

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Anna Palmer Jake Sherman Daniel Lippman  
**Sent:** Tue 8/1/2017 5:03:34 PM  
**Subject:** Playbook Power Briefing, presented by Morgan Stanley: W.H. turns to debt ceiling fight -- WRAY could be confirmed as FBI director as early as this afternoon -- Audio from KUSHNER meeting with interns leaked -- Jake and Anna interview HICKENLOOPER tonight

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Today's Playbook Power Briefing presented by Morgan Stanley

By ANNA PALMER ([anna@politico.com](mailto:anna@politico.com); [@apalmerdc](https://twitter.com/apalmerdc)), JAKE SHERMAN ([sherman@politico.com](mailto:sherman@politico.com); [@JakeSherman](https://twitter.com/JakeSherman)), DANIEL LIPPMAN ([daniel@politico.com](mailto:daniel@politico.com); [@dlippman](https://twitter.com/dlippman)), ZACH MONTELLARO ([zmontellaro@politico.com](mailto:zmontellaro@politico.com); [@ZachMontellaro](https://twitter.com/ZachMontellaro))

**Good Tuesday afternoon from Denver. THE NEXT BATTLE -- "Mnuchin pushes for 'clean' debt ceiling boost,"** by John Bresnahan and Seung Min Kim: "Treasury Secretary Steve Mnuchin has begun lobbying congressional leaders for a 'clean' debt ceiling increase, according to Capitol Hill sources. But that debt increase -- needed sometime this fall -- will prove a tough vote for both parties, and neither GOP nor Democratic leaders have signed yet off on the Trump administration's plan to raise the debt limit without attaching other policy sweeteners. Mnuchin met Tuesday morning with Senate Majority Leader Mitch McConnell (R-Ky.) and Minority Leader Chuck Schumer (D-N.Y.) to discuss the issue, as well as other topics, per Senate aides.

**"Mnuchin is seeking** a clean debt ceiling increase by Sept. 29, according to a letter he sent to congressional leaders last week. To get it through Congress by then will require both the House and Senate to begin work soon after they return from the August recess. Democrats, however, are not sure that Mnuchin and the White House can line up a significant number of GOP votes for any such debt boost. Conservative Republicans frequently tried to use the debt ceiling increase during the Obama era to push for other spending cuts, though they faced stiff opposition from Democrats and former President Barack Obama. The 2011 debt limit showdown led to a downgrade in the U.S. credit rating." <http://politi.co/2hkMfOg>

-- **THIS FIGHT** is going to take up a lot of oxygen on Capitol Hill over the next several weeks. Republican aides for weeks have said they expect the Senate to pass a clean debt ceiling bill, and send it to the House, where it would be passed with a small number of House Republicans and a majority of House Democrats. This will inflame conservative Republicans, who want to extract something before the Congress raises the country's borrowing limit. **THE PROBLEM:** There is a split in the White House, where some aides want to try to extract some policy changes alongside the debt limit.

-- **THE WASHINGTON POST'S** Damian Paletta says there's been no progress in the debt ceiling talks. <http://wapo.st/2u1rkG9>

**BREAKING -- "Former Fox News Executive Said to Be Considered for White House Job,"** by NYT's Michael Grynbaum: "Bill Shine, a former co-president of Fox News and top lieutenant to the network's founder, Roger Ailes, has spoken with White House officials about taking a position on President Trump's communications team, according to several people briefed on the discussions.

**"Mr. Shine has no political experience outside of producing cable news** , and he was forced out of Fox News in May after his name surfaced in lawsuits that accused him of abetting Mr. Ailes's harassing behavior toward women. (Mr. Shine has denied all wrongdoing, as did Mr. Ailes, who died in May.) But Mr. Shine has an influential ally in the Fox News host Sean Hannity, an informal adviser to Mr. Trump - and one of his most loyal on-air supporters - who dined with Mr. Shine, the president and the first lady at the White House last week." <http://nyti.ms/2uVxbtO>

-- **IT'S WORTH NOTING:** Shine was Hannity's first producer and they remain best friends.

