

The First 100 Days in Office

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REPORT

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Image and Expectations

In Michael's opinion, the biggest change in the US is the way it is perceived both domestically and internationally. Especially in the fields of health care and the financial crisis the expectations are very high and it remains to be seen to what extent these expectations can be met.

Republicans on the sideline

Michael indicates that the first 100 days have gone very well for President Obama and expects his popularity will continue, on the one hand because of his personality and policies, and on the other because the Republicans have no clear answer to Obama in the sense that they have no leader and issues that can score for them. In addition, a cause of concern for the Republicans is the fact that most young people in the US (<30) vote Democrat. Besides, loyalty to a certain party is decided between the ages of 18-30 years. If it were up to Michael to advise the Republicans he would recommend that they legalize marijuana and allow gay marriage. This would attract more young people to the party and would underline the Republican notion that every individual should have the right to make their own choices, the same as with alcohol and the possession of guns.

Use of new media and Obama's versatility

Obama's strength is that he is able to handle all forms of media well: both traditional media and new media such as Facebook, Twitter and YouTube. He is good at giving formal speeches as well as at giving informal ones (which is necessary if you want to reach your target groups through YouTube or Facebook). The Internet is a powerful medium, not for reaching the masses, but especially for reaching very specific target groups. Facebook gives people a lot of information on social networks and provides insight into so-called 'social network hubs' that allow you to communicate with those target groups effectively and efficiently.

Citizens' involvement in politics

The increased use, by the Obama-camp, of (new) media instruments has not resulted in an increased involvement of citizens in politics. Twitter, Facebook and YouTube are merely responsible for the fact that interested persons have more and quicker access to certain sources of information.

Polarization persists

Despite efforts by President Obama to achieve the opposite, politics remains very polarized. In actual fact, the expected political cooperation between Republicans and Democrats seems to remain an illusion.

Monday, 18 May 2009

The Albright Group

James O'Brien, Principal

The Albright Group is a non-partisan (but Democratic-leaning) advisory organ that advises companies and organizations worldwide on a wide range of topics: from domestic and foreign politics to short-range (credit crisis) and long-range trends (demographic developments, the rise of China, water-related problems, etc.). Important themes that will play a role in the short or long run: the role of African countries (especially Angola), Iran/Afghanistan, the influence of China/power discussions and the vitality of the Bretton Woods institutions.

According to O'Brien, with the election of Obama, a new era has dawned in which the relative dominance since the 1970s of the Republican ideology (the prospect that everybody has the ability to get rich) now starts to fade to the background in favor of an ideology with more focus on the usefulness and necessity of good social security. O'Brien is rather negative on the era in which the Republicans reigned. In the last two years, for example, the Bush administration has hardly executed any effective policy, they also exaggerated the events of 9/11 (the fight against terrorism was under Clinton already considered one of the most important topics).

The credit crisis is, according to O'Brien, caused by the lack of government-imposed rules. The arrival of Obama marks the momentum to start the debate on what the exact role of the government should be and what position social security should take. The credit crisis has made this debate a lot simpler. In addition, Obama, as a relatively young President, is not hampered by a legacy of negatively perceived policy of the 1990s.

Specific topics: image of the government as an employer. The US government does not have a very good image when it comes to being an employer. While it is true that the popularity of the government in general has risen because of Obama, this has not yet translated in an increase in popularity of the government as an employer. The government has huge problems when it comes to attracting new employees. Even though the US is not faced with an ageing population, like we are in Europe, the average age of people working for the government in the US is relatively much higher than in the private sector (as a result of the large influx of employees in the 1960s and 1970s, when the government was very popular). This bad image is, among others, caused by a generally negative view on the role of the government (should be as small as possible; the market should be left to do its job as much as possible; taxes should be as low as possible) and by a large difference in remuneration between the government and the market segment (4 to 5 times higher in the private sector).

Philips Electronics North America Corporation

Randy Moorhead, Vice President for Government Affairs

Randy Moorhead is Vice President of Government Affairs of Philips North America. He lobbies in Congress for issues important to Philips, such as standards for new energy-saving lamps. He participates in making the legislation, if that is possible, and showed us some contributions from the past. Lobbying also means supporting campaigns of politicians. Philips as a company is not allowed to donate money, but its employees may do so voluntarily. Randy encourages that strongly.

