

WEEKLY HORIZON

January 6-10, 2020

This Week's Driving Events

- **Investors Await Indication of C-band Order:** The FCC will release its agenda for its January 30th monthly commission meeting this Thursday and investors expect it to include an order to initiate a public auction of the C-band. While this may indeed be the case, FCC Chairman Ajit Pai also may wait until February or even March to consider the C-band order.
- **GOP and Democrats Split on Cannabis and Vaping:** Efforts to further legalize cannabis and clamp down on youth vaping are pitting Republicans and Democrats against one another, albeit with them flipping sides between the two issues.
- **Iowa Remains Up for Grabs with Four Weeks to Go:** Joe Biden and Bernie Sanders begin 2020 as they did 2019, atop the Democratic primary field. But whoever wins the first contest, the Iowa caucus, will re-set the primary's narrative and it remains up for grabs among the top five contenders.

FCC SETS AGENDA FOR JANUARY MEETING: Exactly three weeks from this Thursday, the Federal Communications Commission (FCC) will convene for its first [monthly open meeting](#) of 2020, which investors are hopeful will include an order detailing how the commission plans to conduct an auction of C-band spectrum before year end. On Thursday, we will know whether this is indeed the case, as the FCC releases the agenda items three weeks in advance of its meetings.

Although there is widespread agreement among stakeholders and much of Congress about the need to issue an order as soon as possible, as several recent ex parte filings make note of, we would not be surprised if the FCC decides to wait another month, or even two, before issuing an order detailing the C-band auction parameters and other technical details. This would likely be viewed negatively by the market and cast further doubt about the FCC's ability to act on its goals to carry out an auction of the spectrum this year, but we do not see waiting another month as all that negative given the time it takes to redraft a completely new public auction order and the potential desire to have President Trump's impeachment trial over so that C-Band Alliance (CBA) critic Senator John

Kennedy (R-LA) has less influence over the president. If the C-band order is not on the January meeting agenda, we expect it to be included on the February or March agenda at the latest.

As the FCC continues its work on drafting the order, one issue that might be a source of contention for the satellite operators and certain stakeholders, such as ACA Connects and **Charter (CHTR)**, involves the question of what entity will serve as the transition facilitator. In a [filing posted on December 26th](#), ACA Connects states that the FCC should "appoint (or propose appointing) a neutral transition facilitator to oversee and supervise the transition, to collect payments by 5G licensees, and to manage the advance/reimbursement/incentive payment process." However, ACA Connects believes the CBA "is not an appropriate party to serve as a transition facilitator, particularly with regard to the cable operators who elect fiber-based solutions and other changes that would require work inside a cable operator's headend." We note that this view is very much different to the one expressed by the CBA in a [filing that was posted](#) just a few days before. In that filing, the CBA states that it "is uniquely suited to serve as transition facilitator" and discusses how this would "ensure a rapid transition, including the careful orchestration and coordination of both the ground and satellite aspects of spectrum clearing."

While it is still not clear whether the C-band item will be on this month's agenda, one item that we do expect will get considered this month is FCC Chairman Ajit Pai's recent announcement regarding the agency's new 5G Fund. We continue to believe Pai is pursuing this measure as a way to ensure that he has adequate political cover on Capitol Hill and so he can say that he is taking action to address lawmakers' concerns regarding the digital divide, which is to say that this issue should not be an obstacle to moving forward on the C-band public auction.

CANNABIS, VAPING, AND ELECTORAL POLITICS: Democrats and Republicans are unsurprisingly at odds over the issues of cannabis and vaping. **However, on one issue — cannabis — Democrats are on the side of legalization and greater freedom for industry and Republicans are on the side of stringent regulations; but on the other issue —vaping — the roles are reversed. Such is the way of politics.**

Senator Bernie Sanders (I-VT) at a [presidential campaign event in Iowa over the weekend](#) called on the vaping industry to be shut down, saying, "I think we shut down the industry if they're causing addiction and if the evidence is that people are getting sick as a result of inhaling a lot of bad stuff." Sanders's campaign walked back his statement a bit, but the campaign still noted that "the federal government needs to act strongly" in regulating the industry in the face of the youth vaping epidemic.

