



(UBS)

# Washington Policy and Politics: No Government Shutdown

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**Is this the start of President Trump's bid to balance the budget? The funding bill doesn't reduce overall spending, but it doesn't increase it either, which is contrary to the spending habits we've seen in Washington for decades. The deficit and debt theoretically shouldn't increase from this pot of spending that covers the day-to-day activities of the departments. At least it's a start. John Savercool and the Governmental Affairs US team takes a look at this, and much more in their latest Washington Weekly.**

**No Government Shutdown.** Later today, the Senate is to approve House-passed legislation providing funding for government operations until the end of the fiscal year (September 30). The bill reduces funding for various non-defense programs by \$13 billion, while increasing defense spending by \$6 billion. Overall, the total funding level is flat from last year. Passage of the bill was less dramatic than some of the headline news, though it was only settled the day that current funding was set to expire (today). With a renewed focus on downsizing government, a flat level of spending for government operations is likely what we will see under a Republican-controlled Washington. *The main result from this week's action is that we won't be reminded of the tiring government shutdown threats until the fall when new funding will have to be approved for fiscal year 2026.*

**House Flexes Its Muscle.** Passage of the government funding bill was a big deal in the House, where Republicans have the narrowest majority and where they often have had a hard time unifying. House Speaker Mike Johnson (R-LA) deserves some credit for that, but more is due to President Trump, who personally called a dozen or so wavering House Republicans to urge their support of the bill, the majority of whom had never voted for a government funding bill before this. The Senate often forces the House to capitulate on larger bills, but the House acted first this time and delivered a bill that a bipartisan majority in the Senate found difficult to oppose given the urgency of expiring funding. *Many members from*

*both parties showed a weariness in the never-ending government shutdown threats, and hopefully this sentiment will carry over into future debates over government spending so that they are resolved more quickly.*

**Tariff Disputes Continue.** President Trump's threats on and imposition of higher tariffs will continue to be the news of the day for the foreseeable future. The administration's posture on higher tariffs seems to change every day. This has been unsettling for the markets and for business leaders. This week, the president moved ahead with higher tariffs on steel and aluminum imports, which were met with retaliatory tariffs from the EU and Canada. Easing the higher tariffs on Canada could come very soon if there are further concessions from the Great White North on shutting down the fentanyl trade into the US. More broadly, Trump is personally seeing and hearing more of the significant resistance to higher tariffs from the US business community, including in a meeting with CEOs at the White House this week. *We should all expect the stop-and-start nature of higher tariffs to continue for the next few weeks and months, if not longer.*

For much more, see the [latest Washington Weekly](#), 14 March, 2025.

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