

Congress continues to work furiously to finish items on its must-to list before the end of the year. The Biden administration has unveiled a new plan for addressing the omicron variant of the coronavirus. The White House also announced a series of measures to address the climate crisis and put forward a plan to make the federal government carbon neutral by 2050. Inflation in the United States is at its highest rate in nearly 40 years. There were a number of note-worthy developments related to the investigation of the January 6 insurrection. President Biden convened a virtual summit of democracies, fulfilling a campaign pledge, and the situation along the border with Ukraine presents a difficult test for the administration.

Congress' End of Year Push

Congress has gotten a number of things done this past month. Facing a December 3 funding deadline, Congress passed a [continuing resolution](#) (CR) with 24 hours to spare to avert a government shutdown. The temporary spending measure funds the government until February 18—meaning there will be a replay of the government funding drama on Capitol Hill later this winter. Democrats wanted a shorter CR, Republicans pushed for a longer one because the funding bill continues federal spending levels set under the Trump administration, something Democrats want to change as soon as possible to have funding levels align with their own priorities. Lawmakers found a creative way around the standoff over raising the debt ceiling. The novel plan is a multi-step process—a measure allowing for a vote on the debt limit was included in legislation preventing automatic cuts to Medicare that passed the Senate in a [59 to 35 vote](#). The measure set up a procedure allowing Senate Democrats the ability to raise the U.S. borrowing limit in a simple-majority vote, rather than facing the usual 60-vote hurdle to move legislation forward. That measure is expected to pass the House and Senate this week. Still on the agenda before lawmakers depart for the Christmas break is the National Defense Authorization Act, the annual Pentagon policy bill that has passed every year for the last 60 years. Senators are also still working on the Build Back Better bill, Many Democratic Senators are pushing for the measure to be passed by Christmas, but the timing for floor consideration is still uncertain and the Senate Parliamentarian will be meeting with Senators to discuss what provisions fall within the scope of the reconciliation instructions.

The Evolving Fight Against COVID

The emergence of the omicron variant of the coronavirus has further complicated the fight against the pandemic. To deal with this newest mutation, the Biden Administration announced a series of measures that marks a departure from the near-singular focus on vaccinations. On December, 2, President Biden announced a [series of new actions](#) to combat COVID-19. The plan includes access to boosters for all adults; expanding free at-home testing for adults; stronger public health protocols for international travel; additional workplace protections; establishing rapid response teams to deal with rising cases; and actions to get more kids ages 5 and older vaccinated. The plan also calls for equitably accessible COVID-19 treatment pills once those medications have been approved by the U.S. Food and Drug Administration (FDA). Finally, the administration reaffirmed its commitment to donate 1.2 billion doses of vaccine to the global vaccination effort, including accelerating the delivery of more vaccines to countries in need, and taking steps to ramp up manufacturing at home and abroad.

White House Climate Action

In early December, President Biden signed an [executive order](#) to achieve a carbon pollution-free electricity sector by 2035 and net-zero emissions economy-wide by no later than 2050, through a sweeping plan that will transform how the federal agencies get energy, carry out daily functions, engage with businesses, and treat the environment. The executive order aims to reduce emissions across federal operations, invest in American clean energy industries and manufacturing, and create clean, healthy, and resilient communities. The executive order outlines a variety of initiatives and lays out a timeline for its emissions goals. By 2030, the federal government will procure 100% of its electricity from renewable sources. By 2035, all vehicles added to the government's fleet will be electric. By 2045, the 300,000 buildings under federal control will have net zero emissions and all federal operations will have a net zero impact by 2050. With \$650 billion in annual spending on goods and services, the federal government will also leverage its scale and procurement power to invest in new technologies, support clean energy providers, and reorient local economies around climate action, according to the [White House statement](#).

Surging Inflation, Upcoming Fed Meeting

The core [Consumer Price Index \(CPI\)](#), the measure of the price of goods and services excluding food and energy, rose 6.8% for the 12 months ending in November, a 39-year high. Energy prices rose 33.3% since November of last year, including a 3.5% increase in the month of November. Gasoline prices alone rose 6.1% increase in November, and we have seen a 58.1% increase over the last 12 months. Coinciding with the release of CPI data from the Bureau of Labor Statistics, President Biden said in a [statement](#): "Today's numbers reflect the pressures that economies around the world are facing as we emerge from a global pandemic — prices are rising." Many economists still expect the monthly gains to moderate during the first half of next year, but the most recent numbers will increase pressure on the Federal Reserve to act faster to cool growth. The last Federal Reserve meeting of the year will occur on December 14 and 15 and [market observers](#) expect inflationary pressures to force the Fed's hand to more quickly taper its bond market purchases and begin the process of raising interest rates.

