

MNI POLITICAL RISK ANALYSIS - US Daily Brief 15-11-22

By Adam Burrowes

The White House

01:00 ET 06:00 GMT	President Biden attends Working Session 2 of the G20 Summit
02:45 ET 07:45 GMT	Biden co-hosts an event with President Widodo of Indonesia and President Von der Leyen of the European Commission on the Partnership for Global Infrastructure and Investment
04:45 ET 09:45 GMT	Biden meets with Italian Prime Minister Giorgia Meloni
06:30 ET 11:45 GMT	President Biden attends the G20 Gala Dinner

Elections Countdown:

- ❖ Georgia Senate Runoff: 21 days
- ❖ 2024 Presidential Election: 721 days

China

US President Joe Biden and Chinese President Xi Jinping held their first in-person meeting as leaders yesterday on the margins of the G-20 summit in Bali, Indonesia yesterday. Biden and Xi met numerous times during Biden's tenure as Vice President to former President Barack Obama.

- Biden told reporters in a presser after the meeting: "We're going to compete vigorously but we're not looking for conflict... We're going to manage this competition responsibly."
- Xi said: "The world has come to a crossroads [and] we need to chart the right course. The world expects that China and the United States will properly handle the relationship."

The meeting delivered very little in the way of concessions on either side but hinted at a thawing of tensions. Biden said that he will dispatch Secretary of State Antony Blinken to China to follow up on the meeting but there were no signs that the level of collaboration that the countries enjoyed before House Speaker Nancy Pelosi's (D-CA) congressional delegation to Taiwan in August plunged relations into the deep-freeze will return any time soon.

- Biden said he raised the issue of Taiwan with Xi, saying: "I do not think there's any imminent attempt on the part of China to invade Taiwan," but declined to offer clarification on "imminent," which is likely to lead to more speculation about China's intentions towards the self-governing island.

- Robert Daly of the Wilson Center provided a pessimistic assessment of the meeting: “I don’t see any sign that either country is willing to change its assessment of the other, its intentions or its goals. So there’s a desire to understand [each other] which is good, but there’s no indication that either country is yet ready to reconsider any of its positions.”
- New York Times: “In talks, the pair agreed that neither wanted competition between the two superpowers to erupt in conflict, and they promised more efforts to repair a fractious relationship. But none of that hid their deeply divergent views, on matters including the future of Taiwan, military rivalry, technology restrictions and China’s mass detentions of its citizens.”

US Trade Rep Katherine Tai provided a more optimistic analysis of the meeting: “The body language was very powerful from the photos of the two leaders greeting each other and standing together. That’s a powerful signal to the rest of the world in terms of two leaders who are capable of managing a tremendously complex relationship.”

- Tai continued: “The two leaders have tasked their senior officials to continue to communicate and we are looking forward to building on the open and candid conversations that we have been having with our counterparts in Beijing.”

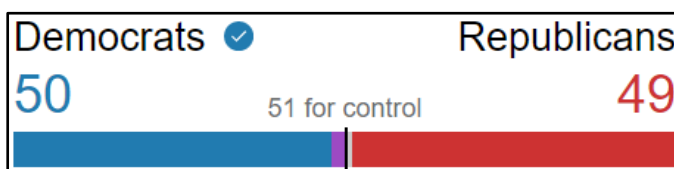
Midterms

The GOP all but assured control of the House of Representatives yesterday with key wins in Arizona’s 1st District and 6th Districts, and New York’s 22nd District.

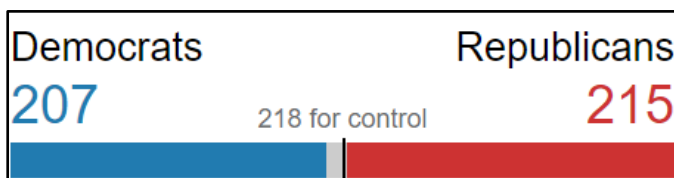
- AP projects that Republicans require one more race win to secure control of the lower chamber. Below is the state of play, according to the slightly more conservative ABC News projection.
- Democrat Katie Hobbs defeated Trump-endorsed Republican Kari Lake in the Arizona governor’s race. Hobbs’ victory is another significant blow for former President Donald Trump who was reportedly considering Lake as a potential running mate for 2024.

