

***CED Public Policy Watch***  
**02.11.2022**

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**1. INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE BACK TO PRE-COVID LEVELS**

Initial claims for unemployment insurance continued to retreat, dropping by 16,000 to 223,000 for the week ending February 5 (last week's claims were revised up by just 1,000). The level of initial claims is back in line with that which characterized the few years before the COVID-19 pandemic. Continuing claims were unchanged at 1.62 million.

**2. CONSUMER PRICE INFLATION CONTINUES RAPID**

News headlines say that consumer price inflation accelerated in January to the fastest pace since 1982, at 7.5 percent. Well... Between January 2021 and January 2021, the Consumer Price Index did increase by 7.5 percent, and that is the fastest 12-month increase in 40 years. However, the CPI in January increased by 0.6 percent, which is faster than consumers (or the Federal Reserve) want, but was less than four of the seven months between May and October inclusive, and equal to the rate of December. The perhaps significant difference between the "12 months ending" and the one-month rate is some data watchers do hope that inflation will prove to be slowing beginning in December and January. We do not know that yet, and the direction for the longer term will depend upon the pandemic and its

impact on the resilience of supply chains as well as many other imponderables. But it is highly likely that the Fed will continue to be uncomfortable with this pace of price increases, and will act accordingly.

There was some relief on energy prices (although fuel oil increased sharply), but food increased somewhat more rapidly than average this month. The index excluding food and energy increased by the same 0.6 percent as the all-items index. And absent the few energy categories that declined, there were few items in the index that showed the stability that we were taking for granted in months gone by. (New car prices were unchanged—if you can find a new car to buy.) The breadth of the price increases across product and service categories is definitely a cause for concern. Real optimism rests on an early end to the pandemic, and a resulting strengthening of supply chains. Unfortunately, that happy ending is not likely to appear in this book, or at least in this volume of the series.

### **3. FY 2022 APPROPRIATIONS LIVE TO FIGHT ANOTHER DAY**

The two parties in the Congress have come up short on completing the annual appropriations for fiscal year 2022 (which is only going on five months old) by the expiration of the most recent continuing resolution (or CR, which will occur on February 18). However, there is no collective will to allow the government to descend into a shutdown. Accordingly, the appropriators have [agreed to an overall appropriations level](#) (the “302(a)” amount), and have given themselves almost another month to finish writing an omnibus appropriations bill for the remainder of the fiscal year. Whereas a CR is a short bill that merely continues funding at the previous year’s level with only limited adjustments for obvious problems or “anomalies” (such as the unavoidable changes in funding such as for the next phase of construction of a military vessel), an omnibus appropriations bill will change last year’s levels and make much more-detailed changes of policy.

### **4. CRITICS SEE A BROAD PUSH TOWARD MORE FEDERAL REGULATION**

[WSJ reported this week](#), the Biden administration is mounting a major multi-agency effort to impose new regulations. The motive for the push is said to be a perceived need to achieve some political wins, and to satisfy the administration’s base. Included would be some new regulations, some reinstatements of Obama regulations that had been rescinded by the Trump White House, and some rescissions of Trump initiatives. Issue areas said to be involved include financial services (cryptocurrencies, disclosures by hedge funds and private-equity firms, and disclosures of climate risks), workplace safety (COVID-19), agriculture (meat packers and stockyards), technology (privacy and social media algorithms), antitrust (mergers), and the environment (offshore oil drilling safety, coal-fired power plants, and an alleged carcinogen in medical-device cleaning solutions). The administration, in commenting on the story, said that “nothing is being rushed,” and that standard rule-making procedures are being followed.

Meanwhile, the administration has published an executive order (14063, dated February 4, 2022 in the *Federal Register*) entitled, “Use of Project Labor Agreements for Federal Construction Projects.” The EO would require that contractors for large (\$35 million or more) projects, with specified exceptions, “negotiate or become a party to a project labor agreement with one or more appropriate labor organizations.” The [AFL-CIO cites](#) project labor agreements as a worker protection, which would prevent pay on such projects from falling below the area’s prevailing wage. The [National Right to Work Legal Defense Foundation says](#), in contrast, that project labor agreements infringe on the right of construction firms and their employees, under the National Labor Relations Act, to choose whether or not to join a

union. The administration, in the EO, says that project labor agreements would help to predict labor costs, ensure a steady flow of labor, and prevent friction and disputes; they would also ensure that wages paid would be at a higher union level.

