

CED Public Policy Watch

10.16.2020

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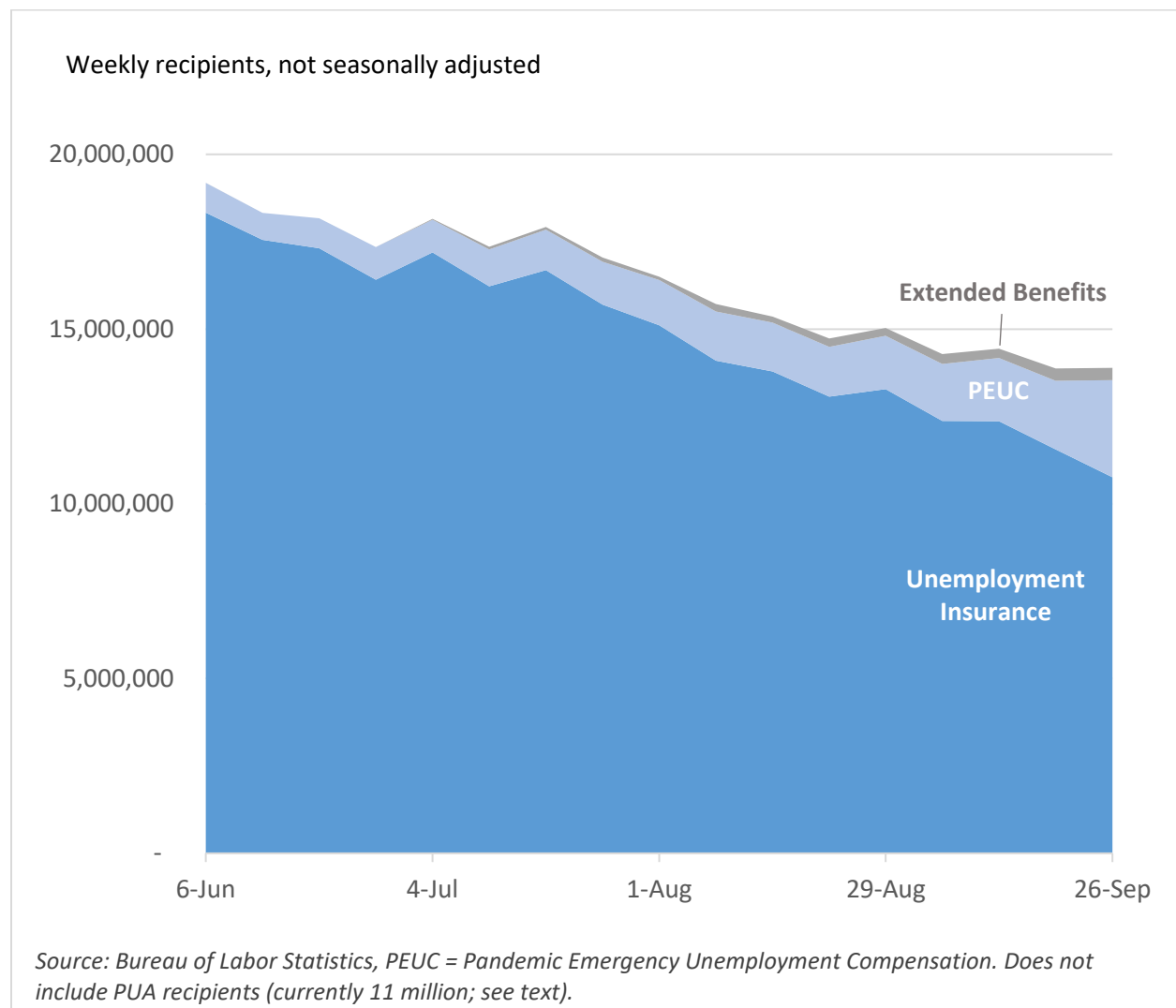
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- 1. NUMBER OF THE WEEK: 26—UH, 25 MILLION:
UNEMPLOYMENT BENEFIT RECEIPT DECLINED SLOWLY IN SEPTEMBER**

The estimated number of Americans receiving unemployment benefits declined from roughly 26 million in the first week of September to 25 million in the last week of September. Declines in Unemployment Insurance (UI) receipt appeared to be mostly offset by increased receipt of Pandemic Emergency Unemployment Compensation (PEUC) and Extended Benefits (EB). PEUC and EB provide additional weeks of benefit receipt for unemployed workers who have exhausted their traditional UI benefits – typically 26 weeks, but less in some states. Forty-five states are currently providing up to 13 weeks of Extended Benefits, which are available based on local economic conditions. PEUC, which provides 13 weeks of additional unemployment benefits to traditional UI recipients prior to EB receipt, was enacted in the CARES Act and is scheduled to expire at the end of the year.