Many prominent Democrats have called for stringent regulations on e-cigarettes and the tobacco industry at large, including flavor bans, which the House Energy and Commerce Committee passed on a mostly party-line vote in November. **If a Democrat were to win the White House in 2020, there could be a real push on the flavor front from both the legislative and administrative levels.**

However, Republicans, though concerned about youth vaping and instrumental in getting the federal Tobacco 21 law passed and enacted, are less interested in a wholesale crackdown on the industry. The Trump administration [last week announced its long-delayed executive action](#) to clamp down on flavored e-cigarettes. Going into effect within a month, cartridge-based e-cigarettes will be temporarily banned, with the exception of tobacco and menthol flavors. **In commenting about this action, President Trump took a remarkably pro-industry stance**, saying last week, "We have to protect our families. At the same time, it's a big industry. We want to protect the industry. ...Hopefully, if everything is safe, they're going to be going very quickly back onto the market. ... We're going to take care of the industry." Former FDA Commissioner Scott Gottlieb [tweeted](#) about the administrative action, "This would be a big victory for Juul if true. They already pulled their fruity pods and Mint from the market. This would force the remaining mass market e-cig makers like NJOY to do the same, making it easier for Juul to capture that market share." People like Gottlieb and current administration officials like HHS Secretary Alex Azar wanted to take more stringent actions against e-cigarettes, but political considerations tempered action by Trump this year.

Of course, when it comes to cannabis, the positions are reversed. House Democrats are leading the effort to pass cannabis reform measures. Most notably, the House last month passed the [Secure And Fair Enforcement \(SAFE\) Banking Act of 2019](#), which would provide "protections for depository institutions that provide financial services to cannabis-related legitimate businesses and service providers for such businesses." Democratic presidential candidates [are in favor of legalizing or decriminalizing cannabis](#), which can be done legislatively or administratively.

While there is some real Republican support for cannabis reform in Congress, the major Republican players in the Senate currently aren't making piece-meal reform a top priority. Last month, Senate Banking Committee Chair Mike Crapo (R-ID) announced his opposition to cannabis legalization and the SAFE Banking Act in particular. In a press release, Crapo said, "I remain firmly opposed to efforts to legalize marijuana on the federal level, and I am opposed to legalization in the State of Idaho. I also do not support the SAFE Banking Act that passed in the House of Representatives. Significant concerns remain that the SAFE Banking Act does not address the high level potency of marijuana, marketing tactics to children, lack of research on marijuana's effects, and the need to prevent bad actors and cartels from using the banks to disguise ill-gotten cash to launder money into the financial system. I welcome input from all interested parties on how to thoughtfully address these concerns." **Crapo did not completely close the door on action this year on cannabis financial services legislation, but it would likely come (if at all) as**

a policy rider to a continuing resolution for FY21 funding in the second half of the year. Notably, cannabis reform advocates are in serious danger of losing their biggest Republican booster as Senator Cory Gardner (R-CO) is the Republican most at risk of losing his Senate seat in the 2020 election. If Republicans maintain control of the Senate but without the presence of Gardner, there won't be as big of an incentive for Senate Majority Leader Mitch McConnell (R-KY) to act on the issue in order to help a rank-and-file member.

IOWA IS COMING: It's only 28 days until the Democratic primary begins with the Iowa caucus on February 3rd. **In the final dash before the caucus, there's still no clear picture of how the results will turn out. To that end, five candidates remain in the hunt to win or outperform expectations. They include former Vice President Joe Biden, Senator Bernie Sanders (I-VT), former South Bend Mayor Pete Buttigieg (D-IN), Senator Elizabeth Warren (D-MA), and Senator Amy Klobuchar (D-MN). These are the only five candidates who have qualified for the upcoming debate on January 14th in Iowa** (although the impeachment trial in the Senate could potentially create scheduling problems for Sanders, Warren, and Klobuchar).

One reason for the lack of clarity is that there has been scant Iowa polling over the past several weeks. The [latest FiveThirtyEight polling aggregate for Iowa](#), which takes into account national polling trends too, has Biden leading at 22.0 percent, followed by Sanders at 20.6 percent, Buttigieg at 19.4 percent, Warren at 13.3 percent, and Klobuchar at 7.0 percent. A [CBS News Iowa poll yesterday](#) showed Biden, Buttigieg, and Sanders tied for first at 23 percent, followed by Warren at 16 percent, and Klobuchar at 7 percent. Of course, much can change in the last four weeks of campaigning as Democratic voters, who have been quite fluid in their preferences so far, make a final decision of who to support.

