

Cozen Currents: The Politics of Soul-searching

The Cozen Lens

- President Biden's and former President Trump's reactions to the United Auto Workers strike against the Big Three automakers underscores that neither political party can take the support of blue-collar workers for granted anymore.
- The intra-party conflict within the GOP over continued funding for Ukraine is emblematic of the growing influence of populist forces relative to the waning power of the party's establishment.
- Artificial intelligence continues to be a hot topic in Washington, DC, and the emerging technology threatens to create challenges for the 2024 election.

Striking a Balance Between Labor Policy and Politics

The State of the Union. Although the Covid-19 pandemic has waned, the labor market has remained remarkably tight.

- In spite of a series of historically aggressive Federal Reserve interest rate hikes to tame high inflation, unemployment rates have remained low as the aging demographics of the US labor force have skewed towards retirement and many workers quit their jobs early in the Great Resignation. These factors, combined with the necessity to cope with the high inflation, has led all workers, both union and non-union alike, to be more assertive with employers.
- Much has been made of this year's "Summer of Strikes." Support for unions is at a sixty-year high and membership applications are up 57 percent. The current SAG-AFTRA and UAW strikes will potentially be the largest strikes in decades.
- Things aren't all rosy for organized labor though. Union membership has been on the decline for decades and the 10.1 percent rate of union membership recorded last year was the lowest on record.

Biden's Balancing Act. President Biden faces a difficult balance: deciding how long to allow the United Auto Workers (UAW) strike to persist before his support for organized labor takes a back seat to political considerations about the economy.

- Biden has claimed to be the "most pro-union president ever," but unions are waiting to see if he walks the walk. The UAW has withheld its expected endorsement of Biden to apply pressure to him; the union has even directly criticized his administration for distributing loans to a battery manufacturing plant using non-unionized labor.
- Biden's worries about how a rail strike would affect the broader economy amid supply chain snarls and high inflation won out over supporting workers last year. This is precisely the dynamic that concerns the UAW. The White House could increasingly grow more interventionist as time passes and more collateral damage is dealt to the Rust Belt, which the Democrats see as their "blue wall" but cannot take for granted given what transpired in the 2016 elections.
- Former President Trump is seeking to take advantage of the situation to make a move for the workers' support. While he will never win an official endorsement from the UAW



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leadership, he hopes to peel off enough rank-and-file members to win in 2024. Unions are currently skeptical of electric vehicles as they require less labor than a traditional car. Biden faces a difficult balancing act among labor, environmentalists, and the average swing voter in Michigan.

The Administration Lends a Hand. Under Biden, the Department of Labor (DOL) and National Labor Relations Board (NLRB) are taking bold strides to further empower workers across industries.

- The DOL is expected to release a final rule on worker classification as soon as next month, which will make it more difficult for gig economy firms to classify their workers as independent contractors. The DOL has also released a notice of proposed rulemaking that would significantly expand the scope of workers eligible for overtime pay. Lastly, it finalized a rule describing how workers in federal construction projects must be paid prevailing wages.
- The NLRB has taken steps towards banning captive audience meetings, where employers require workers to attend meetings discouraging unionization. In its Atlanta Opera case, the NLRB returned to an Obama-era precedent for determining worker classification, which has the potential to make it easier for workers to unionize. The NLRB has also finalized a rule relating to union elections and made it easier for workers to unionize when their employer is found to have committed unfair labor practices in another decision late last month.
- The Federal Trade Commission has proposed a rule that would ban non-compete agreements in the United States. The agency has estimated that the rule would impact 30 million workers and boost wages by \$300 billion annually. The commission is expected to vote on the final version of the rule in April 2024.

The Domestic Politics of Ukraine

A GOP Tussle. The fight over including additional support for Ukraine as part of a stopgap funding measure is the latest instance of foreign policy becoming a domestic policy issue and could be a key cause of a government shutdown at the end of the month.

- The Ukraine funding split is less between Democrats and Republicans but more of an intra-GOP fight. The issue has taken the shape of a battle between House and Senate Republicans, but this is primarily due to how the narrow majority in the House forces House Speaker Kevin McCarthy (R-CA) to operate. McCarthy cannot ignore his vocal right flank prioritizing this issue if he wants to get a spending measure passed relying solely on Republican votes.
- Congress will likely pass further funding for Ukraine this year, but the question will be what strings are attached and when it happens. Ukrainian President Volodymyr Zelensky's visit to Washington this week will allow him to implore members to support Ukraine's war effort. Democrats and most Republican senators, including Senate Minority Leader Mitch McConnell (R-KY), have clarified that leaving this out is a non-starter. This governing majority will mirror that which carried the debt ceiling deal across the finish line earlier this year and will likely see this vocal conservative minority ultimately left frustrated again.

The Shifting Republican Party. The GOP divide on this issue is another example of the evolution of the Republican Party away from its traditional roots toward a more populist platform.

- Part of the populist shift among GOP politicians is an embrace of nativism, first embodied in President Trump's "America First" foreign policy. This trend has continued since, and members have turned away from the internationalist view that used to be dominant in the Republican Party.
- This split also highlights how Republicans, as part of this shift toward populism, are less reliable defenders of the military-industrial complex. While the party's support for the defense industry remains strong, the populists are increasingly skeptical about this backing. Some populist budget hawks are okay with reducing the Pentagon's funding as part of their desired spending cuts. Most traditional GOP budget hawks, like McConnell,

while cautious about spending overall, are unwilling to cut defense spending and will only accept flat or increased budgets for the Pentagon.

