

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sat, 20 Jul 2019 11:22:03 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB [redacted]
Subject: Re: Update call

11:55 am dial in

[redacted] (b)(6)

[redacted] (b)(6)

From: Ueland, Eric M. EOP/WHO [redacted] (b)(6)
Date: July 20, 2019 at 10:59:55 AM EDT
To: Secretary Mnuchin [redacted]@treasury.gov
Cc: Mulvaney, Mick M. EOP/WHO [redacted] (b)(6); Vought, Russell T. EOP/OMB [redacted] (b)(6); [redacted] (b)(6)@treasury.gov
Subject: Re: Update call

From: Ueland, Eric M. EOP/WHO
Sent: Sat, 20 Jul 2019 14:59:43 +0000
To: Secretary Mnuchin
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB (b)(6)
Subject: Re: Update call

Howdy—thank you. Eric

On Jul 20, 2019, at 10:59 AM, Secretary Mnuchin @treasury.gov" Secretary Mnuchin @treasury.gov> wrote:

I just spoke with her
Trying to coordinate team call with Mitch and Kevin between 1145-1
Waiting to hear back from mitch
Will send out time and dial in as soon as I hear back

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 9:10:23 AM EDT
To: Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Vought, Russell T. EOP/OMB (b)(6)
Secretary Mnuchin @treasury.gov>
Subject: Re: No word since the 4:15 call?

Steven, if you haven't heard anything, I can check in over there to see what plan they have about if/what/when from her...eric

> On Jul 20, 2019, at 9:06 AM, Mulvaney, Mick M. EOP/WHO (b)(6) wrote:
>
> Nothing here.
>
> Sent from my iPhone
>
>> On Jul 20, 2019, at 8:58 AM, Ueland, Eric M. EOP/WHO (b)(6) wrote:
>>
>> Good morning—
>>
>> I haven't heard from the Speaker's team. Eric
>>
>>
>>> On Jul 20, 2019, at 8:38 AM, Vought, Russell T. EOP/OMB (b)(6) wrote:
>>>
>>>
>>>
>>> Sent from my iPhone

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sun, 21 Jul 2019 14:38:28 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re: Update call

(b)(6)

3pm

From: Ueland, Eric M. EOP/WHO [redacted]
Date: July 20, 2019 at 11:23:06 AM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>
Cc: Mulvaney, Mick M. EOP/WHO [redacted] Vought, Russell T. EOP/OMB
[redacted] [redacted]@treasury.gov>
Subject: Re: Update call

From: Secretary Mnuchin [redacted]
Sent: Wed, 31 Jul 2019 12:45:08 -0400
To: Mulvaney, Mick M. EOP/WHO
Subject: Re: Urgent

Thanks
Meant I have limited WiFi but no phone

From: Mulvaney, Mick M. EOP/WHO (b)(6)
Date: July 31, 2019 at 12:36:39 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>
Subject: Re: Urgent

From: Secretary Mnuchin [redacted]
Sent: Sun, 21 Jul 2019 14:31:49 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

How is 3pm for a call to review

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 21, 2019 at 2:28:02 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>, Mulvaney, Mick M. EOP/WHO (b)(6)
Vought, Russell T. EOP/OMB (b)(6)
Subject: (No subject) [redacted]

From: Bulletin Intelligence
Sent: 2 Aug 2019 05:38:00 -0400
To: TreasuryBullentin
Subject: Treasury First Read for Friday, August 2, 2019

iPhone optimized version and searchable archives available at treasuryfr.bulletinintelligence.com.



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Secretary Mentions

Trump Announces Additional Tariffs On Chinese Imports Starting In September. (ABC, WKRC-TV, WT, NBC, CBS, POLITICO, AP, REU, WSJ, NYT, WP, BLOOM, CNN, SCMP, USAT, AXIOS, LAT, NYPOST, FOXB, CALLER, BREITBART, HILL, BLMOPIN, BIZINDER, CNBC, INDUK)

President Trump took to [Twitter](#) yesterday to announce, "Our representatives have just returned from China where they had constructive talks having to do with a future Trade Deal. We thought we had a deal with China three months ago, but sadly, China decided to re-negotiate the deal prior to signing. More recently, China agreed to... buy agricultural product from the U.S. in large quantities, but did not do so. Additionally, my friend President Xi said that he would stop the sale of Fentanyl to the United States – this never happened, and many Americans continue to die! Trade talks are continuing, and... during the talks the U.S. will start, on September 1st, putting a small additional Tariff of 10% on the remaining 300 Billion Dollars of goods and products coming from China into our Country. This does not include the 250

Billion Dollars already Tariffed at 25%. ... We look forward to continuing our positive dialogue with China on a comprehensive Trade Deal, and feel that the future between our two countries will be a very bright one!" [ABC World News Tonight](#) ^[x] (8/1, story 6, 1:40, Phillips) showed Trump telling reporters later, "For many years, China has been taking out hundreds of billions of dollars a year and rebuilding China. It's time that we rebuild our country. ... Now it's time that we change things around. If they don't want to trade with us anymore, that would be fine with me."

In an interview with [WKRC-TV Cincinnati](#) (8/1, 11:01 p.m. EDT), Trump was asked if he is concerned the additional tariffs on Chinese imports will hurt the economy. Trump said, "Short term, maybe there will be a little bit of an ouch and I knew that exactly today when I did it. I said, let's see if the market does down, how much. The market went down. That's ok. The market is going to go up many, many, fold."

Much of the media coverage of the President's threat asserts that the new tariffs would cause the prices of a broad range of items to rise, thereby hurting US consumers who may have not felt the pinch from the tariffs already in place. The [Washington Times](#) (8/1, A1, Howell) reports, however, that "speaking outside the White House, Mr. Trump insisted that China is paying the tariffs directly into US coffers, even though retailers and experts say costs are passed down to US consumers." Said the President, "China eats it, they have to pay it. ... Until such time as there is a deal, we'll be taxing them."

Most reports took issue with Trump's analysis. [NBC Nightly News](#) ^[x] (8/1, lead story, 2:20, Holt), for example, opened its broadcast last night reporting, "Brace for impact, American consumers [are] about to pay higher prices after...Trump fired another round in his trade war with China." Added NBC (Costello), "Analysts say that we could see higher prices as soon as back to school shopping – and then, all the way through the fall, into Christmas and Hanukkah." To the [CBS Evening News](#) ^[x] (8/1, story 6, 0:20, O'Donnell), likewise, the tariffs mean "Americans will pay more for cell phones, sneakers, and toys," and to [ABC World News Tonight](#) ^[x] (8/1, story 6, 1:40, Phillips) "the tariffs mean American shoppers could see prices go up on everything."

[Politico](#) (8/1, Behsudi) also says "the new tariff attack...would have a more direct impact on US consumers because the goods targeted include clothes, toys, cell phones, electronics and other retail items." The piece notes Treasury Secretary Steven Mnuchin and USTR Robert Lighthizer "returned this week from a brief round of talks in Shanghai, where the two sides failed to announce a major breakthrough in the negotiations. The two sides agreed to meet again in September." The [AP](#) (8/1, Wiseman, Freking, Boak) similarly says "US consumers will likely feel the pain if Trump proceeds with the new tariffs." The AP piece adds that "Trump's earlier tariffs had been designed to minimize the impact on ordinary Americans by focusing on industrial goods. But the new tariffs will hit a vast range of consumer products from cellphones to silk scarves."

[Reuters](#) (8/1, Qiu, Lawder) similarly reports that the threatened tariffs "would hit a wide swath of consumer goods from cell phones and laptop computers to toys and footwear," and the [Wall Street Journal](#) (8/1) writes in an editorial that Trump's trade strategy is risky and will hurt US consumers.

The [New York Times](#) (8/1, Rappeport) reports that "the new tariff would be in addition to the 25 percent levies that Mr. Trump has already imposed on \$250 billion of Chinese imports and would result in the United States taxing nearly every Chinese product sent to America, from toys to televisions to tires." The Times adds that "Trump's move, which will most likely be met with reciprocal punishment by China, increases the likelihood that the world's two largest economies will be locked in a protracted trade dispute for months, if not years." According to the Times, the President "seems content to rattle the American economy, despite the economic and political consequences."

The [Washington Post](#) (8/1, Staff) says the President's announcement was "unexpected," and came

just a day after Mnuchin and Lighthizer “wrapped up two days of talks in Shanghai aimed at a comprehensive trade deal.” According to the Post, “White House officials in recent days had appeared satisfied with the slow pace of the China talks.”

Bloomberg (8/1, Donnan, Leonard) reports this morning that China’s Foreign Minister Wang Yi made the first official response to Trump’s escalation, saying, “Imposing new tariffs is absolutely not the right solution to trade frictions.” The piece explains that China’s “response to the escalation is complicated by the fact that the Communist Party’s top leadership is likely decamping this week to the seaside resort of Beidaihe for their annual two-week policy enclave. Officials from Xi downward disappear from public view as they privately debate policy.”

Trump Ruled Out Mnuchin’s Suggestion To Warn Beijing Of New Tariffs. Bloomberg (8/1) reports Trump “resisted giving Beijing advance notice of his intent to slap a new 10% tariff on \$300 billion in Chinese goods in an Oval Office meeting before he announced the duties, according to several people familiar with the discussion.” During the meeting, Mnuchin and Lighthizer “briefed Trump on their talks in Shanghai this week with their Chinese counterparts. While the White House called the talks ‘constructive’ in a statement issued Wednesday, Trump concluded that the two U.S. officials actually came away with nothing, the people said.” Three of the sources say Mnuchin and Lighthizer “knew the president was considering a new round of tariffs before they left for Shanghai.” The piece says “Thursday’s meeting in the Oval Office was tense. Mnuchin recommended that the U.S. notify Beijing before Trump announced the new tariffs, the people said.” Trump “demurred, but with his permission Lighthizer later attempted to place a call to Chinese Vice Premier Liu He, who is the country’s lead trade negotiator. He didn’t answer.” Bloomberg adds that Trump “hit send on his tweets announcing the new tariffs at 1:26, while Mnuchin, Lighthizer, Mulvaney and others were still in the Oval Office.”

CNN (8/1, Lobosco, Liptak, Phillip) reports Trump “wasn’t pleased that China had not offered concrete promises to purchase American agricultural products during the talks, something he believed was agreed to when he met with” Xi in Japan, an official said. Trump “issued the four-tweet message announcing new tariffs starting in September with input from Mnuchin and Lighthizer, according to the official.”

The South China Morning Post (HKG) (8/1) also reports on the story.

USA Today (8/1, Jackson) indicates that “the two countries remain at odds over issues that include protections for intellectual property, forced technology transfers to the Chinese, non-tariff barriers, agriculture, services, the trade deficit, and enforcement of new trade rules, the White House said in a statement.” Axios (8/1, Lawler) says “there is still time for another truce to be reached before the tariffs take effect, though Bill Bishop of Sinocism notes” on Twitter “that China is unlikely to cave to his demands over the next month.”

The Los Angeles Times (8/1, Lee, Stokols) points out that “in other public comments in recent days, Trump has suggested that China is reluctant to make a deal before the 2020 election in the hope that he may lose and that a Democratic president would give the country more beneficial terms as part of a trade agreement.” The New York Post (8/1, Fredericks) reports “Trump’s tweets also came hours after Secretary of State Mike Pompeo ripped China’s actions in Asia after meeting his Chinese counterpart for the first time this year amid the political tension between the two countries.”

Reuters (8/1, Lawder, Shalal), meanwhile, takes issue with Trump’s complaints, reporting that “while the United States bemoans the lack of larger Chinese agricultural purchases, Beijing has been pressing Washington to relax restrictions on sales to Chinese telecommunications giant Huawei as it had promised.” Moreover, the USDA “on Thursday confirmed private sales to China of 68,000 tonnes of soybeans in the week ended July 25.” The piece also notes Trump’s tweets followed a briefing by

Mnuchin and Lighthizer “on their talks in Shanghai, their first face-to-face meeting with Chinese officials since Trump and Xi agreed to a trade ceasefire at a G20 summit in June.”

Jim Acosta said on [CNN's Situation Room](#) ² (8/1), “The announcement of those tariffs is an acknowledgment that the President's trade talks with China's Xi Jinping have collapsed and for now his trade war is not working.”

Ahead of Trump's announcement, appearing on [Fox Business Mornings with Maria](#) (8/1), White House Trade Adviser Peter Navarro was asked about the potential impact of a protracted US-China trade war on the US economy. Navarro said, “What we need to do is be patient here. I said this many, many times: these negotiations need to take place behind closed doors and speculation in the media does not help the cause.” Navarro added, “The China tariffs are defense against intellectual property theft, forced technology transfer. ... So I think these tariffs...in the China case, clearly these are being paid for by China. The Chinese producers are seeing fewer exports, lower profits. We love tariffs. ... Tariffs are raising revenues. ... They are helping get China to the negotiating table.” [Fox Business](#) (8/1) reports Navarro said the delegation of Mnuchin and Lighthizer “had constructive talks with Chinese Vice Premier Liu He in Shanghai this week and urged the American public to be patient.”

[Bloomberg](#) (8/1, Donnan, Leonard), the [Daily Caller](#) (8/1, Conklin), [Breitbart](#) (8/1, Carney), [The Hill](#) (8/1, Fabian), [Bloomberg Opinion](#) (8/1), [Business Insider](#) (8/1, GmbH), and [Wall Street Journal](#) (8/1, A1, Salama, Mauldin), among other news outlets, also report the President's threat.

Schumer Praises Trump's Move, Wyden Criticizes It. The [New York Post](#) (8/1, Fredericks) reports “Chuck Schumer offered some rare praise for...Trump on Thursday, amidst his decision to slap a 10% tariff on \$300 billion worth of Chinese goods on Sept. 1.” Said Schumer, “We have to be really tough on China. They've taken advantage of us. ... America has lost trillions of dollars and millions of jobs because China has not played fair. And being tough on China is the right way to be.” The Post adds “Schumer is a frequent critic of the president and his trade policies,” and that “other Democrats, including the top Democrat on the Senate Finance Committee, denounced Trump's plan.” Said Wyden, “I am always first in line for getting tough on China,” but “Trump doesn't have any strategy to get China to stop cheating on trade. The only thing he knows how to do is raise tariffs.”

[CNBC](#) (8/1, Bursztynsky) reports Acting IMF Managing Director David Lipton, “in a veiled appeal Thursday on CNBC, called on the U.S. and China to come to an agreement and end their yearlong trade war.” He told the outlet that the global economic slowdown has been “certainly affected by the trade tensions,” without mentioning the US or China by name.

Cohn: Tariffs Having “Dramatic Impact” On Manufacturing. [The Hill](#) (8/1, Lane) reports Gary Cohn, former director of the National Economic Council, “said that President Trump's trade wars have had a ‘dramatic impact’ on the U.S. manufacturing sector while doing little to hinder China's economy.” He told the BBC in an interview “that Trump's tariffs have effectively canceled the benefits of his 2017 corporate tax cut and prevented U.S. manufacturers from expansion.” Cohn said, “When you build plant equipment, you're buying steel, you're buying aluminum, you're buying imported products and then we put tariffs on those, so literally the tax incentive we gave you with one hand was taken away with the other hand.” He added, “So we are not seeing the manufacturing job creation. And I think if we get through this tariff situation, there's a real opportunity to see it here in the United States.” The [Independent \(UK\)](#) (8/1) also reports.

Senate Passes Trump-Backed Spending Bill Despite Opposition From 23 Republicans. (AP, WP, POLITICO, NYT, NPR, WSJ, BLOOM, REU, WT, CQRC, HILL, AXIOS, BBC, USNEWS,

MRKTTWCH)

The [AP](#) (8/1, Taylor) reports that on a 67-28 vote, the Senate yesterday passed “a hard-won budget and debt deal” that was “powered by” President Trump’s “endorsement and a bipartisan drive to cement recent spending increases for the Pentagon and domestic agencies.” The AP adds the White House and the Senate Republican leadership “relied on lots of Democratic votes to propel it over the finish line.” Sen. Rand Paul (R-KY), who voted against the bill, is quoted as saying, “Many of the supporters of this debt deal ran around their states for years complaining that, ‘President Obama’s spending too much and borrowing too much,’ and these same Republicans now, the whole disingenuous lot of them, will wiggle their way to the front of the trough.”

According to the [Washington Post](#) (8/1, Werner), the “lobbying effort” by GOP leaders “paid off in the Senate as more Republicans voted in favor of the deal than against it, by a margin of 30-23.” The piece notes Trump “had — before becoming president — suggested that the debt ceiling shouldn’t be raised. But in the current round of negotiations, Treasury Secretary Steven Mnuchin argued for the need to ensure stability by raising the debt ceiling, and he prevailed over budget hawks in the administration.”

[Politico](#) (8/1, Everett, Bresnahan) also reports that Senate Majority Leader McConnell, along with Trump, Vice President Pence and Defense Secretary Esper, “pushed to get a majority of their members to support the legislation.” An anonymous Republican tells Politico, “Trump is ‘taking names’ and watching who votes against the legislation.” Trump [tweeted](#) ahead of the vote, “Budget Deal is phenomenal for our Great Military, our Vets, and Jobs, Jobs, Jobs! Two year deal gets us past the Election. Go for it Republicans, there is always plenty of time to CUT!”

The [New York Times](#) (8/1, Cochrane) reports “barely half of the Republican majority joined almost all of the Democrats in voting for the measure, 67-28, after a deal largely negotiated by Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin stoked conservative dissatisfaction over Washington’s failure to cut government spending.” The Times adds that “the 23 Republican defections marked the latest orchestrated rebuke to the president.” The piece says this “follows other measures that have increased spending substantially under Mr. Trump – and a 10-year tax cut expected to cost the Treasury at least \$1.5 trillion.” The Times adds “some Republicans argued that both sides had lost any sense of fiscal responsibility by settling for meager spending cuts in a measure that raises spending over existing caps by \$320 billion.” However, the Times says “others framed their vote as a necessary capitulation in the face of divided government and the potentially catastrophic possibility that the Treasury Department could run out of money before the full Congress returned from the August recess.”

[NPR](#) (8/1, Grisales) similarly reports the government was “approaching its limit on borrowing, about six months earlier than predicted.” Mnuchin “warned it was possible the government could run out of cash in early September.” The [Wall Street Journal](#) (8/1, Duehren) reports Mnuchin’s warning accelerated the negotiations with Pelosi to reach a deal before the end of last week.

[Bloomberg](#) (8/1, Wasson) reports that McConnell argued that “putting the government on a path to a balanced budget would require cuts in big-ticket programs such as Medicare and Medicaid,” which “aren’t part of this week’s fiscal deal because they’re automatically funded in the \$4.5 trillion federal budget.”

[Reuters](#) (8/1, Cowan) says enactment of the spending bill “would virtually guarantee that Trump’s campaign vow in 2016 to erase government debt within eight years would not only go unfulfilled, but that debt would significantly rise during his current four-year term in office.” According to Reuters, “Since Trump took office in January 2017, US debt has risen by around \$2.5 trillion and is rapidly climbing above the \$22.5 trillion mark it is now at – a level some experts see as dangerously high.”

Also reporting on the story are [Reuters](#) (8/1, Cowan), the [Washington Times](#) (8/1, Dinan), [CQ Roll Call](#) (8/1, Shutt), [The Hill](#) (8/1, Carney), [The Hill](#) (8/1, Elis), [Axios](#) (8/1, Perano), [BBC News Online \(UK\)](#)

(8/1), [U.S. News & World Report](#) (8/1), [MarketWatch](#) (8/1, Duehren), with many noting Mnuchin's warning on the debt limit.

The President took to [Twitter](#) last night to write, "I would like to thank two Great Iowa Senators, @ChuckGrassley and @SenJoniErnst – for their support today on the Spending Bill. Their vote, and the vote of other Republicans and Democrats helped get this done in a bipartisan fashion. Thank you all!"

Bolton Defends Sanctions Targeting Iran's Foreign Minister. (FOX, WP, NPR, NYT, WSJ, UPI, AXIOS, FORPOL, REU)

Appearing on [Fox Business Mornings with Maria](#) (8/1), National Security Adviser John Bolton said the Administration has sanctioned Iranian Foreign Minister Javid Zarif because he is "the mouthpiece for an illegitimate regime." Bolton added, "I think the idea that he is a serious interlocutor with United States is just false. The real decision maker in Iran is the Ayatollah Khamenei."

The [Washington Post](#) (8/1, Deyoung) reports Zarif, Bolton said, "is not a diplomat. He's a con man. He's a shill. He's a grifter. This is the sort of step by the United States that shows he's illegitimate." The piece notes that "although Trump said last month that he had instructed Treasury Secretary Steven Mnuchin to sanction Zarif, under an executive order he issued sanctioning" Khamenei, "a decision on Zarif was postponed to allow space for diplomacy, according to the administration."

[NPR](#) (8/1, Neuman) reports Mnuchin announced sanctions on Zarif on Wednesday, "blocking him from doing business with Americans and restricting his access to any property he might have in U.S. jurisdictions." The move is seen as part of the administration's ratcheting up of pressure on Iran amid increased tensions between the two countries."

Under the headline, "US Sanctions On Foreign Minister Unite Iran's Fractious Elite," the [New York Times](#) (8/1, Yee) reports that Iranian officials "reacted with unified irritation on Thursday to the Trump administration's decision to sanction" Zarif, "calling the move petty and provocative – further evidence, they said, of Washington's insincerity when it talks of peace." The Times says Zarif "is one of Iran's best-known leaders and perhaps its most effective in making his country's case to the West." According to the Times, the sanctions "could make it more difficult to engage in the new diplomacy that Mr. Trump says he wants."

The [Wall Street Journal](#) (8/1, Rasmussen, Coles) reports Mnuchin said Zarif was targeted for implementing the "reckless agenda" of Khamenei and for overseeing a ministry that coordinates with the Islamic Revolutionary Guard Corps, which Washington designated a terrorist entity this year. "The U.S. is sending a clear message to the Iranian regime that its recent behavior is completely unacceptable," Mnuchin said on Wednesday. The European Union, which is working to keep the 2015 nuclear deal alive, said it would continue to meet Zarif. "We regret this decision," Carlos Martin Ruiz De Gordejuela, a spokesman for EU foreign policy head Federica Mogherini, said on Thursday. "From our side, we will continue to work with Mr. Zarif as Iran's most senior diplomat and in view of the importance of maintaining diplomatic channels."

[UPI](#) (8/1) reports the IRGC said the sanctions are "ridiculous" and "illegal." They stated: "By imposing sanctions on the respectable foreign minister [of Iran], Americans once again demonstrated their anger at the spread of the Islamic Revolution's inspiring and anti-arrogance discourse and unveiled their mischief and animosity toward the dignified Iranian establishment and nation."

Barbara Slavin writes in [Axios](#) (8/1) that the decision to put Zarif "on the Treasury Department's sanctions list makes clear that the means of pressure and sanctions have increasingly become the end goal of the U.S.' Iran policy." [Foreign Policy](#) (8/1) also covers the topic.

Rouhani: Iran Expects European Efforts To Salvage Nuclear Deal Will Fail. [Reuters](#)

(8/1) reports Iranian President Hassan Rouhani said Thursday his country is "ready for the worst in an uphill struggle to salvage its nuclear deal with world powers abandoned by the United States." Said Rouhani, "We are not acting on the assumption we will get results through talks and accords." According to Reuters, Rouhani was "alluding to European powers trying to salvage the deal." Rouhani added, "Instead we are planning based on the assumption that we will not achieve results." To Reuters, Rouhani's "downbeat remarks...hinted he was losing hope of avoiding a final collapse of the deal, though he left the door open to further contacts with Europe."

Europeans Decline To Join US, UK Efforts To Protect Shipping. The [New York Times](#) (8/1, Erlanger) reports that "with tensions rising with Iran, the United States and Britain have been shopping for European support to bolster patrols in the Persian Gulf around the Strait of Hormuz, a vital passage way for global oil supplies." However, "so far the American requests for help to escort shipping in the Gulf have been met with silence or rejection, including a blunt 'no' on Wednesday from Germany." The Times adds, "Nor have nations like France, Germany, Italy or Sweden yet responded favorably to Britain's suggestion of a European escort force, separate from the Americans, even after Iran seized a British-flagged tanker in the gulf."

UK FM Says There Will Be No Tanker Swap. [Reuters](#) (8/1, Faulconbridge) reports Britain yesterday "ruled out exchanging an Iranian tanker detained by Gibraltar for a British-flagged tanker seized by Iran in the Gulf." Foreign Minister Dominic Raab said, "We are not going to barter: if people or nations have detained UK-flagged illegally then the rule of law and rule of international law must be upheld."

Judge Blocks New York State From Turning Over Tax Returns To Hill Democrats. (CNN, POLITICO, HILL, REU, CNBC)

[CNN](#) (8/1, Wallace) reports "a federal judge on Thursday issued an [order](#) blocking New York state from turning over President Donald Trump's tax returns to congressional Democrats for now, should the House Ways and Means Committee request them through a newly passed New York law." CNN adds "the limitation will be in place, Judge Carl Nichols wrote, while allowing New York to challenge whether Nichols' courtroom in Washington is the proper place for this case, brought by Trump, to move forward, and in what form it could proceed."

[Politico](#) (8/1, Faler) says "the decision was not unexpected, since Nichols said Wednesday he was leaning toward the idea," [The Hill](#) (8/1, Jagoda) that the court "also directed the New York officials to notify the court and Trump" if Ways and Means Committee Chairman Richard Neal (D-MA) "requests Trump's state tax returns during the period of time in which the state can't provide the returns under the order."

[Reuters](#) (8/1, Wolfe) reports that "traditionally, US presidential candidates have released their federal tax returns on the campaign trail," and "Trump has repeatedly refused to do so."

[CNBC](#) (8/1, Breuninger) also reports, noting last month, "Neal's committee sued the Treasury Department and the Internal Revenue Service for six years of Trump's federal returns. [Treasury Secretary Steven Mnuchin](#) and IRS chief Charles Rettig are included in that suit."

EU Governments Voting On Their Pick For IMF Head Among Four Candidates. (REU, FRANCE24, BLOOM)

[Reuters](#) (8/2) reports EU finance ministers are "set on Friday to choose the bloc's candidate to lead the International Monetary Fund from a list of four names, a spokeswoman for the French government said."

The piece says the list includes “Jeroen Dijsselbloem, the Dutch former head of euro zone finance ministers; Nadia Calvino, the Spanish economy minister; Olli Rehn, the Finnish central bank governor; and Bulgaria’s World Bank chief executive Kristalina Georgieva.” Mario Centeno, the Portuguese chairman of eurozone finance ministers, said Thursday he was pulling out of the race. Reuters adds that Britain “did not field a candidate because it could not come up with a name on time, a European official said.”

France 24 (8/1) reports that last month, “the finance ministers of Germany, France, Britain and Italy met on the sidelines of a G7 meeting in Chantilly outside Paris to discuss the issue of Lagarde’s replacement.” At the meeting, Treasury Secretary Steven Mnuchin “emphasised that naming a European to head the IMF was a convention, ‘not an official policy.’”

Bloomberg (8/1) also reports.

Trump Associate Met With MBS While Advising On Cabinet Appointments. (BLOOM)

Bloomberg (8/1) reports that Tom Barrack, identified as an “investor and longtime friend of” President Trump, was “an early advocate of strengthening ties between the White House and Saudi Arabia,” and “now his firm...is doing business with the kingdom’s sovereign wealth fund.” According to Bloomberg, Barrack “hadn’t done a deal with the massive Saudi fund” until “after Trump’s 2016 presidential run, a time when Barrack straddled multiple roles,” including “campaign adviser and a key member of the presidential transition team.” Bloomberg reports that in December 2016, Barrack met “with the head of the Saudi wealth fund and Mohammed bin Salman, who is known as MBS and was then the deputy crown prince.” Bloomberg says “at the time, Barrack was overseeing Trump’s inaugural planning and weighing in on cabinet appointments.” The piece says that as Barrack pushed a Saudi nuclear deal, “his path crossed often with others in the Trump administration, including Treasury Secretary Steven Mnuchin.” In April 2017, “at the Fiola Mare restaurant in Washington, Barrack and Mnuchin met with seven Gulf ambassadors, according to Treasury calendars.” That June, “he was invited along with representatives from Middle Eastern countries to the U.S. Treasury for dinner, according to calendar entries.”

Major Department Mentions

Trump Sanctions Russia Over Chemical Weapons Use Against Double Agent. (POLITICO, NYT)

Politico (8/1, Johnson) reports President Trump has signed an executive order imposing sanctions on Russia “for its use of chemical weapons in the 2018 attack on the Russian double agent Sergei Skripal and his daughter, according to two US officials.” The Administration imposed “an initial round of sanctions last year, as required by a 1991 law.” That same law “requires the president to impose a second round of sanctions if he cannot determine that the state in question has stopped using chemical weapons,” but Politico says the President “dragged his feet on imposing the second round of sanctions.” The piece notes the State Department and the Treasury Department “had the sanctions package ready in late March...but they have been waiting since then for the president’s sign-off.” The New York Times (8/1, Crowley, Barnes) also reports.

Sanctions Hitting Syrians Harder. (AP)

The [AP](#) (8/1, Mroue) reports, “In the past year, as the Trump administration tightened sanctions on Syria and re-imposed sanctions on its chief regional ally, Iran, living conditions have become steadily worse, compounding the daily struggles of a worn-out population that has lived through eight years of conflict.” The piece explains that the Administration has “hiked up the punishment, particularly by moving to stop oil exports by Iran — including its shipments to its ally Syria.” In November, the Treasury Department “added a network of Russian and Iranian companies to its blacklist for shipping oil to Syria and warned of ‘significant risks’ for sanctions violators.” The AP adds that the “results have hit hard on a population traumatized by a civil war that has killed nearly half a million people and displaced half the population over the past eight years.”

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From: Myers, Baylor
Sent: Mon, 22 Jul 2019 18:21:08 -0400
To: Undisclosed recipients:
Subject: Treasury's WH Comms Report
Attachments: 2019-07-22 WH COMMS REPORT.docx

Team,

Please see attached for Treasury's daily communications report.

Thanks!

Baylor

J. Baylor Myers | o: 202-622-0987 | c: 202-394-3376
Deputy Chief of Staff | U.S. Department of the Treasury
1500 Pennsylvania Ave., NW, Washington, D.C. 20220

U.S. Department of the Treasury's Daily Communications Report
July 22, 2019

CATEGORIES

- Border/Immigration
- Foreign Policy/National Security
- General Economy & Jobs
- Infrastructure
- Opioids
- Trade
- Other [Agriculture, Education, Energy etc.]