Randy is a Republican in heart and soul and is a strong supporter of free markets. He has no problem with a government that sets e.g. standards for everyone, but is strongly opposed to measures that disturb the free market principles.

Randy gives us some observations which are generally agreed upon:

- The words of Jefferson are very important for the Americans: "people are all equal, everybody has the opportunity to create their own happiness".
- Individual achievements are more important than group achievements. This is due to the long history of immigrants. These are "self-selected risk-takers". Exceptions are the former slaves.
- The fundament of the Republican Party is: American values and free markets.

Randy hopes that the legacy of Bush in 25 years will be creating a democratic Iraq as an example in the Middle East. The worst thing under Bush is the growth of the size of the government.

Randy's opinion on Obama: he has been an extraordinarily strong candidate and most Americans are proud that an African-American has achieved this.

Randy feels that the foreign policies of Obama are okay. However, the domestic policies are taking the USA in the wrong direction (such as a larger government, more taxation, maybe interfering with free markets by taking protective measures). Obama's main issues are health care, climate change and education. The plans on healthcare are very important for Philips because it might negatively affect the medical business. The biggest problem will be the enormous deficit of 1.8 trillion dollars.

Can the Republicans oppose Obama? Randy doesn't feel this will be the case in the near future. What is important is that a new leader rises who will unite the factions within the party.

Federal Deposit Insurance Corporation (FDIC)

Galo Cevallos, Senior International Advisor

John Di Clemente and Shilpa Shah

The FDIC is an independent agency of the federal government. It was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s. The main tasks of the FDIC are to insure deposits of the US public; to supervise banks and to resolve bank failures. The FDIC is one of the four supervisors in the US; among the others are the FED and the Office of the Comptroller. The FDIC supervises 5000 of the 8315 registered banks in the US. The FDIC maintains a close partnership with the US Treasury.

Although the FDIC is a federal agency it is not funded by the federal government. The funding comes from premiums raised by the supervised banks. The premiums are risk-based. The risk depends on the health of the bank. The premiums to be paid are known to the public and are divided on a scale of 1 to 5. It is not known to the public into which category a specific bank falls.

The FDIC is responsible to Congress. The board is selected by the President and is basically non-political. The present chairperson stayed in office during the change from the Bush to the Obama administration. At present, the FDIC employs 5000 persons; since the beginning of the financial crisis there have been 33 bank failures. In the period 2003-2005, there were zero bank failures; this is an unusual situation.

The normal insurance is \$100,000 per depositor; due to the economic crisis this amount increased on October 3, 2008 to \$250,000 per depositor until the end of this year. Deposits held in different categories of ownership as single or joint accounts may be separately insured. Also there is a separate coverage for retirement accounts. With these criteria, 95% of the US deposits are at the moment covered by the FDIC. The reserves of the FDIC were \$54 billion before the crisis; now they are down to \$18 billion.

The toolkit of the FDIC may vary from mild to heavy. An example of a mild tool is an agreement between the bank and the FDIC to make adjustments within a period of 180 days. Examples of heavy tools are that the bank is no longer allowed to pay dividends; end deposit insurances which means that the bank can no longer attract deposits from the US market and remove officers of the bank. Lessons the FDIC learned from the banking crisis of the eighties is that they have to take action when the bank still has capital.

Being a non-political federal agency, the FDIC sees no difference between the current and the previous administration. Most important for the FDIC is to restore confidence and create an economic environment to increase intra-bank lending. It is important to clean the banks from toxic assets and put these in so-called bad banks.

To overcome the present economic crisis the number of personnel of the FDIC will increase with 1000 persons and the budget will increase with \$2 billion. At this moment, the FDIC has 250 troubled banks, the number of troubled banks in 2004 was 50.

Tuesday, 19 May 2009

The European-American Business Council

Michael Maibach, President & CEO

The EABC membership today stands at 70 and the organization is recognized as the official European Business Organization in the US by the European Commission. A staggering 75% of investments in the US comes from Europe.

Mr. Maibach turns out to have been a businessman for the largest part of his life, representing global firms in governments and capitals. He is a born Republican, although not without criticism of the previous administration. Like other speakers in the business community we met, Mr. Maibach is very positive with regard to the Reagan administration.

