

***CED Public Policy Watch
Weekly News Round-up
March 3, 2023***

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1. DEVELOPMENTS ON UKRAINE

Military developments: A series of drones [struck](#) locations in Russia on Tuesday, hitting an oil depot, temporarily closing the airport in St. Petersburg, and very nearly hitting a Russian barracks and a Gazprom [facility](#) in Moscow's suburbs. That drone, which crashed, was reported to be a Ukrainian-made [UJ-22](#). Ukraine [denied](#) attacking Russian territory. Intense fighting continued near [Bakhmut](#), with pro-Russian separatists [reporting](#) seeing a Leopard tank among Ukrainian forces in the battle. Wagner Group head Yevgeny Prigozhin said that Ukraine is mounting "[furious resistance](#)" in Bakhmut. Reports on Thursday suggested that Russia is [surrounding](#) Bakhmut, using "the most experienced" troops from the Wagner mercenary group, [according](#) to a Ukrainian adviser who said that Ukraine is considering a move to "strategically pull back -- because we're not going to sacrifice all of our people just for nothing." But the adviser also promised that "our counter-offensives will be around the corner soon." Ukraine [claimed](#) that Russia lost at least 130 tanks and armored personnel carriers in a pitched battle for Vuhledar in southern Ukraine. The *New York Times* reported that Russia had "made the same mistake that cost Moscow hundreds of tanks earlier in the war: advancing columns into ambushes," where they met Ukrainian defensive maneuvers. Germany will [increase](#) its production of ammunition.

US Undersecretary of Defense for Policy Colin Kahl [testified](#) to Congress that that there was nothing "I see that suggests the Russians can sweep across Ukraine and make significant territorial gains anytime in

the next year or so.” Kahl also said that fighter jets are “a priority for the Ukrainians, but it is not one of their top three priorities.”

G-20 meeting/Blinken-Lavrov: On the margins of the G-20 meeting in India, Secretary of State Antony Blinken [met](#) briefly with Russian Foreign Minister Sergei Lavrov, their first meeting since the invasion of Ukraine. Blinken reportedly called on Russia to resume cooperation on the New START arms control treaty and release Paul Whelan, a US citizen held by Russia and expressed continued support for Ukraine’s peace proposal and the country’s territorial integrity; a US official said that there was no “expectation that things will change in the near term.”

During the G-20 meeting, India failed to steer discussion away from Ukraine, but Lavrov’s attendance [encouraged](#) Western countries to focus on Ukraine. Secretary Blinken said that “[w]e must continue to call on Russia to end its war of aggression and withdraw from Ukraine for the sake of international peace and economic stability.” In an appeal to China, he stated that it “cannot publicly present itself as a force for peace while, in one way or another, it continues to fan the flames of the fire that Vladimir Putin lit.” German Foreign Minister Annalena Baerbock addressed Lavrov directly, saying it is “good that you are here in the hall to listen. Stop the war. Not in a month or a year, but today.” There was no agreed statement, as there had been during the leaders’ G-20 Summit in Indonesia last November.

Blinken in Central Asia and India: Secretary Blinken visited Astana, Kazakhstan, meeting with Kazakh leaders and foreign ministers of the five Central Asian states, [pledging](#) to support their “independence, sovereignty, and territorial integrity” (the same language used regarding Ukraine). On sanctions, Blinken noted the US is “watching compliance with sanctions very closely” and trying to mitigate “the economic spillover effect,” with both the US and Kazakhstan working diligently to avoid imposition of secondary sanctions. The US has major investments in Kazakhstan, including Chevron’s investment in the Tengiz oilfield.

Blinken also continued to [warn](#) strongly that China would face “implications and consequences” if it provided lethal military assistance to Russia, including sanctions: “We will not hesitate, for example, to target Chinese companies or individuals that violate our sanctions, or otherwise engage in supporting the Russian war effort. China can’t have it both ways when it comes to the Russian aggression in Ukraine.” The State Department [said](#) China has been “anything but an honest broker” in peace efforts as it is “very clearly” supporting Russia with diplomatic, political, economic, and rhetorical support.

Reaction to Chinese position paper: The US responded strongly to the release of the Chinese position paper on Ukraine last Friday. National Security Advisor Jake Sullivan [told](#) an interviewer it should have stopped after the first point about “respecting the sovereignty of all countries.” Secretary Blinken [referred](#) to the “false equivalency” of calling on both sides to stop fighting, adding “[a]ny peace that legitimizes Russia’s seizure of land by force will . . . send a message to would-be aggressors everywhere that they can invade countries and get away with it. President Zelensky [told](#) a press conference that he wanted to work with China on the points about respect for international law and territorial integrity but “the question is what follows the words.” He also [proposed](#) a summit with Latin American leaders and would work with Latin American and African countries to support Ukraine’s own peace proposal. Russia [said](#) it was “paying a great deal of attention to the plan of our Chinese friends” but that analyzing all the details was a “very long and intense process.” Kremlin spokesperson Dmitri Peskov said that Russia “will never be able to compromise” on the four oblasts it annexed in September; “the main thing is to achieve our goals.” This position is unacceptable to Ukraine and the West.

