

MNI POLITICAL RISK ANALYSIS - US Daily Brief 16-11-22

By Adam Burrowes

The White House

-	President Biden is travelling to the United States from the G20 Summit in Indonesia
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Elections Countdown:

- ❖ Georgia Senate Runoff: 20 days
- ❖ 2024 Presidential Election: 720 days

Ukraine

Tensions ran high yesterday after a suspected Russian missile struck a village in Poland, killing two civilians.

- Concerns that Poland would trigger the Article 5 clause of the NATO collective defence doctrine led to an immediate spike in fears that NATO could be drawn into the conflict.
- Since then, a flurry of meetings between leaders at the G20 Summit in Indonesia, a hasty bilateral between Polish President Andrzej Duda and US President Joe Biden, and statements from NATO have diminished the risk of escalation.
- Biden said in remarks that the US believes, "...it's unlikely... that [the missile] was fired from Russia. But we'll see. We'll see."
- The NATO line is that the strike was most likely due to a stray Ukrainian air defence missile under heavy Russian bombardment in Eastern Ukraine.

New York Times: "President Andrzej Duda of Poland said that early indications suggested that Ukrainian efforts to counter a Russian barrage on Tuesday had caused an "unfortunate accident" in Poland — not a direct attack on his country."

- The early diagnosis may elicit a refutation from Ukrainian President Volodymyr Zelensky who said in a live address yesterday: "Hitting NATO territory with missiles. ... This is a Russian missile attack on collective security! This is a really significant escalation. Action is needed."
- It's worth noting that the triggering of NATO's Article 5 does not necessarily compel other NATO members enter a conflict. Jim Townsend, former US deputy assistant secretary of defence for Europe and NATO policy, said: "Article 5 is not automatic. Even if Poland comes and says, 'we've been attacked,' it's up to the [North Atlantic Council] to decide whether that is true or not."

US Senate Foreign Relations Committee Chair Robert Menendez (D-NJ) said: “Obviously if it was intentional, that has all kinds of consequences to it.”

- Senator Chris Coons (D-DE): “I think it's critical that the Russians promptly recognize this was a tragic mistake, apologize for it and offer compensation or this is going to quickly become a challenging issue.”

The White House has requested Congressional approval for USD\$37.7 billion in new aid for Ukraine.

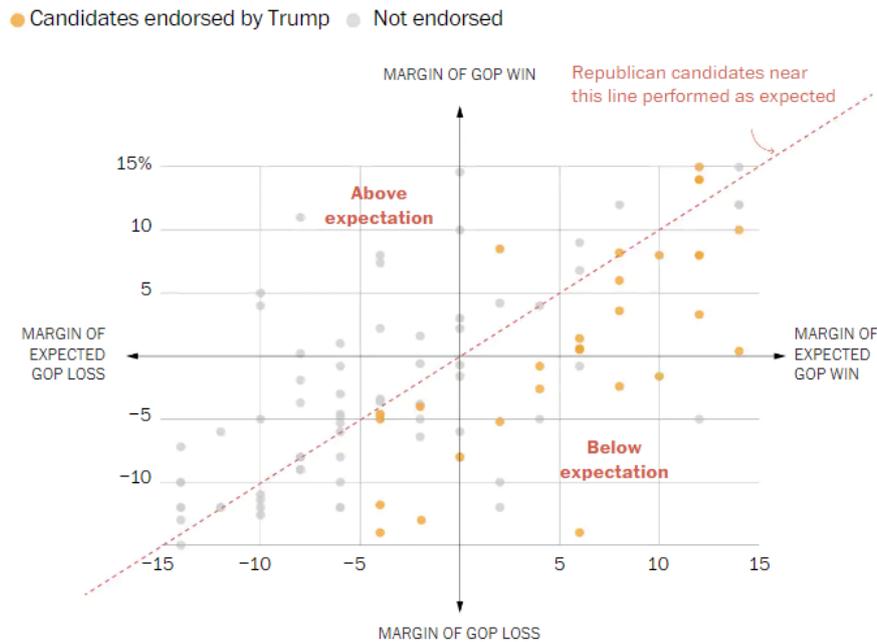
- The Hill: “The Biden administration is requesting that Congress authorize \$21.7 billion in defence aid to continue providing equipment to Ukraine and replenish Department of Defence stocks. It is also asking for \$14.5 billion for direct budget support to Ukraine, critical wartime investments, security assistance and to strengthen global food security and provide humanitarian assistance.”