From a business point of view President Clinton was the single best president, which is a remarkable statement for a hard-boiled Republican. Especially the NAFTA and GATT agreements and the balanced budget combined with the relatively low level of government spending during the Clinton years were very good for the business community. The Bush administration of the past eight years, however, is viewed negatively by Mr. Maibach. Mr. Bush became a war time and spending president, and, coming from Texas, had no foreign experience. And travel teaches tolerance...

After the first 100 days of President Obama, Mr. Maibach thinks that the president is good at foreign policy and bad at economic policy. Government spending is now at 28% of GDP compared with 18% during the Clinton years. Solving the healthcare problem will be the biggest problem in the coming months for the Obama administration.

In the area of foreign policy, Mr. Maibach thinks that the Turkish membership of the EU is of none of the US's business. With regard to EU antitrust legislation Mr. Maibach thinks that 'his' Intel Corporation has been treated extremely unfairly. He warns that Google might be next.

Regarding environmental policies, Mr. Maibach is a strong supporter of more nuclear power. He wants to be less dependent on oil, although Middle East oil is not important anymore for the US.

In general, US taxes are too high, the corporate income tax is 39% in the US; the US should take Ireland, where the same rate is 12.5%, as an example.

Mr. Maibach does not end very optimistically. The prospects for the economy are gloomy.

Thomas Pickering

Former US Ambassador to the UN and former Under Secretary of State

Thomas Pickering took us on a grand tour of the major global issues that the US will have to deal with in one way or another in the coming months and years. The most important ones are described below. This list is not complete by far. Many other issues, such as Africa, Cuba, Turkey and the UN were briefly discussed as well.

1. The economic crisis

First and foremost among these issues is the economic crisis. The good news is that so far there's a reasonable degree of international cooperation. The danger of falling back into economic protectionism however still looms. This cooperation should eventually lead to new forms of regulation and new institutions to monitor them. By contrast to some others we spoke to in Washington, Pickering considers management of the national deficit essential as a means to maintain the integrity of the Treasury.

2. The elongated Middle East

A second complex of interconnected problems will have to be dealt with what Pickering calls the 'elongated Middle East': the Arab-Israeli conflict, Iraq, Iran and Pakistan/Afghanistan. With regard to

Israel, Pickering stresses that the US can only facilitate but not determine the outcome of negotiations. He considers the strategy of isolating Hamas to be a bad choice. The new administration should try to reach out to moderate forces within Hamas.

3. Nuclear weapons

A third international issue is the proliferation of nuclear weapons. According to Pickering the new administration can play a role in this issue by finding a new approach toward Russia and by signing the nuclear test ban treaty.

4. US partners

A fourth issue concerns relations between the US and its most important global partners in the coming years: Russia, China, Brazil, India and the EU/Europe. It is essential that positive agendas on cooperation can be agreed upon to balance the inevitable clashes that will arise from differing interests.

5. Energy and climate change

The fifth issue concerns energy transition and climate change, which is also one of the three main domestic challenges (together with healthcare and education) President Obama faces. Although the position the US will take at the Copenhagen summit on climate change is not fully clear yet, it's evident that the Obama administration will make a major change in the US approach to this issue. Domestically the president faces the problem that on the one hand the American public is somewhat reluctant with regard to nuclear energy while energy from renewable sources offers little perspective in the short run.

Bill Sweeney

Former Board Member, Atlantic & Pacific Exchange Program

The 'celebrity' that restores faith in the government

Bill indicates that Obama's popularity is unprecedented: Obama has the status of a celebrity. Obama's biggest strength is that he is capable of regaining trust in the US. In the current crisis trust is very important. Americans want to feel like the country is back on the right track. An important means that Obama cleverly uses is the media.

New media as a means to delivering tailor-made work to every constituent

The way Obama handles the media that follows him 24/7, is very clever indeed. The Obama campaign has deftly used both the traditional but especially also the new forms of media. Blogs, Facebook and the Internet play an important role along side the old forms of media such as radio, television and press. People look for sources and news they are comfortable with, and there is plenty to choose from.

The media has changed. You used to be able to describe the media as a three-layered cake: television, radio and written press, with only a single flavor. The Obama campaign has proved that modern-day media can be described as a cake with around five layers and many flavors. The added layers consist of social networks (blogs, Twitter, etc.). The message in the various forms of media is the same every time but the language used is adapted for each target group (e.g. rap), that is the best way to reach these groups.