NATO expansion: Finland's parliament [ratified](#) the NATO Treaty, voting 184-7 to support NATO membership. The bill is being passed now so that Finland could join NATO immediately upon ratification by Turkey and Hungary. Finnish President Sauli Niinisto has up to three months to sign the bill, so it is [possible](#) he could wait so that Sweden could join the Alliance at the same time; if Sweden cannot do so, Finland will join separately. Finland also [started](#) construction of a fence along parts of its border with Russia. Turkish Foreign Minister Mevlüt Çavuşoğlu [announced](#) that Turkey would resume talks with Finland and Sweden on March 9 but that Turkey "[may separate](#) Sweden and Finland's membership process." Hungarian President Katalin Novák, who met with the President last week in Bucharest, [urged](#) Hungary to ratify Sweden's and Finland's accession protocols "as soon as possible." Secretary General Jens Stoltenberg said that "NATO allies have agreed that Ukraine will become a member of our alliance" but in a "long-term perspective." Senator Mitch McConnell (R-KY), in a speech in Helsinki, [said](#) the US should "wake up" to the threat of Russian "thuggery": "America and our friends need to finish waking up from our holiday from history . . . and make significant investments in military modernization and our defense-industrial capacities that are commensurate with the major challenges we face."

Political developments: Russian President Putin [announced](#) that Chinese President Xi Jinping will visit Moscow. US special envoy James Rubin [stated](#) that China has been spending billions of dollars on disinformation, including pro-Russia messaging on the war; the US "the West have been very slow to respond, and it is a fair judgment that we are facing a very, very large challenge. In the communication space, the alignment between China and Russia is near complete." Speaking to the Bundestag, German Chancellor Olaf Scholz [reaffirmed](#) his support for Ukraine, saying a "dictated peace against the will of the victims is out of the question." Ukrainian Foreign Minister Dmytro Kuleba, [explaining](#) his approach to convince developing countries not to side with Russia or remain neutral, noted that what "really works is just to say, are you ready to concede a square kilometer of your own country to your neighbor, simply because your neighbor decided to take the square kilometer away from you? The answer is always no."

Medvedev threatens Poland: Russian deputy Security Council head Dmitri Medvedev [predicted](#) that there would be negotiations with Ukraine and the West leading to "some kind of agreement." But because that agreement (presumably some sort of ceasefire) would likely not include "fundamental agreements on real borders," Medvedev stated this "is why it is so important to achieve all the goals of the special military operation. To push back the borders that threaten our country as far as possible, even if they are the borders of Poland." Poland has a border with the Kaliningrad oblast, a Russian exclave on the Baltic which also borders Lithuania. Poland [accused](#) Russia of a cyberattack that blocked access to its online tax filing system and also [announced](#) Russian oil imports will fall from 10 percent of supplies to "close to zero" this month from after oil company PKN Orlen said Russia cut off supplies on the northern section of the Druzhba pipeline.

Congressional hearings on Ukraine: The House of Representatives held the first of several hearings regarding the war in Ukraine and oversight of US security and economic assistance. After a trip to Poland and Romania, Rep. Mike Rogers (R-AL), chairman of the House Armed Services Committee, [issued](#) a statement calling for greater transparency on weapons transfers: "[t]he American people have every right to know that U.S. military equipment donated to Ukraine is being used for its intended purpose — Ukraine's fight for national survival," warning that "should we confirm that any defense articles are siphoned off, diverted, or missing the flow of U.S. equipment would cease to be tenable."

US sanctions Chinese companies: The US [sanctioned](#) a Chinese company, Spacety China, and its Luxembourg subsidiary for supplying satellite imagery of Ukraine to the Wagner mercenary group to assist in combat operations. China reacted strongly, calling the sanctions “illegal” and “outright bullying and double standards,” and claimed the sanctions are “seriously harming China’s interests.”

Impact of sanctions/Russia cash flows: Aluminum oligarch Oleg Deripaska [suggested](#) at an investment conference in Siberia that Western sanctions were causing “serious” pressure on the Russian economy, the government has “already begun to shake [oligarchs] down,” and that “[t]here will be no money already next year. We will need foreign investors.” Showing how Russia’s perspective has shifted radically since the invasion, Deripaska added that “[w]e thought we were a European country. Now, for the next 25 years, we will think more about our Asian past.” Also this week a European ratings agency (Scope) [suggested](#) that Russia’s budget deficit may rise to 3.5 percent of GDP instead of the official forecast of 2 percent, because of lower revenues from oil and gas as Western markets have closed; “[s]anctions and the war are constraining Russia’s fiscal flexibility.” However, Scope believes that Russia “can finance its deficit relatively easily by drawing down the national wealth fund, set to amount to only 3.7% of GDP by end-2024 from 10.4% of GDP at end-2021.”

Yellen visits Ukraine: Treasury Secretary Janet Yellen visited Kyiv and highlighted continued US economic, humanitarian, and defense assistance. The US will [reportedly](#) provide another \$10 billion to Ukraine in budget assistance by September.

Plane attacked in Belarus: Belarusian anti-government partisans [claimed](#) they used drones to render a Russian Beriev A-50 airborne early warning and control aircraft plane at an airfield near Minsk unable to fly. The group claimed the “participants of the operation are Belarusians.” Belarusian President Alexander Lukashenko [arrived](#) in China for a state visit.

Attacks in Russia: The “Russian Volunteer Corps, a group of anti-government partisans, [claimed](#) responsibility for two attacks in the region of Bryansk near the border with Ukraine. Russia claimed the attacks were done by “armed Ukrainian nationalists,” which Ukraine forcefully [denied](#), calling it a “classic deliberate provocation.”

