

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 20-05-25

by Adam Burrowes

### The White House *(times subject to change)*

09:00 ET 14:00 BST	President Trump delivers remarks at the House GOP Conference Meeting
11:55 ET 16:55 BST	President Trump participates in the Take Our Sons and Daughters to Work Day Event
13:00 ET 18:00 BST	Press Briefing for Take Our Sons and Daughters to Work Day by the White House Press Secretary Karoline Leavitt

#### KEY DATES:

- ❖ House GOP target for concluding budget reconciliation: May 26
- ❖ White House target for concluding budget reconciliation: July 4
- ❖ Government funding expires: September 30

### Washington

President Donald Trump will head to Capitol Hill this morning to deliver remarks at the House Republican conference meeting, inserting himself into the standoff between GOP leadership and competing moderate and conservative factions over the 'One Big Beautiful Bill'. (More below)

- White House Press Secretary Karoline Leavitt will deliver her second presser of the week at a White House family event that Trump will also attend.

### Foreign Policy

Secretary of State, and Trump's temporary National Security Advisor, Marco Rubio, is also on Capitol Hill to deliver testimony at two Congressional hearings on Trump's FY26 budget request. At 10:00 ET 15:00 BST, he will testify before the Senate Foreign Relations Committee and then at 14:00 ET 19:00 BST before the Senate Appropriations Committee.

- Rubio, testifying for the first time since his 99-0 Senate confirmation in January, will be grilled by Democrats over budget cuts to USAID and other government programmes under his purview. He will also be asked for updates on a range of foreign policy issues on which the administration has struggled to make headway, including the Ukraine war, Gaza, and Iran nuclear talks.

Ranking Democrat on Foreign Relations, Senator Jeanne Shaheen (D-NH), intends to say in her opening remarks that, "this Administration has eviscerated six decades of American foreign policy investments, undercutting our ability to compete with adversaries like China."

- Shaheen will add: "As Elon Musk took a chainsaw to USAID and you proposed cutting 83% of foreign programs, China has proposed increasing its diplomatic budget by 8.4%. As we move to reduce our diplomatic workforce and discuss closing

U.S. embassies, China has more diplomatic missions than any other nation on Earth.”

## G7

Treasury Secretary Scott Bessent is in Banff, Canada, today for the first meeting of G7 Finance Ministers and Central Bank Governors since the imposition of Trump’s Liberation Day tariffs.

- The Treasury Department said in a statement that Bessent “will focus on the need to address global economic imbalances and non-market practices in both G7 and non-G7 countries, and the need to generate private sector-led growth.”
- A source familiar with the US position told Reuters that no bilateral trade deals are likely to be announced at the meeting. The source added that the meetings are also unlikely to produce a joint communique: “We’re not inclined to do a communique just for the sake of doing a communique,”

Charles Lichfield, deputy director of the Atlantic Council’s GeoEconomics Center in Washington, said: “No one expects this to be a big moment where the U.S. declares that for G7 and other partners there will be a special regime that’s more favorable,”

- Lichfield added: “Ministers from the other six countries will likely try to tactfully remind Bessent that they are the closest U.S. allies and that it is difficult for them to meet Washington’s demands that they exert economic pressure on China while facing U.S. coercion themselves,” per Reuters.

Japan’s Finance Minister Katsunobu Kato told reporters on Tuesday: “We are currently working on setting a date for the meeting with Secretary Bessent... I hope to discuss various issues with the US including foreign exchange.”

- Bloomberg [notes](#): “Despite Kato’s repeated reassurances that the upcoming talks with Bessent will likely remain consistent with prior dialogs, market participants continue to speculate over the possibility of US pressure for a weaker dollar.”

## Economy

White House National Economic Council Director Kevin Hassett told Fox Business yesterday that US debt is still the safest on Earth, despite the Moody’s downgrade

- Hassett said: “Make no mistake, the U.S. debt is the safest bet on Earth. There is no country’s debt that I’d rather have than the United States’s. And so, Moody’s can do what it wants to.”
- Hassett continued: “As [Treasury Secretary Scott Bessent] said, it’s a backward-looking thing, penalizing us for all the reckless spending of the Biden administration. But we’re cutting spending. We’re deregulating. We’ve got supply-side growth,”
- Hassett added: “We’ve got every reason in the world to believe that we’re going to have the best economy on Earth. If you have the best economy on Earth, you’re going to have the best debt on Earth too. And that’s the way I would rate it.”
- On concerns that the ‘Big Beautiful’ reconciliation bill could add trillions to the national debt, Hassett said: “I think that the debt ceiling is going to go up with the ‘big,

beautiful bill.' It always goes up. It's going to go up. And so, people should just be done with it and raise the debt ceiling to reduce that risk."

