

MNI POLITICAL RISK ANALYSIS - US Daily Brief 14-09-23

By Adam Burrowes

The White House

10:00 ET 15:00 BST	President Biden receives his presidential briefing
14:30 ET 19:30 BST	President Biden delivers remarks on Bidenomics in Largo, Maryland

Elections Countdown:

- ❖ Second Republican presidential debate: 13 days
- ❖ Government funding expires: 16 days
- ❖ Iowa Republican caucuses: 123 days
- ❖ 2024 Presidential Election: 417 days

Government Funding

Republican paralysis in the House of Representatives continued yesterday when the GOP failed to bring a usually uncontroversial Pentagon budget bill to the floor for a vote.

- Axios reports: “Another typically uncontroversial appropriations bill funding agriculture has been scrapped entirely over an internal GOP debate about abortion policy, pitting moderates against conservatives.”
- As we mentioned in yesterday’s US Daily Brief, failure to bring this bill to the floor would indicate that substantial movement on a Continuing Resolution to avert a government shutdown on October 1 would be severely impaired.
- Although House Speaker Kevin McCarthy (R-CA) has consistently outperformed expectations this year, the delicate power balance between GOP leadership and conservatives struck during the marathon speaker ballots in January to be unravelling.
- The balance gives conservatives from the House Freedom Caucus outsized power to control legislation through an effective majority on the House Rules Committee and the power oust the Speaker through less onerous conditions on triggering a ‘motion to vacate.’
- McCarthy also conceded to bring all 12 of the annual spending bills to the floor individually for debate and amendment rather than jamming through an omnibus bill which lawmakers argue bypasses their input in the appropriations process.

The problem for McCarthy is that his caucus are struggling to agree on any of the spending bills, let alone all 12. They’ve managed to pass one so-far.

- In their bid for spending cuts and social policy change, Conservative Republicans now appear more willing to wield the tools won in January than during the debt limit

showdown in June when market pressure and the risk of significant economic fallout pushed them into accepting what they viewed as an unfavourable deal.

- McCarthy's play to keep his job – opening an impeachment inquiry into President Biden – is a highly risky strategy which appears to have done little to appease the Freedom Caucus. Regular Freedom Caucus agitator Rep Matt Gaetz (F-FL) has promised to trigger daily speaker votes if McCarthy brings a Continuing Resolution to the floor which fails to consider ambitious Freedom Caucus objectives.
- This dysfunction is neatly contrasted with the Senate which is ploughing on with their appropriations process in an uncharacteristically bipartisan fashion and building strength ahead of eventual conference negotiations to determine the final shape of legislation.
- Liam Donovan, a GOP consultant, said: "The more dysfunctional the House is, the more it empowers the Senate to determine what becomes law."

Here's the equation as it stands:

- Democrats are only likely to accept a Continuing Resolution if it omits conservative policy demands.
- Democrats would certainly support McCarthy if he brought a 'clean' CR to the floor. However, if McCarthy goes this route, conservatives could either block the bill in the Rules Committee or pursue repeatedly motions to vacate and shutdown the chamber.
- The option to coopt Democrat support may also have been torpedoed by McCarthy's decision to open an impeachment inquiry. McCarthy's relationship with his Democrat counterpart, House Minority Leader Hakeem Jeffries (D-NY), was already frayed and the impeachment move will certainly drive that wedge deeper.
- If the Senate goes first with a CR, the House may reject the bill entirely and eat up valuable time to avert a shutdown.

Axios notes: "Throughout his speakership, McCarthy has consistently defied skeptics by averting a catastrophic debt default, passing key messaging bills and keeping his right flank at bay with the promise of radical change. the fragile house of cards he's built — piling ever higher with each new concession — is now on the verge of crashing down."

Congressional Business

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

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

Committee Schedule –

- ❖ 10:00 ET 15:00 BST: HOUSE Foreign Affairs: Iran's Escalating Threats: Assessing U.S. Policy Toward Iran's Malign Activities
- ❖ 14:00 ET 19:00 BST: HOUSE Oversight: "The Inflation Reduction Act: A Year in Review"

Biden Impeachment Inquiry

President Biden yesterday dismissed concerns over a Republican inquiry which will likely lead to an impeachment vote in the House of Representatives.