Chart 1: Midterms State of Play

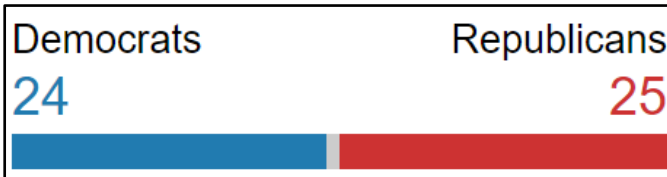
Senate



House (Estimate)



Governors



Source: ABC News/FiveThirtyEight

Congressional Business

The House is in session

The Senate is in session

Committee Schedule –

- ❖ 09:30 ET 14:30 GMT: HOUSE Homeland Security Hearing: "Worldwide Threats to the Homeland"
- ❖ 10:00 ET 15:00 GMT: SENATE Banking, Housing, and Urban Affairs: "An oversight hearing to examine financial regulators, focusing on a strong banking and credit union system for main street"

Republican News

Former President Trump is expected to formally announce a run for a second term as president from his Mar-a-Lago resort in Florida at 21:00 ET 02:00 GMT today.

- Trump wrote on his social media network, Truth Social: "Hopefully, tomorrow will turn out to be one of the most important days in the history of our Country!"
- The announcement comes during a period of intense introspection within the GOP over the future direction of the party. Politico writes that although "abortion rights played an important role in altering the dynamics of the 2022 election," the midterm elections are a "story of an election where Donald Trump torpedoed his party."

Politico continues: "In swing state after swing state, this was a midterm election that Trump changed from a referendum on an unpopular Biden into a choice between the two. It was most obvious in the razor-close races that determined control of the Senate, where Democratic incumbents were in serious danger of being dragged down by Biden's weak approval ratings."

Republican Leadership

Shortly before the Trump announcement, the House Republicans will hold elections for the next Speaker of the House, Majority Leader of the House, Majority Whip, Conference Chair, National Republican Congressional Committee Chair, and Conference Secretary. (That is assuming that Republicans secure the House.)

- Punchbowl News writes that today's vote is the "beginning of a seven-week grind by McCarthy" but he is likely to scrape enough votes to take the Speaker's gavel in January. Getting those votes, however, will almost certainly require significant concessions to the 43-member strong far-right House Freedom Caucus.

- Freedom Caucus member Rep. Andy Biggs (R-AZ) announced on Newsmax yesterday that he will challenge McCarthy for leadership. Biggs said: “Yes, I’m going to be nominated tomorrow to the position of speaker of the House. It’s going to be tough. Kevin [McCarthy] has raised a lot of money and done a lot of things. But this is not just about Kevin. I think it’s about institutional direction and trajectory.”
- Punchbowl: “McCarthy is exceedingly motivated to become speaker. That means he’s willing to give up a lot. Conservatives understand that and they will use that to their advantage.”

Senate Republicans will hold their elections tomorrow amid a rancorous dispute between allies of Senate Minority Leader Mitch McConnell (R-KY) and Senators from the right-wing of the party - Rick Scott (R-FL) Josh Hawley (R-MO), Ted Cruz (R-TX), and Marco Rubio (R-FL) who all called for elections to be delayed until after the Georgia Senate runoff next month.

- Scott is expected to challenge McConnell for the leadership but is unlikely to find enough votes to unseat McConnell, a savvy politician who has survived numerous attempts from Trump to dethrone him.

Ukraine

A group of more than a dozen conservative groups is lobbying lawmakers to postpone the consideration of additional aid to Ukraine until the new Congress is gavelled-in next year.

- According to Axios, the group urged in a letter to House Speaker Nancy Pelosi (D-CA) and House Minority Leader Kevin McCarthy (R-CA), “not to rush through another large assistance package for Ukraine during the lame-duck session. [...] Any new aid package to Ukraine should be thoroughly debated, examined, and voted on in the 118th Congress.”
- The organisations represented in the letter include Americans for Prosperity, the Heritage Foundation, FreedomWorks, Conservative Partnership Institute, America First Policy Institute and several groups within the Koch network.