- Senator Tommy Tuberville's (R-AL) hold on Pentagon nominations also exemplifies the growing gap between the GOP and the military. Tuberville's hold is a bid to force the Pentagon to change its abortion policy. His fellow Republicans, including House Foreign Affairs Committee Chair Michael McCaul (R-TX) and McConnell, have criticized Tuberville's tactics. Tuberville's move is unimaginable to traditional Republicans with close ties to the Pentagon.

The Power of the Bully Pulpit. As public as this internal divide in the Republican Party is, a vocal minority is driving it. However, this could change if former President Trump is re-elected or Governor Ron DeSantis (R-FL) is elected.

- Installing Trump or DeSantis into the White House would give these outspoken populists a powerful ally and could turn their dreams into realities. For example, Trump and DeSantis have described the Russia-Ukraine war as not being a vital US interest and would likely reduce military aid to Ukraine.
- Given that this is the view from the top candidates for the Republican nomination, continued funding for Ukraine could very well be the most critical foreign policy consequence of the 2024 elections. There is little reason to expect President Biden to change course, but Trump or DeSantis would likely lead to not only a reduction in aid to Ukraine, but also a more contentious relationship within NATO, a move which could have consequences beyond the war by harming the US's credibility with some of its strongest allies.

Washington's Focus on Artificial Intelligence (AI) Intensifies

AI and the Legislative Branch. Lawmakers are increasingly paying serious attention to AI.

- Last week, the Senate held its first AI forum, which featured tech CEOs, labor leaders, and public advocates. The session was closed-door, but there was general agreement on the need for AI regulation at some level. Senate Majority Leader Chuck Schumer (D-NY) told reporters that he considered the forum a success and said, "It's a turning point that now the Congress realizes we have to do something." Congress also held four AI hearings last week on topics including AI oversight, transparency, federal agencies' use of AI, and federal procurement of AI.
- Senators Richard Blumenthal (D-CT) and Josh Hawley (R-MO) recently announced a legislative framework that would eliminate liability protections from certain AI companies. According to a [fact sheet](#) shared by Blumenthal, the proposal would also establish licensing requirements for high-risk AI systems, restrict the transfer of AI technology to US adversaries, and institute transparency requirements, among other provisions.
- Despite the growing congressional attention on AI, Senator Martin Heinrich (D-NM), co-chair of the AI Caucus, does not expect major legislation this year. "Some people have said by the end of the year. I don't see things coming together that quickly, but I do think we could see a package in the following year," he said last week.
- While comprehensive AI legislation may not be likely this year, legislation on federal use of AI or other related topics may be more likely. Senator Gary Peters (D-MI) has introduced several bills on federal AI use while Senator Maria Cantwell (D-WA) announced she is crafting legislation to combat deepfakes.

AI and the Executive Branch. In the absence of AI legislation, President Biden and his appointees are taking action on AI.

- The White House has deepened its approach to regulating AI through nonbinding standards. In July, the Biden administration [unveiled](#) a set of voluntary commitments on AI safety, security, and trust by tech firms including Alphabet, Amazon, Anthropic, Inflection, Meta, Microsoft, and OpenAI. Eight more companies, including Salesforce, IBM, and Palantir, [signed on](#) last week.
- Federal agencies are increasingly scrutinizing AI. In July, a Federal Trade Commission (FTC) [investigation](#) into OpenAI over consumer protection rules became public, a move

that Senator Ted Cruz (R-TX) raised concerns about in a letter to FTC Chair Lina Khan last week. The Securities and Exchange Commission has voted to issue proposed rules on broker-dealers' use of AI and the Equal Employment Opportunity Commission recently settled its first lawsuit over bias in the use of AI in employment.

- On the international level, the G7 recently agreed to establish a non-binding AI code of conduct, which will likely be finalized by a meeting of G7 digital ministers later this year. The framework is expected to encompass companies addressing harms from their AI systems, strengthening cybersecurity, and managing risks.

AI and the 2024 Elections. AI threaten to have a significant impact on disinformation in the 2024 elections.

- The 2024 presidential election will be the first since generative AI, such as OpenAI's ChatGPT, went mainstream. Disinformation on social media has been a major issue for elections in recent years, and the advent of AI threatens to make it worse as fraudulent text and images have become easier to create.
 - The Federal Election Commission is currently seeking input from interested stakeholders on whether it should regulate deepfakes in the context of campaign advertisements. The comment period, which opened in early August, will remain open for another three weeks.
 - Senators Amy Klobuchar (D-MN), Chris Coons (D-DE), Susan Collins (R-ME), and Hawley introduced legislation last week to prohibit AI use to generate false content about candidates for federal office in campaign ads. It would apply to individuals, political committees, or other groups seeking to raise funds or influence elections. In May, Klobuchar and Senators Cory Booker (D-NJ) and Michael Bennet (D-CO) introduced legislation that would require campaign ads to disclose to viewers when AI-generated images or video are used. Rep. Yvette Clarke (D-NY) is sponsoring companion legislation in the House. Alphabet is not waiting for Congress before taking action. The company announced earlier this month that it will require that political ads that use AI-generated content include a disclosure to viewers beginning this November. The transparency requirement covers both images and sounds that have been altered by AI systems. The message must be noticeable and will apply to both Google and YouTube services.
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