Setting aside California (which has temporarily paused approval of new unemployment benefit applications as it works through fraud concerns), new applications for unemployment benefits appear to

have declined slowly over the past six weeks. The decline appears to be entirely due to dropping applications for the Pandemic Unemployment Assistance (PUA) program, which was enacted in the CARES Act to provide unemployment assistance to workers not eligible for traditional UI.

The PUA program also provides additional benefits to unemployed workers who have exhausted UI, PEUC, and EB in states that currently provide less than 52 weeks of benefits through those programs. PUA is also scheduled to expire in December. The overall picture thus is a slowly improving labor market with a return to pre-pandemic normal not yet in sight. (Before the pandemic, total continuing claims—the new PEUC, EB and PUA programs identified earlier had not been created or activated—were only about 1.75 million, or less than 10 percent of the current level.)



2. STIMULUS TALKS REMAIN STALLED BUT NEGOTIATIONS CONTINUE

Treasury Secretary Mnuchin and House Speaker Pelosi continue to [negotiate](#) a compromise offer on a new COVID-19 relief package, making progress on a national testing strategy. On Thursday, President Trump indicated that the White House would increase its offer above the \$1.8 billion it indicated last week. House Speaker Pelosi had criticized the previous offer on grounds of insufficient support for a national COVID-19 testing plan. Secretary Mnuchin [indicated](#) that a deal before the election would be difficult but that the differences on testing were “overblown.” House Democrats passed a \$2.2 trillion proposal along party lines two weeks ago. Senate Republicans have made their [opposition](#) to a larger relief package clear, putting in question whether a Mnuchin-Pelosi deal would be voted on in the Senate. Senate Majority Leader McConnell [plans](#) to bring a so-called “skinny” bill limited to a second round of small business aid for a vote when the Senate is back in session next week. That bill is known to be unacceptable to the House, but the consideration of the bill provides an opening for a compromise bill to be offered if one is reached. The White House initiative would need to elicit sufficient support in the Senate to broker agreement with the House.

3. PANDEMIC UPDATE

The US COVID-19 caseload [continues](#) on a worrying upward trend. The daily count of new cases has increased by 23 percent over the last 14 days, is distinctly above the peak from the Spring and is approaching the Summer peak that was attained in July and early August. Some states are setting record daily case counts, and some have test positivity rates (which are imperfect indicators because they vary according to the number of tests administered and the extent to which those tests are concentrated on people showing symptoms) that are well into the range that would indicate rapid community spread. Fatality counts, averaging about 700 per day in October, remain lower than the Spring peaks, which is probably an indication of the improved knowledge of appropriate treatment, and of an increasing spread of the disease to a younger population that can contract and transmit the virus but is less likely to become seriously ill.

The number of people hospitalized is an important indicator, both because it is less subject to selection bias than the number of identified cases—everyone who is hospitalized is seriously ill—and because it is a measure of the load on the health care system, which could conceivably become unbearable. And the data for hospitalizations are also [troubling](#). More than 37,000 Americans were hospitalized as of October 14; that is the highest number since late August. As recently as October 4, fewer than 30,000 persons were hospitalized. The pressure on the health care system is of course local, and a number of localities have reported facing constraints on the number of available beds. Over time, such high caseloads can wear down the endurance of health care personnel as well.

4. VACCINE NEWS

Johnson & Johnson has [paused](#) the Phase 3 clinical trial of its coronavirus vaccine. One volunteer has been reported to have had an “unexplained illness.” As of the time of the pause, the company did not know (because of confidentiality shields) whether the volunteer received the treatment or the placebo that is used for comparison. Experts report that such pauses in vaccine trials are common, and should

not be taken as a final indication of the success of the drug. In this particular instance, the very large number (60,000) of participants in the trial was seen to be more likely than usual to yield some adverse indication that could lead to a pause.