The letter comes as concerns recede slightly that Republicans in the House, under the leadership of McCarthy, will move to block more substantial Ukraine aid due to the underperformance of “Ukraine sceptic” House members at last week’s midterm elections.

- The 50+ countries of the Ukraine Defence Contact Group will meet virtually tomorrow to coordinate the next tranche of military aid to Ukraine. The group is likely to focus on the delivery additional air defence systems to compliment HAWK systems from Spain and Avenger systems from the US, approved at last month’s session.

Student Loan Forgiveness Programme

The Biden administration’s plan to forgive student loans looks further imperilled after the 8th Circuit Court of Appeals temporarily blocked the initiative.

- The 8th Circuit panel is comprised of two Trump-appointed judges and one George W Bush appointed judge.

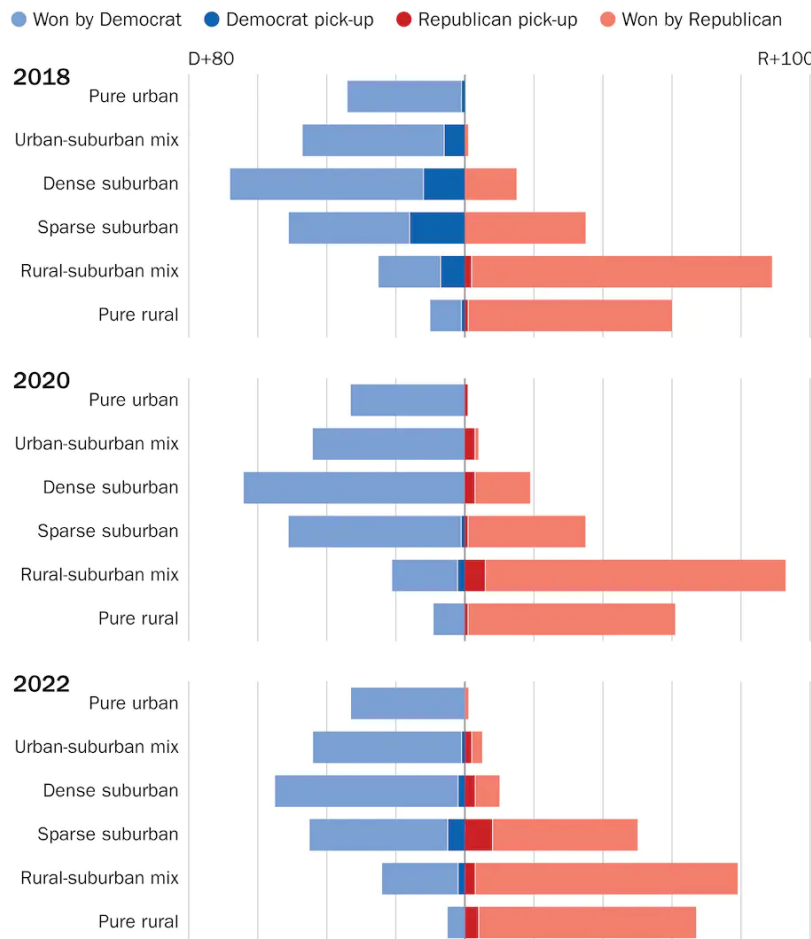
- USA Today: “A federal appeals court blocked President Joe Biden's student loan forgiveness program, further crushing the hopes of more than 26 million Americans who have applied for the relief, discouraging millions more who were eligible for the boost and potentially killing the president's signature program.”

Poll of the Day

The Washington Post has produced a report identifying the suburbs as the key battleground for the midterm elections.

- Philip Bump at WaPo writes: “In “sparse suburban” districts, Republicans picked up eight seats — but gave up five. Across all suburban districts (meaning not “pure urban” or “pure rural”), Republicans netted six additional seats, the difference in holding a majority by itself. They gained four in “pure rural” areas, places where there were fewer to pick up.
- “But that the suburbs were contested, and not just a place where Republicans ran up victories, is the point. This was an election cycle largely dependent on the economy, abortion and concern about the stability of democracy. In the suburbs, those issues yielded a split decision.”

Chart 2: Results of House Elections by District Type



Source: Washington Post

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