

WEEKLY CURRENT

January 9-13, 2023

Issues Making a Splash This Week

- **Outbound Investment Screening Shows Signs of Progress with Narrowing of Sectors:** The White House is reportedly considering only covering quantum computing, artificial intelligence, and semiconductors under the outbound investment screening mechanism targeted at China that it aims to create, but questions about other aspects of the executive order remain.
- **BEAD Allocation Still Expected in June:** Despite concern from elected officials about the Federal Communications Commission's broadband maps, the National Telecommunications and Information Administration has indicated that it still plans to follow its original schedule to allocate broadband subsidies.
- **The Battle For/Against Institutionalists:** Gasoline may be cheaper, but President Biden is in political hot water over driving, or rather, what is next to what he is driving. He has his institutionalist friends to thank for that.

OUTBOUND INVESTMENT SCREENING INCHES FORWARD: According to Axios, the Biden administration is [moving closer](#) to reaching an agreement on the contours of an outbound investment screening executive order (EO). **The indications are that there will be a narrowing of the number of sectors that the screening will apply to to include quantum computing, artificial intelligence, and semiconductors. This will leave out biotechnology and battery technologies, two sectors that national security officials wanted to be covered as well.** This decision has not received final approval and could be subject to further change. The reason for the focus on these technologies specifically is that they are, [according to National Security Advisor Jake Sullivan](#), "force multipliers."

This more targeted approach is seen as a win for those in the Biden administration who are more cautious about pursuing strategic decoupling with China. Our understanding is that Sullivan is the one leading the charge to create this screening mechanism, but that he has tended to run into resistance from more business-minded members of the administration. This pushback has [primarily come from the Treasury Department](#) which wanted to narrow the order. **The latest focused**

approach is likely a result of these negotiations and should be seen as the new maximum. Sullivan could be forced to narrow the EO further if there is still an inability to reach a consensus with semiconductors likely being the sector most likely to be included given how much attention the administration has already devoted to this area.

While this reporting seems to indicate movement toward an agreement on what sectors would be covered by the outbound investment screening, there are still some details that are unclear. These uncertainties include whether the order will include the power for the government to block specific transactions that it feels create a national security risk or just require notification of investments, creating more transparency for the government. Other questions include whether the restrictions will apply to investment in companies not just based in China, but that also have Chinese founders, an idea that has been floated. **There has also been no definitive answer from the Biden administration on what specifically will be considered outbound investment.** A broader definition could include capital flows from American banks and financial institutions investing in Chinese state-run firms, while a narrower approach would likely focus on foreign direct investment and joint ventures in China.

Given these key issues yet to be resolved, it is safe to expect that this EO will not be released for at least a few months. **At minimum, it is believed that it will not come until after Secretary of State Antony Blinken's first visit to China, which is scheduled for February.** Putting this out before the trip could be seen as unnecessarily antagonistic and jeopardize the visit from taking place at all. Further reason that the EO should not be expected immediately is that there is a desire to ensure that the US's allies have been consulted on the restrictions. **Allied disapproval may not necessarily stop the White House, but the goal of this consultation will be to try to minimize unintended consequences on its partners.** The US will also likely look to lobby other countries to impose similar restrictions once it finalizes its own, as it is doing [with its semiconductor export controls](#). Multilateral cooperation and coordination is seen as improving the effectiveness of these restrictions, which is why the Biden administration wants to bring other countries on board, but is not willing to wait for them before it acts.

BROADBAND FUNDING SCHEDULE ON TRACK: The National Telecommunications and Information Administration's (NTIA) deadline to submit challenges to the Federal Communications Commission's (FCC) maps in time to be considered in the agency's allocation of broadband funding is today. A top NTIA official indicated this past week that the agency plans to stick to its original timeline for allocating federal subsidies to states through the Broadband Equity, Access, and Deployment (BEAD) program. This announcement came even as elected officials have called on the NTIA, an agency of the Commerce Department, to push back its timeline.

