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**REBECCA QUICK, CNBC:**

House Speaker Mike Johnson proposed a two-step stopgap funding bill to fund some agencies and programs until January 19th, and then continue funding others until February 2nd. This approach excludes the military aid that's requested by President Biden for Israel in Ukraine, and that's got some of the Senate kind of raising eyebrows, too, wanting to bring in Libby Cantrill, she's PIMCO's Head of U.S. Public Policy, and Libby, I've heard some Democrats say they think this is gimmicky, but still say that they might support this, because this is something that actually keeps the government open.

**LIBBY CANTRILL, PIMCO:**

Yeah, that's exactly right. So, Senate Majority Leader Schumer has actually said positive things about this, saying that it could have been much worse, that it could have actually included some spending cuts, some policy riders that would have been basically poison pills for both the Senate and the White House. But Becky, effectively, this is exactly what Speaker McCarthy pushed forward at the end of September. This is, for all intents and purposes, a clean, continuing resolution, as you said, funds the government until January and then until February, respectively, depending on the appropriations bills. But again, the ironic thing here is that, of course, Speaker McCarthy got ousted for doing something very similar. Speaker Johnson probably is in safer territory, but this, for all intents and purposes, again, is a clean, continuing resolution that has, I think, a high chance of passing in both the House and the Senate being signed into law, but at a big “but” here, it will pass, it will have to pass with Democratic votes, because there will be enough Republicans who will not support it.

**JOE KERNEN, CNBC:**

When McCarthy said, “this is not about what I'm doing, it's about personal things”.

**CANTRILL:**

Yes, which is, yes.

**KERNEN:**

…people, this kind of plays into that as well.

**CANTRILL:**

Exactly.

**KERNEN:**

And it's Johnson saying it this way. McCarthy said it this way. I mean, it's the same thing. But he’s somehow- is probably more conservative than McCarthy and got unanimous Speaker- because of the mess that led up to that final speaker vote. Does he still have some of that honeymoon period?

**CANTRILL:**

So there are a few advantages that Speaker Johnson has that Speaker McCarthy did not. First of all, Speaker Johnson had never been in leadership before. He never had to say no to things. He had never been a chairman or a ranking member of a committee. He had never been sort of in the mix in terms of these negotiations.

**QUICK:**

Yeah. People said he had no baggage. I'm like, yeah, he didn't tick anybody off.

**CANTRILL:**

He's only been there for seven years, right? He has the least legislative experience of any Speaker since 1883. But in this respect, I think it actually helps him. Joe, so to your point, yes, I do. I think that he has had a honeymoon period. Is that probably near the end? Most likely. And I think we'll probably see that sort of come home to roost in January and February when these, when you actually have to see these, you know, full appropriations bills passed.

**QUICK:**

I felt a little better about what he was doing, though, when you see this, like, look, he's here to govern and to legislate, too. He wants to make sure the government stays open.

**CANTRILL:**

Yeah. I think the bottom line for markets and for investors and for our clients is that it is unlikely that we will see a government shutdown come Friday. It is very likely that we, again, see these things pass with sort of full support. Now Republicans on the right flank are going to be upset about it. But for kind of the bottom line here is that we see the government funded at least until, at least until January.

**KERNEN:**

Judd Gregg was on and said that even the conservative Republicans “freedom type” should love this because it actually freezes spending for half the fiscal year. Now if the Democrats get wind of that, then they're not going to support it. Judd's point was to pass it over and get it to the Senate and then it's in their court and they're going to have to do something.

**CANTRILL:**

Yeah. Well I have maybe a bit of a different perspective on that, because in 2023, the fiscal year was actually elevated from what 2024 was supposed to be.

**KERNEN:**

Yeah, but keep it where it is.

**CANTRILL:**

Yeah, so keep, yes, right. So but the debt limit bill actually cuts spending just very marginally on the non-defense discretionary side. So this is actually, I think, more of a boon for Democrats than it is for Republicans. But I think that the bottom line here is that people are sick of this back and forth. They want to get to the business of legislating, you know, something that Speaker Johnson did do was a sort of staggered approach that sort of assuages his right flank at least partially, but he also doesn't include any funding for Ukraine or Israel. Republicans, you know, especially in the House Freedom Caucus wanted that to be dealt with separately.

**KERNEN:**

Well will this pass the House, Libby, without any Democrats?

**CANTRILL:**

I do not think it would pass on a pure partisan Republican vote.

**KERNEN:**

So they lost Chippewa already in MTG supposedly and–

**CANTRILL:**

Yeah, there are several other House Freedom Caucus folks who have sort of, you know, intimated that they're not going to vote for it. And also importantly, this is a little wonky, but usually Republicans can lose four votes and still pass a bill because there was a special election that happened in Rhode Island. Democrats actually have more votes right now than- they have a full roster than Republicans. They have a special election in Utah at the end of this month. That means effectively they can only lose three votes versus the usual four.

**KERNEN:**

Well then how many Democrats would vote for it?

**CANTRILL:**

I think you will see a lot of Democrats like this for this..

**KERNEN:**

For this one?

**CANTRILL:**

I do. I don't want to pre-judge this- and it has to, we have to go through the rules committee, so that will be sort of the first test. But I think if it gets on the floor of the House, folks want to go home. I mean, this is the other thing, you can’t underestimate–

**KERNEN:**

Well, that's the end of Mike Johnson then?

**CANTRILL:**

We'll see. I think it makes certain January appropriations processes a lot more difficult–

**KERNEN:**

I mean, I hope not. But isn’t that part of what sunk McCarthy, right?

**CANTRILL:**

It's exactly what sunk McCarthy. But I think to your point that you've been making several times here, is that there were other personal issues that happened, that were, you know, related to McCarthy that Johnson does not necessarily suffer from.

**QUICK:**

What, what happens in January when all of this really- what we're kicking the can down–

**CANTRILL:**

We're kicking in the can down the road. We're, you know, and again, this, in some ways, House Republicans didn't want this to be done in December, because that's when these sort of big mega kinds of omnibus bills get done.

**QUICK:**

They want to go home for the holidays.

**CANTRILL:**

Exactly. So, I think that in some ways, again, there's sort of enough for the right- some of the folks on the right to vote for this. But this, yeah, this is effectively kicking the can down the road.

**QUICK:**

Does this mean there will be no aid for Israel or Ukraine or that will be handled separately and there will be a way to bring the two together?

**CANTRILL:**

Yeah, Becky, that's a great question. It will be handled separately. And I, I guess my concern is because the House has been in session for 10 weeks in a row, which may not feel like an aberration for all of those, those of us who work every day, every week, but for the House that is an aberration, they want to go home. They want to go back to their districts. They want to go with their families and see their constituents. So I don't think they're going to be in Washington very much up and sort of through the new year. So that could potentially delay both the Ukraine and Israel aid. It will sort of, it depends on, again, some, maybe some of the concessions that Speaker Johnson has to make to some Republicans in order to actually pass this. He will try to get as many Republicans to support it. I just think that will be sort of effectively difficult.

**QUICK:**

Libby, thank you.

**CANTRILL:**

Thank you so much. Appreciate it.