

MNI POLITICAL RISK ANALYSIS - US Daily Brief 07-12-22

By Adam Burrowes

The White House

09:00 ET 14:00 GMT	President Biden receives his Daily Briefing
14:00 ET 19:00 GMT	Press Briefing by Press Secretary Karine Jean-Pierre

Elections Countdown:

- ❖ 2024 Presidential Election: 699 days

Midterms

Senator Raphael Warnock (D-GA) has won re-election in the Georgia Senate runoff in the final act of the 2022 midterm election cycle.

- Warnock said Tuesday night: "I am Georgia. I am an example and an iteration of its history, of its peril and promise, of the brutality and the possibilities. But because this is America, because we always have a path to make our country greater against unspeakable odds, here we stand together."
- President Biden tweeted: "Tonight Georgia voters stood up for our democracy, rejected Ultra MAGAism, and most importantly: sent a good man back to the Senate. Here's to six more years."

Warnock's win over Trump-backed Republican Herschel Walker will have implications for the political landscape for the next two years, and the 2024 Senate elections beyond an additional Democrat Senate seat.

- Every Democrat incumbent Senator won re-election - the first time either party has done so in almost 90 years - giving Senate Majority Leader Chuck Schumer (D-NY) a true Senate majority of 51 seats.
- Schumer will no longer be reliant on the votes of moderate Democrat Senators Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ) to push legislation through the chamber, and Democrats will now exert majority control of Senate Committees - significant to confirming President Biden's judicial, and administrative nominees which moved at a snail's pace during the 50-50 Senate.

The 51st Senate seat will also provide Democrats crucial breathing room in the event of a Senate vacancy or a switch of party allegiance.

- Finally, the 51st seat will be invaluable for Democrats as they set about defending a 2024 Senate map which is highly favourable to Republicans. As it stands, Democrats are defending the eight most vulnerable seats and the only realistic prospects of flipping a GOP seat are in Texas and Florida – two states which are trending Republican.

Although Warnock ran a highly professional campaign, and has now won a remarkable five elections on the bounce in a competitive state, much of his win can be attributed to a deeply problematic campaign run by Herschel Walker.

- A Georgia Democratic operative said: “I really hope that Georgia Democrats understand we can’t depend on the opponent being a Donald Trump or a Herschel Walker or on anti-Trump sentiment saving us every time.”

With the midterms now in the rear-view mirror, here is a breakdown of how the results shook out: Democrats gained one seat in the Senate; Democrats gained two governors seats; Republicans gained net-nine seats in the House; and Democrats had a net gain of four state legislatures.

- The results are impressive for Democrats, and as the New York Times writes, “it’s the first time since 1934 that the president’s party has managed to gain both Senate and governor’s seats in a midterm,” and that result came at a time when political headwinds were strongly hinting at a Republican wave.

The Washington Post breaks down former President Donald Trump’s disastrous midterms in the Senate: “Walker now becomes the fourth Trump-backed candidate to lose a very winnable Senate race, next to Arizona’s Blake Masters, Nevada’s Adam Laxalt and Pennsylvania’s Mehmet Oz.”

Government Funding

Congressional negotiations are no closer to a reaching an agreement on a “topline” spending number to move forward of a Fiscal Year 23 omnibus.

- Congress must now pass a stopgap funding bill before the current funding expires on Dec. 16.
- Senate Minority Leader Mitch McConnell (R-KY) confirmed yesterday that a short-term Continuing Resolution may be required: “We’re running out of time, and that may end up being the only option left that we could agree to pursue.”

Defence

Democrat lawmakers have dropped COVID-19 vaccine mandates and Senator Joe Manchin’s (D-WV) energy permitting reform from the must-pass National Defence Authorisation Act in response to Republican threats to block the bill.

- Senate Minority Leader Mitch McConnell (R-KY) said: “We’re talking about a grab bag of miscellaneous pet priorities, like making our financial system more sympathetic to illegal drugs or permitting reform in name only. If Democrats wanted these controversial items so badly, they had two years to move them across the floor.”

The scrapping of the vaccine mandate for troops is a loss for the White House and the Department of Defence who have both issued statements in the past week supporting the measure.

