

MNI POLITICAL RISK ANALYSIS - US Daily Brief 17-06-25

by Adam Burrowes

The White House *(times subject to change)*

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KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

Washington

President Donald Trump is back in Washington, D.C., after cutting short his trip to the G7 Leaders' Summit in Canada. White House Press Secretary, Karoline Leavitt, said Trump was returning to Washington "because of what is going on in the Middle East."

- At time of writing, the White House has yet to release an official schedule for Trump's day, but the understanding is that he will huddle with national security advisors in the Situation Room to discuss the escalating crisis in the Middle East.

Iran

Markets are bracing for a decision from Trump on US participation in the war between Israel and Iran. While there was some optimism yesterday that Iran's [overtures](#) toward a ceasefire could ease tensions, "Israel will keep going until, one way or another, [until] Iran no longer retains an enrichment capability," an Atlantic Council expert said.

- On the ground, Israel struck the headquarters of Iranian state television and the central command of Iran's Quds Force, the covert wing of the IRGC that runs Iran's foreign operations and guides proxy groups like Hezbollah and the Houthis.
- Trump said amid a [series of messages](#) on Truth Social: "Iran should have signed the "deal" I told them to sign... Simply stated, IRAN CAN NOT HAVE A NUCLEAR WEAPON. I said it over and over again!"

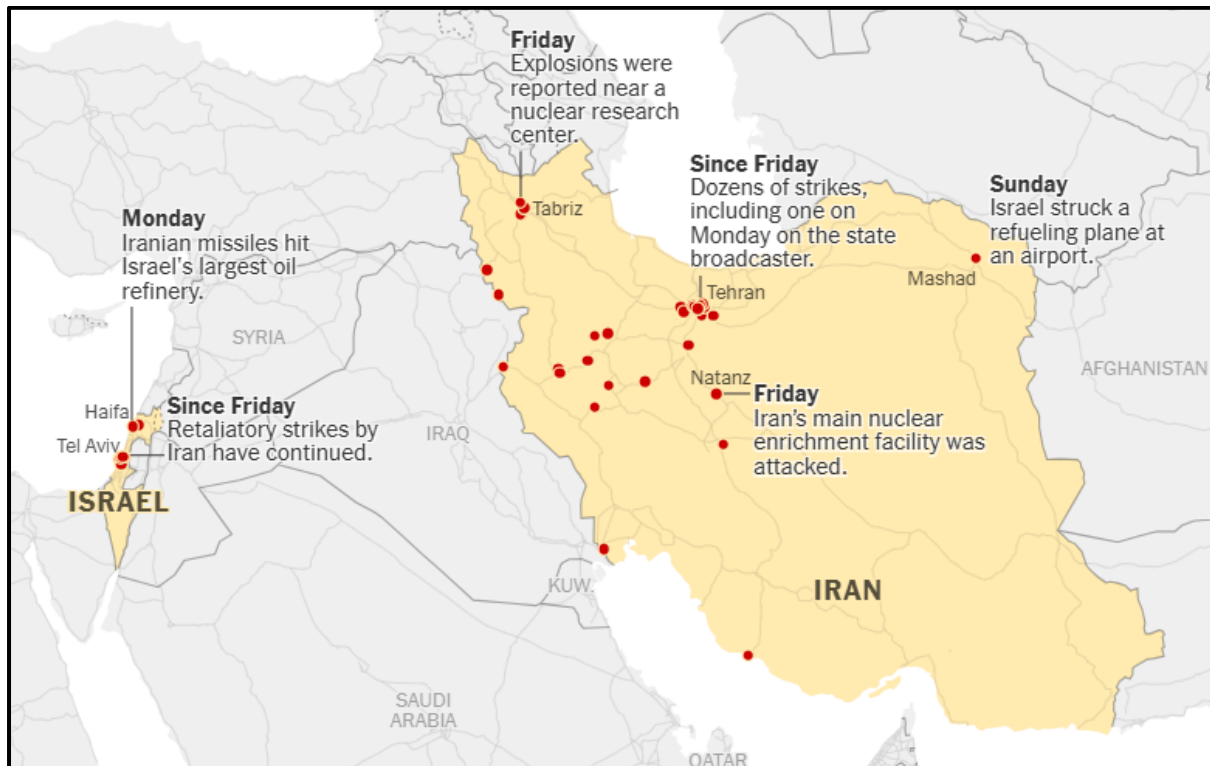
Trump also issued a stark warning, "Everyone should immediately evacuate Tehran!" suggesting that Israeli strikes on the Iranian capital are likely to continue.