Semafor notes: "Following last week's downgrade of US Treasuries by Moody's, the Bridgewater founder [Ray Dalio said](#) that, if anything, "the risks for US government debt are greater than the rating agencies are conveying," while JP Morgan CEO Jamie Dimon warned that markets were underpricing geopolitical and inflation risks."

- Dimon said at an investor event: "Credit today is a bad risk. The people who haven't been through a major downturn are missing the point about what can happen in credit."
- Dimon added: "People feel pretty good because you haven't seen an effect of tariffs. The market came down 10%, it's back up 10%; I think that's an extraordinary amount of complacency."

## Republican Legislation

President Donald Trump will address a House Republican conference meeting at 09:30 ET 13:30 BST, where he will remind lawmakers that it is in their best interests to park any objections to the mammoth Republican reconciliation package.

- Trump's appearance comes after four conservatives on the House Budget Committee recorded their objections to the fiscal bill by tanking a procedural vote on Friday afternoon. The Committee came back into session on Sunday evening to pass the bill, with the conservatives changing their votes to 'present' while still registering their dissatisfaction with the deficit implications of the package.

House Speaker Mike Johnson (R-LA) has teed up a vote in the House Rules Committee at 01:00 ET 06:00 BST tomorrow morning, where there is likely to be extended debate over the various political priorities conservatives and moderates want included in the final text.

- The outcome of the Rules meeting will determine if Johnson remains on track to pass the bill by Memorial Day. Johnson has promised to keep the House in session until the bill is passed, so lawmakers will be staying in Washington for the duration of deliberations regardless of the Rules outcome.
- Conventional wisdom states that Congressional recesses tend to lubricate Congress' moving parts. So that, paired with pressure from Trump, suggests that Johnson will manage to advance the package from the Rules Committee.

Politico reports that a late-Monday meeting between Johnson and the so-called SALT Republicans failed to secure an agreement on the State and Local Tax (SALT) deduction cap.

- SALT Republicans have repeatedly stated that they are prepared to torpedo the whole agenda if GOP leadership declines to raise the cap to a level closer to their demands. The House Ways and Means Committee has written in a \$30,000 cap – up from \$10,000 – but the SALT caucus wants closer to \$60,000. Johnson is likely to go as high as \$40,000.
- The prevailing view in Washington is that moderates will fold eventually, but the SALTers have a stronger case this time around, and added political clout as they can



credibly claim their overperformance in purple districts secured Johnson his narrow House majority in November.

- The SALT position may be further bolstered by leadership's repeated concessions to conservative brinksmanship. They also like to remind GOP leadership that prior to Trump's 2017 TCJA, there was no SALT cap at all. So, if the package tanks, their constituents will be better off.
- Of course, the more Johnson concedes on SALT, the more corresponding cuts conservatives will want as offsets. The Bipartisan Policy Center notes: "Limits on SALT, combined with other limits on itemized deductions, raised \$668 billion in revenue over 10 years to offset other tax cuts in TCJA."

As noted in yesterday's edition of this newsletter, conservatives are likely to entrench their opposition to the bill in response to Moody's downgrade of the US credit rating. This is likely to be further inflamed by confirmation from the Congressional Budget Office that the non-partisan scorer will not have a final costing of the package ready before Johnson's planned vote – a regular conservative gripe.

- The most likely sweeteners for conservatives include bringing forward the date for stricter work requirements for Medicaid from 2029 to 2027 and perhaps more aggressive language on repealing tax credits from the Biden-era Inflation Reduction Act.
- NBC notes the problem with additional IRA repeals, "is a lot of the funds benefit red and purple districts represented by Republicans. And politically endangered members don't like taking funds away. GOP leaders need to find a way to placate both those factions."
- Conservatives are also calling for changes to the federal medical assistance percentage (FMAP), which splits the costs of expanding Medicaid coverage under the Affordable Care Act. Johnson has stated that FMAP reform is off the table, but conservatives aren't backing down.

