



THE REAL DEAL

ALL OUR EYES ON U.S. POLITICS

President Trump was in Japan for the G20 and met with a number of world leaders on the sidelines—he then met with North Korean leader Kim Jong un. The first Democratic presidential debates took place in late-June and the field may start to thin. The United States Supreme Court issued its last orders of the October Term 2018 with a number of politically charged rulings. On Capitol Hill, Federal Reserve chair Jerome Powell provided his semi-annual assessment and former Special Counsel Robert Mueller *will* testify before Congress this month.

TRUMP AT THE G20

While Trump was in Japan for the G20 summit in Osaka, most of the excitement was not at the summit itself, but on the margins. Trump met with Chinese leader Xi Jinping and indicated that the trade negotiations are “right back on track,” stating the United States would not impose any new tariffs on Chinese goods. Trump also announced that he was backtracking on a ban of sales of American equipment to Huawei—the move drew bipartisan condemnation on Capitol Hill.

Trump also met with Russian President Vladimir Putin, saying they discussed trade and disarmament matters. When asked about election interference during a joint news conference, Trump gave Putin a light-hearted warning—waging his finger at Putin and saying “don’t meddle in the election, please.” During a meeting with Turkish President Erdogan, the Turkish leader appealed to Trump to waive sanctions and claimed that Trump told him they would not be applied. With the procurement of the S-400 missile system, Turkey is subject to sanctions under the Countering America’s Adversaries Through Sanctions Act (CAATSA). Trump’s authority to waive these sanctions is limited and would not apply in this case. Among other world leaders who Trump met while in Osaka were Prime Minister Shinzo of Abe of Japan; Saudi Crown Prince Mohammed bin Salman; Indian Prime Minister Narendra Modi; Jair Bolsonaro of Brazil; and German Chancellor Angela Merkel.

TRUMP TRAVELS TO THE DMZ, MEETS CHAIRMAN KIM

Following the G20 Trump traveled to South Korea. Before departing for Seoul, Trump offered to meet with the North Korean leader via tweet: “While there, if Chairman Kim of North Korea sees this, I would meet him at the Border/DMZ just to shake his hand and say Hello(?)!” Negotiations between the United States and North Korea over the North’s nuclear program have been frozen since the Hanoi summit earlier this year. Arriving at the Demilitarized Zone (DMZ), Trump and Kim approached each other before shaking hands across the line dividing North from South Korea. Trump then, at the invitation of Kim, crossed briefly into North Korea, the first sitting American President to do so. South Korean President Moon Jae-in briefly joined the pair before they proceeded into the Inter-Korean House of Freedom on the southern side of the border for a previously unannounced sit-down. The encounter was not without complication—White House press secretary Stephanie Grisham was bruised in a scuffle with North Korean security and members of the U.S. press pool; U.S. Secret Service intervened as North Korean guards tried to block American press from entering the Inter-Korean House and recording the two leaders.

THE FIRST DEMOCRATIC DEBATES AND THE SHIFTING PRIMARY FIELD

On June 26 and 27, 20 Democratic candidates for president (10 on each night) took to the debate stage, marking the unofficial start of the Democratic primary process.

Senators Cory Booker, Amy Klobuchar, Elizabeth Warren, Representatives Tulsi Gabbard and Tim Ryan, former Representatives Beto O'Rourke and John Delaney, former Secretary of Housing and Urban Development Julian Castro, Washington Governor Jay Inslee and New York City Mayor Bill de Blasio occupied the stage on June 26. Senator Warren had the largest target on her back and escaped unharmed—using her platform to talk about liberal policy ideas. Most commentators thought that [Castro made the largest splash](#) with a strong debate performance.

The second night saw former Vice President Joe Biden face off against Senators Michael Bennet, Kirsten Gillibrand, Kamala Harris, Bernie Sanders, Congressman Eric Swalwell, South Bend Mayor Pete Buttigieg, former Colorado Governor John Hickenlooper, Andrew Yang and Marianne Williamson. Senator Harris was largely seen as the winner, and her [exchange with Biden over his record on race](#) provided one of the more memorable, and most reported on, moments—Harris received a [post-debate bump in the polls](#). Biden was targeted by many on the stage and had limited opportunities to pursue his preferred campaign message: defeating Trump. [Polling released after the debate](#) showed both Biden and Sanders losing ground.