- Politico writes that Trump's evacuation warning, "gave the unshakable impression that an American attack is now imminent. But we've seen no U.S. military activity as yet, and there's some counter-evidence this morning that the president still hopes to cut a deal."

Indeed, Trump [said at the G7 yesterday](#): "I think Iran basically is at the negotiating table where they want to make a deal, and as soon as I leave here, we're going to be doing something."

- A US official said: "A meeting with the Iranians this week is under consideration," which Axios characterised as a "make-or-break moment for the question of whether the U.S. will join the war in order to eliminate Iran's nuclear program militarily."
- The New York Times lays out the options for Trump [here](#), noting "the urgency appeared to be rising," but "what he intended to do remained unclear."

Figure 1: Strikes in Iran and Israel since Friday



Source: New York Times

Defense Secretary Pete Hegseth yesterday [confirmed](#) that the Pentagon has diverted military assets to the region to enhance US defensive posture, including carrier fleet USS Nimitz and Air Force refueling aircraft.

- Axios notes that Israeli Prime Minister Benjamin Netanyahu said in a press conference on Monday that he speaks to Trump almost every day.

Speaking alongside Canadian Prime Minister Mark Carney at the G7 yesterday, Trump said Iran "should talk immediately before it's too late", because they are "not winning this war".

- Trump said later, alongside British Prime Minister Keir Starmer: "I think Iran was foolish not to sign [a new nuclear agreement] ... Iran should have signed the deal."

Trump told reporters aboard Air Force One ahead of his departure from Canada that he wants a "real end" to Iran's nuclear programme, with Iran "giving up entirely" on nuclear weapons.

- He said he wants to see Iran, "giving up entirely" on its nuclear programme and noted that he hopes Iran's nuclear program "is wiped out long before" any US involvement is required.
- Trump added, without conviction, that he "may" dispatch either Vice President JD Vance or Middle East envoy Steve Witkoff for talks with Iranian officials.

Outlets, including the New York Times and Axios, report that Israel has petitioned the White House to deploy so-called bunker-busting bombs powerful enough to take out Iran's heavily guarded Fordow nuclear site. CNN examines the intelligence [here](#).

- Analysts largely agree that Iran's nuclear programme can't be neutralised without such weapons. However, acquiescing to the request would be a major escalation that would make the US a direct participant in what could be its largest war since Iraq.

Inside the administration, there appears to be a [major schism](#) emerging between the MAGA isolationist faction and the defence hawks, who have long called for military action against Iran's nuclear programme.

- Trump said in a message on Truth Social, illustrating the schism: "Somebody please explain to kooky Tucker Carlson that IRAN CAN NOT HAVE A NUCLEAR WEAPON!"

Expert Views

Former US Central Command commander Frank McKenzie warned at a Middle East Institute event yesterday that Israel is at risk of "mission creep" as a result of the "astonishing" early success of its military operation.

- McKenzie said: "I do believe that regime change is on the table in Tel Aviv, and I think that represents a thing that we should be very familiar with in the United States: mission creep..."
- "So I think perhaps that when they (the Israelis) went into this, they were looking at a more narrowly targeted campaign... But the [Iranian] inability to defend themselves, and the success the Israelis have had, opens new vistas..."

Trita Parsi at the Quincy Institute notes that regime change might backfire for those who wish to prevent Iran from achieving a nuclear weapon, as Supreme Leader Ayatollah is seen by some as a hurdle to Iran crossing the nuclear threshold, per Politico.

- A US official said, per Axios, "[Israel] might be more comfortable with regime change than we are... They may be more comfortable with destroying the country than we are. But generally speaking, the world should want this bomb capacity to be destroyed, and eventually we're going to have to get that done."

Giora Eiland, a former IDF and Israeli National Security Council chief, said at an event hosted by the American Middle East Press Association (AMEPA) that regime change "is not one of the formal, explicit goals," but it is, "an implicit hope that it will happen sooner or later,"

- Former State Department Persian language spokesman Alan Eyre said: "The bottom line is, this is Israel's world, and we're just watching it right now. We're just watching to see what their plans are. It's clear, it's more than nuclear...[and] military infrastructure. So we're going to see what their targeting is."