This past weekend was the annual Consumer Electronics Show in Las Vegas, and the NTIA came out in force. **Politico reported that on Saturday, Phil Murphy, a senior advisor with the agency, said that the NTIA intends to make its allocation of the BEAD program's \$42.5 billion by state by its original expected date of June 30th.** This is significant because numerous lawmakers have raised concerns about the FCC maps and requested that the NTIA provide more time for challenges before using the maps to make funding determinations. In December, 26 senators, Democrats and Republicans, [sent a letter](#) to FCC Chairwoman Jessica Rosenworcel calling on her agency to update the data more frequently than twice a year and institute accountability measures for ISPs. Politico reported last month that Senate Commerce Committee members from both parties sent a letter to Alan Davidson, the leader of the NTIA, calling on him to extend the January 13th map challenge deadline to March 14th. Such an extension would likely require the June 30th goal to be pushed back by two months as well.

On Monday, a group of local government officials and organizations led by a division of the Oakland, CA mayor's office [joined the chorus](#) of elected officials advocating for an extension by sending a letter to NTIA Administrator Alan Davidson. According to Broadband Breakfast, over 100 signatories from 19 states and the District of Columbia participated in the effort.

In a [series of tweets](#) yesterday, the NTIA maintained that today remains the “last day of the ‘best chance’ window” for filing a map challenge. **It's possible that the NTIA has resisted the calls for an extension because the implementation roadmap for the BEAD program is already long. An extension would mean an even longer wait for broadband buildout projects to break ground.** According to the [notice of funding opportunity](#) for BEAD, states' initial grant proposals are due 180 days following the announcement of funding allocations, which would be December 27th, 2023 if the June 30th date is maintained. States can receive 20 percent of their total share of BEAD funding upon acceptance of the initial proposal. A state's final grant proposal is due to the NTIA a year after the agency approves the initial proposal. It follows that the first BEAD dollars for broadband buildout are not likely to go out until early 2024, with the bulk of the funds not likely to come until late 2024 or 2025.

INSTITUTIONALIST BIDEN AT MERCY OF INSTITUTIONALISTS: President Biden doesn't like to be overshadowed by his former boss, President Obama. In 2015, a silver-blue 1963 Corvette Stingray [generated headlines](#) when Obama drove it on the White House premises with comedian Jerry Seinfeld. More headlines are [being generated today](#) by Biden's classic green 1967 Corvette Stingray. Or rather, what was sitting beside it in the garage. Classified documents were found in Biden's garage, the second instance of misplaced documents after a first batch being discovered in one of his private offices. Attorney General Merrick Garland yesterday

announced the [appointment of a special counsel](#) to investigate Biden's handling of classified documents. This comes less than two months after Garland appointed a special counsel to investigate former President Trump's handling of classified documents as well as his involvement in seeking to overturn the 2020 election and the January 6th insurrection.

Is the special counsel necessary for Biden's case? Depends [just how dark](#) you think Brandon is. Garland does not want to offer a patina of partisanship in the Department of Justice's investigation of Trump. One thing is for sure, there is nothing that brings congressional Republicans more joy than investigating the mishandling of classified documents by Democratic presidential candidates. "[But her emails!](#)" just became "but his Corvette!" We wouldn't underestimate the mileage Republicans will try to get out of this and how it can deflect from whatever results come from the Trump investigations. It could be a bigger story for Republican voters than anything Biden can do policy-wise. **Despite all of that, one of Biden's top goals is to restore trust in the institutions of power. He will not interfere with a special counsel investigation.**

Biden also will not interfere with the monetary policy of the Federal Reserve.

Yesterday's Consumer Price Index report showed a December decline of 0.1 percent with year-over-year inflation moving down from 7.1 percent to 6.5 percent. Biden celebrated but the Federal Reserve is [at war](#) with this optimism from politicians and markets. They are not ready to pivot and declare victory. We're not macroeconomists, but the mentality inside the Fed is that the job on price stability is still not done and they are willing to risk rising unemployment and a recession to get there. No incumbent since President William McKinley has won reelection when the economy was in a recession in the last two years of the first term.

This speaks to a broader point about the presidency and Biden. There's a lot outside of a president's control, despite Americans and politicians ascribing blame or success for everything to the president. Things were going okay for Biden recently. His approval rating was slowly increasing, reaching [44 percent](#), the highest since 2021. Of course, no incumbent has [won re-election](#) with an average first-term approval rating below 49 percent. But the trend today doesn't portend an upward trend tomorrow. **Federal Reserve Board Chair Jay Powell and Garland are perhaps the two most important people to Biden's re-election. The irony is that those same institutionalists Biden is purported to respect could prove to be his undoing for re-election.**

A Quick Look Back

House

On Monday, the House passed the rules package for the 118th Congress and a bill that would rescind IRS funding provided through the Inflation Reduction Act that was signed

into law last year.