*As a reminder, CED Trustee Briefing: **Tuesday, February 15<sup>th</sup> @ 1:00pm-1:30pm ET: Susan Dudley, Director of the George Washington University Regulatory Studies Center, and former Administrator of the Office of Information and Regulatory Affairs in the U.S. Office of Management and Budget** will brief Trustees on the current state of the Biden Administration's regulatory agenda. Please [RSVP here](#) and indicate **Dudley**.*

## 5. GERRYMANDERING/UPDATES ON REDRAWING CONGRESSIONAL DISTRICTS

The *New York Times*' recently published a [gerrymandering game](#) for students that illustrates a hard and painful truth: Gerrymandering of legislative districts remains both easy and widespread, leading to less competition among parties, giving greater power to activists within each party and reducing the influence of moderate and independent voters, which itself encourages political polarization rather than bipartisan cooperation for solutions in the nation's interest.

This week saw two important developments in the decennial redrawing of Congressional seats. First, the Supreme Court [blocked](#), at least temporarily, a lower court decision that overturned Alabama's proposed Congressional districts that provided for only one Black-majority district (of seven districts in the State). In a 5-4 decision (with Chief Justice Roberts in the minority), the Court let the Republican-drawn map stand but agreed to hear formal arguments on it later (with the likelihood that the final decision may not come before the elections this fall).

Observers have [written](#) that the Alabama case may have implications for racially-conscious districts that have been required under the Voting Rights Act of 1965 – which, if accurate, would be a major change in reapportionment law. In North Carolina, in contrast, the state Supreme Court overturned a Republican-drawn map (which could have given Republicans an advantage in 11 of 14 Congressional seats) on the grounds that it should have reflected “substantially equal voting power on the basis of partisan affiliation.”

For further reading: CED Trustees Robert Kueppers and Jane Sherburne [wrote about gerrymandering](#) last December for *InsideSources*.

## 6. PRESIDENT BIDEN'S INDO-PACIFIC ECONOMIC FRAMEWORK

The US is apparently [preparing to add more details](#) to the Indo-Pacific Economic Framework idea which President Biden announced last year at the East Asia Summit.

Earlier this week, in response to the ratification of the [Singapore-Pacific Alliance Free Trade Agreement](#), CED issued a [Policy Brief](#) on Trade Policy in the Pacific Region which notes that the Biden administration has also indicated that the [Indo-Pacific Economic Framework](#) will be structured as a collection of individual agreements, which nations can choose to join or not. Although little detail has been shared, the administration has indicated that it may exclude elements such as tariff cuts and other legally

binding market-oriented steps that would require congressional approval. The Brief calls for forthright – and urgent – American engagement and leadership in trade and a serious plan to respond to significant developments that include the rise of the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) (CPTPP), a follow-on to the Trans-Pacific Partnership Agreement (TPP), which the US withdrew from in 2017, and the competing [Regional Comprehensive Economic Partnership](#) (RCEP), which provides China significant inroads in trade in the region.

## 7. MACRON-PUTIN, BIDEN-SCHOLZ, AND DIPLOMACY IN THE UKRAINE-RUSSIA CRISIS

French President Emmanuel Macron met on Monday with Russian President Vladimir Putin and, subsequently with Ukrainian President Volodymyr Zelenskyy. After the Putin-Macron meeting, Putin responded that some of Macron's ideas could be a [basis for further steps](#); however, Macron's statement that "There is no security for Europeans if there is no security for Russia" and [an idea floated about the "Finlandisation"](#) of Ukraine prompted concerns that Macron had raised issues about new security guarantees to which NATO cannot agree. For its part, [Russia denied](#) Macron's assertion that Russia had committed not to conduct "new military initiatives."

A more positive note was struck in a meeting, also on Monday, between President Biden and German Chancellor Olaf Scholz. The leaders [agreed on](#) "a strong package of sanctions that are going to clearly demonstrate international resolve and impose swift and severe consequences if Russia violates Ukraine's sovereignty and its territorial integrity." President Biden was [very clear](#) that "if Russia invades . . . there will be no longer a Nord Stream 2 [pipeline from Russia]. We will bring an end to it." Chancellor Scholz, whose country receives [about a third](#) of its gas supplies from Russia, was more circumspect but [stated](#) that "you can be sure that there won't be any measures in which we have a differing approach. We will act together jointly."

Dive Deeper: Listen to the CEO Perspectives podcast [NATO: How Do You Solve a Problem Like Russia](#) with CED President Lori Esposito Murray and moderator TCB CEO Steve Odland.

## 8. POSTAL REFORM BILL PASSES HOUSE

In a rare show of bipartisanship, a [postal reform bill](#) (H.R. 3076) passed the House overwhelmingly (342-92) on Tuesday.