BOOKINGS/INTERVIEWS

- There are no bookings or interviews to report at this time. Updates will be provided as they become available. _

SECRETARY EVENTS AND TRAVEL

- There are no events and travel to report at this time. Updates will be provided as they become available.

OTHER SENIOR OFFICIAL EVENTS AND TRAVEL

- Testimony before the U.S. Senate Committee on Finance regarding pending nominations – Washington, DC – Wednesday, July 24
 - General Counsel Brent McIntosh, Deputy General Counsel Brian Callanan and Counselor to the Secretary Brian McGuire
 - Testimony

- General Counsel Brent McIntosh, Deputy General Counsel Brian Callanan and Counselor to the Secretary Brian McGuire will testify before the U.S. Senate Committee on Finance regarding their pending nominations to be Under Secretary for International Affairs, General Counsel, and Assistant Secretary for Legislative Affairs, respectively
 - Open press
 - **PRESS PLAN**
 - Event is listed on the Treasury Department public schedule
 - This event will be livestreamed here: [Senate Finance Committee](#)
- Panelist at the Association of Government Accountants Professional Development Training – New Orleans, LA – Wednesday, July 24
 - Fiscal Assistant Secretary Dave Lebryk
 - General Economy & Jobs
 - Fiscal Assistant Secretary Dave Lebryk will serve as a panelist at the Association of Government Accountants Professional Development Training
 - Open press
 - **PRESS PLAN**
 - Event is listed on the Treasury Department public schedule

PRESS INQUIRIES

- There are no press inquiries to report at this time. Updates will be provided as they become available. _

OP-EDS

- There are no op-eds to report at this time. Updates will be provided as they become available.

ROLLOUTS

- There are no rollouts to report at this time. Updates will be provided as they become available. _

NEWSWORTHY/SUBSTANTIAL GRANTS

- There are no grants to report at this time. Updates will be provided as they become available.

Afternoon News Roundup July 22, 2019

Secretary Steven Mnuchin

- CNBC: [US debt ceiling and budget deal is ‘near final,’ source says](#)

- Politico: White House and congressional leaders close in on budget deal
- Roll Call: Negotiators close to two-year spending, debt limit accord
- The Hill: Pelosi, Mnuchin reach 'near-final agreement' on budget, debt ceiling
- Xinhua: U.S. debt ceiling and budget deal reportedly "near final"
- Politico: Warren warns of 'coming economic crash'
- The New York Times: Tentative Federal Budget Would Raise Spending by \$320 Billion
- NBC News: White House, Democrats close to deal on budget, debt ceiling
- The Washington Times: Pelosi, Mnuchin reportedly 'near-final agreement' on budget deal; report
- The Financial Times: White House and Congress near deal on debt ceiling

Treasury

- The Atlantic: The Woman at the Center of Trump's Iran Policy
- The Washington Examiner: US blacklists state-owned Chinese oil trader for flouting Iran sanctions
- The Wall Street Journal: U.S. Imposes New Sanctions on Chinese Company for Transporting Iranian Crude Oil
- Bloomberg: Don't Put Your Valuables in the Bank
- The Hill: Chinese investment in US plummets 90 percent amid Trump trade war

Secretary Steven Mnuchin

CNBC

US debt ceiling and budget deal is 'near final,' source says

By Ylan Mui and Jacob Pramuk

The White House and congressional Democrats have moved close to a budget deal that would raise the U.S. debt ceiling for two years, a source close to the talks told CNBC.

An agreement to prevent the U.S. from hitting its borrowing limit and stop government funding from lapsing is “near final,” the person said. Remaining talks relate to “technical language issues,” according to the source.

The developing deal would suspend the debt ceiling through July 31, 2021. It would permanently end the sequester, automatic across the board spending cuts. A sequester would have taken effect in January without congressional action.

The budget agreement would include parity between increases in defense spending and domestic, non-defense outlays — a priority for House Speaker Nancy Pelosi. It would also have about \$75 billion in spending offsets, measures conservatives have backed.

It would set spending at \$320 billion above sequester levels for fiscal years 2020 and 2021. The figure covers both defense and non-defense discretionary outlays.

The developing deal will face resistance. Some conservatives who have called for deeper spending reductions pushed for the White House to reject the potential agreement as details emerged in recent days.

“Reports indicate this deal would be a far cry from the fiscally responsible path represented by President Trump’s budget request,” Republican Study Committee Chairman Rep. Mike Johnson, R-La., and Rep. Jim Banks, R-Ind., said in a joint statement on Friday. They said Republican congressional negotiators and the Trump administrations “cannot allow such a deal to proceed.”

Lawmakers have scrambled to strike a deal before they leave for their August recess. Treasury Secretary Steven Mnuchin warns the U.S. could run out of cash to pay its bills by September, setting up the potential for default on the federal debt.

In addition, the government will shut down if Congress cannot pass a spending bill by Sept. 30. While a default would reverberate throughout the global economy and financial markets, a temporary government funding lapse could drag on U.S. economic growth.

Last week, Pelosi said she hopes to bring a budget deal to the House floor by Thursday — the last day the chamber is in session before lawmakers leave for the month of August. She believes

it would give the Senate enough time to pass legislation before the chamber departs for its recess next week.

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Politico

White House and congressional leaders close in on budget deal

By John Bresnahan, Heather Caygle and Sarah Ferris

White House officials and congressional leaders are closing in on a budget deal on Monday that would raise spending levels for both the Pentagon and non-defense programs while extending the debt limit until at least July 2021, according to sources close to the talks.

Treasury Secretary Steven Mnuchin and Speaker Nancy Pelosi (D-Calif.) have been leading the discussions, although GOP leaders on the Hill — as well as Senate Minority Leader Chuck Schumer (D-N.Y.) — have been closely involved.

"The talks are down to some technical language issues," said a source close to the negotiations.

Congressional leaders want to pass the two-year deal before departing for the August recess at the end of the week, which means a vote as soon as this week in the House — if President Donald Trump gives his blessing. The Senate is in session for another week.

The agreement would eliminate the threat of dual fiscal crises that have long been hanging over Washington — an unprecedented default on U.S. debt and massive across-the-board spending cuts that could paralyze key agencies.

While neither side will be completely happy with the agreement, sources close to Mnuchin and Pelosi describe it as a "real compromise" that gives both parties some of what they want while permanently ending the sequester requirement under the 2011 budget law. That law calls for \$125 billion in automatic spending cuts if no new deal is reached.

The total cost of the Mnuchin-Pelosi compact is still unclear. But the "topline" spending level will be higher than current funding levels for both defense and non-defense programs, a key issue for Democrats, said the sources. There will be approximately \$75 billion in offsets as part of the agreement, a move designed to ameliorate concerns by Trump and GOP leaders.

That's far less than the \$150 billion in offsets sought by some in the White House last week.

Several sources suggested that "poison pill" language will be barred, meaning Democrats cannot seek to get rid of the Hyde amendment prohibition on using federal funds for abortion, or further restrict Trump's use of Pentagon money for his border wall project until legal challenges on the issue are resolved.

Both would be major compromises for emboldened House Democrats, who have already passed those provisions in their own party-line spending bills this year.

It's unclear whether Pelosi will use the must-pass bill to address the mounting migrant crisis at the southern border. House Democrats could decide to push a slew of new protections — which were left out of last month's border aid bill — in an attempt to force the White House's hand to fix detention facilities.

The debt limit will be suspended until July 31, 2021, a major issue that Mnuchin, Hill leaders and Wall Street wanted to resolve.

The two-year extension kicks the politically unpopular issue past next year's presidential cycle, offering much-needed breathing room to both parties.

Republicans in Congress will need firm assurances from Trump that he supports the bipartisan compromise before they agree to support the deal on the floor.

Some Senate Republican fear a repeat of the painful shutdown earlier this year, when a group of conservatives close to the president pushed him to reject a bipartisan compromise after the Senate had already taken a tough vote.

The compromise is only partly paid for, which has already drawn sharp criticism from outside conservative groups and is likely to infuriate Congress's few remaining fiscal hawks. But the agreement would also contain a big increase in Pentagon spending, which is likely to deliver votes from the majority of Republicans.

The House would vote on the deal as soon as this week, followed by the Senate, paving the way for Congress to consider its annual funding bills when lawmakers return from their August recess. Those bills need to pass by Sept. 30 to avert a government shutdown.

That includes the contentious bill to fund the Department of Homeland Security — which forced one-quarter of the U.S. government into a record shutdown earlier this year.

Congressional leaders are discussing a funding strategy that would avoid a giant “omnibus” bill that Trump has said he would reject.

That could lead to a scenario where Congress, once again, passes its least controversial spending bills — like the Pentagon, the Education Department and veterans funding — while ignoring the most controversial.

Last fall, that meant agencies like DHS were left without funding for weeks, as part of the government's longest-ever shutdown.

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Roll Call

Negotiators close to two-year spending, debt limit accord
Negotiators are still working on some 'technical language' issues

By Jennifer Shutt

Congressional leaders and the Trump administration are closing out talks on a two-year spending caps agreement that would suspend the debt limit until July 31, 2021.

The agreement is not yet finalized as negotiators were still working on some "technical language" issues, according to a source familiar with the talks.

But the "near-final" deal would include about \$75 billion in offsets, which are expected to be very similar to those included in the 2018 two-year spending agreement that both parties agreed to.

Those provisions included extending automatic cuts to mandatory programs currently set to expire in 2027, as well as an extension of expiring Customs fees assessed on cargo and passengers arriving in the U.S. Other provisions in the 2018 law diverted some aviation security fees into Treasury's general fund and authorized additional sales of Strategic Petroleum Reserve oil.

The spending caps for fiscal 2020 and fiscal 2021 will include "parity," or equal increases in defense and nondefense discretionary spending. The source added that the near-final agreement is truly bipartisan because "both sides will be unhappy with some" of its elements.

A separate person familiar with the talks said the two-year caps deal will include about \$320 billion in additional spending over the two fiscal years above the austere caps in current law.

If President Donald Trump signs off on the agreement it would put an end to the discretionary spending cuts imposed under the 2011 deficit reduction law that members of both parties have agreed to raise for the last six fiscal years.

The caps agreement would also avoid a \$125 billion or 10 percent decline in fiscal 2020, which is set to begin on Oct. 1, from the levels in place for the current fiscal year.

Negotiations during the past few weeks have predominately been between Speaker Nancy Pelosi, D-California, and Treasury Secretary Steven Mnuchin, who has been regularly briefing Trump as well as congressional Republicans.

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The Hill

Pelosi, Mnuchin reach 'near-final agreement' on budget, debt ceiling

By Jordain Carney

House Speaker Nancy Pelosi (D-Calif.) and Treasury Secretary Steven Mnuchin have reached a "near-final agreement" on a two-year budget deal, according to a source close to the talks.

The emerging deal includes an increase in top-line defense and nondefense spending numbers for the 2020 and 2021 fiscal years, which are used to craft government funding bills. It would also suspend the debt limit until July 31, 2021.

"The near-final agreement is a traditional bipartisan budget agreement where both sides will be unhappy with some aspects — a true compromise," the source said in an email to The Hill.

They added negotiators are "down to some technical language issues," with Mnuchin keeping President Trump and congressional Republicans updated on the progress in the talks.

The source said there is "parity" in the increase for defense and nondefense spending, but didn't immediately respond to questions about the details of the spending increases.

In a sign of retreat by the White House, the "near-final agreement" would include roughly \$75 billion in offsets, or spending cuts and revenue raisers, to help pay for the deal. That's half of the \$150 billion the administration had pushed to include in the agreement.

The White House reportedly sent a list of \$574 billion in potential cuts to congressional leaders late last week, which was dismissed by Democrats as a negotiating tactic.

How to pay for the budget deal, and how much of it to pay for, was the final major sticking point for the negotiations, after talks bounced between Pelosi and Mnuchin for more than a week.

"That's what we're discussing. We're close. And I think there's a desire to come to an agreement from all of us. My worry here [is] ... if Mulvaney tries to be too hard on the offset side that we wouldn't come to an agreement," Senate Minority Leader Charles Schumer (D-N.Y.) told reporters last week, referring to acting White House chief of staff Mick Mulvaney.

The burgeoning agreement comes as lawmakers are going down to the wire to get a deal before they leave town for the August recess. The House will have only days to pass it before they leave town on Friday. The Senate will remain in Washington until Aug. 2.

Without an agreement, lawmakers were under pressure to hold a stand-alone vote on hiking the debt ceiling before they left for the August recess. They have until January to avoid the across-the-board budget cuts under sequestration.

The debt limit was exceeded earlier this year, and the Treasury Department is now taking steps known as "extraordinary measures" to prevent the government from going over its borrowing limit.

"Based on updated projections, there is a scenario in which we run out of cash in early September, before Congress reconvenes. As such, I request that Congress increase the debt ceiling before Congress leaves for summer recess," Mnuchin wrote in a letter to congressional leadership earlier this month.

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Xinhua

U.S. debt ceiling and budget deal reportedly "near final"

The White House and congressional Democrats have reportedly moved close to a budget deal that would prevent the U.S. federal government from breaching its debt ceiling, as the Congress' August recess draws near.

The deal, which would raise the U.S. debt ceiling for two years, is "near final," and the remaining discussions are regarding "technical language issues," CNBC cited a source close to the talks as saying on Monday.

White House officials and congressional leaders have been engaged in heightened negotiations for a debt ceiling increase as well as setting overall spending levels after the current budget deal expires on Oct. 1, the start of the next fiscal year.

Both sides have highlighted the urgency of the issue, calling for a settlement before the Congress' August recess. Lawmakers at the House will leave for vacation on July 26, and the Senate is set to take a break starting on Aug. 2.

The budget agreement is expected to include parity between increases in defense spending, demanded by the Republicans, and domestic outlays including on veterans' health care, sought by the Democrats. House Democrats want to package the debt ceiling with a budget bill, believing that will give them more leverage in spending negotiations.

House Speaker Nancy Pelosi, who set Friday as the deadline for an agreement, rejected the Trump administration's latest two-year budget proposal requesting that Democrats select 150 billion U.S. dollars in spending cuts from a list of 574 billion dollars of saving opportunities, according to earlier report from the Bloomberg.

U.S. Treasury Secretary Steven Mnuchin said Thursday that discussions between the White House and Congress on raising the federal debt ceiling have made progress, and that the market shouldn't be concerned about the government defaulting on its payment obligations.

Mnuchin said that in "the most conservative scenario," the Treasury Department will run out of cash in early September, and will hence be unable to pay its over 22-trillion-U.S.-dollar debt.

The debt ceiling was previously set at 20.5 trillion U.S. dollars, and Congress voted in February 2018 to suspend the debt limit through March 1, 2019, as part of a bipartisan budget deal. Early in March, Mnuchin urged congressional leaders to raise the federal debt limit as the department began accounting maneuvers to avoid a default.

The White House has revised the fiscal year 2019 budget deficit to a projected 1 trillion U.S. dollars, the highest since 2012, Office of Management and Budget (OMB) said in its recently released Mid-Session Review.

Without reform, trillion-dollar deficits will continue throughout the budget window, and will drive debt to more than 33 trillion dollars by 2029, the OMB report said. "The trend of growing deficits can be reversed only through concerted efforts of spending restraint and restoring government to the proper size," it said.

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Politico

Warren warns of 'coming economic crash'

By Alex Thompson

Sen. Elizabeth Warren on Monday predicted an imminent economic crisis unless the Trump administration and Congress quickly pass legislation to regulate the financial sector and significantly reduce middle class household debt.

"Warning lights are flashing. Whether it's this year or next year, the odds of another economic downturn are high — and growing," Warren (D-Mass.) wrote in a Medium post entitled "The Coming Economic Crash--And How to Stop It."

"I see a manufacturing sector in recession. I see a precarious economy that is built on debt — both household debt and corporate debt — and that is vulnerable to shocks. And I see a number of serious shocks on the horizon that could cause our economy's shaky foundation to crumble," she wrote.

Most of Warren's proposals to head off the crisis are policies she has called for recently on the campaign trail such as forgiving over \$600 billion in student loan debt, enacting her "Green Manufacturing Plan", strengthening unions, providing universal child care and raising the minimum wage to \$15 an hour.

It is almost certain that President Donald Trump will not sign and the Republican-led Senate will not pass these policies, meaning that Warren's prediction of a crash will likely be tested over the next two years.

The Democratic presidential candidate's forecast of economic tumult flies in the face of much political conventional wisdom stating that Trump's biggest re-election advantage is the economy. Unemployment levels recently hit a 50-year low, the majority of Americans think the economy is "good" or "excellent" and that it's a good time to find a job according to Gallup. The stock market continues to break records every few months.

The Trump administration and Republican allies in Congress often point to the economy's performance as evidence of the president's good stewardship even in the midst of self-created controversies and divisive policies. Trump himself often brags about the economy as well. Just last week on Twitter, he said the economy was "the best in our Country's history" with the "Best Employment & Stock Market Numbers EVER" and that he has led the United States to the "Greatest Economic BOOM in the history of our Country."

But Warren has long been arguing that the economy is not as strong as the topline suggest. "The overall numbers about GDP or the stock market are great but they don't reflect the lived experiences of most Americans," she told reporters in May after a town hall in Nashua, N.H. "Go around a room like this. For most people, wages haven't gone up in a generation and yet the cost

of housing, the cost of health care, the cost of childcare, the cost of sending a kid to college have all gone through the roof. The middle class squeeze is real and it has gotten tougher for people over the last few years.”

There is some data backing this up as well. Gallup recently found that even as Americans’ approval of the overall economy have risen, anxieties about their own personal finances have remained largely the same over the last few years.

Warren’s prediction of an economic downturn, however, goes beyond addressing middle-class economic anxiety.

She writes that she warned of the 2008 financial years beforehand and sees similarly ominous signs now. “And when I saw the seeds of the 2008 crisis growing, I rang the alarm as loud as I could,” she writes, citing interviews and her 2003 book *Two Income Trap*, which warned about a mortgage “lending industry run amok.”

“But the people with the power to stop the crisis didn’t listen — not enough of them anyway. Not the banks, not Alan Greenspan or other federal regulators, not Congress,” she wrote in her Medium post.

Instead of housing and mortgages, Warren pointed to leveraged corporate loans — lending to companies with high levels of debt — as a potential area of systemic risk. “These high-risk loans now make up a quarter of all American business loans, and they look a lot like the pre-2008 subprime mortgages: poorly underwritten loans with minimal protections that are then packaged and sold to investors,” she wrote.

These loans have increased during the Trump administration as federal regulators have relaxed 2013 guidance that tightened lending standards. Warren grilled Fed Governor Randal Quarles on the issue last November and sent a follow letter on the topic to Treasury Secretary Steve Mnuchin, Fed Chair Jerome Powell, and other regulators.

Warren’s concern is shared by others. Former chair of the Federal Reserve Janet Yellen has been warning about these loans for the last several months. She told the Financial Times last fall that “[t]here has been a huge deterioration in standards; covenants have been loosened in leveraged lending...I am worried about the systemic risks associated with these loans.”

Warren’s office said Mnuchin didn’t respond to her letter but Powell and several others regulators did write back earlier this year. Powell, FDIC head Jelena McWilliams, and Comptroller of the Currency Joseph Otting wrote to Warren that “the leveraged loan market continues to warrant attention.” They acknowledged looser standards in some transactions and that they “are continuing to closely monitor how this combination of risks is evolving.”

Warren also argued that high levels of household and corporate debt could also make any economic turmoil spread quickly and could be mitigated by enacting her agenda on items like raising the minimum wage and canceling student loans — bringing down the level of household debt. “The country’s economic foundation is fragile. A single shock could bring it all down,” she

writes. “And the Trump Administration’s reckless behavior is increasing the odds of just such a shock.”

The potential shocks Warren points to are a reckless interaction with China, a no-deal Brexit, or breaking the debt ceiling. In a new move, Warren called for eliminating the debt ceiling altogether or having it go up automatically as Congress appropriates money to limit future risk.

“I’m seeing serious warning signs in the economy again — and I’m calling on regulators and Congress to act before another crisis costs America’s families their homes, jobs, and savings,” she wrote.

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The New York Times

Tentative Federal Budget Would Raise Spending by \$320 Billion

By Emily Cochrane and Alan Rappeport

White House officials and congressional lawmakers are nearing a deal that would boost government spending levels over the next two years and raise the federal borrowing limit. If passed by Congress and signed by President Trump, it would avert a default crisis this fall and avoid automatic spending cuts next year.

The agreement would raise spending by \$320 billion, compared to the strict spending levels established in the 2011 Budget Control Act and set to go into effect next year without legislative action, according to three people familiar with the negotiations who requested anonymity to discuss the unfinished deal.

The accord, which negotiators hope to enact before Congress leaves for its August recess, includes equal increases in domestic and military spending, a key demand of Speaker Nancy Pelosi's, according to one person familiar with the talks. It would also include offsetting spending cuts of about \$75 billion, far lower than the \$150 billion that some White House officials initially demanded.

The deal would lift the debt ceiling high enough to allow the government to keep borrowing for two more years, punting the next showdown past the 2020 elections.

People familiar with the negotiations stressed that the talks were continuing, but all sides have strong incentives to come together quickly. Without action, Congress will either have to postpone departure for its monthlong August recess or rush back early to finish the deal before the government runs out of money, which could be as early as September.

At the White House on Monday Mr. Trump said, "we are having very good talks" on the budget and the debt limit. He said he was pleased with additional investment in the military.

Ms. Pelosi and Treasury Secretary Steven Mnuchin, who have led the negotiations in private phone calls over the last week, will have to sell a deal to their parties ahead of an anticipated House vote this week, before that chamber leaves on Friday. The Senate is scheduled to leave for its recess next week.

In her caucus, Ms. Pelosi must wrangle votes from both her fiscal hawks and liberal members opposed to increased military spending. Mr. Mnuchin must secure the president's signature and wave off critics of government spending like Mick Mulvaney, the acting White House chief of staff, and Russell T. Vought, the acting head of the Office of Management and Budget.

Some Republican lawmakers and officials within the administration want to reject any budget that is not fully offset by spending cuts or that does not carry a promise from Democrats that they would drop liberal policy changes from future spending bills.

But the threat of an economically disastrous default on the nation's debt, coupled with widespread desire to avoid automatic cuts to military and domestic programs, may be enough for the proposed measure to become law.

"I can't imagine anybody ever even thinking of using the debt ceiling as a negotiating wedge," Mr. Trump said on Friday. "We can never play with it."

Mr. Trump criticized the Republican Party in 2013 for agreeing to lift the debt ceiling, and Mr. Mulvaney and his allies in the House used a looming debt default in 2011 to force passage of the Budget Control Act, which set the spending caps that the new deal would once again lift.

Since 2014, a succession of budget deals has waived the Budget Control Act caps, and the deal in its current form does not revive them past their expiration in 2021.

Meantime, the federal debt has ballooned to \$22 trillion. Despite healthy economic growth, the federal deficit for this fiscal year has reached \$747 billion with two months to go — a 23 percent increase from the year before.

"It appears that Congress and the president have just given up on their jobs," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget, which blasted out a statement arguing the tentative deal "may end up being the worst budget agreement in our nation's history."

"The economy is great and able to accommodate changes," she said in an interview. "But we're about to make things worse due to nothing other than the lack of political will."

The rising costs of an aging population, with the baby boom generation drawing Social Security and Medicare benefits, and Washington's spending habits have led to increases in both federal spending and interest costs on the growing national debt. During the first two years of the Trump administration, the debt increased by more than \$2 trillion, in part because of the 10-year, \$1.5 trillion tax cut and large spending increases Mr. Trump signed into law.

Lawmakers and officials who once raised alarm over the growing debt — including Mr. Trump himself, who warned in 2015 that debt over \$21 trillion would "have effectively bankrupted our country" — have largely fallen silent. In the first round of Democratic presidential debates, the national debt was barely mentioned, with candidates choosing to focus on countering economic inequality and beefing up government programs.

Once a deal is enacted, lawmakers have to race to agree on how to allocate the money before Oct. 1, when current spending laws expire. The House has passed 10 of the 12 spending bills needed to keep the government open afterward, but that legislation will have to be updated based on funding levels from any budget deal.

The Senate has not yet begun work on any of the bills, which need to be reconciled with the House legislation and approved by the president.

“I want to go to work, I want to do our jobs as appropriators,” said Senator Jon Tester, Democrat of Montana and a member of the Senate Appropriations Committee. “It kind of makes the Appropriations Committee the nothing committee.”

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NBC News

White House, Democrats close to deal on budget, debt ceiling
The talks, which were being led by Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi, are down to technical language issues, a source said.

By Alex Moe and Dareh Gregorian

The White House and House Democrats have a "near-final agreement" on a budget deal that would suspend the debt limit until mid-2021, a source close to the talks told NBC News on Monday.

Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi, D-Calif., have been speaking regularly to hammer out the deal, and the two sides are down to discussing some issues related to technical language, the source said.

The near-final two-year agreement would suspend the debt limit until July 31, 2021, and put an end to an automatic spending cuts that would have kicked in without a deal.

Mnuchin had warned in recent weeks that the government could run out of money sooner than expected, in early September, which would put the U.S. in danger of defaulting on its debt for the first time if the debt ceiling were not increased before Congress left for its August recess.

The near-final deal is a traditional bipartisan budget agreement in which both sides will be unhappy with some aspects — a true compromise, the source said. The near-final agreement would include parity in increases in domestic and defense spending and about \$75 billion in spending offsets.

Mnuchin has been keeping President Donald Trump and congressional Republicans updated regularly, the source said.

The treasury secretary told CNBC last Thursday that he'd been in regular contact with Pelosi in an effort to hammer out an agreement.

"I've been having daily conversations with the speaker," Mnuchin said. "I think that everybody is in agreement that we won't do anything that puts the U.S. government at risk in terms of our issue of defaulting. And I think that nobody wants a shutdown in any scenario."

Pelosi told reporters last week that she hoped to have a deal on the House floor by Thursday "so that we can send it in a timely fashion to the Senate so that they can go through their, shall we say, particularly senatorial process to get it done in time before they leave" for their August recess.

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The Washington Times

Pelosi, Mnuchin reportedly 'near-final agreement' on budget deal; report

By Bailey Vogt

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin are reportedly close to finalizing agreements on a two-year budget.

A source familiar with the talks told The Hill Monday that the two parties are “down to some technical language issues,” but are “near-final agreement” in their 2020 and 2021 spending plans, which will be used to finalize a full government budget later.

“The near-final agreement is a traditional bipartisan budget agreement where both sides will be unhappy with some aspects — a true compromise,” the source said.

Talks between the two offices have been happening for over a week as they negotiate how to pay for a new budget deal.

Mr. Mnuchin has reportedly kept the president and congressional Republicans in the loop on the budget progress, which would entail defense and non-defense increases and a debt-limit suspension that would stay in effect until July 2021.

Lawmakers are attempting to close a deal before Congress leaves for their month-long August recess, giving the House only days to broker a deal before they leave on Friday. The Senate will stay until August 2nd.

The Treasury Department is attempting to curb its borrowing after the debt limit was breached earlier in the year.

“Based on updated projections, there is a scenario in which we run out of cash in early September, before Congress reconvenes. As such, I request that Congress increase the debt ceiling before Congress leaves for summer recess,” Mr. Mnuchin said to congressional leadership in a letter this month.

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The Financial Times

White House and Congress near deal on debt ceiling

Tentative agreement would postpone next big budgetary stand-off until after 2020 election

By James Politi and Lauren Fedor

The White House and Congress are close to an agreement to raise America's \$22bn borrowing limit, which would remove the threat of a dangerous debt default in the coming months from the US economic outlook, according to people familiar with the matter.

The likely deal — crafted by Nancy Pelosi, the Democratic speaker of the House of Representatives, and Steven Mnuchin, the Treasury secretary — is expected to increase the so-called debt ceiling for two years until the middle of 2021, meaning the next big budgetary stand-off would occur after next year's presidential election.

However, it had not yet received a full-sign off from US President Donald Trump, so the talks could still fall apart.

Mr Mnuchin had warned earlier this month that the US government was at risk of running out of money to pay its bills as soon as September, triggering a rush to strike a compromise before lawmakers head to their districts for the August recess. Many economists, as well as officials at the Federal Reserve, had pointed to the threat of a US debt default as a key “downside” risk hanging over the US and global economy.

As the last details were being ironed out, the White House declined to comment on details of the likely agreement. The Washington Post reported that it would raise spending levels in both defence and non-defence areas by a total of \$320bn, while cutting spending by about \$77bn, much less than the \$150bn in offsetting reductions sought by the Trump administration.

For decades, US lawmakers had routinely raised America's borrowing limit without much debate over the need for the government to meet payments it had already signed off on. But starting in 2011, when Barack Obama was faced with a new batch of Tea Party Republicans in Congress, the US borrowing limit became a source of hand-wringing and brinkmanship, occasionally leading the US to the brink of default, and one occasion triggering a debt downgrade.

If a deal is finalised on the debt ceiling, it would reveal that neither Mr Trump nor Democrats on Capitol Hill are aching for a huge fight over the budget, which could damage the economy heading into the 2020 election season.

Under Mr Trump, the US budget deficit has risen sharply due to the passage of his 2017 tax cuts, and his reluctance to pursue countervailing cuts to popular spending programmes — a lack of concern for fiscal discipline that is at odds with traditional Republican thinking.

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Treasury

The Atlantic

The Woman at the Center of Trump's Iran Policy

John Bolton and Mike Pompeo are the public faces of the “maximum pressure” campaign. But the Treasury official Sigal Mandelker is the one actually running its most important component.

By Kathy Gilsinan

This summer, tankers are exploding, disappearing, or getting seized near the Gulf; drones are getting destroyed in tit-for-tat attacks; and a war of words and tweets is erupting between Donald Trump and Iran's supreme leader. That's where all the drama is, but in fact most of America's punitive actions against Iran are taking place in a world not physical but financial. Sanctions are the key tool the United States uses against what it sees as the Islamic Republic's provocative behavior—especially for the past three presidential administrations running, and never more so than in this one. And the Treasury official Sigal Mandelker is the one with her hand on the lever.

In the exchange of provocations and bellicose rhetoric between the United States and Iran, two hawkish top officials, John Bolton and Mike Pompeo, may be the public faces of Trump's “maximum pressure” campaign against the Islamic Republic. But it's Mandelker, and the office she oversees as the undersecretary of the Treasury for terrorism and financial intelligence, doing much of the actual execution.