The issues most prominently discussed during both evenings were pay equity, abortion rights, maternal health, childcare, immigration and racial justice. Following the debates, the field shifted with Swalwell suspending his campaign and [billionaire Tom Steyer entering the race](#). The next debates are July 30 and 31, less candidates will be on stage due to a [stricter threshold for participation](#).

IMPORTANT RULINGS FROM THE SUPREME COURT OF THE UNITED STATES

The Supreme Court of the United States issued its [last rulings of the October Term 2018](#) on June 28. During this term, the composition of the Court was transformed by the departure of Justice Anthony Kennedy, the longtime swing vote, and arrival of Justice Brett Kavanaugh, shifting the ideological balance to the right. Justices ruled on many matters, including some with political implications that will shape the 2020 presidential contest.

In [Department of Commerce v. New York](#), a challenge to the Trump administration's decision to add a question about citizenship to the 2020 census, [in a 5-4 decision](#) the justices faulted the administration's reasoning for adding the citizenship question and sent the case back to the lower courts. The question could be added if the Commerce Department gives a better reasoning. The Trump administration first accepted the ruling, then [reversed course](#) and vowed to find a way to include the question.

The Court held that partisan-gerrymandering challenges to electoral maps are political questions and thereby not subject to review in [Rucho v. Common Cause](#). In a [5-4 split](#) the found that federal courts have no role in determining whether congressional districts drawn for political purposes, leaving states free to redraw maps as they see fit.

Other cases worthy of note are:

- [Gamble v. United States](#) where, in a 7-2 ruling, Justices refused to overrule precedents allowing for two prosecutions for the same crime, one in federal court and one in state court—[upholding the “separate sovereigns” exception](#) to the [Double Jeopardy Clause](#).
- [American Legion v. American Humanist Association](#), a case in which the Court, in a 7-2 decision, held that the [display a large memorial cross by a local government](#) does not violate the Establishment Clause of the First Amendment.
- [Flowers v. Mississippi](#) involved questions of race discrimination and the Court, in a 7-2 decision, held that the trial court in the case of Curtis Flowers (currently on death row) committed

clear error during his murder trial by concluding that the state's strike of a particular black prospective juror was not motivated in substantial part by discriminatory intent.

POWELL ON THE HILL

Fed chair Jerome Powell provided his semiannual monetary policy report to the House Financial Services Committee and Senate Banking Committee on July 10 and 11, respectively. In his prepared remarks, Powell said that "trade tensions and concerns about global growth have been weighing on economic activity and the outlook." Many on Wall Street were looking for Powell to confirm their expectations that the Fed will cut rates at their next meeting; Powell's testimony seemed to justify that expectation and many are pricing in a 25 basis point cut. Trump has been vocal in his calls for the Fed to cut rates, most recently stating, "if we had a Fed that would lower interest rates it [the U.S. economy] would be like a rocket ship." This would be the first rate cut since the end of the great recession.

MUELLER TO TESTIFY

Former Special Counsel Robert Mueller is set to testify before the House Judiciary Committee and the House Intelligence Committee on July 17. Mueller had previously said that he preferred not to testify and that his report on Russian interference into the 2016 presidential election would function as his testimony. After weeks of negotiations between Mueller's team and House Democrats, it was the issuance of a subpoena that prompted the former Special Council to appear. Related, the House Judiciary Committee approved dozens of subpoenas targeting those cited in the Mueller report—including former National Security Advisor Michael Flynn, former White House Chief of Staff John Kelly, Trump's son-in-law Jared Kushner, and former Attorney General Jeff Sessions.

PERSONNEL MOVES

Defense Department – Nominee for Secretary is **Mark Esper**.

State Department – **Keith Krach** was confirmed as undersecretary for economic growth, energy and the environment. Ambassadorial confirmations are **David Satterfield** for Turkey; **Herro Mustafa** for Bulgaria; and **Anthony Godfrey** for Serbia.

Treasure Department – **Bimal Patel** confirmed as assistant secretary for financial institutions; **Dino Falaschetti** confirmed as director of the office of financial research.

National Security Council – **Fiona Hill**, senior director for Europe, is stepping down. **Tim Morrison**, currently serving as senior director for weapons of mass destruction and nonproliferation-related issues, will replace her. Replacing Morrison is **Anthony Ruggiero**. **Rear Adm. Doug Fears**, homeland security and counterterrorism adviser, is departing; **Coast Guard Rear Adm. Peter Brown** is the replacement. Senior director for Africa, **Cyril Sartor**, is leaving; replacing him is **Elizabeth Erin Walsh**, the current NSC senior director for international organizations and alliances.