The bill would keep six-day delivery for USPS, maintains USPS' universal service obligation, and enhance transparency of data on mail delivery statistics through a publicly-searchable database. It would also reverse the current requirement, imposed on 2006, that USPS pre-fund pensions for the next 75 years. USPS is the only government-related agency that has this requirement, which has made its deficits seem artificially larger by several billion dollars per year. In addition, most future postal worker retirees would be required to enroll in Medicare rather than the postal plan. This bill comes against the backdrop of Postmaster General Louis DeJoy's [plan](#), adopted last year, which saves money in part by reducing standards for mail delivery. Because of strong bipartisan support, the bill is expected to pass the Senate shortly.

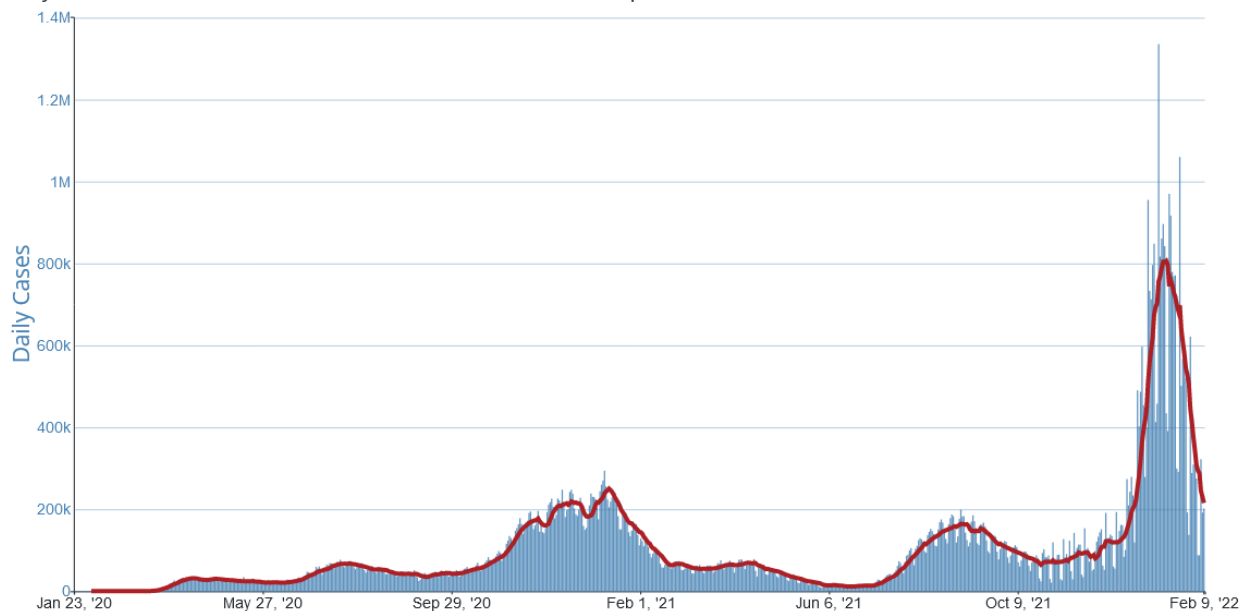
Major constituencies in favor of strong postal reform include veterans and seniors who rely on prescription drugs by mail. Voting by mail is also becoming extremely important, with [eight states](#), mostly in the West and including states that lean both Democratic and Republican, conducting all

elections by mail, and 26 others permitting [no-excuse absentee voting](#) (which is frequently conducted by mail). Other states which have in recent months restricted voting by drop box or have limited the time for voting by mail will put additional pressure on the Postal Service to deliver ballots in a timely fashion to be sure they are counted.

## 9. PANDEMIC NEWS

The seven-day moving average of daily confirmed COVID-19 infections are down almost three-quarters from the peak of just one month ago, and are down all across the country. That is the good news. The bad news is that the Omicron peak was so outrageous that still about as high as the winter 2020-2021 peak, when we had no vaccine, and higher than the Delta peak of last summer. The change is so enormous as to be disorienting for many—see the discussion below.

Daily Trends in Number of COVID-19 Cases in The United States Reported to CDC



Yet despite the enormous drop in confirmed cases, the number of hospitalized patients in the United States, though down from its Omicron peak, is still higher than it was at the Delta peak. In other words, our hospital system is still straining, and still vulnerable to any setback—be it a new variant or anything else. As one example, California still has significantly more hospitalized patients than it did at the Delta peak.

