



THE REAL DEAL

ALL OUR EYES ON U.S. POLITICS

George Herbert Walker Bush, 41st president of the United States, died on November 30, 2018. America's mid-term election results are still coming in and a handful of races are not yet certified. The 115th Congress is in its closing days and lawmakers are trying to complete final items of business before departing. While attending the G20 summit in Argentina, President Trump met with President Xi Jinping of China to discuss the ongoing trade war and signed the new U.S.-Mexico-Canada agreement. Congress continues to scrutinize relations with Saudi Arabia following the killing of *Washington Post* journalist Jamal Khashoggi and special counsel Robert Mueller's investigation continues to move forward with the release of several sentencing memos and filings on Trump associates.

REMEMBERING PRESIDENT GEORGE HERBERT WALKER BUSH

George Herbert Walker Bush, former President, Vice President, Director of Central Intelligence, Ambassador to the United Nations, envoy to China, and member of the House of Representatives, died on November 30. His body laid in state in the United States Capitol Building, the twelfth former president to do so, before being transported to the National Cathedral for a memorial service on December 5—a [national day of mourning](#). His son, former President George W. Bush, former Canadian Prime Minister Brian Mulroney, former Senator Alan Simpson and presidential historian John Meacham eulogized the 41st president. The four living former presidents, President Trump, and dozens of current and former world leaders attended the service. Following services in Washington, George H.W. Bush was transported to Texas where he was interred at his presidential library.

MID-TERM ELECTIONS – FINAL-ISH RESULTS

As of this writing the final results for the 2018 mid-term elections are still not in as there are two congressional seats with undecided outcomes. Nevertheless, Democrats won control of the U.S. House of Representatives with at least 235 seats to the Republican's 198—a net gain of at least 40 seats for the incoming majority. In total, Democratic House candidates received over 56.6 million votes against 49.9 million for Republican candidates. In the Senate, Republicans kept power and padded their majority; in the 116th Congress, the balance will be 53 Republicans to 47 Democrats. There were also 36 governor's races on the ballot and Democrats gained seven governorships and now hold executive office in 23 states.

115TH CONGRESS LAME-DUCK SESSION

Congress is set to wrap-up its lame-duck session in the coming days, thereby ending the 115th Congress. Lawmakers must still reach an agreement on government funding before current funding expires on December 21; [seven of the government spending bills](#) remain unfinished. Points of tension include funding for Trump's proposed border wall and Democratic efforts to include a provision to protect special counsel Robert Mueller's investigation. Additional authorizations that are set to expire and require congressional action include the Farm Bill; National Flood Insurance Program; and the Temporary Assistance for Needy Families program. House Ways and Means Committee Chairman Kevin

Brady (R-TX) released a [revised tax-bill](#) that includes several health care tax provisions; while the current draft bill does not include expiring tax breaks (known as “extenders”), those may be added later and the intention is to have this legislation move out of the House by December 14. The President and members from both parties and chambers have also expressed their support for comprehensive criminal justice reform, but current legislation has run into stiff headwinds from Senate Majority Leader McConnell (R-KY) who has [refused to allow the measure to advance](#).

UPDATE ON CHINA TRADE TENSIONS

On the margins of the G20 summit, Trump and Xi Jinping held a working dinner to discuss the ongoing trade war. The two leaders [reportedly agreed to a cease-fire](#), with the U.S. postponing plans to levy additional tariffs on Chinese imports and China [agreeing to negotiations](#) over issues such as forced technology transfer, non-tariff barriers, cyber theft, services and agriculture, and agreeing to cut tariffs on American-made cars—with the intention to conclude the talks in 90 days. If at the end of that period there is no agreement, the existing 10% tariffs on Chinese goods will increase to 25%. A blow was delivered to these developments when Canada [arrested Meng Wanzhou](#), chief financial officer for Huawei, for alleged [violations of U.S. sanctions on Iran](#), at the request of the U.S. government, escalating tensions between China and the United States and threatening to [undo the trade war truce](#).