Ukrainian exports to EU: The European statistics agency Eurostat [reported](#) that Ukraine’s share of “extra-EU flows” (defined as all trade between EU member states and other countries) reached their pre-war levels in December, although Ukraine’s share of EU imports in some commodities such as sunflower oil, corn, rapeseed oil, and iron and steel lagged behind pre-war levels, although Ukraine’s share of EU imports of soybean oil and wood grew over the past year.

Moon/Santos oped: former UN Secretary General Ban Ki Moon and former Colombian President Juan Manuel Santos [wrote](#) an opinion piece stating that Russia’s invasion of Ukraine “has raised profound questions about the world we want to live in and how international relations should be managed in the future.” The authors wrote that “the war’s challenge to the post-1945 international order affects every country . . . it is smaller, less powerful countries that will suffer the most if the world divides into competing blocs [.]” They noted emphatically that “we do not view the war in Ukraine with a European or Western perspective” but “look at this terrible war and its consequences through a global lens,” citing higher inflation and poverty from food insecurity. They conclude that “neutrality does not advance the prospects for peace; it simply emboldens Russian President Vladimir Putin to persist in his goal of destroying Ukraine and may encourage similar acts of aggression and territorial expansion elsewhere.”

2. BIPARTISAN SENATE GROUP DISCUSSES SOCIAL SECURITY REFORMS

Semafor [reported](#) that a bipartisan group of Senators, including Angus King (I-ME) and Bill Cassidy (R-LA), is discussing Social Security reforms to extend the solvency of the program. Reforms under consideration include raising the retirement age, raising the [payroll tax cap](#) (currently \$160,000), or seeding a fund of at least \$1.5 trillion that would invest in higher-yielding securities to help shore up the program's finances through higher expected investment returns. Semafor wrote that if the fund "fails to generate an 8% return, both the maximum taxable income and the payroll tax rate would be increased to ensure Social Security stays on track to be solvent another 75 years." Social Security currently invests in Treasury bonds, which offer low yields because they are considered to have very low risks. The potential reforms are likely to be controversial. Senator Mike Rounds (R-SD) is also involved in the talks, and The Hill [notes](#) involvement from Mitt Romney (R-UT) and Tim Kaine (D-VA) as well. Spokespeople for Senators Cassidy and King said that "[a]lthough the final framework is still taking shape, there are no cuts for Americans currently receiving Social Security benefits in our plan. Indeed, many will receive additional benefits."

CED's latest [Solutions Brief, Debt Matters: A Road Map for Reducing the Outsized US Debt Burden to 70% of GDP](#), includes a series of recommendations for returning to a path of fiscal health and stability, including a mix of spending cuts, tax reform, saving Social Security and Medicare, and returning to a responsible and enforceable budget process.

3. CONSUMER CONFIDENCE DECLINES AGAIN IN FEBRUARY

The Conference Board *Consumer Confidence Index* [decreased](#) in February for the second consecutive month. The Index now stands at 102.9 (1985=100), down from 106.0 in January (a downward revision). The *Present Situation Index*—based on consumers' assessment of current business and labor market conditions—increased to 152.8 (1985=100) from 151.1 last month. The *Expectations Index*—based on consumers' short-term outlook for income, business, and labor market conditions—fell further to 69.7 (1985=100) from a downwardly revised 76.0 in January. Notably, the Expectations Index has now fallen well below 80—the level which often signals a recession within the next year. It has been below this level for 11 of the last 12 months. "Consumer confidence declined again in February. The decrease reflected large drops in confidence for households aged 35 to 54 and for households earning \$35,000 or more," said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

4. MANUFACTURING SURVEYS SHOW DECLINES FOR FOURTH MONTH

Two separate US manufacturing surveys, one by the [Institute for Supply Management \(ISM\)](#) and one by [S&P Global](#), showed a decline for January, although the rate of decline slowed. This was the fourth consecutive month of decline after a long 28-month expansion. In the ISM data, most components measured were in contraction and the overall index read 47.7, below the neutral mark of 50 but slightly above December's 47.4, showing that the rate of decline is falling. New orders, a leading indicator, remained in contraction at 47 but higher than the previous month's 42.5. The production index was also in decline territory, and, for the first time, the employment index fell below neutral as well. The S&P Global data, with an overall reading of 47.3, also showed a slight improvement from January but was still one of the lowest readings since the onset of the pandemic. New orders, down for the ninth straight month, led the decline, with production following with its fourth straight drop. However, unlike the ISM data, S&P Global showed an increase in manufacturing employment, at the fastest pace in five months.

5. DURABLE GOODS ORDERS RISE EXCLUDING AIRCRAFT, FALL OVERALL

Durable goods orders [fell](#) 4.5 percent, month-over-month and seasonally adjusted, in January, according to Census Bureau data released Monday. This large decline, however, was entirely attributable to aircraft orders, which are extremely volatile. Absent aircraft orders, new orders increased 0.7 percent, led by a 7.0 percent increase in orders for computers and related products, and a 1.6 percent increase in orders for machinery. Core capital goods orders, excluding volatile defense and aircraft orders and are thought to be a leading indicator of economic health, rose 0.8 percent. Airlines tend to negotiate their capital goods purchases in large batches; for example, Boeing reported an exceptionally large number of orders in December, driven by a 200-plane [order](#) from United Airlines. Large monthly changes in US aircraft orders reflect the timelines of specific negotiations rather than underlying economic dynamics.

