



THE REAL DEAL

ALL OUR EYES ON U.S. POLITICS

Even more Democratic candidates enter the 2020 primary contest—bringing the total of declared candidates to 18. Special Counsel Robert Mueller concluded his investigation and sent a nearly 400-page report to the Department of Justice. The President is increasingly frustrated by difficulties in advancing his border security agenda, leading to the resignation of his Homeland Security Secretary. Complications and political headwinds cast shadows over the trade agenda. NATO celebrated its 70th anniversary and the Secretary General addressed a joint session of Congress.

2020 FIELD CONTINUES TO GROW & FIRST QUARTER FUNDRAISING NUMBERS RELEASED

Democratic candidates continue to join the 2020 field. This past month saw the entry of Ohio Congressman Tim Ryan; California Congressman Eric Swalwell; former Texas Congressman Beto O'Rourke; and Florida mayor Wayne Messam. Colorado Senator Michael Bennet, Montana Governor Steve Bullock, and former Vice President Joe Biden are also expected to formally enter the race.

With months until the first debate (scheduled for June 26) and the first primaries and caucuses not until February of 2020, much of the focus on candidates' strength centers on fundraising. Early fundraising totals are seen as an indication of a candidates' name recognition and enthusiasm as well as a measure of grassroots support. Candidates are not required to file quarterly fundraising reports until April 15, so data is still coming in, but the early leaders are:

- Senator Bernie Sanders: \$18.2 million raised from 525,000 individual donors
- Senator Kamala Harris: \$12 million raised from 138,000 individual donors
- Beto O'Rourke: \$9.4 million raised, the number of individual donors was not released
- Mayor Pete Buttigieg: \$7 million raised from 158,550 individual donors
- Senator Cory Booker: \$5.1 million raised, the number of individual donors was not released

MUELLER INVESTIGATION CONCLUDES

Special Counsel Mueller concluded his nearly two-year investigation and submitted a report to Attorney General William Barr on March 22. The inquiry led to criminal charges against 34 individuals, including six former associates and advisors to President Trump, but no further indictments were recommended. Days after Mueller sent his report to Barr, the Attorney General submitted a brief summary to Congress; the Justice Department is currently preparing the report for release and [“making the redactions that are required.”](#) Democrats on Capitol Hill have demanded to see the full, unredacted, report. House Judiciary Committee Chair Jerry Nadler has [called for the report's immediate release](#) and his committee [voted to authorize a subpoena](#) to compel the Justice Department to turn over the full report.

TRUMP'S BORDER FRUSTRATION

Trump traveled to the border in early April, his third trip to the border region this year, to reiterate his promise to crackdown on undocumented migration. Yet, his frustration concerning the southern border continues to grow—with [Kirstjen Nielsen, the Secretary of Homeland Security, resigning](#) and the President [threatening to close](#) the border unless Mexico halts the flow of migrants. Following outcry from the business community and lawmakers, warning of severe economic consequences, Trump walked back the border closure threat and gave Mexico a “one-year warning” to improve matters or he would impose tariffs on autos. This comes as 20 states sued the president over his emergency declaration to build a border wall and have requested a court order to stop money from being diverted to fund the project. The Democratic-controlled House also filed a suit on April 5 claiming the emergency declaration violates Congress’s constitutional authority over appropriations.

TRADE POLICY UPDATE

The [Trade Policy Agenda](#), released by the Office of the United States Trade Representative (USTR) in early March, stated that securing congressional approval of the United States-Mexico-Canada Agreement (USMCA), concluding a trade deal with China, and pursuing agreements with the European Union and Japan are priority items for the administration. Nearly all of the stated priorities are now facing stiff headwinds and complications to achieving these policy goals is mounting.

With respect to the USMCA, politics is intervening as House Democrats insist that labor, environment, and drug pricing provisions be revised—this would require the text of the agreement to be reopened, something Canada and Mexico refuse to do. Complicating matters further, [Speaker Pelosi \(D-CA\) has said](#) that Mexico must pass workers’ rights legislation before the House would consider the USMCA. [Senate Finance Committee Chairman Chuck Grassley \(R-IA\)](#) has also called on the White House to lift the steel and aluminum tariffs on Canada and Mexico before congressional consideration of the USMCA.