The Johnson & Johnson vaccine was highly regarded, despite the later start of its Phase 3 trial, because it does not need to be frozen or supercooled in shipment or storage, and it is expected to be efficacious with only one dose (although administration of a booster shot is also a part of a separate clinical trial). Although such pauses are not unusual, they are administratively complex, especially in international trials such as this one.

Meanwhile, although the similar pause in the Phase 3 trial of the Oxford-Astrazeneca vaccine (which is of a similar type to the Johnson & Johnson vaccine) has been lifted elsewhere in the world, the United States portion of the trial continues under pause as the Food and Drug Administration investigates the adverse events that were reported.

5. THERAPEUTICS NEWS

A clinical trial of an Eli Lilly monoclonal antibody therapy (similar to the Regeneron drug which was used to treat President Trump) was also [paused](#) after two illnesses were reported. In this instance, it has been reported that the illnesses occurred in volunteers who had received the antibodies, rather than the placebo. The affected patients were reportedly suffering from relatively advanced stages of the disease, which on one hand would make adverse outcomes more likely, but on the other might be expected to make researchers more expecting of those adverse outcomes and therefore less likely to pause the trial—making the pause perhaps more noteworthy. Other trials on volunteers with less-advanced cases of the disease continue, and there is some sense that this type of antibody treatment might be found to be more efficacious if delivered early, and therefore in milder cases of the disease.

Meanwhile, there has been one discouraging [trial](#) by a World Health Organization consortium that finds no mortality benefit from the administration of either Remdesivir, Hydroxychloroquine, Lopinavir, or Interferon- β 1, or some of these in combination. Any such trial certainly requires scientific replication and review, and testing for potential benefit only in particular classes of patients.

6. “HERD IMMUNITY”

The term “herd immunity” is becoming a [political epithet](#), but there are at least a few rational things to be said about it. Herd immunity is the phenomenon of a sufficiently large percentage of a population being impervious to a communicable disease such that the disease cannot achieve a foothold in the community and spread widely. It is the concept behind routine vaccination of children against diseases like measles and whooping cough. Hopefully, the United States will soon achieve herd immunity against COVID-19 through the administration of an effective and safe vaccine. An alternative strategy would be

to simply allow the disease to spread throughout the population on the premise that all those who contracted the disease and survived would be immune, achieving herd immunity for the population as a whole. But it is worth noting that this strategy, even accepted on its own terms, could fail.

Medical science does not yet know for certain that COVID-19 survivors have immunity permanently, or even temporarily. The common cold is a coronavirus from which there is no immunity. The annual flu mutates sufficiently that people must be immunized each year, and even then it is not certain that the vaccine will match the variant of the flu that will appear. And those who contract chicken pox generally are immune from that disease narrowly defined, but can contract the variation of the disease known as shingles. Such unusual reactions are clearly possible in COVID-19. There are already reports of reinfections of individuals, though those reports clearly require careful review. We still have much to learn about this disease, which recommends caution.

7. ELECTION 2020: HOW AND WHEN STATES COUNT ABSENTEE BALLOTS

More than [80.5 million absentee ballots](#) have already been requested or sent to voters nationwide. In a year when absentee ballots are surging, how soon a state can report its results depends on when officials first start what's called pre-processing of ballots. This ranges from verifying signatures, opening envelopes and flattening ballots to get them ready for tabulation.

Currently, Wisconsin and Pennsylvania — two critical swing states — do not begin pre-processing ballots *until* Election Day, meaning they may take longer to have results. Michigan, another important state, begins pre-processing just 10 hours before Election Day. Florida, by contrast, allows ballots to begin to be pre-processed *40 days* before Election Day. Based on data from the Cook Political Report (Charlie Cook will be briefing Trustees on October 22) [The New York Times has published](#) several charts displaying states absentee vote processing timelines.

8. THE NSC RELEASES LIST OF 20 ADVANCED TECHNOLOGIES THE US AIMS TO PROTECT

[The National Security Council, released a list of 20 advanced technologies](#) are considered critical to the country's national security position, including military, intelligence and economic interests. That it is aiming to protect under new guidelines. Artificial intelligence, quantum information science, semiconductors, advanced computing, biotech and aero-engine technology are among the 20 technologies on the list. It builds upon an earlier list of technologies, including neurotech and quantum encryption, that [Commerce Department officials have guarded](#) as they regulate which high-tech U.S. items can be shipped overseas under existing federal export control laws.