6. SPENDING AND INFLATION REBOUND IN JANUARY

The Bureau of Economic Analysis [released](#) data on personal income and outlays for January. Headline Personal Consumption Expenditures (PCE) inflation rose to 5.4 percent from a year earlier and 0.6 percent month-over-month. Personal incomes rose by 0.6 percent but were roughly flat in real terms. Core PCE inflation, which excludes volatile food and energy prices and is closely watched by the Federal Reserve, increased 0.6 percent month-over-month as well, a rate that substantially exceeds the Federal Reserve's inflation target. This report was consistent with other January data showing large increases in economic activity. However, weather likely was a large factor in the rebound; seasonal adjustments usually expect a decline from December to January, as holiday spending subsides, but January had more favorable weather than December, muting this typical seasonal pattern. As a result of the January data, the Conference Board's Economy, Strategy, and Finance Center [notes](#) it will increase its Federal Funds Rate forecast to include three more 25 basis point hikes, rather than two, for the rest of the year.

7. INITIAL UNEMPLOYMENT CLAIMS DECLINE SLIGHTLY

The Department of Labor reported Thursday that [initial claims](#) for unemployment insurance, a weekly indicator of labor market health, were 190,000 for the week ending February 25, a decrease of 2,000 from the previous week's unrevised level of 192,000. The 4-week moving average was 193,000, remaining near its lowest mark since May 2022. The [latest economic forecast](#) from The Conference Board shows the unemployment rate rising to 4.4 percent, well above its current level of 3.4 percent, by the fourth quarter of 2023.

8. ENERGY DEPARTMENT AND FBI SUGGEST PANDEMIC RESULTED FROM LAB LEAK

The *Wall Street Journal* [reported](#) that the Energy Department concluded with "low confidence" that an accident involving a laboratory leak in Wuhan, China, was the source of the COVID-19 pandemic, in a classified report to the House and Senate Intelligence Committees. This represented a shift in the Energy Department's thinking, according to the paper. Similarly, FBI Director Christopher Wray [said](#) that the agency also believes that the virus originated in a lab incident in Wuhan, [adding](#) "[t]he Chinese government, seems to me, has been doing its best to try and thwart and obfuscate the work [on virus origins], and that's unfortunate for everybody." However, some other US intelligence agencies have not endorsed the conclusion; the Administration's official position is that there is no definite conclusion on the origin of the virus. Congress could [hold](#) hearings on the issue this year. US Ambassador to China Nick Burns [said](#) that China needs "to be more honest about what happened three years ago in Wuhan with the origin of the COVID-19 crisis" and should take a more active role in the World Health Organization.

9. CHIPS FOR AMERICA ANNOUNCES FIRST FUNDING OPPORTUNITIES

CHIPS for America, the semiconductor facility subsidy program enacted as part of the [CHIPS and Science Act of 2022](#), [announced](#) the first funding opportunity for its incentive program, focusing on “projects for the construction, expansion, or modernization of commercial facilities for the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors.” Beyond this, “[t]wo additional funding opportunities—for materials and manufacturing equipment facilities, and for research and development facilities—will be announced later this year. The law contains up to \$52.7 billion for domestic semiconductor production, including Defense Department funding.

The funding comes with a variety of [additional requirements](#) or evaluation criteria. These include prevailing wage requirements consistent with the Davis-Bacon Act; restrictions on stock buybacks; Buy America commitments for iron, steel, and construction materials; and opportunities for minority-owned, veteran-owned, women-owned, and small businesses. Recipients of more than \$150 million in subsidies will engage in “upside sharing” if profits exceed projections and must submit a plan to provide their facility and construction workers with access to child care (applicants requesting less than \$150 million are also “very strongly encouraged” to provide access to child care). The Commerce Department also [wrote](#) that the US “will work to strengthen global supply chains in close coordination with allies and partners. Given the complexity of global supply chains, the United States does not seek to become self-sufficient in semiconductor manufacturing. Instead, it aims to support a healthy global semiconductor ecosystem that drives innovation and is resilient to a range of disruptions, from cybersecurity threats to natural disasters to pandemics.”

All potential applicants may submit statements of interest now; for leading-edge facilities, full applications will be accepted on a rolling basis beginning March 31. For current-generation, mature-node, and back-end production facilities, recommended pre-applications will be accepted beginning May 1 and full applications will be accepted beginning June 26. Considering applications on a rolling basis may push quicker submission of applications.

10. INFRASTRUCTURE FUNDING ANNOUNCEMENTS

Implementation of the [Infrastructure Investment and Jobs Act \(IIJA\)](#) continued. On Tuesday, the Federal Highway Administration [published](#) its final rule for minimum standards for projects funded under the National Electric Vehicle Infrastructure (NEVI) Formula Program, including EV chargers, towards the [ultimate goal](#) of 500,000 EV chargers in the US by 2030. Second, the Federal Aviation Administration [awarded](#) nearly \$1 billion to airports from the IIJA’s Airport Terminal Program, a \$5 billion program. The [grants](#) support projects including building or expanding terminal facilities, improving security screening areas, improving the passenger or baggage claim experience, increasing access to other modes of transportation, refurbishing air control towers, increasing sustainability, or sustaining smaller airports. Third, the Department of Transportation [announced](#) the first [awards](#) from the law’s \$1 billion program to reconnect communities. The program’s goal is to assist neighborhoods, typically urban, that are separated from other parts of a city by prior infrastructure projects including highways and railroads, which may have few or difficult crossings. The largest awardee, Buffalo’s Kensington Expressway project, will receive \$56 million towards capping 4,100 feet of the highway with continuous green space and reconnect several east-west roads that would cross the north-south highway.