## Prevalent Hospitalizations of Patients with Confirmed COVID-19, United States August 01, 2020 – February 08, 2022



**99,535**

Current 7-Day Average

Feb 02, 2022 – Feb 08, 2022

**125,219**

Prior 7-Day Average

Jan 26, 2022 – Feb 01, 2022

**146,534**

Peak 7-Day Average

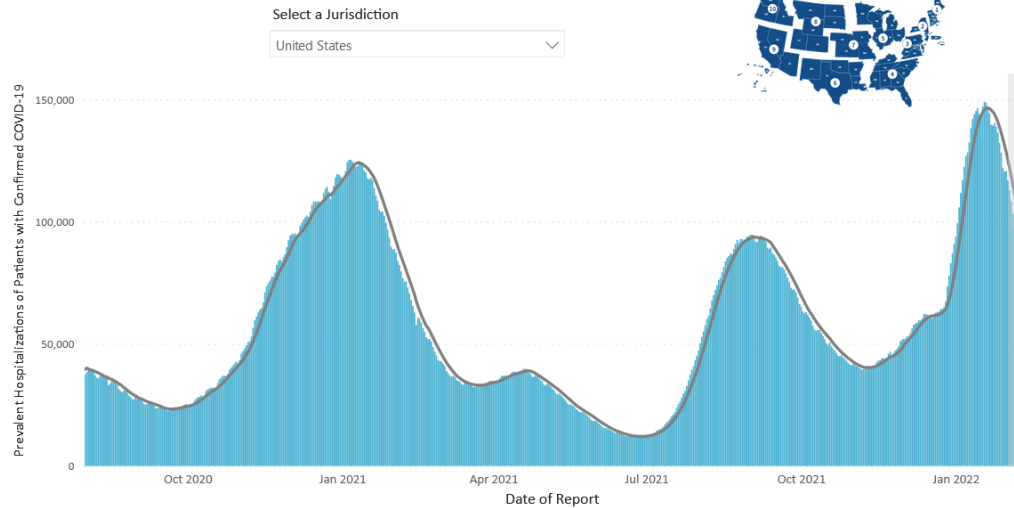
Jan 14, 2022 – Jan 20, 2022

**-20.5%**

Percent change from prior 7-day  
avg. of Jan 26, 2022 – Feb 01, 2022

**-32.1%**

Percent change from peak 7-day  
avg. of Jan 09, 2022 – Jan 15, 2022



## Prevalent Hospitalizations of Patients with Confirmed COVID-19, California August 01, 2020 – February 08, 2022



**11,127**

Current 7-Day Average

Feb 02, 2022 – Feb 08, 2022

**13,963**

Prior 7-Day Average

Jan 26, 2022 – Feb 01, 2022

**21,642**

Peak 7-Day Average

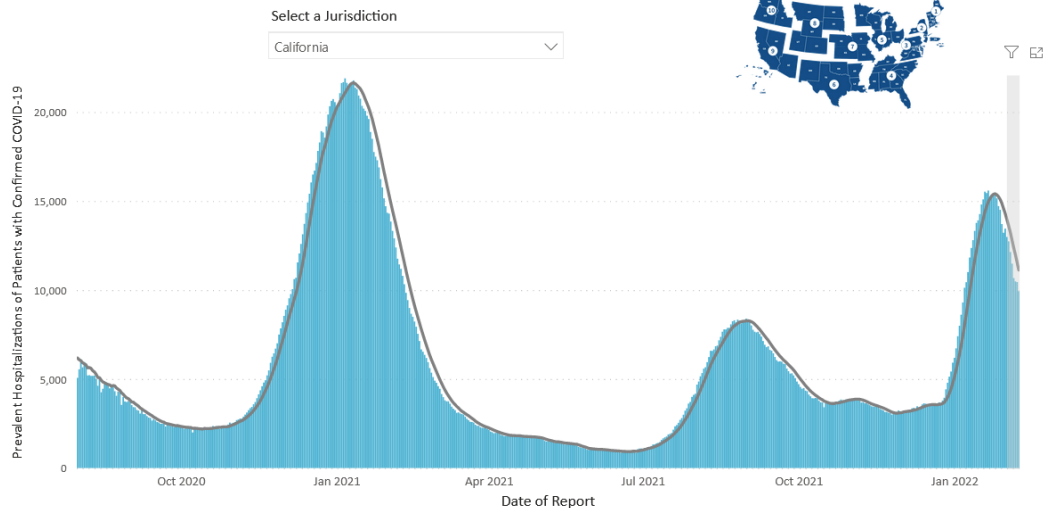
Jan 05, 2021 – Jan 11, 2021

**-20.3%**

Percent change from prior 7-day  
avg. of Jan 26, 2022 – Feb 01, 2022

**-48.6%**

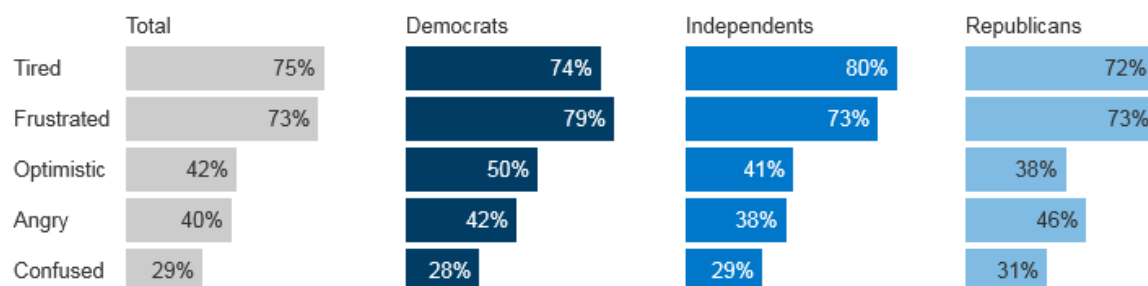
Percent change from peak 7-day  
avg. of Jan 03, 2021 – Jan 09, 2021



And yet... The combination of COVID fatigue and sharply falling case counts has unleashed a flood of unleashings. On the former point, polling by the Kaiser Family Foundation shows the enormous frustration of the public at continuing restrictions on their daily life. And if you thought that seeking bipartisan agreement was hopeless, well, we have found it on this issue!

## After Nearly Two Years Of The COVID-19 Pandemic, More Than Seven In Ten Adults Across Partisans Say They Are Tired, Frustrated

Percent who say the following describe how they feel about the current state of COVID-19 pandemic in the U.S.:



NOTE: See topline for full question wording.

SOURCE: KFF COVID-19 Vaccine Monitor (January 11-23, 2022) • [Download PNG](#)

[KFF COVID-19 Vaccine Monitor](#)