Investigating the January 6 Insurrection

The House select committee investigating the January 6 Capitol insurrection continues to interview witnesses and are narrowing their focus to how much former President Donald Trump and his top aides knew ahead of the rally. To date, the select committee has interviewed nearly 300 witnesses. Those cooperating include some members of former Vice President Mike Pence's staff, including his former chief of staff, Marc Short. But several high-profile witnesses are stonewalling the panel and they have voted three times to find uncooperative allies of the former president in contempt—the most recent being former White House chief of staff Mark Meadows after he refused to appear for a scheduled deposition. [Meadows has filed suit](#) against House Speaker Nancy Pelosi and the committee in an attempt to persuade a federal judge to block the committee's subpoenas. Former President Donald Trump is also battling in court to prevent the release of documents requested by the committee that he says are subject to executive privilege. He suffered a set-back with the [DC Circuit Court of Appeals](#) ruling against the effort to block his White House records from being released to the committee. The ruling all but guarantees the final call will land with the Supreme Court.

*All statements of fact and expressions of opinion contained herein are the sole responsibility of the author. This newsletter was produced on Tuesday, December 14. Developments after that date will be covered in the next issue of **The Real Deal**.*

Biden's Democracy Summit

Fulfilling a campaign promise to convene a [summit of democracies](#) during his first year, on December 9-10, 2021, President Biden brought together leaders from over 100 governments, civil society, and the private sector in an effort to set forth an affirmative agenda for democratic renewal and to tackle the greatest threats faced by democracies today. Opening the summit, [the President urged participants](#) to reverse an ongoing “recession” of democracy, noting that “democracy is hard” and that democracies need to “lock arms and reaffirm our shared commitment to make our democracies better...and push back on authoritarianism, fight corruption, promote and protect human rights of people everywhere.” The summit marked the start of a year-long White House project that will investigate how to promote democratic values at home and around the world. In a rare [joint opinion article](#) ambassadors Anatoly Antonov of Russia and Qin Gang of China sharply pushed back on the summit. The ambassadors said the gathering was “an evident product of its Cold-War mentality” and that the event would “stoke up ideological confrontation and a rift in the world, creating new ‘dividing lines.’”

Tensions on the Ukrainian Border

The situation on the Ukrainian border has policymakers in Washington extremely concerned. [According to unclassified intelligence](#), in recent months Russia has amassed tens of thousands of troops along Ukraine’s frontier and the Kremlin may be planning a multi-front offensive as soon as early next year involving up to 175,000 troops. This is the second time this year that Russia has massed troops and materiel near the border with Ukraine, the current crisis is a major test for the Biden administration. The President has spoken with both Russian President Vladimir Putin and Ukrainian President Volodymyr Zelensky as well as the leaders of several NATO allies. In the [virtual meeting with Putin](#), the President warned him not to mount a new invasion of Ukraine and laid out the economic and security costs Russia would face if the Kremlin chooses to go down that path. [Biden committed to President Zelensky](#) that Russia has no veto right over Ukraine’s possible accession to NATO and that there will be “no decisions or discussions about Ukraine without Ukraine.” The Biden administration has also prepared a \$200 million package of additional military assistance for Ukraine in recent weeks.

Personnel Updates

Department of Commerce – **Pamala Phan** is the deputy assistant secretary for Asia. **Bernadette Hobson** is the director of strategic partnerships in the Economic Development Administration.

Department of Defense – Former Secretary of State **Madeline Albright** was sworn in as chair of the Defense Policy Board. **Admiral Christopher Grady** is the nominee for vice chairman of the Joint Chiefs of Staff. Robert Storch is the nominee for inspector general. **Christopher Lowman** is the nominee for assistant secretary of defense for sustainment.

Department of Health and Human Services – **Loyce Pace** is the assistant secretary for global affairs.

Department of Homeland Security – **Erik Hooks** was confirmed as deputy administration of the Federal Emergency Management Agency. **Chris Magnus** was confirmed as commissioner of U.S. Customs and Border Protection.

Department of State – **Gayle Smith** is leaving her post as coordinator for global COVID-19 response, **Mary Beth Goodman** will serve as acting coordinator. **Dr. Geeta Rao Gupta** is the nominee for ambassador-at-large for Global Women's Issues. **Elizabeth Richard** has been nominated as coordinator for counterterrorism. **Lee Satterfield** was confirmed as assistant secretary for educational and cultural affairs. The following ambassadorial nominations were confirmed: **Jeffrey Hovenier** for the Republic of Kosovo; **Jonathan Kaplan** for the Republic of Singapore; and **Julianne Smith** for NATO.

Department of the Treasury – **Brian Nelson** was confirmed as undersecretary for terrorism and financial crimes. **Graham Steele** was confirmed as assistant secretary for financial institutions. **Jeffery Rapp** is now senior advisor for financial markets. **Morgan Finkelstein** is the spokesperson for terrorism and financial intelligence.

Federal Reserve – Chairman **Jerome Powell** has been nominated for a second term. **Lael Brainard** is the nominee for vice chair.

Office of Management and Budget – Deputy director **Shalanda Young** has been nominated as director; **Nina Coloretto** is the nominee for deputy. **Tricia Abumohr** is the deputy associate director for international affairs.

White House – Former New Orleans Major **Mitch Landrieu** is senior advisor and infrastructure coordinator. **Sally Benson** is running a new division on climate policy in the Office of Science and Technology Policy. **James Miller** is now coordinator for AUKUS on the National Security Council staff.