[Negotiations with China continue.](#) Treasury Secretary Mnuchin and Trade Representative Lighthizer traveled to China in late-March and Chinese delegates, including Chinese vice Premier Liu He, came to Washington in early April. China has agreed to increase imports from the U.S. and made commitments on some market-distorting practices identified by American negotiators but enforcement is a key sticking point, as well as questions on how soon Trump would lift tariffs on \$250 billion worth of Chinese goods. Trump cited “great progress” in the talks during an Oval Office meeting with Liu He, but there are many items left to negotiate, and no date yet for a summit between Trump and Chinese President Xi Jinping.

Talks with the European Union are on shaky ground with the U.S. insistence on including agriculture in the negotiations, a requirement not only of the administration but also of Chairman Grassley. Thus far, the EU has refused to include agriculture in the talks. An additional complication is [Trump’s threat to impose automotive tariffs](#), backed by a report from the U.S. Department of Commerce. The President has until mid-May to decide and views this matter as a form of leverage in the trade talks. The President has also said that [he wants European carmakers to build their plants in the United States](#). Finally, on April 9 the USTR released a [preliminary list of hundreds of products](#) to which tariffs may be applied in response to alleged subsidies provided to Airbus.

The administration is also facing legal and legislative challenges, specifically to the use of Section 232 of the 1962 Trade Expansion Act. A suit brought forward by the American Institute for International Steel (AIIS) argues that Trump’s moves are unconstitutional. While the U.S. Court of International Trade ruled against AIIS, one member of the three-judge panel stated, [“it is difficult to escape the conclusion that the statute has permitted the transfer of power to the president in violation of the separation of powers.”](#) AIIS has appealed and the case is expected to reach the Supreme Court. At the WTO, a dispute settlement panel [released a decision on April 5](#) affirming the right of nations to impose trade restrictions on national security grounds and asserting the WTO’s authority to determine whether a security threat warrants restrictive measures. While the case did not involve United States (the parties were Russia and Ukraine) it sets a legal precedent that will likely lead to a clash as Canada, Mexico, the EU, and other U.S. trade partners have asked the WTO to determine if Trump’s tariffs on steel and aluminum are necessary to protect America’s national security. Congress has also questioned the use of 232. [Chairman Grassley is drafting legislation](#) to rein in the president’s powers under this section and hopes he can line up enough support to overcome a veto—which the White House has threatened.

Grassley's measure would not roll back the existing tariffs on steel and aluminum, just make future application more difficult and subject to congressional oversight.

THE FIGHT OVER TRUMP'S TAXES

House Ways and Means Committee Chairman Richard Neal has [asked the Internal Revenue Service](#) to release six years of Trump's personal tax returns as well as those of several of his businesses. Neal made the request citing a [provision in the federal tax code](#) that states that Treasury Secretary "shall furnish" tax returns upon request from Congress's tax committees and put forward a deadline of April 10. The move sets up a fight between the Treasury Department and Congress that will likely play out in the courts. The president's lawyers have [questioned the legitimacy](#) of the request and acting White House chief of staff Mick Mulvaney has [stated that Democrats will "never" see](#) Trump's returns.

NATO AT 70

In early April, foreign ministers from 29 allied nations gathered in Washington to celebrate the 70th anniversary of NATO's founding. Jens Stoltenberg, the Secretary General of NATO, [addressed a joint session of Congress](#) on Wednesday, April 3, telling lawmakers that NATO has been good for the United States and Europe. Stoltenberg was the first NATO Secretary-General to address a joint session and members of Congress sought to show their support for the alliance amid Trump's threats to withdraw.

PERSONNEL MOVES

Homeland Security Department – Secretary **Nielsen** has resigned, **Kevin McAleenan**, commissioner of U.S. Customs and Border protection, will serve as acting secretary.

Justice Department – **Brandon Van Grack** will lead a new effort to pursue violations of the Foreign Agents Registration Act (FARA).

State Department – **Philip Reeker** is now the Acting Assistant Secretary of State for European and Eurasian Affairs. **Kelley Currie** is the nominee for Ambassador-at-Large for Global Women's Issues.

White House – Deputy chief of staff **Bill Shine** is leaving to join Trump's reelection campaign. **Kelley Ann Shaw** is the new deputy director and deputy assistant to the President for international economic affairs on the National Economic Council. **David Ehredt** is the director for Turkey, Greece, Cyprus and the South Caucasus on the National Security Council.

The Council on Foreign Relations takes no institutional positions on policy issues and has no affiliation with the U.S. government. All statements of fact and expressions of opinion contained herein are the sole responsibility of the author.