And as to where that frustration is finding release, [states across the country](#)—and notably, “blue” states, which have been more cautious—are lifting restrictions now, or in the next few days or weeks. The entries on the list are piling up so fast that it is hard to keep track. And all of this is clearly [crosswise with the current state of guidance from the CDC](#) and other federal agencies, which had been contemplating how they would respond to the falling case counts, and suddenly found themselves trampled by the rush of states lifting restrictions. John M. Barry, the noted pandemic historian who literally wrote the book on the 1918 influenza pandemic (and who has spoken to CED Trustees on the subject), had just counseled caution in a [New York Times opinion column](#):

Most histories of the 1918 influenza pandemic that killed at least 50 million people worldwide say it ended in the summer of 1919 when a third wave of the respiratory contagion finally subsided.

Yet the virus continued to kill. A variant that emerged in 1920 was lethal enough that it should have counted as a fourth wave... This occurred despite the fact that the U.S. population had plenty of natural immunity from the influenza virus after two years of infections and after viral lethality in the third wave decreased... But virtually no city responded in 1920. People were weary of influenza, and so were public officials. Newspapers were filled with frightening news about the virus, but no one cared. People at the time ignored this fourth wave; so did historians. Deaths returned to pre-pandemic levels in 1921, and the virus mutated into ordinary seasonal influenza, but the world had moved on well before.

We should not repeat that mistake...

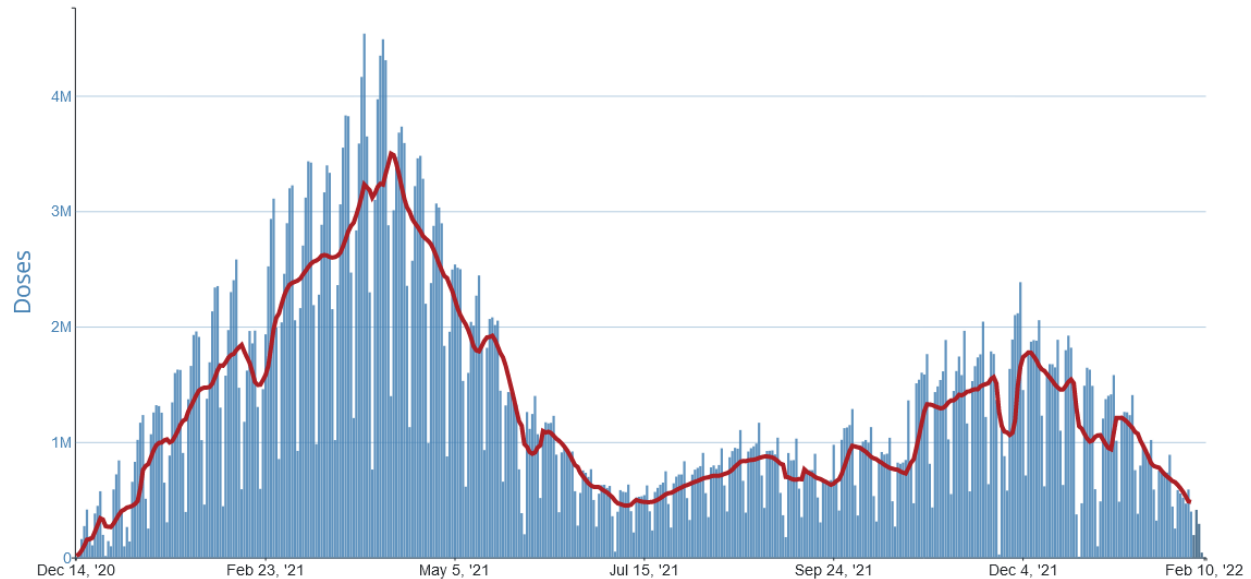
Only time will tell the outcome of the current change of public mind.