On Tuesday, the House passed resolutions to establish a select committee on competition between the United States and China and a select subcommittee of the Judiciary Committee on the weaponization of the federal government.

On Wednesday, the House passed a resolution to express Congress' condemnation for attacks of vandalism, violence and destruction against pro-life facilities, groups and churches and a bill that would require health care to an infant born alive during a failed abortion and would impose criminal fines and penalties for failure to do so.

On Thursday, the House passed a bill that would prohibit sending petroleum products from the Strategic Petroleum Reserve to China.

Today, the House will not be in session.

Senate

This week, the Senate was not in session.

White House

On Monday, President Biden and First Lady Dr. Jill Biden attended the North American Leaders' Summit in Mexico City. The President held a bilateral meeting with Mexican President Andrés Manuel López Obrador (AMLO). The Bidens participated in a dinner with AMLO, his wife, Canadian Prime Minister Justin Trudeau, and his wife.

On Tuesday, President Biden held a bilateral meeting with Trudeau and delivered a statement with AMLO and Trudeau. The president and first lady returned to Washington, DC from Mexico.

On Wednesday, President Biden did not have any public events on his calendar.

On Thursday, President Biden delivered remarks on the economy and his administration's efforts to tackle inflation and spoke at the memorial service for former Defense Secretary Ash Carter.

Today, President Biden will receive his daily intelligence briefing at 9:00 a.m. At 11:15 a.m., the president will welcome Japanese Prime Minister Fumio Kishida to the White House and then hold a meeting with the prime minister. At 11:45 a.m., Biden and Kishida will participate in a working lunch. At 1:45 p.m., the president will depart the White House en route to Wilmington, DC, where he will arrive at 2:40 p.m. and will remain over the weekend.

Spotlight Review

Tuesday: [Regulatory Agenda Release Marks Biden's Pivot](#)

Thursday: [Healthcare Policy Outlook for 2023](#)

On the Horizon

Macroeconomic

Today at 10:20 a.m., Philadelphia Federal Reserve Bank President Patrick Harker will speak about the Chamber of Commerce for Greater Philadelphia Economic Outlook Survey and participate in a panel of regional business leaders on the economic trends that will impact Greater Philadelphia in 2023.

On Tuesday at 10:00 a.m., the American Enterprise Institute for Public Policy Research will hold a virtual event titled "Should the Federal Reserve Raise Its Inflation Rate Target?" [More information here.](#)

On Tuesday at 1:00 p.m., the R Street Institute will hold a webinar titled "Economic and Social Inflation: What You Need to Know for Your Agency and Your Clients." [More information here.](#)

On Tuesday at 3:00 p.m., New York Federal Reserve Bank President John Williams will give welcome remarks at a hybrid conference titled "An Economy That Works for All: Moving Towards Equitable Growth" organized by the Federal Reserve Bank of New York.

On Wednesday at 9:00 a.m., Atlanta Federal Reserve Bank President Raphael Bostic will give welcome remarks at the Federal Reserve Bank of Atlanta's Model Risk Management Forum.

On Wednesday at 2:00 p.m., the American Enterprise Institute for Public Policy Research (AEI) will hold a virtual event titled "Soft Economic Landing or Financial Market Crisis?" [More information here.](#)

On Wednesday at 5:00 p.m., Dallas Federal Reserve Bank President Lorrie Logan will speak at an event hosted by the University of Texas at Austin McCombs School of Business.

On Thursday at 9:00 a.m., Boston Federal Reserve Bank President Susan Collins will give opening remarks at a conference titled "Housing, Place, and Flexible Work: The Future of the New England Economy" at the Federal Reserve Bank of Boston.

On Thursday at 1:15 p.m., Federal Reserve Board of Governors Vice Chair Lael Brainard will give remarks titled “Economic Outlook” at the University of Chicago Booth School of Business.

On Thursday at 6:35 p.m., New York Federal Reserve Bank President John Williams will participate in a conversation at a hybrid event hosted by Fixed Income Analysts Society, Inc.

