

MNI POLITICAL RISK ANALYSIS – US Daily Brief 25-07-22

By Adam Burrowes

The White House

10:30 ET 15:30 BST	The President receives his Daily Brief
12:30 ET 17:30 BST	The President delivers virtual remarks to the National Organization of Black Law Enforcement Executives Conference
15:10 ET 20:10 BST	Press Briefing by Press Secretary Karine Jean-Pierre and COVID-19 Response Coordinator Dr. Ashish Jha

Elections Countdown:

- ❖ 2022 Midterm Elections: 106 days
- ❖ 2024 Presidential Election: 834 days

China

- Tensions between the US and China continued to ratchet up over the weekend. A planned trip to Taiwan by House Speaker Nancy Pelosi (D-CA) is the latest wedge between Washington and Beijing as the two powers struggle to establish a 'playbook' for relations.
- The White House is reportedly concerned that a Pelosi CODEL (Congressional delegation) to the island would be unreasonably escalatory during a period when the US policy of strategic ambiguity towards Taiwan is experiencing strain.
- Demetri Sevastopulo and Kathrin Hille for the FT: "China has issued stark private warnings to the Biden administration about the upcoming trip to Taiwan by Nancy Pelosi, Speaker of the US House of Representatives, triggering alarm bells among White House officials who oppose her visit.
- "Six people familiar with the Chinese warnings said they were significantly stronger than the threats that Beijing has made in the past when it was unhappy with US actions or policy on Taiwan.
- "China has publicly threatened 'strong measures' if Pelosi proceeds with the planned visit in August. But one person said China had expressed 'stronger opposition' to the

US in private than before. Several other people familiar with the situation said the private rhetoric went even further by suggesting a possible military response.”

- Ellen Nakashima and Cate Cadell write in the Washington Post that the White House “is increasingly concerned that a planned trip by House Speaker Nancy Pelosi to Taiwan next month could spark a major crisis across the Taiwan Strait.”
- Chinese Foreign Minister Wang Yi said earlier today that foreign interference in the South China Sea is destabilising the region.
- Reuters: “China's Foreign Minister Wang Yi said on Monday that the South China Sea is not a "safari park" for countries outside the region or a "fighting arena" for major powers to compete in.
- The South China Sea issue should be handled by countries in the region themselves, Wang said in opening remarks at a virtual seminar commemorating the 20th anniversary of the signing of the Declaration on the Conduct of Parties in the South China Sea.”
- One headache for the White House is weighing up the associated risk of advising Pelosi to abandon her Taiwan trip. There are fears that conceding to Beijing would undermine Washington’s position as security guarantor to regional partners.
- Henry Olsen in WaPo: “Nations such as Japan would surely view Pelosi cancelling her visit as a sign that the United States is unwilling to test China’s resolve. That sends a message of weakness, which Biden will not want to try to counteract.”

Ukraine

- The United States initially welcomed Friday’s deal between Ukraine, Russia, Turkey, and the United Nations to provide for safe Black Sea grain corridors but optimism was immediately challenged by a Russian missile attack on Odesa.
- The State Department: “The United States strongly condemns the Russian missile attack on the Ukrainian port of Odesa today. Just 24 hours after finalizing a deal to allow the resumption of Ukrainian agricultural exports through the Black Sea, Russia breached its commitments by attacking the historic port from which grain and agricultural exports would again be transported under this arrangement. The Kremlin continues to show disregard for the safety and security of millions of civilians as it perpetuates its assault on Ukraine. Russia is starving Ukraine of its economic vitality and the world of its food supply through the effective blockade of the Black Sea.”
- The State Department continued: “This attack casts serious doubt on the credibility of Russia’s commitment to yesterday’s deal and undermines the work of the UN, Turkey, and Ukraine to get critical food to world markets. Russia bears responsibility for deepening the global food crisis and must stop its aggression and fully implement the deal to which it has agreed.”

- The Treasury Department's number two Wally Adeyemo will travel to Paris and Brussels this week to meet with European counterparts and discuss options for expanding sanctions on Russia.

Economy

- Treasury Secretary Janet Yellen has downplayed the likelihood of the United States entering a recession. Yellen told NBC that according to a broad range of data points, "this is not an economy that's in recession."
- More from Yellen per a White House statement: "That's not the technical definition. There is an organization called the National Bureau of Economic Research that looks at a broad range of data in deciding whether or not there is a recession. And most of the data that they look at right now continues to be strong. I would be amazed if they would declare this period to be a recession, even if it happens to have two quarters of negative growth. We have a very strong labor market. when you are creating almost 400,000 jobs a month, that is not a recession."
- Yellen conceded that inflation remains too high but stressed that the Fed must be allowed to operate independently. "But inflation is way too high. And, you know, the Fed is charged with putting in place policies that will bring inflation down and I expect them to be successful."

Congressional Business

The House is out

The Senate will meet at 15:00 ET 20:00 BST

Committee Schedule –

Republican News

- Axios has published a summary of a challenging summer for former President Donald Trump whose 2024 presidential bid is now looking less assured than it did a few months ago.
- Trump is facing a genuine primary challenge from Florida governor Ron DeSantis (R-FL) who is now polling ahead of Trump in a number of states.
- The January 6 committee has proved to be more damning than many had expected. Although the chances of a criminal indictment still appear remote, the committee hearings have certainly contributed to an erosion of support for the former president.
- Erstwhile Trump backing newspaper the New York Post wrote last week that Trump is "unworthy" to be president again.
- The Wall Street Journal, another Murdoch paper also criticised Trump's character in an editorial piece.