### 10. VACCINE NEWS

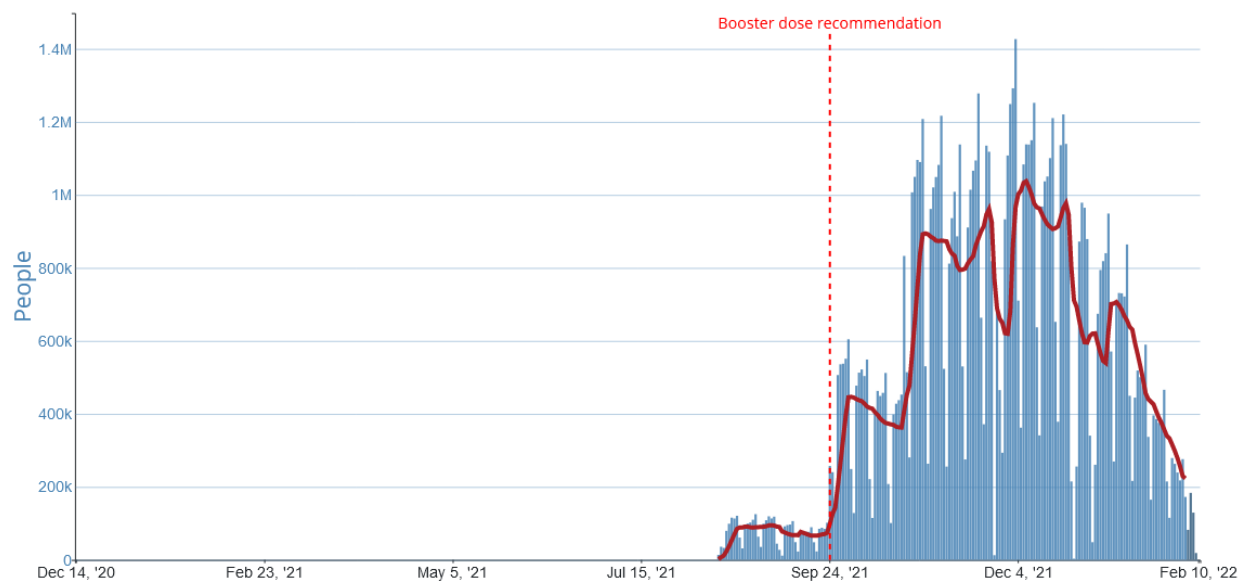
You can infer from public attitudes towards public health practices that there is no meaningful progress in vaccination either. As in recent weeks, the number of vaccinations is trailing off, and what

vaccinations there are do not reach into the vulnerable unvaccinated population. The daily vaccination count is down to only about half a million, and of those, almost half are boosters. But there is little satisfaction to be taken from the count of boosters; even those are too few to provide the much stronger protection that a booster affords to an adequate share of the population. We now have clawed our way up to 75.8 percent of the population having received at least one dose, with 42.6 percent having been boosted; but that is demonstrably insufficient to achieve “herd immunity,” given the in-our-face case count under Omicron.

Daily Count of Total Doses Administered and Reported to CDC by Date Administered, United States



Daily Count of Fully Vaccinated People Receiving a Booster Dose Reported to CDC by Date Administered, United States



The greatest opportunity to increase coverage probably is to vaccinate more children. An apparent irreducible minimum of 20 percent of adults simply will not accept vaccination, no way, no how. Surely,



we should do all we can to convince them of the wisdom of protecting themselves and their neighbors. But even if children are less likely to contract serious disease, that likelihood is not zero (including “long COVID” and other issues), and children still can spread the disease. Children seem to be the “next frontier.”

The FDA will review the emergency use application from Pfizer and BioNTech for their vaccine for children of ages 6 months through 4 years. This application is fraught with controversy. The clinical trial has involved two doses, each one-tenth the volume of the adult dose, and about one-third of the dose for adolescents 12 to 15 years. The adolescent dose tended to cause a fever reaction in about one out of every five children—a cause for concern for the very young, and as one expert observed, thinking if the entire population were so inoculated, “That’s a lot of fevers.” However, the smaller dose, by the end of the trial, did not appear to produce as many antibodies as the larger dose in older children, suggesting that its efficacy could be less. That led Pfizer to begin a trial including a third dose, but the data for that trial are not yet complete.