The list is accompanied by a report that gives government agencies specific guidelines on how to prevent the technologies from falling into the hands of foreign adversaries, [such as China](#), according to a

senior administration official. The report, a copy of which was reviewed by The Wall Street Journal, noted that [China is spending heavily](#) to overtake the U.S.'s lead in several top innovation areas.

9. YALE STUDY SAYS DAYCARE POSES LOW INFECTION RISK

According to a [new Yale University study](#) of more than 57,000 U.S. child-care providers, children in day-care programs present virtually no risk of transmitting Covid-19 to adults. The study, believed to be the largest of its kind, indicated that [keeping child-care centers open](#) doesn't contribute to transmission of the disease caused by the new coronavirus, as long as they hew to sanitary guidelines like hand washing, small group sizes and staff wearing face coverings.

The research has broad implications for the U.S. economy, [parents who depend on day-care centers](#) and child-care workers. More than a third of child-care centers in the country closed between March and July, according to Child Care Aware, an advocacy group.

10. CHINA ONLY MAJOR ECONOMY TO GROW THIS YEAR

[According to the IMF this week](#), China, where the pandemic originated, will be the only major economy to grow this year. Its economy is forecast to expand 1.9% in 2020, compared with growth of 6.1% last year. China's growth will accelerate to 8.2% next year, the IMF said.

In a briefing, IMF Chief Economist Gita Gopinath said China was pulling up the global numbers, and without China "cumulative growth for 2020 and 2021 is negative." Its economy has already surpassed its levels of 2019, she said, but for harder-hit regions like parts of Europe or Latin America, it is "going into 2023 to return back to pre-pandemic levels."

The global economic collapse caused by [the coronavirus](#) won't be as severe as estimated earlier, the International Monetary Fund predicted Tuesday, thanks to strong government intervention world-wide and a swift recovery in China.

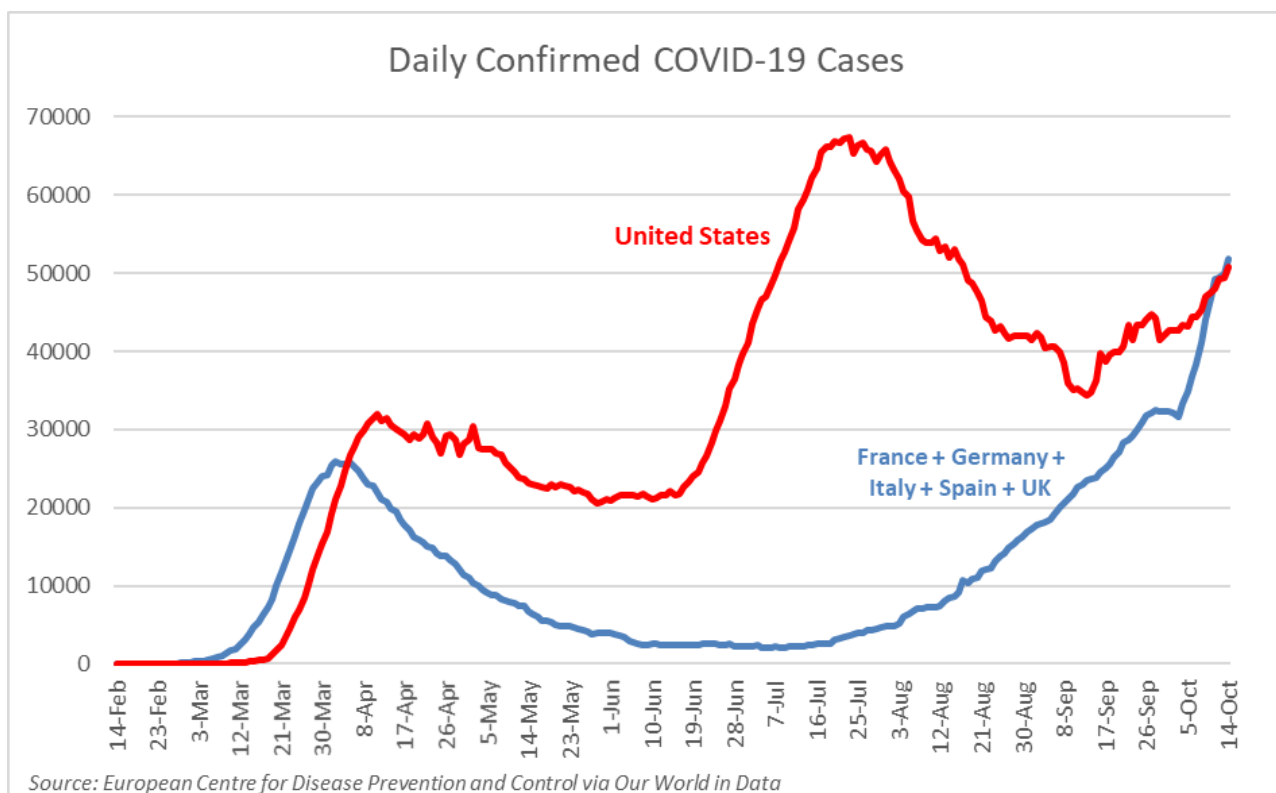
The world's gross domestic product is forecast to decline by 4.4% this year, not as sharp as the 5.2% drop the IMF projected in June but still the most severe downturn since the Great Depression.

