

**MORNING COLOR**

September 20, 2018

**Today's Driving Events**

**FCC Commissioners Weigh in on 5G:** Federal Communications Commission (FCC) Commissioners Brendan Carr (R) and Jessica Rosenworcel (D) will speak this morning about 5G deployment at a [discussion hosted by Politico](#). **The commissioners are expected to focus primarily on 5G infrastructure policies that are in the works at the FCC, though some of the discussion could turn to the FCC's 3.7-4.2 GHz (C-band) notice of proposed rulemaking (NPRM), as a representative from Intel (INTC) will also be speaking at the event.** While it is more than likely that Intel, which was an original backer of Intelsat's (I) proposal to repurpose C-band for terrestrial wireless use, would support action taken by the FCC to clear the entire band, Intelsat and SES (**SESG**) say they can only clear 100 MHz (plus 40 to 60 MHz of "guard band") initially. **Another reason why we think the conversation could turn to the C-band NPRM is because of how much interest it has generated across the wireless and satellite industries thus far.** At the Mobile World Congress Americas conference in Los Angeles last week, several executives, including Charter Communications (**CHTR**) Senior VP Craig Cowden and Nokia (**NOK**) CEO Rajeev Suri, spoke about how attractive C-band is for wireless use. C-band is the "true Goldilocks spectrum" for next-gen wireless mobility, Cowden said, because it "is the right mix of enough bandwidth to be used for 5G" and has wider channels and better RF propagation. Suri, who reiterated his concerns about the need for the US to move quickly to free up mid-band spectrum, also said C-band is the "sweet spot." Verizon (**VZ**) outlined a similar view in a [filing submitted to the FCC](#) earlier this week. The US "is facing a mid-band spectrum deficit that could ultimately slow 5G deployment, particularly beyond dense urban areas," the carrier noted. **Despite the industry's push for more mid-band spectrum and the fact that the FCC is moving expeditiously on its ongoing C-band proceeding, we think it is likely that the NPRM's comment deadlines could get extended at least 30 to 60 days, which Senior VP for Global Regulatory and Governmental Strategy at SES Gerry Oberst alluded to at a discussion last week.** As of now, comments are due on or before October 29th and reply comments are due on or before November 27th. **Aside from the C-band matter, today's talk will also center heavily on the FCC's deregulatory agenda with respect to 5G infrastructure policies, and in particular, the [declaratory ruling and report and order](#) relating to small cell deployments that the FCC will vote on at next week's open meeting.** Specifically, the item will

reduce excessive local fees that local governments may charge wireless providers for the costs of reviewing small cell deployments and also reduce the approval time to 60 days for small cells to be added to existing structures and 90 days for new small cell poles. These reforms, according to a recent economic analysis which [Carr cited in a speech](#) he gave earlier this month, will save \$2 billion in unnecessary fees, stimulate \$2.5 billion in additional small cell investment, and create more than 27,000 jobs. However, investors should note that the proceeding preserves local governments' reasonable aesthetic reviews and does "not disturb nearly any of the provisions in the 20 state small cell bills that have been enacted."

**Trump Further Puts His Imprint on the Fed:** While nearly all of official Washington, DC has been fixated on the saga regarding President Trump's pick for the Supreme Court, perhaps his other most lasting imprint is on the Federal Reserve Board of Governors. *The Wall Street Journal* broke the news yesterday that President Trump intended to nominate long-time Federal Reserve Board economist Nellie Liang to a seat on the Board of Governors. Liang retired from the board last year, but she is the second career Fed staffer to be elevated to a board seat in recent years, the other being former Governor Donald Kohn. Trump's choice of Liang is an interesting one and unexpected for several reasons. First, although she worked under former Fed Chairs Bernanke and Yellen and is a registered Democrat, **she is focused on regulatory policy and thus (following other former governors like Dan Tarullo) is likely to focus her energy and political capital on that area, rather than fighting to change the Fed's path on raising interest rates and monetary policy.** Second, she is a former career staffer at the Fed, which does not fit with the president's "drain the swamp" or anti-"deep state" messaging and we believe that with her former experiences and temperament, she will not want to rock the boat at a consensus-driven organization. Third, she stood up the stress testing program at the Fed and worked alongside former Governor Tarullo to institute the enhanced regulatory framework arising from the Dodd-Frank Act, which Trump and other Republicans have criticized for many years. Finally, her selection means that the president will have a more hawkish voice on regulatory matter the Fed board, just as his regulators are beginning work in earnest to rein in Dodd-Frank. Although some media outlets are saying that this completes Trump's board selections, **we do not expect that Marvin Goodfriend will receive a vote before year end due to his poor confirmation hearing performance and that his nomination paperwork will not be resubmitted, giving Trump one final opening to fill once the new Congress convenes next year.**