She's a lawyer whom former colleagues have described to me as brilliant, a member of the conservative Federalist Society, and a former clerk for Justice Clarence Thomas. She speaks with an incongruous passion about the complicated, and often eye-glazingly dull, subject of sanctions and financial crime enforcement. Because Trump is anxious to avoid war with Iran but also eager to push the Iranians, she is one of the most powerful officials designing the strategy Trump's administration hopes will force Iranian capitulation—or, failing that, perhaps even the government's collapse.

Trump himself touts the achievements of that campaign. “Iran is in big trouble right now. Their economy is crashing,” he said yesterday. “It's coming to a crash. They're trying to bring soldiers back home because they can't pay them. A lot of bad things are happening to them. And it's very easy to straighten out or it's very easy for us to make it a lot worse,” he said, a short while after reports broke that Iran had seized a British tanker in the Gulf, and one day after the U.S. announced it had destroyed an Iranian drone. (Iran denied it was theirs.)

Trump's critics, and particularly the Obama-administration officials who helped design the Iran deal Trump ditched in favor of new sanctions, question whether this even counts as a strategy. “I know that it is about maximum pressure, but to what end?” asked Wendy Sherman, who led the U.S. negotiations for the Iran deal, onstage yesterday morning at the Aspen Security Forum.

Mandelker was the only Trump official in a panel otherwise filled out by Obama-administration veterans, including the moderator. She was one of the few Trump officials who showed up to the forum at all. “Without a doubt, the sanctions are working,” she said, citing Iranian complaints that their oil exports were at their lowest levels ever, and that Iranian proxies such as Hezbollah were appealing for donations.

The sanctions campaign certainly has been consequential in crippling Iran’s economy. Whether it’s effective in achieving its policy goals is another question, and one that can’t necessarily be evaluated yet. The administration wants to force the Iranians back to the negotiating table, and despite a steady increase in provocations in the Gulf region, there have also been feints toward diplomacy: Trump saying he wishes the Iranians would call him and dispatching Senator Rand Paul to meet with Iranian Foreign Minister Javad Zarif, and Zarif floating the outlines of a possible deal in interviews this week. If indeed negotiations result, then the sanctions will have achieved a key diplomatic goal of the administration—but they haven’t done that yet, and perhaps they never will.

But there’s another stated goal, and this is the one Mandelker gets especially animated about. “Bad actors need money to do bad things,” she said, sounding incensed as she ticked off a litany of Iranian misdeeds, from threatening Israel to supporting Syria’s Bashar al-Assad, who she noted has killed his own people with chemical weapons. “That is why we have this massive sanctions regime ... Every time we apply that pressure, that crunch on them, we deny them the ability to get that kind of revenue, we make the world a safer place.”

She takes it personally as a child of Holocaust survivors, and has spoken publicly about the 1940s-era Treasury Department’s role in freezing Nazi assets around the same time her parents were hiding in Eastern Europe. “They were hiding underground, in forests, in ditches and under haystacks,” she said in a speech at the Holocaust Museum in April. “I grew up hearing their stories, including about moments of great courage, some of which resulted in survival and others that ended in death.” She spent part of her earlier government career in counterterrorism roles. Stuart Levey, who under the George W. Bush administration was the founding official in the role Mandelker now holds, recalls working with her in the Justice Department following September 11 and says she was constantly at her desk in those days, trying to figure out new ways to target al-Qaeda.

The world of financial warfare has changed since then, largely because of the very office Mandelker now oversees. The United States has been going after Iran’s cash flow for decades, ever since the 1979 Islamic Revolution. American restrictions on doing business with the country were so complete that President George W. Bush once mused aloud that the U.S. might be “all sanctioned out” on Iran.

But since then, Treasury has been coming up with ever more inventive ways to make it hard for Iran to do business—not just with the United States but with anybody. Beginning around 2006, Treasury officials including Levey focused on finding ways to cut off Iran from the global financial system. The Obama administration then made moves to restrict Iran’s ability to export oil. And now the Trump administration has moved to strangle Iran’s oil exports still further, and its whole economy along with it. At the same time, the administration has used sanctions as a

weapon against every major pillar of political power in the country, including the Islamic Revolutionary Guard Corps and Iran's supreme leader, Ayatollah Ali Khamenei. And it has threatened to wield them against other countries doing business with Iran, in effect forcing international cooperation with the pressure campaign.

"I think the reality is, there have been stages of greater and greater complexity with respect to the sanctions regime," Juan Zarate, a former Treasury official in the Bush administration, told me. "And there's also a lot of room for creativity as to what the Treasury decides to focus on ... and ways of sequencing and choreographing what to do."

Trump says the pressure on Iran will keep escalating, both physically—via America's military arsenal countering Iran at sea—and financially. Though much of Iran's economy is already sanctioned, Treasury has managed to keep finding new targets to hit, often by trying to bring down complex money-moving networks to stop revenue flowing to the Iranians. Whether that tactic ends up supporting an ultimately successful strategy is another question.

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The Washington Examiner

US blacklists state-owned Chinese oil trader for flouting Iran sanctions

By Joel Gehrke

President Trump's administration is sanctioning a state-owned Chinese company for flouting sanctions on Iran's oil industry.

"They violated US law by accepting crude oil," Secretary of State Mike Pompeo announced Monday at the VFW National Convention. "We've said all along that any sanctions will indeed be enforced."

Chinese ports have been stockpiling Iranian oil in storage tanks owned by Tehran without finalizing the sales, in an apparent effort to avoid triggering U.S. sanctions. Pompeo's announcement targets Zhuhai Zhenrong Corp, the Beijing-based trading company most responsible for China's relationship with Iran's oil industry.

"We can't tolerate more money going to the ayatollah, putting American soldiers, sailors, airmen, and marines, putting their lives at risk," Pompeo said. "It's too important."

The announcement is a positive signal for Iran hawks on Capitol Hill, following reports that the administration might allow China and Iran to sidestep sanctions by using oil as a form of payment in exchange for Chinese investment. Trump's enforcement of sanctions on Iran has jolted the U.S. relationship with China over the last year, as moves to punish Chinese telecommunications giants ZTE and Huawei roiled trade negotiations.

The latest sanctions designation comes as the two sides are trying to jump-start talks following Trump's meeting with Chinese President Xi Jinping at the G-20 Summit in Japan.

The South China Morning Post reported trade representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will lead a team of U.S. negotiators in a likely visit to China next week for the first face-to-face talks since the June halt in the trade war.

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The Wall Street Journal

U.S. Imposes New Sanctions on Chinese Company for Transporting Iranian Crude Oil
Move widens U.S. campaign of pressure on the Islamic republic

By Courtney McBride

The U.S. is imposing new sanctions against a Chinese company for transporting Iranian crude, a move that widens the U.S. campaign of pressure on the Islamic republic amid weeks of escalating tensions.

Secretary of State Mike Pompeo told The Wall Street Journal on Monday that Chinese company Zhuhai Zhenrong and one of its executives, Youmin Li, knowingly violated U.S. sanctions barring the import of Iranian crude oil.

China was one of eight countries initially granted waivers, which expired May 2 and haven't been renewed by the U.S.

The company and the executive will be barred from engaging in any foreign exchange, banking or property transactions under U.S. jurisdiction. Neither the company nor Chinese officials immediately responded to requests for comment.

The sanctions send “an important message to the world,” the secretary said. “We can see these crude oil shipments move.”

Tensions have heated up recently as the two countries have traded military threats and as Iran has enriched uranium above levels permitted by the 2015 international nuclear deal. The U.S. has accused Iran of attacking or harassing at least six commercial ships and of shooting down a U.S. surveillance drone in international airspace. Also, Iran has interdicted foreign-flagged tankers that the U.S. and its allies say were in international waters.

Noting that the oil importation waivers expired in early May, Mr. Pompeo said that challenges to Iran's capacity “to foment terror” will only increase.

However, Mr. Pompeo said U.S. sanctions are working.

“Ninety percent of Iranian crude oil has been effectively sanctioned and withdrawn from the marketplace,” he said.

The corresponding loss of revenue has forced regime leadership to make difficult choices, Mr. Pompeo added, saying Tehran has had to cut its defense budget and the Iranian-backed Hezbollah militia in Lebanon has struggled to fund its operations.

The secretary also said the recent developments with Iran cannot be viewed in isolation, but should be considered in the context of the 40-year history of the Iranian regime.

“Forty years. Forty years,” he said, “I understand that there are events of 40 hours ago, but 40 years.” Mr. Pompeo said the recent incidents can’t be taken singularly, “you have to take them collectively.”

Mr. Pompeo also said advances in the Iranian missile program are designed to enhance the country’s nuclear capability—and they must be viewed accordingly.

Asked about Iranian claims to have seized U.S. “spies” within its borders, Mr. Pompeo said one should “consider the source.”

He said when American citizens detained by Iran, the U.S. government works with Switzerland—which looks after U.S. interests in Iran—to secure their release.

The secretary also reiterated the U.S. will enforce the sanctions whenever and wherever it is able.

“We encourage host countries of companies that are engaged in this activity to stop this behavior. We’ll do the same thing with China.”

The U.S. notified the Chinese government, sought assistance and will continue to seek it, Mr. Pompeo said.

Larger Chinese companies have complied with U.S. law, the secretary said. Asked whether Zhuhai Zhenrong acted with the approval of the Chinese government, Mr. Pompeo said only the company knew its actions violated U.S. sanctions.

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Bloomberg

Don't Put Your Valuables in the Bank

Also dermatologist-investors, activism data and fake trading.

By Matt Levine

Banks are places to store your money, but not really. Not literally. It's not like you hand your money to the teller and they put it in a special envelope with your name on it, to be opened when you make a withdrawal. No, you give the bank money in exchange for a special sort of payable-on-demand debt obligation, and the bank mingles the money with other peoples' money to fund loans, and of course really the loans create the deposits, etc. etc. etc., you know all this.

On the other hand if you have valuable stuff you can leave it with the bank, and the bank will keep it in a box for you, but that is sort of an accident. It is not a core banking function, not really a banking function at all except for historical reasons. And sometimes they'll drill open the box and throw your stuff out!

In the days after Mr. Poniz found his box empty, he began piecing together what had happened: Wells Fargo had apparently tried to evict another customer for not keeping up with payments, and bank employees had mistakenly removed his box instead. After drilling No. 105 open, the bank shipped its contents to a storage facility in North Carolina. After Mr. Poniz discovered the loss, Wells Fargo sent back everything it had in storage, but some items had vanished.

That's from this amazing New York Times story about safe deposit boxes, centered around the story of Wells Fargo & Co. losing millions of dollars' worth of rare watches that Philip Poniz kept in a safe deposit box. I guess safe deposit boxes do resemble core banking functions in that Wells Fargo messes them up in scandalous yet whimsical ways:

Oddly, the bank returned to him five watches that weren't his. "They were the wrong color, the wrong size — totally different than what I had," Mr. Poniz said. "I had no idea where they came from."

But they are unlike core banking functions in most other ways. They are not really covered by banking regulation, for one thing:

The Office of the Comptroller of the Currency, the banking industry's main federal overseer, said it had no grounds to get involved. "No provision of federal banking law expressly regulates safe deposit boxes," said Bryan Hubbard, an agency spokesman.

And they are not particularly profitable:

Banks increasingly regard safe deposit boxes as more of a headache than they're worth. They're expensive to build, complicated to maintain and not very lucrative.

They are not very lucrative, to be clear, because you're just paying rent by the cubic foot. If you put \$10 million worth of watches into a little box, it's not like the bank can rehypothecate the watches. The bank is not using your assets to fund loans. The watches just sit there. The core business of banking is to use the stuff that you leave at the bank, which makes safe deposit boxes very non-core.

"All of the major national banks would prefer to be out of the safe-deposit-box business," said Jerry Pluard, the president of Safe Deposit Box Insurance Coverage, a small Chicago firm that insures boxes. "They view it as a legacy service that's not strategic to anything they do, and they've stopped putting any real focus or resources into it." He estimates that about half of the safe deposit boxes in the country are empty.

And since they're so non-core, they're not particularly safe. In fact banks can explicitly disclaim any responsibility for keeping safe deposit boxes safe, though that disclaimer is usually in a smaller font than, I don't know, the words "safe deposit box." Here's what happened in another lost-safe-deposit-box-contents case:

Bank of America sought to have the case dismissed, citing language in its lease agreement stating that the renter "assumes all risks" of leaving property in the box. But in 2017, after a monthlong trial, a jury awarded Ms. Saribekyan \$2.5 million for her lost items and an additional \$2 million in punitive damages. Bank of America then challenged the verdict, arguing that any recovery should be restricted by the terms detailed in its rental contract: "The bank's liability for any loss in connection with the box for whatever reason shall not exceed ten (10) times the annual rent charged for the box."

Judge Rita Miller agreed. She reduced the compensation for lost items to \$2,460 and cut the punitive damages to \$150,000.

"We were shocked, furious and in disbelief that such a thing could happen," Mr. Halajyan said. "The attorneys were throwing stupid counterarguments at us, asking, 'Why would you put so many valuables in the safe deposit box?' We were like, where else do you want us to put it? The word 'safe' is supposed to mean 'safe.'"

It is strange. If you put money in the bank in the traditional way—you deposit it with a teller or an ATM—your money is, in a sense, gone immediately. They don't put it in a box for you; they intermingle it with the rest of their assets and use it to make loans and to do weird derivative trades and whatever. And yet it is almost completely safe; the core business of the modern banking system—and the associated regulation, deposit insurance, etc.—is to keep it safe, to make sure that if you deposit money with a bank you get it back.

If you put stuff in the bank's safe deposit box, on the other hand, they visibly keep it really safe and separate. It goes in a box, the box is exclusively yours, there's a whole rigamarole with vaults and keys:

A foot-thick steel door sheltered cabinets filled with hundreds of stacked metal boxes, each protected by two keys. The bank kept one; the customer held the other. Both were required to open a box.

But this is all show. They don't mean it. They disclaim all responsibility, you assume all risk, sometimes they open the box without your supposedly necessary key and your stuff gets lost. The invisible intangible electronic systems work well to guard your money; the steel doors and dual-key systems look great but don't especially work.

What are the dermatologists up to?

You know, in the Middle Ages, surgery was something that barbers did on the side. Like, they had razors already, which meant they were better qualified to perform surgery than anyone who didn't have razors. Why not let them cut you open? Mortality rates were high. In the intervening centuries medicine and surgery have become more specialized, and now if you need heart surgery you not only wouldn't think to hire a barber to do it, you wouldn't even think to hire a brain surgeon. This specialization has come along with great advances in technique and results. It turns out that, statistically, heart surgeons are better at heart surgery than barbers are.

What about dermatologists, are they better at sourcing and identifying private-equity and venture-capital investments than private-equity professionals are?

Dr. Keith Wright, a dermatologist in Atlanta, is part of a group of lawyers and businesspeople in the city who have been pooling their money for about six years in search of the outsize returns of private equity legend.

"It came from the boredom everyone felt with mutual funds," Dr. Wright said. "When we started off, all we were looking for was a home run."

That is from a whole article about how "D.I.Y. Private Equity Is Luring Small Investors." I wrote last year that the basic principle of U.S. securities law is that regular individuals can only invest in public companies with regulated, extensive and standardized disclosure, but "dentists can invest in any dumb thing someone can dream up to sell them." "I mean, not literally just dentists," I added, "radiologists too." Also dermatologists though! Really every medical specialty seems to have a subspecialty in risky illiquid investments, and I suppose it is worth wondering why. Money is one reason; dermatology pays well, and you have to put that money somewhere. Another reason might be that medical training inculcates a sense of infallibility and superiority that is easily transferrable to thinking you're good at investing. Success at investing has a similar effect, come to think of it, which is why so many hedge fund managers think that they are public policy experts, and probably a few of them are secretly confident they could do heart surgery.

It is worth emphasizing though that there are at least two requirements to succeed in private investing. One part is, when you see a private investment opportunity, you need to be good at deciding whether or not to invest in it, and at structuring and negotiating that investment, etc. These are skills, and perhaps you can learn them in your spare time. But the other part is, what private investment opportunities do you see? If you are a professional at a brand-name venture

capital firm, startups come to your door asking you to invest; if you are a professional at a brand-name buyout firm, investment banks constantly pitch companies to you. If you are a club of dermatologists and lawyers, I dunno man, I dunno:

In this sense, individuals focused on private equity are at a disadvantage. Their groups are not going to see the best deals, but even if they did, they would not have the capital to invest at that level.

Mr. Prophete, the corporate lawyer, said the eight members in his group each put in \$125,000 a year. With \$1 million on hand, the group has access to a lot of deals, he said. The group has been active for about seven years.

The members relies on their contacts to find opportunities. “We have never not had a pipeline of deals,” he said. These deals are small, though, the type that large private equity funds would not consider.

We have talked before about this aspect of the private markets, which I think is generally underappreciated: The dentists and the professionals compete on more or less equal terms in making public-market investments, even if the professionals have more time and training to devote to their investment decisions, but in private markets the dentists and the professionals see entirely different sets of deals. It would be surprising if the deals did not differ systematically in quality.

One other weird thing:

Dr. Wright said three people had left his group since it started, including the fraternity brother who had brought him in, but their money stayed behind. That was written into the fund documents up front.

“If you leave anytime before the 10-year horizon, you redeem nothing and you lose everything,” he said. “It’s painful, but it’s there to encourage you to stick this out.”

If members depart and an investment performs well, they still get nothing.

What? Well, that is one way to juice everyone else’s returns!

Activism preparedness

Man, I love investment bankers:

JPMorgan Chase has launched a data analytics tool that aims to predict how investors agitating for change will influence other company shareholders, in the latest example of advisers using technology to help clients ward off activists. ...

JPMorgan has created a huge data set on previous activist situations at US-listed companies, and used that to build a profile of how various shareholders typically respond to individual activists.

The system can isolate which shareholders are likely to support a given activists' approach, JPMorgan said, and which are likely to sell their stakes if a given activist joins a company's share register. The data are then cross-referenced against a client's shareholder base.

"This is all done with . . . available data," said Huw Richards, a former bond market banker who is in charge of digital initiatives at JPMorgan's investment banking division. The algorithm that connects different data sets is the project's "secret sauce", he added.

I was an investment banker back in the dark ages before banks were constantly rolling out apps and client-facing analytics tools, but the impulse was the same. There'd be some fuzzy nuanced situation that depends on particular facts and arguments and personalities and relationships, and you'd be trying to get hired to advise the client on dealing with the situation, and at some point you'd think "well is there a way to quantify this? Can we build a"—back then you'd say "spreadsheet that can be summarized on a pitchbook page," now you say "data analytics tool"—"that we can show to the client to demonstrate how rigorous and scientific we are?"

The basic advice for responding to activism is, like, call up all your big shareholders, tell them that your ideas are better than the activist's ideas, ask them what they think, listen to them, and try to address their concerns. But that is vague and fuzzy advice and doesn't really tell the client anything they don't know. Telling them "you have a 64.7% chance of winning this proxy fight, and here are the eight fulcrum investors you need to talk to to make sure of it" makes it sound, not just like you know what you're doing, but like you have some specialized investment-banking expertise that the client lacks. It might be true, too! It seems perfectly plausible, to me, that this sort of analysis would tell you something useful. But the banker's instinct is separate from the truth of it; you want to quantify the things that can be quantified, but you equally want to quantify the things that can't.

Though there are skeptics, even among bankers:

Bill Anderson, head of Evercore's activism/raid defence business, said that although "statistical analyses on shareholder voting histories can be interesting, a company's relationships with their shareholders are much more important".

He added: "I am concerned that companies — perhaps encouraged by bankers — overfocus on data, rather than the blocking-and-tackling of shareholder engagement."

Ah but he's at a boutique. If you are at a giant bank, you might as well have someone build a data-analytics tool and tell everyone it's your "secret sauce"; if you're at a small boutique, you might as well tell everyone that relationships are more important than statistical analyses.

Imaginary trading

One reason I like writing about crypto is that it offers sort of a fantasy role-playing financial system. There are a bunch of smart people who are deeply familiar with the workings of the regular old financial system, stock offerings and margin lending and high-frequency trading and

everything else, and they get really into the details, and they find it all interesting but also a bit constraining. They live in a system that was constructed over time by other people, and they get to know the system intimately, but at night they go home and dream about building their own perfect system, free of all the arbitrary and conflicting choices made by others in the past.

And then crypto hands them an absolutely blank piece of paper and asks them, like, what would a corporate financing transaction or a stock exchange or a money-market fund or whatever look like, if you were building it from scratch? And their answer might be faithful homage that looks just like the normal existing thing, or a rationalized and perfected version of the normal thing, or the normal thing with a few fun bells and whistles, or a sloppy broken version of the normal thing, or a wild flight of fancy that takes the lessons of the normal financial system in a totally unexpected direction. And all of this happens at once in parallel, and there are (kind of) no rules, and it is just smart people re-imagining what a financial system might be, and how could you not enjoy that.

But “fantasy role-playing financial system” is an unfair description just because there is, mostly, real money involved. Sure the financing transactions don’t always fund real businesses, but the crypto exchanges dreamed into being by market-structure experimenters have real customers who buy and sell crypto assets with real money. It is joyful experimentation, but with real stakes.

Not always though!

To cryptocurrency professionals trying to legitimize their industry, market manipulation is a scourge. To 20-year-old Alexey Andryunin, it’s a living.

A sophomore at Moscow State University, Andryunin is the co-founder of Gotbit, a firm that specializes in making obscure cryptocurrencies look like they’re being actively traded. For a fee, the two-man shop will program bots to trade a token back and forth with each other on also-ran exchanges until it has enough “volume” to get listed on CoinMarketCap. Once it appears on that influential market data site, an asset can gain the attention of larger platforms and bigger investors. ...

To show imaginary volumes, Gotbit’s bot fills an exchange’s order book – again, we’re talking about small exchanges with minuscule volumes – and closes the orders itself using the same or another account. Usually, clients have four accounts, but two are enough for trading with yourself, Andryunin says.

In order to make these volumes plausible, Andryunin said, Gotbit programs its algorithms to mimic the normal patterns of trading in different parts of the world at different times of the day and year.

It’s just completely imaginary trading, and yet it is imaginary trading with a certain aesthetic commitment to realism. You can’t be good at pretend trading until you know what real trading looks like.

Things happen

The day Deutsche Bank's boss decided on a radical solution. Equifax to Pay \$575 Million as Part of Settlement with FTC, CFPB, and States Related to 2017 Data Breach. A Busted Goldman Airline Deal Is Investigated by Private Detectives. SEC to extend Mifid exemption for US brokers' research. WeWork to host Wall Street analyst day in IPO push. Shares on China tech exchange gain up to 520% in trading debut. Meet Morgan Beller, the 26-year-old woman behind Facebook's plan to make its own currency. Pre-Revolutionary Chinese Debt: An Investment for the Truly Stable Genius. Yes, You Actually Should Be Using Emojis at Work. "We're initiating coverage of the Moon with a cautiously optimistic view."

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The Hill

Chinese investment in US plummets 90 percent amid Trump trade war

By Niv Elis

Chinese investment in the U.S. plunged nearly 90 percent during President Trump's first two years in office as the world's two largest economies have waged an aggressive trade war.

According to figures from the data research firm Rhodium Group, investment from China hit an all-time high of \$46.5 billion in 2016. The following year that amount dropped to \$29.7 billion before plummeting to a nine-year low of \$5.4 billion in 2018. During that two-year period, investment declined 88 percent.

Trump has imposed tariffs on \$250 billion worth of Chinese imports as a way to exert pressure on the world's second-largest economy to change some of its business practices. China has been accused of unfair trade practices such as currency manipulation and intellectual property theft. China responded by imposing its own tariffs on U.S. products, hitting the agricultural sector particularly hard. But the country has not been able to retaliate on the same scale since the U.S. buys significantly more goods from China.

The drop in Chinese investment could be a form of non-tariff retaliation against the U.S.

"China's domestic crackdown on leveraged outbound investors has dramatically changed the landscape of activity in the US," the Rhodium Group wrote in a report.

But some of the decline stemmed from increased U.S. scrutiny, according to Rhodium.

"We estimate that Chinese investors abandoned deals worth more than \$2.5 billion in the US in 2018 due to unresolved CFIUS concerns," the group wrote in a report, referring to the Committee on Foreign Investment in the United States, which regulates foreign investment.

The recent drop in Chinese investment marks a significant turnaround.

Before 2010, China's investment in the U.S. was minimal. It remained well under \$1 billion until after the Great Recession in 2009, when it shot up to \$4.6 billion in 2010. Over the following years, it grew steadily until its 2016 peak.

After Trump took office, the number of deals and overall level of investment began to decline.

The U.S. and China last month agreed to restart negotiations after previous talks derailed in the face of new tariffs.

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U.S. Department of the Treasury's Daily Communications Report

July 22, 2019

CATEGORIES

- Border/Immigration
- Foreign Policy/National Security
- General Economy & Jobs
- Infrastructure
- Opioids
- Trade
- Other [Agriculture, Education, Energy etc.]

BOOKINGS/INTERVIEWS

- There are no bookings or interviews to report at this time. Updates will be provided as they become available.

SECRETARY EVENTS AND TRAVEL

- There are no events and travel to report at this time. Updates will be provided as they become available.

OTHER SENIOR OFFICIAL EVENTS AND TRAVEL

- Testimony before the U.S. Senate Committee on Finance regarding pending nominations – Washington, DC – Wednesday, July 24
 - General Counsel Brent McIntosh, Deputy General Counsel Brian Callanan and Counselor to the Secretary Brian McGuire
 - Testimony
 - General Counsel Brent McIntosh, Deputy General Counsel Brian Callanan and Counselor to the Secretary Brian McGuire will testify before the U.S. Senate Committee on Finance regarding their pending nominations to be Under Secretary for International Affairs, General Counsel, and Assistant Secretary for Legislative Affairs, respectively
 - Open press
 - **PRESS PLAN**
 - Event is listed on the Treasury Department public schedule
 - This event will be livestreamed here: [Senate Finance Committee](#)
- Panelist at the Association of Government Accountants Professional Development Training – New Orleans, LA – Wednesday, July 24
 - Fiscal Assistant Secretary Dave Lebryk
 - General Economy & Jobs
 - Fiscal Assistant Secretary Dave Lebryk will serve as a panelist at the Association of Government Accountants Professional Development Training
 - Open press
 - **PRESS PLAN**
 - Event is listed on the Treasury Department public schedule

PRESS INQUIRIES

- There are no press inquiries to report at this time. Updates will be provided as they become available.

OP-EDS

- There are no op-eds to report at this time. Updates will be provided as they become available.

ROLLOUTS

- There are no rollouts to report at this time. Updates will be provided as they become available.

NEWSWORTHY/SUBSTANTIAL GRANTS

- There are no grants to report at this time. Updates will be provided as they become available.

Afternoon News Roundup
July 22, 2019

Secretary Steven Mnuchin

- CNBC: US debt ceiling and budget deal is 'near final,' source says
- Politico: White House and congressional leaders close in on budget deal
- Roll Call: Negotiators close to two-year spending, debt limit accord
- The Hill: Pelosi, Mnuchin reach 'near-final agreement' on budget, debt ceiling
- Xinhua: U.S. debt ceiling and budget deal reportedly "near final"
- Politico: Warren warns of 'coming economic crash'
- The New York Times: Tentative Federal Budget Would Raise Spending by \$320 Billion
- NBC News: White House, Democrats close to deal on budget, debt ceiling
- The Washington Times: Pelosi, Mnuchin reportedly 'near-final agreement' on budget deal; report
- The Financial Times: White House and Congress near deal on debt ceiling

Treasury

- The Atlantic: The Woman at the Center of Trump's Iran Policy
- The Washington Examiner: US blacklists state-owned Chinese oil trader for flouting Iran sanctions
- The Wall Street Journal: U.S. Imposes New Sanctions on Chinese Company for Transporting Iranian Crude Oil
- Bloomberg: Don't Put Your Valuables in the Bank
- The Hill: Chinese investment in US plummets 90 percent amid Trump trade war

Secretary Steven Mnuchin

CNBC

US debt ceiling and budget deal is ‘near final,’ source says

By Ylan Mui and Jacob Pramuk

The White House and congressional Democrats have moved close to a budget deal that would raise the U.S. debt ceiling for two years, a source close to the talks told CNBC.

An agreement to prevent the U.S. from hitting its borrowing limit and stop government funding from lapsing is “near final,” the person said. Remaining talks relate to “technical language issues,” according to the source.

The developing deal would suspend the debt ceiling through July 31, 2021. It would permanently end the sequester, automatic across the board spending cuts. A sequester would have taken effect in January without congressional action.

The budget agreement would include parity between increases in defense spending and domestic, non-defense outlays — a priority for House Speaker Nancy Pelosi. It would also have about \$75 billion in spending offsets, measures conservatives have backed.

It would set spending at \$320 billion above sequester levels for fiscal years 2020 and 2021. The figure covers both defense and non-defense discretionary outlays.

The developing deal will face resistance. Some conservatives who have called for deeper spending reductions pushed for the White House to reject the potential agreement as details emerged in recent days.

“Reports indicate this deal would be a far cry from the fiscally responsible path represented by President Trump’s budget request,” Republican Study Committee Chairman Rep. Mike Johnson, R-La., and Rep. Jim Banks, R-Ind., said in a joint statement on Friday. They said Republican congressional negotiators and the Trump administrations “cannot allow such a deal to proceed.”

Lawmakers have scrambled to strike a deal before they leave for their August recess. Treasury Secretary Steven Mnuchin warns the U.S. could run out of cash to pay its bills by September, setting up the potential for default on the federal debt.

In addition, the government will shut down if Congress cannot pass a spending bill by Sept. 30. While a default would reverberate throughout the global economy and financial markets, a temporary government funding lapse could drag on U.S. economic growth.

Last week, Pelosi said she hopes to bring a budget deal to the House floor by Thursday — the last day the chamber is in session before lawmakers leave for the month of August. She believes it would give the Senate enough time to pass legislation before the chamber departs for its recess next week.

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White House and congressional leaders close in on budget deal

By John Bresnahan, Heather Caygle and Sarah Ferris

White House officials and congressional leaders are closing in on a budget deal on Monday that would raise spending levels for both the Pentagon and non-defense programs while extending the debt limit until at least July 2021, according to sources close to the talks.

Treasury Secretary Steven Mnuchin and Speaker Nancy Pelosi (D-Calif.) have been leading the discussions, although GOP leaders on the Hill — as well as Senate Minority Leader Chuck Schumer (D-N.Y.) — have been closely involved.

"The talks are down to some technical language issues," said a source close to the negotiations.