**STAFFING UP -- "Military academic Mike Bell promoted to top Middle East adviser on NSC,"** by Connor O'Brien and Andrew Restuccia: "Retired Army Colonel Michael Bell has been promoted to the top Middle East adviser on the National Security Council, two White House officials said. Bell, who was most recently the NSC director of Persian Gulf affairs, is now the senior director for the Near East. He succeeds Derek Harvey, who was dismissed last week by national security adviser H.R. McMaster, as the three-star Army general continues to overhaul an NSC he inherited from his predecessor, Michael Flynn." <http://politi.co/2u0leoj>

**COMING ATTRACTIONS -- "Senate could confirm Wray to lead FBI on Tuesday,"** by Seung Min Kim: "The Senate could vote to confirm Christopher Wray to replace James Comey as head of the FBI as early as Tuesday afternoon, according to senators and aides. The top two party leaders have been negotiating a larger package of nominations to clear the Senate before the August recess begins after next week. But confirming Wray is something that senators would like to do independently of any major nominations deal, and the former Justice Department official and corporate lawyer has faced few hurdles as he waded through the confirmation process." <http://politi.co/2u0tJRs>

**RETURNING FIRE -- "China's State Media Slams Trump's 'Emotional Venting' on Twitter,"** by NYT's Chris Buckley and Austin Ramzy: "After President Trump pilloried China in 48 tweeted words, accusing it of failing to tame its neighbor and longtime ally North Korea, Beijing issued its own rebuke to Mr. Trump - in a cutting editorial of 1,000 Chinese characters from Xinhua, the official news agency.

**"'Trump is quite a personality, and he likes to tweet,'** said the Xinhua response issued late Monday and widely displayed on Chinese news websites. 'But emotional venting cannot become a guiding policy for solving the nuclear issue on the peninsula,' it said, referring to the divided Korean Peninsula. The United States, it added, 'must not

continue spurning responsibility' for the volatile standoff with North Korea, 'and even less should it stab China in the back.'" <http://nyti.ms/2ufMlrR>

\*\*\*\*\* **A message from Morgan Stanley:** Growing disparities in income and more are among today's greatest socio-economic challenges. Private sector capital can help create prosperous communities and reduce inequality globally. Morgan Stanley, with The Economic Intelligence Unit, created a tool to rank 20 countries in terms of finance, healthcare, education and gender disparities. [Read more.](#) \*\*\*\*\*

**MORE LEAKED AUDIO -- "Kushner on Middle East peace: 'What do we offer that's unique? I don't know,'" by WIRED's Ashley Feinberg:** "ON MONDAY, WHITE House senior advisor Jared Kushner spoke to a group of congressional interns as part of an ongoing, off-the-record summer lecture series. During the question-and-answer portion of the event, Kushner may have inadvertently offered some insight into the negotiating tactics he is using in the Middle East. ...

**"While the recording doesn't catch the entirety of the question,** Kushner appears to be responding to a question about how he plans to negotiate peace between Israelis and Palestinians, as well as why he believes he'll be successful where every other administration has failed. He doesn't directly answer either question, but he does reveal that, from his extensive research, he's learned that 'not a whole lot has been accomplished over the last 40 or 50 years.' He also notes that he's spoken to 'a lot of people,' which has taught him that 'this is a very emotionally charged situation.' ...

**"Finally, Kushner closed with the following** statement of reassurance: 'So, what do we offer that's unique? I don't know... I'm sure everyone that's tried this has been unique in some ways, but again we're trying to follow very logically. We're thinking about what the right end state is. And we're trying to work with the parties very quietly to see if there's a solution. And there may be no solution, but it's one of the problem sets that the president asked us to focus on. So we're going to focus on it and try to come to the right conclusion in the near future.'" <http://bit.ly/2ug6gqq>

-- **CHECK THIS OUT,** from the same piece: "Prior to Kushner's talk, Katie Patru, the deputy staff director for Member Services, Outreach & Communications, told the assembled interns, 'To record today's session would be such a breach of trust, from my opinion. This town is full of leakers and everyone knows who they are, and no one trusts them. In this business your reputation is everything, I've been on the hill for 15 years. I've sat in countless meetings with members of congress where important decisions were being made. During all those years in all those meetings, I never once leaked to a reporter. ... If someone in your office has asked you to break our protocol and give you a recording so they can leak it, as a manager, that bothers me at my core.'"

