

MNI POLITICAL RISK ANALYSIS – US Daily Brief 01-08-22

By Adam Burrowes

The White House

10:15 ET 15:15 BST	President Biden receives his Daily Brief
13:45 ET 18:45 BST	Press Briefing by Press Secretary Karine Jean-Pierre

Elections Countdown:

- ❖ 2022 Midterm Elections: 99 days
- ❖ 2024 Presidential Election: 827 days

Democrat News

- President Joe Biden’s public schedule has been cleared again following a second positive COVID-19 test. According to the White House, Biden is not experiencing symptoms and a secondary positive test is not unusual following a course of Paxlovid. Biden will isolate and work remotely in accordance with CDC guidelines.

Inflation Reduction Act

- The Senate is expected to take up the Schumer-Manchin Inflation Reduction Act later this week, with an extended voting session like to drag into the weekend.
- First up, the bill be scrutinised by Senate Parliamentarian Elizabeth MacDonough to assure that the bill conforms with the stringent regulations of the Senate reconciliation process.
- Over the weekend, Senator Joe Manchin (D-WV) toured the cable news breakfast shows in defence of the bill.
- On the tax reform Manchin said: “The only thing we have done is basically say that every corporation of a billion dollars of value or greater in America should pay at least 15% of minimum corporate tax... That’s not a tax increase. it’s closing a loophole.”
- There is also some concern that the other moderate Senator in the Democrat caucus, Krysten Sinema (D-AZ), may vote against the bill. Manchin stopped short of confirming that Sinema is on board with the proposal but said: “Kyrsten Sinema is a friend of mine, and we work very close together. She has a tremendous, tremendous input in this legislation.”
- He went on to say: “And I would like to think she would be favourable towards it, but I respect her decision. She’ll make her own decision based on the contents.”

- Senator John Barrasso (WY) neatly summarised the problems still facing the Democrats. On Sinema, he said: “She has a spine of steel. She’s not going to easily be twisted.”
- On the perils on the 50-50 Senate, Barrasso said: “In terms of, will this pass, they need all 50 Democrats on board and in the room... They haven’t had 50 senators show up for work in well over a month. So, this is far from done.”

China

- House Speaker Nancy Pelosi (D-CA) has arrived in Singapore for the first leg of her Congressional delegation (CODEL) to the Indo-Pacific region.
- Pelosi said in a statement: “It is my privilege as Speaker to lead this distinguished group of Members, which includes Chairs of Committees and Subcommittees of jurisdiction and champions of a strong US-Asia Pacific partnership.”
- There is still little clarity on whether the Speaker will choose to make a politically charged stop in Taiwan, an issue which has dominated the lead-up to the trip. Liu Ting-ting of Taiwan's TVBS tweeted this morning: "From my sources, Speaker Pelosi is arriving in Taipei tomorrow night," and CNN has since all but confirmed the trip.
- If Pelosi decides to visit the island, it will be the most high-profile visit since then-Speaker Newt Gingrich's visited in 1997.
- It is increasingly looking like a ‘lose-lose’ situation for Pelosi and the White House. China continues to warn of a “military response” should the visit go ahead although it is unclear what that would entail. Some defence analysts have speculated that Pelosi’s plane could be subject to the Chinese military chaperone and prevented from landing.
- Chinese foreign Ministry Spokesperson Zhao Lijian said today: “If the United States insists on going ahead, China will take firm and resolute measures to safeguard national sovereignty and territorial integrity, and the US will be responsible for all of the serious consequences.”
- In a phone call last week, Chinese President Xi Jinping warned US President Joe Biden on any US interference in Taiwan: “Those who play with fire will perish by it...It is hoped that the U.S. will be clear-eyed about this.”
- As MNI’s Political Risk team has noted, the timing of the trip is of particular sensitivity for Beijing. President Xi is expected to be confirmed for an unprecedented third term in November which has compelling a more hard-line position on domestic issues.
- This is also combined with what Beijing perceives as an increase in the “China Threat” theory informing western foreign policy. Beijing believes that the West unreasonably attributes malice to what they are believe are benign economic and political activities abroad.

- There is also concern in Beijing that the steady increase of trips to Taiwan by US lawmakers since the Trump administration represents a formal diplomatic relationship between the US and Taiwan, in contravention of official US policy.
- The New York Times writes: “US officials see a greater risk of conflict and miscalculation over Ms. Pelosi’s trip as President Xi Jinping of China and other Communist Party leaders prepare in the coming weeks for an important political meeting in which Mr. Xi is expected to extend his rule.”
- Former US Deputy Assistant Secretary of Defence for East Asia Heino Klinck: “Xi [Jinping] is going to view this as a personal affront. On top of all of the domestic issues that he’s already fighting, whether it’s zero-COVID, the mortgage crisis, the fact that people are on the streets, actually, which always gets [Chinese Communist Party] attention, this is just adding fuel to the fire—and he’s going to interpret this as a part of a deliberate strategy.”
- There has also been criticism over the US handling of the trip. Alexander Gray, a former chief of staff at the National Security Council under Trump: “If [Pelosi] had just showed up in Taipei, that would have been great. That would have moved the ball forward. It would have advanced the U.S.-Taiwan relationship. It would have advanced deterrence. Now, the administration has been boxed in, whether by their own designs or by accident.”