Hence, a dilemma: Approve two doses now, assuming that this treatment would be safe and even if it would not yield satisfactory protection, to get a head start on a three-dose regimen that would be approved only later? If two doses prove to be insufficient, or if some adverse reaction should later emerge, what would that do to public confidence in vaccination in particular, and public health in general? And what if three doses should prove insufficient—should children then wait for later trials to receive four doses, or even five? But the best case—beginning the inoculation of the very young and then moving on to the third, fully effective dose at the earliest possible date—clearly would have its value. The virus has left us with no perfect choices, and public cynicism is proving to be as much of a disease as COVID.

BREAKING: The FDA has [announced](#) that it anticipates complete data for the Pfizer-BioNTech trial of third doses for small children very soon, and so it will postpone all consideration until it can include third doses in the decision. This will avoid the Hobson’s choice of delay against the potential loss of public trust in the process of approving vaccines. Clearly, an early decision as to the efficacy and safety of vaccination of very small children is in everyone’s interest.

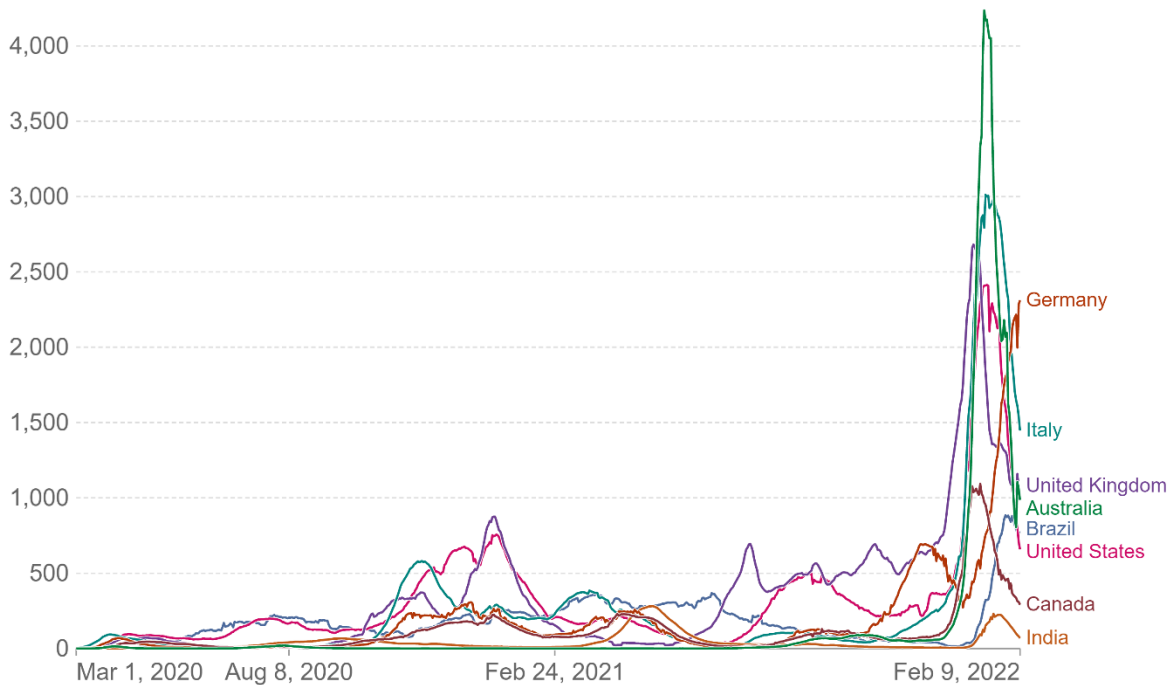
## **11. SPOTLIGHT ON REOPENING—CANADA: ANOTHER KIND OF LOCKDOWN**

Canadian truckers have been protesting for the past two weeks in opposition to the nation’s new COVID-19 mandate. The [mandate](#), effective January 15 in Canada and January 22 in the US, requires truck drivers to be fully vaccinated when crossing the Canadian-US border or face a two-week quarantine. Before the mandate, truckers were exempted from the vaccine requirement and permitted to cross the border while it remained closed to non-essential traffic – truckers were considered essential workers, vital to keeping supply chains functioning. The protests began in Canada’s capital, Ottawa, and have since moved to occupy [critical roadways](#) between the US and Canada. The most critical of the blockades is on the Ambassador Bridge, the largest international suspension bridge in the world. The 1.6-mile corridor, connecting Windsor, Ontario to Detroit, Michigan, carries approximately a quarter of US-Canada trade. The [border crossing](#) between Coutts, Alberta, and Sweet Grass, Montana has also been blocked by protestors this week. The Blue Water Bridge connecting Port Huron, Michigan and Sarnia, Ontario, a 60-mile stretch northeast of Detroit, reported a three-hour delay Thursday morning for Canadian-bound commercial traffic. The truckers involved in the demonstrations are calling themselves the Freedom Convoy.

