

# This Week in Washington

January 29, 2012

## DOMESTIC POLICY MATTERS

President Obama addressed a joint session of Congress Tuesday as he gave the annual **State of the Union (SOTU) Address**. In addition to announcing the creation of a new mortgage crisis unit to investigate misconduct that led to the housing crisis, President Obama called for a new minimum effective tax rate for wealthy Americans. The next day, President Obama began his post-SOTU travel in several potential swing states (Iowa, Arizona, Nevada, Colorado and Michigan) to expand on and campaign for the changes outlined in the address. President Obama spoke in Michigan about the importance of making higher education more affordable and accessible, calling on Congress to extend tuition tax credits and to increase the number of work-study jobs. In Colorado, the President discussed energy independence, including a new lease sale in the Gulf of Mexico in an effort to develop domestic oil and gas resources.

The Obama administration announced Monday the President will release his **Fiscal Year (FY) 2013 budget** on February 13. The Senate voted Thursday to approve the President's request to **increase the debt ceiling** by another \$1.2 trillion, paving the way for the increase. Although the House of Representatives voted to reject the increase last week, the Budget Control Act provided that the increase would occur unless both chambers reject it. Also Thursday, Secretary of Defense Leon Panetta released the first details of the **proposed FY 2013 Defense Budget**. Secretary Panetta called on Congress to support the plan, which trims nearly \$500 billion from the planned defense budget over the next ten years. He also expressed his hope that Congress can find a way to avoid sequestration, which would result in an additional \$500 billion in automatic defense cuts.

The Department of Justice on Monday **charged a former CIA officer** with repeatedly leaking classified secrets about CIA operatives to reporters. In a move to offer continued support for the fragile U.S. economy, the Federal Reserve announced Wednesday that it is **unlikely to raise interest rates** before late 2014. On Friday, the Department of Commerce released figures showing that the **U.S. economy grew** by 2.8 percent in the fourth quarter of 2011, as compared to a 1.8 percent rate of growth in the third quarter.

**Political News.** Senator Mark Kirk's (R-Illinois) office announced Monday that he suffered a stroke over the weekend. Senator Kirk, 52, remains in "serious but stable" condition in a Chicago-area hospital, and his doctors are hopeful for his recovery over the weeks and months ahead. Representative Gabrielle Giffords (D-Arizona) resigned on Wednesday in order to focus on her recovery from her shooting in January 2011. On her final day, the House unanimously passed a border security bill sponsored by the Congresswoman. Arizona Governor Jan Brewer (R) has announced that she will call a special election to fill the seat until the end of the year. Wednesday, Treasury Secretary Timothy Geithner reaffirmed his plans to resign at the end of President Obama's first term. The Obama administration confirmed on Friday that Aneesh Chopra, United States Chief Technology Officer, is stepping down.

**2012 U.S. Elections News.** Former Speaker of the House Newt Gingrich was named the winner of the South Carolina primary on Saturday night with 40 percent of the vote. Former Massachusetts Governor Mitt Romney came in second (28 percent), and former Pennsylvania Senator Rick Santorum and Texas Congressman Ron Paul came in third and fourth, respectively. In preparation for Florida's primary contest on January 31<sup>st</sup>, the four remaining Republican presidential candidates participated in debates on Monday and Thursday, with Governor Romney having re-taken the lead in most polls in the nation's fourth-largest state while Speaker Gingrich leads in most national polls. After being drawn into the same district as fellow Democratic Representative David Price, North Carolina Representative Brad Miller (D) announced Tuesday he will not seek re-election in 2012. First-term North Carolina Governor Bev Purdue (D) announced Thursday that she will also not seek re-election in 2012. This week, the Republican governors of Tennessee and Virginia signed into law U.S. House redistricting plans that increase the chances of maintaining their respective states' 7-2 and 8-3 Republican majorities.

## FOREIGN POLICY MATTERS

**SOTU Address.** This year's SOTU was, for the first time, internationally broadcast live via the State Department's website and U.S. Embassy websites. President Obama said "[t]he renewal of American leadership can be felt across the globe." The President further acknowledged an "iron-clad" commitment to Israel's security, reiterated "America is a Pacific power," and acknowledged "a new beginning in Burma has lit a new hope." President Obama also announced the formation of a Trade Enforcement Unit that will focus on investigating countries who engage in allegedly unfair trade practices. Just before the SOTU, a **U.S. Special**

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**Operations Force rescued** Jessica Buchanan, an American aid worker, and her Danish colleague held hostage in Somalia. President Obama said in a statement that he had personally authorized the mission.