Congressional leaders want to pass the two-year deal before departing for the August recess at the end of the week, which means a vote as soon as this week in the House — if President Donald Trump gives his blessing. The Senate is in session for another week.

The agreement would eliminate the threat of dual fiscal crises that have long been hanging over Washington — an unprecedented default on U.S. debt and massive across-the-board spending cuts that could paralyze key agencies.

While neither side will be completely happy with the agreement, sources close to Mnuchin and Pelosi describe it as a "real compromise" that gives both parties some of what they want while permanently ending the sequester requirement under the 2011 budget law. That law calls for \$125 billion in automatic spending cuts if no new deal is reached.

The total cost of the Mnuchin-Pelosi compact is still unclear. But the "topline" spending level will be higher than current funding levels for both defense and non-defense programs, a key issue for Democrats, said the sources. There will be approximately \$75 billion in offsets as part of the agreement, a move designed to ameliorate concerns by Trump and GOP leaders.

That's far less than the \$150 billion in offsets sought by some in the White House last week.

Several sources suggested that "poison pill" language will be barred, meaning Democrats cannot seek to get rid of the Hyde amendment prohibition on using federal funds for abortion, or further restrict Trump's use of Pentagon money for his border wall project until legal challenges on the issue are resolved.

Both would be major compromises for emboldened House Democrats, who have already passed those provisions in their own party-line spending bills this year.

It's unclear whether Pelosi will use the must-pass bill to address the mounting migrant crisis at the southern border. House Democrats could decide to push a slew of new protections — which were left out of last month's border aid bill — in an attempt to force the White House's hand to fix detention facilities.

The debt limit will be suspended until July 31, 2021, a major issue that Mnuchin, Hill leaders and Wall Street wanted to resolve.

The two-year extension kicks the politically unpopular issue past next year's presidential cycle, offering much-needed breathing room to both parties.

Republicans in Congress will need firm assurances from Trump that he supports the bipartisan compromise before they agree to support the deal on the floor.

Some Senate Republican fear a repeat of the painful shutdown earlier this year, when a group of conservatives close to the president pushed him to reject a bipartisan compromise after the Senate had already taken a tough vote.

The compromise is only partly paid for, which has already drawn sharp criticism from outside conservative groups and is likely to infuriate Congress's few remaining fiscal hawks. But the agreement would also contain a big increase in Pentagon spending, which is likely to deliver votes from the majority of Republicans.

The House would vote on the deal as soon as this week, followed by the Senate, paving the way for Congress to consider its annual funding bills when lawmakers return from their August recess. Those bills need to pass by Sept. 30 to avert a government shutdown.

That includes the contentious bill to fund the Department of Homeland Security — which forced one-quarter of the U.S. government into a record shutdown earlier this year.

Congressional leaders are discussing a funding strategy that would avoid a giant “omnibus” bill that Trump has said he would reject.

That could lead to a scenario where Congress, once again, passes its least controversial spending bills — like the Pentagon, the Education Department and veterans funding — while ignoring the most controversial.

Last fall, that meant agencies like DHS were left without funding for weeks, as part of the government's longest-ever shutdown.

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Roll Call

Negotiators close to two-year spending, debt limit accord
Negotiators are still working on some 'technical language' issues

By Jennifer Shutt

Congressional leaders and the Trump administration are closing out talks on a two-year spending caps agreement that would suspend the debt limit until July 31, 2021.

The agreement is not yet finalized as negotiators were still working on some "technical language" issues, according to a source familiar with the talks.

But the "near-final" deal would include about \$75 billion in offsets, which are expected to be very similar to those included in the 2018 two-year spending agreement that both parties agreed to.

Those provisions included extending automatic cuts to mandatory programs currently set to expire in 2027, as well as an extension of expiring Customs fees assessed on cargo and passengers arriving in the U.S. Other provisions in the 2018 law diverted some aviation security fees into Treasury's general fund and authorized additional sales of Strategic Petroleum Reserve oil.

The spending caps for fiscal 2020 and fiscal 2021 will include "parity," or equal increases in defense and nondefense discretionary spending. The source added that the near-final agreement is truly bipartisan because "both sides will be unhappy with some" of its elements.

A separate person familiar with the talks said the two-year caps deal will include about \$320 billion in additional spending over the two fiscal years above the austere caps in current law.

If President Donald Trump signs off on the agreement it would put an end to the discretionary spending cuts imposed under the 2011 deficit reduction law that members of both parties have agreed to raise for the last six fiscal years.

The caps agreement would also avoid a \$125 billion or 10 percent decline in fiscal 2020, which is set to begin on Oct. 1, from the levels in place for the current fiscal year.

Negotiations during the past few weeks have predominately been between Speaker Nancy Pelosi, D-California, and Treasury Secretary Steven Mnuchin, who has been regularly briefing Trump as well as congressional Republicans.

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The Hill

Pelosi, Mnuchin reach 'near-final agreement' on budget, debt ceiling

By Jordain Carney

House Speaker Nancy Pelosi (D-Calif.) and Treasury Secretary Steven Mnuchin have reached a "near-final agreement" on a two-year budget deal, according to a source close to the talks.

The emerging deal includes an increase in top-line defense and nondefense spending numbers for the 2020 and 2021 fiscal years, which are used to craft government funding bills. It would also suspend the debt limit until July 31, 2021.

"The near-final agreement is a traditional bipartisan budget agreement where both sides will be unhappy with some aspects — a true compromise," the source said in an email to The Hill.

They added negotiators are "down to some technical language issues," with Mnuchin keeping President Trump and congressional Republicans updated on the progress in the talks.

The source said there is "parity" in the increase for defense and nondefense spending, but didn't immediately respond to questions about the details of the spending increases.

In a sign of retreat by the White House, the "near-final agreement" would include roughly \$75 billion in offsets, or spending cuts and revenue raisers, to help pay for the deal. That's half of the \$150 billion the administration had pushed to include in the agreement.

The White House reportedly sent a list of \$574 billion in potential cuts to congressional leaders late last week, which was dismissed by Democrats as a negotiating tactic.

How to pay for the budget deal, and how much of it to pay for, was the final major sticking point for the negotiations, after talks bounced between Pelosi and Mnuchin for more than a week.

"That's what we're discussing. We're close. And I think there's a desire to come to an agreement from all of us. My worry here [is] ... if Mulvaney tries to be too hard on the offset side that we wouldn't come to an agreement," Senate Minority Leader Charles Schumer (D-N.Y.) told reporters last week, referring to acting White House chief of staff Mick Mulvaney

The burgeoning agreement comes as lawmakers are going down to the wire to get a deal before they leave town for the August recess. The House will have only days to pass it before they leave town on Friday. The Senate will remain in Washington until Aug. 2.

Without an agreement, lawmakers were under pressure to hold a stand-alone vote on hiking the debt ceiling before they left for the August recess. They have until January to avoid the across-the-board budget cuts under sequestration.

The debt limit was exceeded earlier this year, and the Treasury Department is now taking steps known as "extraordinary measures" to prevent the government from going over its borrowing limit.

"Based on updated projections, there is a scenario in which we run out of cash in early September, before Congress reconvenes. As such, I request that Congress increase the debt ceiling before Congress leaves for summer recess," Mnuchin wrote in a letter to congressional leadership earlier this month.

U.S. debt ceiling and budget deal reportedly "near final"

The White House and congressional Democrats have reportedly moved close to a budget deal that would prevent the U.S. federal government from breaching its debt ceiling, as the Congress' August recess draws near.

The deal, which would raise the U.S. debt ceiling for two years, is "near final," and the remaining discussions are regarding "technical language issues," CNBC cited a source close to the talks as saying on Monday.

White House officials and congressional leaders have been engaged in heightened negotiations for a debt ceiling increase as well as setting overall spending levels after the current budget deal expires on Oct. 1, the start of the next fiscal year.

Both sides have highlighted the urgency of the issue, calling for a settlement before the Congress' August recess. Lawmakers at the House will leave for vacation on July 26, and the Senate is set to take a break starting on Aug. 2.

The budget agreement is expected to include parity between increases in defense spending, demanded by the Republicans, and domestic outlays including on veterans' health care, sought by the Democrats. House Democrats want to package the debt ceiling with a budget bill, believing that will give them more leverage in spending negotiations.

House Speaker Nancy Pelosi, who set Friday as the deadline for an agreement, rejected the Trump administration's latest two-year budget proposal requesting that Democrats select 150 billion U.S. dollars in spending cuts from a list of 574 billion dollars of saving opportunities, according to earlier report from the Bloomberg.

U.S. Treasury Secretary Steven Mnuchin said Thursday that discussions between the White House and Congress on raising the federal debt ceiling have made progress, and that the market shouldn't be concerned about the government defaulting on its payment obligations.

Mnuchin said that in "the most conservative scenario," the Treasury Department will run out of cash in early September, and will hence be unable to pay its over 22-trillion-U.S.-dollar debt.

The debt ceiling was previously set at 20.5 trillion U.S. dollars, and Congress voted in February 2018 to suspend the debt limit through March 1, 2019, as part of a bipartisan budget deal. Early in March, Mnuchin urged congressional leaders to raise the federal debt limit as the department began accounting maneuvers to avoid a default.

The White House has revised the fiscal year 2019 budget deficit to a projected 1 trillion U.S. dollars, the highest since 2012, Office of Management and Budget (OMB) said in its recently released Mid-Session Review.

Without reform, trillion-dollar deficits will continue throughout the budget window, and will drive debt to more than 33 trillion dollars by 2029, the OMB report said. "The trend of growing deficits can be reversed only through concerted efforts of spending restraint and restoring government to the proper size," it said.

Warren warns of 'coming economic crash'

By Alex Thompson

Sen. Elizabeth Warren on Monday predicted an imminent economic crisis unless the Trump administration and Congress quickly pass legislation to regulate the financial sector and significantly reduce middle class household debt.

"Warning lights are flashing. Whether it's this year or next year, the odds of another economic downturn are high — and growing," Warren (D-Mass.) wrote in a Medium post entitled "The Coming Economic Crash--And How to Stop It."

"I see a manufacturing sector in recession. I see a precarious economy that is built on debt — both household debt and corporate debt — and that is vulnerable to shocks. And I see a number of serious shocks on the horizon that could cause our economy's shaky foundation to crumble," she wrote.

Most of Warren's proposals to head off the crisis are policies she has called for recently on the campaign trail such as forgiving over \$600 billion in student loan debt, enacting her "Green Manufacturing Plan", strengthening unions, providing universal child care and raising the minimum wage to \$15 an hour.

It is almost certain that President Donald Trump will not sign and the Republican-led Senate will not pass these policies, meaning that Warren's prediction of a crash will likely be tested over the next two years.

The Democratic presidential candidate's forecast of economic tumult flies in the face of much political conventional wisdom stating that Trump's biggest re-election advantage is the economy. Unemployment levels recently hit a 50-year low, the majority of Americans think the economy is "good" or "excellent" and that it's a good time to find a job according to Gallup. The stock market continues to break records every few months.

The Trump administration and Republican allies in Congress often point to the economy's performance as evidence of the president's good stewardship even in the midst of self-created controversies and divisive policies. Trump himself often brags about the economy as well. Just last week on Twitter, he said the economy was "the best in our Country's history" with the "Best Employment & Stock Market Numbers EVER" and that he has led the United States to the "Greatest Economic BOOM in the history of our Country."

But Warren has long been arguing that the economy is not as strong as the topline suggest. "The overall numbers about GDP or the stock market are great but they don't reflect the lived experiences of most Americans," she told reporters in May after a town hall in Nashua, N.H. "Go around a room like this. For most people, wages haven't gone up in a generation and yet the cost of housing, the cost of health care, the cost of childcare, the cost of sending a kid to college have all gone through the roof. The middle class squeeze is real and it has gotten tougher for people over the last few years."

There is some data backing this up as well. Gallup recently found that even as Americans' approval of the overall economy have risen, anxieties about their own personal finances have remained largely the same over the last few years.

Warren's prediction of an economic downturn, however, goes beyond addressing middle-class economic anxiety.

She writes that she warned of the 2008 financial years beforehand and sees similarly ominous signs now. “And when I saw the seeds of the 2008 crisis growing, I rang the alarm as loud as I could,” she writes, citing interviews and her 2003 book *Two Income Trap*, which warned about a mortgage “lending industry run amok.”

“But the people with the power to stop the crisis didn’t listen — not enough of them anyway. Not the banks, not Alan Greenspan or other federal regulators, not Congress,” she wrote in her Medium post.

Instead of housing and mortgages, Warren pointed to leveraged corporate loans — lending to companies with high levels of debt — as a potential area of systemic risk. “These high-risk loans now make up a quarter of all American business loans, and they look a lot like the pre-2008 subprime mortgages: poorly underwritten loans with minimal protections that are then packaged and sold to investors,” she wrote.

These loans have increased during the Trump administration as federal regulators have relaxed 2013 guidance that tightened lending standards. Warren grilled Fed Governor Randal Quarles on the issue last November and sent a follow letter on the topic to Treasury Secretary Steve Mnuchin, Fed Chair Jerome Powell, and other regulators.

Warren’s concern is shared by others. Former chair of the Federal Reserve Janet Yellen has been warning about these loans for the last several months. She told the *Financial Times* last fall that “[t]here has been a huge deterioration in standards; covenants have been loosened in leveraged lending...I am worried about the systemic risks associated with these loans.”

Warren’s office said Mnuchin didn’t respond to her letter but Powell and several others regulators did write back earlier this year. Powell, FDIC head Jelena McWilliams, and Comptroller of the Currency Joseph Otting wrote to Warren that “the leveraged loan market continues to warrant attention.” They acknowledged looser standards in some transactions and that they “are continuing to closely monitor how this combination of risks is evolving.”

Warren also argued that high levels of household and corporate debt could also make any economic turmoil spread quickly and could be mitigated by enacting her agenda on items like raising the minimum wage and canceling student loans — bringing down the level of household debt. “The country’s economic foundation is fragile. A single shock could bring it all down,” she writes. “And the Trump Administration’s reckless behavior is increasing the odds of just such a shock.”

The potential shocks Warren points to are a reckless interaction with China, a no-deal Brexit, or breaking the debt ceiling. In a new move, Warren called for eliminating the debt ceiling altogether or having it go up automatically as Congress appropriates money to limit future risk.

“I’m seeing serious warning signs in the economy again — and I’m calling on regulators and Congress to act before another crisis costs America’s families their homes, jobs, and savings,” she wrote.

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The New York Times

Tentative Federal Budget Would Raise Spending by \$320 Billion

By Emily Cochrane and Alan Rappeport

White House officials and congressional lawmakers are nearing a deal that would boost government spending levels over the next two years and raise the federal borrowing limit. If passed by Congress and signed by President Trump, it would avert a default crisis this fall and avoid automatic spending cuts next year.

The agreement would raise spending by \$320 billion, compared to the strict spending levels established in the 2011 Budget Control Act and set to go into effect next year without legislative action, according to three people familiar with the negotiations who requested anonymity to discuss the unfinished deal.

The accord, which negotiators hope to enact before Congress leaves for its August recess, includes equal increases in domestic and military spending, a key demand of Speaker Nancy Pelosi's, according to one person familiar with the talks. It would also include offsetting spending cuts of about \$75 billion, far lower than the \$150 billion that some White House officials initially demanded.

The deal would lift the debt ceiling high enough to allow the government to keep borrowing for two more years, punting the next showdown past the 2020 elections.

People familiar with the negotiations stressed that the talks were continuing, but all sides have strong incentives to come together quickly. Without action, Congress will either have to postpone departure for its monthlong August recess or rush back early to finish the deal before the government runs out of money, which could be as early as September.

At the White House on Monday Mr. Trump said, "we are having very good talks" on the budget and the debt limit. He said he was pleased with additional investment in the military.

Ms. Pelosi and Treasury Secretary Steven Mnuchin, who have led the negotiations in private phone calls over the last week, will have to sell a deal to their parties ahead of an anticipated House vote this week, before that chamber leaves on Friday. The Senate is scheduled to leave for its recess next week.

In her caucus, Ms. Pelosi must wrangle votes from both her fiscal hawks and liberal members opposed to increased military spending. Mr. Mnuchin must secure the president's signature and wave off critics of government spending like Mick Mulvaney, the acting White House chief of staff, and Russell T. Vought, the acting head of the Office of Management and Budget.

Some Republican lawmakers and officials within the administration want to reject any budget that is not fully offset by spending cuts or that does not carry a promise from Democrats that they would drop liberal policy changes from future spending bills.

But the threat of an economically disastrous default on the nation's debt, coupled with widespread desire to avoid automatic cuts to military and domestic programs, may be enough for the proposed measure to become law.

"I can't imagine anybody ever even thinking of using the debt ceiling as a negotiating wedge," Mr. Trump said on Friday. "We can never play with it."

Mr. Trump criticized the Republican Party in 2013 for agreeing to lift the debt ceiling, and Mr. Mulvaney and his allies in the House used a looming debt default in 2011 to force passage of the Budget Control Act, which set the spending caps that the new deal would once again lift.

Since 2014, a succession of budget deals has waived the Budget Control Act caps, and the deal in its current form does not revive them past their expiration in 2021.

Meantime, the federal debt has ballooned to \$22 trillion. Despite healthy economic growth, the federal deficit for this fiscal year has reached \$747 billion with two months to go — a 23 percent increase from the year before.

“It appears that Congress and the president have just given up on their jobs,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget, which blasted out a statement arguing the tentative deal “may end up being the worst budget agreement in our nation’s history.”

“The economy is great and able to accommodate changes,” she said in an interview. “But we’re about to make things worse due to nothing other than the lack of political will.”

The rising costs of an aging population, with the baby boom generation drawing Social Security and Medicare benefits, and Washington’s spending habits have led to increases in both federal spending and interest costs on the growing national debt. During the first two years of the Trump administration, the debt increased by more than \$2 trillion, in part because of the 10-year, \$1.5 trillion tax cut and large spending increases Mr. Trump signed into law.

Lawmakers and officials who once raised alarm over the growing debt — including Mr. Trump himself, who warned in 2015 that debt over \$21 trillion would “have effectively bankrupted our country” — have largely fallen silent. In the first round of Democratic presidential debates, the national debt was barely mentioned, with candidates choosing to focus on countering economic inequality and beefing up government programs.

Once a deal is enacted, lawmakers have to race to agree on how to allocate the money before Oct. 1, when current spending laws expire. The House has passed 10 of the 12 spending bills needed to keep the government open afterward, but that legislation will have to be updated based on funding levels from any budget deal.

The Senate has not yet begun work on any of the bills, which need to be reconciled with the House legislation and approved by the president.

“I want to go to work, I want to do our jobs as appropriators,” said Senator Jon Tester, Democrat of Montana and a member of the Senate Appropriations Committee. “It kind of makes the Appropriations Committee the nothing committee.”

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White House, Democrats close to deal on budget, debt ceiling
The talks, which were being led by Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi, are down to technical language issues, a source said.

By Alex Moe and Dareh Gregorian

The White House and House Democrats have a "near-final agreement" on a budget deal that would suspend the debt limit until mid-2021, a source close to the talks told NBC News on Monday.

Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi, D-Calif., have been speaking regularly to hammer out the deal, and the two sides are down to discussing some issues related to technical language, the source said.

The near-final two-year agreement would suspend the debt limit until July 31, 2021, and put an end to an automatic spending cuts that would have kicked in without a deal.

Mnuchin had warned in recent weeks that the government could run out of money sooner than expected, in early September, which would put the U.S. in danger of defaulting on its debt for the first time if the debt ceiling were not increased before Congress left for its August recess.

The near-final deal is a traditional bipartisan budget agreement in which both sides will be unhappy with some aspects — a true compromise, the source said. The near-final agreement would include parity in increases in domestic and defense spending and about \$75 billion in spending offsets.

Mnuchin has been keeping President Donald Trump and congressional Republicans updated regularly, the source said.

The treasury secretary told CNBC last Thursday that he'd been in regular contact with Pelosi in an effort to hammer out an agreement.

"I've been having daily conversations with the speaker," Mnuchin said. "I think that everybody is in agreement that we won't do anything that puts the U.S. government at risk in terms of our issue of defaulting. And I think that nobody wants a shutdown in any scenario."

Pelosi told reporters last week that she hoped to have a deal on the House floor by Thursday "so that we can send it in a timely fashion to the Senate so that they can go through their, shall we say, particularly senatorial process to get it done in time before they leave" for their August recess.

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The Washington Times

Pelosi, Mnuchin reportedly 'near-final agreement' on budget deal; report

By Bailey Vogt

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin are reportedly close to finalizing agreements on a two-year budget.

A source familiar with the talks told The Hill Monday that the two parties are “down to some technical language issues,” but are “near-final agreement” in their 2020 and 2021 spending plans, which will be used to finalize a full government budget later.

“The near-final agreement is a traditional bipartisan budget agreement where both sides will be unhappy with some aspects — a true compromise,” the source said.

Talks between the two offices have been happening for over a week as they negotiate how to pay for a new budget deal.

Mr. Mnuchin has reportedly kept the president and congressional Republicans in the loop on the budget progress, which would entail defense and non-defense increases and a debt-limit suspension that would stay in effect until July 2021.

Lawmakers are attempting to close a deal before Congress leaves for their month-long August recess, giving the House only days to broker a deal before they leave on Friday. The Senate will stay until August 2nd.

The Treasury Department is attempting to curb its borrowing after the debt limit was breached earlier in the year.

“Based on updated projections, there is a scenario in which we run out of cash in early September, before Congress reconvenes. As such, I request that Congress increase the debt ceiling before Congress leaves for summer recess,” Mr. Mnuchin said to congressional leadership in a letter this month.

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White House and Congress near deal on debt ceiling
Tentative agreement would postpone next big budgetary stand-off until after 2020 election

By James Politi and Lauren Fedor

The White House and Congress are close to an agreement to raise America's \$22bn borrowing limit, which would remove the threat of a dangerous debt default in the coming months from the US economic outlook, according to people familiar with the matter.

The likely deal — crafted by Nancy Pelosi, the Democratic speaker of the House of Representatives, and Steven Mnuchin, the Treasury secretary — is expected to increase the so-called debt ceiling for two years until the middle of 2021, meaning the next big budgetary stand-off would occur after next year's presidential election.

However, it had not yet received a full-sign off from US President Donald Trump, so the talks could still fall apart.

Mr Mnuchin had warned earlier this month that the US government was at risk of running out of money to pay its bills as soon as September, triggering a rush to strike a compromise before lawmakers head to their districts for the August recess. Many economists, as well as officials at the Federal Reserve, had pointed to the threat of a US debt default as a key “downside” risk hanging over the US and global economy.

As the last details were being ironed out, the White House declined to comment on details of the likely agreement. The Washington Post reported that it would raise spending levels in both defence and non-defence areas by a total of \$320bn, while cutting spending by about \$77bn, much less than the \$150bn in offsetting reductions sought by the Trump administration.

For decades, US lawmakers had routinely raised America's borrowing limit without much debate over the need for the government to meet payments it had already signed off on. But starting in 2011, when Barack Obama was faced with a new batch of Tea Party Republicans in Congress, the US borrowing limit became a source of hand-wringing and brinkmanship, occasionally leading the US to the brink of default, and one occasion triggering a debt downgrade.

If a deal is finalised on the debt ceiling, it would reveal that neither Mr Trump nor Democrats on Capitol Hill are aching for a huge fight over the budget, which could damage the economy heading into the 2020 election season.

Under Mr Trump, the US budget deficit has risen sharply due to the passage of his 2017 tax cuts, and his reluctance to pursue countervailing cuts to popular spending programmes — a lack of concern for fiscal discipline that is at odds with traditional Republican thinking.

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Treasury

The Atlantic

The Woman at the Center of Trump's Iran Policy

John Bolton and Mike Pompeo are the public faces of the “maximum pressure” campaign. But the Treasury official Sigal Mandelker is the one actually running its most important component.

By Kathy Gilsinan

This summer, tankers are exploding, disappearing, or getting seized near the Gulf; drones are getting destroyed in tit-for-tat attacks; and a war of words and tweets is erupting between Donald Trump and Iran's supreme leader. That's where all the drama is, but in fact most of America's punitive actions against Iran are taking place in a world not physical but financial. Sanctions are the key tool the United States uses against what it sees as the Islamic Republic's provocative behavior—especially for the past three presidential administrations running, and never more so than in this one. And the Treasury official Sigal Mandelker is the one with her hand on the lever.

In the exchange of provocations and bellicose rhetoric between the United States and Iran, two hawkish top officials, John Bolton and Mike Pompeo, may be the public faces of Trump's “maximum pressure” campaign against the Islamic Republic. But it's Mandelker, and the office she oversees as the undersecretary of the Treasury for terrorism and financial intelligence, doing much of the actual execution.

She's a lawyer whom former colleagues have described to me as brilliant, a member of the conservative Federalist Society, and a former clerk for Justice Clarence Thomas. She speaks with an incongruous passion about the complicated, and often eye-glazingly dull, subject of sanctions and financial crime enforcement. Because Trump is anxious to avoid war with Iran but also eager to push the Iranians, she is one of the most powerful officials designing the strategy Trump's administration hopes will force Iranian capitulation—or, failing that, perhaps even the government's collapse.

Trump himself touts the achievements of that campaign. “Iran is in big trouble right now. Their economy is crashing,” he said yesterday. “It's coming to a crash. They're trying to bring soldiers back home because they can't pay them. A lot of bad things are happening to them. And it's very easy to straighten out or it's very easy for us to make it a lot worse,” he said, a short while after reports broke that Iran had seized a British tanker in the Gulf, and one day after the U.S. announced it had destroyed an Iranian drone. (Iran denied it was theirs.)

Trump's critics, and particularly the Obama-administration officials who helped design the Iran deal Trump ditched in favor of new sanctions, question whether this even counts as a strategy. “I know that it is about maximum pressure, but to what end?” asked Wendy Sherman, who led the U.S. negotiations for the Iran deal, onstage yesterday morning at the Aspen Security Forum.

Mandelker was the only Trump official in a panel otherwise filled out by Obama-administration veterans, including the moderator. She was one of the few Trump officials who showed up to the forum at all. “Without a doubt, the sanctions are working,” she said, citing Iranian complaints that their oil exports were at their lowest levels ever, and that Iranian proxies such as Hezbollah were appealing for donations.

The sanctions campaign certainly has been consequential in crippling Iran's economy. Whether it's effective in achieving its policy goals is another question, and one that can't necessarily be evaluated yet. The administration wants to force the Iranians back to the negotiating table, and despite a steady increase in provocations in the Gulf region, there have also been feints toward diplomacy: Trump saying he wishes the Iranians would call him and dispatching Senator Rand Paul to meet with Iranian Foreign Minister Javad Zarif, and Zarif floating the outlines of a possible deal in interviews this week. If indeed negotiations result, then the

sanctions will have achieved a key diplomatic goal of the administration—but they haven't done that yet, and perhaps they never will.

But there's another stated goal, and this is the one Mandelker gets especially animated about. "Bad actors need money to do bad things," she said, sounding incensed as she ticked off a litany of Iranian misdeeds, from threatening Israel to supporting Syria's Bashar al-Assad, who she noted has killed his own people with chemical weapons. "That is why we have this massive sanctions regime ... Every time we apply that pressure, that crunch on them, we deny them the ability to get that kind of revenue, we make the world a safer place."

She takes it personally as a child of Holocaust survivors, and has spoken publicly about the 1940s-era Treasury Department's role in freezing Nazi assets around the same time her parents were hiding in Eastern Europe. "They were hiding underground, in forests, in ditches and under haystacks," she said in a speech at the Holocaust Museum in April. "I grew up hearing their stories, including about moments of great courage, some of which resulted in survival and others that ended in death." She spent part of her earlier government career in counterterrorism roles. Stuart Levey, who under the George W. Bush administration was the founding official in the role Mandelker now holds, recalls working with her in the Justice Department following September 11 and says she was constantly at her desk in those days, trying to figure out new ways to target al-Qaeda.

The world of financial warfare has changed since then, largely because of the very office Mandelker now oversees. The United States has been going after Iran's cash flow for decades, ever since the 1979 Islamic Revolution. American restrictions on doing business with the country were so complete that President George W. Bush once mused aloud that the U.S. might be "all sanctioned out" on Iran.

But since then, Treasury has been coming up with ever more inventive ways to make it hard for Iran to do business—not just with the United States but with anybody. Beginning around 2006, Treasury officials including Levey focused on finding ways to cut off Iran from the global financial system. The Obama administration then made moves to restrict Iran's ability to export oil. And now the Trump administration has moved to strangle Iran's oil exports still further, and its whole economy along with it. At the same time, the administration has used sanctions as a weapon against every major pillar of political power in the country, including the Islamic Revolutionary Guard Corps and Iran's supreme leader, Ayatollah Ali Khamenei. And it has threatened to wield them against other countries doing business with Iran, in effect forcing international cooperation with the pressure campaign.

"I think the reality is, there have been stages of greater and greater complexity with respect to the sanctions regime," Juan Zarate, a former Treasury official in the Bush administration, told me. "And there's also a lot of room for creativity as to what the Treasury decides to focus on ... and ways of sequencing and choreographing what to do."

Trump says the pressure on Iran will keep escalating, both physically—via America's military arsenal countering Iran at sea—and financially. Though much of Iran's economy is already sanctioned, Treasury has managed to keep finding new targets to hit, often by trying to bring down complex money-moving networks to stop revenue flowing to the Iranians. Whether that tactic ends up supporting an ultimately successful strategy is another question.

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US blacklists state-owned Chinese oil trader for flouting Iran sanctions

By Joel Gehrke

President Trump's administration is sanctioning a state-owned Chinese company for flouting sanctions on Iran's oil industry.

"They violated US law by accepting crude oil," Secretary of State Mike Pompeo announced Monday at the VFW National Convention. "We've said all along that any sanctions will indeed be enforced."

Chinese ports have been stockpiling Iranian oil in storage tanks owned by Tehran without finalizing the sales, in an apparent effort to avoid triggering U.S. sanctions. Pompeo's announcement targets Zhuhai Zhenrong Corp, the Beijing-based trading company most responsible for China's relationship with Iran's oil industry.

"We can't tolerate more money going to the ayatollah, putting American soldiers, sailors, airmen, and marines, putting their lives at risk," Pompeo said. "It's too important."

The announcement is a positive signal for Iran hawks on Capitol Hill, following reports that the administration might allow China and Iran to sidestep sanctions by using oil as a form of payment in exchange for Chinese investment. Trump's enforcement of sanctions on Iran has jolted the U.S. relationship with China over the last year, as moves to punish Chinese telecommunications giants ZTE and Huawei roiled trade negotiations.