11. SUPREME COURT HEARS CASES ON STUDENT LOAN DEBT RELIEF

On Tuesday, the Supreme Court [heard](#) oral arguments in two cases ([Biden v. Nebraska](#) and [Department of Education v. Brown](#)) that challenge the President's [plan](#) for student loan debt relief, which would provide up to \$20,000 in loan forgiveness for an estimated 43 million borrowers who qualify. Borrowers are currently receiving relief under a moratorium on student loan payments established in March. Both measures rely on authority granted by the [HEROES Act of 2003](#), which permits the Secretary of Education to "waive or modify any statutory or regulatory provision applicable to" federal student-loan programs to ensure that borrowers are not "placed in a worse position financially in relation to that financial assistance" due to a national emergency. Much of the oral argument concerned the threshold question of whether the plaintiffs had standing to sue at all and the extent of the Administration's powers. Overall, a majority of Justices were skeptical that the President has the power to cancel student debt in this way.

In *Biden v. Nebraska*, the six states challenging the program argue that Missouri's Higher Education Loan Authority, which holds student loans, is financially worse off because of the Administration's action, and thus Missouri has standing to sue. The Administration, represented by Solicitor General Elizabeth Prelogar, responded that this did not give Missouri the right to sue -- and that because Missouri has not done so, the case should be precluded. Chief Justice John Roberts argued that "[w]e're talking about half a trillion dollars and 43 million Americans. How does that fit under the normal understanding of 'modifying'?" Some justices also suggested that given the amount of money involved, it might invoke the "major questions doctrine," under which Congress must delegate "questions of vast economic and political significance" to agencies clearly (the Court used a similar argument to invalidate EPA's attempted regulation of greenhouse gas emissions in *West Virginia v. EPA* last Term.)

In contrast, Justice Elena Kagan responded that "[t]his is a bill about what happens when you have an emergency. Congress doesn't get much clearer than that." Prelogar countered the major questions doctrine argument by noting that the Education Department was not claiming new regulatory authority but implementing a power Congress gave it, which drew a retort from Justice Samuel Alito that this "seems to presume that when it comes to the administration of benefits programs, a trillion dollars here, a trillion dollars there, it doesn't really make that much difference to Congress."

Roberts added that "we take very seriously" the division of powers among the three branches of government. He further analogized the case to the Trump Administration's attempt to end the DACA program for undocumented immigrants to apply for protection from deportation. (In that case, Roberts joined the Court's liberal bloc in opposing the effort to terminate DACA.) He stated that this case "presents extraordinarily serious, important issues about the role of Congress and about the role that we should exercise in scrutinizing that [.]". Prelogar responded to him and to Justice Brett Kavanaugh that Congress' action in the American Rescue Plan Act in 2021 that cancelled student debt would not be subject to Federal taxes shows that Congress anticipated debt cancellation.

In [Department of Education v. Brown](#), two individuals not eligible for full student loan relief sued on the ground that the Administration should have followed different regulatory procedures so they could have advocated for relief for themselves. The conservative Justices focused on the question of whether the Administration's student loan forgiveness program was fair but noted that this was a question for Congress rather than the courts; Prelogar responded that the statute concerned only student loans.

The Court is expected to rule on the cases this Term, which ends in early July. Should the Court rule that the Administration exceeded its powers, this would have a positive effect on the Fiscal Year 2022 deficit,

which, because of Federal accounting rules, assumed that the plan would go forward, adding an extra \$400 billion to the deficit all attributable to the year in which the action was announced.

12. LABOR SHORTAGES PERSIST FOR NURSES AND ELECTRICIANS

Separate reports this week catalogued shortages of [nurses](#) and [electricians](#). More than 450,000 more nurses are needed over the next two years while 120,000 doctors will be needed in the coming decade, [according](#) to Senate Health, Education, Labor, and Pensions committee chair Bernie Sanders (I-VT). Shortages have driven up labor costs across the industry and particularly strained smaller facilities. Fitch Ratings found that operating margins at nonprofit hospitals fell by 5 to 7 percentage points between 2021 and 2022, leading to a shrinking number of clinical training spots, exacerbating the gap between the pipeline of new entrants and growing demand. Those pipelines are especially low in rural areas, prompting a bipartisan group of Senators last week to send a [letter](#) to the Centers for Medicare and Medicaid Services (CMS) asking to extend an expiring program that helps poorer hospitals pay competitive wages to retain workers. While CMS [received](#) funding in FY2022 to add 1,000 residency slots in underserved areas, more tools are needed. Ranking member of the committee, Bill Cassidy (R-LA) has raised rethinking instructor qualifications, saying “a good RN can teach a nursing student no matter if she has a masters or a bachelor’s of nursing, and we need to be practical.”

