



Alerts

This Week in Washington - February 12, 2012

DOMESTIC POLICY MATTERS

Budget. Next Monday, President Obama will release his Fiscal Year 2013 budget proposal. On Wednesday, the House passed “The Expedited Legislative Line-Item Veto and Rescissions Act,” which would give the President line-item veto and rescission authority. The White House signaled its support for the bill Monday.

Insider Trading. Thursday, the House of Representatives passed the Stop Trading on Congressional Knowledge Act (STOCK Act), which would prevent Members of Congress and staff from financial market trading based on nonpublic information obtained via their work. The House bill differs in some respects from the Senate version passed last week, so the House has returned the bill to the Senate. Meanwhile, the Securities and Exchange Commission is reportedly investigating House Financial Services Committee Chair Spencer Bachus (R-Alabama) for insider trading, a charge that Congressman Bachus denied Friday.

Mortgage Crisis Settlement. The White House announced Thursday the finalization of a \$25 billion settlement among the nation’s five largest mortgage servicers, state attorneys general and the Department of Justice. U.S. Attorney General Eric Holder characterized the agreement as one that “holds mortgage servicers accountable for abusive practices” during the housing crisis. In addition to requiring servicers to commit billions to resolve violations of state and federal law, the agreement requires them to implement comprehensive new mortgage loan servicing standards within three years. With millions of qualified homeowners, the expected direct homeowner benefit from the settlement is \$1,800 to \$2,000.

The House Energy and Commerce Committee reported out a bill Tuesday that would shift permitting authority for the Keystone XL pipeline from the State Department to the Federal Regulatory Energy Commission (FERC) and give FERC thirty days to approve the permit. On Thursday, the State Department Office of Inspector General released the results of a review requested by several Members of Congress, finding no evidence of bias or conflict of interest regarding the environmental impact analysis of the proposed pipeline.

Last month, the Obama Administration decided to exempt houses of worship, but not religiously-affiliated institutions, from regulations implementing the health care law requiring all employers to provide contraceptive coverage with no out-of-pocket costs as part of their health insurance plans for employees. After some Catholic leaders characterized the move as an infringement of freedom of religion, President Obama changed course and announced Friday that religious employers will not be mandated to offer free contraceptive coverage for employees. The President instead outlined a new policy, requiring insurance companies to directly offer free contraception to workers at religious institutions that object to providing it. Congressional Democrats generally praised the compromise as protecting reasonable access to contraception while most Republicans labeled it an insufficient accommodation of religious liberties.

Monday, Congress passed a long-term Federal Aviation Administration (FAA) reauthorization, setting the parameters for funding the agency through 2015. On Tuesday, the U.S. Court of Appeals for the Ninth Circuit ruled unconstitutional Proposition 8, the 2008 California ballot measure that amended the state’s constitution to



ban same-sex marriage. Chair of the House Education and Workforce Committee John Kline (R-Minnesota) introduced two bills Thursday to replace the current law on school accountability systems and to establish teacher effectiveness measures. Also on Thursday, the Obama Administration approved the No Child Left Behind waiver requests of ten states, augmenting their flexibility to implement education reforms.

2012 U.S. Election News. Former Democratic Senator Bob Kerrey announced Tuesday he will not run for Senator Ben Nelson's (D-Nebraska) seat upon his retirement at the end of 2012. Also Tuesday, Congresswoman Sue Myrick (R-North Carolina) announced she will not seek re-election to her solidly Republican seat in 2012. Former Pennsylvania Senator Rick Santorum won three Republican presidential nominating contests on Tuesday evening, including the symbolic Missouri presidential primary, the Minnesota caucus, and the Colorado caucus. Santorum solidly defeated former Massachusetts Governor Mitt Romney in Minnesota and Missouri, but beat him narrowly in Colorado. On Saturday, Governor Romney edged out Congressman Ron Paul (R-Texas) to win the Maine Republican caucus. Wednesday, independent Governor Lincoln Chafee signed into law Rhode Island's Congressional redistricting plan, which adds more Democrats to the district represented by Democratic Congressman David Cicilline.