**HAPPENING TONIGHT --** Jake and Anna are interviewing Colorado Gov. John Hickenlooper at 8 p.m. eastern time in Denver. **EMAIL US** with questions for the governor. Can't make it? Tune in to our livestream here: <http://politi.co/2ugbUsU>

**FOGGY BOTTOM WATCH -- JOSH ROGIN'S** latest in WaPo: "**State Department considers scrubbing democracy promotion from its mission**": "Secretary of State Rex Tillerson has ordered his department to redefine its mission and issue a new statement of purpose to the world. The draft statements under review right now are similar to the old mission statement, except for one thing - any mention of promoting democracy is being eliminated. According to an internal email that went out Friday, which I obtained, the State Department's Executive Steering Committee convened a meeting of leaders to draft new statements on the department's purpose, mission and ambition, as part of the overall reorganization of the State Department and USAID. (The draft statements were being circulated for comment Friday and could change before being finalized.)" <http://wapo.st/2ugEqKO>

-- **QUITE THE DATA POINT**: "UN staff ran up a \$9.5 million bill at the Four Seasons hotel in Damascus, co-owned by Syria's tourism ministry, according to the UN's annual report on procurement for 2016, a 739-page document published in June." <https://bloom.bg/2hknUbK> ... **The report** <http://bit.ly/2uUqqlB>

**FROM THE WHITE HOUSE -- @realDonaldTrump** at 8:49 a.m.: "Stock Market could hit all-time high (again) 22,000 today. Was 18,000 only 6 months ago on Election Day. Mainstream media seldom mentions!" ... **at 9:03 a.m.**: "'Corporations have NEVER made as much money as they are making now.' Thank you Stuart Varney @foxandfriends Jobs are starting to roar,watch!" ... **at 9:55 a.m.**: "Only the Fake News Media and Trump enemies want me to stop using Social Media (110 million people). Only way for me to get the truth out!"

-- **The stock market closed** at 18,333 on Election Day, which was about nine months ago. It closed at 19,891 six months ago on February 1.

**FASCINATING -- "Behind Fox News' Baseless Seth Rich Story: The Untold Tale,"** by NPR's David Folkenflik: "The Fox News Channel and a wealthy supporter of President Trump worked in concert under the watchful eye of the White House to concoct a story about the murder of a young Democratic National Committee aide, according to a lawsuit filed Tuesday. The explosive claim is part of the lawsuit filed against Fox News by Rod Wheeler, a longtime paid commentator for the news network. The suit was obtained exclusively by NPR. Wheeler alleges Fox News and the Trump supporter intended to deflect public attention from growing concern about the administration's ties to the Russian government. His suit charges that a Fox News reporter created quotations out of thin air and attributed them to him to propel her story. Fox's president of news, Jay Wallace, told NPR Monday there was no 'concrete evidence' that Wheeler was misquoted by the reporter, Malia Zimmerman. ...

**"The lawsuit focuses particular attention** on the role of the Trump supporter, Ed Butowsky, in weaving the story. He is a wealthy Dallas investor and unpaid Fox commentator on financial matters, who has emerged as a reliable Republican surrogate in recent years. Butowsky offered to pay for Wheeler to investigate the death of the DNC aide, Seth Rich, on behalf of his grieving parents in Omaha. On April 20, a month

before the story ran, Butowsky and Wheeler - the investor and the investigator - met at the White House with then Press Secretary Sean Spicer to brief him on what they were uncovering.

