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**JOE KERNEN, CNBC:**

As Speaker Mike Johnson gets settled in his new role, our next guests as many are discounting the risk of a government shutdown and coming months during this now as Libby Cantrill, PIMCO Head of US Public Policy. Someday that will be the black swan that happens and we need to worry about it. But I saw some of your comments on 2024 and I just think we ought to just talk about that because, this is historic. There's never been an election like this. If what you say actually comes to pass and you think we know the nominees, no?

**LIBBY CANTRILL, PIMCO:**

Well, I think President Biden will be the nominee for the Democratic Party. We've heard from a lot of clients questions about whether it's going to be Gavin Newsom or Jamie Diamon. I always have to break it to them, “No, it's not going to be either of those candidates.” And for the most prosaic reason, because a lot of these filing deadlines even get on the ballots for the primaries have already passed. So we basically know the field very much for the Democratic Party. I think the Republican Party is basically set as well. So yes, for all intents and purposes, these are the candidates that we're going to be dealing with for President Biden. He is likely going to be the nominee. And then as I said, in my note that you're referring to yesterday, that if the primaries were held today, it would also be President Trump. Now ironically, 70% of Americans, according to polling, don't want either of these candidates. They don't want a redux of 2020, but at least at this point, it looks like that's where we're heading.

**KERNEN:**

Well, this is really kind of unprecedented.

**CANTRILL:**

It is.

**KERNEN:**

And it's kind of surreal to be in a situation that I did see some comments yesterday from one Democratic operative begging other Democratic operatives to stop questioning President Biden's standing as the nominee of choice, to just give it up. Stop even saying that maybe there's another way to do this because that tells you that that's still out there.

**REBECCA QUICK, CNBC:**

But if it's too late to get on a ballot, like how many states is that the case?

**CANTRILL:**

Yeah. So both New Hampshire and Nevada, those deadlines have already passed, and then there's a whole slew of deadlines coming up next week in order to get, again, this sounds prosaic and kind of mind numbing, but it's actually really important. You have the ballots in your signatures and infrastructure.

**KERNEN:**

What about efforts to keep former President Trump off of the ballots?

**CANTRILL:**

Yeah, like in Colorado. Yeah, I mean, I’m no legal expert, so I'm not really going to opine on the validity of those legal cases. But again, it just looks like at this point, the, I mean, for the Democratic Party most certainly, and, you know, the Republican Party, now a lot can change as we've seen in Iowa and New Hampshire in previous elections, the candidate who's pulling ahead at this point in the cycle doesn't always, you know, doesn't always win those two states. And at what we're sort of guiding clients to is if President Trump wins the first four nominating contests, so Iowa, New Hampshire, Nevada, and then South Carolina, this is likely set. He will likely have the momentum he needs for Super Tuesday.

**KERNEN:**

So Nikki Haley, none of these things are, it's, it's all sort of a side show. DeSantis, Kelly, Todd, things like that.

**CANTRILL:**

And again, I mean, we don't want to prejudge the outcome, I'm just saying that if the primaries were held today. This would be, you know—

**KERNEN:**

And Gavin Newseom, so he’s putting it in the bank for the future? All these things he's been doing, he's in China. Did you see the video yesterday of him running over that poor kid on the basketball court? Did you see that?

**CANTRILL:**

I did not see that. No.

**ANDREW ROSS SORKIN, CNBC:**

I saw that. Yeah. But then he tried to twist it around, he tried to make it–

**KERNEN:**

That's the operative term, he “tried” to, “oh god, that was fun”, hugging the kid, he, he, I mean–

**SORKIN:**

It was an accident.

**KERNEN:**

Yeah, it was a basketball move that he had no business making, and the kid was, actually it would have been a charging foul, because the kid had, had the position on him, he should not have done, and you got to find it, it is, it's like, I mean–

**CANTRILL:**

I think to your, to your broader point, though, I think the real risk here for both, if it is a Trump-Biden election, and again, you know, a lot can change and what have you. But if the primaries were held tomorrow, it looks like that's who, it would, the election would be, there's a big risk that it's going to be a low turnout election. And just because, I mean, I think, there are a lot of Americans who have the same sentiment as you do, who don't necessarily want to see this movie again. And as a result, they are not going to stay, they're going to stay home, then the other risk, particularly to President Biden, is if there is a credible third party candidate. Because arguably, if you look at the numbers, particularly in the swing states in 2020, President Biden's campaign was helped out by the fact that there was no real viable third party candidate. So that is a real risk. And that's what you're also seeing on the Democratic side, them trying to tamp down any “no labels" candidate, Cornel West, who's also now running as an independent, and then, of course, RFK, who's also running as an independent.