The power and importance of "social networks" and the new media forms was, for instance, proven during the Democratic National Convention (Denver) when people informed each other by text-message, e-mail, Facebook. As a result, the Democratic message reached a much larger audience.

Control over policy is already crucial in the transitional phase

Especially in these days, in a period of a 'changing of the guard', Obama uses all means of communication to pinpoint problems and to tailor-make policy. After a party change, it takes around six months to fill all positions. In practice, that means that the President does not have enough control over policy in the first period. Party members sometimes stray from the President's policy. During the Clinton administration, for example, this happened with regard to health care. Obama appears to be preventing this problem by communicating cleverly.

21st Century Democrats

Dan Lucas, Political Director

Adam Hall, Research Director

Inspirational leadership and change

The most important achievement of Obama's first 100 days is that the whole country became involved in the change from mainly war and terror alerts under the Bush administration. However, the direction of this change is not yet clear. As president Obama put several issues on the political agenda on which he wants to make real changes: healthcare, the banking system, housing, monetary and fiscal policy, energy and education. Dan Lucas stresses that Obama's political agenda didn't become clear until the end of 2008 or the beginning of 2009. In addition, he points out that Obama only sketches the broad outlines of proposed policy. It's up to Congress to draw up concrete proposals for implementation. Adam Hall stresses that history shows that turmoil (such as the current economic crisis) leads to political change. Just look at the presidencies of Lincoln and Franklin D. Roosevelt. The election of Obama has already led to a multitude of initiatives and a broad positive feeling throughout society. Obama has shown he is not afraid and appeals to everybody to work together on the changes he wants to make.

Deficit and healthcare

The 21st Century Democrats consider healthcare and the growing national deficit to be the most important political issues for Obama in the coming years. Republicans and Democrats have particularly diverging views on these two issues. 2010 will be an important year because at that moment changes can be made to the fiscal system again. President Obama will have to use the current momentum to initiate change, since the distribution of politics may change in two years time.

Hidden unemployment

Unemployment in the US is actually higher than official statistics show because people with a higher education tend to accept jobs below their educational level in a time of economic crisis. The crisis also has an interesting effect on the way people view their own future: whereas everyone used to believe they might one day be rich (the classic 'American Dream'), they now realize they could just as well become poor one day. This effect is already visible in the (excessive) consumption patterns and in the intensity with which people make use of borrowing money and buying on credit.

Guantanamo Bay

Dan Lucas stresses that Obama's decision to close down the Guantánamo Bay detention centre is mainly aimed at showing the world that real change is in the air. Guantánamo is, on the other hand, not exclusively a US problem, but a shared international problem which will have to be dealt with by cooperating.

Wednesday, 20 May 2009

Center for Responsive Politics

Sheila Krumholz, Executive Director

Goals

The Center for Responsive politics is a research group that tracks money in U.S. politics and its effect on elections and public policy. The Center collects these data and makes them available to the public. The idea is that journalists, citizens etc. make use these data. The Center is nonpartisan and does not enter into the political debate.

Transparency

All data with regard to gifts is public in the US, however, they are hard to access. The Center tries to solve this problem by making the data accessible through a web site. On the website www.opensecrets.org the Center provides insight into the different money flows. This way, it becomes transparent from which 'direction' politicians receive donations.

The Revolving Door

An increasing problem is the so-called "Revolving Door": former politicians or civil servants who become lobbyists, consultants etc. in order to exert influence on the political processes. To make these shifts in power, influence and money public, the Center keeps track of all individuals who have made use of the revolving door in a database.

U.S. Department of State

Pamela Spratlen, Western European Affairs Office Director

Tim Smith, NL desk officer; Jon Berger, PD desk officer

Richard Huff, Office of Economic Policy and Public Diplomacy

Alex Whittington, Office of Int'l Finance and Development, Bureau of Economic and Business Affairs

David Tessler, Policy and Global Issues Officer, European Bureau

Drew Nelson, Office of Global Change

The Obama administration's approach to Climate Change:

Remarks by the panel

- recognition of national and global impact (Copenhagen is vital)
- market based measures approach (per industry, Cap & Trade, price based mechanism)
- importance of (clean) technologies and scientists
- strong focus on renewable energy
- the stimulus package of just a few months ago and a continuing emphasis will make significant, direct investments in clean energy technology and energy efficiency.