- Eyre added: “I don’t think there’s going to be a sufficient, effective pressure on Israel from any part [...] of the international community to stop before they want to stop... So basically, they’re going to keep bombing until they feel they’ve achieved some type of goal that they’ve got.”

Congress’ Response

As noted in yesterday’s edition of this newsletter, Senator Tim Kaine (D-VA) introduced a resolution that would compel Trump to seek Congressional approval for going to war with Iran. The Hill notes: “Kaine spearheaded a similar resolution on Iran in 2020 that Trump [vetoed](#), saying it overly constrained him.”

- Kaine said: “I’m not a pacifist. I believe in strong defense. And I’m also somebody who I’ve never voted against an Israel aid package in the whole time I’ve been here... I’m not an isolationist, but I also believe in learning the lessons of history.”

In the House, conservative Rep Thomas Massie (R-KY) and Rep Ro Khanna (D-CA) cosponsored a similar measures. Progressive Rep Alexandria Ocasia Cortez (D-NY) signalled her support indicating it could pass when the chamber comes back into session next week.

- Massie said: “This is not our war. But if it were, Congress must decide such matters according to our Constitution.”
- Khanna said the resolution would be entered as ‘privileged’ so House Republican leadership would be forced to bring it to the floor in some capacity.
- Punchbowl notes that House Speaker Mike Johnson (R-LA), “will have to decide whether to try and block this resolution from ever receiving a floor vote to begin with through maneuvering inside House Rules. He’s done this before to stymie bipartisan privileged motions, though it’s not clear whether he’d get overruled this time around.”

G7

Yesterday, Trump met bilaterally with Canadian Prime Minister Mark Carney. Politico notes that the meeting went for 70 minutes and included “30 minutes without staff”.

- Trump signalled optimism on a Canada trade deal, saying “we will accomplish a lot” but indicated they remain apart on their approach to resolving the standoff: “I have a tariff concept and Mark has a different concept”.

The Associated Press [reports](#) that Trump and British Prime Minister Keir Starmer said they had signed a trade deal that will cut tariffs on UK auto and aerospace industry imports — “but they are still discussing how to handle steel production.”

- Trump insisted the US-UK pact is “a fair deal for both” and would “produce a lot of jobs, a lot of income.” “We just signed it,” Trump said, “and it’s done.” Starmer said it meant “a very good day for both our countries, a real sign of strength,” per AP.

Trump absence today will inevitably limit the ability of G7 leaders and those from the ‘outreach partners’ attending to achieve their main aims from the summit, given that it is with the US that so many countries are looking to either mitigate the impact of tariffs, ensure continued backing for Kyiv, or looking to influence a de-escalation in the Middle East.

- Politico notes that the biggest loser from Trump's departure is Ukrainian President Volodymyr Zelenskyy, "who had been due to bag some precious face-time with Trump today."

AUKUS

UK Prime Minister Keir Starmer told reporters at the G7 yesterday that "we're proceeding" with AUKUS, with Trump in agreement, despite reports that the Pentagon is conducting a review of its participation in the nuclear submarine alliance.

- Trump followed Starmer's statement, saying "we're very long-time partners and allies and friends" and noting that Starmer is "slightly more liberal than I am. But for some reason we get along."
- Politico [notes](#): "Secretary of State Marco Rubio has publicly outlined his support for AUKUS. However, some in Trump's administration believe America does not have the industrial capacity to do the deal in its current form."

Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

Big Beautiful Bill

Senate Finance Committee Chair Mike Crapo (R-ID) released the [legislative text](#) of his committee's portion of the One Big Beautiful reconciliation bill. Finance's text is the final piece of the legislation to be released and covers thorny issues related to tax, clean energy credits, and Medicaid.

- Crapo ultimately decided to eschew House Speaker Mike Johnson's (R-LA) request to alter the House-passed version of the bill with a light touch. Crapo's package makes significant changes to a raft of issues, setting up another round of confrontations between House Republican leadership and members of the GOP conference.
- While Crapo preserved Trump's key - no tax on tips, no tax on overtime and no tax on seniors – he put limits on how much can be deducted.
- Crapo also reduced the child tax credit from \$2,500 to \$2,200 and watered down the so-called "revenge tax" on foreign subsidiaries and delayed its implementation until 2027, per Axios.