On Friday at 1:00 p.m., Christopher Waller, member of the Federal Reserve Board of Governors, will deliver remarks titled “Economic Outlook” at the Council on Foreign Relations. [More information here.](#)

Antitrust and Consumer Protection

On Thursday at 11:00 a.m., the Federal Trade Commission will hold an open meeting. [More information here.](#)

Energy, Environment, and Natural Resources

Today at 12:30 p.m., Resources for the Future will hold a virtual discussion titled “Plugging In: How Much Will Electric Vehicles Drive Decarbonization?” [More information here.](#)

On Wednesday at 11:00 a.m., the Heritage Foundation will hold a discussion titled "Straight Talk from an Insider on Global Energy, Climate, and the Shale Revolution." [More information here.](#)

On Wednesday at 3:00 p.m., Washington Post Live will hold a virtual discussion titled "Land and Ocean Conservation." [More information here.](#)

On Thursday at 10:00 a.m., New America will hold a virtual discussion titled "Frontiers: Standing With Environmental Defenders Under Threat." [More information here.](#)

Financial Services

On Tuesday at 2:00 p.m., the Brookings Institution will hold an event titled "Too big to manage?" with a focus on the regulation of financial institutions. [More information here.](#) Expected participants include:

- Michael Hsu, acting comptroller of the currency

On Wednesday at 7:50 a.m., Commodity Futures Trading Commission (CFTC) Commissioner Summer K. Mersinger will participate in a fireside chat titled "Managing Risk When Adopting Digital Assets" at the Global Blockchain Business Council's Blockchain Central Davos. [More information here.](#)

On Wednesday at 8:40 a.m., CFTC Commissioner Caroline D. Pham will participate in a fireside chat titled "Regulation and Risk" at the Global Blockchain Business Council's Blockchain Central Davos. [More information here.](#)

On Wednesday at 4:30 p.m., CFTC Commissioner Christy Goldsmith Romero will provide the keynote address at the University of Pennsylvania Carey Law School's symposium titled "The FTX Fiasco: Unpacking the Most Complex Bankruptcy in History." [More information here.](#)

On Thursday at 10:00 a.m., the Atlantic Council will hold a virtual discussion titled "The next generation of international payments: Faster, cheaper, safer?" [More information here.](#)

On Thursday at 12:00 p.m., the Cato Institute will hold a discussion titled "Differentiating DeFi: Understanding Efforts to Regulate Decentralized Finance." [More information here.](#)

On Thursday at 12:00 p.m., CFTC Commissioner Kristin N. Johnson will participate in a fireside chat at the Practising Law Institute Understanding Financial Products 2023 Conference. [More information here.](#)

On Thursday at 2:00 p.m., the Securities and Exchange Commission will hold a closed meeting.

Geopolitical

Today at 4:30 p.m., Secretary of State Antony J. Blinken will deliver remarks and sign the U.S.-Japan Space Cooperation Framework. [More information here.](#)

On Tuesday at 9:00 a.m., the George Washington University Elliott School of International Affairs will hold a discussion titled "What Makes Ukraine Resilient in the Asymmetric War? A Study of Local Governments' Emergency Responses." [More information here.](#)

On Tuesday at 10:00 a.m., the Carnegie Endowment for International Peace will hold a virtual discussion titled "Understanding Xi's China." [More information here.](#)

On Wednesday at 9:00 a.m., the Center for Strategic and International Studies will hold its 2023 Ocean Security Forum with the theme "National Security." [More information here.](#)

On Wednesday at 10:00 a.m., the Hudson Institute will hold a virtual discussion titled

"Enhancing Cybersecurity, Information Security, and Industrial Security as the Foundation for Japan's Defense Transformation." [More information here.](#)

On Wednesday at 5:00 p.m., the Institute of World Politics will hold a seminar titled "Foreign Leaders Analysis: A Profile of Xi Jinping." [More information here.](#)

On Thursday at 11:30 a.m., the Center for Strategic and Budgetary Assessments will hold a virtual discussion on a report titled "Chinese Lessons From the Pacific War: Implications for PLA (People's Liberation Army) Warfighting." [More information here.](#)

On Friday at 1:00 p.m., the National Endowment for Democracy will hold a virtual discussion titled "Kleptocratic Adaptation: Next Steps in the Battle Against Kleptocracy." [More information here.](#)

Healthcare

Today at 9:00 a.m., the Medicare Payment Advisory Commission will hold a virtual meeting. [More information here.](#)

On Thursday at 2:00 p.m., Health Affairs will hold a virtual discussion with Deputy Assistant Health and Human Services Secretary for Health Policy Benjamin Sommers, as part of the Policy Spotlight series. [More information here.](#)