**Trump's Ever Shrinking Orbit:** At the same time that President Trump is making key personnel appointments to the judiciary and independent regulators, he continues to struggle with his own senior staff. In an [an interview with Hill.TV](#) released yesterday, Trump ramped up his criticism of Attorney General Jeff Sessions, saying, "I don't have an attorney general. It's very sad.... We'll see how it goes with Jeff. I'm very disappointed in Jeff. Very disappointed." When asked outside of the White House yesterday about firing Sessions, Trump said, "We are looking at a lot of different things." The first senator to support then-candidate Trump

for president and arguably the most effective Cabinet member in implementing the "America First" agenda, Trump has thoroughly soured on Sessions since he recused himself early last year from the Russia collusion investigation. Seen as the original sin of not protecting and being sufficiently loyal to the president, **Trump has long sought out a way to remove Sessions and replace him with someone more loyal and willing to shut down the special counsel investigation.** Several Senate Republicans have indicated their acceptance of Trump firing Sessions after the midterm elections, even though the attorney general still holds a great deal of support within the GOP caucus. But several Senate Republicans have also indicated that they would not support a future attorney general who would willingly interfere in the special counsel without merit. **More broadly, Trump will likely seek to replace Sessions and other members of his Cabinet, possibly including Defense Secretary Jim Mattis, after the midterm elections. But to replace such a shrinking orbit in the administration, Trump has a Senate confirmation problem, particularly if he is seeking out more loyal and controversial choices for his Cabinet. Getting 50 Senate Republicans to vote "yes" on a controversial confirmation pick would be a tall order, but Trump also has to contend with the possibility that Republicans could lose the Senate majority after the midterm elections. If the Senate changes parties or goes to a 50-50 split, it would leave no room for GOP defections and could also make it difficult to pluck some Senate Republicans for Cabinet roles.** All of this leaves Trump between a rock and a hard place with Sessions and others who he finds disloyal, but lacking a confirmable alternative. Meanwhile, Trump's West Wing staff is also eyeing the exits post-midterms. Already, White House Counsel Don McGahn will be leaving, but other big names like Press Secretary Sarah Sanders and Chief of Staff John Kelly are expected to leave too. **And while West Wing staff don't require Senate confirmation, the president is having difficulties finding adequate replacements given the chaotic nature of the White House, the special counsel investigation, and the looming subpoenas and investigations that would come from a Democratic-controlled House.** A potential replacement for McGahn, Fannie Mae General Counsel and Executive Vice President Brian Brooks, just took a job as chief legal counsel for Coinbase. McGahn is pushing for Emmet Flood, who was brought onto the White House legal team earlier this year to deal with the Russia probe, to be his replacement, but there is resistance among Trump's advisors to have him switch roles at this current juncture. As always, this leaves a White House poorly staffed and without the resources to be ably equipped to deal with the daily onslaught of operations as well as the legal and investigation challenges to come.

## House

The House is not in session this week. The chamber will return Tuesday, September 25th.

## Senate

The Senate is not in session for the rest of this week. The chamber will return Monday, September 24th.

## **White House**

President Trump will receive his daily intelligence briefing at 12:00 p.m. The president will attend a political rally in Las Vegas, NV at 10:00 p.m. and will then remain overnight in Las Vegas.

## **Macroeconomic**

At 6:00 p.m., the National Economists Club will hold a discussion titled "Globalization in Reverse: What the Return of Borders Means for Business Leaders and Policy Makers."

## **Financial Services**

At 6:00 p.m., the Securities and Exchange Commission (SEC) will hold an investor roundtable to discuss the commission's recently proposed rules regarding the obligations of financial professionals to investors. Commissioners Kara Stein and Robert Jackson are expected to join Chairman Jay Clayton and senior SEC staff at this event. [More information here.](#)

## **Geopolitical**

At 9:30 a.m., New America will hold a discussion titled "China, America, and the New Competitive Space." Expected participants include:

- Randy Schriver, assistant secretary, Asian and Pacific Security Affairs at Department of Defense

## **Healthcare**

At 9:00 a.m., the Food and Drug Administration will hold a meeting titled "Expanding Access to Effective Treatment for Opioid Use Disorder: Provider Perspectives on Reducing Barriers to Evidence-Based Care." [More information here.](#)

At 9:00 a.m., the Alliance for Health Policy will hold a media briefing titled "Perspectives on Health Policy from the Office of Management and Budget." [More information here.](#)

## **Tax**

On Thursday at 12:30 p.m., the Tax Policy Center will host a discussion titled "Costs and Benefits of Tax Regulations: Exploring Treasury's and OMB's New Responsibilities." [More information here.](#)

## Tech-Media-Telecom

At 8:00 a.m., *Politico* will host a discussion titled "The New Age of Innovation: The State of Play in 5G in the U.S." [More information here.](#) Expected participants include:

- Brendan Carr, commissioner, Federal Communications Commission
- Jessica Rosenworcel, commissioner, Federal Communications Commission
- Jordan Crenshaw, assistant policy counsel, Chamber Technology Engagement Center, US Chamber of Commerce
- Shireen Santosham, chief innovation officer, San Jose, CA
- Sandra Rivera, senior VP and general manager, Intel Corporation Network Platforms Group

At 9:30 p.m., the Bipartisan Policy Center will hold a discussion titled "Social Media in the 2018 Campaign." [More information here.](#) Expected participants include:

- Katie Harbath, global politics and government outreach director, Facebook
- Tara McGowan, co-founder and CEO, Acronym
- Nate Persily, professor, Stanford Law School
- Tad Rupp, partner, Targeted Victory

At 12:30 p.m., the Federal Communications Commission will hold a meeting of its Technological Advisory Council.

At 2:00 p.m., USTelecom and ADTRAN will hold a webinar titled "To Gigabit and Beyond: Building 10G Networks for Today and Tomorrow." [More information here.](#)

At 6:30 p.m., the Council on Foreign Relations will hold a discussion on the September/October issue of *Foreign Affairs* titled "World Wide War Web: The Fight for the Internet's Future." [More information here.](#)

## Transportation

At 8:30 a.m., Women in Government Relations will hold a breakfast discussion titled "Autonomous Vehicles: The Intersection of Transportation & Tech." [More information here.](#)



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