Republican News

Former President Donald Trump has formally announced his intention to run for president in 2024.

- Trump said in an extended speech at his Mar-a-Largo resort in Florida yesterday: “We will make America wealthy again. We will make America strong again. We will make America proud again. We will make America safe again. We will make America glorious again. And we will make America great again.”
- Trump’s announcement comes amid intensive scrutiny over the performance of his endorsees at the midterm elections. The Washington Post has reported that “nearly all Trump-endorsed candidates in competitive races underperformed expectations.”
- New York Times speculates that “Trump’s unusually early announcement was motivated in part by a calculation that a formal candidacy may help shield him from multiple investigations...”

Chart 1: Performance of Trump-endorsed Candidates in Competitive Races



Source: Washington Post

Republican Congressional Leadership

House Minority Leader Kevin McCarthy (R-CA) took the nomination to become the next Speaker of the House after yesterday's GOP House leadership elections.

- McCarthy defeated Freedom Caucus member Rep Andy Biggs (R-AZ) by a margin of 188-31 but his pathway to taking the Speaker's gavel remains challenging.
- McCarthy requires 218 votes in January when the new Congress gavel-in, so he will require all his political nous to cajole the vote of the right-wing Freedom Caucus. This is likely to include providing incentives and concessions, such prominent Committees positions and influence over party direction.
- Any significant concessions to the far-right of the Republican caucus will certainly cause friction with moderate Republicans and risk losing crucial votes from the center.

The conference also voted to elect Rep. Steve Scalise (R-LA) majority leader. Scalise is tipped as a last-minute unity Speaker candidate if McCarthy fails to garner enough support by January.

- Rep. Tom Emmer (R-MN) was elected as House majority whip after a closely fought race with Reps. Jim Banks (R-IN) and Drew Ferguson (R-GA).

Next up, Senate Republicans will elect their leadership group. Senator Rick Scott (R-FL) has announced he will challenge to Senator Mitch McConnell (R-KY) for Minority Leader – the first significant opposition to McConnell in 15 years.

- It is highly unlikely that Scott will gather enough support to genuinely challenge McConnell, but the open dissent demonstrates the level of animosity within the GOP after a poor midterm performance.
- McConnell said yesterday: “I want to repeat again, I have the votes. I will be elected. The only issue is whether we do it sooner or later. And I think we’ll probably have another discussion about that tomorrow.”

McConnell continued: “We underperformed among independents and moderates because their impression of many of the people in our party and leadership roles is that they’re involved in chaos, negativity, excessive attacks. And it frightened independent and moderate Republican voters.”

- Scott wrote in a letter to colleagues: “We know that chief among our problems in races across America was a lack of Republican voter turnout. There may be many reasons for that, but after traveling the country to support our candidates I believe voters want a plan. They are begging us to tell them what we will do when we are in charge. Unfortunately, we have continued to elect leadership who refuses to do that and elicits attacks on anyone that does.”
- According to Punchbowl News, elections will begin at 09:30 ET 14:30 GMT and are expected to take several hours to play out.

Democrat News

Senator Sherrod Brown (D-OH) is expected to maintain his position as chair of the Senate Banking Committee, with Democrat control of the Senate assured.

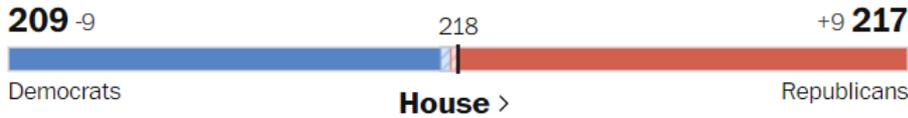
- Senator Tim Scott (R-SC) is tipped to take the reins from retiring Senator Pat Toomey (R-PA) as ranking Republican on the committee.
- The committee had a rancorous atmosphere during the recently concluded Congressional session, with Toomey leading a March boycott of Biden’s Federal Reserve nomination Sarah Bloom Raskin.
- The risk of such a boycott being repeated will be offset if Senate Raphael Warnock (D-GA) wins the Georgia runoff next month and some have suggested that Brown is likely to have a more cordial relationship with Scott than he has with Toomey.