Punchbowl News writes that Trump's job at the conference meeting this morning, "is to effectively tell the GOP conference that the time for talk is over, and it's time to vote. That message is potentially useful for the Republican leadership. But it may not move lawmakers still locked in critical policy fights."

- House Freedom Caucus Chair Andy Harris (R-MD) said: "Look, I'm glad [Trump] is coming to talk to the conference. I always welcome the president, but I'm not sure there's anything he can say tomorrow that's going to change the minds of people who do believe that this bill needs more work."

## **Congressional Business**

The House is IN

The Senate is IN

### **Committee Schedule –**

- 09:30 ET 14:30 BST: SENATE Homeland Security: President's proposed budget request for FY26.
- 10:00 ET 15:00 BST: HOUSE Appropriations: Budget Hearing – Department of the Interior

- 10:00 ET 15:00 BST: HOUSE Appropriations: Oversight Hearing of the SEC
- 10:00 ET 15:00 BST: HOUSE Oversight: "The IRA's Threat to Energy and Medicine"
- 10:00 ET 15:00 BST: SENATE Foreign Relations: President's proposed budget request FY26
- 10:00 ET 15:00 BST: SENATE Appropriations: President's proposed budget request FY26
- 14:00 ET 19:00 BST: SENATE Appropriations: President's budget request FY26 Department of State
- 01:00 ET 06:00 BST: **HOUSE Rules Meeting: H.R. \_\_\_\_\_ – One Big Beautiful Bill Act**

## Crypto

The Senate voted 66-32 in a bipartisan ballot to clear a key procedural hurdle for the GENIUS Act, a landmark bill to regulate stablecoins. A vote on final passage of the bill is likely to come after the Memorial Day recess.

- Punchbowl reports, "Senate Majority Leader John Thune is committed to an open amendment process. That's causing deep consternation across Washington. Bank advocates have become acutely aware of the possibility that painful amendments could soon see floor action. That includes the dreaded Credit Card Competition Act, which would attempt to loosen the grip of the Visa and Mastercard "duopoly."
- "The banking lobby is already gearing up for this fight. The Electronic Payments Coalition's Richard Hunt [said] that the CCCA would be a "legislative poison bill and, if adopted, will sink the bipartisan GENIUS Act."

## Russia-Ukraine

President Trump stated that Russia and Ukraine will "immediately start negotiations toward a Ceasefire", after a two-hour call with Russian President Vladimir Putin yesterday.

- Trump said on [Truth Social](#): "The tone and spirit of the conversation were excellent. If it wasn't, I would say so now, rather than later. Russia wants to do largescale TRADE with the United States when this catastrophic "bloodbath" is over, and I agree."
- Axios reports: "Ukrainian President Volodymyr Zelensky and five other European leaders had been hoping to hear that Russia's Vladimir Putin had agreed to a ceasefire in a call with Trump yesterday — or that the U.S. would impose penalties on him for refusing to do so."
- "Instead, Trump said Putin had agreed to negotiate, stressed the U.S. wouldn't be involved in those negotiations, and pushed back against the idea of imposing sanctions on Putin at the current time."

Speaking reporters at the Oval Office later, Trump appeared to distance the US from future talks: "I think something's going to happen. And if it doesn't, I just back away and they're going to have to keep going. Again, this was a European situation, and should have remained a European situation,"

- Politico notes: "...the only new apparent development was that Putin told Trump he would work on a "memorandum" with Ukraine on future peace talks. Notably, Putin didn't agree to any ceasefire to start those talks, the one primary demand from Ukraine and its supporters in Europe."

## Iran

Iran's Supreme Leader, Ayatollah Ali Khamenei, and Foreign Minister, Abbas Araghchi, doubled down on their position that they will not cease the enrichment of uranium in order to facilitate a new nuclear deal with the US.

- Khamenei said: "Of course, there were indirect negotiations [with the US] during [former President Ibrahim Raisi's] time, as there are now, but without results. We don't expect them to yield results now either. ... The American side ...should talk, negotiate, and try not to talk nonsense."
- Araghchi told Iran's Mehr News, "We are witnessing completely unreasonable and illogical positions of the Americans; the issue of enrichment is not a negotiable issue at all. I have given a clear answer in the past few days, and today the Leader of the Revolution made the task completely clear."