- Biden said: “I don’t know quite why, but they just knew they wanted to impeach me. And now, the best I can tell, they want to impeach me because they want to shut down the government... I get up every day, not a joke, not focused on impeachment. I’ve got a job to do. I’ve got to deal with the issues that affect the American people every single solitary day.”
- Democrat strategy for dealing with the potential impeachment appears to be to accept the accusations lodged against President Biden’s son, Hunter, and accuse Republicans of launching an impeachment inquiry without any evidence linking the President to his son.
- Del. Stacey Plaskett (D-VI), the ranking Democrat on the committee investigating GOP claims government weaponization, said: “Our job, or my job, will be to remind the American people of that over and over again – that Hunter Biden is not the administration.”
- Rep. Jamie Raskin (D-MD), ranking Democrat on the Oversight Committee, said: “You can’t impeach Hunter Biden, but he will be prosecuted.”
- Rep. Jerry Nadler (D-NY), of the Judiciary Committee, said: “Hunter Biden may have very well done some improper things. He’s a disturbed man. Almost every president has had problematic family members.”
- Here is the official 14-page White House rebuttal to Republican charges: [LINK](#)

United Auto Workers

United Auto Workers plan to strike if an agreement isn’t struck with the Big Three automakers by 23:59 ET 04:59 BST tonight.

- A walkout of around 145,000 workers would destabilise an industry which contributes around 3% of US GDP and further complicate President Biden’s relationship with unions – a core voting bloc for Biden in 2024.
- The Washington Post reports: “It could also raise questions about his “win-win” scenario, his sales pitch for an incredibly ambitious push behind clean energy, which most Republicans oppose.”
- UAW President Shawn Fain told CNN on Monday: “We’ve made progress, a little bit of progress but it’s still slow but we’re moving. We have a long way to go. ... There’s a lot of issues feeding into this.”
- WaPo: “While the president is not a direct party to the negotiations, the latest labor dispute is shaping up to be one of the most politically precarious of his term. With key presidential battleground states like Michigan likely to be the most impacted by a work stoppage, Biden’s allies are hoping to avoid a strike while also pursuing an elusive endorsement from the UAW.”
- WaPo reports that Michigan based consulting firm Anderson Economic Group estimated, “[a] full strike on all three automakers could cost the U.S. economy more than \$5 billion in 10 days,” and, “even a short strike could snarl supply chains.”
- Nomura: “The potential UAW strike could have a positive impact on both new and used vehicle prices in the coming months.”

- Scotia notes that UAW strike as a “key wildcard” which could, “weigh on the minds of FOMC participants as they submit forecasts on Friday ahead of next Wednesday’s FOMC meeting.”

Bidenomics

14:45 ET 19:45 BST: President Biden will deliver, “a major economic address” in Maryland today, “laying out the contrast between Bidenomics and Republicans’ failed trickle-down economic policies.”

- Biden said in a statement following yesterday’s CPI report: “Today’s report provides more evidence that core inflation is trending down...”
- Biden again touted low unemployment as evidence of a strengthening economy: “Unemployment has remained below 4% for 19 months in a row, the share of working age Americans with a job is the highest in 20 years...”
- Biden acknowledged that a squeeze on energy prices may be contributing to a spike in prices: “I know last month’s increase in gas prices put a strain on family budgets. That’s why I remain laser-focused on cutting energy costs...”
- Biden may have to pivot to a new message on the economy as voters continue to reject positive White House messaging on core inflation, GDP, and jobs when prices remain high.
- Along with concerns over Biden’s age, voters are most likely to identify Biden’s handling of the economy, in general, and inflation and energy prices, in particular, as major drags on his approval - currently sitting at close to year lows.

Energy Security

The Daily Upside has reported that tight energy markets are likely to push retail gasoline, a key driver of consumer sentiment, upwards, “which will undoubtedly weigh on Biden’s re-election bid.”

- Daily Upside: “[Yesterday] morning’s U.S. Consumer Price Index report showed a larger-than-anticipated uptick in inflation for August, buoyed primarily by scorching energy prices, which continued to rise on the data.”
- “June 2022 marked the last noteworthy energy spike, when U.S. crude oil leapt above \$120 a barrel and the average price for a gallon of unleaded retail gasoline shot above \$5 for the first time on record nationally – all of which served as a major headache for the Biden administration, since it was already beleaguered by Americans’ immense dissatisfaction with spiraling inflation and rising interest rates.”
- Last week, energy research firm Clearview Energy Partners noted a prevailing view of the correlation between energy prices and voter sentiment: “Continuing crude price strength could weigh on President Joe Biden’s re-election bid.”

