



SUSTAINING CAPITALISM

A series focused on nonpartisan reasoned solutions in the nation's interest to the central challenges we face in order to provide prosperity for all Americans.

2022 Policy Agenda: Restore Fiscal & Public Health

Overview

Almost two years after the COVID-19 pandemic plunged the United States and the world into economic and social disruption, the nation is recovering. But challenges—some from the pandemic itself, and others revealed and exacerbated by it—remain. Our nation's calling at this defining moment in our history is startlingly clear: to demonstrate that we can work together to address serious challenges and achieve common goals at home and provide leadership abroad; in short, to deepen faith that democracy functions.

For 80 years, starting with our founders' seminal role in the Marshall Plan and the Bretton Woods agreement, the Committee for Economic Development, the public policy center of The Conference Board (CED), has been dedicated to solving problems through nonpartisan policy solutions from business leaders in the nation's interest. The nation will advance enduringly and sustainably only if all Americans have equal opportunity to prosper in a society that is civil and just. In this spirit, we offer these nonpartisan priorities to build a stronger, more resilient, sustainable economy providing opportunity and prosperity for all Americans.

The Pandemic's Economic Impact: Situation Summary

US gross domestic product (GDP) regained its prepandemic peak level (from the fourth quarter of 2019) [by the second quarter of 2021](#)—a feat matched by no other [Group of Seven economy](#). Despite the Omicron variant threat, the near-term outlook for the global and US domestic economy is promising. As we look forward to 2022, these are the issues we face:

- **The pandemic.** The pandemic will continue to challenge the US and the world in 2022.
- **The federal budget.** The exponential growth in debt and deficits, accelerated by the crisis response to the pandemic, is unsustainable. We must address this budget problem to bring spending, especially interest on our public debt, back to a stable share of our GDP.
- **Inflation.** Persistent elevated inflation is a serious risk to economic growth, financial stability, and social cohesion. Inflation will decrease somewhat as the effects of the supply chain shocks normalize, but monetary, fiscal, and regulatory policy need revision to bring inflation back to target.
- **Labor market recovery.** The pace of the labor market recovery is lagging; [payroll employment remains more than four million jobs short](#) of its prepandemic levels. Wage increases to compensate for recent inflation would threaten a wage-price spiral which could be devastating. Public policy needs revision to help increase labor supply and skill development.
- **China.** An economically challenging China will further confront US interests. Trade policy between the two countries requires policy focus.
- **Global geopolitical tensions** will also challenge US interests and global stability. Urgent multilateral diplomatic and economic efforts are required.
- **Climate change.** In addition to public health and safety concerns, longer-term downside risks of climate change include continuing economic and financial losses associated with climate change, plus costs of transitioning away from fossil fuels. Policy must focus on fundamental R&D in areas such as advanced energy technologies, including renewables and energy storage, to facilitate the transition, and on pathways to reduce greenhouse gas emissions.
- **Adapting to a postpandemic economy.** The postpandemic economy will be markedly different, and adaptation is key. Public policy and regulation need to adapt to a permanent hybrid working environment.

Public Policy Priorities for 2022

The following recommendations address our nation's most important challenges, and aim to seize opportunities that have arisen to achieve two main objectives: 1) defeat the pandemic and restore the nation's public health; and 2) revitalize the nation's fiscal and economic health. These recommendations, in a number of cases, focus on spending the monies already approved in cost-effective, efficient, and targeted ways.