## 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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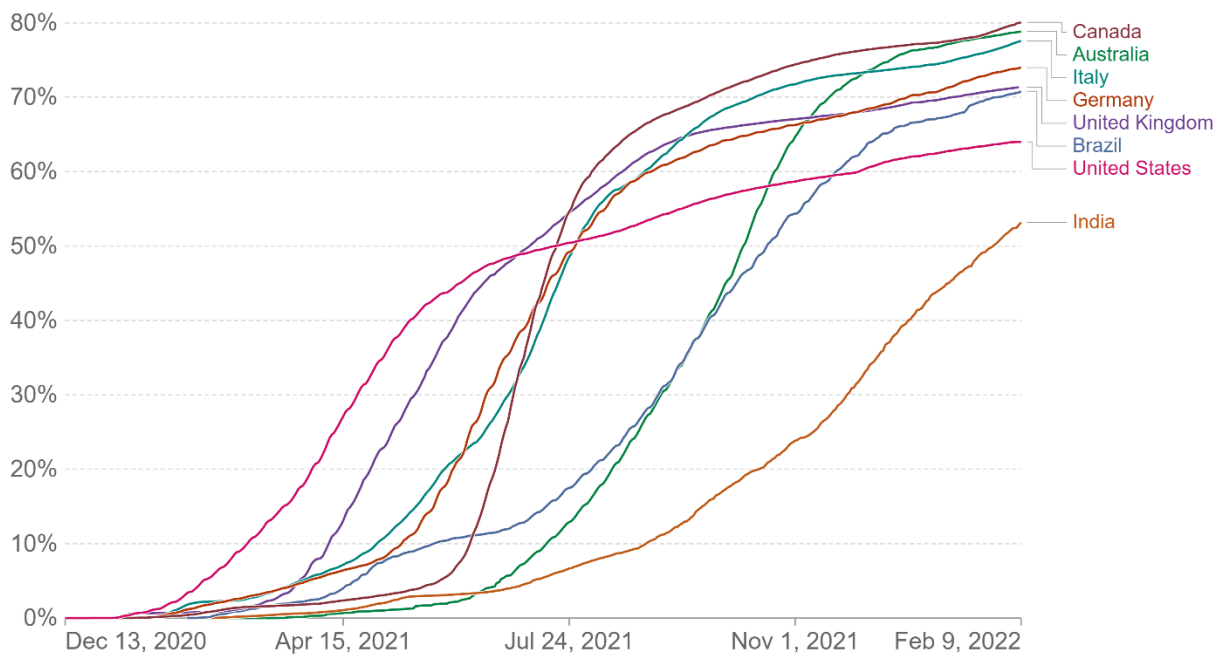
As Canadian truckers block cross-border deliveries, manufacturers are feeling the effects – automakers are bearing most of the weight. General Motors, Ford Motor, Toyota Motor, and Stellantis, which owns Chrysler, have been forced to cut production at several plants in the US and Canada this week due to the lack of parts. Toyota has [halted production](#) at three factories in Ontario, saying no more vehicles will be produced this week. Output has been halted at a Ford factory, and Stellantis said they are feeling the effects in cancelled production shifts at its Ontario plant. On the US side, General Motors has been forced to cancel two production shifts at a Michigan plant. Industry experts say that these transportation shutdowns caused by the protests could result in company layoffs and price increases on the consumer side. “This interruption on the Detroit-Windsor bridge hurts customers, auto workers, suppliers, communities and companies on both sides of the border,” Ford Motor Company [said](#) in a statement. The White House has called for an end to the protests, saying they risk hurting the car industry and US agricultural exports.

The US Department of Homeland Security (DHS) warned that US truckers may stage similar demonstrations this month in cities throughout the country, including in Los Angeles, the city hosting the Super Bowl, this Sunday. “DHS is tracking reports of a potential convoy that may be planning to travel to several US cities. We have not observed specific calls for violence within the United States associated with this convoy, and are working closely with our federal, state, and local partners to continuously assess the threat environment and keep our communities safe,” said a DHS spokesperson. Law enforcement and security officials guarding the Inglewood, California stadium housing the Super Bowl are preparing for any possible disruptions.

## Share of the population fully vaccinated against COVID-19

Total number of people who received all doses prescribed by the initial vaccination protocol, divided by the total population of the country.

Our World  
in Data



Source: Official data collated by Our World in Data

Note: Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.

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