While Senate Majority Leader John Thune (R-SD) has a more robust majority than Johnson, it is not clear he can sell the package to his conference. As a reminder, Thune can drop three votes on the floor and there are at least six or seven Republican senators who are likely to have reservations with the shape of the final package.

- By our informal count, Senators Ran Paul (R-KY) and Ron Johnson (R-WI) are likely 'noes'. If they line up against the bill, Thune can only drop one more vote from the group concerned about Medicaid cuts - Senators Susan Collins (R-ME), Josh Hawley (R-MO), Jerry Moran (R-KS), and Lisa Murkowski (R-AK).
- Senate Republican leadership hope to pass the package next weekend. The prevailing view is that Thune will likely muscle the bill through the Senate, but the real battle will come in the House.

Medicaid

The Senate Finance proposal lowers the provider tax, "from 6 percent to 3.5 percent by 2031 for states that have expanded Medicaid offerings under the Affordable Care Act," per Politico. That sets up a clash with House moderates who already thought the House bill went too deep on Medicaid cuts.

- Senator Josh Hawley (R-MO), an advocate for easing cuts to Medicaid, said he's "alarmed" that Senate Finance would go even further than the House bill, adding: "I don't know why we would defund rural hospitals in order to pay for Chinese solar panels," referring to Finance watering down the IRA tax credit repeal.
- The White House is "circulating a new report on Medicaid this morning as top administration officials are working to sell the reconciliation bill. The White House report claims 11% of Medicaid spending last year, or more than \$56 billion, went to able-bodied adults who were abusing the system," per Punchbowl.

SALT

The Senate Finance text lowers the cap on State and Local Tax deduction from \$40,000 to \$10,000, triggering Rep Mike Lawler (R-NY) to describe the proposal as "dead on arrival" in the House. There is likely room to move on SALT as the \$10,000 cap is included as a placeholder while negotiations continue this week.

- Rep Elise Stefanik (R-NY) [said on X](#): "Everyone knows this 10K number will have to go up. And it will."
- Senate Majority Leader John Thune (R-SD) told reporters yesterday that senators are "prepared to have discussions" amongst themselves to "figure out a landing spot" on SALT.
- Senator Eric Schmitt (R-MO) articulated the Senate's position on SALT: "There's just no appetite in our conference at all for this number that five people in the House [want]," referring to the group of blue state Republicans for whom SALT is an existential political issue.

IRA Credits

Politico notes that the Senate Finance text extends some of the House's aggressive phase-out dates for credits benefitting "baseload" energy technologies like nuclear, geothermal and hydropower but maintains significant cuts to solar, wind and electric vehicle incentives.

- The move appears to have satisfied Senator Thom Tillis (R-NC), but was panned by members of the House Freedom Caucus, who want to see the IRA credits scrapped entirely. Rep Chip Roy (R-TX) [said on X](#): "Yeah, I will not vote for this."

Debt Limit

The Senate Finance proposal would raise the debt ceiling by USD\$5 trillion, rather than the USD\$4 trillion House Republicans passed in their bill.

- The debt ceiling hike all but assures a 'no' vote from Senator Rand Paul (R-KY), who has repeatedly stated he will oppose any package that raises the debt limit without corresponding offsets in spending.
- Senator Ron Johnson (R-WI), a fiscal hawk who is unlikely to run for re-election, said Monday he was a 'no' on the bill in its current form: "We're not doing anything to significantly to alter the course of the financial future of this country. We're not seriously addressing our long-term deficit and debt issues."
- Another fiscal hawk, Senator Rick Scott (R-FL), "wouldn't say on Monday whether he'd support the proposal, noting he still had to review it," per Punchbowl.

Other Issues

Punchbowl flags, "another problem for both House and Senate Republicans is a Senate Energy and Natural Resources Committee provision allowing millions of acres of public lands to be up for sale."

- Punchbowl adds that Senator Mike Lee's (R-UT), "[proposal](#) lists eleven Western states that would have public land up for sale... Remember, Rep. Ryan Zinke (R-Mont.) killed off a much narrower version of this measure in the House. If Lee's bill makes it back to the House, we'll see if Zinke and his newly formed bipartisan Public Lands Caucus try to strip this one out, too."

Crypto

The Senate is poised to pass the GENIUS Act, a landmark piece of crypto legislation to create a regulatory framework for stablecoins, which are pegged to the value of the dollar.