Congressional Business

The House is out

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

Committee Schedule –

Russia

- US Secretary of State Antony Blinken held a call with his Russia counterpart Sergei Lavrov on Friday. According to Blinken, he “pressed the Kremlin” to accept a US proposal to provide for the release of US citizens Paul Whelan and Brittney Griner.
- Blinken told Lavrov that “the world expects Russia to fulfil its commitments” on safe passage of grain through the Black Sea.
- Blinken: “Ambassador Brink, our ambassador to Ukraine, was in Odessa this morning. She confirmed that the ships are loaded and ready to go. It is important and vital that Russia make good on the commitments it’s made – made to the world. As I made clear, we’re looking to see that move forward as soon as possible.”

- The Secretary also warned his counterpart that “plans to proceed with the further annexation of Ukrainian territory... would never be accepted. The world will not recognize annexations.”

Japan

- Blinken and Secretary of Commerce Gina Raimondo hosted their Japanese counterparts at the US State Department on Friday for the inaugural meeting of the US-Japan Economic Consultative Committee, “otherwise known as the EPCC or ‘epic.’”
- A joint statement reads: “Today’s first meeting of the EPCC was, I think it’s fair to say, a resounding success: productive, substantive, directly connected to issues that matter in our peoples’ lives and in their futures. We discussed building resilient supply chains after the COVID-19 pandemic revealed just how fragile they are. We addressed emerging technologies which bring so much promise of opportunity but also risks to national security, human rights, consumer health and safety, intellectual property.”

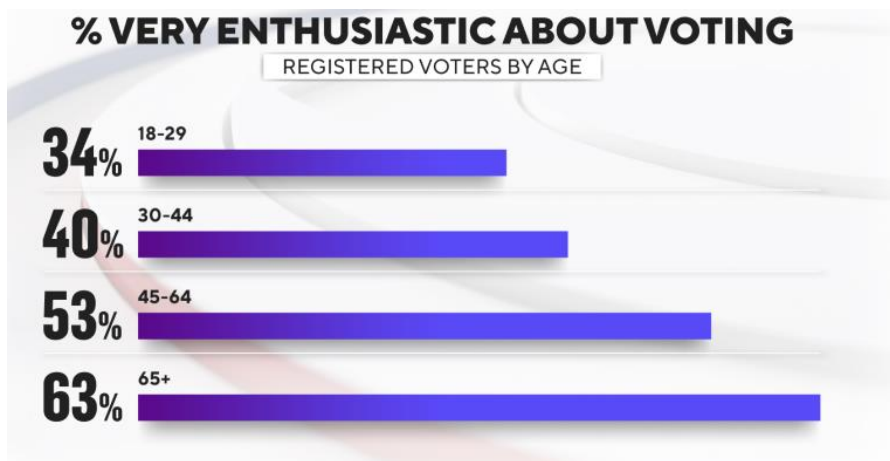
ASEAN and Philippines

- US Secretary of State Antony Blinken will travel to Southeast Asia this week to attend the US-ASEAN ministers meeting in Phnom Penh, Cambodia.
- After the ASEAN meeting, Blinken will travel to Manila, Philippines to meet with President Ferdinand Romualdez "Bongbong" Marcos and to "discuss efforts to strengthen the US-Philippine alliance."
- According to the State Department, the ASEAN summit will focus on COVID-19, climate change, Myanmar, and the war in Ukraine.
- Many analysts viewed the election of Marcos as a victory for China in the region. Reuters carried a headline at the time reading: "Marcos as Philippine president a boon for China, awkward for US."
- According to Reuters, Marcos sought a new deal with China that would allow Beijing greater influence in a corner of the South China Sea which had traditionally acted as a fulcrum of US foreign policy.
- Last month, Marcos told Chinese Foreign Minister Wang Yi that China is “the Philippines’ most powerful partner,” and accepted an invitation to visit China.
- Blinken will be hoping that his visit can convince Marcos that the US remains a more dependable partner than China. Especially considering recent polling suggesting that public opinion within the Philippines remains more favourable towards Washington than Beijing.
- Moreover, although China-Philippines talks have appeared initially cordial the disputes over territorial waters were a hot-topic during presidential elections and are likely to become a lightning rod for criticism if Marcos is perceived as too lenient on China.

Poll of the Day

- Democrat strategists are concerned that apathy amongst younger voters, the most likely bloc to support Democrats, will damage the party at the ballot box in November.
- A CBS report has found that enthusiasm for voting amongst young voters has returned to pre-2018 lows.
- CBS: "While 2018 set a record for youth turnout in midterm elections, 2022 so far looks to be a return to normal, lower patterns. Just a third of registered voters under 30 feel very enthusiastic about voting this year, lower than their older counterparts. And they constitute the least likely age group to say they'll definitely vote this year. Add to that a modest Republican turnout advantage even among older voters and it becomes clear why Democrats are trailing."

Figure 1: % Very Enthusiastic About Voting



Source: CBS

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