A fifth round of talks is seen as likely to take place this weekend in Rome. Today's pronouncements from figures at the top of the regime will do little to improve the prospects of a deal.

- Reuters notes: "Last week U.S. President Donald Trump said Tehran needed to "move quickly or something bad is going to happen." The U.S. president has repeatedly warned Iran it would be bombed and face severe sanctions if it did not reach a compromise to resolve its disputed nuclear programme."

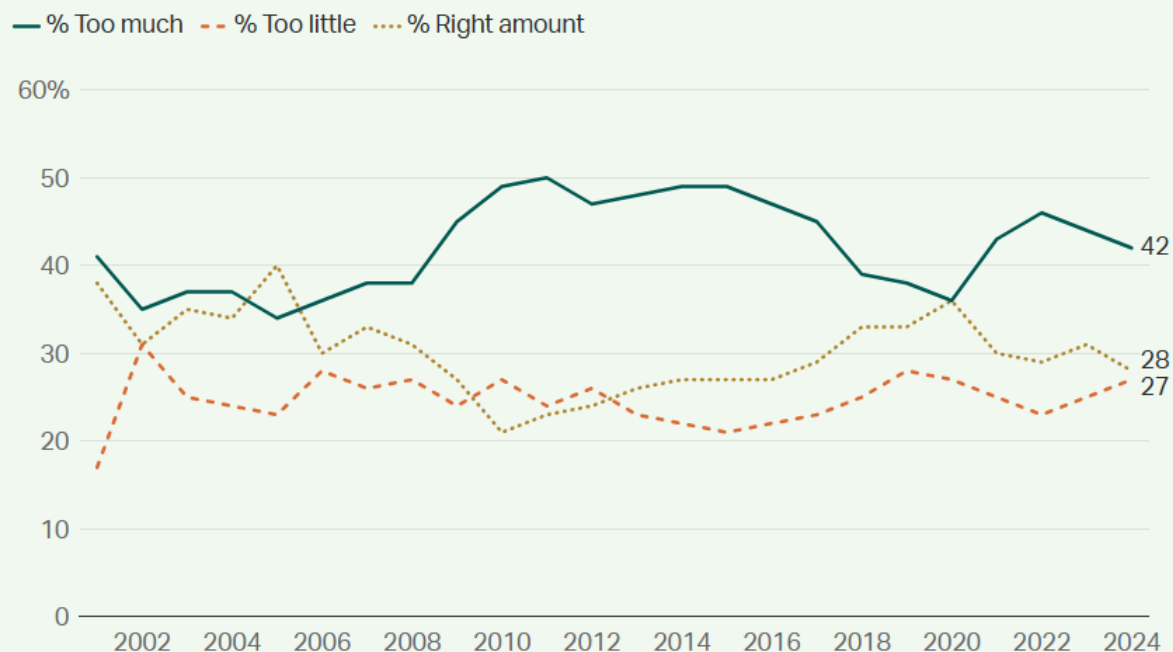
## Chart of the Day

A new survey from [Gallup](#) has found that Americans are largely unchanged regarding government deregulation, despite growing deregulation movements on both the left and right.

- Gallup: "...there are continuing calls for reducing regulation of business — from Trump, from many Republican lawmakers, from traditionally Democratically oriented thinkers like Ezra Klein and from business advocacy organizations like the U.S. Chamber of Commerce."
- Gallup notes: "In recent years, the share of Americans saying there is too much regulation has hovered around the low to mid-40% range — 42% in 2024, 44% in 2023 and 46% in 2022. A relatively steady 23% to 27% of U.S. adults have said there is too little regulation. About three in 10 have said the level is about right... These attitudes have changed only marginally over the past 15 years."
- Gallup adds: "We will have a new update on this measure in September. A reasonable prediction: The "too much" number will go down again. Republicans will likely be happier with the status quo under Trump. And Democrats will, if anything, become more likely to say there is too little regulation."

## Figure 1: Americans' Opinions on Government Regulation of Business

*In general, do you think there is too much, too little or about the right amount of government regulation of business and industry?*



Source: Gallup

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