1: Defeat the Pandemic—Restore Public Health

- **Increase private/public collaboration on vaccination and the supply of treatments, and support continued R&D to address new variants and other challenges.** [The federal government will need to cooperate closely with private employers](#) to clarify vaccine policy and regulation and avoid adverse, unintended consequences. [Private-sector manufacturing and delivery capacity for both vaccines and other treatments should be expanded.](#) Ongoing private/public collaboration on R&D for vaccines, treatments, and testing capacity will be required as the virus continues to mutate and present new challenges.
- **Testing.** To curtail the rapid spread of covid and its more infectious variants, testing capacity and access to testing must be increased.
- **Strengthen the healthcare workforce.** Work closely with the private sector and educational institutions to address the critical shortages in healthcare. Urgent actions are needed to address pandemic burnout and reverse the flight of frontline workers from the workforce. Recruit new and retired healthcare personnel, accelerate timelines for degree attainment, and ready the National Guard for emergency healthcare deployment. Rethink the organization of public health agencies at all levels of government in light of the experience of the pandemic.
- **Provide regulatory relief.** Ease regulations to facilitate separate, quarantined care of COVID-19 patients from non-COVID-19 patients, telehealth, etc., to increase system capacity.
- **Restock and maintain the Strategic National Stockpile.** The public health system should review the Strategic National Stockpile to determine what commodities and supplies are needed, how they should be managed over time, and how the contents can be supplemented through surge production in a [future emergency that might itself interrupt global and even national supply chains.](#)
- **Address the medical supply pipeline.** Create redundant sources and fix bottlenecks in the supply of essential commodities and products such as pharmaceutical-quality glass, stoppers, low-dead-space syringes, IV fluids and equipment, and personal protective equipment (PPE).
- **Improve data collection** across different levels of government in different states to better target the delivery of vaccines and other treatments.
- **Increase international cooperation on distribution of vaccine and other treatments around the world.** So long as the virus continues to spread anywhere, new variants will continue to pose a serious threat.

2: Revive the Nation's Fiscal Health

Federal budget: Debt matters. [CED has urged caution on the omnibus budget bill which proponents and critics alike describe as transforming the role of government in the economy.](#) Some of the major budget savings are speculative, and costs are significantly understated by claiming that key provisions will be temporary even though the clear intent is that they be permanent. The bill will aggravate the [already unsustainably rising public debt](#), weakening our nation's financial health and ability to respond to future crises. The resulting growing debt service cost will eventually crowd out productive private investment, essential public services, and investment in education, research, infrastructure, and other national imperatives. Furthermore, higher interest rates during a period of increasing inflation have the potential to exacerbate this crisis. CED recommends that policymakers:

- Count the full, true cost of programs intended to be permanent;
- Add spending cuts needed to stabilize the debt;
- Remove preferential tax breaks to raise revenue;
- [Segregate pandemic-caused debt](#) and finance it with very long-term fixed-rate bonds;
- Create a new National Commission on Fiscal Responsibility and Reform (like the Simpson-Bowles Commission) to build a consensus for solutions to the national debt crisis; and
- Amend the Congressional Budget Act of 1974 to require that the reconciliation process be used only for deficit reduction.

Infrastructure: Streamline the regulatory process for more cost-effective use of federal funds.

The recently approved [infrastructure spending](#) should spur economic growth, if the funds are disbursed wisely, justly, and cost-effectively. To this end, CED [recommends that policymakers:](#)

- Streamline the regulatory process for our infrastructure investment to speed implementation, including limits to time and length of reports involved;
- Implement rigorous cost-benefit analysis so that maintenance and renewal compete on a level field against new construction;
- Use public-private partnerships, user-pays financing, and private leadership; and
- Aggressively bid contracts for lowest cost consistent with quality.

Technology and innovation. The pandemic accelerated innovation and digital transformation. To ensure that US policy capitalizes on the accelerated momentum to increase growth and enhance US competitiveness, CED recommends:

- **Increase federal funding for basic research.** [Fund basic research](#) in fields that are incompatible with private-sector profitability to improve national security and public health. Invest in critical technologies such as advanced-materials manufacturing, biotech, power-storage solutions, semiconductors, AI, quantum computing, and advanced cyber networking.
- **High-speed internet access.** Extend [broadband access](#) to rural and low-income areas.

- **Cybersecurity.** Further strengthen US cybersecurity defenses through increased public-private partnership and communication to protect critical infrastructure businesses and the economy generally from state-actor threats.