Obama's First 100 Days:

Remarks by the panel

- the Obama administration is making climate change a priority and a central focus of US foreign policy: Todd Stern was appointed the first Monday after the inauguration
- Cap & Trade system
- work on better defined fuel efficiency standard
- work on renewable energy portfolio standards (more state control of the energy sector)
- give and reverse incentives on clean technology
- Earth Day: emphasize the importance of global cooperation on environmental and climate issues to the public. Public opinion on climate change has improved.
- proposal on American Clean Energy and Security Act
- Waxman Bill: is still in progress. E.g. clean coal technology, national standard is envisioned.

Comment of the panel on Obama's First 100 Days:

Managing the climate policy issue politically on a national level is important to the Obama administration to gain a mandate so agreements can be made on international cooperation in

Copenhagen. A clean energy economy is being shaped incrementally. Economic and energy reductions are not seen as mutually exclusive. Focus on clean technologies and renewable energy. Nuclear solutions are also part of the debate. Start to see incremental changes, besides rhetoric behavior; the climate issue is going to the market. Besides greenhouse emissions there is an increasing funding on 'adaptation' to climate change. This must be financed by the revenues of the carbon markets (private sector) and the existing institutional framework. Public opinion is becoming more important in the climate policy issue.

EU - US relations

Remarks by the European Bureau panel

- focus on close US – EU cooperation
- Copenhagen is vital, work together toward a successful outcome of the UN climate negotiations later in the year in Copenhagen
- a US – EU financial package must help develop the world with regard to climate change
- research and development on clean Energy is of great importance
- Carbon Trade (Emission Trade System) affects other areas. Embassy operations educate, have a positive impact and enhance a good dialogue and good will.

Federal government of the United States

"President Obama has proposed a broad, market-based cap on carbon pollution that would include a mandatory national target through the year 2050, when emissions would be cut by 80 %. A market-based cap aims to encourage game-changing private investments in clean energy and improvements in efficiency, streamlining US regulatory process, stimulating new jobs and growth and setting the US on the road to a low-carbon economy. The stimulus package of just a few months ago and a continuing emphasis will make significant, direct investments in clean energy technology and energy efficiency (www.state.gov). "

Remarks by the panel:

Federal government can play a coordinative role by financial and advisory incentives, but a lot of Americans believe in the strength of market mechanisms, "*as the US is built upon a revolution of taxation*" Cap & Trade system as a concept of mode taxes is debated. Measures on corporate and consumer level must be distinguished.

US Department of State appoints their role in 'leading by example' and setting a 'best practice'.

- The State department's green council shows commitment with green initiatives (energy efficiency, cars, procurement, solar sells, Embassies, ideas upon green roof)
- American Clean Energy and Security Act: e.g. targets in law to reduce energy, accomplish energy efficiency in federal government and leading by example of state governments

Thursday, 21 May 2009

The Brookings Institution

Thomas E. Mann, W. Averell Harriman Chair and Senior Fellow

After kicking off with a joke on Dick Cheney's recently acquired "water-boarding dog", Mr. Mann reflected on a series of topics, both international and domestic. He praised the ambition and high level of activity of the Obama administration and noted that confidence in government is increasing. Considering that the economic crisis is one of the major issues for the government. Now is not the time to worry about deficits and debt according to Mr. Mann.

A remarkable development is that Mr. Obama seems to be having more problems with the sturdier left-wing Democrats than with the opposition. Nevertheless, his "post-partisan politics" is bound to fail and will not be able to bring a halt to political polarization.

Mr. Mann identified several weaknesses and threats to the administration:

- The development and implementation of the government bailout package took too long.
- The delay in the appointment of several key members of the administration.
- The risk that measures to fix the economy do not succeed either in the US or worldwide.
- Afghanistan and Pakistan.

As did most of our speaking partners, Mr. Mann talked about Obama's three policy priorities healthcare, energy/environment and education. He recognized the importance of making progress in healthcare this year, as the reform process will take many years to be completed. The establishment of a cap and trade program to curb greenhouse-gas emissions during Mr. Obama's first terms seems viable and it could hopefully produce a "domino effect" on other countries. In education, as in most sectors, it would be beneficial to put effort in recognizing excellence, not seniority.

Written by all participants in this study program