- Defence Secretary Lloyd Austin said on the weekend: “We lost a million people to this virus. A million people died in the United States of America. We lost hundreds in DOD. So, this mandate has kept people healthy.”

Punchbowl: “The 4,000-plus page package calls for a \$45 billion increase in defense spending over President Joe Biden’s budget request. This is the same level approved by the Senate Armed Services Committee.”

- The House may vote on the NDAA as early as today with a more challenging Senate vote expected to follow next week.

A proposal from Senate Majority Leader Chuck Schumer (D-NY) and Senator John Cornyn (R-TX) to ban US government contractors from using Chinese-made semiconductor chips was added to the final package but was scaled back after criticism for trade groups.

- According to Reuters: “The text of a new version of the measure, dated Dec. 1, no longer forbids contractors from “using” the targeted chips and pushes the compliance deadline back to 5 years from the immediate or 2-year implementation deadlines included in the first version.”

Congressional Business

The House will meet at 14:00 ET 19:00 GMT

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

Committee Schedule –

Republican News

The Trump Organization was yesterday found guilty of 17 counts of financial crimes, including tax fraud, although prosecutors declined to indict former President Donald Trump.

- NYT: “The conviction, which came after more than a day of jury deliberations in the New York State Supreme Court in Manhattan, resulted from a long-running scheme in which the Trump Organization doled out off-the-books luxury perks, such as fancy apartments and luxury cars, to some executives. Though the maximum penalty the company faces is \$1.62 million — hardly a financial death knell — it is a highly public reckoning for the Trump Organization.”

Axios writes: “The company’s conviction — coupled with the prosecution’s claim that Trump was “explicitly sanctioning tax fraud” — could reverberate through the 2024 presidential race and might lay the groundwork for a wider criminal investigation into Trump’s business practices.”

The decision caps a disastrous three weeks for Trump since he formally announced his candidacy for the 2024 presidential election where he has faced poor polling, the rising stock of Florida Governor Ron DeSantis as a potential 2024 primary challenger, the loss of the vocal support of the Republican establishment, and scandal surrounding his dinner at Mar-a-Lago with Nick Fuentes and the musical artist formally known as Kanye West.

- Senate Minority Leader Mitch McConnell (R-KY) said yesterday that anyone who suggests the Constitution could be suspended “would have a very hard time being sworn in as president of the United States.”

Australia

The United States and Australia conducted their annual AUSMIN ministerial consultations yesterday. The bilateral talks were attended by Secretary of State Antony Blinken, Secretary of Defence Lloyd Austin, and their Australian counterparts Penny Wong and Richard Marles.

- In a joint presser after the consultation Blinken said: “We’re working together through longstanding multilateral organizations, notably ASEAN... In the Quad, along with India and Japan, we’re advancing a shared vision of an open and free Indo-Pacific region... We discussed as well how we can continue to advance AUKUS, a vital security partnership between Australia, the United Kingdom, and the United States.”
- On the controversial AUKUS arrangement which China claims violates the Nuclear non-proliferation treaty Blinken said: “Our three countries have made significant strides toward Australia obtaining nuclear-powered submarines while adhering to the highest non-proliferation standards.”

Australia has increasingly emerged as the most vital ally for advancing US strategic interests in the Indo-Pacific region and China featured heavily in a readout of the consultations.

- Blinken said: “We also discussed our efforts to address challenges posed by the PRC to the international rules-based order, including attempts to disrupt the freedom of navigation in the South China Sea, efforts to unilaterally change the status quo and undermine peace and stability across the Taiwan Strait, and attempts to intimidate other countries through economic coercion.”

Austin said at the presser: “We covered a lot of ground. And we committed ourselves to concrete steps to deepen our cooperation in both diplomacy and defense.”

- Austin continued: “China’s dangerous and coercive actions throughout the Indo-Pacific, including around Taiwan, and toward the Pacific Island countries and in the East and South China Seas threaten regional peace and stability.”
- According to Austin, the US and Australia will “enhance force posture cooperation,” and “find ways to further integrate our defense industrial bases in the years ahead.”