FOREIGN POLICY MATTERS

Syrian Conflict. Monday, the United States suspended Embassy operations in Damascus, citing safety and security concerns and naming Poland as the U.S. protecting power in Syria. U.S. Ambassador Robert Ford will be based in Washington, continuing his outreach to Syrian opposition groups, among other activities. Following last week's veto by Russia and China of the U.N. resolution in support of the Arab League's transition plan for Syria, Russian Foreign Minister Sergey Lavrov traveled this week to meet with Syrian President Bashar al-Assad. Meanwhile, the Arab League reportedly may seek approval for its plan in the U.N. General Assembly, while Syrian regime forces shelled the opposition stronghold of Homs this week and instituted a crackdown on dissidents in Hama. On Tuesday, the states of the Gulf Cooperation Council expelled Syria's envoys and recalled their own. Friday afternoon, Senators Bob Casey (D-Pennsylvania) and Marco Rubio (R-Florida) introduced a resolution calling on the Administration to provide "substantial material and technical support" to the Syrian opposition, a concept for which Senators Lindsey Graham (R-South Carolina), Joseph Lieberman (I-Connecticut), and John McCain (R-Arizona) also have voiced support, but that most Obama Administration officials oppose to this point. The resolution also expresses support for a "Friends of the Syrian People" Contact Group. Secretary Clinton and other State Department officials have been discussing a "Friends of Syria" group with their foreign counterparts, including the Arab League, and Assistant Secretary of State Jeffrey Feltman is on a trip to France, Morocco, and Bahrain to bolster support for the idea. After calling this week for an international conference on Syria, Turkish Foreign Minister Ahmet Davutoğlu is scheduled to meet next Monday with Secretary Clinton to discuss the conflict.

Iran. On Friday, Senators Casey, Graham and Lieberman introduced a resolution opposing a U.S. policy of containment of Iran, with the resolution noting the Senate "strongly rejects any policy that fails to prevent the Iranian government from acquiring a nuclear weapons capability."

Israel/Palestinian Authority. Secretary Clinton met Tuesday with Israeli Foreign Minister Avigdor Lieberman, discussing Egypt, Syria, the Middle East Peace Process, Turkey, Iraq, and Iran, including the new U.S. and international sanctions aimed at preventing Iran from deploying a nuclear weapon. While the State Department acknowledged a new coalition agreement between Fatah and Hamas, which quickly showed signs



of fraying, the Department reiterated the need for the Palestinian Authority to recognize Israel.

Egypt. The State Department this week indicated the Egyptian Supreme Council of the Armed Forces (SCAF) may not have been involved in the December raid on NGO offices in Cairo. However, on Monday, the Egyptian judiciary announced criminal charges against dozens of NGO staff members, including 19 U.S. citizens, one of whom is Secretary of Transportation Ray LaHood's son. In response Tuesday, Senator Lieberman, along with Senator Kelly Ayotte (R-New Hampshire) and Senator McCain, said "Congressional support for Egypt – including continued financial assistance – is in jeopardy." Senate Foreign Relations Committee Chair John Kerry (D-Massachusetts) also said Monday's prosecutions were "a slap in the face to Americans who have supported Egypt for decades."

East Asia. A Japanese delegation met with State and Defense Department officials Monday, announcing the revision of the 2006 agreement on the transfer of forces from Okinawa and relocation of a U.S. Marine Corps air base at Futenma. Meanwhile, the Senate Armed Services Committee warned the Administration Thursday that Congress will not authorize separate funding for its Pacific realignment, saying the Pentagon needs to comply with requirements established in the FY 2012 National Defense Authorization Act.

On Thursday, President Obama met with Italian Prime Minister Mario Monti, with Secretary Clinton attending, after she met separately with Italian Foreign Minister Giulio Terzi di Sant' Agata. On Tuesday, Secretary Clinton joined Deputy Secretary of State Bill Burns' meeting with Indian Foreign Secretary Ranjan Mathai. The Secretary met with Burmese civil society leaders Wednesday. Secretary Clinton later met with Haitian Prime Minister Garry Conille. Vice President Biden spoke with Chinese Vice President Xi Jinping Wednesday, in preparation for next week's visit by Vice President Xi. Also Wednesday, the House Foreign Affairs Subcommittee on Africa, Global Health and Human Rights unanimously advanced a bill by Subcommittee Chair Chris Smith (R-New Jersey) that would freeze non-humanitarian foreign assistance aid to Vietnam at FY 2011, unless the Vietnamese government improves its human rights record, particularly with regard to its Hmong Christian minority. The State Department said Thursday that while the United States supports a peaceful resolution to the unrest associated with the unexpected resignation of Maldives President Mohamed Nasheed and transfer of power to President Mohamed Waheed, the circumstances surrounding the transfer of power need to be clarified. Also Thursday, the Greek government agreed to some new austerity measures, easing the way for a new \$170 billion E.U.-IMF bailout, but with further austerity votes in the Greek parliament yet to come. Friday, President Obama announced his intention to nominate Katrina McFarland to be Assistant Secretary of Defense for Acquisition; and Kenneth Merten to be U.S. Ambassador to Croatia. Senator McCain lifted his hold Tuesday on former National Security Council official Mark Lippert to be the next Assistant Secretary of Defense for Asian and Pacific Affairs.

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