One candidate who is getting more attention as a potential winner in Iowa is Biden. The consistent national frontrunner continues to have solid support among key demographics, including moderate, older, and black Democratic voters. Iowa was always one of his weakest states, but if he can put in a first or second place showing, it will leave him on solid footing in Nevada, South Carolina, and many states with primaries on Super Tuesday. Biden is making a real investment in time and money in Iowa, as his campaign views an Iowa win as a way to quickly wrap up the primary. He also received the endorsement of Rep. Abby Finkenauer (D-IA), the first Iowa member of Congress to endorse in the race. **The potential for a strong finish by Biden in Iowa is catching the attention of other candidates who are upping their attacks on him.** In an [interview with the Washington Post this month](#), Sanders said of Biden, "It's just a lot of baggage that Joe takes into a campaign, which isn't going to create energy and excitement. He brings into this campaign a record which is so weak that it just cannot create the kind of excitement and energy that is going to be needed to defeat Donald Trump." Buttigieg in Iowa also criticized

Biden and his son Hunter over his work in Ukraine, saying he "'would not have wanted to see' his son serving on the board of a Ukrainian natural gas company while he was leading anti-corruption efforts in the country." **This will all likely come to head at the January debate as it will be the last time all the candidates are on the same stage before the caucus.**

Sanders is also receiving a lot of attention. At or near the top in Iowa and New Hampshire, Sanders perhaps had the strongest Q4 out of all the candidates. He raised by far the most money in Q4, bringing in an impressive \$34.5 million, nearly \$10 million more than the second place fundraiser. With voters seeming lukewarm in their support of candidates, Sanders's supporters are the most enthusiastic to support their candidate. Despite the view of a hard ceiling of support for Sanders, he is still well below the 43 percent of the popular vote he received in the 2016 primary against Hillary Clinton. Winning in Iowa, New Hampshire, and maybe Nevada in February, plus a strong showing in a big Super Tuesday state like California could put him into a formidable position to wage a protracted primary fight given his campaign war chest. **But there is still plenty of reasons to be skeptical of the chances for Sanders.** He has not been able to consolidate the progressive base of support given the presence of Warren in the campaign. Combining the [two together](#) roughly equals where Sanders was polling at [this point](#) in the 2016 cycle. If Warren were to quickly fade away after Iowa, Sanders would surely pick up a good deal of her supporters, but it will likely [not even be 50 percent](#) of Warren supporters. If it does become a race between Biden and Sanders, establishment support would likely rally around Biden, as there are serious qualms about a Sanders nomination among the establishment class. Granted, an establishment effort to push the nomination towards Biden may not be persuasive or could be too little too late if Sanders runs away with the nomination through Super Tuesday, but when the biggest priority is to defeat President Trump in 2020, many Democratic voters may be receptive to listening to what Democratic leaders have to say.

House

Today, the House is not in session.

On Tuesday, the House will convene at 2:00 p.m. and is expected to consider non-controversial measures under expedited procedures.

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On Thursday, the House will convene at 12:00 p.m. and is expected to begin consideration of a bill that would ban the use of PFAS chemicals, allow for their clean up under the Superfund program, and establish a drinking water standard for PFAS.

On Friday, the House will convene at 9:00 a.m. and is expected to complete consideration

of a bill that would ban the use of PFAS chemicals, allow for their clean up under the Superfund program, and establish a drinking water standard for PFAS.

Senate

Today, the Senate will convene at 3:00 p.m. and will resume consideration of the nomination of Jovita Carranza to be administrator of the Small Business Administration.

White House

Today, President Trump will participate in a credentialing ceremony for newly appointed ambassadors to Washington, DC at 11:45 a.m. At 12:15 p.m., the president will receive his daily intelligence briefing. He will have lunch with Vice President Pence at 1:00 p.m.

On Tuesday, President Trump will host Greek Prime Minister Kyriakos Mitsotakis.

On Thursday, President Trump will have a political rally in Toledo, OH.

Macroeconomic

On Thursday at 8:00 a.m., Federal Reserve Board of Governors Vice Chairman Richard Clarida will give a speech on the US economic outlook and monetary policy at the Council on Foreign Relations in New York, NY.

On Thursday at 9:30 a.m., the US Chamber of Commerce will host the 21st annual "State of American Business" event to "explore the most important trends, opportunities and challenges facing America's business community in the coming year and beyond," followed by a news conference. [More information here.](#)

Agriculture

On Thursday at 10:00 a.m., the House Small Business Committee's Subcommittee on Innovation and Workforce Development will hold a hearing titled "Farming in the 21st Century: The Impacts of Agriculture Technology in Rural America."

Antitrust and Consumer Protection

On Tuesday at 1:00 p.m., Federal Trade Commission Commissioner Rebecca Kelly Slaughter will speak at the Chief Privacy Officer Roundtable titled "What Do Consumers Want?"

