



## Client Note: A Congress of Contrasts Sets the Stage for 2024 Debates

We've said before that this will be a combative Congress with few achievements outside of must-pass legislation. This week offered a few stark examples of why that's the case.

**A debt limit and budget standoff with nowhere to go:** Early in the week, the Washington Post profiled Speaker McCarthy's chief of staff Dan Meyer, who was quoted by an anonymous "friend" as admitting he is in "[an impossible bind](#)," having pledged to balance the budget in 10 years without touching Medicare or Social Security. This is simply a [mathematical impossibility](#) if Republicans also insist on not increasing taxes and maintaining defense spending, as expected. The week prior, former Sen. Phil Gramm (an OG [deficit hawk](#)) wrote an [op-ed in the Wall Street Journal](#) pleading to House Republicans to accept far less than the position they've staked thus far in the debt limit standoff. The House GOP budget is now expected to drop in mid-May.

For Democrats' part, the [Biden budget released this week](#) goes in precisely the opposite direction, expanding health care benefits while increasing taxes on the wealthy and corporations. The budget also [proposes](#) to speed up the federal permitting process and gives billions of dollars for research and development programs in efforts to combat climate change.

The takeaway: There's no clearer opportunity to create a contrast with your political opponent than comparison of budgets. But the tangible cost is that deals to raise the debt limit and fund the government are as far away as they've ever been.

**A Republican energy bill that doubles down on emissions:** With a five-seat margin in the House, Republican leadership has turned to energy policy to unify their caucus and deliver its first major legislative victory of 2023. The [Lower Energy Costs Act](#), H.R. 1, to be released on Tuesday and [voted on later this month](#), is a rally around "drill baby drill" politics and total disregard of the climate realities that are driving extreme weather events, drought and wildfires.

The bill would reverse the cancellation of the Keystone XL pipeline (a portion of which just had a massive & record-setting oil spill in the Midwest), expand access to drilling on public lands (although oil executives are deliberately sitting on unused leases), and upend environmental review processes for further fossil fuel investments. The last permitting-reform plank of this bill is perhaps the only area that a

version of which has a chance for compromise, as many Democrats seek to expedite the permitting process for clean energy projects incentivized in the IRA.

The takeaway: The bill is expected to be considered in the House under a “structured rule,” which will likely prevent any opportunity for Democrats to pass meaningful amendments, so House GOP leadership is almost guaranteeing a party-line vote.

**The Fox News propaganda machine reaches its nadir:** You may be noticing a trend from the first two items of this note – Democrats and Republicans are operating from two different versions of reality. This isn’t breaking news, of course. Information polarization has been the growing malignancy of U.S. politics for more than a decade.

But this cancer on democracy seemed to metastasize when it was revealed that Speaker McCarthy gave [44,000 hours of security footage](#) from the January 6 Capitol insurrection to Fox News personality Tucker Carlson, the most watched man on television. In turn, Carlson predictably ran consecutive prime-time segments using cherry-picked footage to claim the day was “mostly peaceful.”

The critical context here is that through a defamation lawsuit against Fox News, [we’ve learned that](#) network executives, including Rupert Murdoch, and dominant personalities, including Carlson and Sean Hannity, have privately rejected and lampooned the false narratives that keep their viewers glued to the station – foremost that the 2020 election was “stolen” from Donald Trump.

The takeaway: Because of its importance to GOP viewers, Fox News has been inseparable from the operational politics of GOP leadership. The transactional relationship between McCarthy and Carlson with the January 6 tapes is an example of routine, not anomaly – it’s the same for their coverage of budget fights and climate change and on and on.

But the Jan. 6 episode has also – for the moment – spurred a host of Republicans to openly criticize both McCarthy and Carlson. We’re left with the hope that this fissure and the enormous penalties facing Fox News in the defamation lawsuit will create an appetite to produce news rather than “infotainment.”

### **IRA/IIJA Funding Opportunity Announcements (FOAs) announced this week**

*\*Please note that we have transitioned our Inflation Reduction Act Program Trackers to a more detailed IRA and IIJA funding tracker. To make some of the latest information readily available to our clients, we’re now summarizing recent announcements and near-term deadlines in our weekly newsletters.\**

This week, the Biden Administration [announced](#) \$6 billion in funding to significantly reduce greenhouse gas (GHG) emissions in energy-intensive industrial subsectors through commercial-scale demonstration projects. Funded through the IRA and IIJA, the Department of Energy’s (DOE) [Industrial Demonstrations Program](#) seeks to make 55 awards between \$35-\$500 million. Concept papers must be submitted [here](#) by April 21st.

Last week, DOE announced the [Energy Improvements in Rural or Remote Areas \(ERA\) program](#), which includes \$300 million in funding for projects that increase energy affordability and promote climate

resiliency in rural communities. Additionally, the Department previewed a [multi-topic funding opportunity](#) that seeks to cut GHG emissions across the industrial sector through effective research, development, and demonstration projects. The application process is planned to open by the end of the month.

Previously announced FOAs, such as the [Advanced Energy Manufacturing and Recycling Grants program](#) and the [Reducing Agricultural Carbon Intensity and Protecting Algal Crops \(RACIPAC\) program](#) have concept paper submission deadlines on March 14th and March 20th, respectively.

### **February jobs numbers show solid gains**

Today, the Labor Department [announced](#) 311,000 added jobs in February, showing steady growth amidst the Federal Reserve's rate-hike campaign. Beneath the robust number was a [more mixed picture](#) of the labor market, as wage growth slowed and a larger workforce pushed the unemployment rate down slightly. Chairman Powell [suggested](#) at Congressional hearings this week that the Fed may act more aggressively at its March meeting, putting a 50 basis point interest rate increase on the table (after the Fed had slowed down increases to 25 basis points). The next Consumer Price Index report comes on Tuesday next week.

### **Where in the world is Pioneer Public Affairs?**

[Sweta Chakraborty](#), Partner at Pioneer, is on the ground at SXSW in Austin, TX this week and next, and is spearheading [We Don't Have Time's Climate Hub](#), after recent successful pop-ups at Climate Week NYC, COP27, and the WEF. The event will feature speakers from WWF, UNDP, American Forests, Dream.org, and much more. They'll also be hosting a special SXSW edition of Dragonfly's Den, where climate startups showcase their innovative climate solutions. Sweta will also be hosting an official SXSW [panel](#) with Pioneer client [Neutral!](#)

Last week, Pioneer Partner [Alex McDonough](#) spoke on a [panel at the U.S. Green Building Council's Green Schools Conference](#) alongside Sara Ross (UndauntedK12) and Scot Bearss (Nelnet Renewables). The panel focused on helping schools make use of the IRA, IIJA, and third party financing opportunities available to them in their efforts to go green. We could tell the panel was a success after filling the room with listeners for the final panel of the last day of the conference!

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