The latest sanctions designation comes as the two sides are trying to jump-start talks following Trump's meeting with Chinese President Xi Jinping at the G-20 Summit in Japan.

The South China Morning Post reported trade representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will lead a team of U.S. negotiators in a likely visit to China next week for the first face-to-face talks since the June halt in the trade war.

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U.S. Imposes New Sanctions on Chinese Company for Transporting Iranian Crude Oil
Move widens U.S. campaign of pressure on the Islamic republic

By Courtney McBride

The U.S. is imposing new sanctions against a Chinese company for transporting Iranian crude, a move that widens the U.S. campaign of pressure on the Islamic republic amid weeks of escalating tensions.

Secretary of State Mike Pompeo told The Wall Street Journal on Monday that Chinese company Zhuhai Zhenrong and one of its executives, Youmin Li, knowingly violated U.S. sanctions barring the import of Iranian crude oil.

China was one of eight countries initially granted waivers, which expired May 2 and haven't been renewed by the U.S.

The company and the executive will be barred from engaging in any foreign exchange, banking or property transactions under U.S. jurisdiction. Neither the company nor Chinese officials immediately responded to requests for comment.

The sanctions send “an important message to the world,” the secretary said. “We can see these crude oil shipments move.”

Tensions have heated up recently as the two countries have traded military threats and as Iran has enriched uranium above levels permitted by the 2015 international nuclear deal. The U.S. has accused Iran of attacking or harassing at least six commercial ships and of shooting down a U.S. surveillance drone in international airspace. Also, Iran has interdicted foreign-flagged tankers that the U.S. and its allies say were in international waters.

Noting that the oil importation waivers expired in early May, Mr. Pompeo said that challenges to Iran’s capacity “to foment terror” will only increase.

However, Mr. Pompeo said U.S. sanctions are working.

“Ninety percent of Iranian crude oil has been effectively sanctioned and withdrawn from the marketplace,” he said.

The corresponding loss of revenue has forced regime leadership to make difficult choices, Mr. Pompeo added, saying Tehran has had to cut its defense budget and the Iranian-backed Hezbollah militia in Lebanon has struggled to fund its operations.

The secretary also said the recent developments with Iran cannot be viewed in isolation, but should be considered in the context of the 40-year history of the Iranian regime.

“Forty years. Forty years,” he said, “I understand that there are events of 40 hours ago, but 40 years.” Mr. Pompeo said the recent incidents can’t be taken singularly, “you have to take them collectively.”

Mr. Pompeo also said advances in the Iranian missile program are designed to enhance the country’s nuclear capability—and they must be viewed accordingly.

Asked about Iranian claims to have seized U.S. “spies” within its borders, Mr. Pompeo said one should “consider the source.”

He said when American citizens detained by Iran, the U.S. government works with Switzerland—which looks after U.S. interests in Iran—to secure their release.

The secretary also reiterated the U.S. will enforce the sanctions whenever and wherever it is able.

“We encourage host countries of companies that are engaged in this activity to stop this behavior. We’ll do the same thing with China.”

The U.S. notified the Chinese government, sought assistance and will continue to seek it, Mr. Pompeo said.

Larger Chinese companies have complied with U.S. law, the secretary said. Asked whether Zhuhai Zhenrong acted with the approval of the Chinese government, Mr. Pompeo said only the company knew its actions violated U.S. sanctions.

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Bloomberg

Don't Put Your Valuables in the Bank

Also dermatologist-investors, activism data and fake trading.

By Matt Levine

Banks are places to store your money, but not really. Not literally. It's not like you hand your money to the teller and they put it in a special envelope with your name on it, to be opened when you make a withdrawal. No, you give the bank money in exchange for a special sort of payable-on-demand debt obligation, and the bank mingles the money with other peoples' money to fund loans, and of course really the loans create the deposits, etc. etc. etc., you know all this.

On the other hand if you have valuable stuff you can leave it with the bank, and the bank will keep it in a box for you, but that is sort of an accident. It is not a core banking function, not really a banking function at all except for historical reasons. And sometimes they'll drill open the box and throw your stuff out!

In the days after Mr. Poniz found his box empty, he began piecing together what had happened: Wells Fargo had apparently tried to evict another customer for not keeping up with payments, and bank employees had mistakenly removed his box instead. After drilling No. 105 open, the bank shipped its contents to a storage facility in North Carolina. After Mr. Poniz discovered the loss, Wells Fargo sent back everything it had in storage, but some items had vanished.

That's from this amazing New York Times story about safe deposit boxes, centered around the story of Wells Fargo & Co. losing millions of dollars' worth of rare watches that Philip Poniz kept in a safe deposit box. I guess safe deposit boxes do resemble core banking functions in that Wells Fargo messes them up in scandalous yet whimsical ways:

Oddly, the bank returned to him five watches that weren't his. "They were the wrong color, the wrong size — totally different than what I had," Mr. Poniz said. "I had no idea where they came from."

But they are unlike core banking functions in most other ways. They are not really covered by banking regulation, for one thing:

The Office of the Comptroller of the Currency, the banking industry's main federal overseer, said it had no grounds to get involved. "No provision of federal banking law expressly regulates safe deposit boxes," said Bryan Hubbard, an agency spokesman.

And they are not particularly profitable:

Banks increasingly regard safe deposit boxes as more of a headache than they're worth. They're expensive to build, complicated to maintain and not very lucrative.

They are not very lucrative, to be clear, because you're just paying rent by the cubic foot. If you put \$10 million worth of watches into a little box, it's not like the bank can rehypothecate the watches. The bank is not using your assets to fund loans. The watches just sit there. The core business of banking is to use the stuff that you leave at the bank, which makes safe deposit boxes very non-core.

"All of the major national banks would prefer to be out of the safe-deposit-box business," said Jerry Pluard, the president of Safe Deposit Box Insurance Coverage, a small Chicago firm that insures boxes. "They view it as a

legacy service that's not strategic to anything they do, and they've stopped putting any real focus or resources into it." He estimates that about half of the safe deposit boxes in the country are empty.

And since they're so non-core, they're not particularly safe. In fact banks can explicitly disclaim any responsibility for keeping safe deposit boxes safe, though that disclaimer is usually in a smaller font than, I don't know, the words "safe deposit box." Here's what happened in another lost-safe-deposit-box-contents case:

Bank of America sought to have the case dismissed, citing language in its lease agreement stating that the renter "assumes all risks" of leaving property in the box. But in 2017, after a monthlong trial, a jury awarded Ms. Saribekyan \$2.5 million for her lost items and an additional \$2 million in punitive damages. Bank of America then challenged the verdict, arguing that any recovery should be restricted by the terms detailed in its rental contract: "The bank's liability for any loss in connection with the box for whatever reason shall not exceed ten (10) times the annual rent charged for the box."

Judge Rita Miller agreed. She reduced the compensation for lost items to \$2,460 and cut the punitive damages to \$150,000.

"We were shocked, furious and in disbelief that such a thing could happen," Mr. Halajyan said. "The attorneys were throwing stupid counterarguments at us, asking, 'Why would you put so many valuables in the safe deposit box?' We were like, where else do you want us to put it? The word 'safe' is supposed to mean 'safe.'"

It is strange. If you put money in the bank in the traditional way—you deposit it with a teller or an ATM—your money is, in a sense, gone immediately. They don't put it in a box for you; they intermingle it with the rest of their assets and use it to make loans and to do weird derivative trades and whatever. And yet it is almost completely safe; the core business of the modern banking system—and the associated regulation, deposit insurance, etc.—is to keep it safe, to make sure that if you deposit money with a bank you get it back.

If you put stuff in the bank's safe deposit box, on the other hand, they visibly keep it really safe and separate. It goes in a box, the box is exclusively yours, there's a whole rigamarole with vaults and keys:

A foot-thick steel door sheltered cabinets filled with hundreds of stacked metal boxes, each protected by two keys. The bank kept one; the customer held the other. Both were required to open a box.

But this is all show. They don't mean it. They disclaim all responsibility, you assume all risk, sometimes they open the box without your supposedly necessary key and your stuff gets lost. The invisible intangible electronic systems work well to guard your money; the steel doors and dual-key systems look great but don't especially work.

What are the dermatologists up to?

You know, in the Middle Ages, surgery was something that barbers did on the side. Like, they had razors already, which meant they were better qualified to perform surgery than anyone who didn't have razors. Why not let them cut you open? Mortality rates were high. In the intervening centuries medicine and surgery have become more specialized, and now if you need heart surgery you not only wouldn't think to hire a barber to do it, you wouldn't even think to hire a brain surgeon. This specialization has come along with great advances in technique and results. It turns out that, statistically, heart surgeons are better at heart surgery than barbers are.

What about dermatologists, are they better at sourcing and identifying private-equity and venture-capital investments than private-equity professionals are?

Dr. Keith Wright, a dermatologist in Atlanta, is part of a group of lawyers and businesspeople in the city who have been pooling their money for about six years in search of the outsize returns of private equity legend.

“It came from the boredom everyone felt with mutual funds,” Dr. Wright said. “When we started off, all we were looking for was a home run.”

That is from a whole article about how “D.I.Y. Private Equity Is Luring Small Investors.” I wrote last year that the basic principle of U.S. securities law is that regular individuals can only invest in public companies with regulated, extensive and standardized disclosure, but “dentists can invest in any dumb thing someone can dream up to sell them.” “I mean, not literally just dentists,” I added, “radiologists too.” Also dermatologists though! Really every medical specialty seems to have a subspecialty in risky illiquid investments, and I suppose it is worth wondering why. Money is one reason; dermatology pays well, and you have to put that money somewhere. Another reason might be that medical training inculcates a sense of infallibility and superiority that is easily transferrable to thinking you’re good at investing. Success at investing has a similar effect, come to think of it, which is why so many hedge fund managers think that they are public policy experts, and probably a few of them are secretly confident they could do heart surgery.

It is worth emphasizing though that there are at least two requirements to succeed in private investing. One part is, when you see a private investment opportunity, you need to be good at deciding whether or not to invest in it, and at structuring and negotiating that investment, etc. These are skills, and perhaps you can learn them in your spare time. But the other part is, what private investment opportunities do you see? If you are a professional at a brand-name venture capital firm, startups come to your door asking you to invest; if you are a professional at a brand-name buyout firm, investment banks constantly pitch companies to you. If you are a club of dermatologists and lawyers, I dunno man, I dunno:

In this sense, individuals focused on private equity are at a disadvantage. Their groups are not going to see the best deals, but even if they did, they would not have the capital to invest at that level.

Mr. Prophete, the corporate lawyer, said the eight members in his group each put in \$125,000 a year. With \$1 million on hand, the group has access to a lot of deals, he said. The group has been active for about seven years.

The members relies on their contacts to find opportunities. “We have never not had a pipeline of deals,” he said. These deals are small, though, the type that large private equity funds would not consider.

We have talked before about this aspect of the private markets, which I think is generally underappreciated: The dentists and the professionals compete on more or less equal terms in making public-market investments, even if the professionals have more time and training to devote to their investment decisions, but in private markets the dentists and the professionals see entirely different sets of deals. It would be surprising if the deals did not differ systematically in quality.

One other weird thing:

Dr. Wright said three people had left his group since it started, including the fraternity brother who had brought him in, but their money stayed behind. That was written into the fund documents up front.

“If you leave anytime before the 10-year horizon, you redeem nothing and you lose everything,” he said. “It’s painful, but it’s there to encourage you to stick this out.”

If members depart and an investment performs well, they still get nothing.

What? Well, that is one way to juice everyone else’s returns!

Activism preparedness

Man, I love investment bankers:

JPMorgan Chase has launched a data analytics tool that aims to predict how investors agitating for change will influence other company shareholders, in the latest example of advisers using technology to help clients ward off activists. ...

JPMorgan has created a huge data set on previous activist situations at US-listed companies, and used that to build a profile of how various shareholders typically respond to individual activists.

The system can isolate which shareholders are likely to support a given activists' approach, JPMorgan said, and which are likely to sell their stakes if a given activist joins a company's share register. The data are then cross-referenced against a client's shareholder base.

"This is all done with . . . available data," said Huw Richards, a former bond market banker who is in charge of digital initiatives at JPMorgan's investment banking division. The algorithm that connects different data sets is the project's "secret sauce", he added.

I was an investment banker back in the dark ages before banks were constantly rolling out apps and client-facing analytics tools, but the impulse was the same. There'd be some fuzzy nuanced situation that depends on particular facts and arguments and personalities and relationships, and you'd be trying to get hired to advise the client on dealing with the situation, and at some point you'd think "well is there a way to quantify this? Can we build a"—back then you'd say "spreadsheet that can be summarized on a pitchbook page," now you say "data analytics tool"—"that we can show to the client to demonstrate how rigorous and scientific we are?"

The basic advice for responding to activism is, like, call up all your big shareholders, tell them that your ideas are better than the activist's ideas, ask them what they think, listen to them, and try to address their concerns. But that is vague and fuzzy advice and doesn't really tell the client anything they don't know. Telling them "you have a 64.7% chance of winning this proxy fight, and here are the eight fulcrum investors you need to talk to to make sure of it" makes it sound, not just like you know what you're doing, but like you have some specialized investment-banking expertise that the client lacks. It might be true, too! It seems perfectly plausible, to me, that this sort of analysis would tell you something useful. But the banker's instinct is separate from the truth of it; you want to quantify the things that can be quantified, but you equally want to quantify the things that can't.

Though there are skeptics, even among bankers:

Bill Anderson, head of Evercore's activism/raid defence business, said that although "statistical analyses on shareholder voting histories can be interesting, a company's relationships with their shareholders are much more important".

He added: "I am concerned that companies — perhaps encouraged by bankers — overfocus on data, rather than the blocking-and-tackling of shareholder engagement."

Ah but he's at a boutique. If you are at a giant bank, you might as well have someone build a data-analytics tool and tell everyone it's your "secret sauce"; if you're at a small boutique, you might as well tell everyone that relationships are more important than statistical analyses.

Imaginary trading

One reason I like writing about crypto is that it offers sort of a fantasy role-playing financial system. There are a bunch of smart people who are deeply familiar with the workings of the regular old financial system, stock offerings and margin lending and high-frequency trading and everything else, and they get really into the details, and they find it all interesting but also a bit constraining. They live in a system that was constructed over time by other people, and they get to know the system intimately, but at night they go home and dream about building their own perfect system, free of all the arbitrary and conflicting choices made by others in the past.

And then crypto hands them an absolutely blank piece of paper and asks them, like, what would a corporate financing transaction or a stock exchange or a money-market fund or whatever look like, if you were building it from scratch? And their answer might be faithful homage that looks just like the normal existing thing, or a rationalized and perfected version of the normal thing, or the normal thing with a few fun bells and whistles, or a sloppy broken version of the normal thing, or a wild flight of fancy that takes the lessons of the normal financial system in a totally unexpected direction. And all of this happens at once in parallel, and there are (kind of) no rules, and it is just smart people re-imagining what a financial system might be, and how could you not enjoy that.

But “fantasy role-playing financial system” is an unfair description just because there is, mostly, real money involved. Sure the financing transactions don’t always fund real businesses, but the crypto exchanges dreamed into being by market-structure experimenters have real customers who buy and sell crypto assets with real money. It is joyful experimentation, but with real stakes.

Not always though!

To cryptocurrency professionals trying to legitimize their industry, market manipulation is a scourge. To 20-year-old Alexey Andryunin, it’s a living.

A sophomore at Moscow State University, Andryunin is the co-founder of Gotbit, a firm that specializes in making obscure cryptocurrencies look like they’re being actively traded. For a fee, the two-man shop will program bots to trade a token back and forth with each other on also-ran exchanges until it has enough “volume” to get listed on CoinMarketCap. Once it appears on that influential market data site, an asset can gain the attention of larger platforms and bigger investors. ...

To show imaginary volumes, Gotbit’s bot fills an exchange’s order book – again, we’re talking about small exchanges with minuscule volumes – and closes the orders itself using the same or another account. Usually, clients have four accounts, but two are enough for trading with yourself, Andryunin says.

In order to make these volumes plausible, Andryunin said, Gotbit programs its algorithms to mimic the normal patterns of trading in different parts of the world at different times of the day and year.

It’s just completely imaginary trading, and yet it is imaginary trading with a certain aesthetic commitment to realism. You can’t be good at pretend trading until you know what real trading looks like.

Things happen

The day Deutsche Bank’s boss decided on a radical solution. Equifax to Pay \$575 Million as Part of Settlement with FTC, CFPB, and States Related to 2017 Data Breach. A Busted Goldman Airline Deal Is Investigated by Private Detectives. SEC to extend Mifid exemption for US brokers’ research. WeWork to host Wall Street analyst day in IPO push. Shares on China tech exchange gain up to 520% in trading debut. Meet Morgan Beller, the 26-year-old woman behind Facebook’s plan to make its own currency. Pre-Revolutionary Chinese Debt: An

Investment for the Truly Stable Genius. Yes, You Actually Should Be Using Emojis at Work. “We’re initiating coverage of the Moon with a cautiously optimistic view.”

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Chinese investment in US plummets 90 percent amid Trump trade war

By Niv Elis

Chinese investment in the U.S. plunged nearly 90 percent during President Trump's first two years in office as the world's two largest economies have waged an aggressive trade war.

According to figures from the data research firm Rhodium Group, investment from China hit an all-time high of \$46.5 billion in 2016. The following year that amount dropped to \$29.7 billion before plummeting to a nine-year low of \$5.4 billion in 2018. During that two-year period, investment declined 88 percent.

Trump has imposed tariffs on \$250 billion worth of Chinese imports as a way to exert pressure on the world's second-largest economy to change some of its business practices. China has been accused of unfair trade practices such as currency manipulation and intellectual property theft. China responded by imposing its own tariffs on U.S. products, hitting the agricultural sector particularly hard. But the country has not been able to retaliate on the same scale since the U.S. buys significantly more goods from China.

The drop in Chinese investment could be a form of non-tariff retaliation against the U.S.

"China's domestic crackdown on leveraged outbound investors has dramatically changed the landscape of activity in the US," the Rhodium Group wrote in a report.

But some of the decline stemmed from increased U.S. scrutiny, according to Rhodium.

"We estimate that Chinese investors abandoned deals worth more than \$2.5 billion in the US in 2018 due to unresolved CFIUS concerns," the group wrote in a report, referring to the Committee on Foreign Investment in the United States, which regulates foreign investment.

The recent drop in Chinese investment marks a significant turnaround.

Before 2010, China's investment in the U.S. was minimal. It remained well under \$1 billion until after the Great Recession in 2009, when it shot up to \$4.6 billion in 2010. Over the following years, it grew steadily until its 2016 peak.

After Trump took office, the number of deals and overall level of investment began to decline.

The U.S. and China last month agreed to restart negotiations after previous talks derailed in the face of new tariffs.

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From: Secretary Mnuchin
Sent: @treasury.gov
Sent: Sat, 20 Jul 2019 10:59:15 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO
Cc: Vought, Russell T. EOP/OMB; (b)(6)
Subject: Update call

I just spoke with her
Trying to coordinate team call with Mitch and Kevin between 1145-1
Waiting to hear back from mitch
Will send out time and dial in as soon as I hear back

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 9:10:23 AM EDT
To: Mulvaney, Mick M. EOP/WHO (b)(6) Secretary Mnuchin
Cc: Vought, Russell T. EOP/OMB (b)(6) Secretary Mnuchin
@treasury.gov
Subject: Re: No word since the 4:15 call?

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Wed, 31 Jul 2019 14:23:18 -0400
To: Mick Mulvaney
Subject: Urgent

(b)(5)

I real don't understand why this couldn't be a more organized process

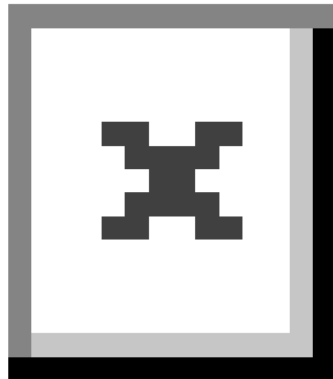
From: Secretary Mnuchin [redacted]@treasury.gov>
Date: July 31, 2019 at 2:05:47 PM EDT
To: Mick Mulvaney [redacted] (b)(6)
Subject: Fw:

From: Crowley, Monica
Sent: Sat, 20 Jul 2019 07:42:02 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: WaPo: Trump tells aides to look for big spending cuts in second term, sowing confusion about budget priorities

Mr Secretary, for your awareness

Trump tells aides to look for big spending cuts in second term, sowing confusion about budget priorities

Jeff Stein



President Trump, shown Friday on the White House South Lawn, is advocating swiftly lifting the federal debt ceiling, which would allow for more spending and borrowing. (Jabin Botsford/The Washington Post)

President Trump has instructed aides to prepare for sweeping budget cuts if he wins a second term in the White House, five people briefed on the discussions said, a move that would dramatically reverse the big-spending approach he adopted during his first 30 months in office.

Trump's advisers say he will be better positioned to crack down on spending and shrink or eliminate certain agencies after next year, particularly if Republicans regain control of the House of Representatives.

But this second-term ambition is already sowing confusion about how the White House should approach the current slate of negotiations, in which some conservatives want Trump to push for spending restraint.

Instead, Trump is advocating swiftly lifting the federal debt ceiling, which would allow for more spending and borrowing. Trump, who was once a fierce promoter of refusing to raise the debt ceiling without winning concessions, said the opposite on Friday, telling reporters that "it's a sacred element of our country. They can't use the debt ceiling to negotiate."

Treasury Secretary Steven Mnuchin has said the debt ceiling needs to be increased by early September to avoid a potentially catastrophic default. That puts enormous pressure on Congress to act, because lawmakers leave at the end of next week for the remainder of the summer.

Mnuchin has forged several parts of a new budget agreement with House Speaker Nancy Pelosi (D-Calif.), but the talks bogged down in recent days after other Trump advisers sent Democrats a request for \$150 billion in spending cuts.

With Mnuchin pushing for a deal and the other advisers, largely acting chief of staff Mick Mulvaney and acting budget director Russell Vought, seeking big cuts, the White House has lacked a consistent argument during the debates, something that is likely to spill into a second term if Trump is reelected.

Even some Republicans appear exasperated over the differing views.

Senate Appropriations Committee Chairman Richard C. Shelby (R-Ala.) told reporters that Mnuchin has been the "voice of reason" inside the White House and that Trump would benefit from focusing on the treasury secretary's advice.

"I think he should listen to the secretary," Shelby said, speaking of Trump.

Democrats have seized on this inconsistency and dug in, and they appear unlikely to capitulate during the current debate, in part because Trump has not signaled a willingness to back up demands from Vought's office for the spending cuts. Now,

neither aides nor Congress know precisely how hard Trump is willing to fight for budget cuts either this week or during the second term.

Muddying matters further, Trump has not instructed aides as to how sweeping he wants future budget cuts in his second term to be. For example, he has not told aides whether he will be open to significant cuts to Medicare, one of the government's costliest programs. Trump promised during the 2016 campaign that he wouldn't cut Medicare, Medicaid or Social Security. He abandoned that pledge for Medicaid but has largely held to his commitment not to reduce Medicare and Social Security benefits, despite pressure from some advisers.

His apathy toward cutting spending has helped drive the deficit to about \$1 trillion this year, a sharp contrast to the GOP demands for a balanced budget during the Obama administration.

Trump himself has mischaracterized the government's fiscal problems on numerous occasions, alleging that the Obama administration is to blame for rising debt levels. The deficit did widen, and then contract during the Obama administration, in part because of the government's response to the financial crisis. But the deficit has expanded greatly during the Trump administration, adding \$3 trillion to the debt since he took office. It is expected to continue growing through the next decade and beyond.

White House officials have not stuck to a consistent approach in dealing with the budget, in part because of Trump's unwillingness to fight for cuts.

Several months ago, White House officials released a budget plan that would have slashed spending at multiple agencies. But they jettisoned that blueprint during talks with lawmakers and have agreed to increase spending markedly in the next two years. They were still haggling over specifics of the deal on Thursday afternoon, however.

The internal White House split over how hard to push for budget cuts is a precursor for what aides expect will be a central battle if Trump wins reelection. Trump's aides have frequently called for reducing the deficit, only to see Trump reverse course and call for more spending throughout the budget on things such as military programs, a new wall along the U.S.-Mexico border and bailout funds for farmers. The 2017 tax cut has also added to the deficit, according to budget experts, and will end up costing the government more than \$1 trillion over 10 years.

Some Republicans have said Trump's refusal, so far, to pursue big changes to entitlement programs such as Medicare and Social Security have made it nearly impossible for him to fix the budget.

"They have never proposed serious entitlement reforms, and he has said quite clearly that he won't," said Douglas Holtz-Eakin, a Republican and former Congressional Budget Office director. "Until they do, they are not serious about anything."

There are a number of reasons debt levels are projected to keep climbing, and some of the biggest ones have to do with demographics that political leaders can't control. Medicare and Social Security primarily benefit older Americans, and thousands of new people qualify for these benefits each day as Americans age into the benefits.

Budget experts have said the best way to control costs on these programs would be to phase in changes over time to avoid abrupt disruptions in benefits. But policymakers from both parties have frequently avoided such adjustments, worried about the political blowback from seniors.

Trump has also received mixed signals from Capitol Hill. Former House speaker Paul D. Ryan (R-Wis.) was a big proponent of spending cuts but recently left office.

Meanwhile, Senate Majority Leader Mitch McConnell (R-Ky.) has advised Trump to postpone any spending fights until after the 2020 elections, saying conflict could turn voters away from Republicans.

Several conservative lawmakers expressed skepticism that a push to reduce deficits could gain traction in Congress, even if the Trump administration throws its weight behind such an effort. Sen. Ron Johnson (R-Wis.) said he doubted Republican lawmakers would move legislation to meaningfully close the deficit.

"My experience around here about cutting the budget is that it's like going to heaven: Everyone wants to go, but nobody is quite ready to take the trip," said Sen. John Neely Kennedy (R-La.), a member of the Senate Appropriations Committee. "I've heard no discussion about this. None."

Trump promised during his 2016 campaign to eliminate the government's debt after eight years in office, a pledge top advisers later said was a mistake. But Trump has not only failed to eliminate the \$19 trillion in debt he inherited when he was sworn in; he also authorized multiple agreements that made the debt much larger.

His aides have proposed budget cuts numerous times during his first term in office, only to have Trump back away and pursue spending increases instead. These spending increases, combined with the 2017 tax cut law, have added \$3 trillion to the debt during Trump's first term in office.

The U.S. government spends more money than it brings in through revenue, and that gap is referred to as the "deficit." The government borrows money to cover this gap, and it does this by issuing debt.

"It's an urgent problem, and the longer you wait to fix it the harder it will be," said Michael A. Peterson, chairman and chief executive of the Peter G. Peterson Foundation, which advocates deficit reduction, citing the growing price tag on debt interest payments.

Trump has said these measures were necessary to help grow the economy and rebuild the military, but they have also added markedly to the debt. White House officials, however, have disputed that the tax cuts have led to lost revenue. They cite figures that show tax revenue is higher this year than last year, but budget experts say the revenue collected this year has fallen short of projections and not accounted for the steep tax cuts.

Particularly troubling to budget experts is the steep drop in taxes paid by businesses under the law, which lowered the corporate tax rate from 35 percent to 21 percent. The year before the tax law, the United States collected about \$285 billion from corporate taxes — a number that dropped by more than 30 percent last year, according to the Bipartisan Policy Center, a nonpartisan organization.

So far, companies have paid even lower levels of corporate taxes this year compared with 2018, with 60 Fortune 500 companies paying no federal taxes at all, according to the Institute on Taxation and Economic Policy, a left-leaning think tank.

Republican lawmakers and the Trump administration predicted during the debate over the 2017 tax law that the legislation would increase federal revenue by spurring additional economic growth, and the Treasury Department released a one-page analysis projecting the law would cut the deficit by \$300 billion over 10 years.

The economy has grown faster since the tax cuts went into effect, but it has already shown signs of slowing this year. Trump and other White House officials have predicted that the tax cuts could lead to a loss in revenue in the first few years but

would eventually lead to a big increase in revenue, something budget experts have disputed.

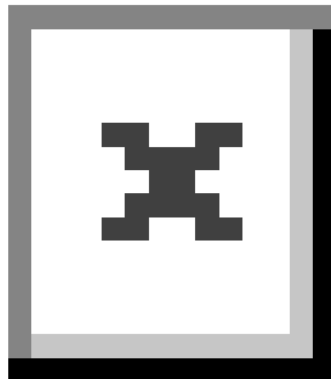
From: Crowley, Monica
Sent: Mon, 22 Jul 2019 09:46:53 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: WSJ: White House and Congress Near Agreement on Spending, Debt Ceiling

Mr Secretary, for your awareness. Posted at WSJ one hour ago.

White House and Congress Near Agreement on Spending, Debt Ceiling

Discussions continue on deal that would extend debt limit for two years and include \$80 billion in spending offsets

Catherine Lucey July 22, 2019 8:44 am ET



House Speaker Nancy Pelosi (D., Calif.) and Treasury Secretary Steven Mnuchin continued to negotiate throughout the weekend, and, as of late Sunday, discussions were focused on an extension of the debt limit for roughly two years, said a person familiar with the talks. Overall, nearly \$80 billion of the deal would be offset, the person said, stressing that nothing had been agreed to yet.

Some conservative House Republicans are asking President Trump to reject any agreement without significant spending cuts, injecting further uncertainty into negotiations toward a deal with just five days to go until the House leaves Washington for its August recess.

Rep. Mike Johnson (R., La.), the chairman of the conservative Republican Study Committee, a group of around 150 conservative Republicans, spoke with Mr. Trump on Saturday about his concerns with the still-developing budget agreement.

“We believe the White House and congressional leadership should be prepared to walk away from this if necessary,” Mr. Johnson said in an interview. “I’m encouraged after speaking with the president.”

Mr. Johnson said that the proposed deal includes a \$320 billion increase above limits set in a 2011 law, though that figure may not be final.

Mr. Mnuchin last week said both sides—Republicans control the White House and Senate, while Democrats control the House—had agreed on raising the debt ceiling for two years and setting spending levels but not on how to pay for the increases above limits set in a 2011 law.

Mr. Johnson and other members of the conservative group want the cost of any agreement to be fully offset by other spending cuts and include an extension of the limits set in the 2011 law.

With Congress starting to leave for August recess on July 26 and not returning until September, the race is on to approve a spending deal and raise the debt ceiling. WSJ’s Kate Davidson looks at the hurdles that remain. Photo: Bloomberg

Administration officials have indicated that they want to reach an agreement that will win the support of House Republicans. The Trump administration had indicated that it wouldn’t accept less than \$150 billion in spending cuts, offering a list of potential offsets that a Democratic aide close to the talks has called “nonstarters.”