Meanwhile Xi Jinping, in an anniversary message recognizing the 1980 establishment of a "special economic zone" in Shenzhen, urged greater domestic innovation as China faces rising global barriers accelerated by the corona virus.

7. GLOBAL SPOTLIGHT ON REOPENING: SECOND WAVE IN EUROPE + UNITED KINGDOM UPDATE

Western European countries, months after apparently flattening the curve of COVID-19 infections, now see a huge [resurgence](#) in new cases. These countries had begun easing restrictions in the past few months after imposing some of the world's toughest. But seeing the rise in the number of cases, many have now started implementing new targeted measures to try to contain the virus while avoiding economically devastating nation-wide lockdowns. Restaurants and bars have been asked to close once again, as hospitals have begun filling up. For instance, in the wake of the actions taken in [Spain](#) to curb the spread of the virus, [France](#) declared a state of emergency this week and imposed a curfew in the region of Paris and eight other metropolitan areas, while [Italy](#), in addition to temporarily closing schools in affected regions, is expected to announce more new rules shortly. In fact, the daily new infection rates per million recorded in EU countries and the UK currently have begun to exceed the numbers that the United States reported during its peak of the pandemic in July.

However, although the increase in coronavirus cases has led to increased hospital admissions (the European Centre for Disease Prevention and Control noted that countries like France, Spain and the UK are seeing a higher number of people hospitalized currently than during the peak of the pandemic's first wave), the cases have been less severe. Health authorities have [explained](#) that this may be due to an earlier detection of cases (because of increased testing) and slightly better prepared hospitals, while continuing to warn of the possibility that health systems may be overwhelmed if current trends continue.



New restrictions were introduced in the **United Kingdom** this week, including the establishment of a new [three-tier system](#) in England – Tier 1 (medium), Tier 2 (high), and Tier 3 (very high) based on the number of cases locally – determining the strictness of the new measures imposed. Under ‘tier 1’, gatherings will be limited to only six people (indoors and outdoors); under ‘tier 2’, indoor gatherings are limited only to household members while outdoor gatherings cannot exceed six people; and under ‘tier 3’, both indoor and outdoor gatherings will be restricted to limited members of a household, with a recommendation against nonessential travel. With some of UK’s biggest cities like Liverpool and London being placed under [increased](#) restrictions, there are [questions](#) being raised about the process and the effectiveness of these localized lockdowns. Also, it was [reported](#) that the National Health Service (NHS) Test and Trace, England’s contact tracing system, was able to reach only (a continued record low) 62.6 percent of people who had come into contact with a COVID-19 infected person, falling well below the target of 80 percent or higher (as recommended by public health officials) to help limit the spread of COVID-19.

Echoing the World Health Organization (WHO) assertion that tough restrictions are “*absolutely necessary*,” UK Prime Minister Boris Johnson, in his address to the public this week, said that, “*the nation is entering a new and crucial phase of our fight against coronavirus... the number of cases has gone up four times in four weeks and it is once again spreading among the elderly and vulnerable... I believe not to act would be unforgivable.*”