

# Can Washington Juggle Its Summer Agenda?

Overlapping fights on Iran, trade, technology, and the House map are intensifying as November draws closer.



## What You Need To Know

- With the midterms approaching, Washington is grappling with long-deferred decisions, turning what were once separate issues into difficult trade-offs.
- The Iran conflict is amplifying pressure across the agenda. With the War Powers Resolution clock expired, uncertainty around military action is bleeding into trade, reconciliation priorities, and broader economic considerations.
- Legal, procedural, and political constraints are limiting how far Congress can go. Court rulings on tariffs, tight reconciliation margins, and incremental progress on crypto and AI are pushing lawmakers toward narrower, more tactical actions.
- Structural factors could shape November's outcome as much as voter sentiment. Redistricting changes are altering the House map, raising the likelihood that control of the chamber hinges on district lines rather than national polling.



**JT Taylor**

Chief Political Strategist  
Macro Policy Sector Head  
Hedgeye Potomac Research

Washington is heading into the summer with more unresolved questions than time to address them. Many decisions Congress has put off for years are now coming back into focus, with the midterm elections on the horizon and an unpredictable conflict with Iran complicating almost every other issue. Over the coming months, expect heavy messaging, only a handful of real negotiating opportunities, and growing pressure to show progress before attention turns to the August recess and the fall campaign season.

## Iran and the War Powers Clock

As the conflict with Iran continues, the administration is trying to balance competing pressures—pursuing a diplomatic off-ramp while keeping military options open. The US has continued striking targets even under a ceasefire framework, and the political dynamics are intensifying on Capitol Hill. Hawks worry President Donald Trump will accept a deal that leaves Tehran's capabilities intact, while others want the conflict resolved before the economic and midterm costs mount.

On Capitol Hill, war powers have become the focal point. The War Powers Resolution's 60-day window has already expired, and members are split between those pushing to set a firm deadline for winding down military action and those looking to formally authorize an extension.

For now, the uncertainty around Iran is coloring nearly every other policy conversation in Washington. That's especially true on trade, where the economic and legal pressures are compounding.

### Tariffs Face Legal Headwinds as Trade Tensions Rise

Trump's trade agenda hit a legal setback after the US Court of International Trade struck down his Section 122 tariffs on most imports. The 10% duties were intended to replace the broader IEEPA (International Emergency Economic Powers Act) tariff regime that courts had already rejected. However, a three-judge panel ruled them "unauthorized by law," underscoring limits on the administration's use of trade statutes. Despite the decision, Trump has shown little sign of shifting course, recently raising tariffs on cars and trucks from the European Union (EU) by 25% and warning of tougher action if a US-EU deal isn't reached by July 4.

The ruling comes amid broader tensions with European allies and the ongoing conflict with Iran, potentially complicating negotiations. Analysts say trade partners such as the EU and some Asian allies may be less willing to make concessions if tariffs risk being overturned, though existing agreements aren't necessarily in jeopardy. The administration has vowed to appeal, arguing Trump acted within authorities Congress granted to address a balance-of-payments crisis.

With businesses already lining up for refunds under the struck-down IEEPA regime and the Section 122 tariffs set to expire July 24, the decision may push the administration toward other tools, including Section 232 (national security), Section 201 (safeguard tariffs), and Section 301 (tariffs tied to unfair trade practices). Critics argue that if the White House wants a sweeping tariff policy, it should work with Congress to legislate one.

The complicating factor is timing. Tens of billions of dollars are potentially tied up in tariff refunds, and oil shocks and inflation are still weighing on consumers heading into the midterms. Layering on new tariffs becomes a harder sell politically—and adds another incentive for the administration to resolve the Iran conflict sooner rather than later.

### Crypto Policy Advances in Pieces

Senate Republicans are pushing toward a pivotal crypto vote as tensions between the traditional banking lobby and the industry's deep-pocketed newcomers come into sharper focus. The Senate Banking Committee is moving toward a markup of the CLARITY Act after a bipartisan compromise between Sens. Thom Tillis (R-NC) and Angela Alsobrooks (D-MD) resolved the bill's biggest sticking point: stablecoin "yield." The revised language aims to bar rewards that resemble interest on bank deposits while still allowing activity-based perks. Crypto firms say the distinction preserves legitimate incentives; banks argue it still opens the door to deposit flight.

If the bill clears committee, it faces a crowded floor calendar and will need at least seven Democratic votes to reach the Senate's 60-vote threshold. That's a tall order, with some Democrats pushing for stronger anti-money-laundering provisions and tighter ethics rules around government officials' crypto holdings. The shift is notable, with Congress moving from years of regulatory delay to active legislation and a broader mix of industry voices now at the table.



The uncertainty around Iran is bleeding into nearly every major policy fight in Washington.

