

Monday Morning Washington Update –December 1, 2008

Today is a big day for announcements of new Obama Cabinet nominees on the national security front – following announcements last week of the President-elect's economic team. This clearly confirms the President-elect's focus for the initial year-plus of his Administration on the economy and national security – and that his choices for Interior and Agriculture will be challenged to gain much attention unless they are at work on economic and energy matters.

But the events of the past week included a number of encouraging developments. The announcement of a new leader for Treasury, Timothy Geithner, helped initiate a significant recovery in the stock market. As President of the Federal Reserve Bank of New York, Geithner has been directly and actively involved with the current Secretary, Henry Paulson, and Fed Chairman Ben Bernanke over the past six months and appears likely to make the transition on economic affairs smooth. As *The Economist* wrote last week, the President-elect "has chosen ability over connections. Mr Geithner does not know Mr. Obama well and has no notable ties to the Democratic Party." But hey – he *is* a skateboarder and snowboarder!

And some of the recent actions at Treasury are also encouraging. First and perhaps most importantly, actions were begun last week to stimulate consumer lending in three specific areas – auto loans, education loans and credit card spending – through a new **Term Asset-Backed Securities Loan Facility** – Fed purchases of qualifying paper backed by such loans. And the announcement indicated that consideration would be given to expanding the types of lending this new program would cover. And discussions about the use of the remaining funds under the initial \$700 billion stimulus (**TARP**) seem auspicious for the recreation community, too.

Key recreation industry associations sent an important message to both the current Secretary of the Treasury and President-elect Obama last week. The National Marine Manufacturers Association, the Recreation Vehicle Industry Association and the Recreation Vehicle Dealers Association joined to call for actions to encourage lending to qualifying borrowers for boats and RVs, both under the newly announced Treasury effort program and TARP – and also called for help for recreation businesses which are encountering problems with lines of credit, including "floor plan" financing essential to dealers. Copies of those letters are attached.

We are also seeing significant efforts on a new public works initiative aimed at youth and tied to national service. The Obama Transition's website – www.change.gov – states:

"Obama and Biden will call on citizens of all ages to serve. They'll set a goal that all middle school and high school students engage in 50 hours of community service a year, and develop a plan for all college students who engage in 100 hours of community service to receive a fully-refundable tax credit of \$4,000 for their education."

AmeriCorps could well be a key part of this effort, possibly growing from a current level of less than 70,000 participants annually to 250,000. There are many reasons to expect this initiative to be high visibility. First, the targets of this effort were important to the election of President-elect Obama, and now face a tough job market. Second, the Congress and governors will also be supportive, since this program could actually cost less than unemployment and job-training programs now in place for many of those likely to sign on. And third, the educational stipends earned through national service are likely to ease the burden of state higher education budgets – and the worries of American parents whose ability to pay tuition costs has been reduced by the economic downturn.

But it is not clear that this surge in national service jobs will produce a CCC-like effort in the national parks and other public lands. That will only happen if key conservation, recreation and youth service organizations unite and make the case for directing substantial resources to “green jobs” in the Great Outdoors. And that is our focus this week.

Next week, we’ll address changes in the Congress for 2009 – including the victory of Henry Waxman over John Dingell in the fight for House Commerce Committee Chairman.

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