended that he be censured by the full House.

On the Republican side, the main event appeared to be Senate minority leader Mitch McConnell announcing that he, too, would be against earmarks – a reversal seen as the first significant victory for the tea party crowd.

Factoid: Average age of the continuing House Democratic leadership: 70. Average age of the new House Republican leadership: 51.

BUSH TAX CUTS

The back-and-forth over whether to continue the Bush tax cuts appeared to be close to a compromise, with the White House indicating that it would be willing to accept a temporary continuation of the cuts for all taxpayers after January 1.

ASSOCIATION EXECS AGREE

Extension of the Bush tax cuts was seen as a top priority by association executives in the latest Kellen opinion survey. More than 50 percent of all respondents said they were either very pleased or somewhat pleased with the midterm election results, and their three top priorities for the new Congress were 1) extending the Bush tax cuts, 2) repeal or significant changes to the health care reform legislation, 3) greater efforts to create jobs by supporting industry and manufacturing in the United States.

Other strong priorities mentioned were the need for greater certainty in financial, energy and environmental policies, improving the housing situation, and “establishing trust again so corporations will start spending their money.”

With respect to federal agencies, the executives suggested that many could be eliminated, while others needed better direction and supervision from Congress. The latter included EPA, the Energy Department, HUD, OSHA, CPSC, FDA, Freddie Mac, Fannie Mae – and the IRS.

Meanwhile, corporate leaders attending the *Wall Street Journal's* CEO Council in Washington said the government's top priority should be to foster global trade and create a more business-friendly environment. They also said that uncertainty over government policy was the chief barrier to unlocking \$2 trillion in capital waiting to be used by non-financial businesses.

1099 REPEAL MAY BE IMMINENT

Rep. Fred Upton (R-MI), in the running to be chairman of the powerful Energy and Commerce Committee, says he wants to make repeal of the controversial Form 1099 provision in the health care reform bill one of the first orders of business. This is good news for the association community, which has lobbied hard against the onerous provision, which was slipped into the health care bill last March. Unless amended or repealed, it would require all businesses and tax-exempt organizations to file a Form 1099 for any transaction over \$600 a year – a huge burden that would impact an estimated 40 million businesses, charities and associations. We look forward to reporting on its imminent demise.

WATCH EUROPE

While all eyes have been on President Obama's efforts to increase US business with Asia, we should not overlook the important changes taking place in Europe which could impact American business and trade associations, according to Kellen Europe vice president Maria Teresa Scardigli, who was in Washington last week to talk to members of ASAE.

A major focus of her remarks was the growing power of the European Parliament, the 736-member legislative branch of the European Union. Under the Lisbon Treaty, enacted last December, the Parliament now has veto power over all international agreements, she noted. She urged American-based trade associations with interests in Europe to focus much more than before on the Parliament, which has been discussing the creation of a joint code of conduct and registry that would likely be compulsory for all lobbyists.

Incidentally, the European Parliament now has an office in Washington and puts out a weekly newsletter to keep American businessmen and Congress updated on European developments. If you'd like to be on the mailing list, give your coordinates to Michelle Kincaid at mkincaid@johnadams.com.

SUSTAINABLE BUILDING

Final prep is underway for the upcoming Kellen Sustainable Building Summit 2010. The summit, which will be held on December 1 at Washington's JW Marriott, will include presentations by Kellen affiliates and construction industry stakeholders on the development of the 2012 International Green Construction Code, which will create new industry regulations and will change the way building products are sold. For more information, email Shawn Richardson at srichardson@kellencompany.com.

THE RUMOR MILL

With so much in flux since the midterm elections, Washington has become an even greater rumor mill than usual. Many involve the White House. Aside from the comings and goings (mostly goings) of members of Obama's inner circle, notably chief adviser David Axelrod, who is returning to Chicago to reputedly begin planning the President's re-election campaign, there is increasing talk about Obama himself. Ever since his election, there have been rumors that his would be a one-term presidency. These have only increased since the Democrats' "shellacking" in the midterm elections, the obvious new challenges presented by a Republican controlled Congress, and the rising status of Hillary Clinton. Obama, it is said, has lost his magic -- and that connection with the American people that once seemed so formidable. His approval ratings continue to slip.

But the big news in this regard is a major article in the *Washington Post* last Sunday by two highly respected Democratic pollsters, Douglas Schoen and Patrick Caddell, calling on the President to voluntarily step down after one term. It is clear, they said, that the President has largely lost the consent of the governed. He should therefore put national interests ahead of personal or political ones, they said, by "announcing immediately that he will not be a candidate for reelection in 2012." After listing all the arguments in favor of that proposition, they conclude: "We are convinced that if Obama immediately declares his intention not to run for reelection, he will be able to unite the country, provide national and international leadership, escape the hold of the left, isolate the right and achieve results that would be otherwise unachievable." They note that Obama himself once said "I'd rather be a really good one-term president than a mediocre two-term president."

Major articles in the *Washington Post* by noted contributors like Schoen and Caddell tend to set the agenda for much of the other media, especially talk shows. This has been no exception. Their article has been the talk of the town -- much to the irritation of the White House. It provides a serious foundation for others to take up the theme and will likely put the White House increasingly on the defensive.

PUBLIC RADIO TARGETED

House Republicans voted unanimously yesterday to deny further taxpayer funding for National Public Radio. Though the cost-cutting measure was defeated by the current Democratic majority, it will undoubtedly be revived and passed when the Republicans officially take over on January 3.

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