Separately, a [report](#) found a dire shortage of electricians, essential workers for the country’s green energy transition and implementation of Inflation Reduction Act incentives. The 700,000 electricians today are expected to [grow](#) 7 percent over the next decade, with some segments like solar installers growing by more than 25 percent. But the increases will not be enough, particularly with expected retirements; the National Electrical Contractors Association notes that nearly 30 percent of union electricians are between 50 and 70. The shortage has driven many companies to partner with trade associations on training and increase apprenticeships, partially to comply with IRA [requirements](#) that apprentices compose a certain share of work hours in facility construction and repair work.

13. JULIE SU NOMINATED AS LABOR SECRETARY

Current Deputy Secretary [Julie Su](#) was [nominated](#) this week to succeed Marty Walsh as head of the Department of Labor. A former civil rights attorney and Labor Secretary for California, Su’s contributions to the administration in support of unionization efforts across the country have been lauded by [labor unions](#). Part of her agenda will be advocating for the Protecting the Right to Organize Act (PRO Act), a bill that was [reintroduced](#) in the House on Tuesday after stalling in [2021](#) that would make it easier for workers to unionize and raise penalties for employer violations. Another high-profile item is the push to raise the income cutoff below which salaried workers are automatically eligible for time-and-a-half [overtime](#) pay, potentially doubling the current threshold of \$35,500. In her role as deputy, Su oversaw rules protecting workers from COVID-19 and a proposed rule that would allow more gig economy workers to be classified as employees rather than contractors, issues that have prompted opposition.

14. CHANGES TO DRUG PRESCRIPTIONS VIA TELEHEALTH

The Drug Enforcement Administration (DEA) and HHS [announced](#) a proposed [rule](#) to require patients to have an in-person evaluation to be initially prescribed most controlled substances, reinstating Federal requirements waived during the pandemic. Prescription refills could be done via telehealth. Less addictive medications including antibiotics and insulin would still be available through telehealth visits. The plan comes ahead of the May 11 end of the COVID-19 public health emergency. However by the end

of [last year](#), almost 40 states and the District of Columbia had already moved to end emergency provisions and reapply limitations on care delivery across state lines and via telehealth. Once the regulation is adopted, patients will have six months to visit their in-person doctor. DEA Administrator Anne Milgram [said](#) the agency “is committed to the expansion of telemedicine with guardrails that prevent the online overprescribing of controlled medications that can cause harm.” During the pandemic, the number of [online pharmacy](#) startups surged, raising the likelihood that some prescriptions were provided inappropriately, according to DEA officials. A [second](#) proposed DEA rule would expand the ability of prescribers to prescribe buprenorphine to treat opioid disorder via telemedicine to help control the effects of the opioid epidemic. US overdose deaths hit a [record](#) high in 2021, roughly three-quarters of those coming from opioids and synthetic opioids such as fentanyl.

15. INSULIN PRICE CUT

Eli Lilly [announced](#) it would cut the price of its insulin products up to 70 percent, including Humalog, the price of which will fall to around \$160 from its current \$530.48 for five injector pens. The issue featured in the President’s State of the Union address, in which he “called on pharma companies to bring prices down for everyone on their own. Today, Eli Lilly did that. It’s a big deal and it’s time for other manufacturers to follow,” the President [said](#). A Yale study from July 2022 found that 14 percent of the 7 million Americans who require daily insulin spend at least 40 percent of their income after food and housing on it. Congress passed a bill last year providing a \$35 per month price cap for insulin under Medicare Part D.

16. TIKTOK BAN ON GOVERNMENT DEVICES

The US and Canada [banned](#) the use of TikTok on government-issued mobile devices; US agencies have 30 days to delete the app. They join the US armed forces, over 25 US states, and the European Commission in doing so because of security concerns that user data could be shared with China. TikTok is owned by ByteDance, a Chinese company with corporate headquarters in Singapore. Congress passed the “[No TikTok on Government Devices Act](#)” in December; at the time, CIA Director William Burns said that China could “insist upon extracting the private data of a lot of TikTok users in this country and also to shape the content of what goes on to TikTok as well to suit the interests of the Chinese leadership.”

On March 8, CED will host a Trustee Briefing with FCC Commissioner Brendan Carr on [Securing Critical Infrastructure: Building Resilience](#). Commissioner Carr [testified](#) to Congress on TikTok last year.

17. CHINA PREPARES TO REGULATE AI SPEECH; VENEZUELAN FAKE AVATARS

The Chinese government will be [likely to regulate](#) large language models like ChatGPT, according to Wang Zhigang, Minister of Science and Technology. China regularly censors or regulates online content. Large language models have ability to generate large amounts of text quickly, which may challenge that regime. Models can be given instructions that dissuade them from generating text on certain subjects, but a determined user in a longer back-and-forth series of prompts can often find a prompt that coaxes a model to ignore its initial instructions not to venture into forbidden topics. A critical issue in Chinese regulation of AI chat models is the source of the training data. Analysts [note](#) that models trained on information already subject to Chinese speech laws may be relatively compliant with those laws, just by virtue of imitating text that already abides by the rules. But a model trained on the global internet would be more likely to form responses based on texts not subject to Chinese law.

