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WAR RESUMES, CONGRESS RECESS VS BUDGET, CLARITY ACT

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- War gets hot, American soldiers killed
- Congress faces Oct. 1 budget deadline
- Crypto Clarity Act seeks strategy to pass

Over the weekend, the U.S. suffered its first casualties since March when Iranian drones and missiles hit U.S. military bases in Jordan. Reportedly two troops were killed, and one is missing. Iran reported that the newest attacks on U.S. forces are in response to continued attacks by the U.S. on Iran. President Trump has made clear that the U.S. would retaliate when Iran attacks shipping in the Strait of Hormuz, and the president has ordered actions against Iran.

The resumption of hostilities has many repercussions ranging from the cost of oil to other goods impacted by the increased fighting in the region. It also further depletes the shrinking supply of U.S. military hardware.

As Congress meets this week, it is focused on the renewed conflict in the Middle East, the need to deal with funding the U.S. government, as the Oct. 1 beginning of the new fiscal year approaches, and the calendar with scheduled breaks for the month of August and the month of October so that members can return home to campaign.

House Speaker Mike Johnson has talked to Republicans in the House, and the Republican leadership in the Senate about developing a strategy where the Congress avoids a government shutdown on Oct. 1 by passing a Continuing

Resolution (CR) that funds the government at current spending levels until early December.

However, even before this weekend's renewed fighting, the Speaker and House Republicans wanted to start the process of funding the military resupply effort by adding funds in the CR for the Department of Defense. While the figure is a moving target, military contractors have told the Department and Congressional leaders that delivering the sophisticated military equipment that is being used in the war takes time, and that now is the time to start the process.

Clarity Act for crypto

Congress is working on legislation to add clarity to the regulatory process for crypto. The Congressional advocates for the legislation believe that it needs to pass before the August recess; however, there will be legislative sessions in September, and a lame-duck session after the November election.

The House passed its version of the Clarity Act last July on a bipartisan vote of 294 (Y) to 134 (N). In the Senate, the bill has divided jurisdiction between the banking and agriculture committees.

It got a strong bipartisan vote in the Banking Committee; however, some Democrats have grown concerned about insider trading by elected officials, and the partisan concern grew when the president and his family disclosed large gains from their crypto trading activity. A group of Republican crypto supporters met with Trump last week to discuss ethics language and there have been mixed reports as to how successful the meeting was. In the coming week, supporters of the Clarity Act will see if they can get floor time, and whether they can get the votes of eight Democrats to break a promised filibuster.

To stop a filibuster requires 60 votes, and with the absence of Senator Mitch McConnell, Republicans are down to 52 Senators.

As the week begins, two uncertainties persist: (1) Do the Republicans have ethics language that the president can accept? (2) Has the issue become too partisan for eight Democrats to support ending a filibuster with the 60-vote requirement to invoke cloture and end any filibuster.

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