



## THE REAL DEAL ALL OUR EYES ON U.S. POLITICS

The impeachment inquiry goes public. We are officially less than one year out from Election Day 2020 and the Democratic field continues to evolve. Off-year elections show the political forces that shaped last year's midterm elections are still alive. There may be a "phase 1" deal with China. Congress faces another government-funding showdown and President Trump is likely to delay tariffs on European automobiles.

### IMPEACHMENT GOES PUBLIC

Since the end of September, the House Committees on Intelligence, Oversight and Government Reform, and Foreign Affairs have been conducting a series of closed-door interviews related to the impeachment inquiry into President Trump's interactions with his Ukrainian counterpart, President Volodymyr Zelensky. Thus far, key figures who have been deposed include: U.S. Ambassador to the European Union [Gordon Sondland](#); former U.S. special envoy to Ukraine [Kurt Volker](#); former U.S. Ambassador to Ukraine [Marie Yovanovitch](#); Lieutenant Colonel [Alexander S. Vindman](#), European affairs director at the National Security Council; acting assistant secretary for European and Eurasian Affairs Philip Reeker; Ambassador [William Taylor](#), and [others](#)—full transcripts and opening statements for many have been made public.

On October 31, the House of Representatives voted, by a 232 to 196 margin, on a [resolution](#) to formalize the impeachment inquiry, shifting the process into a more public phase. This resolution puts forward procedural details on how the House will proceed on impeachment. The resolution also grants House Intelligence Committee Chairman Adam Schiff (D-CA) significant influence as the Intelligence Committee will call open hearings and report findings and recommendations to the House Judiciary Committee. The hearing structure established by the resolution departs from the usual practice in the House: the chair and ranking member of the Intelligence Committee will have time at the beginning of public hearings—potentially as much as 45 minutes each—in which they can ask questions themselves or yield to staff members to question a witness. The resolution also provides for the right of the minority to call witnesses and obtain documents, an issue that has been a subject of complaint for Republicans. A structure, similar to what was employed during the Clinton and Nixon impeachment proceedings, will be used whereby the ranking member can obtain "by subpoena or otherwise" witness testimony or other information, including documents "with the concurrence of the chair" for both the Judiciary and Intelligence committees. The Judiciary Committee [procedures document](#) also contains other processes that mirror provisions in the resolutions addressing the Nixon and Clinton impeachments. *The New York Times* has a useful [primer](#) on how the impeachment process works.

Open hearings start before the House Intelligence Committee on November 13 with Ambassador William Taylor and State Department official George Kent the first to appear. Ambassador Yovanovitch is scheduled on Friday, November 15.

## 2020 FIELD CONTINUES TO EVOLVE

Democratic presidential candidates were in Iowa in early November for the Liberty and Justice Celebration (previously called the “Jefferson-Jackson Dinner”). This campaign event has been called “the dinner that makes history” and is credited with spurring Barack Obama’s sluggish campaign in 2007 and starting John Kerry’s comeback in 2004. The dinner is the largest gathering of voters in Iowa and marked the last time candidates appear together before the Iowa Caucuses, scheduled for Monday, February 3. Candidates offered impassioned speeches on their policy proposals, trying to hammer home their core messages, and made the case that they can defeat President Trump. The dinner comes as we see significant shifts in the race and candidates sought to solidify their building momentum or re-energize their faltering campaigns. This month, former Congressman Beto O’Rourke and Ohio Congressman Tim Ryan dropped out of the race. Former New York mayor Michael Bloomberg has filed paperwork to enter the race and former Massachusetts governor Deval Patrick has told Democratic officials that he is also considering making a last-minute entry. The next Democratic debate is scheduled for November 20. To qualify, candidates must meet a donor requirement of 165,000 unique donors over the course of their campaign. In addition to the donor requirement, candidates must satisfy one of two polling requirements: two polls at 5 percent or more in the four early nominating states: Iowa, New Hampshire, Nevada and South Carolina; or four polls at 3 percent or more in early nominating states or national polls.

### OFF-YEAR ELECTIONS, FORESHADOWING 2020?

Americans went to the polls on November 5 for “off-year” elections, and while many races were focused on state and municipal matters, several contests offer clues to 2020.