**Iran.** On Monday, Secretary of State Hillary Clinton and Treasury Secretary Geithner issued a statement welcoming the decision by the European Union “to ban imports of Iranian crude oil and petroleum products, freeze the assets of the Iranian central bank, and take additional action against Iran’s energy, financial, and transport sectors.” Also Monday, the Treasury Department added Iran’s third-largest bank – Bank Tejarat – to the U.S. sanctions list. The State Department expressed concern Thursday over the “the Iranian regime’s efforts to extinguish all forms of free expression and to limit its citizens’ access to information in the lead-up to March parliamentary elections.” On Friday, Iranian President Mahmoud Ahmadinejad publicly said Iran is ready to talk to the P5+1, to which the State Department said Iran needs to be forthcoming on its nuclear program.

**Syrian Conflict.** Last weekend, the Arab League met to make recommendations on the situation in Syria, calling for Syrian President Bashar al-Assad to step aside immediately. Saudi Arabia and GCC withdrew Tuesday from the League’s Syrian monitoring mission, effectively putting more pressure on the U.N. Security Council (UNSC). The UNSC met Friday to reportedly consider a draft resolution sponsored by Morocco that reportedly is designed to implement the recommendations of the Arab League transition plan. On Saturday, the League suspended the monitoring mission.

**Egypt.** Tension with the United States increased this week as news broke Wednesday that Egyptian officials are blocking employees of U.S.-based civil society groups – particularly the National Democratic Institute (NDI), International Republican Institute (IRI) and Freedom House – from leaving the country. Ranking Member of the Senate Armed Services Committee and Chair of the IRI John McCain (R-Arizona) issued a release Thursday expressing regret that the crisis has endangered U.S. citizens and the bilateral relationship. Senate Foreign Relations Committee Chair John Kerry (D-Massachusetts) said Thursday it is “premature at this point” to consider blocking U.S. foreign assistance funds to Egypt.

Senator McCain said he noticed “significant progress” after his recent trip to **Burma** earlier this month, acknowledging the release of political prisoners as positive development, while also noting there still remain some political prisoners to be released. The Senator also expressed guarded optimism; further saying Congress may consider easing or lifting U.S. sanctions as conditions warrant.

Thursday, **Secretary Clinton** reiterated her plan to step down at the end of President Obama’s first term. The Secretary also said the State Department will begin reducing its civilian presence in **Afghanistan**, while French President Nicholas Sarkozy on Friday announced France will withdraw its troops from the country in 2013, one year ahead of schedule, and urged fellow NATO countries to do the same. On Wednesday, Secretary Clinton met with **Indian Ambassador** Nirupama Rao. The Secretary met with participants from the U.S.-Philippines Bilateral Strategic Dialogue Thursday. On Friday Secretary Clinton met with members of the **Inter-American Commission on Human Rights** (IACHR), emphasizing U.S. support, including increased U.S. funding, for the work of the Commission and its Rapporteurs. Assistant Secretary of State for Economic and Business Affairs Jose Fernandez announced Ambassador Gillian Milovanovic will serve as Chair of the **Kimberley Process** for 2012, which the United States holds the chairmanship for one-year. This week, Administration officials reportedly informed several congressional offices they will move forward with a **new arms package for Bahrain**. The State Department acknowledged the new arms sale package Friday. Also Friday, **Fitch Ratings downgraded** five European countries – Italy, Spain, Belgium, Slovenia and Cyprus, saying the five E.U. countries lack financing flexibility in the face of the euro zone debt crisis. On Thursday, Treasury Secretary Geithner warned European leaders at a meeting in Switzerland that “a bigger commitment of resources” is needed to make a European monetary union successful.

On Monday, President Obama announced his **intention to nominate** the following individuals: Erin Conaton to be Under Secretary for Personnel and Readiness (Defense); Jessica Lynn Wright to be Assistant Secretary for Reserve Affairs (Defense); Frank Kendall III, to be Under Secretary for Acquisition, Technology, and Logistics (Defense); James Miller to be Under Secretary for Policy (Defense); James Jones to be Assistant Administrator for Toxic Substances at the Environmental Protection Agency; and Linda Thomas-Greenfield to be Director General of the Foreign Service (State). The President also named the following to be U.S. Ambassadors: Pamela Ann White (Haiti); Scott DeLisi (Uganda); John Christopher Stevens (Libya); and Tracey Ann Jacobson (Kosovo). Meanwhile, this week largely in response to President Obama’s recess appointment of Richard Cordray to head the Consumer Financial Protection Bureau, Senator Mike Lee (R-Utah) told his Judiciary Committee colleagues he will **resist efforts to confirm additional nominees**. Ranking Member of the Senate Judiciary Committee Charles Grassley (R-Iowa) also said Republicans “will have to address the president’s unconstitutional appointments made under the guise of recess appointments.”