**KERNEN:**

But what's your take on the Senate in the House? Does it flip the way it is now?

**CANTRILL:**

So the Senate, the map, is really difficult for Democrats. Yeah. I mean, they're defending, you know, 23 of the 33 states that are up for re-election of those 23, a bunch are in red or purple-ish states. So they're absolutely on their back foot. So for sure, the Senate is more vulnerable to flipping to Republican control. Of course, the Senate is only controlled by Democrats, by one vote at this point. The House, however, is kind of a different ball of wax, so to speak, and that's partly because of redistricting. We'll have to see what happens here in New York. But also, you know, I think that what's happened over the last three weeks has not necessarily been an endorsement for Republicans, particularly the 18 Republicans who are already in those Biden districts. Right. So I think they're going to be vulnerable. There is a chance that this election, we see actually the Senate flipping to Republican control, the House flipping marginally to Democratic control now again, or a year out, it's too early to say anything–

**KERNEN:**

Okay. And the continuing, all this crapola, let's finally get to that, but what's your opinion?

**CANTRILL:**

Yeah. Well, so I think actually yesterday was important, kind of an important signal here in terms of what Johnson is planning to put on the floor as it relates to Israel aid. He is going to not only require an offset, which I think a lot of people in the markets would think that makes sense to offset your spending, but he's going to offset it with something that is anathema to Democrats, and that's touching the inflation reduction act. I think he knows that that's not going to be able to pass the Senate–

**KERNEN:**

You’re talking about the IRS.

**CANTRILL:**

This is the IRS. But this is part of the election act. The IRS. And instead of this convoluted CBO scoring, it actually, by cutting the spending, the IRS that actually increases the deficit.

**KERNEN:**

Yeah, but that's that—

**CANTRILL:**

I know you’re going to take issue with that, Joe.

**KERNEN:**

No, no, no, that's two birds with one stone for Republicans, because they hate the whole notion.

**CANTRILL:**

They hate the IRS, right? But actually, from a scoring perspective, it's not going to achieve what they want to achieve.

**QUICK:**

More importantly, does this mean we don't get aid to Israel, or Ukraine as a result of this?

**CANTRILL:**

Well, I think it's definitely going to be slowed down, Becky. And I think also the broader point to your question about a government shutdown is it kind of shows you where Speaker Johnson is. He really wants to unite the Republican caucus, which is great if you're a Republican. I do think, though, it puts at risk this ability to actually work with Democrats and get something done and fund the government by November 17th. So I actually think about what we saw yesterday, and I get it, Joe, you're right. I think it's sort of a side show for the markets, giving all that's happening.

**KERNEN:**

Yep.

**CANTRILL:**

But I do think it increases the risk of a shutdown, just given that he's going to be pursuing a partisan approach.

**KERNEN:**

Okay. Thanks, Libby. That is a really red dress. You're not saying anything by that are you?

**CANTRILL:**

No, I’m not talking through our clothing here!

**KERNEN:**

It’s not subliminal. No. Not subliminal, not a red wave. I said, yeah. Not forecasting a red wave.

**CANTRILL:**

As I have said, I’m calling balls and strikes over here. Not putting a partisan leaning—

**KERNEN:**

Can I think of it? Can I think of it? Can I think of it?

**CANTRILL:**

Joe, you can take it. However you want to take it. I was going to wear my Broncos jersey, just given what happened.

**KERNEN:**

That was unbelievable.

**CANTRILL:**

It was unbelievable. I have been a Broncos fan since, you know, 1981.

**KERNEN:**

And the nemesis, the Chiefs are the nemesis.

**CANTRILL:**

The Nemesis? Yes. As my 12 year old son kept reminding me.

**KERNEN:**

How many of these were lost?

**CANTRILL:**

16 games, The Broncos had lost against the Kansas City Chiefs. It was a remarkable game.

**KERNEN:**

The demise of Russell Wilson has been greatly exaggerated.

**CANTRILL:**

Maybe. I mean, I think we were helped by the fact that Mahomes had the flu. But, you know, we're going to take it. A win? A win is a win.

**KERNEN:**

A win is a win. That was something to behold though.

**CANTRILL:**

It was.

**KERNEN:**

And I lost money because of it. But–

**CANTRILL:**

Yeah, Muhammad had his Jets wins.

**QUICK:**

Talk about two birds with one stone.

**KERNEN:**

Yeah. Exactly. Thank you.

**QUICK:**

Thanks, Libby.

**CANTRILL:**

Thank you.