Midterms

The wait continues for final confirmation of the midterm election results. Democrats are assured control of Congress and await the Georgia runoff to see if they can break the 50-50 deadlock.

- Republicans *will* take control of the House of Representatives when the final votes from California trickle in, the question remaining is how big the GOP majority is when the dust finally settles.

Chart 2: House of Representatives State of Play



Source: Washington Post

Congressional Business

The House will meet at 10:00 ET 15:00 GMT

The Senate will meet at 13:45 ET 20:45 GMT

Committee Schedule –

- ❖ 10:00 ET 15:00 GMT: SENATE Foreign Affairs Hearing: “Russia’s Waning Global Influence”

TikTok

Federal Bureau of Investigation Director Christopher Wray told Congress yesterday that he is “extremely concerned” about Chinese-owned social media company TikTok’s operations in the U.S.

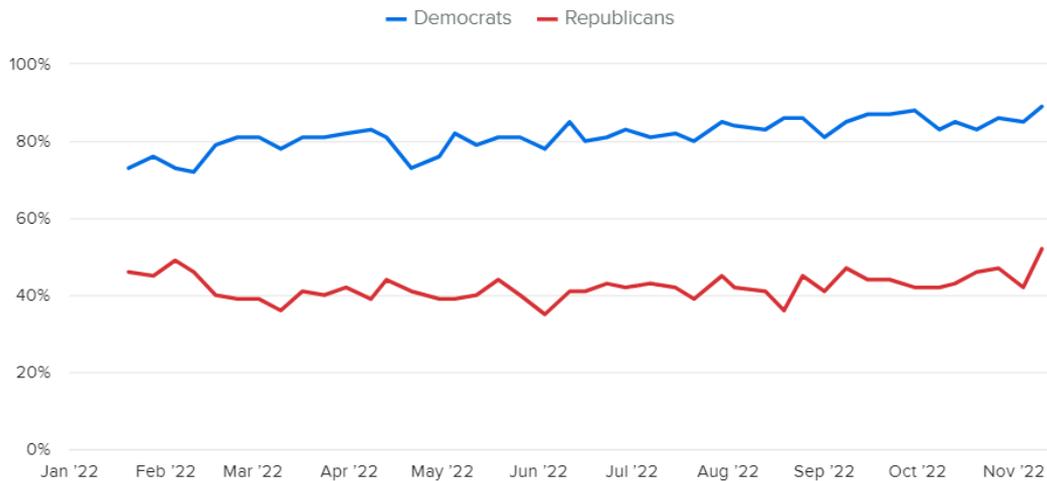
- Wray told the House Homeland Security Committee: “We do have national security concerns at least from the FBI’s end about TikTok. They include the possibility that the Chinese government could use it to control data collection on millions of users. Or control the recommendation algorithm, which could be used for influence operations if they so chose. Or to control software on millions of devices, which gives it opportunity to potentially technically compromise personal devices.”

Poll of the Day

A Morning Consult report has found that confidence in the integrity of the US electoral system has improved since the midterm elections, despite the close nature of the contest.

- Morning Consult: “A slim majority of GOP voters (52%) said in the Nov. 10-13 survey that the 2022 midterm elections were “free and fair,” up from 42% who said the week prior that they expected the contests to be legitimate. This is the biggest share of GOP confidence in the election’s integrity that Morning Consult has measured since President Joe Biden took office. Less than a third of Republicans nationwide (31%) said they believe the contests were not free and fair.”

Chart 3: Share of Voters Who Said the Midterm Elections Would Be or Were* “Definitely” or “Probably” be Free and Fair



Source: Morning Consult

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