## Washington Reconsiders Its Hands Off Approach to AI

Trump took office promising to keep government out of AI's way. Fifteen months later, the White House is considering an executive order that would require federal sign-off before the most advanced models are released. The shift reflects a growing recognition that frontier AI looks less like a product cycle and more like a national- and cyber-security capability.

Recognition is sharpening fast: Anthropic's Mythos was reportedly delayed over safety concerns. OpenAI's GPT-5.5 has reached a similar threshold—where model capabilities start to raise broader safety and policy concerns—and Chinese labs aren't far behind. Major labs have signaled a willingness to work with policymakers, looking to help shape the rules and accelerate the deployment of defensive tools.

The administration still views staying ahead of China as a top priority and has shown little appetite for broad regulation. But the pace of development is creating pressure for targeted action, even among those inclined to take a hands-off approach. On Capitol Hill, bipartisan progress has been limited to narrower issues such as deepfakes, child safety, and technical standards. The bigger questions remain unresolved. They include whether federal policy should preempt the growing patchwork of state laws, how liability should work, and whether frontier models should face mandatory testing or voluntary guardrails.

Senate and House working groups have moved bills forward, but with the legislative calendar tightening, standalone AI legislation looks unlikely. The more probable path is attaching provisions to must-pass vehicles such as the National Defense Authorization Act or appropriations bills.

## Reconciliation Under a Tight Midterm Clock

Republicans facing a challenging midterm map see one clear opportunity to shift the political narrative: pass another major party-line reconciliation package they can campaign on. After last year's success with Trump's One Big Beautiful Bill and recent progress on immigration enforcement spending, some in the party believe a third reconciliation bill before November is within reach. But the wish list is sprawling, and the margins are thin enough that internal disagreements could derail it.

Trump and his Republican allies are assembling a broad mix of proposals: cost-of-living measures, housing assistance for first-time buyers, and healthcare cost adjustments, alongside a sweeping crackdown on fraud in social programs. That last piece is already creating tension between hard-liners and vulnerable incumbents wary of the political fallout heading into the midterms. On top of that, many conservatives want tens of billions in funding for the Iran conflict folded into the bill (money they doubt Democrats would approve through regular order), which raises the pressure to find offsets. Some members are pushing for a separate package that includes new Ukraine aid to attract bipartisan support. And the tax-cut wing is still looking for more, including proposals such as indexing capital gains for inflation.

## Redistricting Reshapes the Midterm Map

As primary season continues and the midterms draw closer, the partisan fight over House maps remains unsettled. Republicans have broken a redistricting stalemate, with recent court rulings and new maps putting them on pace to gain more than a dozen districts that voted for Trump. The biggest shifts include Virginia, where the state Supreme Court tossed a Democratic-drawn map on procedural grounds despite voter approval in late April, and Florida, where Republicans passed a map that could net up to four additional seats. Elsewhere in the South, Alabama and Louisiana have called special sessions, and Tennessee has approved a new map that flips its only Democratic-held seat.



Republicans see reconciliation as their clearest chance to reshape the narrative before November.

## Taking Stock of Washington

Democrats have notched some gains of their own. California voters approved a Democratic-friendly map, and a court ordered Utah to redraw its gerrymandered districts. But on net, the Republican advantage is growing.

Even with Trump's approval rating below 40% and Democrats leading in national polls, the new maps could give Republicans a meaningful structural edge, shifting the House race into a district-by-district contest rather than the kind of wave election Democrats might otherwise expect. Legal uncertainty remains (particularly in Southern states following the Supreme Court's Voting Rights Act ruling), but if the current trajectory holds, Democrats may need to win the national House vote by roughly four points just to be competitive.

That margin is achievable—there are plenty of seats Trump carried by mid-single to low-double digits, and some of the newly redrawn Republican districts have a recent history of voting Democratic. But it also means Republicans could retain the House while losing the national popular vote, a scenario that would likely further strain public confidence in the system.

The summer agenda leaves little room for delay and even less room for error. From foreign policy and trade to emerging technologies and the structure of the midterm map, the next few months could shape not only what Congress can get done, but the political terrain both parties will be fighting on in November.

**Talk to your financial professional to help make sure your portfolio is prepared for whatever happens in Washington, D.C.**

### About the Author:

James R. (JT) Taylor serves as Chief Political Strategist and Macro Policy Sector Head at Hedgeye Potomac Research. JT has extensive experience in both government and business in Washington, D.C., with a career spanning the legislative and executive branches as well as the financial-services industry. Prior to joining Potomac Research Group, he ran Pelorus Research, the US public-markets division of the Holdingham Group based in the United Kingdom. He previously led a policy research team as Managing Director at DeMatteo Monness. From 2002-2009, he was Managing Partner of Kemp Partners, a Washington, D.C.-based strategic consulting, business development, and marketing firm he founded with former Housing and Urban Development Secretary Jack Kemp in 2002. At Kemp Partners, he oversaw day-to-day operations and business development while managing client relationships in both the corporate arena and financial-service industries.

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