On Thursday at 9:00 a.m., the Federal Trade Commission will hold a public workshop "to examine whether there is a sufficient legal basis and empirical economic support to promulgate a Commission Rule that would restrict the use of non-compete clauses in employer-employee employment contracts." [More information here](#). Expected participants include:

- Rebecca Kelly Slaughter, commissioner, Federal Trade Commission

Energy

On Tuesday at 10:00 a.m., the American Petroleum Institute will hold a conference call briefing to preview the 2020 State of American Energy report.

On Tuesday at 11:30 a.m., the American Petroleum Institute will hold a discussion on the 2020 State of American Energy report highlighting the "natural gas and oil industry's top priorities for the year ahead and solutions to meet growing energy demand while addressing the risks of climate change."

Financial Services

On Wednesday at 10:00 a.m., the Securities and Exchange Commission will hold a meeting "to consider whether to issue for public comment a proposed order that would require self-regulatory organizations to propose a single, new national market system (NMS) plan that would increase transparency and address inefficiencies, conflicts of interest and other issues presented by the current governance structure of the three NMS plans that govern the public dissemination of real-time, consolidated equity market data for NMS stocks."

On Wednesday at 10:00 a.m., the Urban Institute will hold a discussion titled "Modernizing the Community Reinvestment Act." [More information here](#). Expected participants include:

- Lael Brainard, governor, Federal Reserve Board

Geopolitical

On Thursday at 2:00 p.m., the Atlantic Council will hold a discussion titled "US-Iran Tensions Rising with Iraq in the Middle."

Healthcare

On Tuesday at 1:00 p.m., the American Bar Association will hold a webcast titled "Texas v. US - One Year Later: The Status and Future of the Affordable Care Act." [More information here](#).

On Wednesday at 10:00 a.m., the House Energy and Commerce Committee's Subcommittee on Health will hold a hearing titled "Legislation to Improve Americans' Health Care Coverage and Outcomes," with focus on bills such as the "Beneficiary Enrollment Notification and Eligibility Simplification (BENES) Act of 2019," the "Protecting Patients Transportation to Care Act," and the "Comprehensive Immunosuppressive Drug Coverage for Kidney Transplant Patients Act."

On Wednesday at 10:00 a.m., the Bipartisan Policy Center will hold a discussion titled "A Snapshot of Early Primary Voters," focusing on a new national poll "aimed at highlighting the top healthcare issues concerning American voters." [More information here.](#)

Industrial

On Tuesday at 5:00 p.m., the House Rules Committee will meet to formulate a rule on H.R.535, the "PFAS (per- and polyfluoroalkyl substances) Action Act of 2019."

Tech-Media-Telecom

On Tuesday at 3:30 p.m., Federal Trade Commission (FTC) Commissioner Rebecca Kelly Slaughter will speak at the Consumer Technology Association policy forum titled "Insights with the FCC [Federal Communications Commission] and the FTC."

On Wednesday at 10:30 a.m., the House Energy and Commerce Committee's Subcommittee on Consumer Protection and Commerce will hold a hearing titled "Americans at Risk: Manipulation and Deception in the Digital Age." Expected participants include:

- Monika Bickert, head of product policy and counterterrorism, Facebook

On Friday at 11:00 a.m., the American Bar Association's Media and Technology Committee holds a conference call briefing titled "Tech in the Global Enforcement Spotlight: Europe," focusing on "investigations, enforcement actions, and policy proposals aimed at the world's leading tech companies." [More information here.](#)

Trade

On Tuesday at 9:30 a.m., the Office of the US Trade Representative will hold a hearing to consider testimony on whether and at what level to impose tariffs on products imported from France in retaliation for a French digital tax.

On Tuesday at 9:30 a.m., the Senate Finance Committee will mark up H.R.5430, the "United States-Mexico-Canada Agreement Implementation Act."

Transportation

Today at 9:30 a.m., Environmental Protection Agency Administrator Andrew Wheeler and Rep. Denver Riggleman (R-VA) will hold an event with stakeholders in Fauquier County, VA to make a policy announcement on the Cleaner Trucks Initiative, followed by a media gaggle.

On Friday at 12:00 p.m., the Economic Club of Washington, DC will hold a discussion on "the general state of the auto industry, global trade and the impact of new tariffs, climate change and Mercedes-Benz's new fully electric vehicles, autonomous vehicles, and artificial intelligence." Expected participants include:

- Ola Kallenius, chairman of the board of management, Daimler AG



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