Further evidence of risks associated with AI was shown an [article](#) this week describing how Venezuela has used AI-generated avatars from Synthesia software to deliver pro-Venezuela remarks on a fake news program. According to Spanish newspaper [El País](#), the videos went viral on social media and were also used in paid advertising and on state-owned Venezuelan television. Héctor Mazarri, from “Cazadores de Fake News” which analyzes Venezuelan news, said in response that “[a]lthough a trained user can spot the errors, this is done so that no one is exempt from not believing it. Disinformation is a global problem and its purpose is to make us mistrust everything and create polarization, which is why it is necessary to create a community of infocitizens so that people can understand how this works and put much of the information that comes to them in quarantine in order to contain the impulse to share it or believe it.”

18. KOREA AND SEMICONDUCTOR SANCTIONS

South Korea will not join Japan and the Netherlands in sanctions on semiconductors sent to China but will instead seek to retain its chipmakers’ current levels of investment there, [according](#) to Korean news agency Yonhap. South Korea currently has a one-year exemption from US sanctions regarding sales of equipment for manufacturing facilities in China, which applies to Samsung and SK Hynix. However, a Commerce Department official also [indicated](#) that it was “likely” that the US would impose “a cap on the levels they can grow to in China,” adding that “[i]f you’re at whatever level of NAND [\[NOT-AND logical gate\]](#), we’ll stop it somewhere in that range. It’ll depend on what the Chinese are doing too.”

19. NATIONAL PEOPLE’S CONGRESS TO CONVENE IN CHINA

The National People’s Congress, China’s parliament, [convenes](#) Sunday for its annual meeting. Its most important task will be to confirm China’s new leadership team, including Premier Li Qiang, formerly the Communist Party chief in Shanghai, and Vice-Premier Ding Xuexiang, an aide to President Xi Jinping, that was announced last October at the Communist Party Congress. This will be the first People’s Congress of President Xi’s third term and will include discussion of an “intensive” and “wide-ranging” government reorganization, according to Chinese state media, which could lead to greater control for the party and less independence for government ministries. After China’s relatively weak economic growth of 3 percent last year, the Congress will also likely hear the government’s target for economic growth in 2023 now that China has lifted its restrictive policies, including extensive lockdowns, related to the pandemic.

20. SPECIAL CONGRESSSIONAL COMMITTEE ON CHINA

The new House Select Committee on the Chinese Communist Party [held](#) its first meeting on Tuesday. Chairman Mike Gallagher (R-WI) said in opening remarks that “[w]e may call this a ‘strategic competition,’ but it’s not a polite tennis match. This is an existential struggle over what life will look like in the 21st century, and the most fundamental freedoms are at stake.” Gallagher added that “time is not on our side . . . we must act with a sense of urgency. I believe our policy over the next 10 years will set the stage for the next 100.” He also said the committee will focus on ways to “selectively decouple” the US and Chinese economies. Rep. Raja Krishnamoorthi, ranking Democrat on the committee, stated that “[o]ver the last three decades, both Democrats and Republicans underestimated the CCP, and assumed that trade and investment would inevitably lead to democracy and greater security in the Indo-Pacific region. Instead the opposite happened,” adding that the US does not war a war with China, nor a clash of civilizations. But we seek a durable peace and that is why we have to deter aggression.” Former National Security Adviser and Marine General H. R. McMaster testified that on defense posture for the region and deterrence, “I think we have to recognize that we are very far behind.”

21. JOINT SEA PATROLS IN SOUTH CHINA SEA?

Japan and Australia may [join](#) patrols with the US and Philippines in the South China Sea, according to Philippine Ambassador to the US Jose Manuel Romualdez, to promote freedom of navigation, although he cautioned that it is still “an idea under discussion.” Joint patrols would send a strong signal to China. China claims much of the South China Sea as its territory; the Philippines also claims portions of it near its islands. The Philippines has been concerned by Chinese attacks on Philippine fishing vessels and construction on areas claimed by the Philippines, which won a 2016 case at the Permanent Court of Arbitration in The Hague that [invalidated](#) China’s claims beyond its much smaller exclusive economic zones and that supported Philippine claims in the area. The *Wall Street Journal* [reported](#) increasing encounters, a “near-daily occurrence,” over the South China Sea between US and Chinese aircraft.

22. PANDEMIC NEWS

FDA authorizes Two-In-One COVID-19 and flu test: The FDA [issued](#) an emergency use authorization for the first over-the-counter at-home diagnostic test that can detect both influenza A and B and SARS-CoV-2. The Lucira COVID-19 & Flu Home Test is a single use test for individuals with signs and symptoms consistent with respiratory tract infection. The test, available without a prescription, takes 30 minutes to perform using a nasal swab. In a clinical trial, the new test correctly identified 99.3 percent of negative and 90.1 percent of positive Influenza A samples, 100 percent of negative and 88.3 percent of positive COVID-19 samples, and 99.9 percent of negative Influenza B samples.

California: California Governor Gavin Newsom [rescinded](#) the state’s COVID-19 state of emergency, which was declared March 4, 2020, after resisting pressure to end it earlier as conditions improved. “California is better prepared and that’s because we have a serious Legislature and the health ecosystem in California is second to none,” said the Governor. California currently has the eleventh lowest [COVID-19 death rate](#) per capita in the country.