- Then there is the patchy success of Trumps endorsees in the Republican primaries. Axios: “Primary results so far show he's getting the hardest of the hardcore — but making few inroads outside MAGA loyalists.”
- “The bottom line: If Trump continues to struggle, he could find himself with a middling record in the most consequential primary races — just as he wants to project strength for 2024.”
- Tomorrow Trump will give the keynote speech at the America First Agenda Summit. It will be his first appearance in the capital since leaving office.
- Politico: “Trump returns to Washington, D.C., on Tuesday — his first visit since leaving in disgrace after Jan. 6 — to deliver the keynote address for AFPI’s America First Agenda Summit. As the ex-president is poised to announce a 2024 run, his allies are eager for him to use the occasion to press pause of his grievances about 2020 and begin to lay out a game plan for 2024.”

Democrat News

- Speculation continues to mount that California governor Gavin Newsom (D-CA) is setting the stage for a 2024 presidential bid.
- The evidence? He has taken out a second attack ad against a key Republican. Earlier this month Newsom commissioned an ad in Florida attacking Governor DeSantis (R-FL), the man waiting in the presidential wings of the GOP. This time Newsom has gone after Texas Governor Greg Abbot (R-TX).
- Newsom denies that he plans to run for president but with chatter building that President Biden may decline to run in 2024, Newsome has positioned himself to launch a campaign.

USICA/CHIPS/CHIPS Plus

- The Senate will conduct a cloture vote on CHIP-Plus today. The USD\$280 billion semiconductor bill has broad bipartisan support in the Senate so is likely to clear the procedural hurdles and head for a final vote on Wednesday.
- Senator Todd Young (R-IN): “We’re very close to landing the plane.”
- Jeanne Whalen at the Washington Post: “Semiconductor companies and universities are already jockeying for slices of the funding, in an early sign of what’s likely to be a heated competition, should the bill become law.”

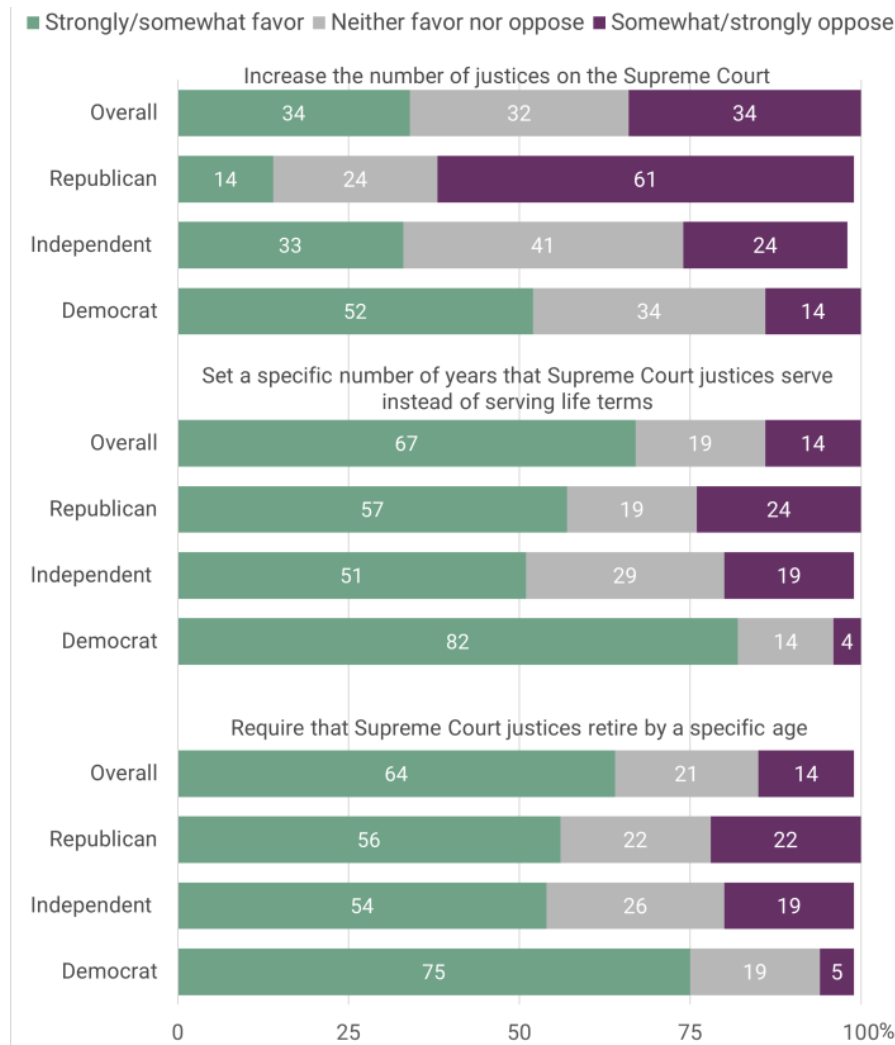
Public Health

- The White House is considering declaring Monkeypox a public health emergency in response to an uptick in cases.
- White House Covid response coordinator Ashish Jha told reporters, “We’re looking at ... what are the ways the response could be enhanced, if any, by declaring a public health emergency.”
- Jha will attend the White House press conference today to provide an update of President Biden’s health and discuss the next steps in dealing with Monkeypox.

Poll of the Day

- An AP report has shown that voters from both sides of the political spectrum support proposals to reform the Supreme Court.
- A majority from both parties support introducing term limits and enforced retirements. Republican voters don't support expanding the court, no doubt reflecting the court's current conservative majority.

Chart 1: Supreme Court reform (do you support or oppose the following proposals?)



Source: AP, NORC

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