Republican News

Senator Mitt Romney (R-UT), the most vocal Senate Republican critic of former President Donald Trump, has stated that he won’t seek reelection in 2024.

- Romney said in a video statement: “Frankly, it’s time for a new generation of leaders. They’re the ones that need to make the decisions that will shape the world they will be living in.”
- AP reports: “Romney, 76, said the country’s many challenges call for a younger generation of leaders. He said the U.S. would be better served if the two front-runners for their parties’ 2024 presidential nominations — Democratic President Joe Biden and Republican former President Donald Trump — stepped aside. Biden is 80 and Trump is 77.”

Former President Trump

A poll of Republican county chairs across the country has indicated that the race for the Republican presidential nomination may be more competitive than early polling suggests.

- Politico reports: “Even as [former President Donald Trump] continues to hold a real lead over his rivals, a large Republican contingent is undecided and remains open to other candidates. And this group is increasingly open to several other contenders — not just Ron DeSantis, but Tim Scott, Nikki Haley and Vivek Ramaswamy.”
- “The most recent survey, conducted throughout August — with responses coming in both before and after the first GOP debate — show a slight softening of Trump’s support, but still with a substantial lead. As in June, roughly twice as many county party chairs are now committed to Trump (27 percent) than DeSantis (13 percent), and no other candidates had the support of more than 4 percent of chairs.”

Bahrain

The US and Bahrain yesterday signed the Comprehensive Security Integration and Prosperity Agreement, a pact to enhance cooperation in defence, intelligence, trade, investment, and technology.

- The Washington Post reports: “Under the agreement, a year in the making, the United States pledges expanded defense and technology cooperation and intelligence capacity-building. It also outlines Bahrain’s involvement in a new India to Europe rail-and sea-trade corridor via the Middle East. Plans for the trade route were unveiled during President Biden’s visit last week to the G-20 summit in New Delhi.”
- The two countries said in a joint statement they agreed, “the need to build a fully integrated regional security architecture in the Middle East to deter and respond to external threats.”

Saudi Arabia

A survey from the Quincy Institute for Responsible Statecraft has found that a majority of Americans, across party lines, oppose the signing of a proposed defense pact with Saudi Arabia.

- Politico reports: “The survey, which was conducted in concert with polling firm Harris, found that just 45 percent of respondents would support the U.S. giving Saudi Arabia security guarantees in exchange for Riyadh opening diplomatic relations with Israel. Fifty-seven percent of Republicans and 53 percent of Democrats surveyed said they would oppose such a measure... When presented with the arguments for and against

the deal, 60 percent of Republicans and 54 percent of Democrats said there was no justification for joining the deal.”

- Politico notes: “The poll comes as the Biden administration pursues what portends to be a historic policy change in the Middle East, one that would further legitimize Israel’s standing in the Middle East and shore up the complicated U.S.-Saudi relationship.”

Poll of the Day

A new survey from Quinnipiac University has found that nearly 50% of voters say that, “the price of gas and consumer goods is the economic issue that worries them the most right now.”

- According to Quinnipiac, “34 percent say the cost of housing or rent, 9 percent say the stock market, and 4 percent say their job situation. This compares to Quinnipiac University’s January 2023 poll when 48 percent said the price of gas and consumer goods, 28 percent said the cost of housing or rent, 14 percent said the stock market, and 5 percent said their job situation.”

Figure 1: Approval of President Biden’s Handling of the Economy

	Tot	Rep	Dem	Ind	Men	Wom
Approve	33%	2%	72%	34%	29%	37%
Disapprove	61	94	21	61	67	56
DK/NA	6	3	6	5	5	7

Source: Quinnipiac

Figure 2: Most Important Issues When Deciding on who to Vote for

	Tot	Rep	Dem	Ind	Men	Wom
Economy	33%	49%	13%	35%	40%	28%
Gun violence	4	2	6	5	3	6
Racial inequality	5	2	9	3	3	6
Abortion	8	7	9	7	5	10
Health care	8	4	10	8	7	8
Preserving democracy	26	19	39	26	26	27
Climate change	5	1	10	4	4	5
Immigration	8	14	2	8	9	7
DK/NA	3	2	2	4	3	3

Source: Quinnipiac

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