Looming behind negotiations over spending levels is the federal borrowing limit. Mr. Mnuchin has said the U.S. could exceed the ceiling in early September, before lawmakers return from a summer recess, pressing negotiators to reach an agreement this week. Should the government’s ability to borrow become limited, it could begin to miss payments on obligations such as Social Security and veterans benefits or interest on the debt.

House conservatives want the president to follow the advice of acting White House chief of staff Mick Mulvaney and Russell Vought, the acting director of the Office of Management and Budget, both of whom have called for spending cuts. Senate Appropriations Committee Chairman Richard Shelby (R., Ala.) said he is hopeful that Mr. Trump has entrusted negotiations to Mr. Mnuchin.

“I think the secretary has been forthcoming and forthwith and is trying to avoid a catastrophe on the debt limit and also on appropriations,” Mr. Shelby said. “I think he has been a voice of reason.”

Rep. Chip Roy (R., Texas), who wrote a letter signed by more than 40 House Republicans earlier this year advocating to keep spending within limits set in the 2011 law, said he has spoken with Messrs. Mulvaney and Vought about the negotiations.

“The president should be listening to Mick Mulvaney and Russ Vought, and he should not be listening to Steven Mnuchin, period,” Mr. Roy said. He added that his Republican colleagues in the Senate weren’t sufficiently committed to cutting spending. “Senate Republicans will never not find a corner where they can go and hide,” he added.

This set of spending negotiations isn’t the first complicated by differences among Republicans. Last year, a stopgap measure to keep the government open passed the Senate but was rejected by Mr. Trump, who withdrew his support and called on House Republicans to pass legislation with more funding for a border wall. That prompted the longest government shutdown in U.S. history.

More recently, Mr. Trump has shown a willingness to side with Senate Republicans, who have to work with House Democrats to get spending plans through Congress. After months of wrangling over a disaster relief funding, Mr. Trump accepted a compromise to provide additional money to Puerto Rico and address a humanitarian aid package for the southern border separately.

Treasury Secretary Steven Mnuchin left a meeting with top congressional leaders on a potential deal to raise the budget caps in May. Photo: J. Scott Applewhite/Associated Press

To get Mr. Trump to agree to the disaster aid deal, Sens. Shelby and David Perdue (R., Ga.) called to encourage him to accept the agreement. Two stalwart conservatives, Reps. Jim Jordan (R., Ohio) and Mark Meadows (R., N.C.), were in the

Oval Office during the call and urged him to oppose it, according to a person familiar with the conversation.

Initial proposals from the administration to maintain current spending levels for an additional year quickly lost favor with Senate Republicans, who warned about the consequences for increased military spending if no budget deal is reached.

“I think the result of all these different voices is going to mean that the outcome here remains uncertain until the legislation is passed, basically,” said Shai Akabas, the economic policy director at the Bipartisan Policy Center, a think tank in Washington.

Write to Catherine Lucey at catherine.lucey@wsj.com and Andrew Duehren at andrew.duehren@wsj.com

From: Crowley, Monica
Sent: Thu, 1 Aug 2019 20:06:49 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: Bloomberg: Trump Ruled Out Mnuchin's Proposal to Warn China of New Tariffs

Mr Secretary, we're trying to get this clarified/corrected.

Trump Ruled Out Mnuchin's Proposal to Warn China of New Tariffs

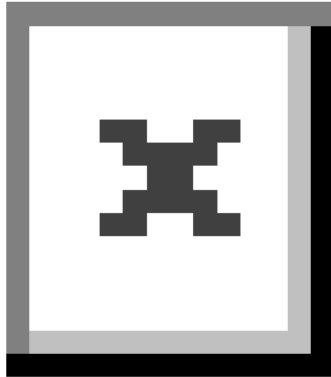
Jennifer Jacobs

August 1, 2019, 5:39 PM EDT

'We'll be taxing them,' Trump says of 10% levy on China goods

President Donald Trump ruled out giving Beijing advance notice of his intent to slap a new 10% tariff on \$300 billion in Chinese goods in an Oval Office meeting before he announced the duties, according to several people familiar with the discussion.

During the meeting, Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer briefed Trump on their talks in Shanghai this week with their Chinese counterparts. While the White House called the talks "constructive" in a statement issued Wednesday, Trump concluded that the two U.S. officials actually came away with nothing, the people said.



Photographer: Al Drago/Bloomberg

“When my people came home, they said ‘we’re talking, we have another meeting in early September,’” Trump told reporters as he departed the White House on Thursday for a campaign rally. “I said ‘that’s fine, but in the meantime, until such time as there’s a deal, we’ll be taxing them.’”

Spokesmen for Treasury and the White House did not immediately respond to a request for comment.

Mnuchin and Lighthizer knew the president was considering a new round of tariffs before they left for Shanghai, three of the people said. Trump has been unhappy about what the U.S. views as Chinese back-tracking on trade talks, and has recently said he believes Beijing may be trying to wait until after the presidential election in 2020 to conclude a deal.

Trump accused the Chinese government of reneging on a tentative trade deal in May, which prompted an impasse in talks. After a meeting with Xi Jinping at the Group of 20 summit in Japan in June, Trump declared that the Chinese president had agreed to increase purchases of U.S. agricultural goods as part of a ceasefire in the trade war. But Chinese state media said there was no such agreement, and the purchases never materialized.

Trump complained again on Thursday about Chinese trade practices -- “for many years, China has been taking money out by the hundreds of billions of dollars a year.”

“So now it’s time that we change things around,” he told reporters. “If they don’t want to trade with us, that would be fine with me. We’d save a lot of money.”

Thursday’s meeting in the Oval Office was tense. Mnuchin recommended that the U.S. notify Beijing before Trump announced the new tariffs, the people said. Trump refused. Acting Chief of Staff Mick Mulvaney talked through the market effects of increasing the China tariffs, the people said.

Trump hit send on his tweets announcing the new tariffs at 1:26, while Mnuchin, Lighthizer, Mulvaney and others were still in the Oval Office.

— *With assistance by Jennifer A Dlouhy*

From: (b)(6)
Sent: Tue, 23 Jul 2019 12:47:58 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: FW: DELAYED - APA (Internal): Policy Time – Trade

FYI

From: Connor, Cameron M. EOP/WHO (b)(6)
Sent: Tuesday, July 23, 2019 12:46 PM
To: Connor, Cameron M. EOP/WHO (b)(6)
Subject: FW: DELAYED - APA (Internal): Policy Time – Trade

FYSA—please note that this meeting is DELAYED and will now begin at 2:45 PM (45 min).

(b)(5)

From: Secretary Mnuchin [redacted]
Sent: Sun, 21 Jul 2019 14:30:14 -0400
To: (b)(6) [redacted]; Kowalski, Daniel
Subject: FW:

Can one of you pdf
Do not forward

From: Ueland, Eric M. EOP/WHO (b)(6) [redacted]
Date: July 21, 2019 at 2:28:02 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>, Mulvaney, Mick M. EOP/WHO (b)(6) [redacted]
Vought, Russell T. EOP/OMB (b)(6) [redacted]
Subject: (No subject)

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Wed, 31 Jul 2019 20:18:27 -0400
To: (b)(6) [redacted]
Cc:
Subject: Fwd: POTUS debrief

I confirmed

From: Haidet, Michael B. EOP/WHO (b)(6) [redacted]
Date: July 31, 2019 at 8:16:19 PM EDT
To: Liddell, Christopher P. EOP/WHO (b)(6) [redacted]
Cc: Lighthizer, Robert E. EOP/USTR (b)(6) [redacted]<[redacted]@ustr.eop.gov>, Secretary Mnuchin [redacted]
Secretary Mnuchin [redacted]<[redacted]@treasury.gov>, Mulvaney, Mick M. EOP/WHO (b)(6) [redacted]
Subject: Re: POTUS debrief

From: (b)(6)
Sent: Mon, 22 Jul 2019 21:30:13 -0400
To: Secretary Mnuchin
Subject: Fwd: APA (In-House): Meeting with Republican Members of the Senate
Importance: High

Sir - FYI

From: Morrall, Kimberly E. EOP/WHO (b)(6)
Date: July 22, 2019 at 8:31:11 PM EDT
To: (b)(6)@treasury.gov (b)(6)
(b)(6)@treasury.gov, Myers, Baylor <Baylor.Myers@treasury.gov>
Cc: Connor, Cameron M. EOP/WHO (b)(6)
Subject: APA (In-House): Meeting with Republican Members of the Senate

Hi (b)(6)

See the below APA for tomorrow's meeting with Republican Members of the Senate at 4:00 PM in the State Dining Room.

Thank you,
Kimberly

This email is to inform you that your schedule proposal for a **Meeting with Republican Members of the Senate** has been **APPROVED** and added to the President's schedule. Information regarding your event is below.

DATE/TIME/LENGTH OF PARTICIPATION: Tuesday, July 23, 2019 at 4:00 PM (1 hr)

LOCATION: State Dining Room

EVENT FORMAT/PROGRAM: Meeting

PRESS: Closed

EXTERNAL PARTICIPANTS:

Members of the Senate

Sen. Lamar Alexander (R-TN)
Sen. John Barrasso (R-WY)
Sen. Marsha Blackburn (R-TN)
Sen. Roy Blunt (R-MO)
Sen. John Boozman (R-AR)

Sen. James Lankford (R-OK)
Sen. Mike Lee (R-UT)
Sen. Mitch McConnell (R-KY)
Sen. Martha McSally (R-AZ)
Sen. Rand Paul (R-KY)

Sen. Bill Cassidy (R-LA) – *TBC*
Sen. Susan Collins (R-ME)
Sen. John Cornyn (R-TX)
Sen. Tom Cotton (R-AR)
Sen. Kevin Cramer (R-ND)
Sen. Mike Crapo (R-ID)
Sen. Ted Cruz (R-TX)
Sen. Steve Daines (R-MT)
Sen. Joni Ernst (R-IA)
Sen. Deb Fischer (R-NE)
Sen. Lindsey Graham (R-SC)
Sen. Chuck Grassley (R-IA)
Sen. Josh Hawley (R-MO)
Sen. John Hoeven (R-ND)
Sen. Cindy Hyde-Smith (R-MS)
Sen. Ron Johnson (R-WI)
Sen. John Kennedy (R-LA)

Sen. David Perdue (R-GA)
Sen. Rob Portman (R-OH)
Sen. James Risch (R-ID)
Sen. Pat Roberts (R-KS)
Sen. Mitt Romney (R-UT)
Sen. Mike Rounds (R-SD)
Sen. Marco Rubio (R-FL)
Sen. Ben Sasse (R-NE)
Sen. Rick Scott (R-FL)
Sen. Tim Scott (R-SC)
Sen. Richard Shelby (R-AL)
Sen. Dan Sullivan (R-AK)
Sen. John Thune (R-SD)
Sen. Thom Tillis (R-NC)
Sen. Pat Toomey (R-PA)
Sen. Roger Wicker (R-MS)
Sen. Todd Young (R-IN)

Senate Staff

Sharon Soderstrom, Chief of Staff to the Senate Majority Leader
Robert Karem, National Security Advisor to the Senate Majority Leader

INTERNAL PARTICIPANTS:

Mick Mulvaney, Acting White House Chief of Staff
Secretary Mike Pompeo, Department of State
Secretary Steven Mnuchin, Department of the Treasury
Dr. Charles Kupperman, Assistant to the President and Deputy National Security Advisor
Robert Blair, Assistant to the President and Advisor to the Chief of Staff
Eric Ueland, Assistant to the President and Director of Legislative Affairs
Amy Swonger, Deputy Assistant to the President and Deputy Director of Legislative Affairs for Senate
Virginia Boney, Special Assistant to the President and Senior Director of Legislative Affairs, NSC

From: Kudlow, Larry A. EOP/WHO
Sent: Sat, 20 Jul 2019 20:53:27 +0000
To: Secretary Mnuchin
Subject: Fwd: APA (In-House): Meeting with Tech CEOs

FYI

Sent from my iPhone

Begin forwarded message:

From: Office of Presidential Scheduling (b)(6)
Date: July 19, 2019 at 5:21:29 PM EDT
To: "Kushner, Jared C. EOP/WHO" (b)(6) "Dumbauld, Cassidy M. EOP/WHO"
(b)(6) "Kudlow, Larry A. EOP/WHO"
'Olmem, Andrew J. EOP/WHO"
(b)(6) "Varga, Susan C. EOP/WHO"
(b)(6) "Baker, Brittany G. EOP/WHO"
(b)(6) 'Wiggins, Jeremy G. EOP/WHO"
>, Staff Secretary (b)(6)
Subject: APA (In-House): Meeting with Tech CEOs

(b)(5)

(b)(5)

Please review this information to ensure accuracy. Any updates regarding your event must be shared with the Office of Presidential Appointments and Scheduling. It is the responsibility of the Project Officer or his/her designee to finalize all details of the approved activity.

Thank you,

Office of Presidential Appointments and Scheduling

From: (b)(6)
Sent: Wed, 31 Jul 2019 22:30:17 -0400
To: Secretary Mnuchin
Subject: Fwd: APA (Internal): Meeting with the Secretary of the Treasury and the U.S. Trade Representative
Importance: High

Sir -

FYI for the POTUS meeting tomorrow.

This email is to inform you that a **Meeting with the Secretary of the Treasury and the U.S. Trade Representative** has been **APPROVED** and added to the President's schedule. Information regarding your event is below.

PROJECT OFFICER: Christopher Liddell, Assistant to the President and Deputy Chief of Staff for Policy Coordination

DATE/TIME/LENGTH OF PARTICIPATION: Thursday, August 1, 2019 at 11:30 AM (30 min)

LOCATION: Oval Office

EVENT FORMAT/PROGRAM: Debrief

PRESS: Closed

INTERNAL PARTICIPANTS:

Mick Mulvaney, Acting White House Chief of Staff

Secretary Steven Mnuchin, Department of the Treasury

Ambassador Robert Lighthizer, U.S. Trade Representative

Christopher Liddell, Assistant to the President and Deputy Chief of Staff for Policy Coordination

Peter Navarro, Assistant to the President for Trade and Manufacturing Policy

Larry Kudlow, Assistant to the President and Director of the National Economic Council

From: Mandelker, Sigal
Sent: Mon, 22 Jul 2019 21:34:20 -0400
To: Secretary Mnuchin
Subject: Fwd: For Review: POTUS Remarks - Meeting with Republican Senators
Attachments: Meeting with Republican Senators on Turkey Sanctions.docx

From: (b)(6)@treasury.gov
Date: July 22, 2019 at 8:53:09 PM EDT
To: Mandelker, Sigal <Sigal.Mandelker@treasury.gov>, Ahern, Paul <Paul.Ahern@treasury.gov>
Subject: Fwd: For Review: POTUS Remarks - Meeting with Republican Senators

Sigal,

(b)(5)

Nicolle

From: Dwyer, David <David.Dwyer@treasury.gov>

Date: July 22, 2019 at 8:50:48 PM EDT

To: Muzinich, Justin <Justin.Muzinich@treasury.gov> (b)(6)

(b)(6)@treasury.gov, (b)(6)@treasury.gov, Myers, Baylor <Baylor.Myers@treasury.gov>, Eilts, Andrew <Andrew.Eilts@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>, Pacold, Martha <Martha.Pacold@treasury.gov>, McIntosh, Brent <Brent.McIntosh@treasury.gov>, Okamoto, Geoffrey <Geoffrey.Okamoto@treasury.gov>, Mandelker, Sigal <Sigal.Mandelker@treasury.gov>, (b)(6)@treasury.gov

Cc: Dwyer, David <David.Dwyer@treasury.gov>

Subject: Fwd: For Review: POTUS Remarks - Meeting with Republican Senators

Attached for your review are the President's draft remarks for tomorrow's meeting with Republican Senators about Turkey sanctions. This event is listed as Closed Press, so these remarks are for use only if the President opens the meeting to the pool.

Please review and send all edits and comments **by 10 a.m. tomorrow, July 23.**

Thank you,
David

From: Staff Secretary (b)(6)

Date: July 22, 2019 at 8:32:38 PM EDT

To: Mulvaney, Mick M. EOP/OMB (b)(6) White House

Clearances <WhiteHouseClearances@state.gov>, Buangan, Richard EOP

<buanganrl@state.gov>, Dwyer, David <David.Dwyer@treasury.gov>, Eilts, Andrew

<Andrew.Eilts@treasury.gov>, Kupperman, Charles (b)(6)

Blair, Robert (b)(6) Ueland, Eric M. EOP/WHO

(b)(6) Swonger, Amy H. EOP/WHO

(b)(6) Boney, Virginia M. EOP/WHO

Cc: Staff Secretary (b)(6)

Subject: For Review: POTUS Remarks - Meeting with Republican Senators

Attached for your review are the President's draft remarks for tomorrow's meeting with Republican Senators about Turkey sanctions. This event is listed as Closed Press, so these remarks are for use only if the President opens the meeting to the pool.

Please review and send all edits and comments to STAFF SEC **by 11 a.m. tomorrow, July 23.**

Thank you,

STAFF SEC

Page 104 of 176

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

From: Secretary Mnuchin
Sent: Sat, 20 Jul 2019 16:08:43 -0400
To: Kudlow, Lawrence
Subject: Fwd: Proposed Memo from Peter for Tuesday's Trade Meeting

Let's discuss

From: Keller, Catherine B. EOP/WHO (b)(6)
Date: July 20, 2019 at 3:58:27 PM EDT
To: Mulvaney, Mick M. EOP/WHO (b)(6) Secretary Mnuchin @treasury.gov>, (b)(6) Lighthizer, Robert E. EOP/USTR (b)(6) sp3@osec.usda.gov <sp3@osec.usda.gov>, Liddell, Christopher P. EOP/WHO (b)(6) Navarro, Peter K. EOP/WHO (b)(6) Kudlow, Lawrence (b)(6) Grisham, Stephanie A. EOP/WHO (b)(6) Shaw, Kelly Ann A. EOP/WHO (b)(6) Kushner, Jared C. EOP/WHO (b)(6) Cipollone, Pat A. EOP/WHO (b)(6) Doyle, Emma (b)(6)
Cc: Lyons, Derek S. EOP/WHO (b)(6)
Subject: Proposed Memo from Peter for Tuesday's Trade Meeting

From: (b)(6)
Sent: Sat, 3 Aug 2019 11:22:43 -0400
To: Secretary Mnuchin
Subject: Fwd: Sunday Show Prep Call

From: Crowley, Monica <Monica.Crowley@treasury.gov>
Date: August 3, 2019 at 11:03:56 AM EDT
To: (b)(6)@treasury.gov
Cc: (b)(6)@treasury.gov
Subject: Sunday Show Prep Call

Hi Shirley, below please find the dial-in information for the Secretary's 4pm call to provide Sunday show prep to the 3 principals appearing tomorrow morning: Larry Kudlow, Mick Mulvaney and Peter Navarro. Ambassador Lighthizer may also join the call. Thank you!

(b)(6)

From: Crowley, Monica
Sent: Mon, 22 Jul 2019 18:47:24 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: Media Roundup

Mr Secretary, media roundup re: the budget deal:

- Reuters: [U.S. Congress, White House near deal on spending, debt limit: source](#)
- Roll Call: [Trump, Democrats split differences in two-year budget deal](#)
- NPR: [Hill And Trump Administration Close In On 2-Year Budget Deal](#)
- The Washington Examiner: [Conservatives balk at proposed debt limit, budget deal](#)
- The Wall Street Journal: [White House and Congress Reach Deal on Spending, Debt Ceiling](#)
- CNBC: [Congress strikes two-year US debt ceiling and budget deal](#)
- The Washington Post: [Trump announces support for two-year bipartisan budget deal that boosts spending, suspends debt limit](#)
- Associated Press: [Trump says compromise deal on budget, debt ceiling reached](#)

[U.S. Congress, White House near deal on spending, debt limit: source](#)

Richard Cowan

WASHINGTON (Reuters) - U.S. congressional and White House negotiators are close to a deal to extend the Treasury Department's borrowing authority until July 31, 2021 and establish spending caps on a range of federal programs, a source close to the talks said on Monday.

Details were still being worked out, according to the source, who said negotiators were aiming to set federal government spending caps for fiscal year 2020, which begins Oct. 1, and fiscal 2021 that would include about \$75 billion in "offsets" savings.

Any bill crafted by negotiators must be approved by both houses of Congress and signed by President Donald Trump.

Details on the \$75 billion in cuts were not yet available.

In remarks to reporters, Trump said “very good talks” with congressional leaders were ongoing, but he did not elaborate.

Some outside experts were not on board with the potential deal.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, said it “may end up being the worst budget agreement in our nation’s history.”

If enacted into law, she said in a statement, Trump will have increased discretionary spending by as much as 22 percent over the course of his four-year term “and enshrined trillion-dollar deficits into law.”

Those deficits would accelerate a \$22.4 trillion U.S. debt that already was growing in part as a result of tax cuts Trump and his fellow Republicans in Congress approved in 2017.

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin have been holding private conversations over the past few weeks to achieve a debt ceiling and a two-year budget deal before Congress begins a scheduled five-week summer recess.

Without such a deal, Treasury could bump up against its borrowing limit before Sept. 9, when Congress is set to return.

If the deal comes together, the House and Senate could try passing the measure as early as this week.

Even with an agreement enacted into law, Congress must pass spending bills to implement it. Lawmakers face a Sept. 30 deadline - the end of the current fiscal year - to pass those bills or to temporarily extend current spending while new legislation is brokered.

Last December, Republican leaders thought they had a deal with Trump on legislation funding government activities for the current fiscal year. At the last minute he demanded more money so he could build a wall along the U.S.-Mexico border to keep out undocumented immigrants.

Democrats objected to border wall funding and the breakdown led to record-long, partial government shutdowns until Trump relented.

Reporting by Richard Cowan; editing by David Gregorio and Steve Orlofsky

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Roll Call

Trump, Democrats split differences in two-year budget deal

Negotiators are still working on some 'technical language' issues

Jennifer Shutt

Paul M. Krawzak

Posted Jul 22, 2019 10:21 AM

Updated 4:15 p.m. | The White House and congressional leaders are close to unveiling a spending and debt limit deal that would boost funding levels by nearly 4 percent across federal agencies, wiping out the 10 percent cuts that were scheduled to take effect under current law.

According to sources familiar with the proposal, the deal calls for a topline defense figure of \$738 billion in fiscal 2020, or slightly higher than the House Democrats' initial request for \$733 billion, but short of the Trump administration's \$750 billion request, which includes cap-exempt accounts for troops serving in conflict zones overseas.

That figure compares with \$716 billion appropriated in fiscal 2019, a \$22 billion or 3.1 percent boost above the current year.

Nondefense funding, including an extra \$2.5 billion for one-time costs associated with the 2020 census, would total \$632 billion in fiscal 2020. While that is \$15 billion less than House Democrats initially sought, it still represents a substantial boost of nearly 4.5 percent above the comparable fiscal 2019 numbers.

Funding levels for fiscal 2021, the final year of tight budget limits under the 2011 deficit reduction law, would be \$740.5 billion for defense accounts and \$634.5 billion for nondefense, according to sources.

The agreement wasn't yet finalized as negotiators were still working on some "technical language" issues, according to a source familiar with the talks. The source added the "near-final" agreement is truly bipartisan because "both sides will be unhappy with some" of its elements.

The pact would include about \$77 billion in offsets, very similar to those included in the 2018 two-year spending agreement that both parties agreed to. Those provisions included extending automatic cuts to mandatory programs currently set to expire in 2027, as well as an extension of expiring Customs fees assessed on cargo and passengers arriving in the U.S. Both provisions would be extended for two years.

Speaking to reporters in the Oval Office on Monday, President Donald Trump said his negotiators were still "talking about it" but that "we're having very good talks with" Speaker Nancy Pelosi, D-Calif.

"We are, I think, doing very well on debt [limit]," Trump said. "And I think we're doing pretty well on a budget."

Added Trump: "Very important that we take care of our military. Our military was depleted."

The emerging deal would suspend the debt ceiling until July 31, 2021.

If Trump signs off on the agreement, it would put an end to the discretionary spending cuts imposed under the 2011 deficit reduction law that members of both parties have agreed to raise for the past six fiscal years.

Negotiations during the past few weeks have predominately been between Pelosi and Treasury Secretary Steven Mnuchin, who has been regularly briefing Trump as well as congressional Republicans.

Kellie Mejdrich contributed to this report.

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NPR

Hill And Trump Administration Close In On 2-Year Budget Deal

July 22, 2019 · 12:42 PM ET

Heard on All Things Considered

Susan Davis

Updated at 2:28 p.m. ET

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin are closing in on a budget deal to raise the debt ceiling past the 2020 elections and set \$1.3 trillion for defense and domestic spending over the next two years.

Congressional sources briefed on the deal said the agreement would suspend the debt limit until July 31, 2021, and include parity in spending increases for defense and domestic programs. It would include about \$75 billion in offsets for those spending increases.

A formal announcement was expected as early as Monday.

President Trump made some vague, but encouraging comments about the talks during a meeting with the Pakistani prime minister on Monday.

"We're doing very well on debt limit... and I think we're doing very well on the budget," the president said about his discussions with Pelosi and GOP leaders on Capitol Hill.

There are still a lot of mixed signals coming out of the White House. Even if Mnuchin announces a deal, some will question whether he has the backing of the president.

Shai Akabas, Bipartisan Policy Center's director of economic policy, says he's optimistic, but that many people likely won't feel confident until Trump himself says he supports the deal.

"At various times he has been on board with sort of the fiscally conservative side of wanting to cut spending in opposition to the Democrats priorities," Akabas said of Trump. "At some points, he's been wanting to be seen as the dealmaker in chief. He's also got the interest in making sure that we don't route the strong economy that we have right now. So there's a lot of different considerations I think that are being weighed in the administration in these negotiations."

The deal is likely to irritate nearly everyone on Capitol Hill, but that means it is also expected to pass as long as the president pledges to sign it. Republicans have generally resisted debt limit hikes and higher domestic spending without cuts, and Democrats will have to vote for raising defense spending to historic highs, a priority for this administration.

The upside is it is the last short-term budget deal necessitated to avoid automatic across-the-board spending cuts, known as sequester, enacted in a 2011 budget law that was intended to trim \$1.2 trillion over the previous decade. The sequester expires in 2021.

Lawmakers Don't Have Many Nice Things To Say About Negotiating With Mick Mulvaney

Politics

Lawmakers Don't Have Many Nice Things To Say About Negotiating With Mick Mulvaney

Mnuchin has warned Congress that the debt ceiling — the nation's borrowing limit for spending it has already agreed to — would be hit in early September, earlier than anticipated. With Congress set to adjourn for August, Pelosi and Mnuchin have been in near-constant phone contact hammering out the details of a deal that could pass a divided Congress and be signed by Trump.

The House would pass the deal first as they are scheduled to adjourn for the summer on Friday, and the Senate will take it up next week before they do the same.

NPR White House Correspondent Franco Ordoñez contributed to this report

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The Washington Examiner

Conservatives balk at proposed debt limit, budget deal

by Susan Ferrechio

| July 22, 2019 05:43 PM

House Republicans won't vote for a proposed bipartisan deal to suspend the nation's borrowing limit until 2021 and raise spending caps by \$320 billion over two years, a top GOP lawmaker said Monday.

"I have communicated consistently there will be a large number of conservatives in the House who will not be able to vote for the deal, if these are indeed the terms," Rep. Mike Johnson, R-La., head of the Republican Study Committee, told the Washington Examiner Monday.

Democrats and Republicans Monday were closing in on an accord to suspend the debt limit until July 31, 2021 and to bust federal spending caps by \$320 billion over fiscal 2020 and fiscal 2021.

Treasury Secretary Steve Mnuchin and Speaker Nancy Pelosi, D-Calif., are the primary negotiators, mostly sidelining House Republicans.

Pelosi and Mnuchin have talked by phone daily for the past week in an effort to secure a deal before Congress leaves for a month-long recess.

Senate Majority Leader Mitch McConnell, R-Ky., didn't mention the pending deal in his opening floor speech Monday but he has said he would bring a deal to the floor that President Trump approves.

According to sources close to the negotiations, Mnuchin has been keeping Trump “updated regularly.”

Trump described the talks Monday as “doing very well” on the debt limit and “pretty well” on a budget deal.

Johnson is dismayed.

He talked to the president by phone on Saturday and relayed his concerns over approving a massive federal spending increase without much effort to pay for it or curb spending in the future.

The current national debt tops \$22 trillion.

The tentative accord includes \$75 million in offsets, half of what the administration wanted.

“He certainly understands the sentiment and describes himself as a fiscal conservative,” Johnson said, detailing the call with Trump. “He’s been trying to hold the line in the negotiations. He was encouraging to me.”

House Minority Leader Kevin McCarthy, R-Calif., doesn’t like the deal either, Johnson said.

A McCarthy spokesman did not respond to a request for a comment about the pending deal.

Republicans will be under pressure from conservative groups to oppose the deal.

“Congressional leadership continues to aggressively pursue spending agreements that propel our country toward bankruptcy and fiscal crisis,” David McIntosh, president of the fiscally conservative Club for Growth said in a statement. “President Trump will be running for

reelection with an annual deficit over \$1 trillion and without Congress having made any progress on America's staggering national debt, which exceeds \$22 trillion."

But McCarthy's leverage is limited.

House Democrats can pass a caps and debt limit measure with their own party if most of their caucus remain unified.

Pelosi said she hopes to vote on the measure by the end of the week, before the House departs for the August recess.

The Senate could easily pass the deal with bipartisan support, although GOP leaders have not commented on the measure yet and they control the floor agenda.

"I've not spoken to McConnell but from the reports we've been given, he's not shown the same resolve we've shown on the House side," Johnson said.

The deal spends far more than what Trump intended in his fiscal 2020 proposal, which called nearly \$50 billion in domestic spending cuts.

The negotiations at one point included Trump's acting Chief of Staff, Mick Mulvaney, a former Tea Party-backed House Republican and fiscal hawk.

But after the negotiations stalled, Mnuchin, who is eager to raise the debt limit, took over the talks.

"A lot of people recognize the Mnuchin is a very different person than Mulvaney," Johnson said.

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The Wall Street Journal

White House and Congress Reach Deal on Spending, Debt Ceiling

Trump announces deal on Twitter

By Catherine Lucey, Andrew Duehren and Kate Davidson

Updated July 22, 2019 5:55 pm ET

Congressional and White House negotiators reached a deal to increase federal spending and raise the government's borrowing limit, securing a bipartisan compromise to avoid a looming fiscal crisis over the demands of conservatives in the House and administration who had called for deep spending cuts.