POTS: A life-changing disorder of the autonomic nervous system, [POTS](#) (postural orthostatic tachycardia syndrome), has risen significantly, particularly among young women. The autonomic nervous system regulates involuntary bodily functions including heart rate, blood pressure, and digestion. POTS patients typically experience a marked rise in heart rate when standing along with an array of symptoms such as dizziness, brain fog, fainting, headaches, and fatigue. There is a severe shortage of doctors equipped to diagnose and care for these patients. POTS has no known cure, but physical therapy, medications, and increasing salt intake can sometimes help reduce symptoms. A July 2022 [study](#) concluded that 2 to 14 percent of people with COVID-19 develop POTS, with 9 to 61 percent experiencing POTS-like symptoms such as tachycardia, orthostatic intolerance (the inability to stand without symptoms including palpitations, lightheadedness, and chest discomfort, among others), fatigue, and cognitive impairment within 6-8 months of severe acute COVID-19 infection. Another [study](#), published in December 2022, found that 30 percent of long COVID patients met the criteria for POTS, with 36 percent of women meeting criteria compared to 7 percent of men.

23. COUNTRY SPOTLIGHT: HONG KONG

On Wednesday, after nearly 1,000 days, Hong Kong [ended its mask mandate](#). Hong Kong’s mandate was one of the last internationally, with those in violation of the mandate possibly receiving a [fine](#) of up to the equivalent of \$637. Chief Executive John Lee [announced](#) the end of the mask mandate during his weekly press briefing on Tuesday, a day after nearby Macao dropped its outdoor mask mandate. “I have

told people since almost two months ago that this is an issue that I will be actively monitoring to examine when will be an appropriate time to lift the masking requirement. So after looking at all the data, the trend and the fact that the winter surge is nearing the end, [I am lifting the mask ban] in order to give people a very clear message that Hong Kong is resuming normalcy,” said Lee.

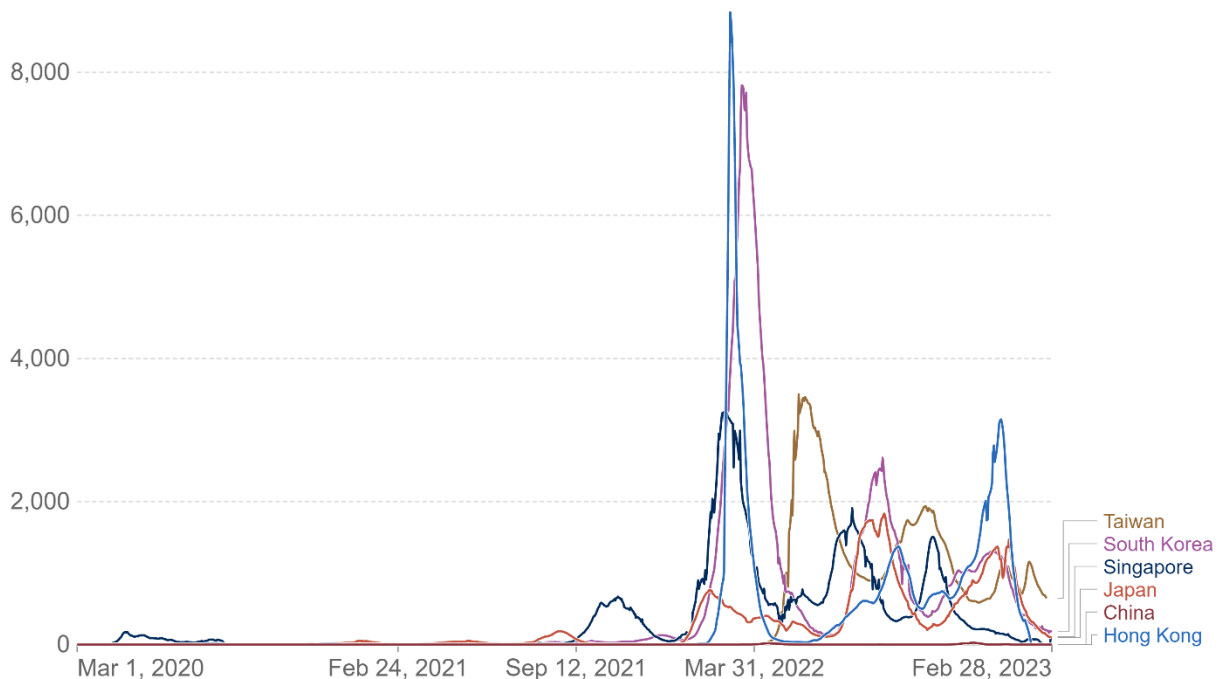
On February 28, Hong Kong [recorded](#) a seven-day rolling average of zero new COVID-19 cases. Since the beginning of the pandemic, Hong Kong has recorded a total of 2,876,106 cases. Changes to testing requirements have been made as well. Hong Kong’s secondary schools are no longer required to take daily rapid COVID-19 tests; however, the rule remains in place for primary schools and kindergartens for another two weeks. Hong Kong’s PCR test requirement for staff and visitors to public hospitals and elderly care homes will be replaced with a rapid test. While the mask mandate has been scrapped, health chief Lo Chung-mau said that while the mask rule has been lifted, the government would take “administrative measures” to ask people to wear masks in medical facilities.

Hong Kong dropped all [pre-departure testing requirements](#) for travelers arriving from mainland China or Macao on February 6, 2023. Inbound travelers arriving from all other places of origin are required to show a negative rapid antigen test conducted within 24 hours, or a negative PCR test conducted within 48 hours, of their scheduled time of departure.

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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