- The bill, likely to clear the Senate today, will be the first ever piece of crypto legislation to pass the Senate. It represents one of Trump's biggest priorities in Congress, and takes a step towards making crypto a more mainstream financial asset.
- Politico notes: "It's expected to draw support from close to 18 Democrats after a month of turbulent negotiations with Republicans... The path to passage in the House, however, remains murky. Financial Services Chair French Hill is weighing [tying the bill with] a broader measure that would divide oversight of digital assets between market regulators."

Punchbowl reports that analyst have compared the bill to the Commodity Futures Modernization Act of 2000 which, "rolled back regulations in key parts of the derivatives market and helped the product become mainstream in the years leading up to the 2008 financial crisis."

- The Brookings Institution's Aaron Klein said: "Let's hope for society's benefit, crypto isn't used in the same way under-regulated derivatives were to allow the small subprime mortgage market to destroy the global financial system."

- Punchbowl adds: “Others pointed to a 1994 law that reshaped the national banking landscape. The Riegle-Neal Interstate Banking and Branching Efficiency Act allowed banks to branch across state lines.”

Chart of the Day

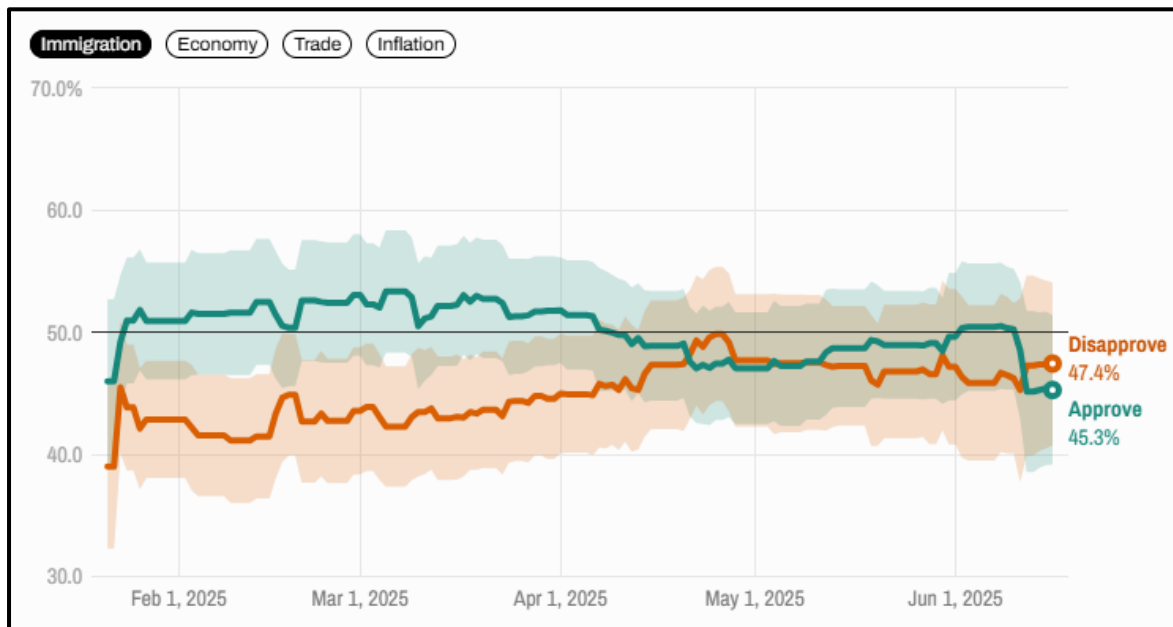
Reuters reports from a new Ipsos survey that Americans are becoming “less supportive of [Trump’s] approach to immigration as his administration cracks down.”

- Reuters notes: “The six-day poll showed 42% of U.S. adults approved of the job the Republican is doing as president, unchanged from a prior Reuters/Ipsos poll conducted May 16-18. His support on immigration, however, softened to 44% from 47% in mid-May.”

Silver Bulletin noted yesterday: “The polls are coming hard and fast so far this week. It’s only Monday, and we’ve already seen four new releases (if you count one from over the weekend). On balance, they aren’t great for Donald Trump, whose approval ratings have been on the decline since Tuesday.”

- Silver Bulletin adds: “But context is important here. Although we’re seeing multiple large-scale protests of the Trump administration, Donald Trump is still more popular than he was at this point during his first term.”

Figure 2: Support for Trump’s Immigration Policy



Source: Silver Bulletin

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