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin negotiated the agreement for weeks, hoping to finalize a deal before the House leaves Washington at the end of the week for August recess. Mr. Mnuchin had warned that the government could exceed its borrowing limit as soon as early September, before lawmakers return from recess. Talks continued throughout Monday.

President Trump in a tweet late Monday said a deal had been struck with congressional leaders.

Earlier in the day negotiators had been discussing an agreement that would increase spending by roughly \$320 billion above limits set in a 2011 law, with domestic and military spending raised by equal amounts, according to people familiar with the discussions. It would suspend the debt limit for two years, two of the people said. Nearly \$80 billion of the spending agreement will be offset with other savings, according to other people familiar with the matter. Talks on Monday morning focused on technical language, one of the people familiar with the offsets said.

Possible savings under discussion included extending automatic cuts to Medicare as well as extending Customs and Border Protection fees, another person familiar with the offsets said. Both options have been used in previous budget deals. The Medicare cuts, which reduce

payments to service providers for Medicare patients, currently expire at the end of fiscal year 2027.

Some conservative House Republicans were asking President Trump to reject any agreement without significant spending cuts, injecting further uncertainty into negotiations toward a deal with just five days to go until the House leaves Washington for its August recess.

Rep. Mike Johnson (R., La.), the chairman of the conservative Republican Study Committee, a group of around 150 conservative Republicans, spoke with Mr. Trump on Saturday about his concerns with the still-developing budget agreement.

“We believe the White House and congressional leadership should be prepared to walk away from this if necessary,” Mr. Johnson said in an interview. “I’m encouraged after speaking with the president.”

Treasury Secretary Steven Mnuchin, who has led negotiations for the administration, said last week that both sides—Republicans control the White House and Senate, while Democrats control the House—had agreed on raising the debt ceiling for two years and setting spending levels but not on how to pay for the increases above limits set in a 2011 law.

Mr. Johnson and other members of the conservative group want the cost of any agreement to be fully offset by other spending cuts and include an extension of the limits set in the 2011 law.

Administration officials have indicated that they want to reach an agreement that will win the support of House Republicans. The Trump administration had indicated that it wouldn’t accept less than \$150 billion in spending cuts, offering a list of potential offsets that a Democratic aide close to the talks has called “nonstarters.”

Looming behind negotiations over spending levels is the federal borrowing limit. Mr. Mnuchin has said the U.S. could run out of cash in early September, before lawmakers return from a summer recess, pressing negotiators to reach an agreement this week. Should the government’s ability to borrow become limited, it could begin to miss payments on obligations such as Social Security and veterans benefits or interest on the debt.

House conservatives want the president to follow the advice of acting White House chief of staff Mick Mulvaney and Russell Vought, the acting director of the Office of Management and Budget, both of whom have called for spending cuts. Senate Appropriations Committee Chairman Richard Shelby (R., Ala.) said he is hopeful that Mr. Trump has entrusted negotiations to Mr. Mnuchin.

“I think the secretary has been forthcoming and forthwith and is trying to avoid a catastrophe on the debt limit and also on appropriations,” Mr. Shelby said. “I think he has been a voice of reason.”

Rep. Chip Roy (R., Texas), who wrote a letter signed by more than 40 House Republicans earlier this year advocating to keep spending within limits set in the 2011 law, said he has spoken with Messrs. Mulvaney and Vought about the negotiations.

“The president should be listening to Mick Mulvaney and Russ Vought, and he should not be listening to Steven Mnuchin, period,” Mr. Roy said. He added that his Republican colleagues in the Senate weren’t sufficiently committed to cutting spending. “Senate Republicans will never not find a corner where they can go and hide,” he added.

This set of spending negotiations isn’t the first complicated by differences among Republicans. Last year, a stopgap measure to keep the government open passed the Senate but was rejected by Mr. Trump, who withdrew his support and called on House Republicans to pass legislation with more funding for a border wall. That prompted the longest government shutdown in U.S. history.

More recently, Mr. Trump has shown a willingness to side with Senate Republicans, who have to work with House Democrats to get spending plans through Congress. After months of wrangling over a disaster relief funding, Mr. Trump accepted a compromise to provide additional money to Puerto Rico and address a humanitarian aid package for the southern border separately.

To get Mr. Trump to agree to the disaster aid deal, Sens. Shelby and David Perdue (R., Ga.) called to encourage him to accept the agreement. Two stalwart conservatives, Reps. Jim Jordan (R., Ohio) and Mark Meadows (R., N.C.), were in the Oval Office during the call and urged him to oppose it, according to a person familiar with the conversation.

Initial proposals from the administration to maintain current spending levels for an additional year quickly lost favor with Senate Republicans, who warned about the consequences for increased military spending if no budget deal is reached.

“I think the result of all these different voices is going to mean that the outcome here remains uncertain until the legislation is passed, basically,” said Shai Akabas, the economic policy director at the Bipartisan Policy Center, a think tank in Washington.

Write to Catherine Lucey at catherine.lucey@wsj.com, Andrew Duehren at andrew.duehren@wsj.com and Kate Davidson at kate.davidson@wsj.com

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CNBC

Congress strikes two-year US debt ceiling and budget deal

Published Mon, Jul 22 2019 • 9:46 AM EDT|Updated Moments Ago

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President Donald Trump and congressional leaders struck a two-year U.S. debt ceiling and budget deal Monday, the president announced via Twitter.

House of Representatives Speaker Nancy Pelosi and Senate Democratic Leader Chuck Schumer released a joint statement, saying the deal “will enhance our national security and invest in middle class priorities that advance the health, financial security and well-being of the American people.”

Earlier Monday, a source close to the talks told CNBC that the White House and congressional Democrats had moved close to a budget deal that would raise the debt ceiling for two years.

An agreement to prevent the U.S. from hitting its borrowing limit and stop government funding from lapsing is “near final,” the person said at the time. Remaining talks relate to “technical language issues,” according to the source.

The deal was earlier expected to suspend the debt ceiling through July 31, 2021 and permanently end the sequester, automatic across the board spending cuts. A sequester would have taken effect in January without congressional action.

The budget agreement was earlier expected to include parity between increases in defense spending and domestic, non-defense outlays — a priority for Pelosi. It was also expected to have about \$75 billion in spending offsets, measures conservatives have backed.

It was earlier expected to set spending at \$320 billion above sequester levels for fiscal years 2020 and 2021. The figure covers both defense and non-defense discretionary outlays.

The deal will face resistance. Some conservatives who have called for deeper spending reductions pushed for the White House to reject the potential agreement as details emerged in recent days.

Rep. Mike Johnson, a Louisiana Republican and chairman of the roughly 150-member Republican Study Committee, told CNBC that the group is “discouraged” by the developing agreement. The lack of future spending cuts is “perhaps our greatest concern,” he added.

Johnson spoke to President Donald Trump on Saturday and shared his concerns about the deal. He said Trump “understood the sentiments I was expressing.”

Johnson said he was not worried about a possible default if Trump had sunk the deal. He expects Congress would temporarily raise the debt ceiling before the U.S. faced the real possibility of defaulting on its debt.

Lawmakers have scrambled to strike a deal before they leave for their August recess. Treasury Secretary Steven Mnuchin warns the U.S. could run out of cash to pay its bills by September, setting up the potential for default on the federal debt.

In addition, the government will shut down if Congress cannot pass a spending bill by Sept. 30. While a default would reverberate throughout the global economy and financial markets, a temporary government funding lapse could drag on U.S. economic growth.

Last week, Pelosi said she hopes to bring a budget deal to the House floor by Thursday — the last day the chamber is in session before lawmakers leave for the month of August. She believes it would give the Senate enough time to pass legislation before the chamber departs for its recess next week.

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The Washington Post

Trump announces support for two-year bipartisan budget deal that boosts spending, suspends debt limit

By Damian Paletta and Erica Werner

July 22 at 5:49 PM

The White House and House Speaker Nancy Pelosi (D-Calif.) reached a tentative two-year budget deal on Monday that would raise spending caps by \$320 billion and suspend the debt ceiling until after the next presidential election.

The agreement, which still must be passed through Congress, would likely clear a debt ceiling crisis later this year but it would also continue Washington's borrowing binge for at least the next two years.

"I am pleased to announce that a deal has been struck with Senate Majority Leader Mitch McConnell, Senate Minority Leader Charles E. Schumer, Speaker of the House Nancy Pelosi, and House Minority Leader Kevin McCarthy — on a two-year Budget and Debt Ceiling, with no poison pills," President Trump tweeted Monday. "This was a real compromise to give another big victory to our Great Military and Vets!"

The deal was immediately met with fierce resistance from some prominent Democrats and Republicans, a backlash that will force congressional leaders to work hard this week to assure they have enough votes for passage.

Sen. Patrick J. Leahy, the ranking Democrat on the Senate Appropriations Committee, said he was furious that the deal would not block Trump from using funds to erect a wall along the Mexico border, and Republican Study Committee Chairman Rep. Mike Johnson (R-La.) said he was angry the package added so much money to the debt.

Both parties are working to stake out positions that resonate with voters ahead of the 2020 elections.

The deal also marks a significant retreat for the White House, which insisted just a few months ago that it would force Congress to cut spending in a range of programs as a way to enact fiscal discipline. Instead, the White House agreed to raise spending for most agencies, particularly at the Pentagon.

In exchange, White House officials received verbal assurances from Democrats that they would not seek to attach controversial policy changes on future spending bills, though it's unclear how that commitment will be enforced.

Pelosi brokered the deal with Treasury Secretary Steven Mnuchin, who Democrats and even some Republicans had seen as the best arbiter for a compromise. White House acting budget director Russell Vought sought last week to force Democrats to commit to \$150 billion in budget changes in exchange for the new spending, but his demand was rejected.

Instead, negotiators agreed to \$77 billion in accounting changes that likely won't constrain any future spending. But it locked in more spending for the military and other programs, something Trump has tried to make a hallmark of his first 30 months as president. Trump has told a number of advisers that he wants to focus on spending cuts beginning in 2021, if he is reelected next year, and he has largely cast aside the budget slashing goals some of his aides have advocated for since his inauguration in 2017.

"We are I think doing very well on debt, if you look at debt limit, however you want to define that, but we're doing very well on that and I think we're doing pretty well on a budget," Trump told reporters Monday. "Very important that we take care of our military, our military was depleted and in the last two-and-a-half years we undepleted it, okay, to put it mildly, we have made it stronger than ever before. We need another big year."

The deal would suspend the debt ceiling until July 31, 2021, meaning it would likely not need to be addressed again until the fall or winter of that year. And the two-year budget agreement would set spending levels through Sept. 30, 2022.

Many Republicans spent the bulk of the Obama administration insisting that the budget needed to shrink and calling for a constitutional amendment that would balance the budget. A number of those lawmakers have either left in recent years or muted their criticism of Trump's embrace of big deficits, and some GOP leaders in recent weeks have said they need to focus on passing budget deals and not getting into messy fights without a clear strategy.

In December, Trump decided late in negotiations to block a bipartisan spending agreement, triggering a lengthy government shutdown.

“Somebody needs to calmly and clearly lay out the alternatives, because we saw what happened last time,” Sen. John Cornyn (R-Texas) told reporters Monday. “We ended up in a shutdown mode and I don’t think that’s good for anybody.”

Still, a number of conservatives expressed outrage on Monday that the White House would back such a big increase in spending when deficits are already ballooning.

Johnson, the Louisiana Republican, said he had spoken with Trump on Saturday and urged him to oppose the emerging deal.

“I encouraged the president that he would have his right flank if he would hold the line and allow us all to do the fiscally responsible thing and that is limit this out-of-control spending,” Johnson said. “He responded well ... he understood the sentiments.”

Fiscal hawks also said they were mortified.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, said “as we understand it, this agreement is a total abdication of fiscal responsibility by Congress and the President. It may end up being the worst budget agreement in our nation’s history.”

But some Democrats said they were upset that Democratic leaders did not secure a commitment from the White House that Trump would halt transferring money from military programs and using it to build a wall along the Mexico border.

“I’m worried the House is willing to give him far too much discretion to take money and move it anywhere he wants including a wall,” said Leahy, the Vermont Democrat. “So the way it is now I will not vote for it. . . . The other 99 can vote for it, I won’t.”

By raising spending caps for the military and nondefense programs for the next two years, the White House and Pelosi have effectively erased key remnants of the 2011 Budget Control Act, which was supposed to constrain spending for a decade.

Lawmakers and the White House still must pass spending bills to fund government operations for the next fiscal year, which begins in October, but that is seen as an easier task now that budget levels have been set. The \$320 billion in new spending that the White House and Pelosi agreed to represents an increase over what the reduced budget levels would have fallen to if the caps had kicked in next year.

The government spends more money than it brings in through revenue, and that difference is called the budget “deficit.” To cover the deficit, the government borrows money by issuing debt. The debt has grown from roughly \$19 trillion when Trump took office to more than \$22 trillion this month. The government must pay interest on the money it borrows, and this year it will pay more than \$350 billion to finance its borrowing.

The deficit has widened since Trump took office. It was \$587 billion in 2016, Obama’s last full year as president, and is projected to reach \$1 trillion this year. The larger deficit is due to higher spending and the 2017 tax cuts, which has led to a large drop in forecast revenue, according to budget experts. White House officials have argued that the combination of higher spending and tax cuts have helped the economy grow and that they plan to cut spending when the economy is on a stronger footing.

The deal could also raise questions about the White House’s negotiating strategy going forward. Democrats targeted Mnuchin as a negotiating partner during the current talks because they believed he represented their best option for finding a compromise. Typically, the budget director or chief of staff would play a more prominent role. But acting chief of staff Mick Mulvaney has poor relations with House Democrats and many have also written off working with Vought.

It’s unclear whether this dynamic will change when lawmakers begin their next round of negotiations on the specific spending bills, debates that will likely drag into September.

“I think Mr. Mnuchin has a different perspective on some of this than others in the administration, Mulvaney and Vought among others,” said Johnson, the Louisiana Republican. “And I don’t know if it’s yet decided which perspective will win the day. But we know there are some very smart and very thoughtful people involved in the negotiations.”

Trump says compromise deal on budget, debt ceiling reached

By Associated Press

Published: July 22, 2019 5:59 p.m. ET

WASHINGTON — President Donald Trump says a deal has been struck with congressional leaders on the budget and debt ceiling.

“I am pleased to announce that a deal has been struck with Senate Majority Leader Mitch McConnell, Senate Minority Leader Chuck Schumer, Speaker of the House Nancy Pelosi, and House Minority Leader Kevin McCarthy - on a two-year Budget and Debt Ceiling, with no poison pills....” Trump said in a tweet. “This was a real compromise in order to give another big victory to our Great Military and Vets!”

From: Crowley, Monica
Sent: Tue, 23 Jul 2019 14:16:20 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: NYT: Trump Relies on Populist Language, but He Mostly Sides With Corporate Interests
Importance: High

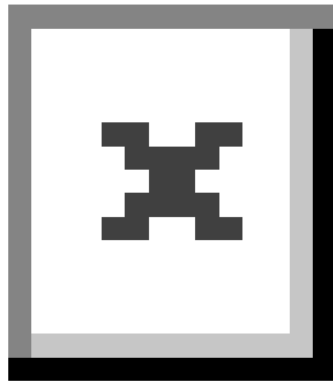
Mr Secretary, wanted to flag this for your awareness

Trump Relies on Populist Language, but He Mostly Sides With Corporate Interests

By Jonathan Martin **and** Maggie Haberman

July 23, 2019

Supporters at a rally for President Trump in Greenville, N.C., this month. Tom Brenner for The New York Times



Supporters at a rally for President Trump in Greenville, N.C., this month. Tom Brenner for The New York Times

WASHINGTON — History will record last week as a moment when President Trump turned to raw racial appeals to attack a group of nonwhite lawmakers, but his attacks also underscored a remarkable fact of his first term: His rhetorical appeals to white working-class voters have not been matched by legislative accomplishments aimed at their economic interests.

As Mr. Trump was lashing out at Representatives Alexandria Ocasio-Cortez, Ilhan Omar, Rashida Tlaib and Ayanna S. Pressley, House Democrats were passing a minimum wage bill with scant Republican support and little expectation of Senate passage. On the same day, the president issued a perfunctory announcement naming Eugene Scalia, a corporate lawyer and the son of Antonin Scalia, the former Supreme Court justice, as his new secretary of labor on the recommendation of Senator Tom Cotton, a hard-line Arkansas conservative.

The events offered a reminder not only of what Mr. Trump was interested in — racially driven grabs of media attention — but also of what he was not: governing the way he campaigned in 2016 and co-opting elements of the Democrats' populist agenda to drive a wedge through their coalition.

Since he became president, Mr. Trump has largely operated as a conventional Republican, signing taxes that benefit high-end earners and companies, rolling back regulations on corporations and appointing administration officials and judges with deep roots in the conservative movement. His approach has delighted much of the political right.

It has also relieved Democrats.

"Just imagine if Trump married his brand of cultural populism to economic populism," said Representative Brendan F. Boyle, a Democrat who represents a working-class district in Philadelphia. "He would be doing much better in the polls and be stronger heading into the general election."

It is a question many Democrats still fret over: What would Mr. Trump's prospects for re-election look like if he pressured Senator Mitch McConnell, the majority leader, into passing bipartisan measures to spend billions of dollars on infrastructure, lower the cost of prescription drugs and increase the minimum wage?

Some officials in organized labor say those actions would appeal broadly to their rank-and-file and, in some cases, prompt individual unions to stay on the sidelines of the presidential race.

"If he were to pick and choose some of the House Democrats' bills and embrace them, it would cross-pressure voters and make it a tougher sell for us that this guy is anti-worker," said Steve Rosenthal, a longtime strategist in the labor movement.

There is still some hope on Capitol Hill that the president will eventually sign a bipartisan measure being crafted in the Senate that could offer consumers a rebate on prescription drugs that rise above the cost of inflation. A Democratic bill, passed almost unanimously last week, would repeal a tax on high-cost health insurance plans that was to help pay for the Affordable

Care Act. If it passes the Senate, Mr. Trump could promote it as a middle-class tax cut, the way Democrats and unions are.

And he will almost certainly take credit for legislation set for final passage Tuesday that would pay the health care costs of emergency workers who rushed to ground zero on Sept. 11, 2001, for the rest of their lives.

Within the White House, a small group of staff has begun talking about the need to come up with an agenda for 2021 that could be useful for the re-election; Mr. Trump, who has seen the criticism on television that he has no forward-looking message, is also mindful of it, people close to the discussion said.

The White House's deputy press secretary, Hogan Gidley, noted that Democrats were not exactly looking for deals either.

"When the speaker and Senator Schumer refuse to even negotiate, it destroys any chance of repairing our infrastructure, reducing health care costs, or making lasting reforms to our failed immigration laws," he said in a statement, referring to Senator Chuck Schumer of New York. He insisted that Democratic leadership is "so beholden to radical ideologies, they would rather fail to deliver for the American people than allow the president to add more accomplishments to his record."

Democrats, however, have suggested Mr. Gidley's criticism rings hollow, pointing out that Mr. Trump walked out of a meeting with Mr. Schumer and Speaker Nancy Pelosi that was focused on infrastructure, and that the president has said he would not work with Democrats while he was being investigated by Congress.

Mr. Trump faces internal impediments as well. His impulses are often shaped by news coverage, particularly on Fox News, and the views of the far-right House Freedom Caucus, whose members have no desire to find common cause with Democrats.

The president is also largely detached from the legislative process and has rarely been heard discussing what a second-term agenda could look like or how to tie it to his re-election bid. His few bipartisan accomplishments scarcely get mentioned. Mr. Trump, for example, rarely discusses the criminal justice overhaul that he signed into law after his son-in-law, Jared Kushner, made it a personal mission and argued to the president that it could help him with African-American voters.

This is all to say Mr. Trump has shown no sign of aggressively pursuing the sort of working-class-oriented measures that his one-time adviser Stephen K. Bannon predicted would build an enduring Republican majority.

To be sure, the unemployment rate has continued to fall under Mr. Trump, reaching a 50-year low. Wage growth has accelerated modestly, and is strongest for the lowest-paid workers in the country. Voters give Mr. Trump higher approval on the economy than on his overall

performance in office. But most workers are still gaining less under Mr. Trump than they did during previous times of low unemployment, such as the late 1990s, and fewer than 2 in 5 respondents to a SurveyMonkey poll for The New York Times this month said their family was better off financially today than a year ago.

With Mr. Bannon long gone, Mr. Trump is surrounded by conservatives in the White House, such as his acting chief of staff, Mick Mulvaney, a former Tea Party congressman who has no appetite for raising the gas tax to pay for an infrastructure bill or to make businesses swallow a minimum-wage increase. In fact, the prospect of a major public works bill has become a running joke among West Wing aides. When midlevel staffers were working on a plan several months ago, Mr. Mulvaney was across the country mocking it during an appearance at the Milken Institute's Global Conference in California in April.

A deal struck Monday by Ms. Pelosi and Treasury Secretary Steven Mnuchin to set higher spending levels for the next two fiscal years will take still more pressure off the White House to embrace large legislative initiatives — since Mr. Trump will have no more major fiscal deadlines this term to press for the kinds of concessions such legislation always takes.

And the moderates in the building who do have Mr. Trump's ear, such as Mr. Kushner, are more interested in measures like overhauling the criminal justice system or trying to strike a bipartisan immigration deal than they are eager to notch populist victories that the president could trumpet in the industrial Midwest.

The president's allies say that his talent is in scorching the opposition, and he is unlikely to deviate much from that task.

"I think he doesn't mind if it happens, but it's not his primary focus," Newt Gingrich, the former House speaker, said of racking up policy accomplishments. "His primary focus is to so thoroughly define Democrats as the party of the radical left. I think that matters much more to him than any particular bill."

Even Republicans who would be open to a blue-collar agenda say any chance for Mr. Trump to cut deals with Democrats has vanished.

"I don't see the president at this point doing anything with those guys, not as long as they're coming after him with impeachment," said former Senator Rick Santorum of Pennsylvania. "He's at war."

It is a notably different environment from Mr. Gingrich's day when, in the heat of the 1996 campaign, sizable majorities in both chambers of Congress passed an increase in the minimum wage bill.

Two Republican senators speaking separately, and on the condition of anonymity to be candid about their political assessment, said they had doubts that such legislation would appreciably move many voters in an era of diamond-hard polarization. Even if Mr. McConnell did move

legislation, it may only redound to the benefit of the freshman House Democrats facing re-election in swing districts, one senator said.

For the Democrats most eager to see Mr. Trump defeated, such inaction is not exactly bad news. They are happy to see him engage in whatever rhetorical food fight piques his interest on a given day.

“This is a testimony to both the strength of McConnell’s convictions and to the weakness of Trump’s convictions,” said Geoff Garin, a Democratic pollster. “And it also speaks to the power of Mick Mulvaney, who may be the real deep state when all is said and done.”

Jim Tankersley contributed reporting.

From: Crowley, Monica
Sent: Thu, 25 Jul 2019 09:04:05 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: Politico: Why Trump swallowed a budget deal that bleeds red ink
Importance: High

Mr Secretary, for your awareness. Highly complimentary of STM and goes out of its way to note that Russ and Mick bought in. The Rubio and DeMint quotes stop short of calling for the deal to fail. The last graph on the Fed/Powell issue will be helpful in the future. And please note the highlighted graph---nice!

Why Trump swallowed a budget deal that bleeds red ink

Trump looked to his friend and Treasury secretary Steven Mnuchin to work with Pelosi and McConnell to strike a budget deal that avoids another risky spending fight until after the 2020 election.

07/25/2019 05:01 AM EDT



President Donald Trump worked to craft a bipartisan budget agreement along with Treasury Secretary Steven Mnuchin, who gained a reputation this week as a political deal maker. | Alex Wong/Getty Images

President Donald Trump chose the pragmatist over the rabble-rousers.

In deciding who would lead the White House in budget and debt-ceiling negotiations with Capitol Hill, the president learned a lesson from his embarrassing government shutdown earlier this year: Brush aside the budget hawks in his own party, including acting White House chief of staff Mick Mulvaney, and focus on minimizing any drama heading into an election year.

Story Continued Below

Trump looked to Steven Mnuchin, his longtime friend, 2016 campaign official and now Cabinet member who earned a new reputation this week as a political deal-

maker in Washington and helped Trump postpone any risky financial brinkmanship until after 2020.

The Treasury secretary took the lead in the five-month-long negotiations with House Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell, striking a deal to raise the debt ceiling and set spending levels past the 2020 election. House lawmakers are set to vote on the agreement Thursday and are expected to approve it, despite widespread grumbling within the GOP.

“I was really impressed. It was a really challenging situation,” McConnell said in an interview. Mnuchin “spoke for the administration. And we knew that. So whatever differences they may have had, they resolved internally. And that was helpful, too, because we knew who we were dealing with.”

Trump appears pleased to move on. The president told Senate Republicans, in a meeting in the White House’s State Dining Room on Tuesday about Turkey policy, that he was happy Fox News and other conservative media had largely held their fire on the budget deal, according to two attendees. Mnuchin sat nearby as the president assessed the relatively muted friendly fire. “He was pleased it wasn’t worse. That point was made several times,” said one attendee.

Mnuchin is viewed throughout Washington as more matter-of-fact than ideological — a fact that has annoyed some die-hard members of the Republican Party. Like Trump, he is more interested in solving a problem than adhering to strict conservative principles.

“The president asked Mnuchin to negotiate a deal. And Mnuchin went to Pelosi saying, ‘How much is it going to cost me to get a debt limit increase past the election?’” one former senior administration official said sarcastically. “He doesn’t care about the cost. Wall Street is happy. The defense folks are happy. That’s good enough.”

Or, as Sen. Rand Paul (R-Ky.) said of the Mnuchin-Pelosi agreement: “There’s not much conservative about it.”

“There’s stories being written that this is the final nail in the coffin of what used to be the tea party movement. That’s sad. But maybe true,” he added.

Story Continued Below

In getting Trump a deal and sparing him of a crisis, Mnuchin's standing with both Trump and congressional lawmakers has risen — thanks to his ability to speak on behalf of the mercurial president and the muted opposition to the final deal. It was something that even Vice President Mike Pence could not do in December 2018, when he assured Senate Republicans that Trump would sign a spending bill, only to have Trump backtrack days later and shut down the government.

"I don't see this as his coming-out moment," said David Tamasi, a fundraiser for the Trump campaign in 2016 and the reelection effort in 2020, said of Mnuchin. "He has already arrived."

Mnuchin's role in negotiating with House Speaker Nancy Pelosi has put him at the center of this summer's action, even if the Treasury Department technically only oversees the machinations around the debt ceiling, one segment of the deal. Next week, Mnuchin also will travel to Shanghai with U.S. Trade Representative Robert Lighthizer to continue trade talks with China.

His ongoing involvement with trade, sanctions and the budget deal makes him one of the most powerful and long-lasting members in Trump's often-changing Cabinet. He, Lighthizer and National Economic Council Director Larry Kudlow form what one Republican called a "strong economic frontline" heading into Trump's reelection.

A spokesperson for the Treasury Department did not respond to a request for comment.

Senior administration officials said that, while conservatives did not get the extent of the spending cuts they wanted, the president retained the authority to transfer money within the accounts of the Homeland Security and Defense departments — key tools to help him fund his border wall.

The final budget and spending deal came together over the weekend during a flurry of phone calls, according to White House officials and Democratic aides. Pelosi and Mnuchin spoke three times on Sunday, with Senate Minority Leader Chuck Schumer joining the second call.

By Sunday night, Mnuchin called the president and other top White House officials to fill them in on the contours of the deal which the president broadly agreed to, according to two senior administration officials. House Minority Leader Kevin McCarthy also kept in close contact with the White House.

Story Continued Below

The parties then spent Monday working out the details, with Pelosi negotiating much of the deal via an aisle seat on a very delayed flight from Detroit to Washington, an aide to the House speaker said. At 5 p.m. on Monday, Mnuchin hosted a conference call with the four congressional leaders to review any outstanding issues. On that call, Mnuchin advised the leaders that Trump would tweet in the next hour. The leaders would then follow with their own statements affirming a deal had been reached.

Like clockwork, Trump tweeted out news of the tentative agreement on late Monday afternoon. "I am pleased to announce that a deal has been struck with Senate Majority Leader Mitch McConnell, Senate Minority Leader Chuck Schumer, Speaker of the House Nancy Pelosi, and House Minority Leader Kevin McCarthy - on a two-year Budget and Debt Ceiling, with no poison pills...." Trump said via Twitter, following the plan Mnuchin laid out with the congressional lawmakers.

Mnuchin again gave the Republicans assurances that Trump supported the deal during a weekly Senate lunch, as Republicans waited for a clear signal. After the meeting with Senate Republicans, Trump delivered that endorsement on Twitter, effectively sealing the deal for congressional leaders.

Mnuchin's performance in front of Republicans on Tuesday seemed to fall on ideological lines: Those who support the deal thought he was great. Those who don't thought he did a poor job of selling a deal that had Democrats gleeful. Some Republicans thought Mnuchin should have taken a harder line with Pelosi, refusing to negotiate on spending until the debt limit was raised.

"He didn't do anything. The pay-fors, offsets are a joke. It's an accounting trick," said one GOP senator. "It was sad. And he's gleeful that the president loves him best for the moment."

Earlier this spring, McConnell had pressed the president to embrace a deal this spring in a one-on-one meeting. Part of that was getting Mnuchin as the lead administration negotiator. Mnuchin seemed to carry less ideological baggage into the negotiations than his counterparts at the White House like Mulvaney, the acting White House chief of staff who battled for harsh spending cuts as a House lawmaker and Trump's budget director, and acting director of the Office of Management and Budget Russ Vought, who also built a political career on slashing spending.

"You had the Mulvaney and Vought presence at the table," said Senate Majority Whip John Thune (R-S.D.). "Mnuchin represented the view that would lead to an

outcome and shared going in that we needed to get a caps deal, whereas, I think some of the others at the table were trying to" freeze spending at current levels.

Conservatives both inside and outside the White House remain disappointed the deal did not go further with spending cuts, but both Mulvaney and Vought are going along with it.

Story Continued Below

Vought went on Fox News on Tuesday to defend it. "I love the concern of the conservatives who are bringing attention to the problems that we have with fiscal responsibility in this town. This president put forward more spending cuts than any president in history," Vought said. "We're now up against a deadline, heading into the August recess, where we need the debt limit extended. We need to continue to rebuild the military."