NEW NORTH AMERICAN TRADE AGREEMENT SIGNED—BUT FATE UNCERTAIN

Also while in Argentina, Trump, Canadian Prime Minister Justin Trudeau, and former Mexican President Enrique Peña Nieto signed the replacement to the North American Free Trade Agreement (NAFTA)—the United States-Mexico-Canada Agreement (USMCA). The new agreement [varies in several respects](#) from the old one, which came into force in 1994. The deal requires ratification by all three countries’ legislatures before taking effect and [faces an uncertain future](#) in Congress, with lawmakers from both parties announcing their opposition. President Trump has stated his intention to terminate NAFTA, a threat [intended to pressure Congress](#) to approve the new accord.

U.S. TROOPS ON THE BORDER

The Department of Defense has [extended the deployment](#) of nearly six thousand active-duty military along America’s southern border, past the original end date of December 15. This mission, requested by the Department of Homeland Security, authorizes troops to work alongside Border Patrol agents in duties such as crowd control and temporary detention. Leading Democrats in Congress and [former military leaders](#) have criticized the deployment with the condemnation reaching new heights following the [use of tear gas against unarmed migrants](#). The incoming Democratic majority has demanded answers on the length of deployment and rules of engagement; one can expect many standing committees to [review the border deployment](#).

CONGRESS SCRUTINIZES U.S.-SAUDI RELATIONSHIP

Tensions are mounting between Congress and the White House regarding relations with Saudi Arabia in the wake of the murder of *Washington Post* journalist and Saudi critic Jamal Khashoggi. Lawmakers have heard from Defense Secretary Mattis, Secretary of State Pompeo and CIA director Gina Haspel on the Khashoggi affair and potential ties to Saudi Crown Prince Mohammed bin Salman (MbS). While Trump said that, [“it could very well be that the Crown Prince had knowledge of this tragic event — maybe he did and maybe he didn’t!”](#) Members of Congress briefed on the matter [seem universally convinced in MbS’s complicity in Khashoggi’s murder](#), including some of the president’s staunchest allies on Capitol Hill. Yet lawmakers are divided on how to express their frustration, seeking to punish the Crown Prince while not punishing Saudi Arabia itself. Measures such as cutting off military aid and ending military support for the Saudi campaign in Yemen as well as sanctions against MbS are currently under consideration.

MUELLER INVESTIGATION CONTINUES

There were several developments in special counsel Robert Mueller's investigation worthy of note. On November 20, the White House announced that Trump [submitted written answers](#) to the questions put forward by the special counsel related to the Russia investigation. In early December, Mueller filed a [sentencing memo](#) for former National Security Advisor Michael Flynn recommending no jail time, citing Flynn's "substantial" cooperation with the inquiry. Flynn, who pled guilty to lying to the FBI, sat for 19 interviews with Mueller and his team and the recommendation and heavily redacted sentencing memo suggest that Flynn is someone who has proven quite useful. The sequencing of Trump's submission and Flynn sentencing memo is raising questions among some legal experts about the timing of the two developments. Robert Mueller also released filings regarding [Paul Manafort](#), Trump's former campaign manager, and [Michael Cohen](#), Trump's former personal attorney. The filings provide [new insights into the probe](#).

PERSONNEL MOVES

Commerce Department – **Brian Linihan** has been named Executive Director of Select USA.

Defense Department – **Robert Karem** has resigned the post of Assistant Secretary for International Security Affairs to become the national security advisor to Senate Majority Leader McConnell. Principal Deputy Assistant Secretary **Katie Wheelbarger** is now acting in the post.

Justice Department – **William Barr** has been nominated as U.S. Attorney General, a post he previously held from 1991 until 1993.

State Department – The nominee for Assistant Secretary of State for East Asian and Pacific Affairs is retired Air Force Brigadier General **David Stilwell**. **Kent Logsdon** is now the Principal Deputy Assistant Secretary of State in the Bureau of Energy Resources; he was previously the deputy chief of mission at the U.S. embassy in Berlin. **David Peyman** is now heading the Office of Economic Sanctions Policy and Implementation.

Heather Nauert has been nominated to replace Nikki Haley as U.S. ambassador to the United Nations. The following other ambassadorial nominations have been announced: retired U.S. Army General and former Commander of U.S. Central Command, **John Abizaid**, for Saudi Arabia; **Edward Crawford** for Ireland; **Kenneth Howery** for Sweden; and former Virginia Governor **James Gilmore** to be the Ambassador to the Organization for Security and Cooperation in Europe (OSCE).

White House – White House chief of staff **John Kelly** is expected to step down by the end of the year.