



(UBS)

Washington Weekly: Hurricane DOGE

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There is wisdom behind not always overreacting to announcements and comments from leaders in Washington now more than ever. The dust will often need to settle a bit before we know which way new policy announcements are going to land. John Savercool and the Governmental Affairs US team takes a look evens in the nation's capitol this week in their latest Washington Weekly.

Hurricane DOGE. While Elon Musk continues to be vilified in many media outlets and by some voters, the concept of making government more efficient remains a popular goal. It's not easy to keep up with the frantic pace of Musk's daily activities or to understand the specific plan behind them or even their legal basis. He is cutting the workforce quickly and scrutinizing different departments each day. The courts have recently restricted his access to some employees and functions, but he has plenty of targets to move to each day. We wonder if his blistering pace will soon prove to be a liability. Typically, an administration would seek to justify reforms through studies that document a clear rationale. That hasn't happened yet, except anecdotally. It seems inevitable that a frenzied or short-staffed government agency will soon make a big mistake that the public will frown upon. This could be an insufficient response to a natural disaster, late tax refund payments, a shortage of air traffic control or a setback in crucial federally funded medical research. When such a mistake is made, Musk and President Trump will be blamed since the latter now runs the government. Such a revelation won't slow the DOGE project, but it could change how voters view it and whether they believe it is guided by a thoughtful and credible plan.

The House Delivers. On Tuesday, the House passed a budget resolution in a 217 – 215 vote. This is the first step in the complex and months long process of budget "reconciliation." The budget sets parameters around tax cuts and spending (both new spending and offsetting cuts) that will need to be implemented through a subsequent reconciliation bill. That second bill will cover new funding for immigration enforcement and defense, as well as reforms to energy policy, the



extension of the 2017 tax cuts for individuals, and deficit reduction. The budget resolution and the following reconciliation bill have been the highest priorities for Republican lawmakers and the President since the election. This week's vote in the House is a crucial first step. The second bill, which likely won't be ready for a vote until June or July at the earliest, will be a big challenge for House Republicans (who will not be able to lose more than two votes to pass the bill).

Addressing the Nation. On Tuesday President Trump will address a joint session of Congress for the first time in his second term. This "State of the Union" is one of the most important public platforms for a president. The first State of the Union began with George Washington in 1790, though it wasn't until FDR that the address was officially named the State of the Union. During his first term, Trump averaged 44.3 million viewers for each session, making these addresses his primary platform for laying out his agenda going forward. In years past he's focused the addresses on unity (2017), the economy and the border (2018 and 2019), and making his case for reelection (2020). This year there will be no shortage of topics to be covered. What Trump decides to focus on and for how long will provide insight as to his priorities for the remainder of the year. *Trump's prior addresses averaged one hour and 15 minutes, so be ready to stay up late if you're on the East Coast, especially if he makes a run at Clinton's all-time record of one hour and 28 minutes.*

For much more on the topics under the dome, including tariffs, Ukraine and regulatory independence, **see the latest Washington Weekly**.

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