**"The first page of the lawsuit quotes** a voicemail and text from Butowsky boasting that President Trump himself had reviewed drafts of the Fox News story just before it went to air and was published. Spicer now tells NPR that he took the meeting as a favor to Butowsky, a reliable Republican voice. Spicer says he was unaware of any contact involving the president. Butowsky now tells NPR he was kidding about Trump's involvement." <http://n.pr/2u0p9T8>

-- **@chrisgeider:** "Big story. But, a big caveat, too: This is simply a lawsuit being filed, which anyone can do at any time about anything. There's a lot in here, and a lot of people are going to be making claims about what different parts of it mean or meant. Just be careful."

**MIDDLE EAST PEACE WATCH -- "Top PA official Saeb Erekat treated in Israel as he awaits lung transplant,"** by the Times of Israel: "Palestinian Authority chief negotiator and secretary general of the Palestine Liberation Organization Saeb Erekat has a serious lung disease and is currently on the waiting list for a transplant in Israel and the US, according to a report Tuesday on the Ynet news site. ... The chief PA negotiator has been receiving additional treatment at a hospital in central Israel, but doctors have warned that his condition cannot improve without an immediate transplant, the report said." <http://bit.ly/2uqlvQ8>

**TODAY'S BEYOND THE BELTWAY -- How the Olympics will shake up the California gubernatorial race -- de Blasio applies for matching funds for primary** <http://politi.co/2ugLQgV>

**MEDIAWATCH -- "How the Hollywood Reporter Became a Must-Read in DC,"** by Washingtonian's Elaina Plott: "Now with Trump in the White House, the Hollywood Reporter has earned almost as much real estate in Politico Playbook as many DC publications have. That's been good for the bottom line: Between November 2015 and November 2016, web traffic surged by more than 50 percent. Two of the magazine's highest-trafficked stories in the last two years weren't the kinds you'd normally associate with a La La Land publication but post-election exclusives with Megyn Kelly and Steve Bannon." <http://bit.ly/2ug7aDo>

**SPOTTED:** Former New York Gov. George Pataki in Russell today

**REMEMBERING MARK SILVA -- "Mark Silva, longtime newsman, dies of brain cancer,"** by the Tampa Bay Times' Mary Ellen Klas: "Mark Silva, longtime Tallahassee bureau chief for the Miami Herald who went on to cover the White House for the Chicago Tribune, died early Tuesday at his home in Arlington, Va.. He was 63 and recently diagnosed with a brain tumor. Silva led the Herald's capital bureau from the mid-1980s through the 1990s and became the paper's political editor through the 2000

presidential election, a contest decided only after a pivotal Florida recount that brought Tallahassee global fame.

**"He joined the Orlando Sentinel as political editor** in 2001, moving to Washington three years later to cover the George W. Bush White House. Later, he was an editor with Bloomberg News and mostly recently an editor with U.S. News & World Report, where he led a new team examining politics and policies in the 50 states at the organization's Best States project. Silva leaves his wife of 33-years, Nina, and two children, Dylan and Lisa and a grandson, Noah.

**"Silva was a force in Tallahassee during a newspaper heyday** during which Florida dailies maintained robust capital bureaus that competed fiercely over every inch of political, legislative and policy territory. Silva was rarely beaten. But he often beat others. With a relentless work ethic and a passion for collecting news tips from lobbyists drinking 'see-through' at Clydes, Silva could power out a steady stream of dailies and weekenders. He also could turn a phrase." <http://bit.ly/2vpYE9Q>

\*\*\*\*\* **A message from Morgan Stanley:** The Morgan Stanley Institute for Sustainable Investing, with The Economist Intelligence Unit, created the Inclusive Growth Opportunities Index to explore technology investments that can increase access to finance, healthcare and education, and enhance gender inclusion. The report and interactive tool, which allows users to rank 20 emerging and developed countries, highlights the potential for investment opportunities that drive inclusive economic growth. See which countries indexed high on the list, and where there are opportunities to invest in inclusive growth. [Read more from Morgan Stanley.](#) \*\*\*\*\*

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