Voters in Kentucky and Mississippi decided statewide offices like governor, attorney general and secretary of state. In the former, Democrat Andy Beshear defeated the sitting Republican Governor Matt Bevin—Trump, who won Kentucky by nearly 30 percentage points in 2016, campaigned for Bevin and, while Bevin was deeply unpopular, some pundits are wondering if this is a [bad omen](#) for the President heading into 2020. In Mississippi, Republicans maintained control of the governorship as Lieutenant Governor Tate Reeves defeated Democratic Attorney General Jim Hood, but the race was closer than usual in a contest that heavily favored the Republican.

In Virginia, the entire state legislature was up for election, Democrats won both legislative chambers and now control the General Assembly and the governorship for the first time since 1993, turning what was a “purple” state decisively “blue”—Republicans have not won a state-wide election in Virginia since 2009.

Looking to next year’s election, the results offer clues as well as warning signs for both parties. Voters in suburban areas of Kentucky and Virginia voted for Democratic candidates, a trend that would complicate Trump’s path to reelection if it holds. While the results are not necessarily predictive of what will happen next November, voters in multiple states tied their decisions to the national atmosphere and the results provide some insight into the nation’s political mood heading into 2020.

### “PHASE ONE” DEAL WITH CHINA

Chinese and American negotiators are reportedly close to finalizing a “phase one” trade deal—the first of several phases of an agreement to end the trade war between the two countries. The agreement is likely to include rules to deter currency manipulation, provisions protecting intellectual property, the Chinese purchase of American farm products and opening up of Chinese industries to American firms. Negotiators are working on a framework that would roll back some of the existing tariffs and it is widely expected that President Trump will not impose tariffs on over \$150 billion worth of Chinese imports, scheduled to go into effect on December 15.

### ANOTHER SHUTDOWN?

Congressional leaders and the White House are negotiating to keep U.S. government agencies funded and operating beyond November 21, when existing funding expires. Senator Richard Shelby (R-AL), chair of the Appropriations Committee, has said negotiators are considering a range of dates for another “Continuing Resolution” (CR) or temporary funding bill. Trump has said he would sign a temporary

funding bill, as long as it does not restrict his ability to continue construction on the border wall—a measure to advance defense spending already [failed in the Senate](#) amid partisan fighting over the matter. The most likely outcome is a month-long CR that would delay a potential shutdown battle until December. A new CR would also pressure negotiators to finish all 12 spending bills before the end of the year. However, impeachment is a complicating factor—and the two events, expiration of existing funding and an effort to remove a president, have never overlapped before in the nation’s history. Senate Minority Leader Chuck Schumer (D-NY) acknowledged the circumstances, stating, [“I’m increasingly worried that President Trump may want to shut down the government again because of impeachment.”](#)

## DELAY EXPECTED ON EUROPEAN AUTO TARIFFS

President Trump is expected to delay a decision on whether to impose duties on European automobile imports for an additional six months. This follows a Department of Commerce [determination](#) in May that the import of European autos and auto parts was a threat to national security. Trump has repeatedly accused Europe of unfair trade practices that have allowed a flood of foreign cars into the United States. To allay his concerns, German carmakers have quietly promised investments in their United States facilities and governments and industry representatives have pointed to the investments they have made in the United States to argue against the tariffs. The six-month delay would force another decision point in mid-2020, during the height of the presidential campaign.

## PERSONNEL MOVES

*White House* – **Tim Morrison**, senior director for European and Russian affairs on the NSC, has resigned his replacement is **Andrew Peek**. **Thomas H. Storch** is now deputy assistant to the President for international economic affairs and deputy director at international economics on the National Economic Council. **John Ulyot** is now the senior director for strategic communications on the NSC.

*Department of Energy* – Secretary **Rick Perry** resigned, **Dan R. Brouillette** has been nominated to replace him.

*Department of Homeland Security* - **Chad F. Wolf’s** nomination for undersecretary for strategy, policy, and plans, is currently pending before the Senate. Once confirmed he will also serve as acting secretary.

*Department of State* - **Stephen Biegun**, currently the top envoy for North Korea, has been nominated as deputy secretary of state.

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