In a statement, the group, “commended the significant progress AUKUS partners have made on developing the optimal pathway for Australia to acquire a conventionally armed, nuclear-powered submarine capability at the earliest date possible. They confirmed that the AUKUS partners are on track to announce a pathway forward by early 2023.”

Taiwan

Secretary of State Antony Blinken has responded to a letter from Senator Josh Hawley (R-MO) arguing that US aid to Ukraine would better serve US national security interests if it was diverted to Taiwan.

- Hawley said: "Taiwan is more important for U.S. national interests than Ukraine. Seizing Taiwan is Beijing's next step toward dominating the Indo-Pacific region. If Beijing succeeds, it would have dire ramifications for Americans' national security, as well as our economic security and freedom of action."
- Blinken responded in a presser following the AUSMIN consultations: "With regard to Taiwan, look... I think in fact it's exactly the opposite, in the sense that China is watching very carefully what's happening in Ukraine – watching very carefully the response of the United States and countries around the world to the Russian aggression... I think that has to have an impact on China's thinking about the future and about what it may be looking at in terms of Taiwan."

NATO

US State Department Spokesperson Ned Price told reporters yesterday that the US is confident that Turkey will drop its block on the NATO membership bids of Sweden and Finland.

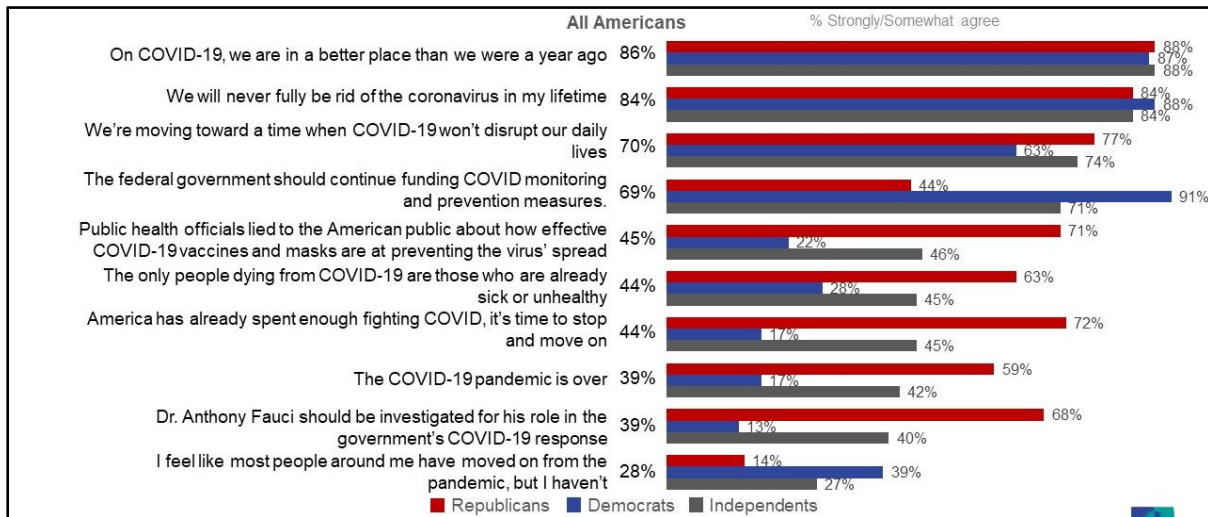
- Price said: "We remain confident that Finland and Sweden will before long be the 31st and the 32nd members of NATO. We're, of course, supporting their candidacy and supporting their accession process in every which way we can. And I suspect you'll hear more about this when Finland and Sweden will be here at the department on Thursday."

Poll of the Day

IPSOS has reported that US concerns over COVID-19 continue to fall and writes that "Americans may be worrying about prices or the inevitable family fight about politics, but few of them are worried about COVID-19."

- IPSOS: "Americans are supportive of continued government efforts to fight against the coronavirus, however a significant minority says it is time to move on with 44% of respondents saying America has already spent enough fighting COVID and that it's time to stop and move on."

Chart 1: Views On COVID-19 Related Issues



Source: IPSOS

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