On Friday at 12:00 p.m., the Alliance for Health Policy will hold a briefing titled "Federal Funding Streams for Mental Health Services." [More information here.](#)

Labor

On Wednesday at 2:00 p.m., the Progressive Policy Institute will hold a virtual discussion titled "Platform Work and the Care Economy." [More information here.](#)

Political

On Tuesday at 9:00 a.m., Politico will hold a virtual event titled "The Fifty: America's Mayors." [More information here.](#)

From Wednesday through Friday, the US Conference of Mayors will hold its 91st Winter Meeting. [More information here.](#)

On Wednesday at 2:00 p.m., the Brookings Institution will hold a debate titled "The Future of Liberalism." [More information here.](#)

Tax

On Friday at 1:30 p.m., New America will hold a virtual discussion titled "Tax Credits for the People: Successful State Simplified Filing Pilots." [More information here.](#)

Tech-Media-Telecom

On Tuesday at 3:00 p.m., the Center for Strategic and International Studies will hold a discussion titled "The Strategic Imperative of U.S. 5G Leadership." [More information here.](#) Expected participants include:

- Jessica Rosenworcel, chair, Federal Communications Commission

On Wednesday at 12:00 p.m., the American Bar Association will hold a virtual discussion titled "Global Data Privacy Laws." [More information here.](#)

On Thursday at 12:00 p.m., the Information Technology and Innovation Foundation will hold a virtual discussion titled "How Can Policymakers Deter Fake Online Reviews?" [More information here.](#)

On Thursday at 1:00 p.m., the Federal Communications Bar Association's Transactional Practice and the Young Lawyers Committees will hold a virtual event titled "The Nuts and Bolts of Telecom and Media Transactions." [More information here.](#)

Afterthoughts

A Typo Comes to Washington: At the start of a new Congress, the US Capitol must update the signs outside lawmakers' offices in the House and Senate office buildings. With a total of 535 voting members of Congress, it's easy to understand how mistakes can get made. A sharp-eyed Axios reporter [noticed](#) a typo in the plaque outside the office of newly elected Rep. Kevin Kiley (R-CA). The sign identifies Kiley as a representative from the state of "Califorina." Kiley noted in a [tweet](#) that this wasn't the first time he's seen his home state misspelled during the course of his official duties: a pin he received as a member of the California State Assembly spelled the name of the Golden State as "Californta." It just goes to show that elected officials and their staffs are human like the rest of us. There's a long history of typos in politics on both sides of the aisle. Some gems include the 2012 presidential campaign of former Governor Jon Huntsman (R-UT) [spelling](#) the candidate's name "John," then-Newark Mayor Cory Booker's US Senate campaign telling voters in a [2012 newspaper ad](#) to "Re-Elect President Barak Obama," and many examples from former President Trump ranging from "unpresidented" to "covfefe." And of course, the most famous misspelling of all, former Vice President Dan Quayle's ["potatoe."](#)

A Creative Swearing In: Though it's traditional for elected officials to take the oath of office over a religious text, there is no constitutional requirement to do so, and officeholders over the years have held a variety of books while being sworn in. Last week, Rep. Robert Garcia (D-CA) [took his oath](#) over an original Superman #1 comic book from the Library of Congress in addition to a copy of the Constitution, a photo of his late parents, and his citizenship certificate. In an interview with BuzzFeed News, he [said](#) that he admired the values embodied by Superman and that as an immigrant, reading comics helped him learn English. Garcia isn't the only elected official to forego a Bible or other religious text in favor of a more personal choice. In 2018, Mariah Parker, a commissioner in Athens-Clarke County, GA, [was sworn in](#) over a copy of *The Autobiography of Malcom X*, and in 2019, newly elected Senator Kyrsten Sinema (I-AZ), who is religiously unaffiliated, [was sworn in](#) with a book containing the US and Arizona constitutions. Perhaps most unusual of all, St. Louis County Councilwoman Kelli Dunaway in 2019 [chose](#) to be sworn in over a copy of Dr. Seuss' *Oh, the Places You'll Go!*. In the digital age, it seems like it's not necessary to be sworn in over a physical book at all. In 2014, Suzi LeVine, President Obama's nominee to serve as US Ambassador to Switzerland and Liechtenstein, [took her oath of office](#) over a Kindle displaying the US Constitution.



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