Economic globalization. Global supply chain backlogs have raised significant and widespread awareness of dependencies for critical supplies including PPE, prescription drugs, computer chips, and goods and food generally, and revealed vulnerabilities in critical manufacturing supply chains. To address the most significant aspects of these problems:

- **Global supply chains.** The US must identify potential [vulnerabilities of supply chains, global and domestic, and determine which critical manufacturing supply chains may need to be reshored](#). We need private and public stockpiles that will protect against adverse events and develop alternatives to scarce and vulnerable materials. The US should examine US-China trade and the interactions with national security through the Export Control Act, particularly with regard to advanced technology.
- **China.** [US leaders must work with allies](#) to protect intellectual property, enforce WTO global standards, lower trade barriers, and expand economic integration in the Indo-Pacific region.
- **Reform WTO.** The WTO treaty should be reformed to fix enforcement procedures, penalties, etc., to reestablish trust and credibility among participating nations that the WTO can meet the challenges from countries that threaten global standards of behavior.
- **Prepare for the next major disruption.** The US should establish a national task force to identify and prepare the nation for future crises.

Workforce: Getting America back to work in our next-normal economy. The pandemic has made the need for re-skilling even greater than before. CED suggests the following actions:

- **Public/private training to develop underused talent.** [Collaborative planning](#) and funding for skills and competency-based training programs among employers, community colleges and other trainers, and public policy leaders is required to link skill-set development with job opportunities. Funding should be through tax credits or direct support to the individual or organization providing the training, similar to Pell grants, with input from business to target in-demand skills.
- **Women/childcare.** The [pandemic has forced many women throughout the economy and the workforce](#) to leave or curtail their work. Businesses should provide workplace flexibility and support childcare options; local governments should prioritize at-risk children for pre-K education.
- **Immigration policy.** The US must [compete successfully in the intense global market for talent by reforming the H1-B visa process](#), stemming the illegal flow, and increasing legal immigration.

Education: The key to equal opportunity. The long-term prerequisite of a productive workforce, an informed citizenry, and equal opportunity is education. CED offers the following priorities:

- **Early education: the essential start.** The US must [advance quality preschool as an integral part of our systems of education and workforce preparation](#).
- **Reform K-12.** [K-12 curricula should match skillset development and career guidance with labor market needs](#). A national task force should identify lessons learned and best practices from the pandemic to train teachers for remote learning and online classroom opportunities and important curricula, such as civics education and financial literacy. Critical attention is also needed to identify and address the impact of remote learning on long-term student performance, especially that of underserved and special needs students.
- **Postsecondary education** [should align with in-demand job skills](#), which will require collaboration among business leaders, policy leaders, and educators. Employers should upskill their employees to provide workforce capability. Funding will be needed to help the most adversely affected workers to afford retraining so they can adapt to changing markets.

Climate and Energy. Global collaboration among countries, and between the public and private sectors, is essential.

- **Rules and data** tracking should be standardized, so firms can manage climate risks.
- **Managing the transition from fossil fuels** must be collaborative. Governments should limit business disruptions from policies that mitigate climate change. The public and private sectors must work together on R&D for new technologies to achieve climate goals while preserving energy reliability and affordability.

Governance. A civil and just society should be cultivated by businesses and government to provide [equal opportunity](#) for all.

- **Elections.** Secure, transparent, fair, credible, and accessible [elections](#) are fundamental to the confidence of US citizens in democracy, the government, and its leadership.
- **Gerrymandering.** [Fair, competitive electoral districts should be drawn](#). Redistricting should remain at the state level, by nonpartisan, independent commissions, and not be overridden by politicians.

SUSTAINING CAPITALISM

Achieving prosperity for all Americans could not be more urgent. Although the United States remains the most prosperous nation on earth, millions of our citizens are losing faith in the American dream of upward mobility, and in American-style capitalism itself. This crisis of confidence has widened the divide afflicting American politics and cries out for reasoned solutions in the nation's interest to provide prosperity for all Americans and make capitalism sustainable for generations to come. In 1942, the founders of the Committee for Economic Development (CED), our nation's leading CEOs, took on the immense challenge of creating a rules-based postwar economic order. Their leadership and selfless efforts helped give the United States and the world the Marshall Plan, the Bretton Woods Agreement, and the Employment Act of 1946. The challenges to our economic principles and democratic institutions now are equally important. So, in the spirit of its founding, CED, the public policy center of The Conference Board, will release a series of 2021 Solutions Briefs. These briefs will address today's critical issues, including health care, the future of work, education, technology and innovation, regulation, China and trade, infrastructure, inequality, and taxation.



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