The president's endorsement of the budget deal will almost certainly push it across the finish line, even if the angst among conservatives is real.

"It's a lot of spending. It makes it difficult," said Sen. Marco Rubio (R-Fla.). "It's a tough one to swallow. I get it, no one wants a shutdown and I don't want to see us going over the fiscal cliff, but it's just a lot of spending."

Trump has told top White House officials and outside allies he intends to cut spending in his second term if he wins reelection, according to a senior administration official — though he will target discretionary spending and not touch Medicare or Social Security. It's a vow that will be extremely hard to implement unless Republicans make huge congressional gains in 2020.

But that signal could please Republicans who are more aligned with Vought and Mulvaney.

The fact that Mnuchin was elevated above two true tea party die-hards came as little shock to hard-line conservatives. "I'm not surprised — because the Republicans in the Senate are not going to stand with the president on any kind of spending cut. Republicans are not trying to cut spending," said former Sen. Jim DeMint (R-S.C.), a forefather of the tea party.

Republicans close to the White House insisted that Trump picked Mnuchin to lead the negotiations because he wanted a deal, whereas Mulvaney might have pushed for deeper cuts and alienated congressional leaders. Back in December, Mulvaney

urged the president to shut down the government to fight for more funding for a border wall.

The shutdown lasted for 35 days — giving Republicans no policy victories and forcing Trump to cave under Pelosi's firm grip over her caucus.

Story Continued Below

Mnuchin's shepherding of the deal shows how far he has come politically since he arrived in Washington. Earlier in his tenure, Mnuchin angered House Republicans by visiting Capitol Hill and asking them to vote for the debt ceiling and to do it for him — a move many saw as tone-deaf and arrogant.

But Mnuchin kept at it, strengthening his relationships with some key Senate Republicans during tax reform, hosting small breakfasts at Treasury for lawmakers and growing more comfortable in his political role in Year Three of the Trump presidency.

Mnuchin's only major disagreement with the president was his backing of Jay Powell to lead the Federal Reserve — a move Trump has held against him as the Fed raised interest rates and dented markets late last year.

The two are now back on good terms, say senior administration officials and outside White House advisers, as the Fed prepares to backtrack and the stock market hovers at record levels.

Heather Caygle contributed to this report.

From: Secretary Mnuchin @treasury.gov
Sent: Mon, 22 Jul 2019 18:34:03 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re: [EXTERNAL] Tweet by Jeff Zeleny on Twitter

Very funny
Let's try to get out WH release this evening
Thanks!

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 22, 2019 at 6:19:34 PM EDT
To: Secretary Mnuchin @treasury.gov, Mulvaney, Mick M. EOP/WHO (b)(6)
Vought, Russell T. EOP/OMB (b)(6)
Subject: FW: [EXTERNAL] Tweet by Jeff Zeleny on Twitter

From: Dwyer, David
Sent: Sat, 3 Aug 2019 15:43:11 -0400
To: Secretary Mnuchin
Cc: (b)(6)
Subject: Re: FOR REVIEW - POTUS Statement, (b)(5)

Thank you, sir.
I have reached out to both of them.
Kind regards,
David

From: Secretary Mnuchin <[redacted]@treasury.gov>
Date: August 3, 2019 at 3:31:09 PM EDT
To: Dwyer, David <David.Dwyer@treasury.gov>
Cc: (b)(6) <[redacted]@treasury.gov>
Subject: Re: FOR REVIEW - POTUS Statement (b)(5)

I have no comments but review with signal and Brent

From: Dwyer, David <David.Dwyer@treasury.gov>
Date: August 3, 2019 at 2:48:42 PM EDT
To: Secretary Mnuchin <[redacted]@treasury.gov>
Cc: (b)(6) <[redacted]@treasury.gov>
Subject: Fwd: FOR REVIEW - POTUS Statement (b)(5)

Dear sir,

(b)(5)

Affirmative clearance requested by State, Treasury, WHCO, and Press/Comms. Treasury is asked to send edits or comments by 3:30 PM today.

From: Salvi, Mary E. EOP/WHO (b)(6)
Date: August 3, 2019 at 2:02:53 PM EDT
To: WhiteHouseClearances@state.gov <WhiteHouseClearances@state.gov>, Dwyer, David <David.Dwyer@treasury.gov>, Horning, Liz A. EOP/WHO (b)(6), Philbin, Patrick F. EOP/WHO, Eisenberg, John A. EOP/WHO

(b)(6) Miller, Stephen EOP/WHO
(b)(6) DL WHO PRESS SECRETARY Press Secretaries
(b)(6) Kennedy, Adam R. EOP/WHO
(b)(6) Ditto, Jessica (b)(6), Rinat, Ory S.
EOP/WHO (b)(6) DL NSC NSA FO Staff
(b)(6) Ueland, Eric M. EOP/WHO (b)(6)
Chalkey, Richard J. EOP/WHO (b)(6) Olmem, Andrew
(b)(6) Wiggins, Jeremy G. EOP/WHO
C: Staff Secretary (b)(6)
Subject: FOR REVIEW - POTUS Statement, (b)(5)

(b)(5)

Affirmative clearance requested by State, Treasury, WHCO, and Press/Comms. Please send edits or comments by 3:30 PM today.

Thank you.
STAFF SEC

From: Secretary Mnuchin [redacted]
Sent: Wed, 31 Jul 2019 05:21:00 +0800
To: Mulvaney, Mick M. EOP/WHO
Subject: Re: Problematic

Morning from shanghai
I have my ust cel if you want To discuss call me

From: Mulvaney, Mick M. EOP/WHO (b)(6)
Date: July 30, 2019 at 11:29:41 PM GMT+8
To: Secretary Mnuchin [redacted]@treasury.gov>
Subject: FW: Problematic

From: (b)(6) Secretary Mnuchin @treasury.gov
Sent: Sat, 20 Jul 2019 22:51:21 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

I gave dan some other minor changes

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 10:50:31 PM EDT
To: Secretary Mnuchin @treasury.gov, Mulvaney, Mick M. EOP/WHO (b)(6)
Vought, Russell T. EOP/OMB (b)(6)
Subject: (No subject)

From: Secretary Mnuchin @treasury.gov
Sent: Sat, 20 Jul 2019 20:29:35 -0400
To: Ueland, Eric M. EOP/WHO; Vought, Russell T. EOP/OMB; Mulvaney, Mick M. EOP/WHO
Cc: Kowalski, Daniel
Subject: Re:

I am fine with this but we should wait to send it with the term sheet

Please ask them to send her most recent version of term sheet in word so we can redline the changes and send back

Thanks!!

From: Ueland, Eric M. EOP/WHO (b)(6)

Date: July 20, 2019 at 8:23:48 PM EDT

To: Secretary Mnuchin @treasury.gov>, Vought, Russell T. EOP/OMB

(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)

Subject: (No subject)

From: Mulvaney, Mick M. EOP/WHO
Sent: Sat, 20 Jul 2019 18:36:24 +0000
To: Secretary Mnuchin
Cc: Ueland, Eric M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

(b)(5)

Sent from my iPhone

Secretary
Mnuchin

Secretary
Mnuchin

On Jul 20, 2019, at 2:15 PM, [REDACTED]@treasury.gov" [REDACTED]@treasury.gov> wrote:

(b)(5)

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 12:13:16 PM EDT
To: Secretary Mnuchin [REDACTED]@treasury.gov>, Mulvaney, Mick M. EOP/WHO
(b)(6), Vought, Russell T. EOP/OMB (b)(6)
Subject: (No subject)

(b)(5)

(b)(5)

Eric

From: Vought, Russell T. EOP/OMB
Sent: Sat, 20 Jul 2019 18:33:16 +0000
To: Ueland, Eric M. EOP/WHO
Cc: Secretary Mnuchin; Mulvaney, Mick M. EOP/WHO
Subject: Re:

(b)(5)

Sent from my iPhone

On Jul 20, 2019, at 2:28 PM, Ueland, Eric M. EOP/WHO (b)(6) wrote:

(b)(5)

On Jul 20, 2019, at 2:15 PM, Secretary Mnuchin (b)(6) <SecretaryMnuchin@treasury.gov> wrote:

(b)(5)

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 12:13:16 PM EDT
To: Secretary Mnuchin (b)(6) <SecretaryMnuchin@treasury.gov>, Mulvaney, Mick M. EOP/WHO (b)(6)
Subject: (No subject)

(b)(5)

(b)(5)

Eric

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sat, 20 Jul 2019 14:33:12 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

202 927 2255

(b)(6)

My dial in so private
3pm internal

From: Ueland, Eric M. EOP/WHO [redacted] (b)(6)
Date: July 20, 2019 at 2:29:04 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov
Cc: Mulvaney, Mick M. EOP/WHO [redacted] (b)(6); Vought, Russell T. EOP/OMB
(b)(6)
Subject: Re:

From: Ueland, Eric M. EOP/WHO
Sent: Sat, 20 Jul 2019 18:28:55 +0000
To: Secretary Mnuchin
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

(b)(5)

Secretary
Mnuchin

Secretary
Mnuchin

On Jul 20, 2019, at 2:15 PM, (b)(5) <[REDACTED]@treasury.gov> <[REDACTED]@treasury.gov> wrote:

(b)(5)

From: Ueland, Eric M. EOP/WHO (b)(6)

Date: July 20, 2019 at 12:13:16 PM EDT

To: Secretary Mnuchin <[REDACTED]@treasury.gov>, Mulvaney, Mick M. EOP/WHO

(b)(6) <[REDACTED]> Vought, Russell T. EOP/OMB (b)(6)

Subject: (No subject)

(b)(5)

(b)(5)

Eric

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sat, 20 Jul 2019 13:59:09 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re:

I will update mark in advance

From: Ueland, Eric M. EOP/WHO [redacted] (b)(6)
Date: July 20, 2019 at 12:13:16 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov, Mulvaney, Mick M. EOP/WHO <JMMCOS@who.eop.gov>, Vought, Russell T. EOP/OMB [redacted] (b)(6)
Subject: (No subject)

From: Vought, Russell T. EOP/OMB
Sent: Thu, 25 Jul 2019 17:58:45 +0000
To: Mulvaney, Mick M. EOP/WHO
Cc: Ueland, Eric M. EOP/WHO
Subject: Re: Budget

Secretary
Mnuchin

(b)(5)

Sent from my iPad

> On Jul 25, 2019, at 1:23 PM, Mulvaney, Mick M. EOP/WHO <(b)(6)> wrote:
>

(b)(5)

>
> MM
>
> Sent from my iPhone

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Fri, 26 Jul 2019 11:56:57 -0400
To: Mulvaney, Mick M. EOP/WHO
Subject: Re: Dobbs

Will send to you

From: Mulvaney, Mick M. EOP/WHO [redacted]
Date: July 26, 2019 at 11:49:16 AM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>
Subject: Dobbs

From: Ueland, Eric M. EOP/WHO
Sent: Sat, 20 Jul 2019 13:10:18 +0000
To: Mulvaney, Mick M. EOP/WHO
Cc: Vought, Russell T. EOP/OMB Secretary Mnuchin
Subject: Re: No word since the 4:15 call?

Steven, if you haven't heard anything, I can check in over there to see what plan they have about if/what/when from her...eric

> On Jul 20, 2019, at 9:06 AM, Mulvaney, Mick M. EOP/WHO <(b)(6)> wrote:
>
> Nothing here.
>
> Sent from my iPhone
>
>> On Jul 20, 2019, at 8:58 AM, Ueland, Eric M. EOP/WHO <(b)(6)> wrote:
>>
>> Good morning—
>>
>> I haven't heard from the Speaker's team. Eric
>>
>>
>>> On Jul 20, 2019, at 8:38 AM, Vought, Russell T. EOP/OMB <(b)(6)> wrote:
>>>
>>>
>>>
>>> Sent from my iPhone

From: Secretary Mnuchin
Sent: Sat, 20 Jul 2019 10:59:41 -0400
To: Mulvaney, Mick M. EOP/WHO
Subject: Re: No word since the 4:15 call?

Texted you
Updated Russ
Tried you earlier

From: Mulvaney, Mick M. EOP/WHO <(b)(6)>
Date: July 20, 2019 at 9:06:19 AM EDT
To: Ueland, Eric M. EOP/WHO <(b)(6)>
Cc: Vought, Russell T. EOP/OMB <(b)(6)> Secretary Mnuchin
Secretary Mnuchin <>@treasury.gov>
Subject: Re: No word since the 4:15 call?

From: Lighthizer, Robert E. EOP/USTR
Sent: Thu, 1 Aug 2019 01:31:28 +0000
To: Haidet, Michael B. EOP/WHO Secretary Mnuchin
Cc: Liddell, Christopher P. EOP/WHO Mulvaney, Mick M. EOP/WHO
Subject: Re: POTUS debrief

(b)(5)

On Jul 31, 2019, at 8:15 PM, Haidet, Michael B. EOP/WHO wrote:

(b)(6)

(b)(5)

Thanks,
Mike

On Jul 31, 2019, at 8:07 PM, Liddell, Christopher P. EOP/WHO

(b)(6)

wrote:

Plus mike for any possible times in the morning

On Jul 31, 2019, at 7:26 PM, Lighthizer, Robert E. EOP/USTR

(b)(6)

wrote:

I have some time in the morning. I have Japan in the afternoon but I'll do what works for the boss.

On Jul 31, 2019, at 7:18 PM,

Secretary Mnuchin

@treasury.gov"

Secretary Mnuchin

@treasury.gov> wrote:

Yes

Bob has Japan in town

I can be flexible with what works for him

From: Liddell, Christopher P. EOP/WHO

(b)(6)

Date: July 31, 2019 at 7:05:30 PM EDT

To: Secretary Mnuchin @treasury.gov>, Lighthizer, Robert E. EOP/USTR

(b)(6)

Cc: Mulvaney, Mick M. EOP/WHO (b)(6)

Subject: POTUS debrief

Do you want to try and find some time tomorrow for POTUS debrief on your trip ?

I know you are traveling back so may have already connected with him

From: Haidet, Michael B. EOP/WHO
Sent: Thu, 1 Aug 2019 00:29:46 +0000
To: Secretary Mnuchin
Cc: Liddell, Christopher P. EOP/WHO; Lighthizer, Robert E. EOP/USTR; Mulvaney, Mick M. EOP/WHO
Subject: Re: POTUS debrief

Copy. (b)(5)

Thanks,
Mike

On Jul 31, 2019, at 8:19 PM, Secretary Mnuchin <[REDACTED]@treasury.gov> wrote:
1130 confirmed

Secretary Mnuchin
From: [REDACTED] <[REDACTED]@treasury.gov>
Date: July 31, 2019 at 8:18:01 PM EDT
To: Haidet, Michael B. EOP/WHO <[REDACTED]> Liddell, Christopher P. EOP/WHO <[REDACTED]>
Cc: Lighthizer, Robert E. EOP/USTR <[REDACTED]> Mulvaney, Mick M. EOP/WHO <[REDACTED]>
Subject: Re: POTUS debrief

Confirmed

From: Haidet, Michael B. EOP/WHO <[REDACTED]>
Date: July 31, 2019 at 8:16:19 PM EDT
To: Liddell, Christopher P. EOP/WHO <[REDACTED]>
Cc: Lighthizer, Robert E. EOP/USTR <[REDACTED]>, Secretary Mnuchin <[REDACTED]@treasury.gov>, Mulvaney, Mick M. EOP/WHO <[REDACTED]>
Subject: Re: POTUS debrief

(b)(5)

Thanks,
Mike

On Jul 31, 2019, at 8:07 PM, Liddell, Christopher P. EOP/WHO

From: Secretary Mnuchin
Sent: Sat, 20 Jul 2019 22:50:07 -0400
To: Ueland, Eric M. EOP/WHO; Vought, Russell T. EOP/OMB; Mulvaney, Mick M. EOP/WHO
Subject: RE: Re:

Yes

From: Ueland, Eric M. EOP/WHO (b)(6)

Date: July 20, 2019 at 10:39:47 PM EDT

To: Secretary Mnuchin @treasury.gov>, Vought, Russell T. EOP/OMB

(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)

Subject: RE: Re:

From: Ueland, Eric M. EOP/WHO
Sent: Sun, 21 Jul 2019 02:39:37 +0000
To: Secretary Mnuchin; Vought, Russell T. EOP/OMB; Mulvaney, Mick M. EOP/WHO
Subject: RE: Re:

Senate and House leadership and appropriators are on board the agreement text. Dan (b)(5)

(b)(5) eric

From: Secretary Mnuchin @treasury.gov; Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 10:07 PM
To: Ueland, Eric M. EOP/WHO (b)(6); Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

Ok

From: Ueland, Eric M. EOP/WHO <Eric.M.Ueland@who.eop.gov>
Date: July 20, 2019 at 9:59:36 PM EDT
To: Secretary Mnuchin @treasury.gov; Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO
(b)(6)
Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Re:

Working to finalize language following input from both appropriations committee staffs, (b)(5)

(b)(5)
(b)(5) Going as quickly as possible.

From: Secretary Mnuchin @treasury.gov; Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 9:58 PM
To: Ueland, Eric M. EOP/WHO (b)(6); Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

Any update

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 8:42:10 PM EDT
To: Secretary Mnuchin @treasury.gov; Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO

(b)(6)

Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>

Subject: RE: Re:

Great; thank you. we have feedback in from our Senate appropriators; waiting House. ... eric

From: Secretary Mnuchin @treasury.gov Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 8:41 PM
To: Ueland, Eric M. EOP/WHO (b)(6) Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

Good

I just reviewed with dan and he will give u my comments

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 8:37:00 PM EDT
To: Secretary Mnuchin @treasury.gov, Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO
(b)(6)
Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Re:

Thanks. (b)(5)

(b)(5) On redlining the document, her team provided a PDF.

From: Secretary Mnuchin @treasury.gov Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 8:29 PM
To: Ueland, Eric M. EOP/WHO (b)(6) Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: Re:

I am fine with this but we should wait to send it with the term sheet

Please ask them to send her most recent version of term sheet in word so we can redline the changes and send back

Thanks!!

From: Ueland, Eric M. EOP/WHO <(b)(6)>
Date: July 20, 2019 at 8:23:48 PM EDT
To: Secretary Mnuchin <(b)(6)>, Vought, Russell T. EOP/OMB
(b)(6) <(b)(6)>, Mulvaney, Mick M. EOP/WHO
(b)(6) <(b)(6)>
Subject: (No subject)

Steven, good evening—

(b)(5)

I look forward to continued conversation. eric

From: Ueland, Eric M. EOP/WHO
Sent: Sun, 21 Jul 2019 02:07:25 +0000
To: Secretary Mnuchin; Vought, Russell T. EOP/OMB; Mulvaney, Mick M. EOP/WHO
Cc: Kowalski, Daniel
Subject: RE: Re:

You should have a draft from Jason right now. Am pushing it past the two leadership and approps teams one last time. ... eric

From: Secretary Mnuchin @treasury.gov; Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 10:07 PM
To: Ueland, Eric M. EOP/WHO <(b)(6)>; Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

Ok

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 9:59:36 PM EDT
To: Secretary Mnuchin @treasury.gov; Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO
(b)(6)
Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Re:

Working to finalize language following input from both appropriations committee staffs, (b)(5)

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From: Secretary Mnuchin @treasury.gov; Secretary Mnuchin @treasury.gov
Sent: Saturday, July 20, 2019 9:58 PM
To: Ueland, Eric M. EOP/WHO (b)(6); Vought, Russell T. EOP/OMB
(b)(6); Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

Any update

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 8:42:10 PM EDT
To: Secretary Mnuchin @treasury.gov; Vought, Russell T. EOP/OMB

(b)(6) Mulvaney, Mick M. EOP/WHO

(b)(6)
Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Re:

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Secretary Mnuchin Secretary Mnuchin
From: (b)(6)@treasury.gov (b)(6)@treasury.gov
Sent: Saturday, July 20, 2019 8:41 PM
To: Ueland, Eric M. EOP/WHO (b)(6) Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: RE: Re:

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From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 8:37:00 PM EDT
To: Secretary Mnuchin (b)(6)@treasury.gov, Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO
(b)(6)
Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Re:

Thanks. (b)(5)
(b)(5) On redlining the document, her team provided a PDF.

Secretary Mnuchin Secretary Mnuchin
From: (b)(6)@treasury.gov (b)(6)@treasury.gov
Sent: Saturday, July 20, 2019 8:29 PM
To: Ueland, Eric M. EOP/WHO (b)(6) Vought, Russell T. EOP/OMB
(b)(6) Mulvaney, Mick M. EOP/WHO (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: Re:

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Please ask them to send her most recent version of term sheet in word so we can redline the changes and send back

Thanks!!

From: Ueland, Eric M. EOP/WHO <Eric.M.Ueland@who.eop.gov>

Date: July 20, 2019 at 8:23:48 PM EDT

(b)(6) Secretary Mnuchin

@treasury.gov>, Vought, Russell T. EOP/OMB

(b)(6)

>, Mulvaney, Mick M. EOP/WHO

(b)(6)

Subject: (No subject)

Steven, good evening—

(b)(5)

I look forward to continued conversation. eric

From: Secretary Mnuchin <[REDACTED]>@treasury.gov
Sent: Sat, 20 Jul 2019 20:41:03 -0400
To: Ueland, Eric M. EOP/WHO; Vought, Russell T. EOP/OMB; Mulvaney, Mick M. EOP/WHO
Cc: Kowalski, Daniel
Subject: RE: Re:

Good

I just reviewed with dan and he will give u my comments

From: Ueland, Eric M. EOP/WHO <[REDACTED]>

Date: July 20, 2019 at 8:37:00 PM EDT

To: Secretary Mnuchin <[REDACTED]>@treasury.gov>, Vought, Russell T. EOP/OMB

[REDACTED] <[REDACTED]> Mulvaney, Mick M. EOP/WHO <[REDACTED]>

Cc: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>

Subject: RE: Re:

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Mon, 22 Jul 2019 12:32:20 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO
Cc: Vought, Russell T. EOP/OMB
Subject: Re: RE:

Any update on availability for call with Mitch, Kevin, Nancy and chuck to have four walls discussion

Also press release?

Mick and I are in Pakistan meeting to 215

I won't have access to cell

From: Ueland, Eric M. EOP/WHO [redacted] (b)(6)
Date: July 22, 2019 at 11:51:28 AM EDT
To: Mulvaney, Mick M. EOP/WHO [redacted] (b)(6)
Cc: Secretary Mnuchin [redacted]@treasury.gov, Vought, Russell T. EOP/OMB

[redacted] (b)(6)

Subject: Re: RE:

From: Secretary Mnuchin <[REDACTED]>
Sent: Sun, 21 Jul 2019 09:09:08 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: Re: RE: Re:

I assume they will send mark up back to you so please forward when you get it

From: Ueland, Eric M. EOP/WHO <[REDACTED]>
Date: July 21, 2019 at 8:53:09 AM EDT
To: Secretary Mnuchin <[REDACTED]>
Cc: Mulvaney, Mick M. EOP/WHO <[REDACTED]> Vought, Russell T. EOP/OMB
[REDACTED]
Subject: Re: RE: Re:

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sun, 21 Jul 2019 14:51:41 -0400
To: Vought, Russell T. EOP/OMB; Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO
Subject: Re: RE: Re:

Can you run a redline of changes

From: Vought, Russell T. EOP/OMB [redacted] (b)(6)
Date: July 21, 2019 at 2:34:54 PM EDT
To: Ueland, Eric M. EOP/WHO [redacted] (b)(6)
Cc: Secretary Mnuchin [redacted]@treasury.gov, Mulvaney, Mick M. EOP/WHO [redacted] (b)(6)
Subject: Re: RE: Re:

From: Secretary Mnuchin <[REDACTED]>@treasury.gov
Sent: Sun, 21 Jul 2019 08:51:35 -0400
To: Ueland, Eric M. EOP/WHO; Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Subject: RE: Re:

Just spoke with NP. They are reviewing term sheet and will get back to us in a few hours.

(b)(5)

From: Ueland, Eric M. EOP/WHO <[REDACTED]>
Date: July 20, 2019 at 10:52:25 PM EDT
To: Secretary Mnuchin <[REDACTED]>@treasury.gov>, Mulvaney, Mick M. EOP/WHO <[REDACTED]>
Vought, Russell T. EOP/OMB <[REDACTED]>
Subject: RE: Re:

From: Ueland, Eric M. EOP/WHO
Sent: Mon, 22 Jul 2019 00:32:04 +0000
To: Secretary Mnuchin Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB
Cc: Kowalski, Daniel
Subject: RE: terms of agreement - dem response (evening 21 july) - Copy

Right; dan is on a separate thread with OMB's wordsmith on issues...eric

From: Secretary Mnuchin <[redacted]@treasury.gov> <[redacted]@treasury.gov>
Sent: Sunday, July 21, 2019 8:30 PM
To: Ueland, Eric M. EOP/WHO (b)(6) Mulvaney, Mick M. EOP/WHO
(b)(6) Vought, Russell T. EOP/OMB (b)(6)
Cc: Daniel.Kowalski@treasury.gov
Subject: Re: terms of agreement - dem response (evening 21 july) - Copy

(b)(5)

Copying Dan so he can do track changes.
Let's discuss any other issues.

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 21, 2019 at 8:06:09 PM EDT
To: Secretary Mnuchin <[redacted]@treasury.gov>, Mulvaney, Mick M. EOP/WHO
(b)(6) Vought, Russell T. EOP/OMB (b)(6)
Subject: terms of agreement - dem response (evening 21 july) - Copy

Good evening—attached is the Pelosi writeup of your phone call from 5:07pm this afternoon...eric

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sat, 20 Jul 2019 19:38:41 -0400
To: Ueland, Eric M. EOP/WHO
Subject: RE: Update call

Ok thanks!

From: Ueland, Eric M. EOP/WHO [redacted]
Date: July 20, 2019 at 7:37:08 PM EDT
To: Secretary Mnuchin [redacted]@treasury.gov, Vought, Russell T. EOP/OMB [redacted]
Cc: Mulvaney, Mick M. EOP/WHO [redacted]
Subject: RE: Update call

From: Ueland, Eric M. EOP/WHO
Sent: Sat, 20 Jul 2019 23:36:57 +0000
To: Secretary Mnuchin; Vought, Russell T. EOP/OMB
Cc: Mulvaney, Mick M. EOP/WHO
Subject: RE: Update call

Thanks. we are on the phone right now with dan, omb and leader staff walking through the sheet right now. ... eric

From: Secretary Mnuchin <[REDACTED]@treasury.gov>
Sent: Saturday, July 20, 2019 7:34 PM
To: Ueland, Eric M. EOP/WHO <[REDACTED]>; Vought, Russell T. EOP/OMB <[REDACTED]>
Cc: Mulvaney, Mick M. EOP/WHO <[REDACTED]>
Subject: Re: Update call

Any ETA on term sheet and List?

From: Ueland, Eric M. EOP/WHO <[REDACTED]>
Date: July 20, 2019 at 11:23:06 AM EDT
To: Secretary Mnuchin <[REDACTED]@treasury.gov>
Cc: Mulvaney, Mick M. EOP/WHO <[REDACTED]>; Vought, Russell T. EOP/OMB <[REDACTED]@treasury.gov>
Subject: Re: Update call

Thank you. Eric

On Jul 20, 2019, at 11:22 AM, Secretary Mnuchin <[REDACTED]@treasury.gov> wrote:

[REDACTED]

From: Ueland, Eric M. EOP/WHO <[REDACTED]>
Date: July 20, 2019 at 10:59:55 AM EDT
To: Secretary Mnuchin <[REDACTED]@treasury.gov>
Cc: Mulvaney, Mick M. EOP/WHO <[REDACTED]>; Vought, Russell T. EOP/OMB <[REDACTED]@treasury.gov>
Subject: Re: Update call

Howdy—thank you. Eric

On Jul 20, 2019, at 10:59 AM, [redacted] Secretary Mnuchin <[redacted]@treasury.gov> wrote:

I just spoke with her
Trying to coordinate team call with Mitch and Kevin between 1145-1
Waiting to hear back from mitch
Will send out time and dial in as soon as I hear back

From: Ueland, Eric M. EOP/WHO <[redacted] (b)(6)>
Date: July 20, 2019 at 9:10:23 AM EDT
To: Mulvaney, Mick M. EOP/WHO <[redacted] (b)(6)> Secretary Mnuchin
Cc: Vought, Russell T. EOP/OMB <[redacted] (b)(6)> Secretary Mnuchin <[redacted]@treasury.gov>

Subject: Re: No word since the 4:15 call?

Steven, if you haven't heard anything, I can check in over there to see what plan they have about if/what/when from her...eric

> On Jul 20, 2019, at 9:06 AM, Mulvaney, Mick M. EOP/WHO <[redacted] (b)(6)> wrote:

>
> Nothing here.

>
> Sent from my iPhone

>
>> On Jul 20, 2019, at 8:58 AM, Ueland, Eric M. EOP/WHO <[redacted] (b)(6)> wrote:

>>
>> Good morning—

>>
>> I haven't heard from the Speaker's team. Eric

>>

>>

>>> On Jul 20, 2019, at 8:38 AM, Vought, Russell T. EOP/OMB <[redacted] (b)(6)> wrote:

>>>

>>>

>>>

>>> Sent from my iPhone

From: Secretary Mnuchin [redacted]@treasury.gov
Sent: Sat, 20 Jul 2019 16:27:21 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB; [redacted]
Subject: Re: Update call

Can you guys get on call now for update
If so same dial in below

From: Ueland, Eric M. EOP/WHO [redacted]
Date: July 20, 2019 at 11:23:06 AM EDT
To: Secretary Mnuchin [redacted]@treasury.gov>
Cc: Mulvaney, Mick M. EOP/WHO [redacted] Vought, Russell T. EOP/OMB
[redacted] [redacted]@treasury.gov>
Subject: Re: Update call

From: Secretary Mnuchin @treasury.gov
Sent: Sat, 20 Jul 2019 11:28:59 -0400
To: Ueland, Eric M. EOP/WHO
Cc: Mulvaney, Mick M. EOP/WHO; Vought, Russell T. EOP/OMB;
Subject: Re: Update call

(b)(6)

Mick and Russ pls confirm

From: Ueland, Eric M. EOP/WHO (b)(6)
Date: July 20, 2019 at 11:23:06 AM EDT
To: Secretary Mnuchin @treasury.gov
Cc: Mulvaney, Mick M. EOP/WHO (b)(6), Vought, Russell T. EOP/OMB
(b)(6) (b)(6) @treasury.gov
Subject: Re: Update call